COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE ADJUSTMENT
OF NATURAL GAS RATES OF DUKE ENERGY KENTUCKY, INC.

CASE NO. 2021-00190

FILING REQUIREMENTS

VOLUME 1

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Forecasted Test Period Filing Requirements
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1	2	807 KAR 5:001 Section 7(1)	The original and 10 copies of application plus copy for anyone named as interested party.	Amy B. Spiller
1	3	807 KAR 5:001 Section 12(2)	(a) Amount and kinds of stock authorized. (b) Amount and kinds of stock issued and outstanding. (c) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise. (d) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions. (e) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year. (f) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year. (g) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year. (h) Rate and amount of dividends paid during the five (5) previous fiscal years, and the amount of capital stock on which dividends were paid each year. (i) Detailed income statement and balance sheet.	Chris R. Bauer Bryan T. Manges
1	4	807 KAR 5:001 Section 14(1)	Full name, mailing address, and electronic mail address of applicant and reference to the particular provision of law requiring PSC approval.	Amy B. Spiller
1	5	807 KAR 5:001 Section 14(2)	If a corporation, the applicant shall identify in the application the state in which it is incorporated and the date of its incorporation, attest that it is currently in good standing in the state in which it is incorporated, and, if it is not a Kentucky corporation, state if it is authorized to transact business in Kentucky.	Amy B. Spiller

1	6	807 KAR 5:001 Section 14(3)	If a limited liability company, the applicant shall identify in the application the state in which it is organized and the date on which it was organized, attest that it is in good standing in the state in which it is organized, and, if it is not a Kentucky limited liability company, state if it is authorized to transact business in Kentucky.	Amy B. Spiller
1	7	807 KAR 5:001 Section 14(4)	If the applicant is a limited partnership, a certified copy of its limited partnership agreement and all amendments, if any, shall be annexed to the application, or a written statement attesting that its partnership agreement and all amendments have been filed with the commission in a prior proceeding and referencing the case number of the prior proceeding.	Amy B. Spiller
1	8	807 KAR 5:001 Section 16 (1)(b)(1)	Reason adjustment is required.	Amy B. Spiller Sarah E. Lawler
1	9	807 KAR 5:001 Section 16 (1)(b)(2)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	Amy B. Spiller
1	10	807 KAR 5:001 Section 16 (1)(b)(3)	New or revised tariff sheets, if applicable in a format that complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed	Jeff L. Kern
1	11	807 KAR 5:001 Section 16 (1)(b)(4)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	Jeff L. Kern
1	12	807 KAR 5:001 Section 16 (1)(b)(5)	A statement that notice has been given in compliance with Section 17 of this administrative regulation with a copy of the notice.	Amy B. Spiller
1	13	807 KAR 5:001 Section 16(2)	If gross annual revenues exceed $5,000,000, written notice of intent filed at least 30 days, but not more than 60 days prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	Amy B. Spiller
1	14	807 KAR 5:001 Section 16(3)	Notice given pursuant to Section 17 of this administrative regulation shall satisfy the requirements of 807 KAR 5:051, Section 2.	Amy B. Spiller
1	15	807 KAR 5:001 Section 16(6)(a)	The financial data for the forecasted period shall be presented in the form of pro forma adjustments to the base period.	Abby L. Motsinger
1	16	807 KAR 5:001 Section 16(6)(b)	Forecasted adjustments shall be limited to the twelve (12) months immediately following the suspension period.	Jay P. Brown David G. Raiford Abby L. Motsinger
1	17	807 KAR 5:001 Section 16(6)(c)	Capitalization and net investment rate base shall be based on a thirteen (13) month average for the forecasted period.	Jay P. Brown
1	18	807 KAR 5:001 Section 16(6)(d)	After an application based on a forecasted test period is filed, there shall be no revisions to the forecast, except for the correction of mathematical errors, unless the revisions reflect statutory or regulatory enactments that could not, with reasonable diligence, have been included in the forecast on the date it was filed. There shall be no revisions filed within thirty (30) days of a scheduled hearing on the rate application.	Abby L. Motsinger

1	19	807 KAR 5:001 Section 16(6)(e)	The commission may require the utility to prepare an alternative forecast based on a reasonable number of changes in the variables, assumptions, and other factors used as the basis for the utility's forecast.	Abby L. Motsinger
1	20	807 KAR 5:001 Section 16(6)(f)	The utility shall provide a reconciliation of the rate base and capital used to determine its revenue requirements.	Jay P. Brown
1	21	807 KAR 5:001 Section 16(7)(a)	Prepared testimony of each witness supporting its application including testimony from chief officer in charge of Kentucky operations on the existing programs to achieve improvements in efficiency and productivity, including an explanation of the purpose of the program.	All Witnesses
1	22	807 KAR 5:001 Section 16(7)(b)	Most recent capital construction budget containing at minimum 3 year forecast of construction expenditures.	Abby L. Motsinger Brian R. Weisker
1	23	807 KAR 5:001 Section 16(7)(c)	Complete description, which may be in prefiled testimony form, of all factors used to prepare forecast period. All econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels shall be quantified, explained, and properly supported.	Abby L. Motsinger
1	24	807 KAR 5:001 Section 16(7)(d)	Annual and monthly budget for the 12 months preceding filing date, base period and forecasted period.	Abby L. Motsinger
1	25	807 KAR 5:001 Section 16(7)(e)	Attestation signed by utility's chief officer in charge of Kentucky operations providing: 1. That forecast is reasonable, reliable, made in good faith and that all basic assumptions used have been identified and justified; and 2. That forecast contains same assumptions and methodologies used in forecast prepared for use by management, or an identification and explanation for any differences; and 3. That productivity and efficiency gains are included in the forecast.	Amy B. Spiller
1	26	807 KAR 5:001 Section 16(7)(f)	For each major construction project constituting 5% or more of annual construction budget within 3 year forecast, following information shall be filed: 1. Date project began or estimated starting date; 2. Estimated completion date; 3. Total estimated cost of construction by year exclusive and inclusive of Allowance for Funds Used During construction ("AFUDC") or Interest During construction Credit; and 4. Most recent available total costs incurred exclusive and inclusive of AFUDC or Interest During Construction Credit.	Abby L. Motsinger Brian R. Weisker
1	27	807 KAR 5:001 Section 16(7)(g)	For all construction projects constituting less than 5% of annual construction budget within 3 year forecast, file aggregate of information requested in paragraph (f) 3 and 4 of this subsection.	Abby L. Motsinger Brian R. Weisker

1	28	807 KAR 5:001 Section 16(7)(h)	Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information: 1. Operating income statement (exclusive of dividends per share or earnings per share); 2. Balance sheet; 3. Statement of cash flows; 4. Revenue requirements necessary to support the forecasted rate of return; 5. Load forecast including energy and demand (electric); 6. Access line forecast (telephone); 7. Mix of generation (electric); 8. Mix of gas supply (gas); 9. Employee level; 10.Labor cost changes; 11.Capital structure requirements; 12.Rate base; 13.Gallons of water projected to be sold (water); 14.Customer forecast (gas, water); 15.MCF sales forecasts (gas); 16.Toll and access forecast of number of calls and number of minutes (telephone); and 17.A detailed explanation of any other information provided.	Abby L. Motsinger Brian R. Weisker Benjamin W. Passty
1	29	807 KAR 5:001 Section 16(7)(i)	Most recent FERC or FCC audit reports.	Bryan T. Manges
1	30	807 KAR 5:001 Section 16(7)(j)	Prospectuses of most recent stock or bond offerings.	Chris R. Bauer
1	31	807 KAR 5:001 Section 16(7)(k)	Most recent FERC Form 1 (electric), FERC Form 2 (gas), or PSC Form T (telephone).	Bryan T. Manges
2	32	807 KAR 5:001 Section 16(7)(l)	Annual report to shareholders or members and statistical supplements for the most recent 2 years prior to application filing date.	Chris R. Bauer
3	33	807 KAR 5:001 Section 16(7)(m)	Current chart of accounts if more detailed than Uniform System of Accounts charts.	Bryan T. Manges
3	34	807 KAR 5:001 Section 16(7)(n)	Latest 12 months of the monthly managerial reports providing financial results of operations in comparison to forecast.	Bryan T. Manges
3	35	807 KAR 5:001 Section 16(7)(o)	Complete monthly budget variance reports, with narrative explanations, for the 12 months prior to base period, each month of base period, and subsequent months, as available.	Bryan T. Manges Abby L. Motsinger
3-9	36	807 KAR 5:001 Section 16(7)(p)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued during prior 2 years and any Form 10-Qs issued during past 6 quarters.	Bryan T. Manges
10	37	807 KAR 5:001 Section 16(7)(q)	Independent auditor's annual opinion report, with any written communication which indicates the existence of a material weakness in internal controls.	Bryan T. Manges
10	38	807 KAR 5:001 Section 16(7)(r)	Quarterly reports to the stockholders for the most recent 5 quarters.	Chris R. Bauer

10	39	807 KAR 5:001 Section 16(7)(s)	Summary of latest depreciation study with schedules itemized by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall identify current and base period depreciation rates used by major plant accounts. If information has been filed in another PSC case, refer to that case's number and style.	John J. Spanos
10	40	807 KAR 5:001 Section 16(7)(t)	List all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with application. Include each software, program, or model; its use; identify the supplier of each; briefly describe software, program, or model; specifications for computer hardware and operating system required to run program	Jay P. Brown
10	41	807 KAR 5:001 Section 16(7)(u)	If utility had any amounts charged or allocated to it by affiliate or general or home office or paid any monies to affiliate or general or home office during the base period or during previous 3 calendar years, file: 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each allocation or payment; 2. method and amounts allocated during base period and method and estimated amounts to be allocated during forecasted test period; 3. Explain how allocator for both base and forecasted test period was determined; and 4. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during base period is reasonable.	Jeffrey R. Setser
10	42	807 KAR 5:001 Section 16(7)(v)	If gas, electric or water utility with annual gross revenues greater than $5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from single time period.	James E. Ziolkowski
10	43	807 KAR 5:001 Section 16(7)(w)	Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file: 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies supporting pricing of services generating annual revenue greater than $1,000,000 except local exchange access: a. Based on current and reliable data from single time period; and b. Using generally recognized fully allocated, embedded, or incremental cost principles.	Not Applicable
10	44	807 KAR 5:001 Section 16(8)(a)	Jurisdictional financial summary for both base and forecasted periods detailing how utility derived amount of requested revenue increase.	Jay P. Brown

10	45	807 KAR 5:001 Section 16(8)(b)	Jurisdictional rate base summary for both base and forecasted periods with supporting schedules which include detailed analyses of each component of the rate base.	Jay P. Brown David G. Raiford Abby L. Motsinger John R. Panizza James E. Ziolkowski Bryan T. Manges
10	46	807 KAR 5:001 Section 16(8)(c)	Jurisdictional operating income summary for both base and forecasted periods with supporting schedules which provide breakdowns by major account group and by individual account.	Jay P. Brown
10	47	807 KAR 5:001 Section 16(8)(d)	Summary of jurisdictional adjustments to operating income by major account with supporting schedules for individual adjustments and jurisdictional factors.	Jay P. Brown David G. Raiford Abby L. Motsinger James E. Ziolkowski
10	48	807 KAR 5:001 Section 16(8)(e)	Jurisdictional federal and state income tax summary for both base and forecasted periods with all supporting schedules of the various components of jurisdictional income taxes.	John R. Panizza
10	49	807 KAR 5:001 Section 16(8)(f)	Summary schedules for both base and forecasted periods (utility may also provide summary segregating items it proposes to recover in rates) of organization membership dues; initiation fees; expenditures for country club; charitable contributions; marketing, sales, and advertising; professional services; civic and political activities; employee parties and outings; employee gifts; and rate cases.	Jay P. Brown
10	50	807 KAR 5:001 Section 16(8)(g)	Analyses of payroll costs including schedules for wages and salaries, employee benefits, payroll taxes, straight time and overtime hours, and executive compensation by title.	Jay P. Brown Jake J. Stewart
10	51	807 KAR 5:001 Section 16(8)(h)	Computation of gross revenue conversion factor for forecasted period.	Jay P. Brown
10	52	807 KAR 5:001 Section 16(8)(i)	Comparative income statements (exclusive of dividends per share or earnings per share), revenue statistics and sales statistics for 5 calendar years prior to application filing date, base period, forecasted period, and 2 calendar years beyond forecast period.	Bryan T. Manges Abby L. Motsinger
10	53	807 KAR 5:001 Section 16(8)(j)	Cost of capital summary for both base and forecasted periods with supporting schedules providing details on each component of the capital structure.	Chris R. Bauer
10	54	807 KAR 5:001 Section 16(8)(k)	Comparative financial data and earnings measures for the 10 most recent calendar years, base period, and forecast period.	David G. Raiford Abby L. Motsinger Bryan T. Manges
10	55	807 KAR 5:001 Section 16(8)(l)	Narrative description and explanation of all proposed tariff changes.	Jeff L. Kern
10	56	807 KAR 5:001 Section 16(8)(m)	Revenue summary for both base and forecasted periods with supporting schedules which provide detailed billing analyses for all customer classes.	Jeff L. Kern
10	57	807 KAR 5:001 Section 16(8)(n)	Typical bill comparison under present and proposed rates for all customer classes.	Jeff L. Kern
10	58	807 KAR 5:001 Section 16(9)	The commission shall notify the applicant of any deficiencies in the application within thirty (30) days of the application's submission. An application shall not be accepted for filing until the utility has cured all noted deficiencies.	Sarah E. Lawler

10	59	807 KAR 5:001 Section 16(10)	A request for a waiver from the requirements of this section shall include the specific reasons for the request. The commission shall grant the request upon good cause shown by the utility. In determining if good cause has been shown, the commission shall consider: 1. if other information that the utility would provide if the waiver is granted is sufficient to allow the commission to effectively and efficiently review the rate application; 2. if the information that is the subject of the waiver request is normally maintained by the utility or reasonably available to it from the information that it maintains; and 3. the expense to the utility in providing the information that is the subject of the waiver request.	Not Applicable
10	60	807 KAR 5:001 Section (17)(1)	(1) Public postings. (a) A utility shall post at its place of business a copy of the notice no later than the date the application is submitted to the commission. (b) A utility that maintains a Web site shall, within five (5) business days of the date the application is submitted to the commission, post on its Web sites: 1. A copy of the public notice; and 2. A hyperlink to the location on the commission's Web site where the case documents are available. (c) The information required in paragraphs (a) and (b) of this subsection shall not be removed until the commission issues a final decision on the application.	Amy B. Spiller
10	61	807 KAR 5:001 Section 17(2)	(2) Customer Notice. (a) If a utility has twenty (20) or fewer customers, the utility shall mail a written notice to each customer no later than the date on which the application is submitted to the commission. (b) If a utility has more than twenty (20) customers, it shall provide notice by: 1. Including notice with customer bills mailed no later than the date the application is submitted to the commission; 2. Mailing a written notice to each customer no later than the date the application is submitted to the commission; 3. Publishing notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made no later than the date the application is submitted to the commission; or 4. Publishing notice in a trade publication or newsletter delivered to all customers no later than the date the application is submitted to the commission. (c) A utility that provides service in more than one (1) county may use a combination of the notice methods listed in paragraph (b) of this subsection.	Amy B. Spiller

10	62	807 KAR 5:001 Section 17(3)	(3) Proof of Notice. A utility shall file with the commission no later than forty-five (45) days from the date the application was initially submitted to the commission: (a) If notice is mailed to its customers, an affidavit from an authorized representative of the utility verifying the contents of the notice, that notice was mailed to all customers, and the date of the mailing; (b) If notice is published in a newspaper of general circulation in the utility's service area, an affidavit from the publisher verifying the contents of the notice, that the notice was published, and the dates of the notice's publication; or (c) If notice is published in a trade publication or newsletter delivered to all customers, an affidavit from an authorized representative of the utility verifying the contents of the notice, the mailing of the trade publication or newsletter, that notice was included in the publication or newsletter, and the date of mailing.	Amy B. Spiller

10	63	807 KAR 5:001 Section 17(4)	(4) Notice Content. Each notice issued in accordance with this section shall contain: (a) The proposed effective date and the date the proposed rates are expected to be filed with the commission; (b) The present rates and proposed rates for each customer classification to which the proposed rates will apply; (c) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rates will apply; (d) The amount of the average usage and the effect upon the average bill for each customer classification to which the proposed rates will apply, except for local exchange companies, which shall include the effect upon the average bill for each customer classification for the proposed rate change in basic local service; (e) A statement that a person may examine this application at the offices of (utility name) located at (utility address); (f) A statement that a person may examine this application at the commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at http://psc.ky.gov; (g) A statement that comments regarding the application may be submitted to the Public Service Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602; (h) A statement that the rates contained in this notice are the rates proposed by (utility name) but that the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice; (i) A statement that a person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party; and (j) A statement that if the commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the commission may take final action on the application.	Jeff L. Kern
10	64	807 KAR 5:001 Section 17(5)	(5) Abbreviated form of notice. Upon written request, the commission may grant a utility permission to use an abbreviated form of published notice of the proposed rates, provided the notice includes a coupon that may be used to obtain all the required information.	Not Applicable

11	-	807 KAR 5:001 Section 16(8)(a) through (k)	Schedule Book (Schedules A-K)	Various
12	-	807 KAR 5:001 Section 16(8)(l) through (n)	Schedules L-N	Jeff L. Kern
13	-	-	Workpapers	Various
14	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 1 of 3)	Various
15	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 2 of 3)	Various
16	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 3 of 3)	Various
17-18	-	KRS 278.2205(6)	Cost Allocation Manual	Jeffrey R. Setser

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR KRS 278.180

KRS 278.180

Description of Filing Requirement:

Provide thirty (30) days' notice of rate change to Kentucky Public Service Commission.

Response:

See attached.

Sponsoring Witness:

Amy B. Spiller

DUKE ENERGY.

Amy B. Spiller
President
Duke Energy Ohio
Duke Energy Kentucky

139 E. 4th Street
Room 1409-M
Cincinnati, OH 45202

513.287.4359
amy.spiller@duke-energy.com

VIA ELECTRONIC MAIL

April 30, 2021

RECEIVED

APR 30 2021

PUBLIC SERVICE
COMMISSION

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

RE: Case No. 2021- 00190
Electronic Application of Duke Energy Kentucky, Inc. for: 1) An Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs; and 3) All Other Required Approvals, Waivers, and Relief

Dear Ms. Bridwell:

Duke Energy Kentucky, Inc. (Duke Energy Kentucky or the Company) notifies the Commission that it will file a general natural gas rate case in thirty days or reasonably soon thereafter.[1] Duke Energy Kentucky will use a forward-looking test period for this case.

Duke Energy Kentucky is contemporaneously filing a Notice of Election of use of Electronic Filing Procedures for this proceeding. Please assign this matter a case number and style and advise us of same so that it can be incorporated into the application and supporting testimony before filing with the Commission.

Duke Energy Kentucky is providing a copy of this notice to the Attorney General's Utility Intervention and Rate Division. We will work diligently with the Commission and our other stakeholders to seek a constructive resolution. Thank you for your consideration.

Sincerely,

Amy B. Spiller

cc: Chairman Michael Schmitt (via overnight mail)
Vice Chairman Kent Chandler (via overnight mail)
Commissioner Dr. Talina Mathews (via overnight mail)
Hon. Daniel Cameron (via overnight mail)
Hon. John G. Horne, II (via overnight mail)

[1] Duke Energy Kentucky provides this notice pursuant to Commission regulation 807 KAR 5:001 Section 16(2).

DUKE ENERGY.

Mailing Address
139 East Fourth Street
1303-Main
Cincinnati, Ohio 45202

o: 513-287-4320
f: 513-287-4385

Rocco.D'Ascenzo@duke-energy.com
Rocco O. D'Ascenzo
Deputy General Counsel

VIA ELECTRONIC MAIL

April 30, 2021

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

RE: Case No. 2021-00190
Electronic Application of Duke Energy Kentucky, Inc. for: 1) An Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs; and 3) All Other Required Approvals, Waivers, and Relief

Dear Ms. Bridwell:

Enclosed please find and accept a notice of election of use of electronic filing procedures in accordance with 807 KAR 5:001, Section 8. Duke Energy Kentucky intends to file on or after June 1, 2021, an Application for Authority to Adjust Natural Gas Rates, Approval of New Tariffs, and for All Other Required Approvals, Waivers, and Relief. Duke Energy Kentucky would like to utilize the electronic filing procedures when filing documents in this case. I have enclosed a completed *Notice of Election of Use of Electronic Filing Procedures* as required by the Commission.

Should you have any questions regarding the enclosed, please do not hesitate to contact me.

Sincerely,

/s/Rocco D'Ascenzo
Rocco O. D'Ascenzo Esq.
Deputy General Counsel

NOTICE OF ELECTION OF USE OF ELECTRONIC FILING PROCEDURES

(Complete All Shaded Areas and Check Applicable Boxes)

In accordance with 807 KAR 5:001, Section 8, Duke Energy Kentucky, Inc. gives notice of its intent to file an application for an adjustment of the Natural Gas Rates, etc.... with the Public Service Commission no later than June 1, 2021 and to use the electronic filing procedures set forth in that regulation.

Duke Energy Kentucky, Inc. further states that:

		Yes	No
1.	It requests that the Public Service Commission assign a case number to the intended application and advise it of that number as soon as possible;	☒	☐
2.	It or its authorized representatives have registered with the Public Service Commission and are authorized to make electronic filings with the Public Service Commission;	☒	☐
3.	Neither it nor its authorized representatives have registered with the Public Service Commission for authorization to make electronic filings but will do so no later than seven days before the date of its filing of its application for rate adjustment;	☐	☒
4.	It or its authorized agents possess the facilities to receive electronic transmissions;	☒	☐

5. The following persons are authorized to make filings on its behalf and to receive electronic service of Public Service Commission orders and any pleadings filed by any party or the Public Service Commission Staff:

Name	Electronic Mail Address
Rocco D'Ascenzo	rocco.d'ascenzo@duke-energy.com
David Samford Allyson Honaker	david@gosssamfordlaw.com allyson@gosssamfordlaw.com
Minna Sunderman Debbie Gates	minna.sunderman@duke-energy.com debbie.gates@duke-energy.com

		Yes	No
6.	It and its authorized representatives listed above have read and understand the procedures for electronic filing set forth in 807 KAR 5:001 and will fully comply with those procedures unless the Public Service Commission directs otherwise.	☒	☐

Signed */s/Rocco D'Ascenzo*

Name: Rocco D'Ascenzo

Title: Deputy General Counsel

Address: 139 East Fourth Street, 1303-Main

Cincinnati, Ohio 45202

Telephone Number: 513-287-4320

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 7(1)

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807 KAR 5:001, SECTION 7(1)

Description of Filing Requirement:

Unless the Commission orders otherwise or the electronic filing procedures established in Section 8 of this administrative regulation are used, if a paper is filed with the commission, an original unbound and ten (10) additional copies in paper medium shall be filed.

Response:

Duke Energy Kentucky elected, and was approved for, the use of electronic filing procedures in this matter. As such, in accordance with 807 KAR 5:001, Section 8(3), the Company will file one (1) copy of the paper Application no later than the second business day following the successful electronic submission or within 30 days pending further instruction from Case No. 2020-00085.[1]

Witness Responsible:

Amy B. Spiller

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[1] *In the Matter of Electronic Emergency Docket Related to the Novel Coronavirus COVID-19*, Order, Case No. 2020-00085 (Ky. P.S.C. March 16, 2020).

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 12(2)(a) through (i)

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807 KAR 5:001, SECTIONS 12(2)(a) through 12(2)(i)

Description of Filing Requirements:

Section 12(2)(a)

- Amount and kinds of stock authorized.

Section 12(2)(b)

- Amount and kinds of stock issued and outstanding.

Section 12(2)(c)

- Terms of preference of preferred stock, cumulative or participating, or on dividends or assets or otherwise.

Section 12(2)(d)

- A brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee or trustee, amount of indebtedness authorized to be secured, and the amount of indebtedness actually secured, together with sinking fund provisions, if applicable.

Section 12(2)(e)

- The amount of bonds authorized and amount issued, giving the name of the public utility that issued the same, describing each class separately and giving the date of issue, face value, rate of interest, date of maturity, and how secured, together with amount of interest paid during the last fiscal year.

Section 12(2)(f)

- Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid during the last fiscal year.

Section 12(2)(g)

- Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of a portion of the indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid during the last fiscal year.

Section 12(2)(h)

- The rate and amount of dividends paid during the five (5) previous fiscal years, and the amount of capital stock on which dividends were paid each year.

Section 12(2)(i)

- A detailed Income Statement and Balance Sheet

Response:

See attached.

Sponsoring Witness:

Chris R. Bauer – Sections 12(2)(a)-(h)
Bryan T. Manges – Section 12(2)(i)

FINANCIAL EXHIBIT

(1) Section 12(2)(a) Amount and kinds of stock authorized.

1,000,000 shares of Capital Stock $15 par value amounting to $15,000,000 par value.

(2) Section 12(2)(b) Amount and kinds of stock issued and outstanding.

585,333 shares of Capital Stock $15 par value amounting to $8,779,995 total par value. Total Capital Stock and Additional Paid-in Capital as of March 31, 2021:

Capital Stock and Additional Paid-in Capital
As of March 31, 2021
($ per 1,000)

Capital Stock	$8,780
Premiums thereon	18,839
Total Capital Contributions from Parent (since 2006)	83,594
Contribution from Parent Company for Purchase of Generation Assets	140,061
Total Capital Stock and Additional Paid-in-Capital	$251,274

(3) Section 12(2)(c) Terms of preference or preferred stock, cumulative or participating, or on dividends or assets or otherwise.

There is no preferred stock authorized, issued or outstanding.

(4) Section 12(2)(d) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name or mortgagee, or trustee, amount of indebtedness authorized to be secured, and the amount of indebtedness actually secured, together with any sinking fund provision.

Duke Energy Kentucky does not have any liabilities secured by a mortgage.

(5) Section 12(2)(e) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving the date of issue, face value, rate of interest, date of maturity and how secured, together with the amount of interest paid thereon during the last fiscal year.

The Company has fourteen outstanding issues of unsecured senior debentures issued under an Indenture dated December 1, 2004, between itself and Deutsche Bank Trust Company Americas, as Trustee, as supplemented by four Supplemental Indentures. The Indenture allows the Company to issue debt securities in an unlimited amount from time to time. The Debentures issued and outstanding under the Indenture are the following:

Supplemental Indenture	Date of Issue	Principal Amount Authorized and Issued	Principal Amount Outstanding	Rate of Interest	Date of Maturity	Interest Paid Year 2020
1st Supplemental	3/7/2006	65,000,000	65,000,000	6.200%	3/10/2036	4,030,000
3rd Supplemental	1/5/2016	45,000,000	45,000,000	3.420%	1/15/2026	1,539,000
3rd Supplemental	1/5/2016	50,000,000	50,000,000	4.450%	1/15/2046	2,225,000
4th Supplemental	9/7/2017	30,000,000	30,000,000	3.350%	9/15/2029	1,005,000
4th Supplemental	9/7/2017	30,000,000	30,000,000	4.110%	9/15/2047	1,233,000
4th Supplemental	9/7/2017	30,000,000	30,000,000	4.260%	9/15/2057	1,278,000
5th Supplemental	10/3/2018	25,000,000	25,000,000	4.010%	10/15/2023	1,002,500
5th Supplemental	10/3/2018	40,000,000	40,000,000	4.180%	10/15/2028	1,672,000
5th Supplemental	12/12/2018	35,000,000	35,000,000	4.620%	12/15/2048	1,617,000
6th Supplemental	7/17/2019	40,000,000	40,000,000	4.320%	7/15/2049	1,718,400
7th Supplemental	9/26/2019	95,000,000	95,000,000	3.230%	10/01/2025	3,111,118
7th Supplemental	9/26/2019	75,000,000	75,000,000	3.560%	10/01/2029	2,707,083
8th Supplemental	9/15/2020	35,000,000	35,000,000	2.650%	9/15/2030	-
8th Supplemental	9/15/2020	35,000,000	35,000,000	3.660%	9/15/2050	-
			630,000,000			23,138,101

(6) Section 12(2)(f) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.

Not applicable.

(7) Section 12(2)(g) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

The Company has two series of Pollution Control Revenue Refunding Bonds issued under a Trust Indenture dated as of August 1, 2006 and a Trust Indenture dated as of December 1, 2008, between the County of Boone, Kentucky and Deutsche Bank National Trust Company as Trustee. The Company's obligation to make payments equal to debt service on the Bonds is evidenced by a Loan Agreement dated as of August 1, 2006 and December 1, 2008 between the County of Boone, Kentucky and Duke Energy Kentucky. The Bonds issued under the Indentures are as follows:

Indenture	Date of Issue	Principal Amount Authorized and Issued	Principal Amount Outstanding	Rate of Interest	Date of Maturity	Interest Paid Year 2020
Series 2010	11/24/2010	26,720,000	26,720,000	3.86%[1]	8/1/2027	189,440
Series 2008A	12/01/2011	50,000,000	50,000,000	1.12%[2]	8/1/2027	798,137
			76,720,000			987,577

[1] The bonds were issued at a variable-rate and were swapped to a fixed rate of 3.86% for the life of the debt. The average floating-rate of interest on the bonds for 2020 was 0.61%.
[2] The interest rate represents the average floating-rate of interest on the bonds for 2020. The interest rate on the bonds resets on the first day of every month based on 70% of the sum of one-month LIBOR and a credit spread of 1.125%.

The Company had no outstanding financing leases as of March 31, 2021.

The Company had $104,798,000 of money pool borrowings outstanding as of March 31, 2021, $25,000,000 of which is classified as Long-Term Debt payable to affiliated companies. This obligation, which is short-term by nature, is classified as long-term due to Duke Energy Kentucky's intent and ability to utilize such borrowings as long-term financing.

(8) Section 12(2)(h) Rate and amount of dividends paid during the last five (5) previous fiscal years, and the amount of capital stock on which dividends were paid each year.

DIVIDENDS PER SHARE

Year Ending	Per Share	Total	No. of Shares	Par Value of Stock
December 31, 2016	17.08	10,000,000	585,333	8,779,995
December 31, 2017	0.00	0	585,333	8,779,995
December 31, 2018	0.00	0	585,333	8,779,995
December 31, 2019	0.00	0	585,333	8,779,995
December 31, 2020	0.00	0	585,333	8,779,995

(9) Section 12(2)(i) A detailed Income Statement and Balance Sheet

FINANCIAL STATEMENTS

DUKE ENERGY KENTUCKY, INC.
Condensed Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
(in thousands)	**2021**	**2020**
Operating Revenues		
Electric	**$ 93,387**	$ 84,266
Natural gas	**46,974**	41,200
Total operating revenues	**140,361**	125,466
Operating Expenses		
Fuel used in electric generation and purchased power	**27,896**	27,032
Cost of natural gas	**18,613**	12,662
Operation, maintenance and other	**34,762**	33,377
Depreciation and amortization	**20,875**	19,618
Property and other taxes	**5,201**	4,393
Total operating expenses	**107,347**	97,082
Gains on Sales of Other Assets and Other, net	**149**	36
Operating Income	**33,163**	28,420
Other Income and Expenses, net	**988**	882
Interest Expense	**6,859**	6,444
Income Before Income Taxes	**27,292**	22,858
Income Tax Expense	**5,225**	4,526
Net Income	**$ 22,067**	$ 18,332

FINANCIAL STATEMENTS

DUKE ENERGY KENTUCKY, INC.
Condensed Balance Sheets
(Unaudited)

(in thousands, except share amounts)	March 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	$ 9,629	$ 4,297
Receivables (net of allowance for doubtful accounts of $314 at 2021 and $324 at 2020)	8,081	8,333
Receivables from affiliated companies	11,434	23,032
Inventory	44,086	47,682
Regulatory assets	15,647	14,833
Other	7,073	8,490
Total current assets	95,950	106,667
Property, Plant and Equipment		
Cost	2,969,527	2,944,373
Accumulated depreciation and amortization	(1,044,706)	(1,030,627)
Net property, plant and equipment	1,924,821	1,913,746
Other Noncurrent Assets		
Regulatory assets	110,418	112,034
Operating lease right-of-use assets, net	8,692	8,786
Other	15,156	14,225
Total other noncurrent assets	134,266	135,045
Total Assets	$ 2,155,037	$ 2,155,458
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 25,253	$ 41,162
Accounts payable to affiliated companies	17,963	16,604
Notes payable to affiliated companies	79,798	75,472
Taxes accrued	12,185	20,620
Interest accrued	6,305	7,612
Current maturities of long-term debt	49,891	50,000
Asset retirement obligations	7,841	3,213
Regulatory liabilities	10,061	11,389
Other	15,119	16,956
Total current liabilities	224,416	243,028
Long-Term Debt	654,022	653,796
Long-Term Debt Payable to Affiliated Companies	25,000	25,000
Other Noncurrent Liabilities		
Deferred income taxes	246,880	242,372
Asset retirement obligations	68,445	72,899
Regulatory liabilities	131,396	134,574
Operating lease liabilities	8,620	8,696
Accrued pension and other post-retirement benefit costs	31,810	31,431
Other	24,145	25,426
Total other noncurrent liabilities	511,296	515,398
Commitments and Contingencies		
Equity		
Common stock, $15.00 par value, 1,000,000 shares authorized and 585,333 shares outstanding	8,780	8,780
Additional paid-in capital	242,494	242,494
Retained earnings	489,029	466,962
Total equity	740,303	718,236
Total Liabilities and Equity	$ 2,155,037	$ 2,155,458

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 14(1)

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807 KAR 5:001, SECTION 14(1)

Description of Filing Requirement:

Each application shall state the full name, mailing address, and electronic mail address of the applicant, and shall contain fully the facts on which the application is based, with a request for the order, authorization, permission, or certificate desired and a reference to the particular law requiring or providing for the information.

Response:

See application submitted in this proceeding.

Sponsoring Witness:

Amy B. Spiller

<u>807 KAR 5:001, SECTION 14(2)</u>

<u>Description of Filing Requirement:</u>

If a corporation, the applicant shall identify in the application the state in which it is incorporated and the date of its incorporation, attest that it is currently in good standing in the state in which it is incorporated, and, if it is not a Kentucky corporation, state if it is authorized to transact business in Kentucky.

<u>Response:</u>

See attached.

<u>Sponsoring Witness:</u>

Amy B. Spiller

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams Secretary of State P. O. Box 718 Frankfort, KY 40602-0718 (502) 564-3490 http://www.sos.ky.gov	**Certificate of Existence**

Authentication number: 246466
Visit https://web.sos.ky.gov/ftshow/certvalidate.aspx to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

DUKE ENERGY KENTUCKY, INC.

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is March 20, 1901 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 11th day of May, 2021, in the 229th year of the Commonwealth.

COMMONWEALTH OF KENTUCKY OFFICE OF SECRETARY OF STATE

Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
246466/0052929

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 14(3)

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807 KAR 5:001, SECTION 14(3)

Description of Filing Requirement:

If a limited liability company, the applicant shall identify in the application the state in which it is organized and the date on which it was organized, attest that it is in good standing in the state in which it is organized, and, if it is not a Kentucky limited liability company, state if it is authorized to transact business in Kentucky.

Response:

Duke Energy Kentucky is a corporation; therefore, this requirement does not apply.

Sponsoring Witness:

Amy B. Spiller

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 14(4)

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807 KAR 5:001, SECTION 14(4)

Description of Filing Requirement:

If the applicant is a limited partnership, a certified copy of its limited partnership agreement and all amendments, if any, shall be annexed to the application, or a written statement attesting that its partnership agreement and all amendments have been filed with the commission in a prior proceeding and referencing the case number of the prior proceeding.

Response:

Duke Energy Kentucky is a corporation; therefore, this requirement does not apply.

Sponsoring Witness:

Amy B. Spiller

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(1)(b)(1)

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807 KAR 5:001, SECTION 16(1)(b)(1)

Description of Filing Requirement:

Statement of the reason the adjustment is required.

Response:

1) Duke Energy Kentucky's current base rates reflect its cost of service as prepared in 2018. At current rates, the Company's calculated rate of return on rate base for the test period is 4.62% which is not sufficient to enable the Company to furnish safe, efficient and reliable service and to have the opportunity to earn a fair rate of return on its investments.
2) Duke Energy Kentucky needs to adjust its current cost of service to reflect its increased capital investments and associated depreciation, property taxes and other expenses of its natural gas operations that have changed since its 2018 case.
    a. The thirteen-month average of gross plant in this forecasted test period for this case is $772 million, as compared to $589 million included in the 2018 rate case. The return on this increased investment and the associated increased depreciation, property taxes and other expenses are the drivers of the need for new rates.

Please refer to the direct testimony of Duke Energy Kentucky witnesses Amy B. Spiller and Sarah E. Lawler.

Sponsoring Witness:

Amy B. Spiller
Sarah E. Lawler

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(1)(b)(2)

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807 KAR 5:001, SECTION 16(1)(b)(2)

Description of Filing Requirement:

A certified copy of a certificate of assumed name as required by KRS 365.015 or a statement that a certificate is not necessary.

Response:

Duke Energy Kentucky transacts business using the following assumed name: Duke Energy.

A certified copy of the Company's certificate of assumed name is attached.

Sponsoring Witness:

Amy B. Spiller

COMMONWEALTH OF KENTUCKY

Michael G. Adams
Secretary of State

Certificate

I, Michael G. Adams, Secretary of State for the Commonwealth of Kentucky, do hereby certify that the foregoing writing has been carefully compared by me with the original thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of

RENEWAL CERTIFICATE OF ASSUMED NAME OF

DUKE ENERGY RENEWED BY DUKE ENERGY KENTUCKY, INC. FILED FEBRUARY 10, 2021.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 13th day of May, 2021.

Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
jclark - Certificate ID: 246642

C227

0052929.04
Michael G. Adams
KY Secretary of State
Received and Filed
2/10/2021 2:15:11 PM
Fee receipt: $20.00

Commonwealth of Kentucky
Michael G. Adams, Secretary of St

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
http://www.sos.ky.gov

Renewal Certificate of Assumed Name

REN

This certifies that the assumed name of

DUKE ENERGY

is hereby renewed by

DUKE ENERGY KENTUCKY, INC.

a business entity organized and existing in the state of Kentucky.

Signatures

Signature	Kenna C. Jordan
Title	Assistant Corporate Secretary
Date	2/10/2021 2:15:11 PM

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(1)(b)(3)

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807 KAR 5:001, SECTION 16(1)(b)(3)

Description of Filing Requirement:

New or revised tariff sheets, if applicable in a format that complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed.

Response:

The proposed tariffs are at Schedule L-1.

Sponsoring Witness:

Jeff L. Kern

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(1)(b)(4)

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807 KAR 5:001, SECTION 16(1)(b)(4)

Description of Filing Requirement:

New or revised tariff sheets, if applicable, identified in compliance with 807 KAR 5:011, shown either by providing:

a. The present and proposed tariffs in comparative form on the same sheet side by side or on facing sheets side by side; or

b. A copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions.

Response:

See Schedules L-2.1 and L-2.2.

Sponsoring Witness:

Jeff L. Kern

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807 KAR 5:001, SECTION 16(1)(b)(5)

Description of Filing Requirement:

A statement that notice has been given in compliance with Section 17 of this administrative regulation with a copy of the notice.

Response:

See attached.

Sponsoring Witness:

Amy B. Spiller

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Electronic Application of Duke Energy Kentucky, Inc., for: 1) An Adjustment of the Natural Gas Rates; 2) Approval of New Tariffs; and 3) All Other Required Approvals, Waivers, and Relief.	)))))))	Case No. 2021-000190

CERTIFICATE OF NOTICE

Pursuant to the Kentucky Public Service Commission's Regulation 807 KAR 5:001, Section 16(1)(b)(5), I hereby certify that I am Amy B. Spiller, President of Duke Energy Kentucky, Inc. (Duke Energy Kentucky or Company), a utility furnishing retail electric and gas service within the Commonwealth of Kentucky, which, on the 1st day of June 2021, filed an application with the Kentucky Public Service Commission for the approval of an adjustment of the natural gas rates, terms, conditions, and tariffs of Duke Energy Kentucky and that notice to the public of the issuing of the same is being given in all respects as required by 807 KAR 5:001, Section 17 and 807 KAR 5:001, Sections 8(2)(c) and 9(2), as follows:

On the 1st day of June 2021, the notice to the public was delivered for exhibition and public inspection at 1262 Cox Road, Erlanger, Kentucky 41018 and the same will be kept open to public inspection at said office in conformity with the requirements of 807 KAR 5:001, Section 17(1)(a) and 807 KAR 5:011, Section 8(1)(a).

I further certify that more than twenty (20) customers will be affected by said change by way of an increase in their rates or charges and that on the 17th day of May 2021, there was delivered to the Kentucky Press Association, an agency that acts on behalf of newspapers of general circulation throughout the Commonwealth of Kentucky in which customers affected reside, for publication therein once a week for three consecutive weeks beginning on or before June 1, 2021, a notice of the filing of Duke Energy Kentucky's application, including its proposed rates, a copy of said notice being attached hereto as Exhibit A, and a list of newspapers of general circulation throughout the Commonwealth of Kentucky in which customers affected reside, a copy of said list being attached hereto as Exhibit B. A certificate of publication of said notice will be furnished to the Kentucky Public Service Commission upon completion of same pursuant to 807 KAR 5:001, Section 17(3)(b).

Also beginning on June 1, 2021, Duke Energy Kentucky posted on its website a complete copy of the Company's notice and a hyperlink to the location on the Kentucky Public Service Commission's website where the case documents and tariff filings are available.

Given under my hand this 1st day of June 2021.

Amy B. Spiller
Amy B. Spiller
President, Duke Energy Kentucky, Inc.
139 E. 4th Street
Cincinnati, Ohio 45202

Subscribed and sworn to before me, a Notary Public, in and before said County and State, this 1st day of June 2021.

E. Minna Rolfes-Adkins
Notary Public

My Commission expires: July 8, 2022

NOTARY PUBLIC STATE OF OHIO

E. MINNA ROLFES-ADKINS
Notary Public, State of Ohio
My Commission Expires
July 8, 2022

NOTICE

Duke Energy Kentucky, Inc. ("Duke Energy Kentucky" or "Company") hereby gives notice that, in an application to be filed no sooner than June 1, 2021, Duke Energy Kentucky will be seeking approval by the Public Service Commission, Frankfort, Kentucky, of an adjustment of natural gas rates and charges proposed to become effective on and after July 1, 2021. The Commission has docketed this proceeding as Case No. 2021-00190.

The proposed gas rates are applicable to the Company's service area including following communities:

Alexandria	Elsmere	Ludlow
Bellevue	Erlanger	Melbourne
Boone County	Fairview	Newport
Bracken County	Falmouth	Park Hills
Bromley	Florence	Pendleton County
Butler	Fort Mitchell	Ryland Heights
Campbell County	Fort Thomas	Silver Grove
Cold Spring	Fort Wright	Southgate
Covington	Gallatin County	Taylor Mill
Crescent Park	Glencoe	Union
Crescent Springs	Grant County	Villa Hills
Crestview	Highland Heights	Visalia
Crestview Hills	Independence	Walton
Crittenden	Kenton County	Warsaw
Dayton	Kenton Vale	Wilder
Dry Ridge	Lakeside Park	Woodlawn
Edgewood	Latonia Lakes	Williamstown

DUKE ENERGY KENTUCKY CURRENT AND PROPOSED GAS RATES & SIGNIFICANT TEXT CHANGES

Section VI – Billing and Payment (Gas Tariff Sheet No. 25)

Current Budget Billing Plan Description:

Annual Plan:

- The Annual Plan provides 11 months of equal payments by using 12 months of customer's usage, dividing the usage by 11, and using the result to calculate the bill.
  Month 12 is a settle-up month between the billed amounts and customer bills based on actual usage.
- A bill message is sent after 6 months with a suggested new bill amount if the budget bill amounts compared to the actual bill amounts exceeds a Company set threshold; however, Customer must contact Company to change the amount.
- The budget bill amount is changed as needed after the 12 month review.

Proposed Budget Billing Plan Description:

Annual Plan:

- The Annual Plan provides 12 months of equal payments by using 12 months of customer's usage, dividing the usage by 12, and using the result to calculate the bill.
  Month 12 is a settle-up month between the billed amounts and customer bills based on actual usage.
- A bill message is sent after 3, 6, and 9 months with new bill amount if the budget bill amounts compared to the actual bill amounts exceeds a Company set threshold.
- The budget bill amount is also changed as needed after the 12 month review.

Current Landlord Programs
This is a new section.

Proposed Landlord Programs
The Company will provide a Revert-to-Owner program available to Landlords, property managers, or other property owners to provide continuity in service when a tenant notifies the Company to discontinue service by automatically switching the account to the Landlord until a new tenant sets up service or the Landlord requests to discontinue service. The program is not applicable in situations where a tenant has been disconnected for nonpayment or the Company has been notified of a safety issue that warrants the termination of service. The provisions of the Automatic Landlord Transfer Agreement are outlined below.

Eligibility and Enrollment

1. An email address is required for enrollment. The Revert-to-Owner agreement may be emailed to the landlord, or accepted digitally through an online portal, known as the "Landlord Experience."
2. Landlord may enroll properties via self-service using the Company's "Landlord Experience" online portal or provide in writing a list of properties they wish to enroll in the program on a contract provided by the Company.
3. Eligibility to enroll in the Revert-to-Owner program requires any delinquent balance associated to the Landlord to be paid.
4. The Landlord may add and remove properties from the program at any time either by self-service using the "Landlord Experience" online portal or by contacting the Company's customer service department, and will be responsible for all charges associated to the properties enrolled while service is/was in their name.
5. Landlords may remove properties from the Revert-to-Owner program using the "Landlord Experience" online portal or by contacting the Company's customer service department.
6. The Landlord is responsible for notifying the Company of any changes in mailing address.
7. The Company shall maintain the discretion to remove a Landlord from the program for failure to pay.

Section VII – Deposits (Gas Tariff Sheet No. 26)

Current Deposits:
A satisfactory payment record is defined as twelve (12) months of service without being disconnected for nonpayment and without the occurrence of fraud, theft, or bankruptcy.

Proposed Deposits:
A satisfactory payment record is defined as having had twelve (12) months of service with no more than three final notices and no disconnections for nonpayment.

Residential Service – Rate RS (Gas Tariff Sheet No. 30)

	Current Rate	Proposed Rate
Customer Charge per month	$16.50	$19.00
Base Rate for all Ccf	$0.46920	$0.57926
GCA for all Ccf	$0.35510	$0.35510
Total Rate (Base Rate + GCA) for all Ccf	$0.82430	$0.93436

General Service – Rate GS (Gas Tariff Sheet No. 31)

	Current Rate	Proposed Rate
Customer Charge per month	$50.00	$58.00
Base Rate for all Ccf	$0.29243	$0.39405
GCA for all Ccf	$0.35510	$0.35510
Total Rate (Base Rate + GCA) for all Ccf	$0.64753	$0.74915

Full Requirements Aggregation Service – Rate FRAS (Gas Tariff Sheet No. 44)

Current Balancing Requirements:
Suppliers must deliver to the Company daily quantities of gas in accordance with the provisions of Rate IMBS.

Proposed Scheduling and Balancing Requirements:
Suppliers must deliver to the Company daily quantities of gas in accordance with the provisions of Rate IMBS.

No later than one hour prior to the North American Energy Standards Board (NAESB) deadline for the timely nomination cycle, Supplier shall submit a valid nomination through the Company's EBB of its total city gate quantities of gas scheduled for the following gas day. The Company will have no obligation to accommodate post-timely nominations, or changes thereto, that are made after the daily deadline.

Interruptible Transportation Service – Rate IT (Gas Tariff Sheet No. 50)

	Current Rate	Proposed Rate
Customer Charge per month	$430.00	$430.00
Base Rate for all Ccf	$0.09982	$0.11573

Firm Transportation Service Rate FT-L (Gas Tariff Sheet No. 51)

	Current Rate	Proposed Rate
Customer Charge per month	$430.00	$430.00
Base Rate for all Ccf	$0.18210	$0.21339

Aggregation Service for Interruptible Gas Transportation – Rate AS (Gas Tariff Sheet No. 55)

Current Rate:
Pooling service available to (1) customers receiving interruptible gas transportation service under Rate IT and special contract interruptible customers who are acting as their own pool operator for supply management purposes, and (2) pool operators designated by Rate IT and special contract interruptible customers to manage gas supplies on their behalf and as a part of an aggregated customer pool. For purposes of administering this tariff, the usages of all customers within a pool will be combined into a single pool usage number, which will be matched against the pool operator's total deliveries to its Rate IT and special contract interruptible transportation pool.

Proposed Rate:
There are no proposed rate changes to this rate.

Gas Trading Service – Rate GTS (Gas Tariff Sheet No. 57)

	Current Rate	Proposed Rate
Per Transaction	$5.00	No proposed changes

Current Character of Service:
The Company will operate an electronic bulletin board (EBB) through which eligible pool operators can notice offers of gas supplies for purchase, sale, or trade.

Daily imbalance trades or transfers must be completed within two (2) business days from the date that the trade or transfer applies. Monthly imbalance trades or transfers must be completed within two (2) business days following the end of the month.

Transactions will be completed when the pool operator(s) on both sides of a transaction key their acceptance into the EBB. When that occurs, all other would-be acceptors of the offer are locked out. The Company will adjust the daily/monthly accounts of both parties to a transaction in order to record the volume transfer embodied in the transaction. Any dollar payments, receipts, or exchanges of other consideration agreed upon between the parties to a transaction are outside the scope of this tariff and must be completed between the parties themselves.

Proposed Character of Service:
The Company will operate an electronic bulletin board (EBB) through which eligible pool operators can perform daily/monthly imbalance trades or transfers. All trades or transfers must be completed within two (2) business days following the end of the month.

Transactions will be completed when the pool operator(s) on both sides of a transaction key their acceptance into the EBB. The Company will adjust the daily/monthly accounts of both parties to a transaction in order to record the volume transfer embodied in the transaction. Any dollar payments, receipts, or exchanges of other consideration agreed upon between the parties to a transaction are outside the scope of this tariff and must be completed between the parties themselves.

Interruptible Monthly Balancing Service Rate IMBS (Gas Tariff Sheet No. 58)

	Current Rate	Proposed Rate
All Pools per Mcf	$0.1097	$0.1366

Current Character of Service
For purposes of administering this tariff, the daily and monthly usage of all customers within an individual pool will be combined into single daily/monthly pool usage number, which will be matched against the pool operator's total daily/monthly deliveries to its individual transportation pool.

Proposed Character of Service
For purposes of administering this tariff, the daily and monthly usage of all customers within an individual pool will be combined into single daily/monthly pool usage number, which will be matched against the pool operator's total daily/monthly deliveries to its individual transportation pool. No later than one hour prior to the NAESB deadline for the timely nomination cycle, pool operator shall submit a valid nomination through the Company's EBB of its total city gate quantities of gas scheduled for the following gas day. The Company will have no obligation to accommodate post-timely nominations, or changes thereto, that are made after the daily deadline.

Current Service Description
Daily imbalance trades/transfers made through the Company's EBB must be completed within two (2) business days from the date that the trade or transfer applies. Monthly imbalance trades to comply with the monthly balancing requirements of Rate IMBS must be completed within two (2) business days following the end of the month.

Proposed Service Description:
All daily and monthly imbalance trades or transfers must be completed within two (2) business days following the end of the month.

Distributed Generation Service – Rate DGS (Gas Tariff Sheet No. 59)

	Current Rate	Proposed Rate
Administration Charge	$25.00	No Proposed Rate Changes to this Rider
Minimum Capacity Reservation Charge	$2.00	
Facilities Charge	Per Service Agreement	
Delivery Charge	Per Applicable Service Tariff	

Main Extension Policy – Rider X (Gas Tariff Sheet No. 60)

Current Rate:
Normal Extensions. An extension of one hundred (100) feet or less shall be made by the Company to an existing distribution main without charge for a prospective customer who shall apply for and contract to use service for one year or more.

Proposed Rate:
There are no proposed rate changes to this rider.

Demand Side Management Cost Recovery Rider – Rider DSM (Gas Tariff Sheet No. 61)

	Current Rate	Proposed Rate
DSM Charge	PC + LR + PI + BA	No Proposed Rate Changes to this Rider

PC = DSM Program Cost Recover
LR = Lost Revenue from Decreased Throughput Recovery
PI = DSM Program Incentive Recovery
BA = DSM Balance Adjustment

Demand Side Management Rate – Rider DSMR (Gas Tariff Sheet No. 62)

	Current Rate	Proposed Rate
DSMR per Ccf	$0.045817	No Proposed Rate Changes to this Rider
Home Energy Assistance Program per bill	$0.30	

Weather Normalization Adjustment Rider – Rider WNA (Gas Tariff Sheet No. 65)

	Current Factors	Proposed Factors
Base Load for RS	1.106333	1.047887
Heat Sensitivity Factor for RS	0.015283	0.015467
Base Load for GS	9.745755	9.159645
Heat Sensitivity Factor for GS	0.090515	0.096462

Governmental Mandate Adjustment – Rider GMA (Gas Tariff Sheet No. 66)

Current Rate:
This is a new tariff schedule.

Proposed Rate:
Customers shall be assessed a surcharge or credit to enable the Company to fully recover all costs associated with governmental mandates including, but not limited to: 1) changes in the state or federal corporate tax rate; and 2) for compliance with regulations promulgated by the U.S. Department of Transportation Pipeline and Hazardous Materials Administration, as approved by the Kentucky Public Service Commission. The monthly billing amount calculated for each rate schedule for which this rider is eligible shall increase or decrease by the billed usage multiplied by the applicable rate below.

GMA Surcharge or Credit per Ccf	
Residential (Rate RS)	$0.00 / Month
General Service (Rate GS)	$0.00 / Month
Firm Transportation – Large (Rate FT-L)	$0.0000 / Ccf
Interruptible Transportation (Rate IT)	$0.0000 / Ccf

Gas Cost Adjustment Clause – Rider GCA (Gas Tariff Sheet No. 70)

	Current Rate	Proposed Rate
GCA Rate	EGC + RA + AA + BA	No Proposed Rate Changes to this Rider

EGC = Expected Gas Cost
RA = Refund Adjustment
AA = Actual Adjustment
BA = Balance Adjustment

Gas Cost Adjustment Transition Rider – Rider GCAT (Gas Tariff Sheet No. 77)

	Current Rate	Proposed Rate
Charge (Credit) per ccf	($0.0280)	No Proposed Rate Changes to this Rider

Bad Check Charge (Gas Tariff Sheet No. 80)

	Current Rate	Proposed Rate
Bad Check Fee	$11.00	No Proposed Rate Changes to this Rider

Charge for Reconnection of Service (Gas Tariff Sheet No. 81)

	Current Rate	Proposed Rate
Reconnect charge for service which has been disconnected due to enforcement of Rule 3	$75.00	$90.00
Reconnect charge for service which has been disconnected within the preceding twelve months at the request of the customer	$75.00	$90.00
If service is discontinued because of fraudulent use	$75.00 plus estimated gas used and expenses incurred by the Company	$90.00 estimated gas used and expenses incurred by the Company

Local Franchise Fee (Gas Tariff Sheet No. 82)

Current Rate:
Local Franchise Fee
There shall be added to the customer's bill, listed as a separate item, an amount equal to the fee now or hereafter imposed by local legislative authorities, whether by ordinance, franchise or other means, which fee is based on the gross receipts collected by the Company from the sale of gas to customers within the boundaries of the particular legislative authority. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee.

Proposed Rate:
Local Government Fee
There shall be added to the customer's bill, listed as a separate item, an amount equal to the fee now or hereafter imposed by local legislative authorities, whether by ordinance, franchise or other means. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee.

Curtailment Plan for Management of Available Gas Supplies (Gas Tariff Sheet No. 83)

Current Rate:
In the event of an emergency which necessitates curtailment of gas service, Duke Energy Kentucky, Inc. shall curtail gas service to its customers in the manner set forth herein, except where the Public Service Commission of Kentucky (Commission) or other authority having jurisdiction in the matter orders otherwise.

Proposed Rate:
There are no proposed rate changes to this rider.

Meter Pulse Service – Rate MPS (Gas Tariff Sheet No. 84)

	Current Rate	Proposed Rate
Installation of Meter Pulse Equipment	$860.00	$1,000.00
If replacement of Meter Index is necessary, additional charge of:	$635.00	$700.00
If the Company is required to make additional visits to the meter site due to the inability to gain access to the meter location or the necessary Communication Link has not been installed, or the Communication Link is not working properly, the Company may charge the customer for any additional trip to the meter site at the per visit rate of:	$60.00	No Change

DUKE ENERGY.

NOTICE

IMPACT OF PROPOSED RATES

The foregoing rates reflect a proposed increase in gas revenues of approximately $15,228,161 or 13.39% over current total gas revenues to Duke Energy Kentucky. The estimated amount of increase per customer class is as follows:

	Total Increase ($)	Total Increase (%)
Rate RS – Residential Service:	$9,958,419	12.66%
Rate GS – Commercial Service	$3,532,186	14.78%
Rate GS – Industrial Service	$359,887	14.63%
Rate GS – Other Public Authority Service	$314,235	14.63%
Rate FT-L – Firm Transportation Service	$856,152	15.73%
Rate IT – Interruptible Transportation Service	$266,047	14.92%
Charge for Reconnection of Service	$4,673	20.0%
Interdepartmental	$4,129	14.87%
Special Contracts	-$67,567	-26.17%

The average monthly bill for each customer class to which the proposed rates will apply will increase approximately as follows:

	Average ccf/Bill	Monthly Increase ($)	Percent Increase (%)
Rate RS – Residential Service:	57	8.77	12.7%
Rate GS – Commercial Service	363	44.89	14.8%
Rate GS – Industrial Service	1,151	124.96	14.6%
Rate GS – Other Public Authority Service	1,138	123.64	14.6%
Rate FT-L – Firm Transportation Service	25,057	784.03	16.2%
Rate IT – Interruptible Transportation Service	63,341	1,007.75	14.9%
Rate IMBS – Interruptible Monthly Balancing Service*	88,398	237.79	24.5%

* IMBS revenues are credited to sales customer through the GCA.

The rates contained in this notice are the rates proposed by Duke Energy Kentucky; however, the Kentucky Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such action may result in rates for consumers other than the rates in this notice.

Any corporation, association, body politic or person with a substantial interest in the matter may, by written request within 30 days after publication of this notice of the proposed rate changes, request leave to intervene; intervention may be granted beyond the 30 day period for good cause shown. Such motion shall be submitted to the Kentucky Public Service Commission, P.O. Box 615, 211 Sower Boulevard, Frankfort, Kentucky 40602-0615, and shall set forth the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within 30 days of the initial publication the Commission may take final action on the application.

Intervenors may obtain copies of the application and other filings made by the Company by requesting same through email at DEKInquiries@duke-energy.com or by telephone at (513) 287-4366. A copy of the application and other filings made by the Company is available for public inspection through the Commission's website at http://psc.ky.gov, at the Commission's office at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., and at the following Company offices: 1262 Cox Road, Erlanger, Kentucky 41018. Comments regarding the application may be submitted to the Public Service Commission through its website, or by mail at the following Commission address.

For further information contact:

PUBLIC SERVICE COMMISSION
COMMONWEALTH OF KENTUCKY
P.O. BOX 615
211 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40602-0615
(502) 564-3940

DUKE ENERGY KENTUCKY
1262 COX ROAD
ERLANGER, KENTUCKY 41018
(513) 287-4366

List of Newspapers in Duke Energy Kentucky Territory

Campbell County Recorder
Covington Kentucky Enquirer
Falmouth Outlook
Kenton County Recorder
Warsaw Gallatin County News
Williamstown Grant County News

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(2)

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807 KAR 5:001, SECTION 16(2)

Description of Filing Requirement:

Notice of intent. A utility with gross annual revenues greater than $5,000,000 shall notify the commission in writing of its intent to file a rate application at least thirty (30) days, but not more than sixty (60) days, prior to filing its application.

(a) The notice of intent shall state if the rate application will be supported by a historical test period or a fully forecasted test period.

(b) Upon filing the notice of intent, an application may be made to the commission for permission to use an abbreviated form of newspaper notice of proposed rate increases provided the notice includes a coupon that may be used to obtain a copy from the applicant of the full schedule of increases or rate changes.

(c) Upon filing the notice of intent with the commission, the applicant shall mail to the Attorney General's Office of Rate Intervention a copy of the notice of intent or send by electronic mail in a portable document format, to rateintervention@ag.ky.gov.

Response:

See Duke Energy Kentucky's response to Filing Requirement KRS 278.180 [Tab 1].

Sponsoring Witness:

Amy B. Spiller

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(3)

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807 KAR 5:001, SECTION 16(3)

Description of Filing Requirement:

Notice given pursuant to Section 17 of this administrative regulation shall satisfy the requirements of 807 KAR 5:051, Section 2.

Response:

Notice given pursuant to 807 KAR 5:001, Section 17 satisfies the requirements of 807 KAR 5:051, Section 2. A copy of the customer notice is attached in response to Filing Requirement, 807 KAR 5:001, Section 16(1)(b)(5) [Tab 12].

Sponsoring Witness:

Amy B. Spiller

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(6)(a)

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807 KAR 5:001, SECTION 16(6)(a)

Description of Filing Requirement:

The financial data for the forecasted period shall be presented in the form of pro forma adjustments to the base period.

Response:

See Schedules D-2.1 through D-2.14 located in Schedule Book.

Witness Responsible:

Abby L. Motsinger

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(6)(b)

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807 KAR 5:001, SECTION 16(6)(b)

Description of Filing Requirement:

Forecasted adjustments shall be limited to the twelve (12) months immediately following the suspension period.

Response:

See Schedules D-2.15 through D-2.26 for adjustments to the forecasted period located in Schedule Book. These adjustments are limited to the twelve (12) months immediately following the suspension period.

Witness Responsible:

Jay P. Brown – Schedules D-2.15, D-2.16, D-2.18, D-2.19, D-2.22, D-2.24 & D-2.26
David G. Raiford – Schedule D-2.23
Abby L. Motsinger – Schedule D-2.25

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(6)(c)

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807 KAR 5:001, SECTION 16(6)(c)

Description of Filing Requirement:

Capitalization and net investment rate base shall be based on a thirteen (13) month average for the forecasted period.

Response:

Capitalization and Net Investment Rate Base for the Forecasted Period are based on a thirteen-month average.

Witness Responsible:

Jay P. Brown

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(6)(d)

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807 KAR 5:001, SECTION 16(6)(d)

Description of Filing Requirement:

After an application based on a forecasted test period is filed, there shall be no revisions to the forecast, except for the correction of mathematical errors, unless the revisions reflect statutory or regulatory enactments that could not, with reasonable diligence, have been included in the forecast on the date it was filed. There shall be no revisions filed within thirty (30) days of a scheduled hearing on the rate application.

Response:

The Company will comply with this requirement.

Witness Responsible:

Abby L. Motsinger

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(6)(e)

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807 KAR 5:001, SECTION 16(6)(e)

Description of Filing Requirement:

The commission may require the utility to prepare an alternative forecast based on a reasonable number of changes in the variables, assumptions, and other factors used as the basis for the utility's forecast.

Response:

The Company will prepare an alternative forecast if requested by the Commission.

Witness Responsible:

Abby L. Motsinger

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(6)(f)

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807 KAR 5:001, SECTION 16(6)(f)

Description of Filing Requirement:

The utility shall provide a reconciliation of the rate base and capital use to determine its revenue requirements.

Response:

See attached.

Witness Responsible:

Jay P. Brown

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2021-00190
RECONCILIATION OF CAPITALIZATION AND RATE BASE
THIRTEEN MONTH AVERAGE BALANCE ENDING DECEMBER 31, 2022

FR 16(6)(f) Forecasted Period
PAGE 1 OF 5
WITNESS RESPONSIBLE:
J. P. BROWN

Line No.	Description	Source	Amount
1	Capitalization Allocated to Gas Operations	Page 2 of 5	479,499,181
2	Adjustments to Plant in Service	Sch. B-2.2 & B-3.1	(33,735,875)
3	Assets per Books not included in Rate Base:		
4	Other Property and Investments	Schedule B-8	(3,978,616)
5	CWIP	Schedule B-4	(39,819,181)
6	Cash	Schedule B-8	(3,532,456)
7	Other Current Assets	Schedule B-8	(435,668)
8	Other Regulatory Assets	Schedule B-8	(34,000,900)
9	Other Deferred Debits	Schedule B-8	(55,471,255)
10	Subtotal		(137,238,076)
11	Liabilities per Books not included in Rate Base:		
12	Other Current liabilities	Schedule B-8	19,653,477
13	Other Non-current liabilities	Schedule B-8	32,078,516
14	Deferred Credits	Schedule B-8	51,631,469
15	Subtotal		103,363,462
16	Items included in Rate Base:		
17	Cash Working Capital Formula	Sch.B-5	0
18	Depreciation adjustment not included in capitalization	Sch. D-2.23	(518,564)
19	Capitalization / Rate Base Differences		56,951,078
20	Subtotal		56,432,514
21	Total Variance		(11,177,975)
22	Gas Rate Base	Schedule B-1	468,321,206

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2021-00190
RECONCILIATION OF CAPITALIZATION AND RATE BASE
THIRTEEN MONTH AVERAGE BALANCE ENDING DECEMBER 31, 2022

FR 16(6)(f) Forecasted Period
PAGE 2 OF 5
WITNESS RESPONSIBLE:
J. P. BROWN

Line No.	Description		Capitalization Total	Gas
1	Total Forecasted Period Capitalization	(1)	1,700,118,063	
2				
3	Less: Gas Non-jurisdictional Rate Base	(2)	34,511,354	
4	Electric Non-jurisdictional Rate Base	(2)	102,568,331	
5	Non-jurisdictional Rate Base	(2)	(23,697,504)	
6				
7	Jurisdictional Capitalization		1,586,735,882	
8				
9	Gas Jurisdictional Rate Base Allocation %	(2)	30.202%	479,225,971
10				
11	Plus: Jurisdictional Gas ITC	(3)		273,210
12				
13	Total Allocated Capitalization			479,499,181

Notes:
(1) Schedule J-1, page 1.
(2) Source: FR 16(6)(f) Forecasted Period, page 3 of 5.
(3) Schedule B-6, page 1.

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2021-00190
RECONCILIATION OF CAPITALIZATION AND RATE BASE
THIRTEEN MONTH AVERAGE BALANCE ENDING DECEMBER 31, 2022

FR 16(6)(f) Forecasted Period
PAGE 3 OF 5
WITNESS RESPONSIBLE:
J. P. BROWN

Line No.	Description	Schedule Reference	Total Company	Gas Excl. of Facil Dev. to Other Than DE-Ky Custs.		Gas Non-Juris.		Electric Jurisdictional		Electric Non-Juris.	Non-Jurisdictional
1	Total Utility Plant in Service (Accts 101 & 106) (B)	Sch B-2	3,075,073,903	771,808,162		48,131,950	(E)	2,117,975,157	(E)	137,158,634	0
2											
3	Additions:										
4	Construction Work in Progress (Account 107)	(D)	0	0		0		0		0	0
5											
6	Fuel Inventory	WPB-5.1g	24,959,560	0		0		24,959,560		0	0
7											
8	Materials & Supplies -										
9	Propane Inventory (Account 151) (B)	WPB-5.1a	4,986,469	1,785,156		3,201,313		0		0	0
10	Other Material and Supplies (Accts. 154 & 163)	WPB-5.1b	17,560,015	422,179		0		17,137,836		0	0
11	Total Materials & Supplies		22,546,484	2,207,335		3,201,313		17,137,836		0	0
12											
13	Gas Stored Underground (Account 164) (B)	WPB-5.1e	1,692,954	1,692,954		0		0		0	0
14											
15	Prepayments (Account 165) (B)	WPB-5.1d	2,042,478	101,112		144,362		935,719		861,285	0
16											
17	Emission Allowances (Account 158)	WPB-5.1h	0	0		0		0			
18											
19	Cash Working Capital Allowance	N/A	0	0		0		0		0	0
20											
21	Other Rate Base Items	Sch B-6	0	0		0		0		0	0
22	Total Additions		51,241,476	4,001,401		3,345,675		43,033,115		861,285	0
23											
24	Deductions:										
25	Reserve for Accumulated Depreciation (Acct 108) (B)	Sch B-3.2	1,092,542,210	206,732,786	(A)	11,731,009	(E)	841,862,405	(E)	32,216,010	0
26											
27	Accum. Deferred Income Taxes (Accts 190, 282, & 283) (B)	Sch B-6, WPB-6a	274,996,071	69,672,083	(B)	3,275,942	(C)	178,350,542			23,697,504
28											
29	Customer Advances for Construction (Account 252)	Sch B-6	1,643,017	1,643,017		0		0		0	0
30											
31	Total Regulatory Liability - Excess Deferred Taxes (Acct 254)	Sch B-6	89,060,442	29,269,976		1,686,110		58,104,356		0	0
32											
33	Investment Tax Credits	WPB-6	3,508,788	0		273,210		0		3,235,578	0
34	Total Deductions		1,461,750,528	307,317,862		16,966,271		1,078,317,303		35,451,588	23,697,504
35											
36	Net Original Cost Rate Base		1,664,564,851	468,491,701		34,511,354		1,082,690,969		102,568,331	(23,697,504)
37											
38	Jurisdictional Rate Base Ratio		100.000%	28.145%		2.073%		65.043%		6.162%	-1.424%
39											
40	Jurisdictional Rate Base Ratio - Excluding Non-Jurisdictional		100.000%	30.202%				69.798%			

Notes:
(A) Does not include depreciation annualization adjustment per Commission precedent.

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2021-00190
RECONCILIATION OF CAPITALIZATION AND RATE BASE
THIRTEEN MONTH AVERAGE BALANCE ENDING DECEMBER 31, 2022

FR 16(6)(f) Forecasted Period
PAGE 3 OF 5
WITNESS RESPONSIBLE:
J. P. BROWN

LINE NO.	Description	WPB-6b	Allocation % (A)	To Be Eliminated (Col. 1 * Col. 2)
		(1)	(2)	(3)
1	Investment tax Credit - 3%	0	5.61%	0
2				
3	Liberalized Depreciation	(66,033,425)	5.61%	(3,704,475)
4				
5	Excess Deferred Taxes	(30,055,441)	5.61%	(1,686,110)

(2) Source: FR 16(6)(f) Forecasted Period, page 5 of 5.

DUKE ENERGY KENTUCKY, INC.
CASE NO. 2021-00190
RECONCILIATION OF CAPITALIZATION AND RATE BASE
COMPUTATION OF RATIO OF PLANT DEVOTED TO OTHER THAN
DE-KENTUCKY CUSTOMERS TO TOTAL PLANT FOR ELIMINATION PURPOSES
THIRTEEN MONTH AVERAGE BALANCE ENDING DECEMBER 31, 2022

FR 16(6)(f) Forecasted Period
PAGE 5 OF 5
WITNESS RESPONSIBLE:
J. P. BROWN

Line No.	Description			Amount (1)
1	Total Net Gas Plant before Adjustment			
2	of Facilities Devoted to Other	Original Cost	$	819,940,112
3	Than DE-Kentucky Customers	Accum Depr.		218,463,795
4		Net Plant	$	601,476,317
5				
6	Total Net Gas Plant Devoted to	Original Cost	$	43,512,091
7	Other Than DE-Kentucky Customers	Accum Depr.		9,776,216
8		Net Plant	$	33,735,875
9				
10				
11	Ratio of Plant Devoted to Other Than			
12	DE-Kentucky Customers to Total Plant (Line 8 / Line 4)			5.61%

(1) Company Records.

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(7)(a)

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807 KAR 5:001, SECTION 16(7)(a)

Description of Filing Requirement:

The written testimony of each witness the utility proposes to use to support its application, which shall include testimony from the utility's chief officer in charge of Kentucky operations on the existing programs to achieve improvements in efficiency and productivity, including an explanation of the purpose of the program.

Response:

All testimony is provided under separate cover. Also, please see the Direct Testimony of Amy B. Spiller, Duke Energy Kentucky's chief officer in charge of operations, for an overview discussion of efficiency and productivity improvements.

Sponsoring Witness:

All Witnesses

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(7)(b)

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807 KAR 5:001, SECTION 16(7)(b)

Description of Filing Requirement:

The utility's most recent capital construction budget containing at minimum a three (3) year forecast of construction expenditures.

Response:

See attached.

Sponsoring Witnesses:

Abby L. Motsinger
Brian R. Weisker

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Capital Expenditure Budget
Years 2021 - 2023

Line No.	Project ID/Description	CWIP Balance @ 12/31/20	Projected Expenditures 2021	2022	2023
1	NORMAL RECURRING CONSTRUCTION	12,719,297	32,797,366	39,272,784	31,860,250
2					
3	Transmission Integrity_Line AM00b ILI Retrofit Repl_Mnt	641,732	3,912,898	1,426,995	0
4	Transmission Integrity_Line AM07 - Pipeline Replacement_Mnt	1,433	4,408,271	16,655,021	52,303,471
5	Transmission Integrity_Line UL06 - Pipeline Replacements_Mnt	709,551	8,210,939	0	0
6	System Infrastructure_UL27 Pendleton County 4 in Main Rep_Mnt	0	0	2,414,769	9,351,197
7	System Infrastructure_UL60 Pipeline Phase II_Mnt	3,310,627	17,945,281	1,390,185	0
8	TOTAL	17,382,640	67,274,755	61,159,754	93,514,918

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(7)(c)

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807 KAR 5:001, SECTION 16(7)(c)

Description of Filing Requirement:

A complete description, which may be filed in written testimony form, of all factors used in preparing the utility's forecast period. All econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels shall be quantified, explained, and properly supported.

Response:

Attached is a copy of the Budget Guidelines and Assumptions for 2021 and 2022 which were used in developing the projected data in the base and forecasted test periods. Descriptions of the factors used in preparing the forecasted test period are also incorporated in each witness' pre-filed testimony.

Sponsoring Witness:

Abby L. Motsinger

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ENERGY®

2021-2022

BUDGET GUIDELINES AND ASSUMPTIONS

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1.0 GENERAL GUIDELINES FOR THE 2021-2022 BUDGET

All guidance contained in this document is based on the best available information as of the published date. The contents and guidance are subject to change as business circumstances require.

1.1 Key Changes for 2021-2022 Budgeting

- The budget calendar has been updated - see section **2.0 Budget Timeline**
- Inflation and Loading rates have been updated
    - Section 3.1 & 2 Labor Inflation Rates and Labor Loading Rates
    - Section 4.3 Non-Labor Loading Rates (Stores/Freight/Handling)
- System updates include:
    - Additional mid-morning and mid-afternoon working version data reference files from the Budgets cube (10:15 a.m., Noon, 3:15 p.m., nightly batch) allow more visibility of data in the Budgets cube
    - Rounding issue with Clear Script in the Budgets cube has been resolved
    - Clear Forms in Labor Mapping Cube: Budgeters can now flag their own Responsibility Center (RC) to clear with the nightly batch processing. This clears labor mapping Code Block and percentages for an entire RC in the Labor Mapping cube. Budgeters will still need to check the budget version verification form in the Budgets cube and flag the RCs to clear on the RC Data Clear Labor form if dollars are in the derived and approved versions of labor input
    - Labor Analyst Smart View security in the Worker Cost cube: New Smart View template for Labor Analysts is available
    - Add Vacancy" Rule has been modified to:
        - Auto-assign the pay frequency based on the job classification entered (Exempt = semi-monthly; All other classifications = bi-weekly)
        - Include additional instructions on the rule prompts of when to enter a Monthly Salary vs. Hourly Pay Rate
    - The "Send to Enterprise Budget" column has been removed from the Send to Validation – Budgets and Send to Validation – Budgets YR2 forms. Once the User Input and Labor Input scenarios pass DnV (Derivation and Validation), the data will automatically move to the FIHUB. No additional flag needed

1.2 Reference Material

- Enterprise Budget Development SharePoint - contains the following information:
    - Budget Calendar and Guidelines
    - Smart View Budget Entry Templates
    - Security
    - Status Reports
    - Quick Links (includes links to Worker Cost Power BI Dashboards)
- **Hyperion Planning Reports** - available on the Finance Reports page at Portal Home -> Our Company -> Finance -> Finance Reports -> Specific Use Reports -> Hyperion Planning
    - DnV Errors - shows Derivation and Validation errors that exceed the Cell Comment limit
    - Data Reference Files - contains reports and reference files for each cube
    - Clear RC Request - contains log of Resp Centers that were cleared in nightly batch processing
- Training materials (User Guide, Learning Clips, Job Aids, etc.) for Hyperion Planning are available on the Finance Portal at: Portal Home -> Our Company -> Finance -> Training & Resources -> Budget & Projections.

1.3 Budget Systems

All 2021 and 2022 budgets (excluding PeopleSoft allocations) make their way to the Hyperion Planning Budget Tool, by direct entry or by an interface from Fossil Hydro, Gas, and Nuclear long range planning tools to Hyperion Planning (i.e., PowerPlan LRP and Copperleaf Horizons, respectively).

- Fossil Hydro will plan all capital projects and outage projects using PowerPlan LRP; users cannot modify these budgets in Hyperion Planning.
- Nuclear will plan all capital projects and non-routine O&M projects using Copperleaf Horizons; users cannot modify these budgets in Hyperion Planning.
- Gas Operations will plan all Capex in PowerPlan LRP; users cannot modify these budgets in Hyperion Planning.
- All other budgets will be entered (directly or via spreadsheet upload) to Hyperion Planning.

Monday-Sunday nights, Hyperion Planning budget data is sent to PeopleSoft for allocations / loadings, then sent to the FIHUB for reporting of "fully-loaded" budgets.

1.4 Budget Requirements- Year One and Year Two

- O&M and Capital budgets for two years, will be completed during the budget cycle (2021 and 2022).
- Targets have been issued for each year
- Year two budget details should be at the same level of detail as year one to support multi-year business/financial plans and certain regulatory filings.
- There is a separate Send to Validation form for year two
- Budget allocations steps/stats for year one will be applied to year two. For year one, results of allocations will be available in the FIHUB daily. For year two, results of allocations will be available in the FIHUB on a one-day lag during workdays 1 – 10 and available in the FIHUB daily on workdays 11 – end of month.

The table below shows which scenarios are open for editing in each budget year:

Scenario	Year 1	Year 2
User Input	Open	Open
Labor Input**	Closed	Open
LRP Input*	Closed	Closed
Horizons Input*	Closed	Closed
Service Provider Input	Open	Open
Unit Cost Input**	Closed	Open
Unit Qty Input**	Closed	Open

** Year 1 and Year 2 are from external feeders (e.g., Copperleaf)*

*** Year 1 is developed in separate Hyperion Planning Cubes (e.g., Worker Cost / Labor and Units/Unit Cost and Qty)*

1.5 Budget Development

Budgets should be prepared on an accrual basis. This should include a focus on accurate monthly timing of budgeted costs. The goal is to reduce actual versus budget timing variances for 2021 reporting by placing budget dollars in the months the costs are expected to be spent, assuming accruals recorded based on completed work.

Costs should be directly charged to the legal entity (Duke Energy Carolinas, Duke Energy Progress, Duke Energy Ohio, etc.) benefiting from the services to the extent it is feasible.

Care should be taken to identify where affiliate transactions are occurring to ensure that Service Agreements are put in place.

2.0 BUDGET TIMELINE

Below is a summary of the key dates for the 2021 and 2022 budgeting process. *Please note that the deadlines indicated are for final signoffs. All internal department reviews must be completed prior to these final signoff dates.*

These dates reflect the calendar as planned, dates and events are subject to change as business circumstances may require.

Dates	Activity
Early June	CFO finalizes expectations for output of the 5x7 guidance run
June 11	Capital & O&M templates for 2020 - 2025 due (2020 monthly, 2021 - 2025 annual only)
June 16	Populate Worker Cost
June 22	Hyperion Planning Budget Tool opens
June 29	ECO - Functional Capital Plan due
July 29	2020 5x7 complete
August 11	O&M and Capital Guidance issued
August 24	Worker Cost Data pulled for HR to develop employee benefit budget - entry complete day before.
September 9	ECO jurisdictional optimization complete
September 25	First budget lock - Corporate, Shared Services and all charges to others
October 1	First budget lock - O&M and Capital
October 1	Employee Benefits loaded
October 2 - 6	Fringe Benefit Loading Rates updated
October 7 - 12	Update Service Company, Commercial, and OH/KY allocations
October 15	O&M and Capital Templates due for budget years only (monthly) / Employee benefits for 2021 – 2025
November 20	2020 9x3 complete
November 16	Budget reopens for Cash Flow changes and incorporation of any final challenges
December 16 - 17	Board Meeting
January 14	Final budget lock - Corporate, Shared Services and all charges to others
January 18	Final budget lock - O&M and Capital
January 4 - 18	Forecasting loads rest of Income Statement to HP
January 21 - 23	Run monthly allocations
January 24	Budget scenario marked 'Final' for AvB reporting
February 1 -5	HFM budget loads

Notes:

Budget entry and deadlines includes 2021 and 2022 inputs

3.0 Workforce Budgeting

3.1 Labor Inflation Rates

The table below contains the preliminary wage increases that will be used to begin the 2021 budgeting process. Labor increases will be automatically applied to Worker Cost in Hyperion Planning after HR employee data is loaded. If labor budgets are loaded using the Labor Mapping cube, labor will feed in with increases layered in to the appropriate months. If labor is loaded using the Budgets Cube, be sure to budget the effects of labor increases in the appropriate months. TBD – "To Be Determined" guidance will be provided as information becomes available.

Category	Union	Date of Increase	2020 Wage Increase Est.[1]	2021 Wage Increase Est.[1]	2022 Wage Increase Est.[1]
Non-Union	n/a	March 1	3.5% *(Total compensation including merit, promotion, etc.)*	3.5% *(Total compensation including merit, promotion, etc.)*	3.5% *(Total compensation including merit, promotion, etc.)*
Non-Union	Non-represented Craft	September 23	3.0% est. TBD – Early Summer 2020	3.0% est. TBD – Early Summer 2021	3.0% est. TBD – Early Summer 2022
Union	UWUA, IUU Local 600 (Technical)[2]	April 1	2.5%	2.5%	2.5%
Union	UWUA, IUU Local 600 (Clerical/Manual)[2]	April 1	2.5%	2.5%	2.5%
Union	IBEW 1347	April 1	2.5%	3.0%	TBD in 2022 negotiations
Union	IBEW 1347-Matl Spec C, Meter Repair, Manual Techs	April 1	2.5%	3.0%	TBD in 2022 negotiations
Union	IBEW 1393[2]	May 1	3.5%	TBD in 2021 negotiations	TBD in 2021 negotiations
Union	USW 12049[2]	May 15	2.25%	TBD in 2021 negotiations	TBD in 2021 negotiations
Union	USW 5541-06[2]	May 15	2.25%	TBD in 2021 negotiations	TBD in 2021 negotiations
Union	USW 7202	October 1	3.0% est. TBD – Fall 2020	3.0% est. TBD – Fall 2021	3.0% est. TBD – Fall 2022
Union	IBEW 962	October 1	3.0% est. TBD – Fall 2020	3.0% est. TBD – Fall 2021	3.0% est. TBD – Fall 2022
Union	IBEW 962T	December 1	3.0% est. TBD – Fall 2020	3.0% est. TBD – Fall 2021	3.0% est. TBD – Fall 2022
Union	IBEW 1902 (NC/SC)	June 1	2.5%	2.5%	TBD – June 2022
Union	PPF 702 (TN)	April 1	2.75%	2.25%	2.00%
Union	IBEW SCU-8 Florida (Main IBEW Florida)	December	3.0%	3.0%	3.0%
Union	IBEW SCU-8 Florida (Citrus Contract)	April	3.0%	3.0% est. TBD – 2020 negotiations	3.0% est. TBD – 2020 negotiations
Union	IBEW SCU-8 Florida (Hines Energy Complex)	March	3.0%	3.0% est. TBD – 2020 negotiations	3.0% est. TBD – 2020 negotiations

Notes:
[1]*Estimates have been included where negotiations are pending. Estimates used are for budget purposes only and may not be representative of management's offer during future negotiations.*
[2]*Employees in the IBEW 1393, USW 12049 and 5541-06 unions receive one week of prepaid sick time in the month of January. This week of prepaid sick time is calculated by the Worker Cost Cube process in Hyperion Planning.*

3.2 Labor Loading Rates

The table below contains the preliminary labor loading rates used to begin the 2021 and 2022 budgeting process. These rates will be applied using PeopleSoft allocation processing and will be held static throughout the budgeting process. At the end of the budget cycle the rates will be updated to reflect the anticipated impact as determined by the actuarial analysis.

Category	2021 & 2022 Rate	Comments
Fringe Benefits		
DE Carolinas	23.98%	*The fringe benefits rate includes health and insurance (medical, dental, life, disability), retirement (pension, 401k), service awards, EAP costs, tuition reimbursement, and the administrative fees that go along with those costs*
DE Progress	24.76%	
DE Florida	31.37%	
DE Indiana	30.38%	
DE Kentucky	25.70%	
DE Ohio	26.78%	
Piedmont	33.92%	
DE Commercial Power	23.70%	
DE Business Services	25.82%	
Payroll Tax	7.65%	*Loader applies to capital projects. On income statement, payroll tax is in account that does not roll to O&M*
Incentive		
DEBS	11.5%	
Other Non-Union	10.5%	
Union	3.0%	

3.3 Incentives

STPP and discretionary pool plans will be budgeted through incentive loading rates calculated at target performance. Executive stock based incentives will be budgeted in a Human Resources responsibility center (RC 8937) and allocated to operating units as appropriate. Any incentives outside the aforementioned plans should be budgeted at the responsibility center level.

3.4 Workforce Planning

Usage of the Worker Cost Cube is required for headcount. Headcount should include interns, temporary employees, and individuals on short-term disability. It should not include employees on long-term disability. Worker Cost Cube data will be provided to HR on August 24th for their workforce planning activities, including calculation of the employee benefit budget.

When inputting vacancies and/or new positions into the worker cost cube, the job segment code should be included in the job description field. These codes can be found here: Budget Status Sharepoint>Budget Guidelines>Hyperion Guide Job Segments.xlsx. If you have questions regarding which Workforce Planning Segment to use, please contact your HR contact for Workforce Planning (see excel file linked above). If your HR contact is unavailable, please contact Leslie Stroupe, Workforce Planning, Leslie.stroupe@duke-energy.com.

Both Finance and HR have access to the 2021 Worker Cost FIHUB Labor Comparison Dashboard for summary headcount reporting. This report also shows a comparison between labor calculated in Worker Cost and what's been loaded to the FiHUB.

3.5 Payroll Cycle for Exempt and Non-Exempt Employees

All exempt employees should be budgeted assuming a semi-monthly pay cycle (two payrolls per month). Non-exempt employees will should be budgeted assuming a bi-weekly payroll cycle.

In 2021, there will be two payrolls for both months **July** and **December**, which will have **three pay periods**.

In 2022, there will be two payrolls for both months **July** and **December**, which will also have **three pay periods**.

Accounting will budget payroll accruals quarterly to ensure the financial statements reflect the appropriate amounts of payroll in each quarter. Below are the number of days to be accrued each quarter.

Month	2021 (excluding weekends)	2021 (including weekends)	2022 (excluding weekends)	2022 (including weekends)
March	8	10	9	11
June	13	17	14	18
September	9	11	10	12
December	5	5	5	6

3.6 Recruiting & Relocation Expenses

Items budgeted by HR:

Recruiting
Job Postings
Testing Fees
Service and Retirement Awards

Items budgeted by hiring organization:

Candidate Travel Expenses
Agency Fees
Staff Augmentation
Relocation Expenses
Military Leave Pay
Dependent Care and Short Term Disability Accruals*

*Accruals are established at the enterprise level as appropriate and provided to the business units to the extent they are required, per Accounting Research Group guidance.

If you have questions on Relocation & Recruiting Fees, please contact Lynsey Durham at 980-373-1655.

3.7 Education Reimbursement (Tuition Refund) Expenses

All education reimbursement will be budgeted within the employee benefit rates. No tuition refund expenses should be budgeted within the business unit budgets unless the business unit plans to exceed established limits on graduate education reimbursement.

4.0 NON-LABOR BUDGETING

4.1 Rate Case and Other Regulatory Filings

Duke Energy uses the budget for rate cases or other regulatory filings in Ohio, Kentucky, Indiana, and Florida. To help provide details needed to support rate requests, please consider the following:
Budget to Accounts where actual charges will occur.
Budget to the appropriate Gas vs. Electric business units where actual charges will occur.

4.2 Non-Labor Loading Rates

The table below contains the non-labor loading rates that will be used to begin the 2021/2022 budgeting process.

Stores, Freight & Handling	Carolinas	Indiana	Ohio	Kentucky	Progress	Florida	Piedmont
Fossil Hydro Operations	17.00%	7.00%		20.00%	20.00%	20.00%	
Transmission & Distribution	11.5%	11.5%	11.0%	11.0%	10.0%	10.0%	
Gas			6%	5%			3%
Nuclear – Catawba	20.0%						
Nuclear – McGuire	24.0%						
Nuclear – Oconee	20.0%						
Nuclear – Brunswick					20.0%		
Nuclear – Harris					22.0%		
Nuclear – Robinson					28.0%		

4.3 Managed Print Services

In 2021 and 2022, Managed Print Services will charge business units (i.e., Nuclear, Fossil, Customer, Commercial Business, etc.) based on actual or allocated usage for copier use based on negotiated price per impression. The budgeted charges include impressions, supplies and maintenance. Administrative Services Finance will budget on behalf of the business – using the business' responsibility centers for all non-corporate departments and Admin Services responsibility centers for corporate departments.

Departments should continue to budget for paper in 2021 and 2022.

Print Centers (prints, binding, collateral, etc.):
Any copy/print job created at an off-site Print Center should be budgeted by the respective Business Unit. All accounting or credit card information should be provided at time of order within the myChoice Print Request tool.

Wide Format Fleet Devices (plotters) (non-Imaging Services)
Managed Print Services will charge the business units for wide format use based on negotiated cost per square foot of paper used. The budgeted charges include impressions only. Equipment, supplies, paper, and maintenance are included in the cost per square foot. Administrative Services Finance will budget on behalf of the business – using the business' responsibility centers for all non-corporate departments and Admin Services responsibility centers for corporate departments.

Imaging Service services (prints, scans, etc.)
Any large format prints and scans created at the Imaging Production Centers should be budgeted by the respective Business Unit. This cost includes any printing of wide format drawings and digitization scanning projects in support of upcoming renovations. *If you have questions about the 2021 & 2022 Print Services budget contact Ricky Bollinger (704-382-5885)*

4.4 Facility Costs

Corporate Offices
Budgeting responsibility for renovations to corporate office space in 2021 & 2022 will be handled by Real Estate, including office consolidations in 526 South Church St., the Duke Energy Center, 400 South Tryon, and regional headquarters locations in Cincinnati, Plainfield, Raleigh, St. Petersburg and Northpoint.

Facility Maintenance / Additions / Changes
Real Estate will budget all building maintenance costs (i.e., janitorial services, cleaning supplies, lease payments, utilities, grounds maintenance) for the corporate offices and electric/gas distribution facilities (excludes operational costs such as tools, equipment used by customer, etc.) for all Real Estate managed properties. Real Estate will budget for facility infrastructure replacements (i.e. roof, mechanical systems, paving, carpet).

For Real Estate questions please contact the regional Facility Asset Managers:
- Chris Gilb – Midwest (513) 287-1485
- Keith Stenzler – Carolinas West (336) 917-2719
- Kim Bunnell – Carolinas East (919) 546-5723
- Misty Lanham – Charlotte (704) 382-8124
- Eric Rathburn – Florida (727) 820-5094
- Rob Wotherspoon – Charlotte Piedmont (407) 963-5814

Additions or changes to facilities and grounds will be budgeted by Real Estate in accordance with Duke Energy Workplace Standards (DEWS). A multi-year capital planning effort will address the needs from the business units as well as those of the Corporate areas. Real Estate will gladly assist business partners with their emergent work outside of the capital plan, provided the work is funded by the requesting business unit. So that these needs are addressed during the budget process and included into the Real Estate multi-year capital plan, they should be reviewed with the contacts noted below:

- Darrel Ingle – Midwest
- Cathy Smedelay-Martin – Carolinas West
- Joe Rycroft – Carolinas East
- Kim Belk – Charlotte Metro
- Eric Rathburn – Florida
- Kim Belk – Charlotte Piedmont

Note: Facility maintenance charges (O&M) for net new facilities and renovations/additions that increase the total managed square feet of a facility will be funded by the business unit(s) requesting the project. *A new facility or facility expansion is a long-term O&M commitment to the company and should be carefully considered.* The facility maintenance charges (O&M) for mid-year increases will be charged with the business unit's Responsibility Center for the balance of the year, then O&M dollars will be transferred from the business unit to Real Estate for future years. Annual facility maintenance costs should be considered by business units during the project planning process. Please contact the Facility Asset Managers referenced above with specific questions or for budget guidance.

Personnel Moves
Personnel moves that involve the movement of boxes and computers will be budgeted by the business unit unless associated with a Real Estate project. Typical rates for moves range from $75-150 for moves that occur within the same buildings, $100-175 for moves from bldg. to bldg. less than 25 miles, and $150-250 for moves greater than 25 miles. Customers requesting moves that involve reconfiguration of furniture, cubicles, keyboard trays, etc. should be budgeted within their department's budget, including special requests to meet ergonomic needs, etc.

Conference Room Set-ups
Business units will be charged for any conference/meeting room set-up change requests that are received after their request has been confirmed by the Event/Meeting Planning team. This will be charged at a rate of $250 per room setup. If any changes are made to the room without prior arrangement with the Event/Meeting Planning team, a charge of $250 will also be

charged. In addition, any new requests received within 48 hours of the event will be charged a room set-up fee of $250 if it requires the room to be reconfigured.

Substation control house and Telecommunication building facility maintenance (i.e. plumbing, roof, air conditioning) will be budgeted by Real Estate for all locations except substations locations in Ohio/Kentucky.

Lease Administration
Duke Energy Real Estate is responsible for administering all facility and land leases, payable and receivable. The administration of leases includes managing and adhering to critical dates and ensuring payment. Accounting for leases is provided by the requesting Business Unit and therefore funded through the Business Unit's Responsibility Center and Operating Unit. Leases are paid and billed according to the terms and conditions spelled out in the lease. Contact Eric Rouse (980) 373-2436 or Nancy Holmes (704) 382-8893 for lease or lease administration questions.

4.5 Transportation – (Fleet Services) Costs

A direct charging process is used for costs associated with all assigned vehicles and mobile (off-road) equipment. This enables Fleet Services' customers to (1) see actual costs associated with owning their vehicle and to more appropriately show the costs associated with how a particular vehicle or piece of equipment is used in their daily work, (2) create awareness of the total costs to the company for owning and operating vehicles and equipment, and (3) provide an effective management tool to use in the decision making process regarding vehicle and equipment purchases.

The direct charging process breaks down costs by ownership, repair labor, parts, fuel, commercial repair, and other miscellaneous costs. Customers can view these breakdowns by accessing the Fleet Services' Maximo customer report "Vehicle Chargeback by Level 4." You will need to get the proper security clearance to access Fleet Services customer reports in Maximo prior to viewing this report. Contact the Help Desk and press the button for Maximo Support. Ask them to open a ticket to the Fleet Services Maximo Support Team requesting access to the Fleet Services Customer Reports. If you need further assistance in getting this access or if you have questions regarding the report, please contact Lauren Combs (704-549-6109).

All vehicle and mobile (off-road) equipment purchases are to be coordinated through Fleet Services. Certain mobile equipment purchases may be eligible to be funded using the customer's departmental capital accounting. Please contact Jerry Shelley (407-942-9470) for details and how this may affect Fleet Services chargebacks to the customer.

For budgeting purposes, all assigned vehicles and mobile equipment should be budgeted to Resource Type 53000 in the appropriate business unit budgets. This can be at a departmental level or as low as each individual responsibility center. The following guidelines may be used in determining what to budget for in the upcoming year:

(1) Take the current YTD costs in RT 50000 (and RT 50002 for Distribution) on your financial reports and annualize them. Then go to #3 below. OR
(2) Run the Fleet Services' Maximo customer report "Vehicle Chargeback by Level 4" for the last 12 months OR the Fleet Services' Power BI "Chargeback Report". Take into consideration if units were added or reduced from the group or department and compare the result with (1) above. Then go to #3 below.
(3) If units are anticipated to be added in 2021 & 2022, plan on adding monies for those units. Contact the Fleet Services Customer Representative for your region to assist with determining how much to budget for these additional units (see names and contact information below).
(4) If we are in a year where fuel costs are rising significantly each month, plan on adding a slight inflation factor to your costs in order to account for this increase in fuel costs. If unsure, please contact Fleet Services for guidance on this issue.
(5) Note: Chargeback Ownership rates were adjusted in February 2019 so please use costs starting from March 2019 for budgeting purposes.

It is essential that adequate dollars are budgeted for the vehicles and equipment assigned to your group/department as Fleet Services does not budget these dollars for you. If you need assistance with how to calculate the Fleet Services' costs for your group/department, please contact any of the following Fleet Services representatives:

Contact	Phone	Email
Meighan Read	704-382-4332	Meighan.Read@duke-energy.com
Sue Haugh	919-661-4372	Sue.Haugh@duke-energy.com

If you need further assistance in getting this access or if you have questions regarding the reports, please contact Lauren Combs (704-549-6109).

4.6 Parking Costs for Company Owned Vehicles

Each Business Unit is responsible for budgeting monthly parking costs for their company owned vehicles. The accounting below should be used to process parking costs for company owned vehicles that are parked at company owned parking facilities (Mint Street, 526 S. Church Street, Ohio Regional Headquarters, Florida Regional Headquarters, etc.):

Code block Element	What to charge
Responsibility Center	Business Unit Responsibility Center
Operating Unit	Business Unit Operating Unit
Process	PARK
Resource Type	69500
Account	0417007

Please contact your financial support contact for the appropriate parking accounting for non-company owned parking facilities.

4.7 Postage, Courier Services and Freight Logistics

The Administrative Services – Support Services group budgets for postage for routine mailings from the Corporate Mail Centers. Please use the following guidelines for specific situations:

Type of Mailing Expense	Budgeted by
Customer billing and customer bill-related mailings	User organization
Marketing related mailings	User organization
Bulk or large mailings	User organization
Employee paychecks, pension checks, incentive checks	Administrative Services - Support Services
Daily routing business mailings processed by Mail Services	Administrative Services - Support Services
Other postage and courier	Administrative Services - Support Services

4.8 Research Sources, Subscriptions and Books

Records Management:

- Business Units should budget for the purchase of banker boxes that are intended for corporate records storage. These boxes can be purchased through Guy Brown/Staples via the Portal.
- Business Units should budget for records storage deliveries if they anticipate expedited box requests such as deliveries via UPS 2nd Day Air. The Enterprise Record Center does not bill for routine, day-to-day operational costs associated with deliveries.
- Business Units should budget for new off-site record storage and digitization. Please contact the Tim Willis (704-382-1624) for information or a cost estimate.

Corporate Library:

- Corporate Library eBooks and audiobooks (for the Virtual Library) are budgeted by Administrative Services except for unique books needed for a specific business unit. Contact Chris Hamrick (704-382-6413) for information or a cost estimate.
- For Specialized Subscriptions/Memberships (syndicated content) which are unique to a specific organization, the Business Unit will budget for this. Chris Hamrick (704-382-6413) can be contacted for information or a cost estimate.

4.9 Information Technology Budget Guidelines

The Personal Mobile Device (PMD) program is managed out of IT Customer Services. The AirWatch Technology licenses are purchased by IT. The monthly reimbursement for approved PMD program participants is provided via the expense system, meaning these costs come out of individual manager's expense budgets.

5.0 CAPITAL BUDGETING

5.1 Capitalization Guidelines

If you have questions regarding the capitalization policies, please contact the following:

- Power Production, Renewables, Non-utility – Olga Leggett (704) 382-7232 or Lisa Garcia (980) 373-1646
- Software, Land, Power Delivery (T/D/Gas/Grid) and General Plant - Kristi Durham (980) 373-5131
- General Inquiries – Linda Miller (704) 373-2407 or Lisa Garcia (980) 373-1646

To access the current Duke Energy capitalization guidelines or the Unit of Property Catalogues navigate to the following site on the Portal or click the link: Portal Home > Our Company > Policies > Finance Policies > Property, Plant & Equipment > Duke Energy Capitalization Guidelines - Consolidated

5.2 Capital Class Types / Classifications & Definitions

Capital Class Type/ Classifications' Definitions:

Capital Class Type / Classification:	Capital Class Type/ Classifications' Definitions:
Recoverable	Defined as items that are recovered outside of normal base rates that: (1) have a specific clause/rider/tracker/special tariff with immediate recovery or (2) are deemed probable for future regulatory treatment that would result in a clause/rider/tracker. Examples: DCI-DEO Rider ECRC & ECCR Clause Recovery in Florida Indiana Environmental Trackers Nuclear Fuel
Expansion	**New Generation:** Expenditures on projects for assets expanding generation capabilities. **New Connects:** Capital expenditures to provide lighting and metered services to new customers including dollars to achieve connection and long-term capacity increases (includes new lighting installations). **Transmission Line Expansion/major modification**: to accommodate new generating facilities. **Renewables**: Would include projects adding MW, revenue producing projects, and acquisitions.
Major Projects	Includes large projects greater than $25M that are garnering AFUDC that are not in 'Recoverable' or 'Expansion', also includes strategic projects. Examples: Wholesale large replacement or retrofitting a plant. Strategic Projects (Grid)

Maintenance	Defined as capital expenditures not included in the above capital class types (Non-Recoverable, Non-Expansion, Non-Major Projects/Investments) Maintenance would generally include minimal to no AFUDC and carries regulatory lag implications.

For 2020, **For Corporate Reporting**, Corporate will continue to report on the following capital class types :

Recoverable
Expansion
Major Projects
Maintenance

If you have questions regarding the Capital Class definitions, please contact Kathy Dimoff at (704) 382-4795.

5.3 Capital Contingency

Project Management Center of Excellence standards require project teams to evaluate risks and establish, monitor, and report project contingency.

Ideally, contingency should be cash-flowed based on the timing of the identified risks and estimates with which it is associated. If the Project is early in the development stages, and the risks have not yet been defined, it is recommended that contingency be budgeted in December or in the final month of the Project if closing prior to year-end. This also applies to large O&M projects subject to PMCoE standards.

6.0 Service Company Guidelines

6.1 Charging Guidance

Costs should be directly charged to the legal entity (Duke Energy Carolinas, Duke Energy Progress, Duke Energy Ohio, etc.) benefiting from the services to the extent it is feasible. Otherwise, the service company allocations should be utilized.

There are three types of service company allocation pools:

Governance – Corporate departments with accountability for the management of the overall function and respective issues within Duke Energy; responsible for the governance, compliance, oversight, control, audit, and strategic program design of corporate-wide activities. These costs are charged to a governance identified business unit.

Enterprise – Support departments providing day-to-day services to all lines of business (e.g., IT, Corporate Facilities, Accounts Payable, HR Services); the execution of the governance process which benefits all business units. These costs are driven by and support the business, but for simplification, are allocated by the service company. These costs are charged to segment business units.

Utility – Support departments providing day-to-day services to regulated utilities only. The execution of the governance process which only benefits the regulated utilities. These costs are driven by and support the utility businesses, but for simplification, are allocated by the service company. These costs are charged to regulated utility business units.

7.0 BUDGET FINANCE SUPPORT BUSINESS CONTACTS

For detailed listings of the Finance Support of Business Unit Contacts, please reference:
Our Company>Finance>Reference Materials>Contacts>Finance Business Support Representatives

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(7)(d)

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807 KAR 5:001, SECTION 16(7)(d)

Description of Filing Requirement:

The utility's annual and monthly budget for the twelve (12) months preceding the Filing Date, the Base Period, and Forecasted Period.

Response:

See the attached for the Company's official 2020 and 2021 operating budgets which include the 12 months preceding the Filing Date (June 2020 – May 2021) and the Base Period (September 2020 - August 2021). The requested annual budget for the 12 months of the Forecasted Test Period is provided in Schedule C-1. The monthly revenue and monthly O&M amounts are shown in Work Papers WPC-2d and WPC-2.1a, respectively. This data is comprised of Duke Energy Kentucky's 2021 annual budget and extended through December 2022 as described in the testimony of Ms. Motsinger.

Sponsoring Witness:

Abby L. Motsinger

Duke Energy Segment Reporting

DE Kentucky Gas
Dynamic Income Statement for Budget
Periodic

	Jan 2020 Budget Periodic	Feb 2020 Budget Periodic	Mar 2020 Budget Periodic	Apr 2020 Budget Periodic	May 2020 Budget Periodic	Jun 2020 Budget Periodic	Jul 2020 Budget Periodic	Aug 2020 Budget Periodic	Sep 2020 Budget Periodic	Oct 2020 Budget Periodic	Nov 2020 Budget Periodic	Dec 2020 Budget Periodic	Dec 2020 Budget YTD
Operating Revenue													
Regulated Natural Gas	16,266,914	15,623,930	12,260,356	6,735,373	4,497,574	3,830,090	3,997,722	4,084,772	4,151,004	6,607,232	11,507,684	17,552,098	107,114,750
Total Operating Revenues	**16,266,914**	**15,623,930**	**12,260,356**	**6,735,373**	**4,497,574**	**3,830,090**	**3,997,722**	**4,084,772**	**4,151,004**	**6,607,232**	**11,507,684**	**17,552,098**	**107,114,750**
Operating Expenses													
Cost of Natural Gas and Coal Sold	5,941,707	5,312,382	4,295,487	1,359,344	745,136	557,566	815,505	901,761	935,180	2,354,778	4,938,208	7,649,305	35,806,359
Operations, Maintenance and Other	3,206,226	1,904,328	1,733,707	1,873,629	1,883,100	1,917,097	2,070,053	1,849,718	1,830,258	1,854,458	1,800,632	2,111,760	24,034,966
Depreciation and Amortization	1,512,901	1,525,785	1,526,312	1,559,923	1,562,437	1,564,841	1,567,085	1,567,139	1,568,581	1,569,717	1,570,705	1,572,115	18,667,541
Property and Other Taxes	369,006	334,413	334,706	335,706	336,543	334,134	348,820	335,547	334,075	335,554	335,123	346,660	4,080,288
Total Operating Expenses	**11,029,840**	**9,076,909**	**7,890,213**	**5,128,603**	**4,527,217**	**4,373,637**	**4,801,463**	**4,654,165**	**4,668,094**	**6,114,507**	**8,644,668**	**11,679,840**	**82,589,155**
Operating Income	**5,237,074**	**6,547,021**	**4,370,144**	**1,606,770**	**(29,642)**	**(543,547)**	**(803,741)**	**(569,393)**	**(517,089)**	**492,725**	**2,863,016**	**5,872,258**	**24,525,595**
Other Income and Expenses													
71XX_OTHER_INCOME - Other Income	26,707	26,707	26,707	26,707	26,707	26,707	26,707	26,707	26,707	26,707	26,707	26,703	320,480
7311_AFUDC_OTH_DF_RT - AFUDC and Other Deferred Return	56,933	61,568	54,341	46,675	53,672	59,803	66,582	75,059	84,059	93,894	103,695	65,652	821,935
7310_INT_DIV - Interest and Dividends	51,759	50,272	45,197	34,125	22,569	21,818	34,263	34,030	29,727	32,422	32,528	38,022	426,731
7330_INTERCO_INT - Intercompany Interest Income	28	79	112	142	186	216	215	257	284	310	353	375	2,557
Other Income and Expenses	**135,427**	**138,625**	**126,357**	**107,649**	**103,135**	**108,544**	**127,767**	**136,054**	**140,777**	**153,334**	**163,283**	**130,752**	**1,571,704**
Earnings Before Interest Expense and Taxes	**5,372,501**	**6,685,646**	**4,496,501**	**1,714,419**	**73,493**	**(435,003)**	**(675,974)**	**(433,339)**	**(376,312)**	**646,059**	**3,026,299**	**6,003,009**	**26,097,299**
Interest Expense	652,383	636,846	647,676	654,880	635,591	653,727	643,222	626,800	673,788	663,399	645,710	699,692	7,833,714
Earnings From Continuing Operations Before Income Taxes	**4,720,118**	**6,048,801**	**3,848,824**	**1,059,539**	**(562,098)**	**(1,088,730)**	**(1,319,196)**	**(1,060,139)**	**(1,050,100)**	**(17,340)**	**2,380,589**	**5,303,318**	**18,263,586**
Income Tax Expense (Benefit) From Continuing Operations	1,126,162	1,456,182	550,043	216,315	(189,624)	(153,397)	(381,549)	(319,092)	(34,241)	(63,868)	531,376	1,175,336	3,913,643
Income From Continuing Operations Attributable to Duke Energy Corp	**3,593,956**	**4,592,619**	**3,298,782**	**843,224**	**(372,474)**	**(935,333)**	**(937,647)**	**(741,047)**	**(1,015,859)**	**46,528**	**1,849,213**	**4,127,982**	**14,349,943**
Income (Loss) From Continuing Operations	**3,593,956**	**4,592,619**	**3,298,782**	**843,224**	**(372,474)**	**(935,333)**	**(937,647)**	**(741,047)**	**(1,015,859)**	**46,528**	**1,849,213**	**4,127,982**	**14,349,943**
Net Inc Bfr Ext and Chg in Acct. Prin.	**3,593,956**	**4,592,619**	**3,298,782**	**843,224**	**(372,474)**	**(935,333)**	**(937,647)**	**(741,047)**	**(1,015,859)**	**46,528**	**1,849,213**	**4,127,982**	**14,349,943**
Consolidated Net Income	**3,593,956**	**4,592,619**	**3,298,782**	**843,224**	**(372,474)**	**(935,333)**	**(937,647)**	**(741,047)**	**(1,015,859)**	**46,528**	**1,849,213**	**4,127,982**	**14,349,943**
Less: Net (Loss) Income Attributable to Noncontrolling Interests	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income Attributable to Company	**3,593,956**	**4,592,619**	**3,298,782**	**843,224**	**(372,474)**	**(935,333)**	**(937,647)**	**(741,047)**	**(1,015,859)**	**46,528**	**1,849,213**	**4,127,982**	**14,349,943**
Less: Preferred Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income Attributable to Controlling Interest	**3,593,956**	**4,592,619**	**3,298,782**	**843,224**	**(372,474)**	**(935,333)**	**(937,647)**	**(741,047)**	**(1,015,859)**	**46,528**	**1,849,213**	**4,127,982**	**14,349,943**

Duke Energy Segment Reporting

DE Kentucky Gas
Dynamic Income Statement for Budget
Periodic

	Jan 2021 Budget Periodic	Feb 2021 Budget Periodic	Mar 2021 Budget Periodic	Apr 2021 Budget Periodic	May 2021 Budget Periodic	Jun 2021 Budget Periodic	Jul 2021 Budget Periodic	Aug 2021 Budget Periodic	Sep 2021 Budget Periodic	Oct 2021 Budget Periodic	Nov 2021 Budget Periodic	Dec 2021 Budget Periodic	Dec 2021 Budget YTD
Operating Revenue													
Regulated Natural Gas	20,869,223	15,910,051	12,560,696	6,598,425	4,209,969	3,922,333	4,150,280	4,165,210	4,472,384	7,746,275	12,558,711	16,390,621	113,554,178
Total Operating Revenues	**20,869,223**	**15,910,051**	**12,560,696**	**6,598,425**	**4,209,969**	**3,922,333**	**4,150,280**	**4,165,210**	**4,472,384**	**7,746,275**	**12,558,711**	**16,390,621**	**113,554,178**
Operating Expenses													
Cost of Natural Gas and Coal Sold	9,894,552	5,816,711	4,726,901	1,499,413	745,473	853,161	1,060,563	1,062,991	1,219,218	3,508,971	5,980,328	6,666,170	43,034,452
Operations, Maintenance and Other	2,583,443	1,904,217	1,835,834	1,823,268	1,804,446	1,826,836	2,010,111	1,839,075	1,738,796	1,909,382	1,964,533	2,208,473	23,448,414
Depreciation and Amortization	1,677,908	1,678,237	1,678,799	1,680,996	1,681,758	1,683,344	1,686,356	1,686,485	1,688,649	1,694,685	1,679,319	1,682,681	20,199,217
Property and Other Taxes	386,406	381,847	381,993	381,346	380,896	380,576	393,463	380,621	379,361	380,352	382,393	394,474	4,603,727
Total Operating Expenses	**14,542,310**	**9,781,012**	**8,623,528**	**5,385,022**	**4,612,573**	**4,743,916**	**5,150,492**	**4,969,172**	**5,026,024**	**7,493,389**	**10,006,574**	**10,951,798**	**91,285,811**
Operating Income	**6,326,913**	**6,129,039**	**3,937,169**	**1,213,403**	**(402,604)**	**(821,583)**	**(1,000,213)**	**(803,962)**	**(553,640)**	**252,886**	**2,552,137**	**5,438,823**	**22,268,367**
Other Income and Expenses													
71XX_OTHER_INCOME - Other Income	59,410	59,410	59,410	59,410	59,410	59,410	59,410	59,410	59,410	59,410	59,410	59,410	712,919
7311_AFUDC_OTH_DF_RT - AFUDC and Other Deferred	17,207	19,791	22,899	26,205	29,814	33,545	37,729	42,638	44,314	48,812	55,355	39,429	417,738
7330_INTERCO_INT - Intercompany Interest Income	35,244	31,283	27,939	18,094	11,129	12,327	29,761	29,594	27,009	26,615	22,611	32,684	304,290
Other Income and Expenses	**111,861**	**110,484**	**110,248**	**103,709**	**100,353**	**105,282**	**126,899**	**131,641**	**130,733**	**134,837**	**137,376**	**131,523**	**1,434,948**
Earnings Before Interest Expense and Taxes	**6,438,774**	**6,239,523**	**4,047,417**	**1,317,112**	**(302,251)**	**(716,301)**	**(873,313)**	**(672,320)**	**(422,907)**	**387,723**	**2,689,513**	**5,570,345**	**23,703,315**
Interest Expense	651,665	637,820	643,032	639,774	621,635	639,238	633,707	616,249	667,628	666,711	648,235	683,086	7,748,780
Earnings From Continuing Operations Before Income Taxes	**5,787,109**	**5,601,704**	**3,404,385**	**677,339**	**(923,886)**	**(1,355,539)**	**(1,507,020)**	**(1,288,569)**	**(1,090,536)**	**(278,988)**	**2,041,278**	**4,887,259**	**15,954,535**
Income Tax Expense (Benefit) From Continuing Operations	1,379,719	1,331,343	243,743	105,456	-294,292	-131,166	-440,495	-387,512	51,789	-138,393	437,752	1,028,826	3,186,771
Income From Continuing Operations Attributable to Duke Energy Co	**4,407,391**	**4,270,361**	**3,160,642**	**571,883**	**(629,594)**	**(1,224,374)**	**(1,066,526)**	**(901,057)**	**(1,142,324)**	**(140,596)**	**1,603,526**	**3,858,433**	**12,767,765**
Income (Loss) From Continuing Operations	**4,407,391**	**4,270,361**	**3,160,642**	**571,883**	**(629,594)**	**(1,224,374)**	**(1,066,526)**	**(901,057)**	**(1,142,324)**	**(140,596)**	**1,603,526**	**3,858,433**	**12,767,765**
Net Inc Bfr Ext and Chg in Acct. Prin.	**4,407,391**	**4,270,361**	**3,160,642**	**571,883**	**(629,594)**	**(1,224,374)**	**(1,066,526)**	**(901,057)**	**(1,142,324)**	**(140,596)**	**1,603,526**	**3,858,433**	**12,767,765**
Consolidated Net Income	**4,407,391**	**4,270,361**	**3,160,642**	**571,883**	**(629,594)**	**(1,224,374)**	**(1,066,526)**	**(901,057)**	**(1,142,324)**	**(140,596)**	**1,603,526**	**3,858,433**	**12,767,765**
Less: Net (Loss) Income Attributable to Noncontrolling Inter	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income Attributable to Company	**4,407,391**	**4,270,361**	**3,160,642**	**571,883**	**(629,594)**	**(1,224,374)**	**(1,066,526)**	**(901,057)**	**(1,142,324)**	**(140,596)**	**1,603,526**	**3,858,433**	**12,767,765**
Less: Preferred Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income Attributable to Controlling Interest	**4,407,391**	**4,270,361**	**3,160,642**	**571,883**	**(629,594)**	**(1,224,374)**	**(1,066,526)**	**(901,057)**	**(1,142,324)**	**(140,596)**	**1,603,526**	**3,858,433**	**12,767,765**

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(7)(e)

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807 KAR 5:001, SECTION 16(7)(e)

Description of Filing Requirement:

A statement of attestation signed by the utility's chief officer in charge of Kentucky operations which shall provide:

(1) that the forecast is reasonable, reliable, made in good faith and that all basic assumptions used in the forecast have been identified and justified;

(2) that the forecast contains the same assumptions and methodologies as used in the forecast prepared for use by management, or an identification and explanation for any differences that exist; and

(3) that productivity and efficiency gains are included in the forecast.

Response:

See attached.

Sponsoring Witness:

Amy B. Spiller

AFFIDAVIT OF AMY B. SPILLER

STATE OF OHIO)
)
COUNTY OF HAMILTON)

Now comes Amy B. Spiller, President of Duke Energy Kentucky, Inc., and as required by 807 KAR 5:001, Section 16(7)(e), hereby attests as follows:

1. The forecast used in this rate application is reasonable, reliable, made in good faith, and that all basic assumptions used in the forecast have been identified and justified;
2. The forecast contains the same assumptions and methodologies as used in the forecast prepared for use by management, or an identification and explanation for any differences that exist; and
3. Productivity and efficiency gains are included in the forecast.

Further affiant sayeth naught.

Amy B. Spiller, Affiant

Sworn and subscribed before me by Amy B. Spiller on this 13th day of May 2021.

Notary Public

My Commission Expires: July 8, 2022

NOTARY PUBLIC
STATE OF OHIO

E. MINNA ROLFES-ADKINS
Notary Public, State of Ohio
My Commission Expires
July 8, 2022

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(7)(f)(1) through (4)

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807 KAR 5:001, SECTION 16(7)(f)(1) through (4)

Description of Filing Requirement:

For each major construction project which constitutes five (5) percent or more of the annual construction budget within the three (3) year forecast the following information shall be filed:

(1) The date the project was started or estimated starting date;

(2) The estimated completion date;

(3) The total estimated cost of construction by year exclusive and inclusive of allowance for funds used during construction ("AFUDC") or interest during construction credit; and,

(4) The most recent available total costs incurred exclusive and inclusive of AFUDC or interest during construction credit.

Response:

See attached.

Sponsoring Witness:

Abby L. Motsinger
Brian R. Weisker

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Major Construction Projects
Constituting 5% or More of Annual Budget

Line No.	Project ID/Description	Actual or Projected Start Date	Projected Completion Date	Estimated Costs Including AFUDC 2021	Estimated Costs Including AFUDC 2022	Estimated Costs Including AFUDC 2023	Estimated Costs Excluding AFUDC 2021	Estimated Costs Excluding AFUDC 2022	Estimated Costs Excluding AFUDC 2023	Actual Costs To Date incl AFUDC	Actual Costs To Date excl AFUDC
1	Transmission Integrity_Line AM00b ILI Retrofit Repl_Mnt	5/1/2020	6/1/2022	3,912,898	1,426,995	0	3,891,308	1,373,539	0	641,732	637,391
2	Transmission Integrity_Line AM07 - Pipeline Replacement_Mnt	10/1/2020	12/30/2028	4,408,271	16,655,021	52,303,471	4,353,568	16,317,874	51,030,548	1,433	1,431
3	Transmission Integrity_Line UL06 - Pipeline Replacements_Mnt	2/1/2020	9/30/2021	8,210,939	0	0	8,185,883	0	0	709,551	652,040
4	System Infrastructure_UL27 Pendleton County 4 in Main Rep_Mnt	2/1/2022	10/31/2024	0	2,414,769	9,351,197	0	2,384,809	9,163,708	0	0
5	System Infrastructure_UL60 Pipeline Phase II_Mnt	3/1/2019	12/30/2021	17,945,281	1,390,185	0	17,671,693	1,390,185	0	3,310,627	3,271,247

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(7)(g)

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807 KAR 5:001, SECTION 16(7)(g)

Description of Filing Requirement:

For all construction projects which constitute less than five (5) percent of the annual construction budget within the three (3) year forecast, the utility shall file an aggregate of the information requested in paragraph (f) 3 and 4 of this subsection.

Response:

See attached.

Sponsoring Witness:

Abby L. Motsinger
Brian R. Weisker

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Major Construction Projects
Constituting Less than 5% of Annual Budget

Line No.	Project ID/Description	Actual or Projected Start Date	Projected Completion Date	Estimated Costs Including AFUDC			Estimated Costs Excluding AFUDC			Actual Costs To Date incl AFUDC	Actual Costs To Date excl AFUDC
				2021	2022	2023	2021	2022	2023		
1	Sum of all projects not included on 7(f)	Various	Various	32,797,366	39,272,784	31,860,250	32,453,449	38,767,661	31,523,781	12,719,297	12,017,461

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(7)(h)

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807 KAR 5:001, SECTION 16(7)(h)

Description of Filing Requirement:

A financial forecast corresponding to each of the three (3) forecasted years included in the capital construction budget. The financial forecast shall be supported by the underlying assumptions made in projecting the results of operations and shall include the following information:

(1) Operating income statement (exclusive of dividends per share or earnings per share);

(2) Balance sheet;

(3) Statement of cash flows;

(4) Revenue requirements necessary to support the forecasted rate of return;

(5) Load forecast including energy and demand (electric);

(6) Access line forecast (telephone);

(7) Mix of generation (electric);

(8) Mix of gas supply (gas);

(9) Employee level;

(10) Labor cost changes;

(11) Capital structure requirements;

(12) Rate base;

(13) Gallons of water projected to be sold (water);

(14) Customer forecast (gas, water);

(15) MCF sales forecasts (gas);

(16) Toll and access forecast of number of calls and number of minutes (telephone); and

(17) A detailed explanation of any other information provided, if applicable.

Response:

Items 6, 13, 16, and 17 are not applicable. For all other items, see attached.

Sponsoring Witnesses:

Abby L. Motsinger – Items 1, 2, 3, 4, 7, 9, 10, 11, 12
Brian R. Weisker – Item 8
Benjamin W. Passty – Items 5, 14, 15

FR 16(7)(h)(1)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Projected Income Statement 2021-2023

Line No.	Description	2021	2022	2023
1	Operating Revenue			
2	Electric Revenue	$ 382,664,395	$ 386,160,141	$ 423,350,184
3	Gas Revenue	113,431,122	112,366,916	112,709,974
4	Other Revenue	850,000	850,000	850,000
5	Total Operating Revenue	$ 496,945,517	$ 499,377,057	$ 536,910,158
6	Operating Expenses			
7	Fuel & Purchased Power	101,538,710	99,449,865	99,416,767
8	Gas Purchased	42,174,791	39,753,477	38,815,057
9	Operation & Maintenance	152,626,730	152,778,051	151,479,246
10	Depreciation & Amortization	96,118,247	102,190,195	97,905,115
11	Taxes Other Than Income	20,371,899	21,315,381	22,706,891
12	Operating Expenses before Income Tax	$ 412,830,377	$ 415,486,969	$ 410,323,076
13	Pre-Tax Operating Income	$ 84,115,140	$ 83,890,088	$ 126,587,082
14	Other Income	4,542,105	5,094,178	5,290,116
		-	-	-
15	Interest Expense	27,347,643	28,374,397	31,290,978
		-	-	-
16	State Income Taxes	2,985,119	2,913,794	4,859,774
17	Federal Income Taxes	8,167,651	7,915,330	15,882,499
18	Total Income Taxes	$ 11,152,770	$ 10,829,124	$ 20,742,273
19	Income Available for Common Dividends	$ 50,156,832	$ 49,780,745	$ 79,843,947
20	Average Common Equity	$ 941,592,675	$ 1,026,561,464	$ 1,101,373,809
21	Earned Return	5.33%	4.85%	7.25%

FR 16(7)(h)(2)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Projected Balance Sheet 2021-2023

Line No.	Description	2021	2022	2023
1	**Assets**			
2	Utility plant in service	$ 2,988,456,667	$ 3,132,805,320	$ 3,232,630,278
3	Construction work in progress	85,667,724	118,556,686	194,093,371
4	Total Utility Plant	$ 3,074,124,391	$ 3,251,362,006	$ 3,426,723,649
5	Non-regulated property, plant, and equipment	2,206	2,206	2,206
6	Accumulated depreciation	1,068,659,057	1,098,519,360	1,133,260,952
7	Net Property, Plant, and Equipment	$ 2,005,467,540	$ 2,152,844,852	$ 2,293,464,903
8	Current Assets	101,189,852	102,866,263	132,946,485
		-	-	
9	Other Assets	300,292,346	282,694,020	277,335,553
10	Total Assets	$ 2,406,949,738	$ 2,538,405,135	$ 2,703,746,941
	Liabilities			
11	Total Current Liabilities	172,326,457	197,660,459	123,999,791
		-	-	
12	Long-term debt	729,103,798	754,356,848	904,642,375
13	Accumulated deferred income taxes	246,700,430	238,574,583	243,813,759
14	Excess deferred income taxes	111,837,971	108,065,385	104,292,799
15	Unamortized investment tax credits	6,450,035	24,834,035	27,791,035
16	Other	148,859,956	153,461,989	157,911,400
17	Total Non-Current Liabilities	$ 1,242,952,190	$ 1,279,292,840	$ 1,438,451,368
18	Total Common Stock Equity	991,671,091	1,061,451,836	1,141,295,782
19	Total Liabilities	$ 2,406,949,738	$ 2,538,405,135	$ 2,703,746,941

FR 16(7)(h)(3)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Projected Cash Flow Statement 2021-2023

Line No.	Description	2021	2022	2023
1	Net Income	$ 50,156,832	$ 49,780,745	$ 79,843,947
2	Other Operating Activities	100,701,830	104,187,391	94,435,296
3	Cash from Operating Activities	$ 150,858,662	$ 153,968,136	$ 174,279,243
4	Financing Activities			
5	Change in contributed capital	$ 50,000,000	$ 20,000,000	$ -
6	Change in short-term debt	(75,472,000)	-	-
7	Issuance of long-term debt	50,000,000	50,000,000	100,000,000
8	Change in non-current capital leases	-	-	-
9	Redemption of long-term debt	-	-	(25,000,000)
10	Dividends on common stock	-	-	-
11	Cash from Financing Actitivies	$ 24,528,000	$ 70,000,000	$ 75,000,000
12	Investing Activities			
13	Construction Expenditures (net of AFUDC)	$ (172,950,866)	$ (219,739,970)	$ (217,647,365)
14	Acquisitions and other investments	(3,084,135)	(3,424,925)	(4,261,810)
15	Cash from Investing Actitivies	$ (176,035,001)	$ (223,164,895)	$ (221,909,175)
16	Net Increase/(Decrease) in Cash	$ (648,339)	$ 803,241	$ 27,370,068

FR 16(7)(h)(4)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Revenue Requirements 2021-2023

Line No.	Description		2021		2022		2023
1	Rate Base	$	469,562,234	$	468,321,206	$	521,218,829
2	Operating Income	$	19,683,105	$	21,653,814	$	22,180,987
3	Earned Rate of Return (Line 2 / Line 1)		4.200%		4.600%		4.300%
4	Rate of Return		6.592%		7.060%		7.060%
5	Required Operating Income (Line 1 x Line 4)	$	30,953,542	$	33,063,477	$	36,798,049
6	Operating Income Deficiency (Line 5 - Line 2)	$	11,270,437	$	11,409,663	$	14,617,062
7	Gross Revenue Conversion Factor		1.334673		1.334673		1.334673
8	Revenue Deficiency (Line 6 x Line 7)	$	15,042,348	$	15,228,169	$	19,508,998

FR 16(7)(h)(5)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Load Forecast 2021-2023

Line No.	Description	2021	2022	2023
1	KW Demand - Coincident Peak			
2				
3	January	737,952	733,353	747,484
4	February	691,541	673,461	687,288
5	March	619,717	633,800	647,047
6	April	548,017	559,392	572,108
7	May	583,867	594,028	607,233
8	June	702,222	709,606	723,098
9	July	814,597	822,039	835,966
10	August	791,527	793,196	806,964
11	September	691,680	690,856	704,309
12	October	506,581	502,670	515,225
13	November	600,147	595,453	607,428
14	December	695,426	689,955	702,647
15				
16	KWH Sales			
17				
18	January	336,215,660	359,852,180	370,202,250
19	February	329,042,010	333,374,170	343,322,270
20	March	305,117,420	309,565,780	319,176,380
21	April	280,173,670	281,747,980	287,416,900
22	May	298,030,000	299,581,790	305,239,200
23	June	349,632,280	354,377,180	360,228,380
24	July	392,944,080	405,589,590	411,490,630
25	August	390,741,700	394,081,590	400,107,390
26	September	337,120,480	344,541,100	350,748,560
27	October	302,822,350	303,610,430	307,098,490
28	November	307,997,590	304,794,120	308,459,870
29	December	344,780,060	342,600,170	345,913,450

FR 16(7)(h)(7)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Mix of Generation 2021-2023

Line No.	Description	2021	2022	2023
1	Coal	3,119,224	3,486,120	3,243,881
2	Natural Gas	6,362	9,182	7,108
3	Oil	-	-	-
4	Total Generation (MWH)	3,125,586	3,495,302	3,250,989

16(7)(h)(8)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Mix of Gas Supply 2021-2023

Line No.	Description	2021	2022	2023
1	Columbia Gas Trans - No Notice	991,652	991,652	991,652
2	Undetermined	9,257,409	9,248,394	9,227,820
3	Propane - Air	62,000	62,000	62,000
4	Total Supply - MCF	10,311,061	10,302,046	10,281,472
5	Columbia Gas Trans - No Notice	$ 2,527,769	$ 2,545,056	$ 2,612,500
6	Undetermined	25,741,098	26,206,897	26,966,024
7	Propane - Air	774,595	774,595	774,595
8	Demand Costs	7,727,683	7,737,426	7,742,872
9	Total Cost	$ 36,771,145	$ 37,263,974	$ 38,095,991

FR 16(7)(h)(9)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Number of Employees 2021-2023

Line No.	Description	2021	2022	2023
1	Number of employees	165	165	165

This count includes only direct employees of Duke Energy Kentucky, Inc.

FR 16(7)(h)(10)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Labor Cost Changes 2021-2023

Line No.	Description	2021	2022	2023
1	Total Labor Costs:			
2				
3	Gas O&M Expense	$ 8,594,873	$ 8,823,717	$ 8,911,954
4	Electric O&M Expense	16,800,979	16,941,260	17,110,673
5	Total O&M	$ 25,395,852	$ 25,764,977	$ 26,022,627
6				
7	Gas Capital	$ 7,901,783	$ 7,765,473	$ 7,843,128
8	Electric Capital	14,772,230	14,095,603	14,236,559
9	Non-jurisdictional Capital	-	-	-
10	Total Capital	$ 22,674,013	$ 21,861,076	$ 22,079,687
11				
12	Total	$ 48,069,865	$ 47,626,053	$ 48,102,314

Includes benefits & incentives (direct & allocated).

FR 16(7)(h)(11)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Capital Structure Requirements 2021-2023

Line No.	Description	2021		2022		2023	
1	Common Equity	$ 991,671,091	52.277%	$ 861,861,344	50.695%	$ 1,141,295,782	55.583%
2	Long-term Debt	729,103,798	38.436%	794,320,510	46.721%	854,642,375	41.623%
3	Short-term Debt	176,170,237	9.287%	43,936,209	2.584%	57,373,649	2.794%
4	Total Capital	$ 1,896,945,126	100.00%	$ 1,700,118,063	100.00%	$ 2,053,311,806	100.00%

FR 16(7)(h)(12)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Rate Base 2021-2023

Line No.	Description	2021	2022	2023
1	Adjusted Jurisdictional Plant in Service	$ 770,159,788	$ 771,808,162	$ 833,465,514
2	Accumulated Depreciation and Amortization	(203,463,019)	(206,903,281)	(216,532,609)
3	Net Plant in Service (Line 1 + Line 2)	$ 566,696,769	$ 564,904,881	$ 616,932,905
4	Construction Work in Progress	0	0	0
5	Cash Working Capital Allowance	0	0	0
6	Other Working Capital Allowances	4,001,401	4,001,401	4,001,401
7	Other Items:			
8	Customers' Advances for Construction	(1,643,017)	(1,643,017)	(1,643,017)
9	Investment Tax Credits	0	0	0
10	Deferred Income Taxes	(68,653,232)	(69,672,083)	(70,781,757)
11	Excess Deferred Income Taxes	(30,839,687)	(29,269,976)	(27,290,703)
12	Other Rate Base Adjustments	0	0	0
13	Jurisdictional Rate Base (Line 3 through Line 11)	$ 469,562,234	$ 468,321,206	$ 521,218,829

FR 16(7)(h)(14)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Customer Forecast 2021-2023

Line No.	Description	2021	2022	2023
1	Residential	130,664	131,584	132,624
2	Commercial	13,795	13,835	13,872
3	Industrial	354	350	347
4	Other	1,400	1,397	1,392
5	Total Electric Retail	146,213	147,166	148,235
6	Residential	95,104	95,190	94,503
7	Commercial	7,265	7,212	7,190
8	Industrial	244	233	207
9	Other	376	378	380
10	Total Full Requirements	102,989	103,013	102,280
11				
12	Transportation			
13	Commercial	44	51	73
14	Industrial	10	19	45
15	Other	32	32	33
16	Total Transportation	86	102	151
17				
18	Total Gas Retail (Line 10 + Line 16)	103,075	103,115	102,431

16(7)(h)(15)

Duke Energy Kentucky, Inc.
Case No. 2021-00190
MCF Sales Forecast 2021-2023

Line No.	Description	2021	2022	2023
1	Residential	6,273,599	6,350,433	6,367,716
2	Commercial	2,870,362	2,986,951	3,079,372
3	Industrial	278,711	290,082	284,970
4	Other	334,351	335,704	326,328
5	Interdepartmental	-	-	-
6	Total Retail	9,757,023	9,963,170	10,058,386
7	Transportation			
8	Commercial	586,157	613,528	657,682
9	Industrial	1,804,325	1,934,567	1,985,242
10	Other	1,822,479	1,860,287	1,901,844
11	Total Transportation	4,212,961	4,408,382	4,544,768
12	Total MCF Sales	13,969,984	14,371,552	14,603,154

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(7)(i)

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807 KAR 5:001, SECTION 16(7)(i)

Description of Filing Requirement:

The most recent Federal Energy Regulatory Commission or Federal Communication Commission audit reports.

Response:

See attached.

Witness Responsible:

Bryan T. Manges

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

In Reply Refer To:
Office of Enforcement
Docket No. PA14-2-000
April 1, 2016

Duke Energy Corporation
Attention: Mr. Brian D. Savoy
Senior Vice President, Chief Accounting
Officer and Controller
550 South Tryon St.
Charlotte, NC 28202

Dear Mr. Savoy:

1. The Division of Audits and Accounting (DAA) within the Office of Enforcement (OE) of the Federal Energy Regulatory Commission (Commission) has completed an audit of Duke Energy Corporation (Duke Energy) and its public utility subsidiaries. The audit covered the period from January 1, 2011 through January 31, 2016.

2. The audit evaluated Duke Energy's compliance with conditions and requirements established in Commission orders authorizing the merger of Duke Energy and Progress Energy, Inc. The audit also evaluated each Duke Energy public utility subsidiary's compliance with: (1) tariff requirements governing its transmission formula rate; (2) accounting regulations in 18 C.F.R. Part 101, Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act; and (3) financial reporting regulations in 18 C.F.R. Part 141, Statements and Reports. The enclosed audit report contains eight findings and 37 recommendations that require Duke Energy to take corrective action.

3. On March 30, 2016, you notified DAA that Duke Energy does not contest the audit report or any of its recommendations. A copy of your verbatim response is included as an appendix to this report. I hereby approve the audit report.

4. Duke Energy should submit its implementation plan to comply with the recommendations within 30 days of this letter order. Duke Energy should make quarterly submissions to DAA describing the progress made to comply with the recommendations, including the completion date for each corrective action. As directed by the audit report, these submissions should be made no later than 30 days after the end of each calendar quarter, beginning with the first quarter after this audit report is issued, and continuing until all the corrective actions are completed.

5. The Commission delegated authority to act on this matter to the Director of OE under 18 C.F.R. § 375.311 (2015). This letter order constitutes final agency action. Duke Energy may file a request for rehearing with the Commission within 30 days of the date of this order under 18 C.F.R. § 385.713 (2015).

6. This letter order is without prejudice to the Commission's right to require hereafter any adjustments it may consider proper from additional information that may come to its attention. In addition, any instance of noncompliance not addressed herein or that may occur in the future may also be subject to investigation and appropriate remedies.

7. I appreciate the courtesies extended to the auditors. If you have any questions, please contact Mr. Bryan K. Craig, Director and Chief Accountant, Division of Audits and Accounting at (202) 502-8741.

Sincerely,

Larry R. Parkinson
Director
Office of Enforcement

Enclosure

Federal Energy Regulatory Commission
Office of Enforcement
Division of Audits and Accounting

AUDIT REPORT

Audit of Duke Energy Corporation and its Public Utility Subsidiaries' Compliance with:

- Conditions in Commission Merger Authorization Orders;
- Transmission Formula Rate Tariff Requirements; and
- Accounting and Financial Reporting Regulations.

Docket No. PA14-2-000
March 29, 2016

Table of Contents

I. Executive Summary

A. Overview

The Division of Audits and Accounting (DAA) in the Office of Enforcement has completed an audit of Duke Energy Corporation (Duke Energy) and its public utility subsidiaries'[1] (collectively, Duke Companies) compliance with conditions and requirements established in Commission orders authorizing the merger of Duke Energy and Progress Energy, Inc. (Progress Energy).[2] The audit also evaluated each Duke Energy public utility subsidiary's compliance with: (1) tariff requirements governing its transmission formula rate; (2) accounting regulations in 18 C.F.R. Part 101, Uniform System of Accounts (USofA) Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act; and (3) financial reporting regulations in 18 C.F.R. Part 141, Statements and Reports. The audit covered the period January 1, 2011 through January 31, 2016.

B. Duke Energy Corporation

Duke Energy is a public utility holding company headquartered in Charlotte, NC. It is engaged in energy production, trade, transmission, and distribution through its six public utility subsidiaries that operate in the Southeast and Midwest regions of the United States. In 2014, Duke Energy was the largest electric utility in the nation. The company had 7.3 million retail electric and 500,000 natural gas customers, 32,400 miles of transmission lines, 57,500 MW of generating capacity, and total operating revenue of $23.9 billion. Its service area covered about 95,000 square miles and had an estimated population of 23 million. Regulated operations accounted for over 90 percent of the company's total revenue, and commercial power generation and international operations provided most of the remainder.

[1] The Duke Energy public utility subsidiaries are: Duke Energy Carolinas, LLC (DEC), Duke Energy Progress, LLC (DEP), Duke Energy Florida, LLC (DEF), Duke Energy Indiana, LLC (DEI), Duke Energy Ohio, Inc. (DEO), and Duke Energy Kentucky, Inc. (DEK).

[2] *Duke Energy Corp. and Progress Energy, Inc.*, 136 FERC ¶ 61,245 (2011) (Merger Order), *order on compliance*, 137 FERC ¶ 61,210 (2011), *order on compliance*, 139 FERC ¶ 61,194 (2012) (June 8 Compliance Order), *order on compliance*, 149 FERC ¶ 61,078 (2014) (October 29 Compliance Order).

C. Summary of Compliance Findings

Audit staff identified eight findings of noncompliance. Below is a summary of audit staff's compliance findings. Details are in section IV of this report.

- *Accounting for Merger Transaction Costs* – Duke Companies did not file merger transaction accounting entries with the Commission as required by the Merger Order, and the companies recorded merger transaction costs in operating accounts, contrary to the Commission's long-standing policy that such costs be recorded in nonoperating accounts. By not filing the accounting entries, Duke Companies prevented Commission review of the merger accounting and correction of any entries that were not in accordance with Commission accounting requirements.

- *Merger Transaction Internal Labor Costs* – Duke Companies improperly included approximately $31.4 million of merger transaction internal labor costs in wholesale power and transmission formula rate service cost determinations without first submitting a section 205 filing demonstrating that the costs were offset by quantified savings produced by the merger. As a result, the wholesale power and transmission customers' revenue requirements were inappropriately overstated by an estimated $17.5 million.

- *Merger Transaction Outside Services and Related Costs* – Duke Companies incorrectly included $1.5 million of merger transaction outside services and related costs in wholesale power and transmission formula rate service cost determinations without first submitting a section 205 filing demonstrating the costs were offset by quantified savings produced by the merger. In addition, the companies recorded the merger transaction costs in operating accounts, contrary to the Commission's long-standing policy that such costs be recorded in nonoperating accounts. As a result, the wholesale power and transmission customers' revenue requirements were inappropriately overstated by an estimated $745,000.

- *Use of the Consolidation Method of Accounting* – DEC and DEP accounted for investments in subsidiaries on a consolidated basis in their FERC Form No. 1, Annual Reports (Form No. 1), contrary to the Commission's long-standing accounting policy.

- *Accounting for Sales of Accounts Receivable* – DEC, DEP, and DEF misclassified an estimated $94.7 million of nonoperating expenses and receivables arising from transactions with their subsidiaries during the audit period. As a result, the wholesale power and transmission customers' revenue requirements were inappropriately overstated by an estimated $61 million.

- *Accounting for Lobbying Expenses:* Duke Companies recorded approximately $2.4 million of lobbying expenses in above-the-line operating accounts from 2011 through 2013. As a consequence, Duke Companies improperly included these costs in wholesale power and transmission formula rate service cost determinations.

- *Allocation of Lobbyist Labor Costs:* Duke Companies accounted for the labor costs of internal lobbyists and their support staff in operating accounts that lacked support for inclusion in the accounts. Improper accounting for the costs can lead to inappropriate recovery of the costs through rates charged and billed to customers.

- *Nonutility Expenses in Operating Accounts:* Duke Companies recorded approximately $490,000 of nonutility expenses in operating accounts in 2014. As a result, inappropriate costs were included in wholesale power and transmission formula rate service cost determinations and charged to customers.

D. Summary of Recommendations

Audit staff's recommendations to remedy the findings are summarized below with details in section IV of this report. Audit staff recommends that Duke Companies:

Accounting for Merger Transaction Costs

1. Revise accounting policies and procedures to appropriately account for merger transactions consistent with Commission accounting requirements.

2. Develop written policies and procedures to timely identify proposed accounting transactions that would trigger a notification to the Commission.

3. Develop written policies and procedures to submit accounting questions of doubtful interpretation to the Commission.

4. Provide training to employees on compliance with the merger cost accounting conditions and the revised policies, procedures, and controls for complying with the conditions. Also, develop a training program that supports the provision of periodic training in this area.

Merger Transaction Internal Labor Costs

5. Revise all policies and procedures for tracking, accounting, and excluding merger transaction costs from wholesale power and transmission formula rates, including amounts previously charged to utility plant, accumulated deferred income taxes, construction work in progress with the associated capitalized cost of funds used during construction (AFUDC), and maintenance and operating expense accounts, and future charges to such accounts for any transaction to which a FERC hold harmless obligation applies. The revised procedures should hold customers harmless from all merger transaction costs consistent with requirements of the Merger Order. Among other things, the revised policies and procedures should include an annual review of each subsidiary's merger transaction cost adjustments as well as periodic evaluations within the year, as needed and appropriate.

6. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA for review that explains and details the following: (1) calculation of refunds that include the amount of inappropriate recoveries that resulted from the inclusion of merger transaction internal labor and related costs in wholesale power and transmission formula rates during the audit period, plus interest on the costs; (2) determinative components of the refund; (3) refund method; and (4) period(s) refunds will be made.

7. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

8. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Merger Transaction Outside Services and Related Costs

9. Revise accounting policies and procedures to appropriately account for merger transaction costs consistent with Commission accounting requirements.

10. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA for review that explains and details the following: (1) calculation of refunds that include the amount of inappropriate recoveries that resulted from the inclusion of merger transaction outside services and related costs in wholesale power and transmission formula rate charges during the audit period, plus interest on the costs; (2) determinative components of the refund; (3) refund method; and (4) period(s) refunds will be made.

11. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

12. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Use of the Consolidation Method of Accounting

13. Review and, as needed, revise accounting policies, practices, and procedures to ensure that investments in subsidiaries are accounted for consistent with the Commission's equity method accounting requirements.

14. Evaluate the accounting applied to Duke Companies' existing subsidiaries and notify DAA of any areas of noncompliance with Commission accounting requirements.

15. Revise documented policies, procedures and processes to ensure timely notice is provided to relevant regulators regarding instances of noncompliance with regulations, rules, and orders.

16. Provide training to staff on procedures, practices, and available tools to transparently or anonymously report instances of noncompliance to senior management, the Board of Directors, and relevant regulators.

Accounting for Sales of Accounts Receivable

17. Revise procedures to ensure that all costs and account balances associated with the sale of accounts receivable are accounted for in accordance with Commission accounting regulations. Among other things, the corrected accounting should ensure that all losses associated with receivable sales are recorded in Account 426.5.

18. Provide the revised procedures to DAA for review within 60 days of receiving the final audit report.

19. Recalculate charges to wholesale power and transmission customers of DEC, DEP, and DEF and submit the recalculations in a refund analysis to DAA for review within 60 days of receiving the final audit report. The refund analysis should explain and detail the: (1) return of collection service billings charged in 2014; (2) return of losses on the sales included in rates; (3) determinative components of the refund; (4) refund method; (5) period(s) refunds will be

made; and (6) interest calculated in accordance with section 35.19 of Commission regulations.

20. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

21. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Accounting for Lobbying Expenses

22. Establish and implement written procedures governing the methods used to account for, track, report, and review lobbying costs incurred.

23. Provide training on Commission accounting requirements and the impact of accounting on cost-of-service rate determinations to employees involved in lobbying and lobbying-related work, and those with oversight responsibility for lobbying cost allocations. Also, develop a training program that supports the provision of periodic training in this area.

24. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA for review that explains and details the following: (1) calculation of refunds that include the amount of inappropriate recoveries that resulted from the improper inclusion of lobbying cost in operating accounts during the audit period, plus interest on the costs; (2) determinative components of the refund; (3) refund method; and (4) period(s) refunds will be made.

25. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

26. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Allocation of Lobbyist Labor Costs

27. Revise written policies and procedures to create a process to document and verify appropriate allocation of lobbying and lobbying-related costs, and maintain auditable support for the cost included in rate determinations.

28. Retain an independent third-party entity to conduct a representative labor time study to determine an appropriate allocation of internal lobbyist labor, support

staff, and associated costs that should be accounted for in operating and nonoperating accounts based on time spent by employees engaged in the activities. Provide the study results to audit staff within 180 days of the date of the final audit report.

29. Include the results of the labor time study in the determination of lobbying-related labor cost allocations as of January 1, 2016.

30. Implement policies and procedures to perform a labor time study biennially using an independent third-party or internal company resources that are able to attest to the results of the study. Revise the lobbying-related labor cost allocations based on the results of the study.

Nonutility Expenses in Operating Accounts

31. Develop and implement written policies, procedures, and controls to ensure proper accounting and reporting of nonutility expenses.

32. Provide training for employees involved in the invoicing process on Commission accounting requirements and the impact of the accounting on cost-of-service rate determinations.

33. Within 60 days of receiving the final audit report, provide documentation supporting the analysis performed of invoiced expenses recorded to administrative and general (A&G) accounts in 2014 that identified misclassified nonutility expenses included in A&G accounts. Develop an estimate of misclassified nonutility expenses accounted for in operating accounts in 2011 through 2013 and 2015.

34. Implement policies and procedures to provide periodic audits or reviews of A&G transactions by external or internal auditors.

35. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA for review that explains and details the following: (1) calculation of refunds that include the amount of inappropriate recoveries that resulted from the improper inclusion of identified and estimated nonutility expenses in charges to wholesale power and transmission customers during the audit period, plus interest on the costs; (2) determinative components of the refund; (3) refund method; and (4) period(s) refunds will be made. Include the results of the invoice analysis in the refund analysis.

36. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

37. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

E. Implementation of Recommendations

Audit staff further recommends that Duke Companies submit the following for audit staff's review:

- A plan for implementing the audit recommendations within 30 days after the final audit report is issued;

- Quarterly reports describing progress in completing each corrective action recommended in the final audit report. Quarterly nonpublic submissions should be made no later than 30 days after the end of each calendar quarter, beginning with the first quarter after the final audit report is issued, and continuing until all recommended corrective actions are completed; and

- Copies of any written policies and procedures developed in response to recommendations in the audit report. These documents should be submitted in the first quarterly filing after Duke Companies complete such policies and procedures.

II. Background

A. Merger of Duke Energy and Progress Energy

On January 10, 2011, Duke Energy and Progress Energy announced their intention to merge in a stock-for-stock transaction under which Progress Energy would become a wholly owned subsidiary of Duke Energy, and the shareholders of Progress Energy would become shareholders of Duke Energy. At the time, the transaction was valued at over $31 billion. The merger was poised to create the largest U.S. electric utility in history with over seven million electric customers and operations in six states.

Following the announcement, on April 4, 2011, Duke Energy, Progress Energy, and their public utility subsidiaries (collectively, Duke Companies) filed an application with the Commission seeking authorization for the merger transaction under section 203 of the Federal Power Act (FPA)[3] and Part 33 of Commission regulations.[4] To receive authorization for the transaction, the companies committed to hold transmission and wholesale requirements customers harmless from the costs of the transaction for five years. The companies also contended that the transaction would not adversely affect competition, and thus there were no market power concerns associated with the transaction.

On September 30, 2011, the Commission found that the transaction, as proposed in the application, would result in significant screen failures in the horizontal market power analysis and have an adverse effect on competition.[5] As such, the Commission authorized the transaction subject to conditions. Among other things, the transaction was conditioned on Duke Companies holding transmission and wholesale requirements customers harmless from the costs of the transaction, and submitting proposed market power mitigation measures that the Commission approves. The Commission advised Duke Companies that sufficient mitigation measures could include membership in a regional transmission organization, implementing an independent coordinator of transmission arrangement, actual or virtual divestiture of generation, and/or transmission upgrades to provide greater market access to third-party energy suppliers.

Further, the Commission stated that the hold harmless commitment included all merger transaction costs, not only costs related to consummating the transaction.[6] To recover merger transaction costs through wholesale requirement or transmission rates, the

[3] 16 U.S.C. § 824b (2012).

[4] 18 C.F.R. Part 33.

[5] Merger Order, 136 FERC ¶ 61,245 at PP 145-146.

[6] *Id.* P 169.

companies were required to submit a filing to the Commission that identified merger costs to be recovered and demonstrated that the costs were exceeded by savings produced by the transaction.[7] Duke Companies did not submit a filing to recover merger transaction costs during the audit period. However, as discussed in detail below, the companies recovered merger transaction costs through rates charged.

Consistent with the Commission's merger authorization condition that required Duke Companies to submit proposed market power mitigation measures for approval, the companies submitted an initial compliance filing on October 17, 2011, which proposed to mitigate market power through virtual divestiture of generation. The filing proposed a must-offer obligation under which Duke Companies would sell specified quantities of energy at cost-based rates to entities directly or indirectly serving load in the DEC and DEP Balancing Authority Areas (BAAs). The Commission rejected the filing on the grounds that the market power mitigation proposals did not remedy the market power concerns identified in the Merger Order.[8]

A revised compliance filing was submitted by Duke Companies on March 26, 2012 that proposed permanent and interim market power mitigation measures. To permanently mitigate market power, Duke Companies proposed to build seven transmission expansion projects (TEPs), expedite completion of an eighth project that was already planned, and set aside 25 MW of transfer capacity on their transmission systems for use by third parties (Stub Mitigation). During construction of the TEPs, as an interim measure to protect against potential market power concerns, Duke Companies proposed to enter into power sale agreements with three unaffiliated firms – Cargill Power Marketing, EDF Trading, and Morgan Stanley Capital Markets – to which the companies would sell power during all periods requiring mitigation. The companies also proposed to hire an independent monitor, Potomac Economics Ltd. (Potomac Economics), to verify compliance with the provisions of the power sale agreements.

The Commission accepted the revised compliance filing on June 8, 2012, subject to certain revisions and conditions, which included, among other things, requirements to hold customers harmless from the cost of the mitigation actions and to expand Potomac Economics' duties to verify that the TEPs were completed within the prescribed scope and timeline.[9] The merger was consummated on July 2, 2012.

On December 6, 2013, after the merger was consummated, Duke Companies submitted a motion to supplement its March 26, 2012 compliance filing, due to newly identified information that affected calculation of the impact of the market power

[7] *Id.* P 170.

[8] *Duke Energy Corp.*, 137 FERC ¶ 61,210 (2011).

[9] *See* June 8 Compliance Order, 139 FERC ¶ 61,194 at P 113.

mitigation measures. In the filing, Duke Companies offered to increase the Stub Mitigation by 104 MW (thereby raising the total amount of the transmission set-aside to 129 MW), repair out of service phase-shifting transformers at DEC's Rockingham substation and return them to service, and operate the transformers so as to create additional import capability on the transmission system. The Commission granted the motion and accepted the supplementary compliance filing subject to conditions on October 29, 2014.[10] Moreover, the Commission reiterated its requirement that transmission and wholesale requirements customers be held harmless from costs associated with repairing the transformers and returning them to service.

B. Duke Energy's Public Utility Subsidiaries

During the audit period, the Duke Companies provided electricity service in portions of North Carolina, South Carolina, Florida, Indiana, Ohio, and Kentucky. DEO and DEK also provided natural gas service in portions of Ohio and Kentucky. The following describes the services provided by each company, its open access transmission tariff (OATT), membership in an independent system operator (ISO) or regional transmission organization (RTO), transmission formula rate, and market-based rate authority.

Duke Energy Carolinas, LLC

DEC is a vertically integrated public utility that generates, transmits, distributes, and sells electricity to 2.5 million customers in a 24,000 square mile service area in North and South Carolina. DEC owns 8,302 miles of transmission lines and 19,600 MW of generating capacity.

DEC provided open access transmission service under a Commission-approved OATT at cost-based stated rates from 1995 through 2011.[11] In 2011, DEC began recovery of its transmission service cost pursuant to a formula rate that became effective June 1, 2011.[12] However, on March 26, 2012, in connection with the merger transaction, DEC, DEP, and DEF filed for approval of a Joint OATT under section 205 of the FPA and Part 35 of the Commission's regulations. The filing was conditionally accepted by the Commission on June 8, 2012.[13]

[10] October 29 Compliance Order, 149 FERC ¶ 61,078 (2014).

[11] *Duke Power Co.*, 73 FERC ¶ 61,309 (1995) (Duke Power Order).

[12] *Duke Energy Carolinas, LLC*, 137 FERC ¶ 61,058 (2011).

[13] *Duke Energy Corp.*, 139 FERC ¶ 61,193 (2012).

The Joint OATT provided for transmission service at non pancaked rates for transactions involving the combined transmission systems of the companies. DEC's transmission formula rate is incorporated as Schedule 10-B of the Joint OATT. DEC's formula rate implementation protocols are incorporated as Exhibit A of the Joint OATT, and the formula rate template and formula rate principles are contained in Exhibit B. DEC does not belong to an ISO or RTO.

DEC has wholesale power sale agreements with cost-based rates determined under a formula, and it has Commission authorization to make wholesale sales at market-based rates outside its and DEP's BAAs and Peninsular Florida.

Duke Energy Progress, LLC

DEP is a vertically integrated public utility that generates, transmits, distributes, and sells electricity to 1.5 million customers in a 32,000 square mile service area in North and South Carolina. DEP owns 6,981 miles of transmission lines and 12,200 MW of generating capacity.

DEP provided open access transmission service under a Commission-approved OATT at cost-based stated rates from 1996 through 2008. In 2008, DEP began recovery of its transmission service cost pursuant to a formula rate that became effective July 1, 2008.[14] Since the merger, DEP has provided transmission service under the Joint OATT with DEC and DEF. DEP's transmission formula rate is incorporated in Attachment H of the Joint OATT. The formula rate template is incorporated as Attachment H-1 of the Joint OATT, and the implementation protocols as Attachment H-2. DEP does not belong to an ISO or RTO.

DEP has wholesale power sale agreements with cost-based rates determined under a formula, and it has Commission authorization to sell energy and capacity at market-based rates outside its and DEC's BAAs and Peninsular Florida.

Duke Energy Florida, LLC

DEF is a vertically integrated public utility that generates, transmits, and delivers electricity to 1.7 million customers in a 13,000 square mile area in central and southern Florida. DEF owns 4,424 miles of transmission lines and 1,200 MW of generating capacity.

[14] *Carolina Power and Light Co.*, Docket No. ER08-889-000 (June 27, 2008) (delegated letter order).

DEF provided open access transmission service under a Commission-approved OATT at cost-based stated rates from 1996 through 2008. In 2008, DEF began recovery of its transmission service cost pursuant to a formula rate that became effective January 1, 2008.[15] Since the merger, DEF has provided transmission service under the Joint OATT with DEC and DEP. DEF's transmission formula rate is incorporated as Schedule 10-A of the Joint OATT. The implementation protocols are designated as Schedule 10-A.1 of the Joint OATT, and the formula rate template as Schedule 10-A.2. DEF does not belong to an ISO or RTO. Additionally, DEF has Commission authorization to sell energy and capacity outside the DEC and DEP BAAs and Peninsular Florida.

Duke Energy Indiana, LLC

DEI is a vertically integrated utility that generates, transmits, distributes, and sells electricity to 810,000 customers within a 23,000 square mile service territory in central, north central, and southern Indiana. DEI owns 7,500 MW of generating capacity and 4,815 miles of transmission lines.

DEI became a member of the Midcontinent Independent System Operator, Inc., (MISO) in 1997 and recovered its cost of transmission service pursuant to cost-based stated rates. In 1998, DEI began to recover its transmission service cost pursuant to a transmission formula rate. DEI's transmission formula rate template is included at Attachment O of the MISO Open Access Transmission, Energy, and Operating Reserve Markets Tariff. Additionally, DEI has Commission authorization to sell power at market-based rates outside the DEC and DEP BAAs and Peninsular Florida.

Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc.

DEO is the direct parent of DEK. The companies are combination electric and gas utilities that transmit, distribute, and sell electricity at retail and wholesale, and distribute and sell natural gas at retail in southwestern Ohio and northern Kentucky, respectively. DEO owns 1,879 miles of transmission lines. The company divested its generating assets pursuant to Ohio's electric restructuring program and received Commission authorization for the divestiture.[16] DEK owns 102 miles of transmission lines and about 1,200 MW of generating capacity.

[15] *Florida Power Corp.,* Docket No. ER08-105-000 (Dec. 17, 2007) (delegated letter order).

[16] *See Dynegy Resource I, LLC,* 150 FERC ¶ 61,232 (2015).

DEO and DEK were members of MISO until January 1, 2012, when they withdrew their membership and joined PJM Interconnection, L.L.C. (PJM).[17] The companies recover transmission service costs pursuant to a transmission formula rate under the PJM OATT. DEO and DEK's transmission formula rate is incorporated as Attachment H-22 of the PJM OATT. The formula rate template is incorporated as Attachment H-22A of the OATT, and the implementation protocols as Attachment H-22B. Additionally, DEO and DEK have Commission authorization to sell power at market-based rates outside the DEC and DEP BAAs and Peninsular Florida.

[17] The Commission conditionally authorized the move in an order issued October 21, 2010. *See Duke Energy Ohio, Inc.*, 133 FERC ¶ 61,058 (2010).

III. Introduction

A. Objectives

The audit evaluated Duke Companies' compliance with conditions established in the Merger Order and associated orders on compliance, requirements of each company's transmission formula rate tariff, and accounting and financial reporting regulations. The audit covered the period January 1, 2011 through January 31, 2016.

B. Scope and Methodology

Audit staff performed specific actions to facilitate the audit and evaluate compliance with the audit objectives. Audit staff also reviewed the effectiveness of Duke Companies' compliance program in relation to the audit objectives and other key factors. To address overall audit objectives, audit staff:

- Conducted an extensive review of publicly available materials to understand the companies' corporate structure and organization, operations, financial accounting and reporting activities, and other key regulatory and business activities, both before and after the merger. Examples of materials and documentation reviewed include Commission rules, regulations, and orders, Form No. 1 reports, FERC Form No. 65, Notification of Holding Company Status, formula rate filings, the Commission's enforcement hotline calls and company self-reports, company-related web sites, and relevant media sources. This also included a review of filings with other government agencies, such as the Securities and Exchange Commission Forms 10-K and 10-Q, Annual and Quarterly Reports;

- Evaluated the companies' internal policies and procedures relevant to the audit objectives;

- Conferred with other Commission staff on various compliance issues to ensure audit findings were consistent with Commission precedent and policy. For example, audit staff communicated with staff from other divisions within the Office of Enforcement and staff from the Office of Energy Market Regulation and Office of General Counsel;

- Conducted two site visits to Duke Energy's headquarters in Charlotte, NC. The visits enabled audit staff to further understand the company's corporate structure, functions, operations, accounting systems and practices, transmission planning and cost-estimating procedures, formula rate, internal audit function, and regulatory and corporate compliance programs. While on site, audit staff interviewed employees and managers responsible for performing tasks within the audit scope, sampled and tested documents to verify compliance with Commission orders related to merger conditions, accounting regulations, financial reporting, transmission formula rates, and related matters. Additionally, audit staff also interviewed compliance program staff, senior officials, internal auditors, and employees who fulfill day-to-day compliance activities for the purposes of carrying out regulatory oversight responsibilities;

- Conducted teleconferences to discuss audit objectives and scope, data requests and responses, technical and administrative matters, compliance concerns, and held a closing conference to discuss the completion of audit fieldwork and results; and

- Issued data requests to gather information not available through public means. This information related to internal policies and procedures, business practices, reporting activities, corporate compliance, internal and external audit reports, merger order conditions and compliance, transaction and operational data, and other pertinent information. Audit staff used this information as underlying support for testing and evaluating compliance with Commission requirements relevant to the audit scope and objectives.

Further, audit staff performed these specific actions to facilitate the testing and evaluation of compliance with relevant requirements for the audit scope areas. A summary of these actions follows.

Compliance with Merger Conditions

To evaluate compliance with the hold harmless and market power mitigation conditions established in the Merger Order and associated compliance orders, audit staff performed audit fieldwork applicable to the merger. Audit staff performed the following steps:

- Reviewed the merger application, supporting testimony and exhibits to understand the context, terms, and conditions of the merger proposal and commitment to hold transmission and wholesale requirements customers harmless from costs of the transaction. Reviewed intervenor comments and protests, and responses to the comments and protests, and also reviewed Duke Companies' compliance filings, intervenor responses, and answers to the responses;

- Evaluated Duke Companies' responses to Commission staff's delegated data requests that sought information regarding the merger application and compliance filings;

- Examined the companies' policies and procedures associated with tracking and accounting for merger transaction costs incurred prior to and following consummation of the merger;

- Performed a comparative analysis of Duke Energy and Progress Energy's accounting for costs of the merger prior to and after its consummation and the companies' policies associated with the accounting;

- Reviewed actions taken by the companies to maintain compliance with merger conditions;

- Analyzed the companies' procedures to ensure compliance with hold harmless conditions and to account for merger transaction costs;

- Conducted sample-based tests of internal costs and external contracted costs incurred by the companies to assess the accounting for the costs and the impact on wholesale rate determinations;

- Obtained information on staff involved in merger activities, including employee names, positions, salaries, work performed on merger activities, and time spent on merger-related activities;

- Reviewed documentation and supporting evidence of merger transaction costs and performed substantive tests of sample data;

- Inspected reports submitted by Potomac Economics regarding the Rockingham phase shifters and other relevant Commission filings;

- Evaluated expenses incurred to repair the Rockingham phase shifters to assess the accounting for the costs and impacts on wholesale rate determinations; and

- Examined costs incurred to operate the TEPs – including the Rockingham phase shifters – from 2012 through Q1 2015 to evaluate the accounting used to record cost of activity and the resulting impact on wholesale rate determinations.

Furthermore, audit staff conducted the following additional steps to evaluate Duke Companies' compliance with the market power mitigation conditions:

- Reviewed the companies' contract with Potomac Economics to ascertain whether the independent monitor had sufficient oversight authority and timely access to data needed to monitor compliance with interim and permanent market power mitigation measures;

- Examined the quarterly independent monitoring reports prepared by Potomac Economics detailing Duke Companies' compliance with interim and permanent market power mitigation conditions;

- Interviewed personnel responsible for reporting the status of TEP construction to Potomac Economics, and reviewed a sample of email communications between the parties;

- Interviewed personnel involved with TEP planning, engineering and design, purchasing and contracting, construction, and project management to verify that the projects were completed as required and to ascertain the amount of labor time employees spent on the projects;

- Identified scope changes made to the TEP plans and assessed the impact of changes on project cost and expected performance of the transmission system;

- Examined a sample of information that Potomac Economics relied on to conclude that the TEPs were placed into service. This information included data from the supervisory control and data acquisition (SCADA) system on the operation of the constructed projects and associated work orders;

- Analyzed photographs of TEP equipment nameplates for asset identification and facility ratings for a sample of major equipment installed, and compared nameplate information to construction work orders and internal company correspondence related to the TEPs;

- Reviewed Duke Companies' written procedures that governed implementation of the power sales agreements required by the Commission's interim market power mitigation measures. Also, interviewed personnel responsible for developing and implementing the agreements, and reviewed Potomac Economics' seasonal and event-based reports to the Commission on the company's performance under the agreements;

- Analyzed a sample of transaction data on power sales DEC and DEP made under the power sale agreements and reviewed transmission schedules on the Open Access Same-time Information System (OASIS) to verify the energy was scheduled and delivered;

- Interviewed power marketing personnel to gain information on operating procedures and processes used to comply with the requirement to set aside firm transmission capacity on the DEC-DEP interface (i.e., Stub Mitigation requirement);

- Reviewed Potomac Economics' reports on the Stub Mitigation requirement and analyzed a sample of data from OASIS regarding transmission offerings and requests for firm transmission service on the DEC-DEP interface;

- Evaluated the DEC-DEP Joint Dispatch Agreement (JDA) and associated operating procedures to understand the methods used to forecast load and determine the mix of generating resources needed to meet load demand on daily and weekly bases;

- Interviewed power marketing employees responsible for scheduling power between the DEC and DEP BAAs, and examined a sample of transactions that involved dispatch of generating resources, reserving and scheduling transmission service consistent with the JDA, and operating the respective BAAs separately. Also, tested a sample of OASIS transmission reservations and schedules to evaluate DEC and DEP's reservations of point-to-point and network transmission service to transmit energy and capacity between the two BAAs; and

- Identified instances in which DEC and DEP used network transmission to deliver power to their respective BAAs, and evaluated these transactions to assess compliance with conditions that restricted certain transactions in the BAAs.

Transmission Formula Rates

To evaluate compliance with the requirements of each company's transmission formula rate tariff, audit staff:

- Reviewed the initial applications filed seeking approval of each company's transmission formula rate tariff, intervenor responses to the filings, any associated settlement agreements with wholesale customers and interested parties, and the Commission orders that approved the transmission formula rate tariffs;

- Examined the transmission formula rate templates and all appendices and attachments used to compute key inputs to the annual transmission revenue requirement and associated formula rate protocols;

- Interviewed employees responsible for populating each public utility's transmission formula rate template, verifying data and calculations, and reviewing and obtaining management approval of the calculated transmission service rates;

- Assessed the adequacy of management oversight and verification controls that support performance of key activities;

- Evaluated data responses and conducted conference calls to understand the accounting for major items affecting the formula rate, including miscellaneous deferred debits, income taxes, and others. Also, reviewed these items to determine compliance with relevant accounting regulations, instructions, and definitions;

- Reviewed annual informational and true-up filings submitted after the initial rate years and during the audit period. Reconciled the Form No. 1 data with formula rate calculations and evaluated discrepancies. Conducted a detailed analysis of supporting worksheets and attachments to evaluate the calculation of transmission formula rate inputs;

- Analyzed footnotes included in each company's Form No. 1 to determine whether information disclosed provided for a reconciliation of publicly available data to balances used to calculate the transmission service rates;

- Performed procedures to verify that transmission formula rate inputs were supported by data reported in each company's Form No. 1;

- Evaluated the companies' accounting for merger transaction costs by assessing documented policies, operating processes, and procedures, and tested a sample of invoices and work orders that included merger activities and associated costs. Analyzed the accounting for the costs and the impact on transmission rate determinations;

- Checked plant balances used to calculate transmission revenue requirements, sampled work order charges included in construction work in progress and plant balances, and performed tests on amortized pre-commercial costs;

- Tested a sample of depreciation accruals on utility plant to assess the depreciation rates applied to the plant; and

- Performed substantive tests on a sample of invoices and work orders that included nonutility expenses, and evaluated the impact of identified misclassified items on transmission rate determinations.

Accounting and Reporting

To evaluate compliance with the Commission's accounting and reporting regulations in the USofA under 18 C.F.R. Parts 101 and 141, audit staff performed the following with respect to the merger:

- Conducted interviews and teleconferences and met with company staff to discuss accounting policies, procedures, and practices. These interviews included discussions with employees involved in the operation of each public utility subsidiary's financial accounting systems to assess the adequacy of accounting and reporting oversight controls related to the merger, and employees in leadership positions responsible for day-to-day oversight of merger activities to understand how merger-related labor was reported on timesheets;

- Examined procedures for preparing, reviewing, and obtaining management approval of the Form No. 1 reports. Reviewed disclosures in the reports to understand major accounting policies;

- Reviewed and evaluated the processes, procedures, and controls the companies used before and after merger consummation to track and account for merger transaction costs;

- Evaluated the Form No. 1 and Securities and Exchange Commission 10-K notes and disclosures related to tracking, accounting, and reporting merger transaction costs;

- Analyzed the companies' accounting entries that recorded merger-related labor, goodwill, TEP project costs and impairments, and the income tax effects of the transaction;

- Reviewed third-party lobbying expenditure disclosures, press articles, meeting schedules, and agendas of internal lobbyists. Interviewed internal lobbyists and support staff to understand the nature and extent of the companies' lobbying activities;

- Tested a sample of work orders, invoices, and associated accounting detail records that support internal lobbyists' labor costs incurred;
- Assessed the impact on wholesale rates of merger and other costs incurred by the companies that were reported in the Form No. 1;
- Tested a sample of FERC accounts for compliance with the Merger Order as well as the companies' internal policies and procedures; and
- Evaluated certain income statement and balance sheet accounts and balances reported in the companies' Form No. 1 reports for 2012 through 2014.

IV. Findings and Recommendations

1. Accounting for Merger Transaction Costs

Duke Companies did not file merger transaction accounting entries with the Commission as required by the Merger Order, and the companies recorded merger transaction costs in operating accounts, contrary to the Commission's long-standing policy that such costs be recorded in nonoperating accounts. By not filing the accounting entries, Duke Companies prevented Commission review of the merger accounting and correction of any entries that were not in accordance with Commission accounting requirements.

Pertinent Guidance

The Commission's September 30, 2011 order conditionally authorizing the Proposed Transaction established the following requirement concerning the submission of accounting entries related to the merger:

> To the extent any applicant that is subject to the Commission's Uniform System of Accounts records any aspect of the Proposed Transaction in its accounts, it is directed to file its accounting entries with the Commission within six months of the consummation of the Proposed Transaction. Further, if the accounting entities are recorded six months after the consummation of the Proposed Transaction, the applicant must file those accounting entries with the Commission within 60 days from the date they were recorded. The accounting submission must provide all accounting entries related to the Proposed Transaction, including narrative explanations describing the basis, and the rate impact, of such entries.[18]

The Commission's long-standing precedent stipulates that transaction costs incurred by public utilities associated with a merger are nonoperating in nature and should be charged to Account 426.5, Other Deductions, to the extent the costs are not retained by the parent holding company. For example, in *Allegheny Energy, Inc.,* the Commission stated in part:

> The Commission has previously determined that merger transaction costs are considered non-operating in nature and should be recorded in

[18] Merger Order, 136 FERC ¶ 61,245 at P 190.

Account 426.5, Other Deductions.[19]

18 C.F.R. Part 101, Account 426.5, Other Deductions, states:

> This account shall include other miscellaneous expenses which are nonoperating in nature, but which are properly deductible before determining total income before interest charges.

18 C.F.R. Part 101, General Instruction No. 5, Submittal of Questions, states:

> To maintain uniformity of accounting, utilities shall submit questions of doubtful interpretation to the Commission for consideration and decision.

Background

In the Merger Order, the Commission authorized Duke Companies to merge, subject to conditions. With respect to accounting, the Merger Order stated that if any Duke Energy subsidiary subject to the USofA recorded any aspect of the merger on its books, the subsidiary must file the accounting entries with the Commission within 60 days of consummation of the transaction. The Commission noted that such accounting entries include entries related to transaction costs, merger premiums, acquisition adjustments, goodwill, or any cost related to the merger.[20]

Moreover, pursuant to long-standing Commission precedent, merger transaction costs are considered nonoperating in nature and are required to be recorded to Account 426.5, Other Deductions. The text of Account 426.5 states that the account shall include expenses that are nonoperating in nature. Audit staff evaluated Duke Companies' accounting for the merger and found that the companies recorded merger transaction costs on their books. Further, contrary to the requirements of the Merger Order and Commission accounting rules, Duke Companies neither filed accounting entries with the Commission that reflected the recording of the transaction costs on the companies' books nor accounted for nonoperating merger transaction costs in Account 426.5.

[19] *See Allegheny Energy, Inc.*, 133 FERC ¶ 61,222, at P 73 (2010). *See also Midwest Power Systems, Inc. and Iowa-Illinois Gas and Elec. Co.*, 71 FERC ¶ 61,386, at 62,509 (1995); *MidAmerican Energy Co. and MidAmerican Energy Holdings Co.*, 85 FERC ¶ 61,354, at 62,370 (1998); and *Wis. Elec. Power Co.*, 74 FERC ¶ 61,069, at 61,192 (1996).

[20] Merger Order, 136 FERC ¶ 61,245 at n. 414.

Duke Companies collectively incurred over $1 billion in merger costs and recorded the costs on their Form No. 1 reports from 2011 through October 30, 2015. The costs were accounted for in numerous operating plant and expense accounts, including: A&G expense; payroll tax; customer account expense; transmission, distribution, and production operating and maintenance expense; and other accounts.

Duke Energy explained that it interpreted the Merger Order to require submittal of accounting entries only if a subsidiary used the purchase method of accounting and increased the book value of assets for goodwill acquired in the transaction. However, the Merger Order did not require the companies to file accounting entries only if they used the purchase method of accounting or increased the book value of assets for goodwill. To the contrary, the Merger Order stated that if *any entity* subject to the USofA recorded *any aspect* of the merger on its books, it must file its accounting entries with the Commission. The Merger Order further clarified that such accounting entries included entries related to transaction costs, merger premiums, acquisition adjustments, goodwill, or any cost related to the merger.

All of Duke Energy's public utility subsidiaries were subject to the Commission's USofA, therefore the companies should have filed accounting entries. By not filing the accounting entries, Duke Companies prevented Commission review of the merger accounting and correction of any entries not in accordance with Commission accounting requirements.

Furthermore, Duke Companies should have recorded merger transaction costs incurred to effectuate the merger in Account 426.5 rather than in operating accounts consistent with the text of Account 426.5 and Commission precedent.[21] Audit staff found that prior to March 2012, both Duke Energy and Progress Energy recorded merger transaction costs in operating accounts. However, in March 2012, Progress Energy transferred its merger transaction costs to Account 426.5, due to its interpretation of a Commission merger order that required such accounting. Duke Energy did not implement a similar reclassification of its merger transaction costs. Duke Energy explained that it believed costs associated with the merger were appropriately recorded in operating accounts.

[21] Post-merger integration cost (i.e., cost incurred following consummation of a merger, in which the assets, personnel, and business activities of the entities participating in the merger are combined) are recordable to operating accounts; however, the cost would be subject to the Commission's hold harmless commitments and prohibited from recovery in jurisdictional rates.

In April 2012, Duke Energy's external auditors questioned its accounting of the merger transaction costs. The external auditors informed Duke Energy of the Commission's merger accounting policy, which the auditors interpreted as requiring merger transaction costs to be recorded below-the-line in Account 426.5. Duke Energy disagreed with the auditors' interpretation. Rather than adjusting its accounting, Duke Energy and its external auditors agreed that Duke Energy's management representation letter would be revised. The letter is a signed attestation by Duke Energy management of the accuracy of its financial statements. The letter was revised to include a statement that Duke Energy was aware of Commission orders that indicated merger transaction costs should be recorded in Account 426.5, but Duke Energy nonetheless believed that its classification of merger transaction costs in operating accounts was appropriate.

The Duke Companies were required to file the accounting entries with the Commission as directed in the Merger Order. The companies' improper accounting for merger transaction costs contributed to the inappropriate recovery of merger-related internal labor and outside service costs through charges to Commission-jurisdictional customers. To the extent Duke Companies was uncertain about the appropriate accounting for the transaction, the companies should have submitted accounting questions of doubtful interpretation to the Commission for consideration and decision. The Commission expects Duke Companies, and all entities that have a reporting requirement for transactions under FPA section 203, to fully comply with the orders approving such transactions. Duke Companies' lack of compliance with the Merger Order reporting requirement is a very serious matter.

Recommendations

We recommend Duke Companies:

1. Revise accounting policies and procedures to appropriately account for merger transactions consistent with Commission accounting requirements.

2. Develop written policies and procedures to timely identify proposed accounting transactions that would trigger a notification to the Commission.

3. Develop written policies and procedures to submit accounting questions of doubtful interpretation to the Commission.

4. Provide training to employees on compliance with the merger cost accounting conditions and the revised policies, procedures, and controls for complying with the conditions. Also, develop a training program that supports the provision of periodic training in this area.

2. Merger Transaction Internal Labor Costs

Duke Companies improperly included approximately $31.4 million of merger transaction internal labor costs in wholesale power and transmission formula rate service cost determinations without first submitting a section 205 filing demonstrating that the costs were offset by quantified savings produced by the merger. As a result, the wholesale power and transmission customers' revenue requirements were inappropriately overstated by an estimated $17.5 million.

Pertinent Guidance

The Commission's Merger Order states in part:

> We accept Applicants' commitment to hold transmission and wholesale requirements customers harmless for five years from costs related to the Proposed Transaction. We interpret Applicants' hold harmless commitment to include all transaction-related costs, not only costs related to consummating the transaction.
>
> If Applicants seek to recover transaction-related costs through their wholesale power or transmission rates within the next five years, they must submit a compliance filing that details how they are satisfying the hold harmless requirement. If Applicants seek to recover transaction-related costs in an existing formula rate that allows for such recovery within the next five years, then that compliance filing must be filed in the section 205 docket in which the formula rate was approved by the Commission, as well as in the instant section 203 docket. In such filings, Applicants must: (1) specifically identify the transaction-related costs they are seeking to recover; and (2) demonstrate that those costs are exceeded by quantified savings resulting from the transaction, in addition to any requirements associated with filings made under section 205.[22]

The Commission's June 8, 2012 order accepting Duke Companies' revised compliance filing states in part:

> [T]he Commission will require Applicants to hold transmission and wholesale requirements customers harmless from the costs of the Transmission Expansion Projects in accordance with the hold harmless commitment, as set forth in the Merger Order.[23]

[22] Merger Order, 136 FERC ¶ 61,245 at PP 169-170.

[23] June 8 Compliance Order, 139 FERC ¶ 61,194 at P 91.

The Commission's October 29, 2014 order denying rehearing and granting a motion to supplement compliance filing states in part:

> [T]he Commission requires Applicants to hold transmission and wholesale requirements customers harmless for five years from costs related to the Phase Shifters.[24]

Background

On April 4, 2011, Duke Energy, Progress Energy, and their public utility subsidiaries (collectively, Duke Companies) filed an application seeking Commission authorization of a proposal to merge under section 203 of the FPA and Part 33 of Commission regulations. In the application, Duke Companies committed to exclude costs related to the merger from transmission and wholesale requirements customers' rates, except to the extent the companies demonstrated in a section 205 rate filing that merger-related savings were equal to or in excess of merger costs included in the rate filing. On September 30, 2011, the Commission issued an order authorizing Duke Companies to merge subject to conditions. Among other things, the Commission conditioned authorization on Duke Companies maintaining its commitment to hold transmission and wholesale requirements customers harmless from costs related to the merger. Pursuant to this condition, "[a]ll transaction related costs, not only costs related to consummating the transaction," were required to be excluded from rates charged.[25] To determine if Duke Companies complied with the hold harmless requirement, audit staff examined the companies' procedures for tracking and accounting for merger costs, and excluding the costs from rates.

To track costs incurred due to the merger, the companies established special accounting processes and procedures. Audit staff found that Duke Energy and Progress Energy did not account for merger costs using the same accounting treatment prior to consummation of the merger. Prior to consummation of the merger, Duke Energy accounted for merger transaction costs in above-the-line operating accounts, whereas Progress Energy accounted for the costs below-the-line in Account 426.5, Other Deductions.[26] However, after consummation of the merger, Progress Energy adopted Duke Energy's internal accounting policy for merger transaction costs and thereafter began accounting for incurred merger transaction costs in operating accounts.

[24] October 29 Compliance Order, 149 FERC ¶ 61,078 at P 81.

[25] Merger Order, 136 FERC ¶ 61,245 at P 169.

[26] Account 426.5, Other Deductions, 18 C.F.R. Part 101 (2015), provides for the recording of expenses that are nonoperating in nature, but which are properly deductible before determining total income before interest charges.

Duke Energy devised and distributed instructions to its public utility subsidiaries regarding accounting for merger costs, which it characterized as Costs to Achieve (CTA) the merger. Duke Energy defined CTA as "costs that are incremental and nonrecurring that would otherwise not have been incurred but for the merger or integration planning efforts."[27] The CTA instructions identified the accounting codes to be used to account for and track merger costs. The codes included the business and operating unit that incurred the cost, process, task, project ID, and other details associated with activities that involved the incurrence of merger costs. The CTA instructions were communicated to managers and staff assigned to work on the merger, and employees were trained on use of the accounting codes. Duke Energy's shared services accounting group retrieved merger cost data from the general ledgers of the public utility subsidiaries, reviewed charges for reasonableness, and compared actual and budgeted costs as part of its monthly reporting process.

Duke Energy's shared services accounting group developed additional procedures to exclude certain merger costs from wholesale power and transmission formula rate determinations of the public utility subsidiaries. The procedures included preparation of monthly spreadsheets identifying merger costs included in each subsidiary's operating accounts as reported in the Form No. 1. The rate staff of each public utility subsidiary was instructed to subtract the merger costs from operating accounts in the Form No. 1 that were used to compute the company's transmission formula rate. The procedures were designed to prevent merger costs reported in operating accounts from being incorporated in wholesale power and transmission formula rate determinations.

As a result of these procedures under which merger-related internal labor costs were not treated as CTA, audit staff found that Duke Companies' wholesale power and transmission customers' revenue requirements were inappropriately overstated by an estimated $17.5 million due to the inclusion of merger transaction internal labor costs in wholesale power and transmission rate determinations without first making a section 205 filing with the Commission as the Merger Order required. The improper charges included an estimated $17.2 million through inclusion of internal labor costs incurred in merger transaction and integration activities, and over $300,000 through inclusion of

[27] This included costs incurred in developing, executing, and obtaining approvals for the merger as well as incremental integration costs, but did not include merger-related internal labor costs Duke Companies considered non-incremental. For example, the costs included severance payments, employee relocation and retention costs, bonuses paid to employees for their work on the merger, investment banking and advisory fees, state and Federal regulatory expenses, costs for integrating accounting and information technology systems, transmission systems, fuel and dispatch systems, as well as transition costs, mitigation/concession costs, depreciation expenses for merger projects, and fees paid to providers of transmission service between the regulated utilities.

internal labor costs incurred to construct and operate the transmission expansion projects (TEPs), and repair and operate the Rockingham phase shifters.

Merger Transaction Internal Labor

During fieldwork, audit staff determined that Duke Energy excluded merger transaction internal labor from its definition of CTA and its CTA coding procedures. Duke Energy acknowledged that employees spent substantial time on merger activities. However, the company contended that employees performed merger activities in addition to their regular responsibilities and, therefore, no incremental internal labor costs were incurred due to the merger. Based on a belief that the hold harmless obligation applied only to incremental merger costs, Duke Energy instructed employees not to use the special CTA codes to report time devoted to merger activities on their timesheets. Consequently, public utility subsidiaries did not track all merger transaction internal labor costs or exclude all such costs from wholesale power and transmission formula rate cost computations. As a result, the subsidiaries improperly included some merger transaction internal labor costs in wholesale power and transmission formula rate determinations and inappropriately charged the costs to customers.

Contrary to Duke Energy's interpretation, the Merger Order required Duke Companies to hold customers harmless from "*all* merger transaction costs," and did not limit this requirement only to costs Duke Energy considered incremental. Duke Energy's assertion that its hold harmless obligation extended only to incremental costs must be made within a section 205 proceeding where it and other interested parties will have an opportunity to assess all evidence that supports or contradicts such a position. By excluding internal labor from its CTA tracking and reporting procedures, Duke Energy did not have the ability to determine the proportion of employee labor costs devoted to merger-related tasks, as opposed to utility-related tasks, the cost of which are appropriately recovered in rates. Moreover, even in the absence of detailed time reporting and accounting data, the companies were nonetheless prohibited from including these merger transaction costs in rate determinations without first receiving Commission authorization to do so in a section 205 proceeding in accordance with Merger Order requirements.

Since Duke Companies did not track all merger transaction internal labor costs, audit staff issued data requests and interviewed company employees during site visits and conference calls to develop its own estimate of the amount of merger transaction internal labor costs Duke Companies incurred and included in transmission formula rate charges. The information audit staff obtained confirmed that company employees spent substantial amounts of time working on the merger, as Duke Energy acknowledged. For example, Duke Energy reported in data responses that over 2,400 employees were engaged in merger activities from mid-2010 through present. The total included more than 2,300 employees who participated in over 300 merger integration projects performed to upgrade and integrate the companies' information technology, human resources, finance, and accounting systems and functions. About 140 employees were engaged in merger planning and evaluation, preparing and supporting merger applications and post-merger litigation, and developing and implementing measures to mitigate market power due to the merger. Audit staff found through assessment of data response information and interviews of company staff, that certain of these employees worked full time on the merger for the duration of their projects, while others devoted 50 percent or more of their time to assigned merger activities. Moreover, detailed analysis of integration projects with the largest budgets indicated that the assigned employees were heavily engaged in the projects for prolonged periods of time.

Audit staff used this information, interviews with employees engaged in merger activities, employees' salary information procured from data responses, and salary estimates found on publicly available sources to approximate the amount of internal labor costs incurred due to the merger. Audit staff estimated that the Duke Companies incurred between $55 million and $75 million of internal labor costs related to the merger, including salaries and benefits.

Audit staff then asked Duke Energy to provide its own estimate of the internal labor costs associated with each merger activity and a breakdown by FERC account. As the table below shows, Duke Energy estimated that $78.8 million in merger transaction internal labor costs were incurred to perform four primary merger tasks. Duke Energy's estimate exceeded audit staff's high-range estimate of internal labor costs.

		A	B
Row	**Merger Tasks**	**Duke Companies' Estimated Internal Labor Cost (Million $)**	**Estimated Internal Labor Included in the Revenue Requirements of Wholesale Power and Transmission Rates (Million $)**
1	Merger Planning, Evaluation, Due Diligence	2.3	0.1
2	Preparation and Support for Regulatory Applications and Post-Merger Litigation	3.9	0.2
3	Development and Implementation of Measures to Mitigate Market Power	0.6	0.03
4	Planning, Management, and Execution of Merger Integration Projects	72.0	16.9
	Total	**78.8**	**17.2**

Of the $78.8 million in merger transaction internal labor costs estimated by Duke Energy, about $1.6 million of the costs were recorded in distribution operating and maintenance expense accounts that were not included in Commission-jurisdictional rate determinations, and $31.4 million was recorded in production and transmission operating and maintenance expense accounts incorporated in wholesale power and transmission formula rates. Duke Energy estimated that wholesale power and transmission customers' revenue requirements were inappropriately overstated by an estimated $17.2 million.[28] The remaining $45.8 million in merger transaction internal labor costs were charged to capital work orders for integration projects that are under construction and not yet completed. Duke Energy represented that these costs have been classified as CTA, and will be excluded from wholesale power and transmission formula rates when the projects are completed.

By including these merger-related tasks in its definition of CTA, Duke Energy acknowledged that the merger activities employees performed would not have been required in the absence of the merger. Since the work was not related to utility service, employee time engaged on the merger should have been excluded from transmission formula rate determinations. In accordance with the hold harmless commitment, to recover merger costs in their wholesale power or transmission rates, the companies were required to submit a section 205 filing with the Commission detailing costs to be recovered and demonstrating that the costs were offset by quantified savings produced by the merger. Duke Companies did not submit a section 205 filing; therefore, the companies should not have recovered the costs in rates charged.

TEP Operating Expenses

Duke Energy's public utility subsidiaries included an estimated $300,000 of merger transaction internal labor costs in the transmission customers' formula rate revenue requirement for costs related to the TEP projects from 2012 through 2015. This amount was incurred to repair and operate the Rockingham phase shifters. The $300,000 was recorded as transmission maintenance expenses in Account 570, Maintenance of Station Equipment. In accordance with Duke Companies' internal accounting policy, the companies neither characterize the costs as merger-related CTA nor exclude the costs from transmission formula rate determinations. As a result, the $300,000 was included in transmission formula rates, and thus a portion of these costs was inappropriately charged to transmission customers.

In its June 8 and October 29 Compliance Orders, the Commission explicitly directed Duke Companies to hold customers harmless from all costs related to the TEPs

[28] During the audit, DEC and DEP had about 20 wholesale power customers under service contracts with cost-based rates determined under a formula to which merger transaction internal labor costs were incorporated. As a result, a portion of the merger transaction labor costs included in the formula was charged to wholesale power customers.

and the Rockingham phase shifters, consistent with the hold harmless commitment established in the Merger Order. Duke Companies should not have included these internal labor charges in transmission formula rate determinations without first submitting a section 205 filing to the Commission that demonstrated that the costs were offset by quantified savings produced by the merger.

Recommendations

We recommend Duke Companies:

5. Revise all policies and procedures for tracking, accounting, and excluding merger transaction costs from wholesale power and transmission formula rates, including amounts previously charged to utility plant, accumulated deferred income taxes, construction work in progress with the associated capitalized cost of funds used during construction (AFUDC), and maintenance and operating expense accounts, and future charges to such accounts for any transaction to which a FERC hold harmless obligation applies. The revised procedures should hold customers harmless from all merger transaction costs consistent with requirements of the Merger Order. Among other things, the revised policies and procedures should include an annual review of each subsidiary's merger transaction cost adjustments as well as periodic evaluations within the year, as needed and appropriate.

6. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA for review that explains and details the following: (1) calculation of refunds that include the amount of inappropriate recoveries that resulted from the inclusion of merger transaction internal labor and related costs in wholesale power and transmission formula rates during the audit period, plus interest on the costs; (2) determinative components of the refund; (3) refund method; and (4) period(s) refunds will be made.

7. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

8. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

3. Merger Transaction Outside Services and Related Costs

Duke Companies incorrectly included $1.5 million of merger transaction outside services and related costs in wholesale power and transmission formula rate service cost determinations without first submitting a section 205 application demonstrating the costs were offset by quantified savings produced by the merger. In addition, the companies recorded the merger transaction costs in operating accounts, contrary to the Commission's long-standing policy that such costs be recorded in nonoperating accounts. As a result, the wholesale power and transmission customers' revenue requirements were inappropriately overstated by an estimated $745,000.

Pertinent Guidance

The Commission's Merger Order states in part:

> We accept Applicants' commitment to hold transmission and wholesale requirements customers harmless for five years from costs related to the Proposed Transaction. We interpret Applicants' hold harmless commitment to include all transaction-related costs, not only costs related to consummating the transaction.
>
> If Applicants seek to recover transaction-related costs through their wholesale power or transmission rates within the next five years, they must submit a compliance filing that details how they are satisfying the hold harmless requirement. If Applicants seek to recover transaction-related costs in an existing formula rate that allows for such recovery within the next five years, then that compliance filing must be filed in the section 205 docket in which the formula rate was approved by the Commission, as well as in the instant section 203 docket. In such filings, Applicants must: (1) specifically identify the transaction-related costs they are seeking to recover; and (2) demonstrate that those costs are exceeded by quantified savings resulting from the transaction, in addition to any requirements associated with filings made under section 205.[29]

The Commission's long-standing precedent stipulates that transaction costs incurred by public utilities associated with a merger are nonoperating in nature and should be charged to Account 426.5, Other Deductions, to the extent the costs are not passed on to the parent holding company. For example, in *Allegheny Energy, Inc.*, the Commission stated in part:

[29] Merger Order, 136 FERC ¶ 61,245 at PP 169-170.

The Commission has previously determined that merger transaction costs are considered non-operating in nature and should be recorded in Account 426.5, Other Deductions.[30]

18 C.F.R. Part 101, Account 426.5, Other Deductions, states:

This account shall include other miscellaneous expenses which are nonoperating in nature, but which are properly deductible before determining total income before interest charges.

Background

In the process of evaluating Duke Companies' compliance with the hold harmless commitment, audit staff issued data requests and interviewed company employees regarding the accounting and formula rate impact of activities engaged prior to and after public announcement of the merger, such as outside service costs incurred to facilitate the merger and associated internal corporate costs. In reviewing materials received, audit staff found that Duke Energy's corporate development group incurred over $1.5 million in merger transaction costs in the second half of 2010 (i.e., prior to the merger announcement in January 2011) and allocated those costs to its then public utility subsidiaries – DEC, DEI, DEO, and DEK – prior to consummation of the merger.

The costs included $1.35 million paid to outside consultants, lawyers, and accountants for financial forecasting, analysis of market power issues and related services, and $150,000 of internal labor and other costs related to this work. The subsidiary companies improperly recorded the merger transaction outside service costs in Account 923, Outside Services Employed, and most of the associated internal labor and other costs in Account 920, Administrative and General Salaries. Account balances reported in each company's Form No. 1 were included in the determination of the company's wholesale power and transmission formula rate service charges.

DEC, DEI, DEO, and DEK reported these costs in their respective 2010 Form No. 1 reports. The companies neither characterized the costs as merger-related CTA following the merger announcement and issuance of the Merger Order, nor excluded the costs from wholesale power and transmission formula rate determinations in 2011 or subsequent years.

[30] *See Allegheny Energy, Inc.*, 133 FERC ¶ 61,222 at P 73 (2010). See also *Midwest Power Systems, Inc. and Iowa-Illinois Gas and Elec. Co.*, 71 FERC ¶ 61,386, at 62,509 (1995); *MidAmerican Energy Co. and MidAmerican Energy Holdings Co.*, 85 FERC ¶ 61,354, at 62,370 (1998); and *Wis. Elec. Power Co.*, 74 FERC ¶ 61,069, at 61,192 (1996).

Pursuant to the hold harmless commitment, the companies should not have included the $1.5 million in merger transaction costs in wholesale rate determinations without first submitting a section 205 filing to the Commission that demonstrated the costs were offset by quantified savings produced by the merger. Moreover, pursuant to long-standing Commission precedent, the merger transaction costs the companies recorded in Accounts 920 and 923 are considered nonoperating in nature and, as such, were required to be recorded to Account 426.5. The text of Account 426.5 states that the account shall include expenses that are nonoperating in nature. Duke Energy estimated that wholesale power and transmission customers' revenue requirements were inappropriately overstated $745,000.

Recommendations

We recommend Duke Companies:

9. Revise accounting policies and procedures to appropriately account for merger transaction costs consistent with Commission accounting requirements.

10. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA for review that explains and details the following: (1) calculation of refunds that include the amount of inappropriate recoveries that resulted from the inclusion of merger transaction outside services and related costs in wholesale power and transmission formula rate charges during the audit period, plus interest on the costs; (2) determinative components of the refund; (3) refund method; and (4) period(s) refunds will be made.

11. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

12. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

4. Use of the Consolidated Method of Accounting

DEC and DEP accounted for investments in subsidiaries on a consolidated basis in their Form No. 1 reports, contrary to the Commission's long-standing accounting policy.

Pertinent Guidance

Order No. 469 revised and amended sections of 18 C.F.R. Parts 101 and 201 to adopt the equity method of accounting for long-term investments in subsidiaries and add new balance sheet and income statement accounts, and definitions. Order No. 469 states in part:

> Under the equity method of accounting, the utility's investment account is increased or decreased to reflect the utility's proportionate share of a subsidiary's current earnings applicable to common stock regardless of whether the earnings are actually paid out as dividends to the utility. When dividends are received, the investment account is reduced by an equivalent amount.[31]

18 C.F.R. Part 101, Account No. 123.1, Investment in Subsidiary Companies, states:

> A. This account shall include the cost of investments in securities issued or assumed by subsidiary companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement plus the equity in undistributed earnings or losses of such subsidiary companies since acquisition. This account shall be credited with any dividends declared by such subsidiaries.
>
> B. This account shall be maintained in such a manner as to show separately for each subsidiary: the cost of such investments in the securities of the subsidiary at the time of acquisition; the amount of equity in the subsidiary's undistributed net earnings or net losses since acquisition; advances or loans to such subsidiary; and full particulars regarding any such investments that are pledged.

[31] *Revisions in the Uniform System of Accounts, and Annual Report Forms No.1 and No. 2 to Adopt the Equity Method of Accounting for Long-Term Investments in Subsidiaries*, Order No. 469, 49 FPC 326, *reh'g denied*, 49 FPC 1028 (1973).

18 C.F.R. Part 101, Account 216.1, Unappropriated Undistributed Subsidiary Earnings, states:

> This account shall include the balances, either debit or credit, of undistributed retained earnings of subsidiary companies since their acquisition. When dividends are received from subsidiary companies relating to amounts included in this account, this account shall be debited and account 216, Unappropriated Retained Earnings, credited.

18 C.F.R. Part 101, Account No. 418.1, Equity in Earnings of Subsidiary Companies, states:

> This account shall include the utility's equity in the earnings or losses of subsidiary companies for the year.

Background

DEC and DEP formed wholly owned special purpose subsidiaries, Duke Energy Receivables Finance Company, LLC (DERF) and Duke Energy Progress Receivables, LLC (DEPR), respectively, in 2003 and 2013. The companies accounted for their investments in the subsidiaries using the consolidated method of accounting. Specifically, DEC consolidated DERF in its Form No. 1 reports from 2003 through 2013; and DEP consolidated DEPR in its Form No. 1 in 2013. The accounting resulted in the recognition of property, expenses, revenue, debt, and equity of the subsidiaries in DEC and DEP's respective Form No. 1 reports. During the course of the audit, in 2014, the companies ceased accounting for their investments in the subsidiaries using the consolidation method of accounting and began using the equity method of accounting.

Prior to 2014, DEC and DEP's accounting for their investments in the subsidiaries was not consistent with the Commission's accounting requirements, which required the companies to account for the investments using the equity method of accounting. In accordance with the provisions of Order No. 469, the companies were required to account for the subsidiaries as investments in Account 123.1, Investments in Associated Companies, and record equity in earnings of the subsidiaries in Account 418.1, Equity in Earnings of Subsidiary Companies, and undistributed retained earnings of the subsidiaries in Account 216.1, Unappropriated Undistributed Subsidiary Earnings.[32]

[32] *Id.*

On August 19, 2015, during the course of the audit, Duke Energy submitted a request to the Commission on behalf of the companies for retroactive and prospective waivers of the equity method accounting requirement.[33] In the filing, among other things, DEC and DEP acknowledged that they had inappropriately accounted for investments in their subsidiaries using the consolidation method of accounting, and improperly included the results of the subsidiaries' operations in cost of service formula rate determinations. On December 18, 2015, the companies submitted a filing to the Commission under section 205 of the FPA seeking approval of proposed amendments to the formula rates in their Joint OATT and wholesale power agreements to provide for consolidation of the subsidiaries for cost of service rate determination purposes.[34]

Duke Energy did not notify audit staff of the inappropriate consolidation accounting, or of its request for waiver of the equity accounting requirements. The company should have disclosed the erroneous accounting to audit staff when it discovered the matter, which according to its representation occurred in late 2014. However, neither audit staff nor the Commission was notified of the improper accounting and the associated rate impacts until August 2015. Duke Energy's lack of timely disclosure of DEC and DEP's noncompliance with Commission regulations is problematic. The company should take necessary steps to ensure that its corporate compliance culture and program are strengthened to prevent situations like this on a going forward basis.

[33] Duke Energy Carolinas, LLC, et al., Request for Waiver, Docket No. AC15-174-000, (filed Aug. 19, 2015). The filing requested waivers of the equity accounting requirement on behalf of DEC, DEP, and DEF, which formed a wholly owned subsidiary Duke Energy Florida Receivables, LLC (DEFR) in 2014. The Chief Accountant issued a delegated letter order on February 12, 2016 that granted the requested waivers to the companies and directed specific accounting regarding sales of accounts receivable. Duke Companies filed a request for rehearing of the letter order on March 14, 2016.

[34] *Duke Energy Carolinas, LLC, et al.*, Docket Nos. ER16-577-000, ER16-578-000, and ER16-579-000. The Commission issued delegated letter orders on February 11, 2016, accepting for filing the amendments to the Joint OATT and rate schedules to provide for DEC, DEP, and DEF's use of the consolidated method of accounting for ratemaking purposes.

Recommendations

We recommend Duke Companies:

13. Review and, as needed, revise accounting policies, practices, and procedures to ensure that investments in subsidiaries are accounted for consistent with the Commission's equity method accounting requirements.

14. Evaluate the accounting applied to Duke Companies' existing subsidiaries and notify DAA of any areas of noncompliance with Commission accounting requirements.

15. Revise documented policies, procedures and processes to ensure timely notice is provided to relevant regulators regarding instances of noncompliance with regulations, rules, and orders.

16. Provide training to staff on procedures, practices, and available tools to transparently or anonymously report instances of noncompliance to senior management, the Board of Directors, and relevant regulators.

5. Accounting for Sales of Accounts Receivable

DEC, DEP, and DEF misclassified an estimated $94.7 million of nonoperating expenses and receivables arising from transactions with their subsidiaries during the audit period. As a result, the wholesale power and transmission customers' revenue requirements were inappropriately overstated by an estimated $61 million.

Pertinent Guidance

18 C.F.R. Part 101, Account 930.2, Miscellaneous General Expenses, states in part:

> This account shall include the cost of labor and expenses incurred in connection with the general management of the utility not provided for elsewhere.

18 C.F.R. Part 101, Account 426.5, Other Deductions, states in part:

> This account shall include other miscellaneous expenses which are nonoperating in nature, but which are properly deductible before determining total income before interest charges.

The Commission addressed the appropriate accounting for the sale of accounts receivable in Opinion No. 375, which stated in part:

> From an accounting standpoint, we find that the record supports the staff and intervenors' position – which the initial decision adopted – that the loss on the sale of accounts receivable was erroneously recorded by SERI [System Energy Resources, Inc.] in Account 930.2. . ..[35]

Background

During audit fieldwork, audit staff analyzed data regarding transactions between DEC, DEP, and DEF and the companies' respective nonutility subsidiaries, DERF, DEPR, and DEFR, and interviewed employees responsible for accounting for the transactions. The transactions involved the companies' sales of accounts receivable to their subsidiaries. The receivables arose from billings on sales of electricity and related services by the companies. The companies sold the receivables to their subsidiaries at a loss (or discount), and accounted for the loss as an expense by debiting Account 930.2, Miscellaneous General Expenses, an account included in wholesale power and transmission service cost formula rate determinations, for the amount of the loss. DEC,

[35] *System Energy Resources, Inc.*, 60 FERC ¶ 61,131 (1992).

DEP, and DEF recognized total losses of $149.6 million, $35.1 million, and $23.5 million, respectively, from 2011 through 2014.

Audit staff also discovered that there were similar transactions involving sales of accounts receivable by DEI, DEO, and DEK to Cinergy Receivables, a Duke Energy subsidiary. However, through discussions with audit staff, Duke Energy represented that instead of recording losses on sold receivables in Account 930.2, DEI, DEO, and DEK accounted for the losses in Account 904, Uncollectible Accounts, an account not included in wholesale power or transmission service cost formula rate determinations.

DEC, DEP, and DEF performed collection services on behalf of their subsidiaries associated with the sold receivables whereby the companies collected bill payments from customers and remitted funds received to the subsidiaries. The companies charged the subsidiaries a fee for performing the collection service, which effectively resulted in a reimbursement of the collection service cost incurred by the companies. Expenses incurred by the companies associated with performing the collection service were accounted for by debiting the costs to Account 903, Customer Records and Collection Expenses. These expenses were also accounted for as a debit in Account 930.2 that Duke Energy represented was the fee billed to the subsidiaries for performing the collection service. As a result of this accounting, DEC, DEP, and DEF double-counted expenses in their respective Form No. 1 reports associated with collection services performed. Furthermore, the companies accounted for the reimbursements of their incurred collection service expenses that resulted from their billed subsidiaries by crediting Account 421, Miscellaneous Non-Operating Income.

Duke Companies' accounting for the loss on the sale of the receivables was not consistent with the Commission's accounting requirements and precedent. Under the Uniform System of Accounts (USofA), sales of accounts receivable constitute the disposition of utility assets. The USofA contemplates that in transactions of this nature, a company should recognize a gain or loss, measured by the difference between the net book value of the asset at the date of the sale and the proceeds from the sale, less related fees and expenses of the sale. Further, the USofA requires a company to record any gains or losses from the disposition of assets in nonoperating expense accounts, except with respect to the sale of future use property.[36] The instructions to Account 426.5, Other Deductions, provide for the recording of nonoperating expenses of this nature. Additionally, the Commission has previously addressed the matter of the appropriate

[36] With respect to future use property recorded in Account 105, Electric Plant Held for Future Use, the USofA requires a company to include a gain on a sale in Account 411.6, Gains from Disposition of Utility Plant, and a loss in Account 411.7, Losses from Disposition of Utility Plant.

accounting for sales of receivables in its Opinion No. 375, wherein it was determined that the loss on the sale of receivables should be accounted for in Account 426.5.[37]

In addition, DEC, DEP, and DEF's accounting for reimbursements of incurred collection service expenses was not consistent with the Commission's accounting requirements. The USofA contemplates that such reimbursements of collection service expenses incurred by DEC, DEP, and DEF on behalf of their respective subsidiaries be recorded as a reduction of the expenses. Accordingly, the companies should have accounted for the reimbursements through a credit entry to the collection service expenses recorded in Account 903.

Duke Energy represented that prior to 2014, DEC and DEP's accounting for the losses on the sales of receivables and collection service fees billed to the subsidiaries that were recorded in Account 930.2 had no impact on service rates charged to wholesale power and transmission formula rate customers due to accounting entries the companies made associated with consolidation method accounting that offset the items and neutralized the rate impact. Duke Energy indicated that the companies made the offsetting entries from the respective dates their subsidiaries were established and transactions initiated through 2013.[38] However, in 2014, DEC and DEP ceased their practice of using the consolidation method of accounting.[39] Cessation of consolidation method accounting led the companies to end their practice of recording the offsetting entries. Moreover, DEF established its subsidiary, DEFR, in 2014, and did not record any accounting entries to offset its losses on the sales and collection service fees billed to its subsidiary. As a result, rates charged by DEC, DEP, and DEF based on amounts reported in the companies' respective 2014 Form No.1 reports included the nonoperating losses and collection service fees that were misclassified in Account 930.2 and not offset by other entries. This led to DEC, DEP, and DEF inappropriately including the losses and fees of $38.1 million, $33.1 million, and $23.5 million, respectively, in rate determinations.

The companies' accounting mistakes led to an estimated $94.7 million of costs being inappropriately included in wholesale power and transmission formula rate service cost determinations during the audit period. Duke Energy estimated that this resulted in wholesale power and transmission customers' revenue requirements being inappropriately overstated by an estimated $61 million.

[37] *System Energy Resources, Inc.*, 60 FERC ¶ 61,131 (1992).

[38] DEC's subsidiary, DERF, was established in 2003, and DEP's subsidiary, DEPR, was established in 2013.

[39] *See* Finding No. 4, Consolidation Method of Accounting.

On March 14, 2016, Duke Companies filed a request for rehearing of the Chief Accountant letter order in Docket No. AC15-174-000 challenging the order's decision regarding the appropriate accounting for losses on the sale of receivables, which is also addressed by this Audit Finding. In light of the current challenge to the Chief Accountant's order and uncertain outcome, as well as, the potential of a contested audit over the identical issue, in this instance the portions of this Audit Finding that relate to the losses issues, including Recommendations 17 and 18, shall be held in abeyance and shall be subject to the outcome of the rehearing request and any subsequent petitions for court review. Although the recommendations regarding the portion of this Audit Finding relating to the losses issues are held in abeyance and subject to the outcome of the rehearing request and any subsequent petitions for court review, the requirement to make refunds in accordance with Recommendation 21 below is not impacted by the rehearing request.

Recommendations

We recommend Duke Companies:

17. Revise procedures to ensure that all costs and account balances associated with the sale of accounts receivable are accounted for in accordance with Commission accounting regulations. Among other things, the corrected accounting should ensure that all losses associated with receivable sales are recorded in Account 426.5.

18. Provide the revised procedures to DAA for review within 60 days of receiving the final audit report.

19. Recalculate charges to wholesale power and transmission customers of DEC, DEP, and DEF and submit the recalculations in a refund analysis to DAA for review within 60 days of receiving the final audit report. The refund analysis should explain and detail the: (1) return of collection service billings charged in 2014; (2) return of losses on the sales included in rates; (3) determinative components of the refund; (4) refund method; (5) period(s) refunds will be made; and (6) interest calculated in accordance with section 35.19 of Commission regulations.

20. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

21. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

6. Accounting for Lobbying Expenses

Duke Companies recorded approximately $2.4 million of lobbying expenses in above-the-line operating accounts from 2011 to 2013. As a consequence, Duke Companies improperly included these costs in wholesale power and transmission formula rate service cost determinations.

Pertinent Guidance

18 C.F.R. Part 101, Account 426.4, Expenditures for Certain Civic, Political, and Related Activities, states in part:

> This account shall include expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances . . . or approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials. . . .

Background

Audit staff evaluated costs incurred by Duke Companies associated with civic, political, and related activities during the audit period. Audit staff reviewed third-party lobbying expenditure disclosures, press articles, internal lobbyist meeting schedules and agendas, and interviewed internal lobbyists and support staff to understand the nature and extent of the companies' lobbying activities. In addition, audit staff tested a sample of work orders, invoices, and associated accounting detail records that support internal lobbyists' labor costs incurred. Audit staff discovered that Duke Companies improperly recorded nearly $2.4 million in lobbying costs to above-the-line operating accounts rather than to Account 426.4, Expenditures for Certain Civic, Political, and Related Activities, as required.

Account 426.4 provides for reporting expenditures for the purpose of influencing public opinion, such as lobbying expenses. Audit staff found that Duke Companies recorded a portion of these costs associated with wages and salaries of internal lobbyist and support staff in Account 426.4 as required, but failed to properly charge other related costs to the account associated with the labor, such as payroll taxes, retirement, health, and other benefits. Audit staff also found that the companies incorrectly accounted for amounts paid to outside firms that lobby on behalf of the companies. Duke Companies improperly included these expenses in wholesale power and transmission formula rate determinations and recovered a portion of the costs through charges to customers.

Further, audit staff found that Duke Companies lacked formal procedures and oversight controls to help ensure that lobbying costs were accounted for appropriately.

The companies should implement procedures to reduce the risk that lobbying costs are inappropriately accounted for and included in jurisdictional rate determinations.

Recommendations

We recommend Duke Companies:

22. Establish and implement written procedures governing the methods used to account for, track, report, and review lobbying costs incurred.

23. Provide training on Commission accounting requirements and the impact of accounting on cost-of-service rate determinations to employees involved in lobbying and lobbying-related work, and those with oversight responsibility for lobbying cost allocations. Also, develop a training program that supports the provision of periodic training in this area.

24. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA for review that explains and details the following: (1) calculation of refunds that include the amount of inappropriate recoveries that resulted from the improper inclusion of lobbying costs in operating accounts during the audit period, plus interest on the costs; (2) determinative components of the refund; (3) refund method; and (4) period(s) refunds will be made.

25. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

26. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

7. Allocation of Lobbyist Labor Costs

Duke Companies accounted for the labor costs of internal lobbyists and their support staff in operating accounts that lacked support for inclusion in the accounts. Improper accounting for the costs can lead to inappropriate recovery of the costs through rates charged and billed to customers.

Pertinent Guidance

18 C.F.R. Part 101, General Instruction No. 9, Distribution of Pay and Expenses of Employees, states:

> The charges to electric plant, operating expense and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, such as construction, maintenance, and operations, shall be based upon the actual time engaged in the respective classes of work, or in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period.

> 18 C.F.R. Part 101, General Instruction No. 10, Payroll Distribution, states:

> Underlying accounting data shall be maintained so that the distribution of the cost of labor charged direct to the various accounts will be readily available. Such underlying data shall permit a reasonably accurate distribution to be made of the cost of labor charged initially to clearing accounts so that the total labor cost may be classified among construction, cost of removal, electric operating functions (steam generation, nuclear generation, hydraulic generation, transmission, distribution, etc.) and nonutility operations.

18 C.F.R. Part 101, Account 426.4, Expenditures for Certain Civic, Political, and Related Activities, states in part:

> This account shall include expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances . . . or approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials . . . .

Background

In connection with the evaluation of Duke Companies' expenditures for lobbying activities, audit staff discovered that the companies' allocation of the labor costs of internal lobbyists and their support staff was based in part on the amount of time that state legislatures and Congress were in session. Duke Energy explained that these entities were in session on average 180 days a year, and that lobbying activities of its staff to influence legislation would typically be performed while the legislatures and Congress were in session. This resulted in the companies using a default allocator that charged 50 percent of lobbying costs above-the-line to operating accounts and 50 percent below-the-line to Account 426.4, Expenditures for Certain Civic, Political, and Related Activities.

Audit staff interviewed internal lobbyists and their support staff to understand their roles and job assignments, and reviewed lobbyists' schedules as documented in email, itineraries from industry conferences, and other materials. Duke Energy represented that the companies' internal lobbyist performed internal corporate functions such as (1) budgeting, (2) performance appraisals, (3) training, and (4) other activities. However, audit staff could not determine based on documentation provided, that the 50/50 labor allocation split between above- and below-the-line accounting for lobbying and related costs was accurate or reasonable. Moreover, audit staff discovered that the companies neither had a formal oversight review process to assess the accuracy of the labor allocations nor maintained documentation to support the allocations.

General Instructions No. 9, Distribution of Pay and Expenses of Employees, and No. 10, Payroll Distribution, require public utilities to charge lobbying-related labor to operations based on actual time engaged in utility operations or on a representative time study, and to maintain data supporting distribution of the labor to operating costs. Audit staff found that Duke Companies' charges of lobbying and support staff labor to operations were neither based on actual time engaged in utility operations nor derived from representative time studies, as required. The companies also did not maintain data supporting distribution of the costs to utility operations. Duke Companies' accounting for lobbying labor time charges was not consistent with Commission accounting requirements and could have resulted in the inclusion of inappropriate costs in operating accounts, and consequently, in charges to transmission service formula rate and wholesale requirements customers. This could have led to the overcharging of wholesale ratepayers.

Recommendations

We recommend Duke Companies:

27. Revise written policies and procedures to create a process to document and verify appropriate allocation of lobbying and lobbying-related costs, and maintain auditable support for the cost included in rate determinations.

28. Retain an independent third-party entity to conduct a representative labor time study to determine an appropriate allocation of internal lobbyist labor, support

staff, and associated costs that should be accounted for in operating and nonoperating accounts based on time spent by employees engaged in the activities. Provide the study results to audit staff within 180 days of receiving the final audit report.

29. Include the results of the labor time study in the determination of lobbying-related labor cost allocations as of January 1, 2016.

30. Implement policies and procedures to perform a labor time study at least biennially using an independent third-party or internal company resources that are able to attest to the results of the study. Revise the lobbying-related labor cost allocations based on the results of the study.

8. Nonutility Expenses in Operating Accounts

Duke Companies recorded approximately $490,000 of nonutility expenses in operating accounts in 2014. As a result, inappropriate costs were included in wholesale power and transmission formula rate service cost determinations and charged to customers.

Pertinent Guidance

Accounting Release 12, Discriminatory Employment Practices, states in part:

> Expenditures resulting from employment practices found to be discriminatory by a judicial or administrative decree or that were the result of a compromise settlement or consent decree are not just and reasonable cost of utility operations and as such must be charged to nonoperating expense accounts.

18 C.F.R Part 101, Account 426.1, Donations, states:

> This account shall include payments or donations for charitable, social, or community welfare purposes.

18 C.F.R. Part 101, Account 426.5, Other Deductions, states:

> This account shall include other miscellaneous expenses for which are non-operating in nature, but which are properly deductible before determining total income before interest charges.

Background

Audit staff reviewed a sample of expenses charged to administrative and general (A&G) accounts to determine whether the charges were accounted for in accordance with Commission accounting requirements. The sample included charges to Accounts 920, Administrative and General Salaries, 923, Outside Services Employed, and 926, Employee Pensions and Benefits, in 2012. Audit staff reviewed accounting records and documentation supporting amounts reported in the accounts, such as invoices, work orders, and billings. Audit staff also interviewed Duke Companies' employees with responsibility for documenting and accounting for costs reported in the accounts.

Audit staff's review found that Duke Companies accounted for $100,000 of expenditures resulting from employment practices found to be discriminatory as operating expenses. However, in accordance with the requirements of Accounting Release 12, Discriminatory Employment Practices, expenses of this nature should be accounted for as nonoperating expenses. Of the \$100,000, audit staff found that \$40,000 was improperly recorded to Account 923 and inappropriately included in transmission formula rate determinations. The remaining \$60,000 was incorrectly accounted for in production and distribution operating accounts, including Accounts 519, Coolants and Water, 524, Miscellaneous Nuclear Power Expenses, and 583, Overhead Line Expenses. The costs should have been charged to Account 426.5, Other Deductions, consistent with the instructions of the account. Account 426.5 provides for recording expenses that are nonoperating in nature, and are properly deductible before determining total income before interest charges.

Further, audit staff also found that Duke Companies improperly charged about \$39,000 in costs related to donations and charitable contributions to above-the-line operating accounts rather than Account 426.1, Donations, as required. Account 426.1 provides for reporting payments or donations for charitable, social, or community welfare purposes. The sampled invoices that audit staff reviewed included expenditures for charity-related activities that were improperly charged to operating accounts.

Because audit staff's review involved a select, small sample of transactions out of a larger population of transactions that involved expenses charged to Accounts 920, 923, and 926, audit staff believes that review of a larger number of transactions charged to these accounts may have revealed additional accounting errors that could have resulted in inappropriate charges to wholesale power and transmission formula rate customers. Duke Companies represented that they performed an analysis of all charges to the 900 series expense accounts for April 2014 through December 2014, and estimated that they incorrectly accounted for approximately \$490,000 of costs in the accounts in 2014. These errors are the result of Duke Companies' lack of documented policies and insufficient training of employees on Commission requirements pertaining to accounting for nonoperating expenses. Employees with responsibility for recording expenses of this nature should have knowledge of the importance of appropriate accounting and the impact of improper accounting on rates charged through transmission formula rates.

Recommendations

We recommend Duke Companies:

31. Develop and implement written policies, procedures, and controls to ensure proper accounting and reporting of nonutility expenses.

32. Provide training for employees involved in the invoicing process on Commission accounting requirements and the impact of the accounting on cost-of-service rate determinations.

33. Within 60 days of receiving the final audit report, provide documentation supporting the analysis performed of invoiced expenses recorded to A&G accounts in 2014 that identified misclassified nonutility expenses included in A&G accounts. Develop an estimate of misclassified nonutility expenses accounted for in operating accounts in 2011 through 2013 and 2015.

34. Implement policies and procedures to provide periodic audits or reviews of A&G transactions by external or internal auditors.

35. Submit a refund analysis, within 60 days of receiving the final audit report, for review to DAA that explains and details the following: (1) calculation of refunds that include the amount of inappropriate recoveries that resulted from the improper inclusion of identified and estimated nonutility expenses in charges to wholesale power and transmission customers during the audit period, plus interest on the costs; (2) determinative components of the refund; (3) refund method; and (4) period(s) refunds will be made. Include the results of the invoice analysis in the refund analysis.

36. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

37. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Appendix: Duke Energy's Comments on Audit Report

DUKE ENERGY.

Brian D. Savoy
Senior Vice President, Chief Accounting
Officer and Controller

Duke Energy Corporation
550 South Tryon Street / DEC44A
Charlotte, NC 28202

704 382 6242

brian.savoy2@duke-energy.com

March 30, 2016

Mr. Bryan K. Craig
Director and Chief Accountant
Division of Audits and Accounting
Office of Enforcement
Federal Energy Regulatory Commission
888 First Street NE, Room 5K-13
Washington, DC 20426

RE: Office of Enforcement
Docket No. PA14-2-000
Duke Energy Corporation

Dear Mr. Craig:

On February 19, 2016, the Division of Audits and Accounting ("DAA") within the Office of Enforcement of the Federal Energy Regulatory Commission (the "Commission") issued a draft audit report setting forth the DAA's findings and recommendations resulting from the audit of Duke Energy Corporation ("Duke Energy") and its public utility subsidiaries' compliance with (1) conditions in Commission merger authorization orders, (2) transmission formula rate tariff requirements, and (3) accounting and financial reporting regulations. After several constructive discussions between DAA staff and Duke Energy, the draft audit report was revised several times. DAA staff sent the latest revision to Duke Energy dated March 29, 2016. Duke Energy is responding to the March 29 revision.

SUMMARY

In the draft audit report as revised, the DAA made eight findings and 37 associated recommendations. In sum, Duke Energy accepts five of the eight findings and all associated recommendations. Duke Energy respectfully disagrees with, but will not contest, two of the eight findings (findings 2 and 3) and agrees to comply with all associated recommendations. Duke Energy disagrees with a portion of, but will not contest under 18 CFR Part 41, one of the eight findings (finding 5) and all recommendations as they apply to the portion with which it disagrees, and accepts in part finding 5 and all recommendations as they apply to the accepted portion.

RESPONSE TO FINDINGS

In accordance with the procedures set forth in 18 C.F.R. 41.1, Duke Energy responds to each of the findings as follows:

- **Finding 1.** *Accounting for Merger Transaction Costs* – Duke Companies did not file merger transaction accounting entries with the Commission as required by the Merger Order, and the companies recorded merger transaction costs in operating accounts, contrary to the Commission's long-standing policy that such costs be recorded in nonoperating accounts. By not filing the accounting entries, Duke Companies prevented Commission review of the merger accounting and correction of any entries that were not in accordance with Commission accounting requirements.

Response: Duke Energy accepts this finding.

- **Finding 2.** *Merger Transaction Internal Labor Costs* – Duke Companies improperly included approximately $31.4 million of merger transaction internal labor costs in wholesale power and transmission formula rate service cost determinations without first submitting a section 205 filing demonstrating that the costs were offset by quantified savings produced by the merger. As a result, the wholesale power and transmission customers' revenue requirements were inappropriately overstated an estimated $17.5 million.

Response: Duke Energy respectfully disagrees with this finding, but will not contest it. For the purpose of establishing a complete record, Duke Energy explains its position as follows.

Duke Energy acknowledges its obligation to hold transmission and wholesale power customers harmless for five years from costs related to the merger of Duke Energy and Progress Energy, Inc. (the "Merger").

Between the time of the Commission's Merger Order issued on September 30, 2011 and the closing of the Merger on July 2, 2012, Duke Energy determined that its hold harmless commitment is intended to apply to costs caused by the Merger ("Incremental Costs") and not to costs that would have been incurred even in the absence of the Merger ("Non-Incremental Costs"). No Commission orders squarely addressed this issue, and it seemed to be inherent in the nature of a *hold harmless* commitment that it would protect customers only from costs that they would not have incurred otherwise.

On the basis of this logic, Duke Energy did not treat as transaction-related costs any portion of the regular compensation that employees would have received in the absence of the Merger even if the employees spent some of their time working on transaction-related activities. The company would have paid those same salaries to the employees with or without the Merger. Thus the regular compensation of employees was viewed as Non-Incremental Costs. On the other hand, Duke Energy did treat as transaction-related costs any compensation paid to employees that would *not* have been incurred but for the Merger. For example, this included any bonuses paid to employees in recognition of the extended hours many employees worked to fulfill their regular duties and to work on merger activities. It also included temporary employees and contractors hired to backfill for work that could not be absorbed in this manner. These costs were viewed as Incremental Costs and accordingly were excluded from FERC-jurisdictional rates.

Treatment of internal labor costs in the context of a hold harmless obligation was certainly not a settled issue in early 2012 or even today. This uncertainty was reflected in the Commission's notice of proposed *Policy Statement on Hold Harmless Commitments* issued January 22, 2015 in Docket No. PL15-3. In this notice of proposed policy statement issued two and a half years after the closing of the Merger, the Commission states as follows:

> "...we propose to clarify those costs to which hold harmless commitments will apply. Although the Commission has provided broad guidance regarding the costs that should be covered under hold harmless commitments, it has never defined those costs with much specificity, leading to inconsistency with respect to this issue."[1]

The Commission proposed to clarify that internal labor costs should be treated as transaction-related costs and stated as follows:

> "If the duties of employees are not solely dedicated to activities related to a transaction, internal labor costs deemed merger-related should be determined in a manner that is proportionally equal to the amount of time spent on the merger compared to other activities of the utility and tracked accordingly."[2]

While this *proposal* is clear on this issue, it is worth repeating that it was issued two and a half years after the Merger closed. It is also important to note that it is just a proposal at this time because the final policy statement has not been issued. In addition, some commenters specifically disagreed with this point.[3] Finally, the Commission stated in the notice of proposed policy statement that it would have prospective effect only.[4]

Notwithstanding Duke Energy's belief that its failure to exclude from rates Non-Incremental internal labor costs was not a violation of any settled policy and in fact was based on the most reasonable interpretation of its hold harmless commitment, Duke Energy will not expend the resources necessary to contest this issue and will comply with all associated recommendations in the audit report. Duke Energy reserves all rights in the event that the Commission issues an order

[1] Paragraph 16 of the notice of proposed policy statement.
[2] Footnote 41 of the notice of proposed policy statement.
[3] See the comments of Edison Electric Institute filed on March 30, 2015 at p. 15-16.
[4] Paragraph 20 of the notice of proposed policy statement.

in the proposed policy statement proceeding or any other proceeding that is not consistent with Finding 2.
Duke Energy estimates that the total refunds that will be due to transmission and wholesale power customers arising from this finding will be approximately $1.2 million plus interest.

- **Finding 3.** *Merger Transaction Outside Services and Related Costs* – Duke Companies incorrectly included $1.5 million of merger transaction outside services and related costs in wholesale power and transmission formula rate service cost determinations without first submitting a section 205 filing demonstrating the costs were offset by quantified savings produced by the merger. In addition, the companies recorded the merger transaction costs in operating accounts, contrary to the Commission's long-standing policy that such costs be recorded in nonoperating accounts. As a result, the wholesale power and transmission customers' revenue requirements were inappropriately overstated an estimated $745,000.

Response: Duke Energy respectfully disagrees with this finding, but will not contest it. For the purpose of establishing a complete record, Duke Energy explains its position as follows.

The costs which are the subject of this finding are costs incurred in 2010 to investigate, agree to, and perform preliminary due diligence regarding, the Merger prior to the announcement of the Merger. Duke Energy made the determination that its hold harmless commitment was not intended to include such costs incurred during the formative stage of a potential transaction before it was clear that the company would even pursue the transaction. Like most utility holding companies, Duke Energy has a corporate development group that regularly investigates and reviews potential transactions as part of its routine operations. Only a very small percentage of potential transactions reviewed are ever consummated. In order to comply with a hold harmless commitment as interpreted in this Finding 3 for a transaction that is eventually consummated, the company would have to track all its costs for each and every potential transaction it reviews even though the vast majority will never be consummated. This would be unwieldy and wasteful. Because these potential transactions often will benefit customers, discouraging investigation of them is not in the best interests of customers.

Treatment of such investigation costs incurred prior to the announcement of a transaction in the context of a hold harmless obligation was certainly not a settled issue in early 2012 or even today. This uncertainty was reflected in the Commission's notice of proposed *Policy Statement on Hold Harmless Commitments* discussed in Duke Energy's response to Finding 2 above.

In the notice of proposed policy statement, the Commission proposed to clarify that such investigation costs would be subject to the hold harmless commitment.[5]

[5] Paragraph 22 of the notice of proposed policy statement.

As in Duke Energy's response to Finding 2 above, we will point out again that the notice of proposed policy statement was issued two and a half years after the Merger closed, and is just a proposal at this time because the final policy statement has not been issued. In addition, some commenters specifically disagreed with this point.[6]

Notwithstanding Duke Energy's belief that its failure to exclude pre-announcement costs that are the subject of Finding 3 was not a violation of any settled policy, Duke Energy will not expend the resources necessary to contest this issue and will comply with all associated recommendations in the audit report.

Duke Energy estimates that the total refunds that will be due to transmission and wholesale power customers arising from this finding will be approximately $60,000 plus interest.

- **Finding 4.** *Use of the Consolidation Method of Accounting* – DEC and DEP accounted for investments in subsidiaries on a consolidated basis in their FERC Form No. 1, Annual Reports (Form No. 1), contrary to the Commission's long-standing accounting policy.

Response: Duke Energy accepts this finding.

- **Finding 5.** *Accounting for Sales of Accounts Receivable* – DEC, DEP, and DEF misclassified an estimated $94.7 million of nonoperating expenses and receivables arising from transactions with their subsidiaries during the audit period. As a result, the wholesale power and transmission customers' revenue requirements were inappropriately overstated by an estimated $61 million.

Response: Duke Energy disagrees with the portion of this finding that concerns accounting for losses on the sale of receivables. However, Duke Energy will not contest this finding under 18 CFR Part 41 because the portion of this finding that relates to accounting for losses on the sale of receivables, including recommendations 17 and 18, will be held in abeyance and will be subject to the outcome of Duke Energy's request for rehearing in Docket No. AC15-174-001 pursuant to the draft audit report.

- **Finding 6.** *Accounting for Lobbying Expenses:* Duke Companies recorded approximately $2.4 million of lobbying expenses in above-the-line operating accounts from 2011 through 2013. As a consequence, Duke Companies improperly included these costs in wholesale power and transmission formula rate service cost determinations.

Response: Duke Energy accepts this finding.

[6] See the comments of Edison Electric Institute filed March 30, 2015 at p. 14-15.

- **Finding 7.** *Allocation of Lobbyist Labor Costs:* Duke Companies accounted for the labor costs of internal lobbyists and their support staff in operating accounts that lacked support for inclusion in the accounts. Improper accounting for the costs can lead to inappropriate recovery of the costs through rates charged and billed to customers.

Response: Duke Energy accepts this finding.

- **Finding 8.** *Nonutility Expenses in Operating Accounts:* Duke Companies recorded approximately $490,000 of nonutility expenses in operating accounts in 2014. As a result, inappropriate costs were included in wholesale power and transmission formula rate service cost determinations and charged to customers.

Response: Duke Energy accepts this finding.

RESPONSE TO RECOMMENDATIONS

Duke Energy will comply with all recommendations except as otherwise stated below. As requested, Duke Energy proposes target completion dates below for each recommendation wherever the recommendation does not specify the completion date.

Accounting for Merger Transaction Costs

1. Revise accounting policies and procedures to appropriately account for merger transactions consistent with Commission accounting requirements.

Target Completion Date: September 30, 2016

2. Develop written policies and procedures to timely identify proposed accounting transactions that would trigger a notification to the Commission.

Target Completion Date: September 30, 2016

3. Develop written policies and procedures to submit accounting questions of doubtful interpretation to the Commission.

Target Completion Date: September 30, 2016

4. Provide training to employees on compliance with the merger cost accounting conditions and the revised policies, procedures, and controls for complying with the conditions. Also, develop a training program that supports the provision of periodic training in this area.

Target Completion Date: December 31, 2016

Merger Transaction Internal Labor Costs

If the Commission issues a policy statement on hold harmless commitments and such policy statement is inconsistent with Finding 2 or Finding 3, then Duke Energy reserves the right to seek relief from compliance with any of recommendations 5 – 12 as appropriate.

5. Revise all policies and procedures for tracking, accounting, and excluding merger transaction costs from wholesale power and transmission formula rates, including amounts previously charged to utility plant, accumulated deferred income taxes, construction work in progress with the associated capitalized cost of funds used during construction (AFUDC), and maintenance and operating expense accounts, and future charges to such accounts for any transaction to which a FERC hold harmless obligation applies. The revised procedures should hold customers harmless from all merger transaction costs consistent with requirements of the Merger Order. Among other things, the revised policies and procedures should include an annual review of each subsidiary's merger transaction cost adjustments as well as periodic evaluations within the year, as needed and appropriate.

Target Completion Date: September 30, 2016

6. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA for review that explains and details the following: (1) calculation of refunds that include the amount of inappropriate recoveries that resulted from the inclusion of merger transaction internal labor and related costs in wholesale power and transmission formula rates during the audit period, plus interest on the costs; (2) determinative components of the refund; (3) refund method; and (4) period(s) refunds will be made.

7. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

Target Completion Date: 45 days after receiving DAA's assessment of the refund analysis

8. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Target Completion Date: 45 days after receiving DAA's assessment of the refund analysis

Merger Transaction Outside Services and Related Costs

9. Revise accounting policies and procedures to appropriately account for merger transaction costs consistent with Commission accounting requirements.

Target Completion Date: September 30, 2016

10. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA for review that explains and details the following: (1) calculation of refunds that include the amount of inappropriate recoveries that resulted from the inclusion of merger transaction outside services and related costs in wholesale power and transmission formula rate charges during the audit period, plus interest on the costs; (2) determinative components of the refund; (3) refund method; and (4) period(s) refunds will be made.

11. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

Target Completion Date: 45 days after receiving DAA's assessment of the refund analysis

12. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Target Completion Date: 45 days after receiving DAA's assessment of the refund analysis

Use of the Consolidation Method of Accounting

13. Review and, as needed, revise accounting policies, practices, and procedures to ensure that investments in subsidiaries are accounted for consistent with the Commission's equity method accounting requirements.

Response and Target Completion Date: Duke Energy will comply with this recommendation, but notes that the Commission has granted to DEC, DEP, and DEF a waiver from the requirement to use the equity method as discussed above. Target Completion date is 60 days after receiving the final audit report.

14. Evaluate the accounting applied to Duke Companies' existing subsidiaries and notify DAA of any areas of noncompliance with Commission accounting requirements.

Target Completion Date: 60 days after receiving the final audit report.

15. Revise documented policies, procedures and processes to ensure timely notice is provided to relevant regulators regarding instances of noncompliance with regulations, rules, and orders.

Target Completion Date: September 30, 2016

16. Provide training to staff on procedures, practices, and available tools to transparently or anonymously report instances of noncompliance to senior management, the Board of Directors, and relevant regulators.

Target Completion Date: December 31, 2016

Accounting for Sales of Accounts Receivable

17. Revise procedures to ensure that all costs, revenues, and account balances associated with the sale of accounts receivable are accounted for in accordance with Commission accounting regulations. Among other things, the corrected accounting should ensure that all discounts, fees, and revenues associated with receivable sales are recorded in Account 426.5, and that the cost of performing collection services on behalf of the subsidiaries, including employee labor, expenses, and an appropriate allocation of overhead and utility plant, are recorded in Account 426.5.

Response and Target Completion Date: In accordance with the draft audit report, the portions of this recommendation that relate to accounting for losses on the sale of receivables are held in abeyance and subject to the outcome of the rehearing request and any subsequent petitions for review proceedings. The target completion date for portions that do *not* relate to accounting for losses on the sale of receivables is 60 days after receiving the final audit report.

18. Provide the revised procedures to DAA for review within 60 days of receiving the final audit report.

Response and Target Completion Date: In accordance with the audit report, the portions of this recommendation that relate to accounting for losses on the sale of receivables are held in abeyance and subject to the outcome of the rehearing request and any subsequent petitions for review proceedings.

19. Recalculate charges to wholesale power and transmission customers of DEC, DEP, and DEF and submit the recalculations in a refund analysis to DAA for review within 60 days of receiving the final audit report. The refund analysis should explain and detail the: (1) return of collection service billings charged in 2014; (2) return of losses on the sales included in rates; (3) determinative components of the refund; (4) refund method; (5) period(s) refunds will be made; and (6) interest calculated in accordance with section 35.19 of Commission regulations.

20. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

Target Completion Date: 45 days after receiving DAA's assessment of the refund analysis

21. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Target Completion Date: 45 days after receiving DAA's assessment of the refund analysis

Accounting for Lobbying Expenses

22. Establish and implement written procedures governing the methods used to account for, track, report, and review lobbying costs incurred.

Response: Duke Energy has completed this action. Duke Energy will update its procedures upon completion of the labor time study referenced in recommendation 28.

23. Provide training on Commission accounting requirements and the impact of accounting on cost-of-service rate determinations to employees involved in lobbying and lobbying-related work, and those with oversight responsibility for lobbying cost allocations. Also, develop a training program that supports the provision of periodic training in this area.

Response: Duke Energy has completed this action. Duke Energy will update its procedures upon completion of the labor time study referenced in recommendation 28.

24. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA for review that explains and details the following: (1) calculation of refunds that include the amount of inappropriate recoveries that resulted from the improper inclusion of lobbying cost in operating accounts during the audit period, plus interest on the costs; (2) determinative components of the refund; (3) refund method; and (4) period(s) refunds will be made.

25. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

Target Completion Date: 45 days after receiving DAA's assessment of the refund analysis

26. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Target Completion Date: 45 days after receiving DAA's assessment of the refund analysis

Allocation of Lobbyist Labor Costs

27. Revise written policies and procedures to create a process to document and verify appropriate allocation of lobbying and lobbying-related costs, and maintain auditable support for the cost included in rate determinations.

Response: Duke Energy has completed this action. Duke Energy will update its procedures upon completion of the labor time study referenced in recommendation 28.

28. Retain an independent third-party entity to conduct a representative labor time study to determine an appropriate allocation of internal lobbyist labor, support staff, and associated costs that should be accounted for in operating and nonoperating accounts based on time spent by employees engaged in the activities. Provide the study results to audit staff within 180 days of the date of the final audit report.

29. Include the results of the labor time study in the determination of lobbying-related labor cost allocations as of January 1, 2016.

Target Completion Date: 180 days after the date of the final audit report

30. Implement policies and procedures to perform a labor time study biennially using an independent third-party or internal company resources that are able to attest to the results of the study. Revise the lobbying-related labor cost allocations based on the results of the study.

Target Completion Date: 180 days after the date of the final audit report

Nonutility Expenses in Operating Accounts

31. Develop and implement written policies, procedures, and controls to ensure proper accounting and reporting of nonutility expenses.

Response: Duke Energy has completed this action.

32. Provide training for employees involved in the invoicing process on Commission accounting requirements and the impact of the accounting on cost-of-service rate determinations.

Response: Duke Energy has completed this action.

33. Within 60 days of receiving the final audit report, provide documentation supporting the analysis performed of invoiced expenses recorded to administrative and general (A&G) accounts in 2014 that identified misclassified nonutility expenses included in A&G accounts. Develop an estimate of misclassified nonutility expenses accounted for in operating accounts in 2011 through 2013 and 2015.

34. Implement policies and procedures to provide periodic audits or reviews of A&G transactions by external or internal auditors.

Target Completion Date: 60 days after the date of the final audit report

35. Submit a refund analysis, within 60 days of receiving the final audit report, to DAA for review that explains and details the following: (1) calculation of refunds that include the amount of inappropriate recoveries that resulted from the improper inclusion of identified and estimated nonutility expenses in charges to wholesale power and transmission customers during the audit period, plus interest on the costs; (2) determinative components of the refund; (3) refund method; and (4) period(s) refunds will be made. Include the results of the invoice analysis in the refund analysis.

36. File a refund report with the Commission after receiving DAA's assessment of the refund analysis.

Target Completion Date: 45 days after receiving DAA's assessment of the refund analysis

37. Refund amounts disclosed in the refund report to wholesale power and transmission customers, with interest calculated in accordance with section 35.19a of Commission regulations.

Target Completion Date: 45 days after receiving DAA's assessment of the refund analysis

Duke Energy acknowledges and appreciates the professionalism and the courtesy with which DAA staff conducted this audit.

Sincerely,

Brian D Savoy by Paul Kinny

Brian D. Savoy
Senior Vice President, Chief Accounting
Officer and Controller

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(7)(j)

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807 KAR 5:001, SECTION 16(7)(j)

Description of Filing Requirement:

Prospectuses of the most recent stock or bond offerings.

Response:

See attached. The most recent Duke Energy Kentucky bond offering was a private placement and as a result did not have a prospectus. Private placements use a document similar to prospectus, called an executive summary.

Witness Responsible:

Chris R. Bauer

$70,000,000
SENIOR UNSECURED DEBENTURES

DUKE ENERGY®

DUKE ENERGY KENTUCKY, INC.

JUNE 2020

CONFIDENTIAL EXECUTIVE SUMMARY

SOLE PLACEMENT AGENT

KeyBanc
Capital Markets

The Securities described in this Executive Summary have not been registered under the Securities Act, or the securities laws of any jurisdiction. Duke Energy Kentucky, Inc. is offering the Securities in reliance on exemptions from the registration requirements of the Securities Act and other applicable laws. These exemptions apply to offers and sales of securities that do not involve a public offering. The Securities have not been approved or recommended by any federal, state or foreign securities authorities, nor have any of these authorities passed upon the merits of this offering or determined that this Executive Summary is accurate or complete. Any representation to the contrary is a criminal offense.

DISCLAIMER

NOTICE TO PROSPECTIVE PURCHASERS:

Duke Energy Kentucky, Inc. ("Duke Energy Kentucky" or the "Company") has requested that KeyBanc Capital Markets Inc. which is acting as lead placement agent (the "Placement Agent") on behalf of the Company, distribute this Executive Summary to prospective purchasers of the Company's Senior Unsecured Debentures (the "Securities").

This Executive Summary has been prepared solely for the benefit of a limited number of sophisticated institutions that are accredited investors within the meaning of Rule 501(a) under the Securities Act interested in the purchase of the Securities described herein to be issued by the Company. The information contained in this Executive Summary has been supplied by the Company, which is solely responsible for its contents. NONE OF THE PLACEMENT AGENT'S EMPLOYEES OR AGENTS HAS VERIFIED SUCH INFORMATION AND THE PLACEMENT AGENT DOES NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

Your acceptance of this Executive Summary shall constitute an agreement by you and your representatives that, to the extent that the Company discloses material, nonpublic information to you or your representatives, such disclosure is made with the understanding that you and your representatives agree to maintain such material, nonpublic information in confidence and that the Company does not, at this time, intend to disclose any such material nonpublic information publicly.

This Executive Summary is a confidential document. Prospective purchasers should read this Executive Summary before making a decision whether to purchase any Securities. Prospective purchasers must not (i) use this Executive Summary or any other information furnished by the Company for any other purpose; (ii) make copies of any part of this Executive Summary or give a copy of this Executive Summary or any other information furnished by the Company to any other person; (iii) disclose any information furnished by the Company, including the information in this Executive Summary, to any other person without the prior written approval of the Company; or (iv) trade in any securities of the Company (other than the Securities) while in possession of this Executive Summary or any information furnished by the Company in connection with the transaction contemplated hereby.

Notwithstanding anything in this Executive Summary to the contrary, the Company, the Placement Agent and each prospective purchaser of the Securities (and any employee, representative or other agent of them) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Executive Summary and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment or tax structure. However, any such information relating to the tax treatment or tax structure is required to be kept confidential to the extent necessary to comply with any applicable federal or state securities laws.

A prospective purchaser must promptly return all copies of this Executive Summary to the Placement Agent, if the offering is terminated or withdrawn, if a prospective purchaser decides not to purchase the Securities or if requested by the Company. Each prospective purchaser is responsible for making its own examination of the Company and its own assessment of the merits and risks of investing in the Securities. This Executive Summary does not purport to contain all of the information that a prospective purchaser may require in making an investment decision. This Executive Summary may also contain summaries of certain documents. These summaries are not necessarily complete and prospective purchasers should refer to the documents that have been summarized.

The Company will offer prospective purchasers the opportunity to ask questions of and receive answers from the Company about the Company, the terms and conditions of the Securities or any other relevant information. Prospective purchasers may contact the persons listed below, if they need any additional information, including copies of any documents summarized in this Executive Summary.

By purchasing any Securities, a prospective purchaser will be deemed to have acknowledged that (i) it is aware of the need to conduct its own thorough investigation of the Company and the Securities before making an investment in the Securities; (ii) it is an institutional accredited investor that is willing and able to conduct an independent investigation of the risks of ownership of the Securities; (iii) it has had an opportunity to request any additional information that it needs from the Company; and (iv) the Placement Agent is not responsible for, and is not making any representation concerning, the Company's future performance, the adequacy, accuracy or completeness of this Executive Summary, the advisability of purchasing the Securities, the execution, validity or enforceability of the Securities or any documents delivered in connection with the Securities.

In making their investment decision, prospective purchasers should rely only on the information contained in this Executive Summary and on any other information furnished by the Company, whether directly or through the Placement Agent. The Company and the Placement Agent have not authorized anyone to provide prospective purchasers with any other information. If any other information is received, a prospective purchaser should not rely on it.

Prospective purchasers should not assume that the information contained in this Executive Summary is accurate as of any date other than the date on the front cover of this Executive Summary or that there has been no change in the affairs of the Company since that date.

The Company and the Placement Agent are not providing prospective purchasers with any legal, business, tax or other advice in this Executive Summary. Prospective purchasers should consult with their own advisors as needed to assist them in making their investment decision and to advise them whether they are legally permitted to purchase the Securities.

Each prospective purchaser must comply with all laws that apply to it in any place in which it buys, offers or sells any Securities or possesses this Executive Summary. Each prospective purchaser must also obtain any consents or approvals that it needs in order to purchase any Securities. The Company and the Placement Agent are not responsible for a prospective purchaser's compliance with these legal requirements. The Company and the Placement Agent are offering to sell the Securities only in places where, and to persons to whom, offers and sales are permitted.

The Company has not taken any action that would permit a public offer or sale of the Securities. Accordingly, the Securities will be subject to restrictions on resale and transfer as provided in the debenture purchase agreement and the supplemental indenture relating to the Securities. The Securities will bear a legend referring to these restrictions. Because of these restrictions, no secondary trading market for the Securities is expected to develop and purchasers may be required to bear the financial risks of investing in the Securities for an indefinite period of time.

The Company and the Placement Agent reserve the right to reject any commitment to purchase Securities in whole or in part and to allot to any prospective purchaser less than the full amount of Securities sought by it.

This Executive Summary contains certain "forward-looking statements" with respect to the financial condition, results of operations and business and business strategy of the Company. All of these forward-looking statements are based on estimates, projections and assumptions made by the Company about circumstances and events that have not yet taken place which, although the Company believes them to be reasonable, are inherently uncertain. Therefore, undue reliance should not be placed upon these estimates and statements. No assurance can be given that any of these estimates or statements will be realized. It is likely that actual results will vary from those contemplated by these forward-looking statements and such variations may be material. Prospective purchasers should carefully review the Risk Factors beginning on page 13 of this Executive Summary for a discussion of certain factors that could cause the Company's results to vary from those contemplated by these forward-looking statements.

By accepting this Executive Summary, the recipient will be deemed to have acknowledged and agreed to all of the foregoing.

KeyBanc Capital Markets is the trade name for the capital markets and investment banking services of KeyCorp and its subsidiaries, including KeyBank National Association and KeyBanc Capital Markets Inc. (a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of FINRA and SIPC).

For further information, please contact one of the following KeyBanc professionals:

KEYBANC CAPITAL MARKETS

127 PUBLIC SQUARE, 4TH FLOOR
CLEVELAND, OH 44114

225 FRANKLIN ST, 18TH FLOOR
BOSTON, MA 02110

227 W. MONROE ST, SUITE 1700
CHICAGO, IL 60606

Name	Title	E-Mail	Office	Mobile
Fixed Income Syndicate				
Stephanie Acheson	*Managing Director*	stephanie.acheson@key.com	(312) 730-2711	(312) 972-0698
Debt Capital Markets				
Eamon McDermott	*Managing Director*	emcdermott@key.com	(617) 385-6277	(440) 567-9794
Erica Elsasser	*Vice President*	erica.elsasser@key.com	(216) 689-4496	(614) 257-9275
Katrina Supeck	*Associate*	katrina.supeck@key.com	(216) 689-7722	(330) 591-5956
Brian Sutcliffe	*Analyst*	brian.sutcliffe@key.com	(216) 689-0395	(440) 520-6229

TRANSACTION TIMETABLE

June 2020						
Su	M	Tu	W	Th	F	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

September 2020						
Su	M	Tu	W	Th	F	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

	Potential Investor Calls
	Bids & Pricing
	Closing & Funding
	U.S. Holiday

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I. DUKE ENERGY KENTUCKY, INC.

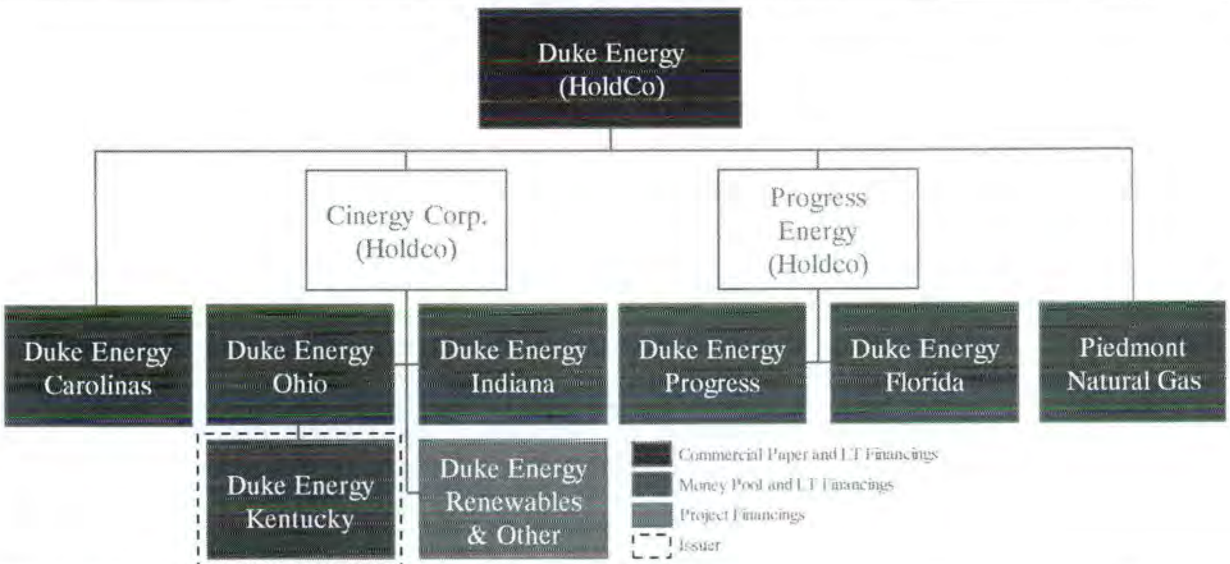
The Company's future performance is subject to a variety of risks and uncertainties, many of which are described in the section entitled Risk Factors. If any of the risks or uncertainties materialize, the Company's business, financial condition and results of operations could be materially and adversely affected. Additional risks not presently known to the Company, or that the Company currently deems immaterial, may also impair the business, financial condition or results of operations.

Prospective purchasers should read the information provided in the Executive Summary with respect to Duke Energy Kentucky, Inc. in conjunction with the more detailed information about Duke Energy Kentucky, Inc. in Duke Energy Corporation's SEC filings and Duke Energy Kentucky, Inc.'s quarterly and annual financial statements. In considering whether to purchase the Securities, investors should carefully consider the risks and uncertainties described above and in such filings and financial statements.

1. COMPANY OVERVIEW

Duke Energy Kentucky, Inc. ("Duke Energy Kentucky" or the "Company") is a combination electric and gas public utility company that provides service in northern Kentucky. The Company's principal lines of business include generation, transmission and distribution of electricity as well as the sale of and/or transportation of natural gas. Duke Energy Kentucky's common stock is wholly owned by Duke Energy Ohio, Inc. (''Duke Energy Ohio''), an indirect wholly owned subsidiary of Duke Energy Corporation (collectively with its subsidiaries, "Duke Energy"), an energy company headquartered in Charlotte, North Carolina. Duke Energy operates primarily through its direct and indirect subsidiaries. Duke Energy's subsidiaries include Duke Energy Carolinas, LLC; Duke Energy Progress, LLC; Duke Energy Florida, LLC; Duke Energy Ohio, Inc.; Duke Energy Indiana, LLC; and Piedmont Natural Gas Company, Inc. Duke Energy Kentucky is the sole obligor on the Securities, and neither Duke Energy nor any of its affiliates are guaranteeing Duke Energy Kentucky's obligation on the Securities. The table below displays the simplified financing structure of Duke Energy:

DUKE ENERGY SIMPLIFIED FINANCING STRUCTURE



Source: Company

Below is the Company's yearly historical revenue breakdown since 2012:

DUKE ENERGY KENTUCKY HISTORICAL REVENUE BREAKDOWN

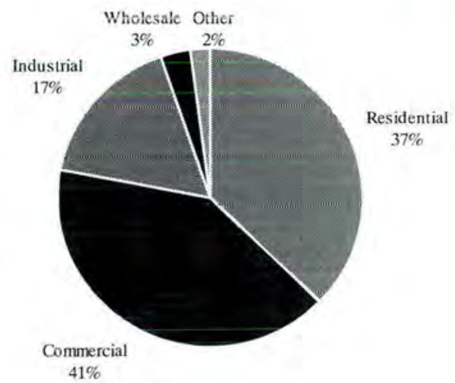
Source: Company

2. *CUSTOMERS & SERVICE TERRITORY*

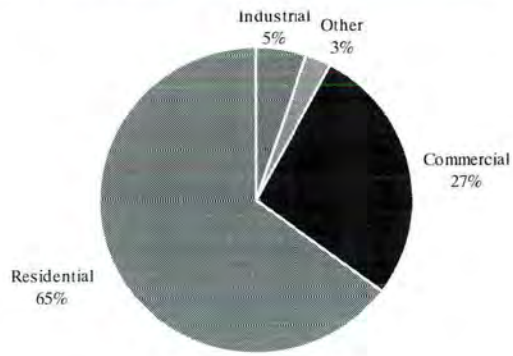
Duke Energy Kentucky provides electric and gas service in the northern Kentucky area. The approximately 700 square mile service territory includes the cities of Covington and Florence, Kentucky. The Company owns an electric transmission and distribution system in Kenton, Campbell, Boone, Grant, and Pendleton counties of northern Kentucky. The Company also owns a gas distribution system, which serves either all or parts of Kenton, Campbell, Boone, Grant, Gallatin, Bracken, and Pendleton counties of northern Kentucky.

At December 31, 2019, Duke Energy Kentucky had approximately 143,000 electric customers and 100,000 gas customers. For the year ended December 31, 2019, the Company sold 4,070,995 MWh of electricity to retail electric customers and 483,571 MWh to wholesale customers and 14,186,073 Mcf of gas to retail customers. Electric sales to residential customers account for approximately 37% of electric revenue, with commercial customers at 41%, industrial at 17%, wholesale at 3% and other at 2%. Gas sales to residential and commercial customers account for approximately 65% and 27% of gas revenue, respectively, with industrial at 5% and other at 3%.

2019 ELECTRICITY SALES BY CUSTOMER



2019 NATURAL GAS SALES BY CUSTOMER



Source: Company
Note: Commercial includes Commercial and Other Public Authorities

3. *ASSETS & GENERATION OVERVIEW*

At December 31, 2019, Duke Energy Kentucky owned approximately 107 conductor miles of 69 kilovolt electric transmission lines. The Company also owns approximately 3,000 conductor miles of electric transmission lines and approximately 1,500 miles of gas transmission and distribution mains. The electric transmission and distribution systems have approximately 46 substations.

Duke Energy Kentucky owns and operates the East Bend Generating Station ("East Bend"), a coal-fired station located in Rabbit Hash, Kentucky, with a net capacity of 600 megawatts ("MW") and one natural gas combustion turbine peaking station, Woodsdale, with a net winter capacity rating of 564 MW. East Bend, in operation since 1981, ran at a 60.22% capacity factor in calendar year 2019, and 53.13% in 2018. East Bend is a fully scrubbed power plant and is equipped to reduce sulfur dioxide emissions by 97% and NO_x emissions by 85%. It has an air permit that limits SO_2 emissions to 1.2 lbs/MMBTU. Following the retirement of the Miami Fort 6 plant in June 2015, 100% of the 600 MW of coal-fired capacity is equipped with scrubbers and Selective Catalytic Reduction equipment.

Additional information on Duke Energy Kentucky's assets is provided below:

DUKE ENERGY KENTUCKY POWER PLANTS

Plant	Year	State	Owner	Operator	Status	Prime Mover	Fuel Type	Capacity (MW)	Ownership
Crittenden Solar Facility	2017	KY	Duke Kentucky	Duke Kentucky	Operating	Photovoltaic	Solar	2.8	100.00%
East Bend	1981	KY	Duke Kentucky	Duke Kentucky	Operating	Steam Turbine	Bituminous Coal	600.0	100.00%
Walton 1 Solar Facility	2017	KY	Duke Kentucky	Duke Kentucky	Operating	Photovoltaic	Solar	2.0	100.00%
Walton 2 Solar Facility	2017	KY	Duke Kentucky	Duke Kentucky	Operating	Photovoltaic	Solar	2.0	100.00%
Woodsdale	1992	OH	Duke Kentucky	Duke Kentucky	Operating	Gas Turbine	Natural Gas	564.0	100.00%

Source: Company

DUKE ENERGY KENTUCKY CURRENT PLANT CAPACITY & OPERATIONS SUMMARY *(AS OF YEAR END 2019)*

		Owned Operating Capacity (MW)					
	Avg. Age of Fleet (Yrs)	Operating Nameplate	Operating Summer	Operating Winter	Total	MWh Net Generation	Capacity Factor
Total Coal (Steam Turbine)	40	772.0	600.0	600.0	772.0	3,165,500	60.22%
Total Natural Gas (Gas Turbine)	29	571.8	476.0	564.0	571.8	138,225	2.80%
Total Renewable (Solar)	4	6.8	6.8	6.8	6.8	11,526	19.35%
Other Non-Renewable	-	-	4.2	19.4	-	-	-
Total	24	1,350.6	1,087.0	1,190.2	1,350.6	-	27.46%

Source: Company

4. *RATES & REGULATION*

The Company is regulated primarily by the Kentucky Public Service Commission ("KPSC"). Fuel costs are adjusted monthly. Kentucky law permits Duke Energy Kentucky to recover its environmental compliance costs through a Cost Recovery Mechanism for recovery of certain environmental costs related to coal combustion and a cash return on associated construction work in progress ("CWIP") outside base rate filings. Adjustment mechanisms also permit cost recovery, including an incentive, for energy efficiency programs. The effective dates of the Company's most recent base rate increases are May 2020 for electric and April 2019 for gas.

The majority of Duke Energy Kentucky's operations are subject to price regulation for the sale of electricity and natural gas by the KPSC or Federal Energy Regulatory Commission ("FERC"). When prices are set on the basis of specific costs of the regulated operations and an effective franchise is in place such that sufficient natural gas or electric services can be sold to recover those costs, Duke Energy Kentucky applies regulatory accounting. Regulatory accounting changes the timing of the recognition of costs or revenues relative to a company that does not apply regulatory accounting. As a result, regulatory assets and regulatory liabilities are recognized on the Balance Sheets. Regulatory assets and liabilities are amortized consistent with the treatment of the related cost in the ratemaking process.

Duke Energy Kentucky utilizes a cost-tracking mechanism, commonly referred to as a fuel adjustment clause. This clause allows for the recovery of fuel and fuel-related costs and portions of purchased power costs through surcharges on customer rates. The difference between the costs incurred and the surcharge revenues is recorded as an adjustment to Operating Expenses - Fuel used in electric generation and purchased power or Operating Expenses - Cost of natural gas on the Statements of Operations with an off-setting impact on regulatory assets or liabilities.

For 12 months ending December 31, 2019, the Company's retail electric rate was 8.71 ¢/kWh. This was below the state average of 8.91 ¢/kWh and below the national average of 10.81 ¢/kWh for the 12 months ending June 30, 2019[1]

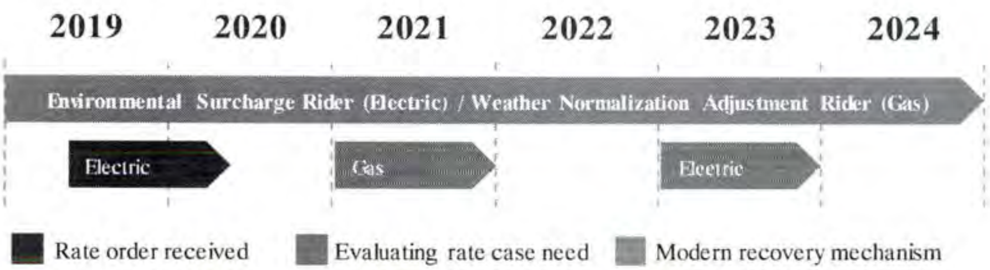
Summaries of the most recent electric and natural gas rate cases are shown in the table below:

		Increase Requested					Increase Authorized			
Service	Date	Rate Increase	Return on Rate Base	ROE	Equity to Cap	Rate Base	Date	Rate Increase	ROE	Equity to Cap
Electric	9/3/19	$45.6M	6.71%	9.80%	48.23%	$946.4M	4/27/20	$24.1M	9.25%	48.23%
Natural Gas	8/31/18	$10.5M	7.18%	9.90%	50.76%	$313.7M	3/27/19	$7.4M	9.70%	50.76%

Source: S&P Global Market Intelligence

Duke Energy Kentucky is a member of PJM Interconnection, LLC ("PJM"), a regional transmission organization that coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia and operates an energy market and a capacity market. Duke Energy Kentucky participates in the PJM capacity market as a Fixed Resource Requirement ("FRR") entity. As an FRR entity, Duke Energy Kentucky is required to submit an FRR capacity plan that identifies specific generating resources that provide Duke Energy Kentucky with capacity to meet its reliability obligations and to satisfy its load and generation needs. The FRR plan is submitted annually for a period of three delivery years into the future. Duke Energy Kentucky currently uses primarily its owned generating resources to satisfy its FRR plan.

Regulatory Calendar



Source: Company

Electric Base Rate Case

On September 3, 2019, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately $46 million, which would have been an approximate 12.5% increase across all customer classes. The request for rate increase was driven by increased investment in utility plant since the last electric base rate case in 2017. Duke Energy Kentucky sought to implement a Storm Deferral Mechanism that would have enabled Duke Energy Kentucky to defer actual costs incurred for major storms that are over or under amounts in base rates. In response to large customers' desire to have access to renewable resources, Duke Energy Kentucky proposed a Green Source Advantage tariff designed for those large customers that wish to invest in renewable energy resources to meet sustainability goals. Duke Energy Kentucky proposed an electric vehicle (EV) infrastructure pilot and modest incentives to assist customers in investing in EV technologies. Additionally, Duke Energy Kentucky proposed to build an approximate 3.4-MW distribution battery energy storage system to be attached to Duke Energy Kentucky's distribution system providing frequency regulation and enhanced reliability to Kentucky customers. The KPSC issued a procedural schedule with two rounds of discovery and opportunities for intervenor and rebuttal testimony. The Kentucky Attorney General filed its testimony recommending an increase of approximately $26 million. On January 31, 2020, Duke Energy Kentucky filed rebuttal testimony updating its rate increase calculations to approximately $44 million. Hearings were held on February 19-20, 2020, with briefing completed March 20, 2020. On April 27, 2020, the KPSC issued its decision approving a $24 million increase for Duke Energy Kentucky with a 9.25% return on equity. The KPSC denied Duke

[1] *EEI Typical Bills and Average Rates report*

Energy Kentucky's major storm deferral mechanism and EV and battery storage pilots. The KPSC approved Duke Energy Kentucky's Green Source Advantage tariff. New customer rates were effective on May 1, 2020. Duke Energy Kentucky filed an application for rehearing on May 18, 2020. The Company believes the Commission erred in its adjustment to rate base, decision to not update depreciation, and in awarding Duke Energy Kentucky an historically low ROE. On June 4, 2020, the KPSC issued its Order on rehearing granting in part and denying in part the Company's rehearing request. The Commission granted rehearing for further consideration on the adjustments to capital but denied rehearing on depreciation and ROE. Duke Energy Kentucky cannot predict the outcome of this matter.

Natural Gas Base Rate Case

On August 31, 2018, Duke Energy Kentucky filed an application with the KPSC requesting an increase in natural gas base rates of approximately $11 million, an approximate 11.1% average increase across all customer classes. The increase was net of approximately $5 million in annual savings as a result of the Tax Act. The drivers for this case were capital invested since Duke Energy Kentucky's last rate case in 2009. Duke Energy Kentucky also sought implementation of a Weather Normalization Adjustment Mechanism, amortization of regulatory assets and to implement the impacts of the Tax Act, prospectively. On January 30, 2019, Duke Energy Kentucky entered into a settlement agreement with the Attorney General of Kentucky, the only intervenor in the case. The settlement provided for an approximate $7 million increase in natural gas base revenue, a return on equity of 9.7% and approval of the proposed Weather Normalization Mechanism. A hearing was held on February 5, 2019. The commission issued its order approving the settlement without material modification on March 27, 2019. Revised customer rates were effective April 1, 2019.

Regional Transmission Organization ("RTO") Realignment

Duke Energy Kentucky transferred control of its transmission assets from Midcontinent Independent System Operator, Inc. ("MISO") to PJM, effective December 31, 2011. On December 22, 2010, the KPSC approved Duke Energy Kentucky's request to effect the RTO realignment, subject to a commitment not to seek double-recovery in a future rate case of the transmission expansion fees that may be charged by MISO and PJM in the same period or overlapping periods. Pursuant to the KPSC's April 13, 2018 order approving Duke Energy Kentucky's electric base rates, the Company is currently recovering PJM transmission expansion planning fees through its current base rates. In compliance with the prior KPSC order, the Company did not seek recovery of MISO transmission expansion planning costs.

5. *SELECTED HISTORICAL FINANCIALS*

SUMMARY HISTORICAL FINANCIALS

($ in Thousands)

	2015	2016	2017	2018	2019	LTM 3/31/2020
Income Statement						
Operating Revenues						
Electric	$ 359,196	$ 346,124	$ 337,118	$ 378,507	$ 374,689	$ 366,979
Natural Gas	102,354	90,216	93,620	104,548	103,936	97,825
Total operating revenues	461,550	436,340	430,738	483,055	478,625	464,804
Operating Income	87,334	72,198	67,717	75,003	73,591	72,851
EBITDA	132,222	118,187	119,983	146,523	160,822	160,736
Interest expense and other financing costs	14,172	14,888	14,078	18,347	23,430	24,442
Net Income	46,176	42,584	59,399	49,809	48,870	44,902
Balance Sheet						
Cash and cash equivalents	$ 9,141	$ 6,534	$ 1,687	$ 7,773	$ 7,146	$ 7,810
Total asset value	1,340,478	1,370,148	1,530,972	1,785,883	1,994,413	1,998,433
Total debt	374,770	381,702	451,180	588,985	741,316	748,489
Total net debt	365,629	375,168	449,493	581,212	734,170	740,679
Total shareholders' equity	404,432	437,015	511,414	596,223	645,093	663,425
Total capitalization	779,202	818,717	962,594	1,185,208	1,386,409	1,411,914
Cash Flow Statement						
Cash flow from operations	$ 109,932	$ 108,596	$ 111,886	$ 123,432	$ 112,217	$ 120,909
Capital expenditures	69,234	100,899	180,271	276,990	248,601	251,351
Depreciation and amortization	44,497	44,683	48,235	65,489	79,871	81,926
Ratios						
Total debt / EBITDA	2.8x	3.2x	3.8x	4.0x	4.6x	4.7x
Total net debt / EBITDA	2.8x	3.2x	3.7x	4.0x	4.6x	4.6x
EBITDA / Interest expense	9.3x	7.9x	8.5x	8.0x	6.9x	6.6x
Total debt / Total capitalization	48.1%	46.6%	46.9%	49.7%	53.5%	53.0%

Source: Company

6. *OTHER*

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. In March 2020, the World Health Organization declared COVID-19 a global pandemic, and President Trump proclaimed that the COVID-19 outbreak in the United States constitutes a national emergency. The COVID-19 pandemic has not had a material financial impact on Duke Energy Kentucky as of March 31, 2020; however, the extent to which the COVID-19 pandemic will impact Duke Energy Kentucky during 2020 and beyond is uncertain at this time. Duke Energy Kentucky is monitoring developments closely.

In response to the COVID-19 pandemic, on March 6, 2020, Governor Andy Beshear issued Executive Order No. 2020-215 declaring a state of emergency in the Commonwealth of Kentucky. The KPSC issued an order directing utilities to cease disconnections for nonpayment and waive late payment and reconnection fees. The KPSC also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers if necessary. In response, Duke Energy Kentucky has ceased all disconnections except for safety-related concerns and is waiving late payment and reconnection fees.

Environmental

Duke Energy Kentucky is subject to federal, state, and local regulations regarding air and water quality, hazardous and solid waste disposal, and other environmental matters. These regulations can be changed from time to time, imposing new obligations on Duke Energy Kentucky.

On November 16, 2016, the state of Maryland filed a petition with EPA under Section 126 of the Clean Air Act alleging that 19 power plants, including one unit owned and operated by Duke Energy Kentucky, contribute to violations of EPA's National Ambient Air Quality Standards (NAAQS) for ozone in the state of Maryland. On March 12, 2018, the state of New York filed a petition with EPA, also under Section 126 of the Clean Air Act alleging that over 60 power plants, including one unit owned and operated by Duke Energy Kentucky, contribute to violations of EPA's ozone NAAQS in the state of New York. Both Maryland and New York sought EPA orders requiring the states in which the named power plants operate impose more stringent Nitrogen Oxide (NO_x) emission limitations on the plants. On October 5, 2018, EPA published a final rule denying the Maryland petition. That same day, Maryland appealed EPA's denial. On October 18, 2019, EPA denied the New York petition, and New York appealed that decision on October 29, 2019. Both appeals are before the U.S. Court of Appeals for the District of Columbia. The impact of these petitions could be more stringent requirements for the operation of NO_x emission controls at these plants. Duke Energy Kentucky cannot predict the outcome of these matters.

Remediation Activities

In addition to asset retirement obligations ("AROs") recorded as a result of various environmental regulations, Duke Energy Kentucky is responsible for environmental remediation at various sites. These include certain properties that are part of ongoing operations and sites formerly owned or used by Duke Energy Kentucky. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site condition and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability or cost recovery or contribution actions, Duke Energy Kentucky could potentially be held responsible for environmental impacts caused by other potentially responsible parties and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other in the Condensed Statements of Operations unless regulatory recovery of the costs is deemed probable.

Duke Energy Kentucky has recorded approximately $670,000 of probable and estimable costs related to its various environmental sites in Other within Deferred Credits and Other Liabilities on the Condensed Balance Sheets as of March 31, 2020 and December 31, 2019. Additional losses in excess of recorded reserves are expected to be immaterial for the stages of investigation, remediation and monitoring for the environmental sites that have been evaluated. The maximum amount of the range for all stages of Duke Energy Kentucky's environmental sites cannot be determined at this time.

Litigation

Duke Energy Kentucky is involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. Duke Energy Kentucky believes the final disposition of these proceedings will not have a material effect on its results of operations, cash flows or financial position. Duke Energy Kentucky expenses legal costs related to the defense of loss contingencies as incurred.

General

As part of its normal business, Duke Energy Kentucky is party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various third parties. These guarantees involve elements of performance and credit risk, which are not included on the Condensed Balance Sheets. The possibility of Duke Energy Kentucky having to honor its contingencies is largely dependent upon future operations of various third parties or the occurrence of certain future events.

II. PROPOSED OFFERING

1. SUMMARY OF PROPOSED OFFERING

Duke Energy Kentucky proposes to issue $70 million of Senior Unsecured Debentures (the "Securities"). The Company reserves the right to increase or decrease the size of the issue. The Securities contemplated will be issued with final maturities between 5 and 30 years. The Company reserves the right to consider additional maturities and structures. Interest on the Securities will be payable semi-annually in arrears.

The Company will use the proceeds from the sale of the Securities for the repayment of short-term debt and for general corporate purposes.

The Securities have not been pre-rated by the Securities Valuation Office ("SVO") of the NAIC and will not be rated prior to closing. Duke Energy Kentucky's existing Senior Unsecured Debentures are currently rated NAIC-2 (+) by the SVO (last affirmed January 29, 2020).

The Company proposes to issue the Securities pursuant to the terms and conditions outlined in the Summary Term Sheet included in Section V. The Summary Term Sheet provides an outline of relevant terms and conditions contained in a debenture purchase agreement to be entered into between the Company and the purchasers therein (the "Debenture Purchase Agreement"). To the extent a difference exists between the Summary Term Sheet and the Debenture Purchase Agreement, the Debenture Purchase Agreement will govern. Prospective debenture holders' counsel will be Ed Pelican at Chapman & Cutler LLP (epelican@chapman.com; 312-845-3861).

The Placement Agent and its affiliates provide various investment banking, commercial banking and financial advisory services to the Company and its affiliates. An affiliate of the Placement Agent is a lender under the Duke Energy Master Credit Facility (as defined herein).

2. *PRO FORMA CAPITALIZATION*

Below is the Company's pro forma capitalization as of March 31, 2020:

PRO FORMA CAPITALIZATION

($ in Millions)	As of March 31, 2020	Senior Debenture Adjustments	Pro Forma March 31, 2020
Cash and Cash Equivalents	$ 7.8	$ -	7.8
Unsecured Debt			
4.010% Debentures due 2023	25.0	-	25.0
3.230% Debentures due 2025	95.0	-	95.0
3.420% Debentures due 2026	45.0	-	45.0
4.180% Debentures due 2028	40.0	-	40.0
3.350% Debentures due 2029	30.0	-	30.0
3.560% Debentures due 2029	75.0	-	75.0
6.200% Debentures due 2036	65.0	-	65.0
4.450% Debentures due 2046	50.0	-	50.0
4.110% Debentures due 2047	30.0	-	30.0
4.620% Debentures due 2048	35.0	-	35.0
4.320% Debentures due 2049	40.0	-	40.0
4.260% Debentures due 2057	30.0	-	30.0
Tax-exempt bonds due 2027	76.7	-	76.7
Commercial Paper	25.0	-	25.0
Unamortized debt discount and premium, net	(0.2)	-	(0.2)
Unamortized debt issuance costs	(2.6)	-	(2.6)
New Private Placement Debentures	-	70.0	70.0
Total Long-Term Debt	*658.9*	*70.0*	*728.9*
Notes payable to affiliated companies	89.6	(70.0)	19.6
Total Debt	*748.5*	-	*748.5*
Total Common Stock Equity	663.4	-	663.4
Total Book Capitalization	*1,411.9*	-	*1,411.9*
Credit Statistics			
Total Debt / Total Book Capitalization	53.0%		53.0%

Source: Company

3. *LIQUIDITY*

In March 2020, Duke Energy amended its existing $8 billion Master Credit Facility to extend the termination date to March 2025. Duke Energy Kentucky has borrowing capacity under the Master Credit Facility up to a specified sublimit. Duke Energy has the unilateral ability at any time to increase or decrease Duke Energy Kentucky's borrowing sublimit, subject to a maximum sublimit. The amount available to Duke Energy Kentucky under the Master Credit Facility may be reduced to backstop issuances of commercial paper, certain letters of credit and variable rate demand tax-exempt bonds that may be put to Duke Energy Kentucky at the option of the holder. At April 30, 2020, Duke Energy Kentucky had a borrowing sublimit of $150 million and available capacity of $64 million under Duke Energy's Master Credit Facility.

In 2019, Duke Energy Kentucky issued $210 million of unsecured debentures, of which $95 million carry a fixed rate of 3.23% and mature October 2025, $75 million carry a fixed interest rate of 3.56% and mature October 2029, and $40 million carry a fixed interest rate of 4.32% and mature July 2049. The debt was issued to refinance existing debt, including $100 million of unsecured debentures that matured in October 2019, to pay down a portion of outstanding short-term debt and for general corporate purposes.

Duke Energy Kentucky also has a regulatory restriction requiring it to maintain an equity-to-total capitalization ratio of at least 35% and limiting any dividend payments to the amount of Duke Energy Kentucky's retained earnings.

Receivables Financing – CRC

CRC is a bankruptcy remote, special purpose entity that is an affiliate of Duke Energy Kentucky. As discussed below, Duke Energy Kentucky does not consolidate CRC as it is not the primary beneficiary. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Kentucky. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Kentucky. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables.

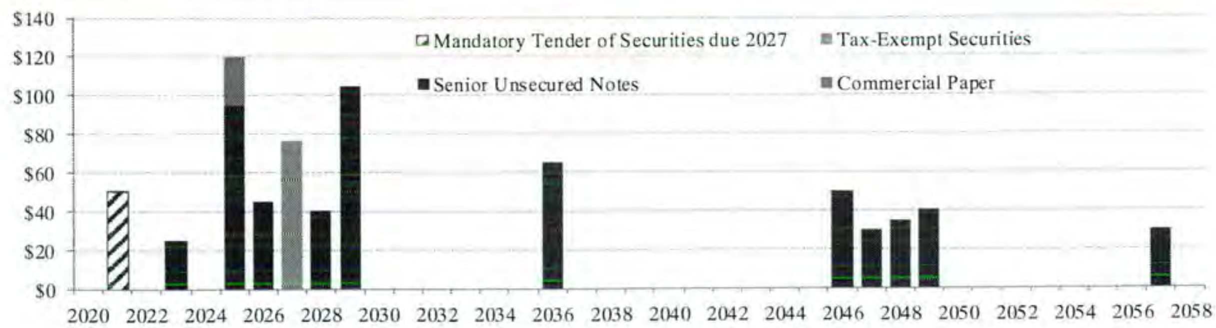
CRC is considered a variable interest entity (VIE) because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact the economic performance of the entity is not held by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy consolidates CRC as it makes these decisions. Duke Energy Kentucky does not consolidate CRC. Due to the COVID-19 pandemic, Duke Energy Kentucky suspended customer disconnections for nonpayment. The impact of COVID-19 and Duke Energy Kentucky's related response on customers' ability to pay for service is uncertain, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates.

The proceeds Duke Energy Kentucky receives from the sale of receivables to CRC are approximately 75% cash and 25% in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Duke Energy Kentucky had receivables of $9.1 million and $16.0 million from CRC at March 31, 2020, and December 31, 2019, respectively. These balances are included in Receivables from affiliated companies on the Condensed Balance Sheets. The subordinated note held by Duke Energy Kentucky is stated at fair value. Duke Energy Kentucky's maximum exposure to loss does not exceed the carrying value.

4. *LONG-TERM DEBT MATURITY SCHEDULE*

Below is the Company's long-term debt maturity schedule as of March 31, 2020:

DUKE ENERGY KENTUCKY LONG-TERM DEBT MATURITY SCHEDULE



Source: Company
Note: $ in millions; $50 million of tax-exempt securities due 2027 are subject to mandatory tender in November 2021

Duke Energy Kentucky has the ability under the terms of certain debt obligations to call and repay the obligation prior to its scheduled maturity; therefore, the actual timing of future cash prepayments could be materially different than as presented above. Additionally, $50 million of the pollution control bonds maturing in 2027 are subject to mandatory tender for purchase on November 1, 2021, at which time it is anticipated such bonds will be remarketed to subsequent purchasers pursuant to their terms.

III. INVESTMENT CONSIDERATIONS

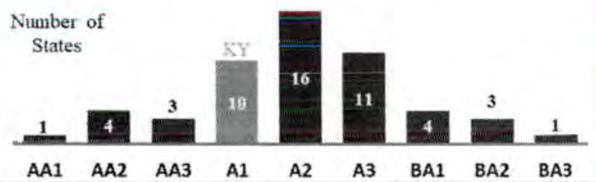
1. *LOW BUSINESS RISK*

Duke Energy Kentucky operates a relatively low-risk electric and natural gas business within a constructive regulatory environment in Kentucky. Regulatory policies allow for monthly fuel adjustments and permit recovery of certain environmental costs and a cash return on associated CWIP. Duke Energy Kentucky is also permitted to recover the costs of energy-efficiency programs.

2. *SUPPORTIVE REGULATORY ENVIRONMENT*

Kentucky regulation is relatively constructive from an investor perspective according to the Regulatory Research Associates ("RRA"), which rates Kentucky as "Average 1". The KPSC has approved the use of incentive mechanisms for several utilities that provide the companies an opportunity to retain a portion of commodity cost savings versus a benchmark and/or a portion of the margins associated with off-system sales and capacity release activities.

RRA STATE REGULATORY RANKINGS (AS OF MAY 2020)



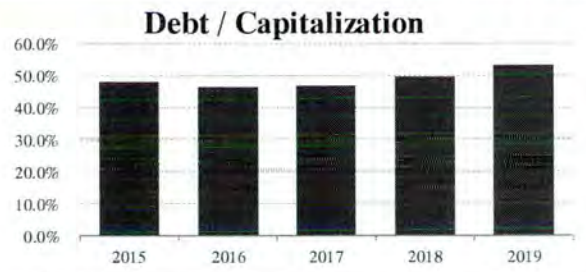
RRA Categories	Category	Definition
	AA	Above Average
	A	Average
	BA	Below Average

Source: S&P Global Market Intelligence; RRA rankings evaluate regulatory climates of the 50 states, including multiple regulatory bodies in Texas and Louisiana, and the District of Columbia (a total of 53 jurisdictions). The numbers 1, 2, and 3 indicate relative position. 1 indicates a stronger (more constructive) rating; 2, a mid-range rating; and, 3, a weaker (less constructive) rating.

3. *STRONG FINANCIAL METRICS*

The following charts illustrate Duke Energy Kentucky's Debt / Capitalization and FFO / Debt over the past five years.

DUKE ENERGY KENTUCKY CREDIT METRICS



Source: Company

Note: Debt/Capitalization calculated as total debt / total capitalization and FFO / Debt calculated as cash from operations, less changes in working capital, less asset retirement obligation costs / total debt.

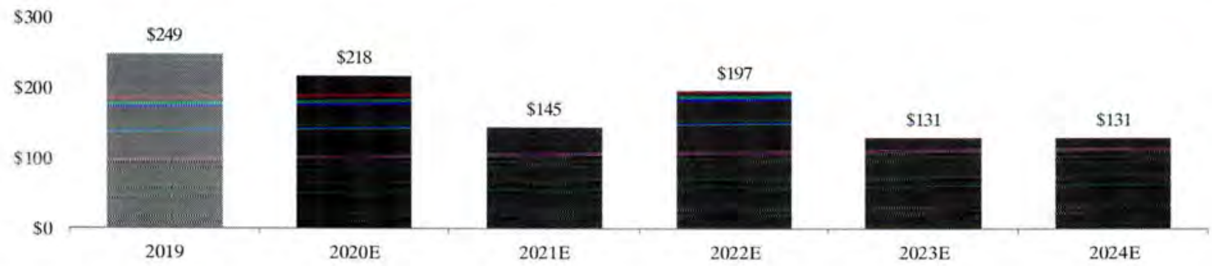
4. *EXPERIENCED UTILITY MANAGEMENT AND KEY MEMBER OF VERTICALLY INTEGRATED UTILITY SYSTEM*

Duke Energy, the ultimate parent of Duke Energy Kentucky, is one of the largest utility holding companies in the United States. The Duke Energy system operates as an integrated utility system whereby member companies have contractual, financial and other business relationships with other member companies, subject to regulatory oversight. As a subsidiary, Duke Energy Kentucky can leverage Duke Energy's utility management team. The Company is led by a solid group of senior executives with an average of 25 years of experience at Duke Energy.

5. *MODERATE CAPITAL EXPENDITURES*

Projected capital requirements average approximately $164 million over the next five years and are expected to be funded largely with internally generated cash.

DUKE ENERGY KENTUCKY HISTORICAL AND PROJECTED CAPITAL EXPENDITURES



Source: Company
Note: $ in Millions

Shown below is a breakdown of Duke Energy Kentucky's electric and natural gas capital expenditures by category:

PROJECTED CAPITAL EXPENDITURE BREAKDOWN

	Projected CapEx					
	2020E	2021E	2022E	2023E	2024E	2020-2024 Cumulative
Duke Energy Kentucky Electric						
Electric Generation	20	7	74	4	-	106
Electric Transmission	19	1	4	4	4	32
Electric Distribution	50	38	41	43	43	214
Environmental & Other	8	6	7	1	-	22
Electric Utilities & Infrastructure Growth Capital	**$96**	**$52**	**$126**	**$52**	**$47**	**$374**
Maintenance	58	43	45	54	57	257
Total Electric Capital Expenditures	**$154**	**$95**	**$171**	**$106**	**$105**	**$631**
Duke Energy Kentucky Gas						
LDC Investments	6	6	7	7	7	33
Maintenance	58	44	19	18	19	158
Total Natural Gas Capital Expenditures	**$64**	**$50**	**$26**	**$24**	**$26**	**$191**
Total Duke Energy Kentucky Capital Expenditures	**$218**	**$145**	**$197**	**$130**	**$131**	**$822**

Source: Company
Note: $ in Millions, totals may not foot due to rounding

IV. RISK FACTORS

You should carefully consider the risks described below, as well as other information contained in this Executive Summary, before buying any Securities. The risks described in this section are those that we consider to be the most significant to your decision whether to invest in the Securities. If any of the events described below occurs, our business, financial condition or results of operations could be materially harmed. In addition, we may not be able to make payments on the Securities, and this could result in your losing all or part of your investment. Furthermore, additional risks that we do not know about or that we currently view as immaterial may also impact our business or adversely affect our ability to make payments on the Securities.

Impact of COVID-19

Our operations have been and may be affected by COVID-19 in ways listed below and in ways we cannot predict at this time.

The COVID-19 pandemic has begun to impact our business strategy, results of operations, financial position and cash flows, albeit not materially as of this filing date, from specific activities listed below:

- Decreased demand for electricity and natural gas; and
- The health and availability of our critical personnel and their ability to perform business functions

Furthermore, due to the unpredictability of the COVID-19 pandemic's ongoing impact on global health and economic stability as of the date of this Executive Summary, we expect that the activities listed below could negatively impact our business strategy, results of operations, financial position and cash flows:

- An inability to procure satisfactory levels of fuels or other necessary equipment to continue production of electricity and delivery of natural gas;
- An inability to obtain labor or equipment necessary for the construction of generation projects or pipeline expansion;
- An inability to maintain information technology systems and protections from cyberattack;
- An inability to obtain financing in volatile financial markets;
- Additional federal regulation tied to stimulus and other aid packages;
- Impairment charges to certain assets, including goodwill; and
- Actions of state utility commissions or federal or state governments to allow customers to suspend or delay payment of bills related to the provision of electric or gas services

Regulatory, Legislative and Legal Risks

Our regulated electric and gas revenues, earnings and results are dependent on state legislation and regulation that affect electric generation, transmission, distribution and related activities and gas sales and transportation, which may limit our ability to recover costs.

Our regulated utility businesses are regulated on a cost-of-service/rate-of-return basis subject to the statutes of Kentucky and the rules and procedures of the KPSC. If our regulated utility earnings exceed the returns established by the KPSC, our retail rates may be subject to review and possible reduction by the KPSC, which may decrease our future earnings. Additionally, if regulatory bodies do not allow recovery of costs incurred in providing service on a timely basis, our future earnings could be negatively impacted.

If legislative and regulatory structures were to evolve in such a way that our exclusive rights to serve our regulated customers were eroded, our future earnings could be negatively impacted.

Deregulation or restructuring in the electric industry may result in increased competition and unrecovered costs that could adversely affect our financial position, results of operations or cash flows and our utility businesses.

Increased competition resulting from deregulation or restructuring legislation could have a significant adverse impact on our results of operations, financial position, or cash flows. Retail competition and the unbundling of regulated electric service could have a significant adverse financial impact on us due to an impairment of assets, a loss of retail customers, lower profit margins or increased costs of capital. We cannot predict the extent and timing of entry by additional competitors into the electric markets. We cannot predict if or when we will be subject to changes in legislation or regulation, nor can we predict the impact of these changes on our financial position, results of operations or cash flows.

Our businesses are subject to extensive federal regulation that will affect our operations and costs.

We are subject to regulation by the Federal Energy Regulatory Commission ("FERC"), the U.S. Environmental Protection Agency ("EPA") and various other federal agencies as well as the North American Electric Reliability Corporation. Regulation affects almost every aspect of our businesses, including, among other things, our ability to: take fundamental business management actions; determine the terms and rates of transmission and distribution services; make acquisitions; issue equity or debt securities; engage in transactions with other subsidiaries and affiliates; and pay dividends upstream to our ultimate parent, Duke Energy. Changes to federal regulations are continuous and ongoing. There can be no assurance that laws, regulations and policies will not be changed in ways that result in material modifications of business models and objectives or affect returns on investment by restricting activities and products, subjecting us to escalating costs, causing delays, or prohibiting them outright.

We are subject to numerous environmental laws and regulations requiring significant capital expenditures that can increase the cost of operations, and which may impact or limit business plans, or cause exposure to environmental liabilities.

We are subject to numerous environmental laws and regulations affecting many aspects of our present and future operations, including coal combustion residuals ("CCRs"), air emissions, water quality, wastewater discharges, solid waste and hazardous waste. These laws and regulations can result in increased capital, operating and other costs. These laws and regulations generally require us to obtain and comply with a wide variety of environmental licenses, permits, inspections and other approvals. Compliance with environmental laws and regulations can require significant expenditures, including expenditures for cleanup costs and damages arising from contaminated properties. Failure to comply with environmental regulations may result in the imposition of fines, penalties and injunctive measures affecting operating assets. The steps we could be required to take to ensure our facilities are in compliance could be prohibitively expensive. As a result, we may be required to shut down or alter the operation of our facilities, which may cause us to incur losses. Further, we may not be successful in recovering capital and operating costs incurred to comply with new environmental regulations through existing regulatory rate structures and our contracts with customers. Also, we may not be able to obtain or maintain from time to time all required environmental regulatory approvals for our operating assets or development projects. Delays in obtaining any required environmental regulatory approvals, failure to obtain and comply with them or changes in environmental laws or regulations to more stringent compliance levels could result in additional costs of operation for existing facilities or development of new facilities being prevented, delayed or subject to additional costs. Although it is not expected that the costs to comply with current environmental regulations will have a material adverse effect on our financial position, results of operations or cash flows due to regulatory cost recovery, we are at risk that the costs of complying with environmental regulations in the future will have such an effect.

The EPA has enacted or proposed federal regulations governing the management of cooling water intake structures, wastewater and carbon dioxide (CO_2) emissions. These regulations may require us to make additional capital expenditures and increase operating and maintenance costs.

Operational Risks

Our results of operations may be negatively affected by overall market, economic and other conditions that are beyond our control.

Sustained downturns or sluggishness in the economy generally affect the markets in which we operate and negatively influence our operations. Declines in demand for electricity and gas as a result of economic downturns in our regulated service territories will reduce overall sales and lessen cash flows, especially as industrial customers reduce production and, therefore, consumption of electricity and gas. Although our regulated electric and gas businesses are subject to regulated allowable rates of return and recovery of certain costs, such as fuel and gas, under periodic adjustment clauses, overall declines in electricity and gas sold as a result of economic downturn or recession could reduce revenues and cash flows, thereby diminishing results of operations. Additionally, prolonged economic downturns that negatively impact our results of operations and cash flows could result in future material impairment charges to write-down the carrying value of certain assets to their respective fair values.

Factors that could impact sales volumes, generation of electricity and market prices at which we are able to sell electricity are as follows:

- weather conditions, including abnormally mild winter or summer weather that cause lower energy usage for heating or cooling purposes, respectively, and periods of low rainfall that decrease the ability to operate facilities in an economical manner;
- supply of and demand for energy commodities;
- availability of competitively priced alternative energy sources, which are preferred by some customers over electricity produced from coal, nuclear or gas plants, and customer usage of energy efficient equipment that reduces energy demand;
- natural gas prices;
- ability to procure satisfactory levels of inventory, such as coal and natural gas; and
- capacity and transmission service into, or out of, our markets.

Natural disasters or operational accidents may adversely affect our operating results.

Natural disasters or other operational accidents within the company or industry (such as forest fires, earthquakes, hurricanes, or natural gas transmission pipeline explosions) could have direct significant impacts on us as well as on key contractors and suppliers. Further, the generation of electricity and the transportation and storage of natural gas involve inherent operating risks that may result in accidents involving serious injury or loss of life, environmental damage, or property damage. Such events could impact us through changes to policies, laws and regulations whose compliance costs have a significant impact on our financial position, results of operations and cash flows. In addition, if a serious operational accident were to occur, it could have a material adverse effect on our results of operations, financial position, cash flows and reputation or operations.

Coal ash storage and management strategies to comply with CCR regulations could impact our reputation and financial condition.

As a result of electricity produced at our coal-fired power plant, we manage large amounts of CCRs, typically combined with water in ash basins. The potential exists for a coal ash pond failure or coal ash related incident that could impact the environment or raise general public health concerns. Such an incident could have a material adverse impact to our reputation and financial condition.

Recent regulations for the disposal of CCRs from power plants by the EPA became effective in 2015. These regulations classify CCR as nonhazardous waste under the RCRA and apply to all new and existing landfills, new and existing surface impoundments, structural fills and CCR piles and establish requirements regarding landfill design, structural integrity and assessment criteria for surface impoundments, groundwater monitoring and protection procedures and other operational and reporting procedures to ensure the safe disposal and management of CCR. Duke Energy Kentucky recorded an asset retirement obligation in the second quarter of 2015 as a result of such CCR regulations. In addition to federal CCR regulations, CCR landfills and surface impoundments will continue to be independently regulated by most states and additional regulations by states may be imposed in the future. These regulations may require additional capital expenditures, increased operating and maintenance costs, or closure of certain facilities which could affect our financial position, results of operations and cash flows. Although we intend to seek cost recovery for future expenditures through the existing environmental cost recovery rider, which permits recovery of necessary and prudently incurred CCR costs, there is no guarantee that recovery of such costs will be granted.

Our financial position, results of operations and cash flows may be negatively affected by a lack of growth or slower growth in the number of customers, or decline in customer demand or number of customers.

Growth in customer accounts and growth of customer usage each directly influence demand for electricity and the need for additional power generation and delivery facilities. Customer growth and customer usage are affected by a number of factors outside our control, such as mandated energy efficiency measures, demand-side management goals, distributed generation resources and economic and demographic conditions, such as population changes, job and income growth, housing starts, new business formation and the overall level of economic activity.

Certain regulatory and legislative bodies have introduced or are considering requirements and/or incentives to reduce energy consumption by certain dates. Additionally, technological advances driven by federal laws mandating new levels of energy efficiency in end-use electric devices or other improvements in or applications of technology could lead to declines in per capita energy consumption.

Advances in distributed generation technologies that produce power, including fuel cells, micro-turbines, wind turbines and solar cells, may reduce the cost of alternative methods of producing power to a level competitive with central power station electric production utilized by us.

Some or all of these factors, could result in a lack of growth or decline in customer demand for electricity or number of customers, and may cause the failure of us to fully realize anticipated benefits from significant capital investments and expenditures which could have a material adverse effect on our financial position, results of operations and cash flows.

Furthermore, we currently have energy efficiency riders in place to recover the cost of energy efficiency programs in Kentucky. Should we be required to invest in conservation measures that result in reduced sales from effective conservation, regulatory lag in adjusting rates for the impact of these measures could have a negative financial impact.

Our operating results may fluctuate on a seasonal and quarterly basis and can be negatively affected by changes in weather conditions and severe weather.

Electric power generation and the sale and transportation of natural gas are generally seasonal businesses. In most parts of the U.S. and in markets in which we operate, demand for power peaks during the warmer summer months and demand for natural gas peaks during the cold winter months, with market prices typically peaking during the warmer summer months for electricity and during the cold winter months for natural gas. Further, extreme weather conditions such as hurricanes, droughts, heat waves or, winter storms and severe weather associated with climate change could cause these seasonal fluctuations to be more pronounced. As a result, in the future, the overall operating results of our businesses may fluctuate substantially on a seasonal and quarterly basis and thus make period-to-period comparison less relevant.

Sustained severe drought conditions could impact generation by our fossil fuel plants, as these facilities use water for cooling purposes and for the operation of environmental compliance equipment. Furthermore, destruction caused by severe weather events, such as hurricanes, tornadoes, severe thunderstorms, snow and ice storms, can result in lost operating revenues due to outages; property damage, including downed transmission and distribution lines; and additional and unexpected expenses to mitigate storm damage. The cost of storm restoration efforts may not be fully recoverable through the regulatory process.

Our sales may decrease if we are unable to gain adequate, reliable and affordable access to transmission assets.

We depend on transmission and distribution facilities owned and operated by utilities and other energy companies to deliver electricity sold to the wholesale market. FERC's power transmission regulations require wholesale electric transmission services to be offered on an open-access, non-discriminatory basis. If transmission is disrupted, or if transmission capacity is inadequate, our ability to sell and deliver products may be hindered.

The different regional power markets have changing regulatory structures, which could affect growth and performance in these regions. In addition, the independent system operators who oversee the transmission systems in regional power markets have imposed in the past, and may impose in the future, price limitations and other mechanisms to address volatility in the power markets. These types of price limitations and other mechanisms may adversely impact the profitability of our wholesale power marketing business.

Fluctuations in commodity prices or availability may adversely affect various aspects of our operations as well as our financial condition, results of operations and cash flows.

We are exposed to the effects of market fluctuations in the price of natural gas, coal, electricity and other energy-related commodities as a result of our ownership of energy-related assets. Fuel and gas costs are recovered primarily through cost-recovery clauses, subject to the approval of the KPSC. In the event of a forced outage, recovery of replacement power costs in Kentucky is limited to the cost of the unit for which a forced outage occurred. Therefore, Duke Energy Kentucky could have unrecoverable replacement power costs in the event of a forced outage.

Additionally, we are exposed to risk that counterparties will not be able to fulfill our obligations. Disruption in the delivery of fuel, including disruptions as a result of, among other things, transportation delays, weather, labor relations, force majeure events, or environmental regulations affecting any of these fuel suppliers, could limit the operation of our facilities. Should counterparties fail to perform, we might be forced to replace the underlying commitment at prevailing market prices possibly resulting in unrecoverable losses in addition to the amounts, if any, already paid to the counterparties.

Certain of our hedge agreements may result in the receipt of, or posting of, derivative collateral with counterparties, depending on the daily derivative position. Fluctuations in commodity prices that lead to the return of collateral received and/or the posting of collateral with counterparties negatively impact liquidity. Downgrades in our credit ratings could lead to additional collateral posting requirements. We continually monitor derivative positions in relation to market price activity.

Potential terrorist activities or military or other actions could adversely affect our businesses.

The continued threat of terrorism and the impact of retaliatory military and other action by the U.S. and its allies may lead to increased political, economic and financial market instability and volatility in prices for natural gas and oil, which may have material adverse effects in ways we cannot predict at this time. In addition, future acts of terrorism and possible reprisals as a consequence of action by the U.S. and its allies could be directed against companies operating in the U.S. Information technology systems, transmission and distribution and generation facilities could be potential targets of terrorist activities or harmful activities by individuals or groups. The potential for terrorism has subjected our operations to increased risks and could have a material adverse effect on our businesses. In particular, we may experience increased capital and operating costs to implement increased security for our information technology systems, transmission and distribution and generation facilities. These increased costs could include additional physical plant security and security personnel or additional capability following a terrorist incident.

The failure of our technology systems, or the failure to enhance existing information technology systems and implement new technology, could adversely affect the Duke Energy Kentucky.

Our operations are dependent upon the proper functioning of our internal systems, including the information technology systems that support our underlying business processes. Any significant failure or malfunction of such information technology systems may result in disruptions of our operations. In the ordinary course of business, we rely on information technology systems, including the internet and third-party hosted services, to support a variety of business processes and activities and to store sensitive data, including (i) intellectual property, (ii) proprietary business information, (iii) personally identifiable information of our customers and employees, and (iv) data with respect to invoicing and the collection of payments, accounting, procurement, and supply chain activities. Our information technology systems are dependent upon global communications and cloud service providers, as well as their respective vendors, many of whom have at some point experienced significant system failures and outages in the past and may experience such failures and outages in the future. These providers' systems are susceptible to cybersecurity and data breaches, outages from fire, floods, power loss, telecommunications failures, break-ins and similar events. Failure to prevent or mitigate data loss from system failures or outages could materially affect our results of operations, financial position and cash flows.

In addition to maintaining our current information technology systems, we believe the digital transformation of our business is key to driving internal efficiencies as well as providing additional capabilities to customers. Our information technology systems are critical to cost-effective, reliable daily operations and our ability to effectively serve our customers. We expect our customers to continue to demand more sophisticated technology-driven solutions and we must enhance or replace our information technology systems in response. This involves significant development and implementation costs to keep pace with changing technologies and customer demand. If we fail to successfully implement critical technology, or if it does not provide the anticipated benefits or meet customer demands, such failure could materially adversely affect our business strategy as well as impact our results of operations, financial position and cash flows.

Cyberattacks and data security breaches could adversely affect our businesses.

Cybersecurity risks have generally increased in recent years as a result of the proliferation of new technologies and the increased sophistication, magnitude and frequency of cyberattacks and data security breaches. We rely on the continued operation of sophisticated digital information technology systems and network infrastructure, which are part of an interconnected regional grid. Additionally, connectivity to the Internet continues to increase through grid modernization and other operational excellence initiatives. Because of the critical nature of the infrastructure, increased connectivity to the Internet and technology systems' inherent vulnerability to disability or failures due to hacking, viruses, acts of war or terrorism or other types of data security breaches, we face a heightened risk of cyberattack from foreign or domestic sources and have been subject, and will likely continue to be subject, to attempts to gain unauthorized access to information and/or information systems or to disrupt utility operations through computer viruses and phishing attempts either directly or indirectly through its material vendors or related third parties. In the event of a significant cybersecurity breach on either us or with one of our material vendors or related third parties, we could (i) have business operations disrupted, including the disruption of the operation of our assets and the power grid, theft of confidential company, employee, vendor or customer information, and general business systems and process interruption or compromise, including preventing us from servicing customers, collecting revenues or the recording, processing and/or reporting financial information correctly, (ii) experience substantial loss of revenues, repair and restoration costs, penalties and costs for lack of compliance with relevant regulations, implementation costs for additional security measures to avert future cyberattacks and other financial loss and (iii) be subject to increased regulation, litigation and reputational damage. While Duke Energy maintains insurance relating to cybersecurity events, such insurance is subject to a number of exclusions and may be insufficient to offset any losses, costs or damage experienced. Also, the market for cybersecurity insurance is relatively new and coverage available for cybersecurity events may evolve as the industry matures.

We are subject to standards enacted by the North American Electric Reliability Corporation and enforced by FERC regarding protection of the physical and cyber security of critical infrastructure assets required for operating North America's bulk electric system. While we believe we are in compliance with such standards and regulations, we may in the future be, found to be in violation of such standards and regulations. In addition, compliance with or changes in the applicable standards and regulations may subject us to higher operating costs and/or increased capital expenditures as well as substantial fines for non-compliance.

Failure to attract and retain an appropriately qualified workforce could unfavorably impact our results of operations.

Certain events, such as an aging workforce, mismatch of skill set or complement to future needs, or unavailability of contract resources may lead to operating challenges and increased costs. The challenges include lack of resources, loss of knowledge base and the lengthy time required for skill development. In this case, costs, including costs for contractors to replace employees, productivity costs and safety costs, may rise. Failure to hire and adequately train replacement employees, including the transfer of significant internal historical knowledge and expertise to new employees, or future availability and cost of contract labor may adversely affect the ability to manage and operate the business. If we are unable to successfully attract and retain an appropriately qualified workforce, our financial position or results of operations could be negatively affected.

Our membership in a Regional Transmission Organization (an "RTO") presents risks that could have a material adverse effect on our results of operations, financial condition and cash flows.

The rules governing the various regional power markets may change, which could affect our costs and/or revenues. To the degree we incur significant additional fees and increased costs to participate in an RTO, our results of operations may be impacted. We may be allocated a portion of the cost of transmission facilities built by others due to changes in RTO transmission rate design. We may be required to expand our transmission system according to decisions made by an RTO rather than our own internal planning process. In addition, RTOs have been developing rules associated with the allocation and methodology of assigning costs associated with improved transmission reliability, reduced transmission congestion and firm transmission rights that may have a financial impact on us.

As a member of an RTO, we are subject to certain additional risks, including those associated with the allocation among RTO members, of losses caused by unreimbursed defaults of other participants in the RTO markets and those associated with complaint cases filed against an RTO that may seek refunds of revenues previously earned by RTO members.

Capital expenditure costs could materially differ from those projected

Construction risks associated with the completion of the Company's capital investment projects, including risks related to obtaining and complying with terms of permits, meeting construction budgets and schedules, and satisfying operating and environmental performance standards could cause costs to differ materially from those projected.

Liquidity and Capital Requirements Risks

We rely on access to short-term borrowings and longer-term capital markets to finance our capital requirements and support our liquidity needs. Access to those markets can be adversely affected by a number of conditions, many of which are beyond our control.

Our businesses are financed to a large degree through debt. The maturity and repayment profile of debt used to finance investments often does not correlate to cash flows from our assets. Accordingly, as a source of liquidity for capital requirements not satisfied by the cash flow from our operations and to fund investments originally financed through debt instruments with disparate maturities, we rely on access to short-term money markets as well as longer-term capital markets. We also rely on access to short-term intercompany borrowings. If we are not able to access capital at competitive rates or at all, the ability to finance our operations and implement our strategy and business plan as scheduled could be adversely affected. An inability to access capital may limit our ability to pursue improvements or acquisitions that we may otherwise rely on for future growth.

Market disruptions may increase the cost of borrowing or adversely affect the ability to access one or more financial markets. Such disruptions could include: economic downturns, the bankruptcy of an unrelated energy company, unfavorable capital market conditions, market prices for electricity and gas, actual or threatened terrorist attacks, or the overall health of the energy industry. The availability of credit under Duke Energy's Master Credit Facility depends upon the ability of the banks providing commitments under the facility to provide funds when our obligations to do so arise. Systematic risk of the banking system and the financial markets could prevent a bank from meeting its obligations under the facility agreement.

Duke Energy maintains a revolving credit facility to provide backup for its commercial paper program and letters of credit to support variable rate demand tax-exempt bonds that may be put to its affiliate issuers (including Duke Energy Kentucky) at the option of the holder. The facility includes a borrowing sublimit for Duke Energy Kentucky, and financial covenants that limit the amount of debt that can be outstanding as a percentage of the total capital for the specific entity. Failure to maintain these covenants could preclude us from having letters of credit issued on our behalf or from making borrowings under the Master Credit Facility.

We must meet credit quality standards and there is no assurance we will maintain investment grade credit ratings.

Our senior long-term debt is currently rated investment grade by various rating agencies. We cannot ensure our senior long-term debt will be rated investment grade in the future.

If the rating agencies were to rate us below investment grade, borrowing costs would increase, perhaps significantly. In addition, the potential pool of investors and funding sources would likely decrease. Further, if short-term debt ratings were to fall, access to the commercial paper market could by significantly limited. Any downgrade or other event negatively affecting our credit ratings could also increase Duke Energy's need to provide liquidity in the form of capital contributions or loans, thus reducing the liquidity and borrowing availability of the Duke Energy consolidated group. A downgrade below investment grade could also require the posting of additional collateral in the form of letters of credit or cash under various credit, commodity, and capacity agreements and trigger termination clauses in some interest rate derivative agreements, which could require cash payments. These events would likely reduce our liquidity and profitability and could have a material effect on our financial position, results of operations or cash flows.

Non-compliance with debt covenants or conditions could adversely affect our ability to execute future borrowings.

Our debt and credit agreements contain various financial and other covenants. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the agreements.

Poor investment performance of the Duke Energy pension plan holdings and other factors impacting pension plan costs could unfavorably impact our liquidity and results of operations.

The costs of providing non-contributory defined benefit pension plans are dependent upon a number of factors, such as the rates of return on plan assets, discount rates, the level of interest rates used to measure the required minimum funding levels of the plans, future government regulation and required or voluntary contributions made to the plans. Duke Energy Kentucky is allocated a proportionate share of the cost and obligations related to these plans. Without sustained growth in the pension investments over time to increase the value of plan assets and, depending upon the other factors impacting costs as listed above, Duke Energy could be required to fund its plans with significant amounts of cash. Such cash funding obligations, and our proportionate share of such cash funding obligations, could have a material impact on our financial position, results of operations or cash flows.

Risk Factors Relating to the Securities

Our ability to satisfy our obligations with respect to the Securities will depend or our future operating performance, results of operations, cash flows and financial position.

Our future operating performance, results of operations, cash flows and financial position are subject, in part, to factors beyond our control, including interest rates, commodity prices, general economic conditions and financial and business conditions. If we are unable to generate sufficient operating cash flows to service our debt, including the Securities, we may be required to obtain additional financing or take other actions to generate sufficient funds, which could have a material adverse effect on our financial position, results of operations or cash flows.

The Securities could be impacted by various transactions.

The indenture under which the Securities will be issued does not prohibit us from entering into various transactions, including acquisitions, change of control transactions, refinancings, recapitalizations or other highly leveraged transactions that could increase the amount of our outstanding indebtedness, or adversely affect our capital structure or credit ratings, or otherwise adversely affect holders of the Securities. As a result, we may enter into a transaction even though the transaction could increase the total amount of outstanding indebtedness, adversely affect our capital structure or credit ratings or otherwise adversely affect the holders of the Securities.

Sales or other transfers of the Securities are regulated by federal securities law.

The Securities are being offered and sold pursuant to an exemption from registration under federal and applicable state securities laws. Therefore, you may transfer or resell the Securities in the United States only in a transaction registered under, or exempt from the registration requirements of, federal and applicable state securities laws.

V. SUMMARY OF PROPOSED TERMS & CONDITIONS

Duke Energy Kentucky, Inc. will issue Senior Unsecured Debentures (the "Securities"). The Securities will be issued under a supplemental indenture to The Union Light, Heat and Power Company (now known as Duke Energy Kentucky, Inc.) Indenture dated as of December 1, 2004 (as amended and supplemented, the "Indenture").

The forms of the Debenture Purchase Agreement and Supplemental Indenture and a copy of the Indenture will be included with the Executive Summary. In the event of any inconsistency between the Summary of Proposed Terms and the aforementioned Debenture Purchase Agreement, Supplemental Indenture or Indenture, such Debenture Purchase Agreement, Supplemental Indenture or Indenture will govern, as the case may be. Investors submitting "circles" for the transaction contemplated hereby will be deemed to have reviewed and accepted such Debenture Purchase Agreement, Supplemental Indenture and Indenture (including in-house counsel review). Capitalized terms not defined herein shall bear the meaning set forth in the aforementioned Debenture Purchase Agreement, Supplemental Indenture or Indenture, as the case may be. Questions in respect of such documents should be referred to Ed Pelican (312) 845-3861, epelican@chapman.com, at Chapman and Cutler LLP who is requested to serve as special investor's counsel for the debenture issuance.

Issuer:	Duke Energy Kentucky, Inc. (the *"Company"*).
Issue:	Senior Unsecured Debentures (the *"Securities"*)
Amount:	$70,000,000
Final Maturity:	Maturities from 5 to 30 years.
Ranking/Priority:	The Securities will be senior unsecured debt and will rank *pari passu* with all other senior unsecured debt of the Company.
Investor:	One or more institutional investors (the "Investors").
Plan of Distribution:	The Securities will be offered as a private placement to Investors and will not be registered under the Securities Act of 1933.
Use of Proceeds:	The Company will use the proceeds from the sale of the Securities for the repayment of short-term debt and for general corporate purposes.
Coupon:	The Securities will bear interest at a fixed rate per annum equal to the yield on the applicable UST or the interpolated UST rate plus a number of basis points to be determined on the pricing date.
Interest Payments:	Interest will be payable semi-annually in arrears and calculated on the basis of a 360-day year of twelve 30-day months.
Optional Redemption	The Securities are redeemable at the prices below in whole or in part at any time until [ ] months prior to the maturity date. In the event of redemption, the Company will pay accrued interest to the date set for redemption plus the greater of:

i) par, or

ii) the present value of all remaining interest and principal payments due on the Securities being redeemed, discounted at the then current yield on the U.S. Treasury Security of a comparable maturity to the remaining weighted average life of the Securities plus fifty (50) basis points.

The Company may elect to redeem the Securities [ ] months prior to the maturity date, and will do so at a redemption price equal to one hundred percent of the principal amount of the series being redeemed, plus accrued and unpaid interest without make whole.

Representations and Warranties:	Standard for this market as set forth in the Debenture Purchase Agreement but to include and not be limited to: Organization, Power and Authority; Authorization; Disclosure; Organization; Financial Statements; Compliance with Law; Governmental Authorizations; Litigation; Taxes; Title to Property; Licenses; Compliance with ERISA; Private Offering; Use of Proceeds; Existing Indebtedness; Foreign Assets; Status under certain Statutes; and Pari Passu status.
Information as to Company	As set forth in the Supplemental Indenture, the Company will provide unaudited quarterly consolidated financial statements and annual audited consolidated financial statements. Each financial statement will be accompanied by a certificate from a senior financial officer.
Affirmative Covenants	As set forth in the Indenture to include but not limited to: Payment of Principal; Maintenance of Office; Maintenance of Properties; Payment of Taxes. Standard for this market as set forth in the Supplemental Indenture but to include and not be limited to: Compliance with Laws; Insurance; Existence; Books and Records; Subsidiary Guarantors.
Negative Covenants:	As set forth in the Supplemental Indenture and the Indenture: Line of Business; Terrorism Sanctions Regulations and Negative Pledge.
Negative Pledge:	The Company will not incur or permit to exist any mortgage, lien, pledge, security interest or other encumbrance not otherwise excepted under the Indenture without equally and ratably securing the Securities, if immediately after that creation or assumption, the principal amount of the Indebtedness for borrowed money of the Company that all such other mortgages, liens, pledges, security interests and other encumbrances secure does not exceed an amount equal to 10% of the Company's total assets as shown on its balance sheet for the accounting period occurring immediately before the creation or assumption of that mortgage, lien, pledge, security interest or other encumbrance.

Events of Default / Remedies:	As set forth in the Indenture including, without limitation: the Company fails to pay interest when due, subject to a 30 day grace period; failure to pay any principal or premium, when due; defaults in the performance or compliance with the covenants as outlined in the Indenture subject to a 90 day grace period after notice; bankruptcy As well as set forth in the Supplemental Indenture including, without limitation (a) the Company defaults in the performance or compliance with the negative covenants as outlined in the Supplemental Indenture; (b) the Company makes any written representation or warranty in connection with the issuance of any series of Securities that proves to have been false or incorrect in any material respect on the date as of which made; (c) (i) the Company or any Subsidiary is in default in the payment of any principal, premium, or interest of any Indebtedness in the aggregate amount of at least \$50,000,000 as and when due and payable and the continuation of such default beyond the period of grace, if any, allowed with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance or compliance with any Indebtedness exceeding the principal amount, in aggregate, equal to at least \$50,000,000 and as a consequence of such default or condition such Indebtedness has become, or has been declared, due and payable before its stated maturity; (d) the Company or any Subsidiary has rendered against it final judgments or orders for payment of money in aggregate exceeding \$50,000,000, including without limitation, any such final order enforcing a binding arbitration decision and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; (e) if any retirement plan shall fail to satisfy minimum funding requirements of ERISA, a notice of intent to terminate a retirement plan shall have been received by the Company, or the aggregate "amount of unfunded benefit liabilities" shall exceed an amount that could reasonably be expected to have a Material Adverse Effect; (f) any Subsidiary Guaranty ceases to be in full force and effect.
Placement Agent:	KeyBanc Capital Markets Inc.
Governing Law	New York
Expenses:	The Issuer will pay reasonable legal fees of investors' counsel, whether or not the transaction closes.

VI. HISTORICAL FINANCIAL STATEMENTS

1. *HISTORICAL INCOME STATEMENTS*

($ in Thousands)

	2015	2016	2017	2018	2019	LTM 3/31/2020
Operating Revenues						
Electric	$ 359,196	$ 346,124	$ 337,118	$ 378,507	$ 374,689	$ 366,979
Natural gas	102,354	90,216	93,620	104,548	103,936	97,825
Total operating revenues	461,550	436,340	430,738	483,055	478,625	464,804
Operating Expenses						
Fuel used in electric generation and purchased power	142,546	132,681	119,156	140,465	123,672	120,799
Cost of natural gas	41,610	32,611	37,249	43,006	37,963	27,619
Operation, maintenance and other	133,403	140,573	143,321	144,520	148,105	145,613
Depreciation and amortization	43,813	43,668	47,667	64,893	79,277	81,333
Property and other taxes	13,089	14,637	14,339	15,094	16,089	16,697
Impairment charges	-	-	1,190	-	-	-
Total operating expenses	374,461	364,170	362,922	407,978	405,106	392,061
Gains on Sales of Other Assets and Other, net	245	28	(99)	(74)	72	108
Operating Income	87,334	72,198	67,717	75,003	73,591	72,851
Other Income and Expenses, net	1,075	2,321	4,599	6,627	7,954	6,552
Interest Expense	14,172	14,888	14,078	18,347	23,430	24,442
Income Before Income Taxes	74,237	59,631	58,238	63,283	58,115	54,961
Income Tax Expense	28,061	17,047	(1,161)	13,474	9,245	10,059
Net Income	$ 46,176	$ 42,584	$ 59,399	$ 49,809	$ 48,870	$ 44,902
Key Metrics:						
Operating Margin	10.0%	9.8%	13.8%	10.3%	10.2%	9.7%
EBITDA	$ 132,222	$ 118,187	$ 119,983	$ 146,523	$ 160,822	$ 160,736
EBITDA Margin	28.6%	27.1%	27.9%	30.3%	33.6%	34.6%

2. *HISTORICAL BALANCE SHEETS*

($ in Thousands, except share amounts)	As of December 31,					As of
	2015	2016	2017	2018	2019	3/31/2020
ASSETS						
Current Assets						
Cash and cash equivalents	$ 9,141	$ 6,534	$ 1,687	$ 7,773	$ 7,146	$ 7,810
Receivables (net of allowance for doubtful accounts)	16,987	24,425	40,494	38,645	32,775	17,044
Inventory	44,141	49,037	43,793	40,596	50,653	44,412
Other	45,835	26,895	9,244	22,522	23,554	20,234
Totel current assets	116,104	106,891	95,218	109,536	114,128	89,500
Total investments and other assets	6,448	2,470	-	-	-	-
Property, Plant and Equipment						
Cost	2,079,761	2,116,219	2,292,085	2,517,897	2,739,794	2,769,847
Accumulated depreciation and amortization	(923,578)	(948,144)	(977,244)	(965,124)	(991,145)	(993,799)
Generation facilities to be retired, net	-	-	-	-	-	-
Net property, plant and equipment	1,156,183	1,168,075	1,314,841	1,552,773	1,748,649	1,776,048
Operating Lease Right-of-Use Assets, net	-	-	-	-	9,152	9,061
Regulatory Assets and Deferred Debits						
Regulatory assets	61,411	92,462	118,738	113,652	110,995	111,281
Other	332	250	2,175	9,922	11,489	12,543
Total regulatory assets and deferred debits	61,743	92,712	120,913	123,574	122,484	123,824
Total Assets	$ 1,340,478	$ 1,370,148	$ 1,530,972	$ 1,785,883	$ 1,994,413	$ 1,998,433
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY						
Current Liabilities						
Accounts payable	$ 40,080	$ 44,209	$ 64,571	$ 63,262	$ 67,521	$ 42,876
Notes payable to affiliated companies	55,743	19,656	-	38,875	82,509	89,612
Taxes accrued	10,550	14,082	17,602	18,143	16,336	17,038
Interest accrued	3,343	4,230	5,387	6,115	7,146	6,476
Current maturities of long-term debt	101,519	686	885	100,396	-	-
Other	21,928	30,734	27,605	40,033	37,878	37,333
Total current liabilities	233,163	113,597	116,050	266,824	211,390	193,335
Long-Term Debt	192,508	336,360	425,295	424,714	633,807	633,877
Long-Term Debt Payable to Affiliated Companies	25,000	25,000	25,000	25,000	25,000	25,000
Operating Lease Liabilities	-	-	-	-	8,989	8,919
Deferred Credits and Other Liabilities						
Deferred income taxes	289,642	311,636	186,437	214,718	231,695	236,951
Investment tax credits	-	-	-	-	-	-
Accrued pension and other post-retirement benefit costs	11,649	14,975	17,418	21,734	28,360	28,628
Asset retirement obligations	103,500	52,822	51,204	56,378	48,352	46,938
Regulatory liabilities	52,986	51,878	171,617	156,115	137,624	135,908
Other	27,598	26,865	26,537	24,177	24,103	25,452
Total deferred credits and other liabilities	485,375	458,176	453,213	473,122	479,123	482,796
Commitments and Contingencies						
Common Stockholder's Equity						
Common Stockholder's Equity	8,780	8,780	8,780	8,780	8,780	8,780
Additional paid-in-capital	167,494	167,494	182,494	217,494	217,494	217,494
Retained earnings	228,158	260,741	320,140	369,949	418,819	437,151
Total common stockholder's equity	404,432	437,015	511,414	596,223	645,093	663,425
Total Liabilities and Common Stockholder's Equity	$ 1,340,478	$ 1,370,148	$ 1,530,972	$ 1,785,883	$ 1,994,413	$ 1,998,433

3. *HISTORICAL STATEMENTS OF CASH FLOWS*

($ in Thousands)

	2015	2016	2017	2018	2019	LTM 3/31/20
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income	$ 46,176	$ 42,584	$ 59,399	$ 48,870	$ 48,870	$ 44,902
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	44,497	44,683	48,235	65,489	79,871	81,926
Community support and charitable contributions expense	-	-	-	-	-	-
Gains on sales of other assets and other, net	(245)	(28)	99	74	(72)	(108)
Impairment charges	-	-	1,190	-	-	-
Deferred income taxes	23,462	17,988	12,367	30,812	11,613	9,894
Accrued pension and other post-retirement benefit costs	2,152	1,527	578	1,408	524	481
Contributions to qualified pension plans	(2,203)	(1,443)	(1,324)	(72)	(481)	(481)
Payments for asset retirement obligations	(3,858)	(4,757)	(7,132)	(3,233)	(7,728)	(7,121)
(Increase) decrease in						-
Net realized and unrealized mark-to-market and hedging transactions	-	-	-	-	-	(238)
Receivables	6,997	(7,464)	(1,187)	(13,033)	7,717	9,362
Inventory	9,017	(4,896)	6,521	3,197	(10,057)	(3,804)
Other current assets	(10,443)	15,180	14,694	(3,759)	(4,124)	(3,212)
Increase (decrease) in						-
Accounts payable	(328)	(1,193)	964	(3,208)	(8,660)	(5,878)
Taxes accrued	2,645	7,028	3,520	541	(1,807)	1,466
Other current liabilities	1,743	8,235	(7,791)	2,771	2,661	1,686
Other assets	(10,207)	(8,862)	(16,251)	(9,016)	(4,189)	(4,260)
Other liabilities	527	14	(1,996)	2,591	(1,921)	(3,706)
Net cash provided by operating activities	109,932	108,596	111,886	123,432	112,217	120,909
CASH FLOWS FROM INVESTING ACTIVITIES						
Capital expenditures	(69,234)	(100,899)	(180,271)	(276,990)	(248,601)	(251,351)
Acquisitions	-	-	-	-	-	-
Net proceeds from the sales of other assets	-	-	-	-	-	-
Notes receivable from affiliated companies	-	-	(14,671)	14,671	-	-
Change in restricted cash	-	-	-	-	-	-
Other	(4,173)	(7,081)	(5,866)	(28,451)	(16,621)	(14,883)
Net cash used in investing activities	(73,407)	(107,980)	(200,808)	(290,770)	(265,222)	(266,234)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from the issuance of long-term debt	-	94,385	89,615	99,584	209,006	209,006
Payments for the redemption of long-term debt	(1,615)	(51,520)	(686)	(885)	(100,169)	(100,142)
Notes payable to affiliated companies	18,134	(36,087)	(19,656)	38,875	43,634	36,867
Dividends to parent	(55,000)	(10,001)	-	-	-	-
Other	(210)	-	14,802	34,911	(93)	(46)
Net cash provided by (used in) financing activities	(38,691)	(3,223)	84,075	172,485	152,378	145,685
Net (decrease) increase in cash and cash equivalents	(2,166)	(2,607)	(4,847)	5,147	(627)	360
Cash and cash equivalents at beginning of period	11,307	11,307	6,534	1,687	7,773	7,146
Cash and cash equivalents at end of period	$ 9,141	$ 8,700	$ 1,687	$ 6,834	$ 7,146	$ 7,506

DUKE ENERGY KENTUCKY
CASE NO. 2021-00190
FORECASTED TEST PERIOD FILING REQUIREMENTS
FR 16(7)(k)

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807 KAR 5:001, SECTION 16(7)(k)

Description of Filing Requirement:

The most recent FERC Financial Report FERC Form No.1, FERC Financial Report FERC Form No. 2, or Public Service Commission Form T (telephone).

Response:

See attached.

Witness Responsible:

Bryan T. Manges

THIS FILING IS

Item 1: [X] An Initial (Original) Submission OR [ ] Resubmission No. ____

Form 1 Approved
OMB No.1902-0021
(Expires 11/30/2022)

Form 1-F Approved
OMB No.1902-0029
(Expires 11/30/2022)

Form 3-Q Approved
OMB No.1902-0205
(Expires 11/30/2022)

FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
Duke Energy Kentucky, Inc.	End of 2020/Q4

FERC FORM No.1/3-Q (REV. 02-04)

Deloitte.

Deloitte & Touche LLP
650 South Tryon Street
Suite 1800
Charlotte, NC 28202
USA

Tel: +1 704 887 1500
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Duke Energy Kentucky, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Duke Energy Kentucky, Inc. (the "Company"), which comprise the balance sheet — regulatory basis as of December 31, 2020, and the related statements of income — regulatory basis, retained earnings — regulatory basis, and cash flows — regulatory basis for the year then ended, included on pages 110 through 123 of the accompanying Federal Energy Regulatory Commission Form 1, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the regulatory-basis financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Duke Energy Kentucky, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

Basis of Accounting

As discussed in the opening paragraph in the notes to the financial statements, these financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restricted Use

This report is intended solely for the information and use of the board of directors and management of the Company and for filing with the Federal Energy Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

April 15, 2021

INSTRUCTIONS FOR FILING FERC FORM NOS. 1 and 3-Q

GENERAL INFORMATION

I. Purpose

FERC Form No. 1 (FERC Form 1) is an annual regulatory requirement for Major electric utilities, licensees and others (18 C.F.R. § 141.1). FERC Form No. 3-Q (FERC Form 3-Q)is a quarterly regulatory requirement which supplements the annual financial reporting requirement (18 C.F.R. § 141.400). These reports are designed to collect financial and operational information from electric utilities, licensees and others subject to the jurisdiction of the Federal Energy Regulatory Commission. These reports are also considered to be non-confidential public use forms.

II. Who Must Submit

Each Major electric utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject To the Provisions of The Federal Power Act (18 C.F.R. Part 101), must submit FERC Form 1 (18 C.F.R. § 141.1), and FERC Form 3-Q (18 C.F.R. § 141.400).

Note: Major means having, in each of the three previous calendar years, sales or transmission service that exceeds one of the following:

(1) one million megawatt hours of total annual sales,
(2) 100 megawatt hours of annual sales for resale,
(3) 500 megawatt hours of annual power exchanges delivered, or
(4) 500 megawatt hours of annual wheeling for others (deliveries plus losses).

III. What and Where to Submit

(a) Submit FERC Forms 1 and 3-Q electronically through the forms submission software. Retain one copy of each report for your files. Any electronic submission must be created by using the forms submission software provided free by the Commission at its web site: https://forms.ferc.gov/. The software is used to submit the electronic filing to the Commission via the Internet.

(b) The Corporate Officer Certification must be submitted electronically as part of the FERC Forms 1 and 3-Q filings.

(c) Submit immediately upon publication, by either eFiling or mail, two (2) copies to the Secretary of the Commission, the latest Annual Report to Stockholders. Unless eFiling the Annual Report to Stockholders, mail the stockholders report to the Secretary of the Commission at:

Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

(d) For the CPA Certification Statement, submit within 30 days after filing the FERC Form 1, a letter or report (not applicable to filers classified as Class C or Class D prior to January 1, 1984). The CPA Certification Statement can be either eFiled or mailed to the Secretary of the Commission at the address above.

The CPA Certification Statement should:

a) Attest to the conformity, in all material aspects, of the below listed (schedules and pages) with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

b) Be signed by independent certified public accountants or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 C.F.R. §§ 41.10-41.12 for specific qualifications.)

Reference Schedules	Pages
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

e) The following format must be used for the CPA Certification Statement unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

"In connection with our regular examination of the financial statements of _____ for the year ended on which we have reported separately under date of ___________ , we have also reviewed schedules __________________of FERC Form No. 1 for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases."

The letter or report must state which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

(f) Filers are encouraged to file their Annual Report to Stockholders, and the CPA Certification Statement using eFiling. To further that effort, new selections, "Annual Report to Stockholders," and "CPA Certification Statement" have been added to the dropdown "pick list" from which companies must choose when eFiling. Further instructions are found on the Commission's website at https://www.ferc.gov/ferc-online/overview.

(g) Federal, State and Local Governments and other authorized users may obtain additional blank copies of FERC Form 1 and 3-Q free of charge from https://www.ferc.gov/media/form-1 and https://www.ferc.gov/media/form1-3q.

IV. When to Submit:

FERC Forms 1 and 3-Q must be filed by the following schedule:

a) FERC Form 1 for each year ending December 31 must be filed by April 18th of the following year (18 CFR § 141.1), and

b) FERC Form 3-Q for each calendar quarter must be filed within 60 days after the reporting quarter (18 C.F.R. § 141.400).

V. Where to Send Comments on Public Reporting Burden.

The public reporting burden for the FERC Form 1 collection of information is estimated to average 1,168 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data-needed, and completing and reviewing the collection of information. The public reporting burden for the FERC Form 3-Q collection of information is estimated to average 168 hours per response.

Send comments regarding these burden estimates or any aspect of these collections of information, including suggestions for reducing burden, to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426 (Attention: Information Clearance Officer); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. § 3512 (a)).

Document Accession #: 20210419-8100 Filed Date: 04/15/2021

GENERAL INSTRUCTIONS

I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR Part 101) (USofA). Interpret all accounting words and phrases in accordance with the USofA.

II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.

III Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.

V. Enter the month, day, and year for all dates. Use customary abbreviations. **The "Date of Report" included in the header of each page is to be completed only for resubmissions** (see VII. below).

VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.

VII For any resubmissions, submit the electronic filing using the form submission software only. Please explain the reason for the resubmission in a footnote to the data field.

VIII. Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.

IX. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.

Definitions for statistical classifications used for completing schedules for transmission system reporting are as follows:

FNS - Firm Network Transmission Service for Self. "Firm" means service that can not be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff. "Self" means the respondent.

FNO - Firm Network Service for Others. "Firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff.

LFP - for Long-Term Firm Point-to-Point Transmission Reservations. "Long-Term" means one year or longer and" firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Point-to-Point Transmission Reservations" are described in Order No. 888 and the Open Access Transmission Tariff. For all transactions identified as LFP, provide in a footnote the termination date of the contract defined as the earliest date either buyer or seller can unilaterally cancel the contract.

OLF - Other Long-Term Firm Transmission Service. Report service provided under contracts which do not conform to the terms of the Open Access Transmission Tariff. "Long-Term" means one year or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. For all transactions identified as OLF, provide in a footnote the termination date of the contract defined as the earliest date either buyer or seller can unilaterally get out of the contract.

SFP - Short-Term Firm Point-to-Point Transmission Reservations. Use this classification for all firm point-to-point transmission reservations, where the duration of each period of reservation is less than one-year.

NF - Non-Firm Transmission Service, where firm means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions.

OS - Other Transmission Service. Use this classification only for those services which can not be placed in the above-mentioned classifications, such as all other service regardless of the length of the contract and service FERC Form. Describe the type of service in a footnote for each entry.

AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment.

DEFINITIONS

I. Commission Authorization (Comm. Auth.) -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.

II. Respondent -- The person, corporation, licensee, agency, authority, or other Legal entity or instrumentality in whose behalf the report is made.

EXCERPTS FROM THE LAW

Federal Power Act, 16 U.S.C. § 791a-825r

Sec. 3. The words defined in this section shall have the following meanings for purposes of this Act, to with:

(3) 'Corporation' means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities, as hereinafter defined;

(4) 'Person' means an individual or a corporation;

(5) 'Licensee, means any person, State, or municipality Licensed under the provisions of section 4 of this Act, and any assignee or successor in interest thereof;

(7) 'municipality means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the Laws thereof to carry and the business of developing, transmitting, unitizing, or distributing power; ......

(11) "project' means. a complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or fore bay reservoirs directly connected therewith, the primary line or lines transmitting power there from to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, Lands, or interest in Lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"Sec. 4. The Commission is hereby authorized and empowered

(a) To make investigations and to collect and record data concerning the utilization of the water 'resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development -costs, and relation to markets of power sites; ... to the extent the Commission may deem necessary or useful for the purposes of this Act."

"Sec. 304. (a) Every Licensee and every public utility shall file with the Commission such annual and other periodic or special* reports as the Commission may be rules and regulations or other prescribe as necessary or appropriate to assist the Commission in the -proper administration of this Act. The Commission may prescribe the manner and FERC Form in which such reports salt be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and Liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies*.10

"Sec. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, and rescind such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the FERC Form or FERC Forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be field..."

General Penalties

The Commission may assess up to $1 million per day per violation of its rules and regulations. *See* FPA § 316(a) (2005), 16 U.S.C. § 825o(a).

FERC FORM NO. 1/3-Q:

REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER

IDENTIFICATION

01 Exact Legal Name of Respondent Duke Energy Kentucky, Inc.	02 Year/Period of Report End of 2020/Q4
03 Previous Name and Date of Change *(if name changed during year)*	/ /
04 Address of Principal Office at End of Period *(Street, City, State, Zip Code)* 1262 Cox Road, Erlanger, KY 41018	
05 Name of Contact Person Anna Anderson	06 Title of Contact Person Senior Accounting Analyst
07 Address of Contact Person *(Street, City, State, Zip Code)* 550 South Tryon Street, Charlotte, NC 28202	

08 Telephone of Contact Person, *Including Area Code*	09 This Report Is	10 Date of Report *(Mo, Da, Yr)*
(980) 373-2179	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name	03 Signature	04 Date Signed *(Mo, Da, Yr)*
Dwight L. Jacobs	Dwight L. Jacobs	
02 Title SVP, CAO, Tax and Controller		04/15/2021

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
1	General Information	101	
2	Control Over Respondent	102	
3	Corporations Controlled by Respondent	103	N/A
4	Officers	104	
5	Directors	105	
6	Information on Formula Rates	106(a)(b)	
7	Important Changes During the Year	108-109	
8	Comparative Balance Sheet	110-113	
9	Statement of Income for the Year	114-117	
10	Statement of Retained Earnings for the Year	118-119	
11	Statement of Cash Flows	120-121	
12	Notes to Financial Statements	122-123	
13	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122(a)(b)	
14	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
15	Nuclear Fuel Materials	202-203	N/A
16	Electric Plant in Service	204-207	
17	Electric Plant Leased to Others	213	N/A
18	Electric Plant Held for Future Use	214	N/A
19	Construction Work in Progress-Electric	216	
20	Accumulated Provision for Depreciation of Electric Utility Plant	219	
21	Investment of Subsidiary Companies	224-225	N/A
22	Materials and Supplies	227	
23	Allowances	228(ab)-229(ab)	
24	Extraordinary Property Losses	230	N/A
25	Unrecovered Plant and Regulatory Study Costs	230	N/A
26	Transmission Service and Generation Interconnection Study Costs	231	N/A
27	Other Regulatory Assets	232	
28	Miscellaneous Deferred Debits	233	
29	Accumulated Deferred Income Taxes	234	
30	Capital Stock	250-251	
31	Other Paid-in Capital	253	
32	Capital Stock Expense	254	N/A
33	Long-Term Debt	256-257	
34	Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax	261	
35	Taxes Accrued, Prepaid and Charged During the Year	262-263	
36	Accumulated Deferred Investment Tax Credits	266-267	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
37	Other Deferred Credits	269	
38	Accumulated Deferred Income Taxes-Accelerated Amortization Property	272-273	
39	Accumulated Deferred Income Taxes-Other Property	274-275	
40	Accumulated Deferred Income Taxes-Other	276-277	
41	Other Regulatory Liabilities	278	
42	Electric Operating Revenues	300-301	
43	Regional Transmission Service Revenues (Account 457.1)	302	
44	Sales of Electricity by Rate Schedules	304	
45	Sales for Resale	310-311	
46	Electric Operation and Maintenance Expenses	320-323	
47	Purchased Power	326-327	
48	Transmission of Electricity for Others	328-330	
49	Transmission of Electricity by ISO/RTOs	331	N/A
50	Transmission of Electricity by Others	332	
51	Miscellaneous General Expenses-Electric	335	
52	Depreciation and Amortization of Electric Plant	336-337	
53	Regulatory Commission Expenses	350-351	
54	Research, Development and Demonstration Activities	352-353	
55	Distribution of Salaries and Wages	354-355	
56	Common Utility Plant and Expenses	356	
57	Amounts included in ISO/RTO Settlement Statements	397	
58	Purchase and Sale of Ancillary Services	398	
59	Monthly Transmission System Peak Load	400	N/A
60	Monthly ISO/RTO Transmission System Peak Load	400a	N/A
61	Electric Energy Account	401	
62	Monthly Peaks and Output	401	
63	Steam Electric Generating Plant Statistics	402-403	
64	Hydroelectric Generating Plant Statistics	406-407	N/A
65	Pumped Storage Generating Plant Statistics	408-409	N/A
66	Generating Plant Statistics Pages	410-411	N/A

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
67	Transmission Line Statistics Pages	422-423	
68	Transmission Lines Added During the Year	424-425	
69	Substations	426-427	
70	Transactions with Associated (Affiliated) Companies	429	
71	Footnote Data	450	
	Stockholders' Reports Check appropriate box: [ ] Two copies will be submitted [ ] No annual report to stockholders is prepared		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Dwight L. Jacobs
SVP,CAO,Tax and Controller
550 South Tryon Street
Charlotte, NC 28202

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Commonwealth of Kentucky
Date of Incorporation: March 20, 1901

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Kentucky - Gas and Electric

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged:
(2) [X] No

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the repondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiearies for whom trust was maintained, and purpose of the trust.

Duke Energy Kentucky, Inc. is a wholly-owned subsidiary of Duke Energy Ohio, Inc. Duke Energy Ohio, Inc. is a wholly-owned subsidiary of Cinergy Corp., which is a wholly-owned subsidiary of Duke Energy Corporation.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Definitions
1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1	N/A			
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is $50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Executive Vice President and Chief Human	Melissa H. Anderson	
2	Resources Officer, through 06/30/2020		
3			
4	Executive Vice President, Energy Solutions and	Douglas F. Esamann	
5	President, Midwest/Florida Regions and		
6	Natural Gas Business		
7			
8	Senior Vice President, Legal, Chief Ethics and	David B. Fountain	
9	Compliance Officer and Corporate Secretary,		
10	through 05/15/2020		
11			
12	Executive Vice President and Chief Legal	Kodwo Ghartey-Tagoe	
13	Officer and Corporate Secretary, effective 05/15/2020		
14	Executive Vice President and Chief Legal		
15	Officer, through 05/15/2020		
16			
17	Chief Executive Officer	Lynn J. Good	
18			
19	SVP, CAO, Tax and Controller	Dwight L. Jacobs	
20			
21	Executive Vice President and Chief Operating Officer	Dhiaa M. Jamil	
22			
23	Executive Vice President, External Affairs and	Julia S. Janson	
24	President, Carolinas Region		
25			
26	Senior Vice President, Corporate Development	Karl W. Newlin	
27	and Treasurer		
28			
29	Senior Vice President, Chief Transformation and	Brian D. Savoy	
30	Administrative Officer		
31			
32	Senior Vice President, Customer Experience	Harry K. Sideris	
33	and Services		
34			
35	President	Amy B. Spiller	
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37	Executive Vice President and Chief Financial Officer	Steven Keith Young	
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	Douglas F Esamann***	550 S. Tryon Street, Charlotte, NC 28202
2	(EVP, Energy Solutions and President, Midwest/Florida	
3	Regions and Natural Gas Business)	
4		
5	Lynn J. Good (Chief Executive Officer)**	550 S. Tryon Street, Charlotte, NC 28202
6		
7	Dhiaa M. Jamil***	550 S. Tryon Street, Charlotte, NC 28202
8	(EVP and Chief Operating Officer)	
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

INFORMATION ON FORMULA RATES
FERC Rate Schedule/Tariff Number FERC Proceeding

Does the respondent have formula rates?

- [ ] Yes
- [X] No

1. Please list the Commission accepted formula rates including FERC Rate Schedule or Tariff Number and FERC proceeding (i.e. Docket No) accepting the rate(s) or changes in the accepted rate.

Line No.	FERC Rate Schedule or Tariff Number	FERC Proceeding
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/13/2021	End of 2020/Q4

INFORMATION ON FORMULA RATES
FERC Rate Schedule/Tariff Number FERC Proceeding

Does the respondent file with the Commission annual (or more frequent) filings containing the inputs to the formula rate(s)?

[X] Yes
[ ] No

2. If yes, provide a listing of such filings as contained on the Commission's eLibrary website

Line No.	Accession No.	Document Date \ Filed Date	Docket No.	Description	Formula Rate FERC Rate Schedule Number or Tariff Number
1	20120515-5244	05/15/2012	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
2	20130129-5070	01/29/2013	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
3				Corrected	
4	20130515-5122	05/15/2013	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
5	20140515-5149	05/15/2014	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
6	20150515-5244	05/15/2015	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
7	20160513-5092	05/13/2016	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
8	20161130-5416	11/30/2016	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
9				Corrected	
10	20170509-5150	05/09/2017	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
11	20180129-5213	01/29/2018	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
12				Corrected	
13	20180515-5331	05/15/2018	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
14	20180402-5140	04/02/2018	ER18-1274-000	Section 205	PJM OATT, Attachment H-22A & H-22B
15	20181214-5040	12/14/2018	ER19-555-000	Section 205	PJM OATT, Attachment H-22A
16	20190329-5217	03/29/2019	ER19-1483-000	Section 205	PJM OATT, Attachment H-22A
17	20190515-5112	05/15/2019	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
18	20200207-5054	02/07/2020	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
19				Corrected	
20	20200515-5294	05/15/2020	ER12-91-000	Formula Rate Annual Update	PJM OATT, Attachment H-22A
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

INFORMATION ON FORMULA RATES
Formula Rate Variances

1. If a respondent does not submit such filings then indicate in a footnote to the applicable Form 1 schedule where formula rate inputs differ from amounts reported in the Form 1.
2. The footnote should provide a narrative description explaining how the "rate" (or billing) was derived if different from the reported amount in the Form 1.
3. The footnote should explain amounts excluded from the ratebase or where labor or other allocation factors, operating expenses, or other items impacting formula rate inputs differ from amounts reported in Form 1 schedule amounts.
4. Where the Commission has provided guidance on formula rate inputs, the specific proceeding should be noted in the footnote.

Line No.	Page No(s).	Schedule	Column	Line No
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Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 104 or 105 of the Annual Report Form No. 1, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)

1. None

2. See Notes to Financial Statements, Note 1, "Summary of Significant Accounting Policies"

3. See Notes to Financial Statements, Note 3, "Regulatory Matters"

4. None

5. During the fourth quarter 2020, Project 138kV Oakbrook to Aero Line was completed. In-service date of November 13, 2020. Installed on 26 steel structures.

   During the third quarter 2020, there were no changes to report.

   During the second quarter 2020, Project Villa was completed. In-service date of May 12, 2020. Installed on 1 steel structure.

   During the first quarter 2020, there were no changes to report.

6. See Notes to Financial Statements, Note 6, "Debt and Credit Facilities"

7. None

8. During the fourth quarter 2020, there were no large scale wage changes for Duke Energy Kentucky payroll company.

   During the third quarter 2020, there were no large scale wage changes for Duke Energy Kentucky payroll company.

   During the second quarter 2020, there were no large scale wage changes for Duke Energy Kentucky payroll company.

   During the first quarter 2020, exempt and non-exempt employees in Duke Energy Kentucky payroll companies received merit increases of $35,467.

9. See Notes to Financial Statements, Note 3, "Regulatory Matters" and Note 4, "Commitments and Contingencies"

10. None

11. (Reserved)

12. None

13. There are no changes in major security holders and voting powers of Duke Energy Kentucky, Inc that occurred during the fourth quarter of 2020.

    The changes in officers and directors for Duke Energy Kentucky, Inc. that occurred during the fourth quarter of 2020 are as follows:

<u>Appointments effective 12/16/20</u>	
Rufus S. Jackson	Senior Vice President, Customer Delivery Governance, Programs and Support
<u>Appointments effective 12/01/20</u>	
Kathryn B. Aittola	Vice President, Global Risk Management and Insurance and Chief Risk Officer
Keith G. Butler	Senior Vice President and Chief Security Officer

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) X An Original (2) _ A Resubmission	Date of Report (Mo, Da, Yr) 04/15/2021	Year/Period of Report 2020/Q4

IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)

Donna T. Council	Senior Vice President, Administrative Services
Melissa M. Feldmeier	Vice President and Chief Ethics and Compliance Officer
T. Preston Gillespie Jr.	Senior Vice President and Chief Generation Officer
Catherine B. Stancombe	Senior Vice President, Enterprise Operational Excellence

Resignations effective 12/16/20

Eric S. Grant	Senior Vice President, Customer Delivery Governance, Programs and Support

Resignations effective 12/01/20

Keith G. Butler	Senior Vice President, Global Risk Management and Insurance, Chief Risk Officer and Acting Chief Ethics and Compliance Officer
Donna T. Council	Vice President, Administrative Services
Catherine B. Stancombe	Vice President, Enterprise Operational Excellence
Benjamin C. Waldrep	Senior Vice President and Chief Security Officer

There are no changes in major security holders and voting powers of Duke Energy Kentucky, Inc that occurred during the third quarter of 2020.

The changes in officers and directors for Duke Energy Kentucky, Inc. that occurred during the third quarter of 2020 are as follows:

Appointments effective 09/01/20

Paul Draovitch	Senior Vice President, Environmental, Health and Safety and Project Management Controls
Melisa B. Johns	Vice President, Distributed Energy Solutions and Regulated Renewables

Appointments effective 07/17/20

Joni Y. Davis	Vice President, Chief of Staff and Chief Diversity and Inclusion Officer

Appointments effective 07/01/20

Christopher M. Fallon	President, Duke Energy Renewables and Senior Vice President, Delivery & Operations
George T. Hamrick	Senior Vice President and Chief Transmission Officer
Nelson V. Peeler	Senior Vice President, Transmission and Fuels Strategy and Policy
Ronald R. Reising	Senior Vice President and Chief Human Resources Officer
Robert P. Vary	Senior Vice President, Sales and Relationship Management

Resignations effective 09/01/20

Paul Draovitch	Senior Vice President, Environmental, Health and Safety and Operations Support

Resignations effective 07/17/20

Joni Y. Davis	Vice President, Chief Diversity and Inclusion Officer, Talent Acquisition and Workforce Development

Resignations effective 07/01/20

George T. Hamrick	Senior Vice President, Coal Combustion Products

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)

Nelson V. Peeler	Senior Vice President and Chief Transmission Officer
Ronald R. Reising	Senior Vice President, Operations Support

There are no changes in major security holders and voting powers of Duke Energy Kentucky, Inc that occurred during the second quarter of 2020.

The changes in officers and directors for Duke Energy Kentucky, Inc. that occurred during the second quarter of 2020 are as follows:

Appointments effective 05/15/20

Keith G. Butler	Senior Vice President, Global Risk Management and Insurance, Chief Risk Officer and Acting Chief Ethics and Compliance Officer
Kodwo Ghartey-Tagoe	Executive Vice President and Chief Legal Officer and Corporate Secretary
David S. Maltz	Vice President, Legal, Assistant Corporate Secretary and Chief Governance Officer
Robert J. Ringel	Vice President, Legal and Assistant Corporate Secretary

Appointments effective 04/01/20

Cecil T. Gurganus	Vice President, Midwest Generation

Resignations effective 06/30/20

Melissa H. Anderson	Executive Vice President and Chief Human Resources Officer
Robert F. Caldwell	Senior Vice President and President, Duke Energy Renewables and Business Development

Resignations effective 05/15/20

Keith G. Butler	Senior Vice President, Global Risk Management and Insurance and Chief Risk Officer
David B. Fountain	Senior Vice President, Legal, Chief Ethics and Compliance Officer and Corporate Secretary
Kodwo Ghartey-Tagoe	Executive Vice President and Chief Legal Officer
David S. Maltz	Assistant Corporate Secretary
Robert J. Ringel	Assistant Corporate Secretary

Resignations effective 04/01/20

James M. Mosley	Vice President, Midwest Generation

There are no changes in major security holders and voting powers of Duke Energy Kentucky, Inc that occurred during the first quarter of 2020.

The changes in officers and directors for Duke Energy Kentucky, Inc. that occurred during the first quarter of 2020 are as follows:

Appointments effective 03/01/20

Melody Birmingham	Senior Vice President, Supply Chain and Chief Procurement Officer
Bonnie B. Titone	Senior Vice President and Chief Information Officer

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Duke Energy Kentucky, Inc.		04/15/2021	2020/Q4

IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)

Appointments effective 02/20/20	
Renee H. Metzler	Managing Director, Total Rewards
Appointments effective 01/01/20	
Cameron D. McDonald	Vice President, Human Resources, Transformation & Employee Development
Janet Rhoton	Vice President, Human Resources, Executive Development & Engagement
Brian R. Weisker	Senior Vice President, Chief Operations Officer, Natural Gas
Resignations effective 03/31/20	
David A. Renner	Vice President, Coal Combustion Products Engineering
Resignations effective 03/01/20	
Melody Birmingham	Senior Vice President and Chief Procurement Officer
Bonnie B. Titone	Vice President and Chief Information Officer
Resignations effective 02/29/20	
Victor M. Gaglio	Senior Vice President and Chief Operations Officer, Natural Gas Business
Resignations effective 01/01/20	
Brian R. Weisker	Vice President, Natural Gas Operational Excellence

14. N/A

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	2,881,491,826	2,633,071,836
3	Construction Work in Progress (107)	200-201	70,446,121	114,642,467
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		2,951,937,947	2,747,714,303
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	1,044,742,638	1,005,243,913
6	Net Utility Plant (Enter Total of line 4 less 5)		1,907,195,309	1,742,470,390
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		1,907,195,309	1,742,470,390
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		1,220,439	1,231,001
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		1,500	1,500
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		12,851,866	9,774,894
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		317,782	749,242
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		14,391,587	11,756,637
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		4,296,974	7,145,664
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		6,233,908	4,902,218
41	Other Accounts Receivable (143)		1,981,275	2,527,496
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		324,092	313,942
43	Notes Receivable from Associated Companies (145)		21,030,759	16,029,153
44	Accounts Receivable from Assoc. Companies (146)		2,001,212	10,087,278
45	Fuel Stock (151)	227	30,021,194	28,974,722
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	17,576,107	17,806,805
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	19,921	20,854

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	84,712	1,210,601
55	Gas Stored Underground - Current (164.1)		0	2,660,533
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		428,870	422,679
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		21,480	6,211
61	Accrued Utility Revenues (173)		0	0
62	Miscellaneous Current and Accrued Assets (174)		7,863,991	6,405,394
63	Derivative Instrument Assets (175)		1,379,378	3,507,191
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		317,782	749,242
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		92,297,907	100,643,615
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		3,114,783	3,085,608
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	136,150,402	132,105,622
73	Prelim. Survey and Investigation Charges (Electric) (183)		447,199	355,305
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		4	4,588
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	2,156,140	2,535,760
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		517,204	688,982
82	Accumulated Deferred Income Taxes (190)	234	73,220,723	69,630,737
83	Unrecovered Purchased Gas Costs (191)		-3,514,021	-4,298,839
84	Total Deferred Debits (lines 69 through 83)		212,092,434	204,107,763
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		2,225,977,237	2,058,978,405

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [x] An Original (2) [ ] A Resubmission	04/15/2021	end of 2020/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	8,779,995	8,779,995
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		18,838,946	18,838,946
7	Other Paid-In Capital (208-211)	253	223,655,189	198,655,189
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	466,962,758	418,819,462
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	Total Proprietary Capital (lines 2 through 15)		718,236,888	645,093,592
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	25,000,000	25,000,000
21	Other Long-Term Debt (224)	256-257	706,720,000	636,720,000
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		186,301	198,565
24	Total Long-Term Debt (lines 18 through 23)		731,533,699	661,521,435
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		8,696,322	8,989,259
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		-83,933	-77,114
29	Accumulated Provision for Pensions and Benefits (228.3)		31,431,080	28,359,904
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		5,290,232	4,577,529
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		76,111,813	49,779,851
35	Total Other Noncurrent Liabilities (lines 26 through 34)		121,445,514	91,629,429
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		41,066,542	54,795,777
39	Notes Payable to Associated Companies (233)		75,472,000	82,509,000
40	Accounts Payable to Associated Companies (234)		16,595,167	12,529,754
41	Customer Deposits (235)		9,136,959	10,434,276
42	Taxes Accrued (236)	262-263	18,784,698	13,204,913
43	Interest Accrued (237)		7,611,627	7,140,744
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [x] An Original (2) [ ] A Resubmission	04/15/2021	end of 2020/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		2,099,990	2,191,217
48	Miscellaneous Current and Accrued Liabilities (242)		8,260,083	10,349,553
49	Obligations Under Capital Leases-Current (243)		292,937	269,544
50	Derivative Instrument Liabilities (244)		6,298,964	5,292,525
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		5,290,232	4,577,529
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		180,328,735	194,139,774
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		1,595,027	1,605,199
57	Accumulated Deferred Investment Tax Credits (255)	266-267	3,618,035	3,679,210
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	14,622,647	14,336,913
60	Other Regulatory Liabilities (254)	278	138,994,834	145,637,766
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		285,156,597	272,411,517
64	Accum. Deferred Income Taxes-Other (283)		30,445,261	28,923,570
65	Total Deferred Credits (lines 56 through 64)		474,432,401	466,594,175
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		2,225,977,237	2,058,978,405

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	445,665,255	478,697,929		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	235,673,671	259,569,501		
5	Maintenance Expenses (402)	320-323	35,779,342	45,696,645		
6	Depreciation Expense (403)	336-337	61,396,656	56,751,180		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	7,471,556	5,881,492		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		10,835,750	19,697,434		
13	(Less) Regulatory Credits (407.4)		6,557,984	3,417,037		
14	Taxes Other Than Income Taxes (408.1)	262-263	16,918,072	15,992,673		
15	Income Taxes - Federal (409.1)	262-263	2,044,705	-4,578,340		
16	- Other (409.1)	262-263	271,995	-752,107		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	41,108,598	59,682,009		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	34,315,896	46,424,182		
19	Investment Tax Credit Adj. - Net (411.4)	266	-61,175	-61,175		
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)		59,444	70,860		
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		370,505,846	407,967,233		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		75,159,409	70,730,696		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	Line No.
						1
346,892,088	376,626,996	98,773,167	102,070,933			2
						3
188,781,980	201,839,464	46,891,691	57,730,037			4
33,864,124	42,829,506	1,915,218	2,867,139			5
46,871,823	43,635,817	14,524,833	13,115,363			6
						7
3,600,538	2,537,133	3,871,018	3,344,359			8
						9
						10
						11
9,993,465	19,429,891	842,285	267,543			12
6,444,590	1,459,876	113,394	1,957,161			13
13,169,657	12,169,852	3,748,415	3,822,821			14
-498,211	-4,392,248	2,542,916	-186,092			15
329,389	-402,580	-57,394	-349,527			16
32,009,110	48,763,342	9,099,488	10,918,667			17
26,622,848	39,625,405	7,693,048	6,798,777			18
-428	-428	-60,747	-60,747			19
						20
						21
59,444	70,860					22
						23
						24
294,994,565	325,253,608	75,511,281	82,713,625			25
51,897,523	51,373,388	23,261,886	19,357,308			26

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		75,159,409	70,730,696		
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		1,300,789	1,075,625		
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		79,842	13,975		
33	Revenues From Nonutility Operations (417)		-50	4,376		
34	(Less) Expenses of Nonutility Operations (417.1)		56,068	70,446		
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		965,254	1,703,080		
38	Allowance for Other Funds Used During Construction (419.1)		-124,641	2,505,447		
39	Miscellaneous Nonoperating Income (421)		1,059,499	2,547,194		
40	Gain on Disposition of Property (421.1)			1,183		
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		3,064,941	7,752,484		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		255,853	381,488		
46	Life Insurance (426.2)		-2,326	-2,404		
47	Penalties (426.3)		2,500	33		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		495,762	468,762		
49	Other Deductions (426.5)		1,218,343	2,307,612		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		1,970,132	3,155,491		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	104,393	96,788		
53	Income Taxes-Federal (409.2)	262-263	2,180,902	2,370,384		
54	Income Taxes-Other (409.2)	262-263	544,528	591,541		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	122,704	502,075		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	2,188,314	2,085,376		
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		764,213	1,475,412		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		330,596	3,121,581		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		24,665,700	23,263,985		
63	Amort. of Debt Disc. and Expense (428)		392,830	361,034		
64	Amortization of Loss on Reaquired Debt (428.1)		171,778	232,976		
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)		755,884	1,829,960		
68	Other Interest Expense (431)		1,360,229	1,307,150		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		-288	2,012,772		
70	Net Interest Charges (Total of lines 62 thru 69)		27,346,709	24,982,333		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		48,143,296	48,869,944		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		48,143,296	48,869,944		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		418,819,462	369,949,518
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		48,143,296	48,869,944
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31				
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		466,962,758	418,819,462
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		466,962,758	418,819,462
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	48,143,296	48,869,944
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	61,396,656	56,751,180
5	Amortization of		
6	Plant Items	7,471,556	5,881,492
7	Debt Discount, Premium Expense, and Loss on Reacquired Debt	564,608	594,010
8	Deferred Income Taxes (Net)	4,727,092	11,674,526
9	Investment Tax Credit Adjustment (Net)	-61,175	-61,175
10	Net (Increase) Decrease in Receivables	7,295,872	6,231,159
11	Net (Increase) Decrease in Inventory	781,424	-10,057,147
12	Net (Increase) Decrease in Allowances Inventory	933	3,154
13	Net Increase (Decrease) in Payables and Accrued Expenses	13,717,391	-10,146,215
14	Net (Increase) Decrease in Other Regulatory Assets	-2,311,411	7,016,480
15	Net Increase (Decrease) in Other Regulatory Liabilities	-1,214,007	-88,417
16	(Less) Allowance for Other Funds Used During Construction	-124,641	2,505,447
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	7,786,743	-1,553,836
19			
20			
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	148,423,619	112,609,708
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-232,636,624	-264,968,178
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant	-1,376,428	-4,314,646
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction	124,641	-2,505,447
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-234,137,693	-266,777,377
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables	-5,002,000	
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-239,139,693	-266,777,377
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	70,000,000	210,000,000
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65			
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68	Contribution from Parent	25,000,000	
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	95,000,000	210,000,000
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		-100,000,000
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):	-7,037,000	43,633,998
77	Premium Payments and Fees on Deferred Debt	-95,616	-93,375
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock		
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	87,867,384	153,540,623
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	-2,848,690	-627,046
87			
88	Cash and Cash Equivalents at Beginning of Period	7,145,664	7,772,710
89			
90	Cash and Cash Equivalents at End of period	4,296,974	7,145,664

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Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 120 Line No.: 18 Column: b

Special funds	$ (910,762)
Prepayments	1,008,692
Miscellaneous Current and Accrued Assets	210,540
Preliminary Survey and Investigation Charges	(91,894)
Clearing Accounts	4,584
Miscellaneous Deferred Debits	379,620
Unrecovered Purchased Gas Costs	(784,818)
Obligations Under Capital Leases - Noncurrent	(292,937)
Accumulated Provisions	(62,781)
Contribution to Pension Plan	-
Customer Advances for Construction	(10,172)
Other Deferred Credits	285,734
Derivative Instruments	1,006,439
Net Utility Plant and Nonutility Property	7,138,729
Debt Expenses	(314,125)
Deferred Income Taxes	219,894
TOTAL OTHER	$ 7,786,743

Schedule Page: 120 Line No.: 18 Column: c

Special funds	$ (3,240,113)
Prepayments	660,385
Miscellaneous Current and Accrued Assets	(1,700,352)
Preliminary Survey and Investigation Charges	(259,389)
Clearing Accounts	(4,574)
Miscellaneous Deferred Debits	(605,216)
Unrecovered Purchased Gas Costs	4,649,207
Obligations Under Capital Leases - Noncurrent	(453,554)
Accumulated Provisions	885,026
Contribution to Pension Plan	(480,889)
Customer Advances for Construction	30,283
Other Deferred Credits	(722,871)
Derivative Instruments	3,354,288
Net Utility Plant and Nonutility Property	(3,027,206)
Debt Expenses	(997,417)
Deferred Income Taxes	358,556
TOTAL OTHER	$ (1,553,836)

Schedule Page: 120 Line No.: 76 Column: b

Intercompany Moneypool Payable $ (7,037,000)

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Intercompany Moneypool Payable $ 43,633,998

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

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Supplemental Disclosures (in thousands)	**YTD December 2020**	**YTD December 2019**
Cash paid for interest, net of amount capitalized	$ 24,857	$ 21,805
Cash paid / (refunded) for income taxes	$ 1,822	$ 273

Significant non-cash transactions (in -thousands)	**YTD December 2020**	**YTD December 2019**
AFUDC - equity component	$ (125)	$ 2,505
Accrued capital expenditures	$ 24,529	$ 43,646

Cash and Cash Equivalent at End of period:

Cash (131)	$ 4,296,974	$ 7,145,664
Working Funds (135)	0	0
Temporary Cash Investments (136)	0	0
	$ 4,296,974	$ 7,145,664

Name of Respondent	This Report Is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Cormmission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	(Mo, Da, Yr) 04/15/2021	2020/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

This Federal Energy Regulatory Commission (FERC) Form 1 has been prepared in conformity with the requirements of the FERC as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles in the United States of America (GAAP). The following areas represent the significant differences between the Uniform System of Accounts and GAAP:

- GAAP requires that public business enterprises report certain information about operating segments in complete sets of financial statements of the enterprise and certain information about their products and services, which are not required for FERC reporting purposes.

- GAAP requires that majority-owned subsidiaries be consolidated for financial reporting purposes. FERC requires that majority-owned subsidiaries be separately reported as Investment in Subsidiary Companies, unless an appropriate waiver has been granted by the FERC.

- FERC requires that income or losses of an unusual nature and infrequent occurrence, which would significantly distort the current year's income, be recorded as extraordinary income or deductions, respectively.

- GAAP requires that removal and nuclear decommissioning costs for property that does not have an associated legal retirement obligation be presented as a regulatory liability on the Balance Sheet. These costs are presented as accumulated depreciation on the Balance Sheet for FERC reporting purposes.

- GAAP requires the regulatory assets and liabilities resulting from the implementation of ASC 740-10 (formerly SFAS No. 109) be presented as a net amount on the balance sheet. For FERC reporting purposes, these assets and liabilities are presented separately and are included in the Other Regulatory Asset and Other Regulatory Liability line items.

- GAAP requires that the current portion of regulatory assets and regulatory liabilities be reported as current assets and current liabilities, respectively, on the Balance Sheet. FERC requires that the current portion of regulatory assets and liabilities be reported as Regulatory Assets within Deferred Debits and Regulatory Liabilities within Deferred Credits, respectively.

- GAAP requires that the current portion of long-term debt and preferred stock be reported as a current liability on the Balance Sheet. FERC requires that the current portion of long-term debt and preferred stock be reported as Long-term Debt and Proprietary Capital.

- GAAP requires that any deferred costs associated with a specific debt issuance be presented as a reduction to debt on the Balance Sheet. FERC requires any Unamortized Debt Expense to be separately stated as a Deferred Debit on the Balance Sheet.

- GAAP requires that certain account balances within financial statement line items which are not in the natural position for that line item (e.g. an account within Accounts Receivable with a credit balance) be reclassed to the appropriate side of the Balance Sheet. FERC does not require certain accounts which are not in a natural position for their respective line item to be reclassed, as long as the line item in total is in its natural position.

- GAAP requires that regulated assets that are abandoned or retired early, including the cost of the asset and its associated accumulated depreciation, be reclassified to a separate regulatory asset on the Balance Sheet. For FERC reporting purposes, those assets which have been abandoned but are still operating are maintained in their original balance sheet accounts.

- GAAP requires that the current portion of Asset Retirement Obligations be reported as current liabilities on the Balance Sheet. For FERC reporting purposes, these liabilities are not reported separately and are reflected as Asset Retirement Obligations within the Other Noncurrent Liabilities section of the Balance Sheet.

- GAAP requires service cost related to pensions and Post-Retirement Benefits Other Than Pensions (PBOP) to be reported with other compensation costs arising from services rendered by employees during the period and included in a subtotal of income from operations on the income statement. Non-service cost components are presented separately outside the subtotal of income from operations on the income statement. For FERC reporting purposes, costs related to pensions and PBOP is included in the Net Utility Operating Income of the income statement.

Duke Energy Kentucky's notes to the financial statements have been prepared in conformity with GAAP. Accordingly, certain footnotes are not reflective of Duke Energy Kentucky's financial statements contained herein. Management has evaluated the impact of events occurring after December 31, 2020 up to March 12, 2021, the date that Duke Energy Kentucky's U.S. GAAP financial statements were issued.

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) X An Original (2) _ A Resubmission	Date of Report (Mo, Da, Yr) 04/15/2021	Year/Period of Report 2020/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Duke Energy Kentucky is a combination electric and natural gas regulated public utility company that provides service in northern Kentucky. Duke Energy Kentucky's principal lines of business include generation, transmission, distribution and sale of electricity, as well as the transportation and sale of natural gas. Duke Energy Kentucky is subject to the regulatory provisions of the KPSC and the FERC. Duke Energy Kentucky's common stock is wholly owned by Duke Energy Ohio, Inc., an indirect wholly owned subsidiary of Duke Energy.

Certain prior year amounts have been reclassified to conform to the current year presentation.

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. In March 2020, the World Health Organization declared COVID-19 a global pandemic, and the federal government proclaimed that the COVID-19 outbreak in the United States constitutes a national emergency. Duke Energy Kentucky is monitoring developments closely and responding appropriately. See Notes 2, 12 and 13 for additional information as well as steps taken to mitigate the impacts to our business and customers from the COVID-19 pandemic.

Other Current Assets and Liabilities

Duke Energy Kentucky does not have any amounts included in Other within Current Assets or Current Liabilities that exceed 5% of total Current Assets or Current Liabilities on the Balance Sheets at either December 31, 2020, or 2019.

SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

In preparing financial statements that conform to GAAP, Duke Energy Kentucky must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Regulatory Accounting

The majority of Duke Energy Kentucky's operations are subject to price regulation for the sale of electricity and natural gas by the KPSC or FERC. When prices are set on the basis of specific costs of the regulated operations and an effective franchise is in place such that sufficient natural gas or electric services can be sold to recover those costs, Duke Energy Kentucky applies regulatory accounting. Regulatory accounting changes the timing of the recognition of costs or revenues relative to a company that does not apply regulatory accounting. As a result, regulatory assets and regulatory liabilities are recognized on the Balance Sheets and are amortized consistent with the treatment of the related cost in the ratemaking process. Regulatory assets are reviewed for recoverability each reporting period. If a regulatory asset is no longer deemed probable of recovery, the deferred cost is charged to earnings. See Note 2 for further information.

Duke Energy Kentucky utilizes cost-tracking mechanisms, commonly referred to as fuel adjustment clauses or purchased gas adjustment clauses. These clauses allow for the recovery of fuel and fuel-related costs, portions of purchased power, natural gas costs and hedging costs through surcharges on customer rates. The difference between the costs incurred and the surcharge revenues is recorded either as an adjustment to Operating Revenues, Operating Expenses - Fuel used in electric generation and purchased power or Operating Expenses - Cost of natural gas on the Statements of Operations with an off-setting impact on regulatory assets or regulatory liabilities.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of acquisition are considered cash equivalents.

Inventory

Inventory related to regulated operations is valued at historical cost. Inventory is charged to expense or capitalized to property, plant and equipment when issued, primarily using the average cost method. Excess or obsolete inventory is written-down to the lower of cost or net realizable value. Once inventory has been written-down, it creates a new cost basis for the inventory that is not subsequently written-up. Provisions for inventory write-offs were not material at December 31, 2020, and 2019. The components of inventory are presented in the table below.

	December 31,	
(in thousands)	**2020**	**2019**
Materials and supplies	**$ 17,661**	$ 19,017
Coal	**16,052**	14,982
Natural gas, oil and other	**13,969**	16,654
Total inventory	**$ 47,682**	$ 50,653

Long-Lived Asset Impairments

Duke Energy Kentucky evaluates long-lived assets for impairment when circumstances indicate the carrying value of those assets may not be recoverable. An impairment exists when a long-lived asset's carrying value exceeds the estimated undiscounted cash flows expected to result from the use and eventual disposition of the asset. The estimated cash flows may be based on alternative expected outcomes that are probability weighted. If the carrying value of the long-lived asset is not recoverable based on these estimated future undiscounted cash flows, the carrying value of the asset is written-down to its then-current estimated fair value and an impairment charge is recognized.

Duke Energy Kentucky assesses the fair value of long-lived assets using various methods, including recent comparable third-party sales, internally developed discounted cash flow analysis and analysis from outside advisors. Triggering events to reassess cash flows may include, but are not limited to, significant changes in commodity prices, the condition of an asset or management's interest in selling the asset.

Property, Plant and Equipment

Property, plant and equipment are stated at the lower of depreciated historical cost net of any disallowances or fair value, if impaired. Duke Energy Kentucky capitalizes all construction-related direct labor and material costs, as well as indirect construction costs such as general engineering, taxes and financing costs. See "Allowance for Funds Used During Construction and Interest Capitalized" below for information on capitalized financing costs. Costs of renewals and betterments that extend the useful life of property, plant and equipment are also capitalized. The cost of repairs, replacements and major maintenance projects, which do not extend the useful life or increase the expected output of the asset, are expensed as incurred. Depreciation is generally computed over the estimated useful life of the asset using the composite straight-line method. Depreciation studies are conducted periodically to update composite rates and are approved by the KPSC and/or the FERC when required. The composite weighted average depreciation rate was 2.4% and 2.6% for the years ended December 31, 2020, and 2019, respectively.

In general, when Duke Energy Kentucky retires its regulated property, plant and equipment, the original cost plus the cost of retirement, less salvage value and any depreciation already recognized, is charged to accumulated depreciation. However, when it becomes probable a regulated asset will be retired substantially in advance of its original expected useful life or will be abandoned, the cost of the asset and the corresponding accumulated depreciation is recognized as a separate asset. If the asset is still in operation, the net amount is classified as Generation facilities to be retired, net on the Balance Sheets. If the asset is no longer operating, the net amount is classified in Regulatory assets on the Balance Sheets if deemed recoverable (see discussion of long-lived asset impairments above). The carrying value of the asset is based on historical cost if Duke Energy Kentucky is allowed to recover the remaining net book value and a return equal to at least the incremental borrowing rate. If not, an impairment is recognized to the extent the net book value of the asset exceeds the present value of future revenues discounted at the incremental borrowing rate.

When Duke Energy Kentucky sells entire regulated operating units, the original cost and accumulated depreciation and amortization balances are removed from Property, Plant and Equipment on the Balance Sheets. Any gain or loss is recorded in earnings, unless otherwise required by the KPSC and/or the FERC. See Note 7 for further information.

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NOTES TO FINANCIAL STATEMENTS (Continued)

Leases

Duke Energy Kentucky determines if an arrangement is a lease at contract inception based on whether the arrangement involves the use of a physically distinct identified asset and whether Duke Energy Kentucky has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period as well as the right to direct use of the asset. As a policy election, Duke Energy Kentucky does not evaluate arrangements with initial contract terms of less than one year as leases.

Operating leases are included in Operating lease ROU assets, net, Other current liabilities and Operating lease liabilities on the Balance Sheets.

For lessee and lessor arrangements, Duke Energy Kentucky has elected a policy to not separate lease and non-lease components for all asset classes. For lessor arrangements, lease and non-lease components are only combined under one arrangement and accounted for under the lease accounting framework if the non-lease components are not the predominant component of the arrangement and the lease component would be classified as an operating lease.

Allowance for Funds Used During Construction and Interest Capitalized

For regulated operations, the debt and equity costs of financing the construction of property, plant and equipment are reflected as AFUDC and capitalized as a component of the cost of property, plant and equipment. AFUDC equity is reported on the Statements of Operations as non-cash income in Other Income and Expenses, net. AFUDC debt is reported as a non-cash offset to Interest Expense on the Statements of Operations. After construction is completed, Duke Energy Kentucky is permitted to recover these costs through their inclusion in rate base and the corresponding subsequent depreciation or amortization of those regulated assets.

AFUDC equity, a permanent difference for income taxes, reduces the effective tax rate when capitalized and increases the effective tax rate when depreciated or amortized. See Note 15 for additional information.

Asset Retirement Obligations

AROs are recognized for legal obligations associated with the retirement of property, plant and equipment. Substantially all AROs are related to regulated operations. When recording an ARO, the present value of the projected liability is recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. The liability is accreted over time. For operating plants, the present value of the liability is added to the cost of the associated asset and depreciated over the remaining life of the asset. For retired plants, the present value of the liability is recorded as a regulatory asset unless determined not to be probable of recovery.

The present value of the initial obligation and subsequent updates are based on discounted cash flows, which include estimates regarding timing of future cash flows, selection of discount rates and cost escalation rates, among other factors. These estimates are subject to change. Depreciation expense is adjusted prospectively for any changes to the carrying amount of the associated asset. Duke Energy Kentucky receives amounts to fund the cost of the ARO from regulated revenues. As a result, amounts recovered in regulated revenues, accretion expense and depreciation of the associated asset are netted and deferred as a regulatory asset or regulatory liability.

Obligations for closure of ash basins are based upon discounted cash flows of estimated costs for site-specific plans, if known, or probability weightings of the potential closure methods if the closure plans are under development and multiple closure options are being considered and evaluated on a site-by-site basis. See Note 6 for further information.

Accounts Payable

During 2020, Duke Energy established a supply chain finance program (the "program") with a global financial institution. Duke Energy Kentucky is a participant in this enterprise-wide program offered to suppliers. The program is voluntary and allows Duke Energy Kentucky suppliers, at their sole discretion, to sell their receivables from Duke Energy Kentucky to the financial institution at a rate that leverages Duke Energy Kentucky's credit rating and, which may result in favorable terms compared to the rate available to the supplier on their own credit rating. Suppliers participating in the program, determine at their sole discretion which invoices they will sell to the financial institution. Suppliers' decisions on which invoices are sold do not impact Duke Energy Kentucky's payment terms, which are based on commercial terms negotiated between Duke Energy Kentucky and the supplier regardless of program participation. The commercial terms negotiated between Duke Energy Kentucky and its suppliers are consistent regardless of whether the supplier elects to participate in the program. Duke Energy Kentucky does not issue any guarantees with respect to the program and does not participate in negotiations between suppliers and the financial institution. Duke Energy Kentucky does not have an economic interest in the supplier's decision to participate in the program and receives no interest, fees or other benefit from the financial institution based on supplier participation in the program.

Suppliers invoices sold to the financial institution under the program totaled $1.8 million for the year ended December 31, 2020, for Duke Energy Kentucky. All activity related to amounts due to suppliers who elected to participate in the program are included within Net cash provided by operating activities on the Statements of Cash Flows.

Revenue Recognition

Duke Energy Kentucky recognizes revenue as customers obtain control of promised goods and services in an amount that reflects consideration expected in exchange for those goods or services. Generally, the delivery of electricity and natural gas results in the transfer of control to customers at the time the commodity is delivered and the amount of revenue recognized is equal to the amount billed to each customer, including estimated volumes delivered when billings have not yet occurred. See Note 13 for further information.

Derivatives and Hedging

Derivative instruments may be used in connection with commodity price and interest rate activities, including swaps, futures, forwards and options. All derivative instruments, except those that qualify for the normal purchase/normal sale exception, are recorded on the Balance Sheets at fair value. For activity subject to regulatory accounting, gains and losses on derivative contracts are reflected as regulatory assets or regulatory liabilities and not as other comprehensive income or current period income. As a result, changes in fair value of these derivatives have no immediate earnings impact. See Note 10 for further information.

Unamortized Debt Premium, Discount and Expense

Premiums, discounts and expenses incurred with the issuance of outstanding long-term debt are amortized over the term of the debt issue. The gain or loss on extinguishment associated with refinancing higher-cost debt obligations in the regulated operations is amortized over the remaining life of the original instrument. Amortization expense is recorded as Interest Expense in the Statements of Operations and is reflected as Depreciation and amortization within Net cash provided by operating activities on the Statements of Cash Flows.

Premiums, discounts and expenses are presented as an adjustment to the carrying value of the debt amount and included in Long-Term Debt on the Balance Sheets presented.

Loss Contingencies and Environmental Liabilities

Contingent losses are recorded when it is probable a loss has occurred and can be reasonably estimated. When a range of the probable loss exists and no amount within the range is a better estimate than any other amount, the minimum amount in the range is recorded. Unless otherwise required by GAAP, legal fees are expensed as incurred.

Environmental liabilities are recorded on an undiscounted basis when environmental remediation or other liabilities become probable and can be reasonably estimated. Environmental expenditures related to past operations that do not generate current or future revenues are expensed. Environmental expenditures related to operations that generate current or future revenues are expensed or capitalized, as appropriate. Certain environmental expenditures receive regulatory accounting treatment and are recorded as regulatory assets. See Notes 2 and 3 for further information.

Pension and Other Post-Retirement Benefit Plans

Duke Energy maintains qualified, non-qualified and other post-retirement benefit plans. Eligible employees of Duke Energy Kentucky participate in the respective qualified, non-qualified and other post-retirement benefit plans and Duke Energy Kentucky is allocated its proportionate share of benefit costs. See Note 14 for further information, including significant accounting policies associated with these plans.

Income Taxes

Duke Energy and its subsidiaries file a consolidated federal income tax return and other state and foreign jurisdictional returns. Duke Energy Kentucky has a tax-sharing agreement with Duke Energy, and income taxes recorded represent amounts Duke Energy Kentucky would incur as a separate C-Corporation. Deferred income taxes have been provided for temporary differences between GAAP and tax bases of assets and liabilities because the differences create taxable or tax-deductible amounts for future periods. Investment tax credits associated with regulated operations are deferred and amortized as a reduction of income tax expense over the estimated useful lives of the related properties.

Accumulated deferred income tax is valued using the enacted tax rate expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be settled or realized. In the event of a change in tax rates, deferred tax assets and liabilities are remeasured as of the enactment date of the new rate. To the extent that the change in the value of the deferred tax represents an obligation to customers, the impact of the remeasurement is deferred to a regulatory liability. Remaining impacts are recorded in income from continuing operations. If Duke Energy Kentucky's estimate of the tax effect of reversing temporary differences is not reflective of actual outcomes, is modified to reflect new developments or interpretations of the tax law, is revised to incorporate new accounting principles, or changes in the expected timing or manner of the reversal then Duke Energy Kentucky's results of operations could be impacted.

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Tax-related interest and penalties are recorded in Interest Expense and Other Income and Expenses, net, in the Statements of Operations. See Note 15 for further information.

Dividend Restrictions

Duke Energy Kentucky is required to pay dividends solely out of retained earnings and to maintain a minimum of 35% equity in its capital structure.

New Accounting Standards

The following new accounting standard was adopted by Duke Energy Kentucky in 2020.

Current Expected Credit Losses. In June 2016, the FASB issued new accounting guidance for credit losses. Duke Energy Kentucky adopted the new accounting guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year results. Duke Energy Kentucky did not adopt any practical expedients.

Duke Energy Kentucky recognizes allowances for credit losses based on management's estimate of losses expected to be incurred over the lives of certain assets. Management monitors credit quality, changes in expected credit losses and the appropriateness of the allowance for credit losses on a forward-looking basis. Management reviews the risk of loss periodically as part of the existing assessment of collectability of receivables. See Note 13 for additional information.

Duke Energy Kentucky reviews the credit quality of its counterparties as part of its regular risk management process and requires credit enhancements, such as deposits or letters of credit, as appropriate and as allowed by regulators.

The adoption of the accounting guidance for credit losses did not have a material impact on the Statements of Operations, Balance Sheets or Statements of Cash Flows for Duke Energy Kentucky. Therefore, no material adjustments were recorded as of the adoption date of January 1, 2020.

The following new accounting standard has been issued but not yet adopted by Duke Energy Kentucky as of December 31, 2020.

Reference Rate Reform. In March 2020, the FASB issued new accounting guidance for reference rate reform. This guidance is elective and provides expedients to facilitate financial reporting for the anticipated transition away from the London Inter-bank Offered Rate (LIBOR) and other interbank reference rates by the end of 2021. The optional expedients are effective for modification of existing contracts or new arrangements executed between March 12, 2020, through December 31, 2022.

Duke Energy Kentucky has variable-rate debt and manages interest rate risk by entering into financial contracts including interest rate swaps that are generally indexed to LIBOR. Impacted financial arrangements extending beyond 2021 may require contractual amendment or termination to fully adapt to a post-LIBOR environment. Duke Energy Kentucky is assessing these financial arrangements and is evaluating the use of optional expedients outlined in the new accounting guidance. Alternative index provisions are also being assessed and incorporated into new financial arrangements that extend beyond 2021. The full outcome of the transition away from LIBOR cannot be determined at this time, but it is not expected to have a material impact on the financial statements.

Subsequent Events

Subsequent events were evaluated through March 12, 2021, and none were identified.

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NOTES TO FINANCIAL STATEMENTS (Continued)

2. REGULATORY MATTERS

REGULATORY ASSETS AND LIABILITIES

Duke Energy Kentucky records regulatory assets and liabilities that result from the ratemaking process. See Note 1 for further information.

The following table represents the regulatory assets and liabilities on the Balance Sheets.

	December 31,		Earns/Pays	Recovery/Refund
(in thousands)	2020	2019	a Return	Period Ends
Regulatory Assets[a]				
East Bend deferrals	$ 40,199	43,834	X	(c)
Accrued pension and other post-retirement benefits	35,714	36,398		(b)
AROs – coal ash	22,208	15,983	X	(c)(g)
Hedge costs and other deferrals	5,874	4,894		(e)
East Bend outage normalization	4,438	3,854		(c)
Advanced Metering Infrastructure	3,867	4,266		2033
Storm cost deferrals	3,203	4,326		(c)
Deferred gas integrity costs	2,468	2,711	X	2029
Carbon management research grant	1,467	1,667		2028
Vacation accrual	1,324	1,354		2021
Demand side management/Energy efficiency costs	1,300	—		(c)(d)
Deferred debt expense	517	689		2036
Deferred fuel and purchased gas costs	—	1,423		(d)(g)2020
Other	4,288	3,896		(c)(d)
Total regulatory assets	126,867	125,295		
Less: current portion	14,833	14,300		
Total noncurrent regulatory assets	$ 112,034	$ 110,995		
Regulatory Liabilities[a]				
Net regulatory liability related to income taxes	$ 124,395	130,324		(c)
Costs of removal	7,439	7,894		(f)
Accrued pension and other post-retirement benefits	6,041	5,329		(b)
Deferred fuel and purchased gas costs	3,775	4,317		2021
Demand side management/Energy efficiency costs	1,004	4,317		(c)(d)
Profit sharing mechanism	826	—		2021
Provision for rate refunds	421	582		2024
Hedge costs and other deferrals	159	657		(e)

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NOTES TO FINANCIAL STATEMENTS (Continued)

Other	**1,903**	316	(c)
Total regulatory liabilities	**145,963**	153,736	
Less: current portion	**11,389**	16,112	
Total noncurrent regulatory liabilities	**$ 134,574**	$ 137,624	

(a) Regulatory assets and liabilities are excluded from rate base unless otherwise noted.

(b) Recovered primarily over the average remaining service periods or life expectancies of employees covered by the benefit plans. See Note 14 for further information.

(c) The expected recovery or refund period varies or has not been determined.

(d) Deferred costs are recovered through a rider mechanism.

(e) Amounts relate to unrealized gains and losses on derivatives recorded as a regulatory asset or liability, respectively, until the contracts are settled.

(f) Represents funds received from customers to cover future removal of property, plant and equipment from retired or abandoned sites as property is retired. Included in rate base and recovered over the life of associated assets.

(g) Certain amounts are recovered through rates.

RATE RELATED INFORMATION

The KPSC approves rates for retail electric and natural gas services within the Commonwealth of Kentucky. The FERC approves rates for electric sales to wholesale customers served under cost-based rates, as well as sales of transmission service.

Duke Energy Kentucky COVID-19

In response to the COVID-19 pandemic, on March 6, 2020, Governor Andy Beshear declared a state of emergency in the commonwealth of Kentucky. The KPSC issued an order directing utilities to cease disconnections for nonpayment and waive late payment fees. The KPSC also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers, if necessary. In response, Duke Energy Kentucky ceased all disconnections except for safety-related concerns and waived late payment and reconnection fees. On September 21, 2020, the KPSC issued an order ending the disconnection moratorium for residential and nonresidential customers effective no earlier than October 20, 2020. Utilities are required to offer residential customers a default payment plan for any arrearages accumulated through the October 2020 billing cycle. Assessment of late payment charges for nonresidential customers resumed beginning October 20, 2020, and resumed for residential customers after December 31, 2020. Duke Energy Kentucky is following the order, as clarified on September 30, 2020, by the KPSC.

Duke Energy Kentucky Electric Base Rate Case

On September 3, 2019, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately $46 million. On January 31, 2020, Duke Energy Kentucky filed rebuttal testimony updating its rate increase request to approximately $44 million. Hearings concluded on February 20, 2020, and briefing was completed March 20, 2020. On April 27, 2020, the KPSC issued its decision approving a $24 million increase for Duke Energy Kentucky with a 9.25% return on equity. The KPSC denied Duke Energy Kentucky's major storm deferral mechanism and EV and battery storage pilots. The KPSC approved Duke Energy Kentucky's Green Source Advantage tariff. New customer rates were effective on May 1, 2020. On May 18, 2020, Duke Energy Kentucky filed its motion for rehearing and on June 4, 2020, the motion was granted in part and denied in part by the KPSC. On October 16, 2020, the KPSC issued an Order on Rehearing authorizing an additional $4 million increase in revenue requirement bringing the total authorized revenue requirement increase to $28 million. Revised customer rates took effect in November 2020. The case has been resolved.

Regional Transmission Organization Realignment

Duke Energy Kentucky transferred control of its transmission assets to effect a Regional Transmission Organization (RTO) realignment from Midcontinent Independent System Operator, Inc. (MISO) to PJM Interconnection, LLC (PJM), effective December 31, 2011.

On December 22, 2010, the KPSC approved Duke Energy Kentucky's request to effect the RTO realignment, subject to a commitment not to seek double-recovery in a future rate case of the transmission expansion fees that may be charged by MISO and PJM in the same period or overlapping periods. Duke Energy Kentucky is currently recovering PJM transmission expansion fees through current base rates.

Upon its exit from MISO on December 31, 2011, Duke Energy Kentucky recorded a liability and expense for its exit obligation and share of MISO Transmission Expansion Planning costs, excluding Multi Value Projects. This liability was recorded within Other in Current Liabilities and Other in Noncurrent Liabilities on the Balance Sheets.

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The following table provides a reconciliation of the beginning and ending balance of recorded obligations related to the withdrawal from MISO.

(in thousands)	December 31, 2019	Provision / Adjustments	Cash Reductions	December 31, 2020
MISO withdrawal liability	$ 13,924	$ 359	$ (751)	$ 13,532

3. COMMITMENTS AND CONTINGENCIES

GENERAL INSURANCE

Duke Energy Kentucky has insurance and/or reinsurance coverage either directly or through indemnification from Duke Energy's captive insurance company, Bison Insurance Company Limited, and its affiliates, consistent with companies engaged in similar commercial operations with similar type properties. Duke Energy Kentucky's coverage includes (i) commercial general liability coverage for liabilities arising to third parties for bodily injury and property damage; (ii) workers' compensation; (iii) automobile liability coverage; and (iv) property coverage for all real and personal property damage. Real and personal property damage coverage excludes electric transmission and distribution lines, but includes damages arising from boiler and machinery breakdowns, earthquakes, flood damage and extra expense, but not outage or replacement power coverage. All coverage is subject to certain deductibles or retentions, sublimits, exclusions, terms and conditions common for companies with similar types of operations. Duke Energy Kentucky self-insures its electric transmission and distribution lines against loss due to storm damage and other natural disasters.

The cost of Duke Energy Kentucky's coverage can fluctuate year to year reflecting claims history and conditions of the insurance and reinsurance markets.

In the event of a loss, terms and amounts of insurance and reinsurance available might not be adequate to cover claims and other expenses incurred. Uninsured losses and other expenses, to the extent not recovered by other sources, could have a material effect on Duke Energy Kentucky's results of operations, cash flows or financial position. Duke Energy Kentucky is responsible to the extent losses may be excluded or exceed limits of the coverage available.

ENVIRONMENTAL

Duke Energy Kentucky is subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal, coal ash and other environmental matters. These regulations can be changed from time to time, imposing new obligations on Duke Energy Kentucky.

On November 16, 2016, the state of Maryland filed a petition with EPA under Section 126 of the Clean Air Act alleging that 19 power plants, including one unit owned and operated by Duke Energy Kentucky, contribute to violations of EPA's National Ambient Air Quality Standards (NAAQS) for ozone in the state of Maryland. On March 12, 2018, the state of New York filed a petition with EPA, also under Section 126 of the Clean Air Act alleging that over 60 power plants, including one unit owned and operated by Duke Energy Kentucky, contribute to violations of EPA's ozone NAAQS in the state of New York. Both Maryland and New York sought EPA orders requiring the states in which the named power plants operate impose more stringent Nitrogen oxide (NO_x) emission limitations on the plants. On October 5, 2018, EPA denied the Maryland petition. That same day, Maryland appealed EPA's denial. On October 18, 2019, EPA denied the New York petition, and New York appealed that decision on October 29, 2019. On May 19, 2020, the U.S. Court of Appeals for the D.C. Circuit issued its decision, finding, with one exception, that EPA reasonably denied the Maryland petition. The court remanded one issue to EPA regarding target sources lacking catalytic controls. The Duke Energy Kentucky unit targeted has selective catalytic reduction, so the decision is favorable. A different panel of the same court heard oral argument in New York's appeal of EPA's denial of its Section 126 Petition on May 7, 2020, and on July 14, 2020, the panel issued its decision remanding the petition to EPA for further review. Duke Energy Kentucky cannot predict the outcome of this matter.

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Remediation Activities

In addition to the AROs discussed in Note 6, Duke Energy Kentucky is responsible for environmental remediation at various sites. These include certain properties that are part of ongoing operations and sites formerly owned or used by Duke Energy Kentucky. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site condition and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, Duke Energy Kentucky could potentially be held responsible for environmental impacts caused by other potentially responsible parties, and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other on the Statements of Operations unless regulatory recovery of the costs is deemed probable.

Duke Energy Kentucky has accrued approximately $668 thousand and $670 thousand of probable and estimable costs related to its various environmental sites in Other within Other Noncurrent Liabilities on the Balance Sheets as of December 31, 2020, and 2019, respectively. Additional losses in excess of recorded reserves are expected to be immaterial for the stages of investigation, remediation and monitoring for the environmental sites that have been evaluated. The maximum amount of the range for all stages of Duke Energy Kentucky's environmental sites cannot be determined at this time.

LITIGATION

Duke Energy Kentucky is involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. Duke Energy Kentucky believes the final disposition of these proceedings will not have a material effect on its results of operations, cash flows or financial position. Duke Energy Kentucky expenses legal costs related to the defense of loss contingencies as incurred.

OTHER COMMITMENTS AND CONTINGENCIES

General

As part of its normal business, Duke Energy Kentucky is party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various third parties. These guarantees involve elements of performance and credit risk, which are not included on the Balance Sheets. The possibility of Duke Energy Kentucky having to honor its contingencies is largely dependent upon future operations of various third parties or the occurrence of certain future events.

Purchase Obligations

Pipeline and Storage Capacity Contracts

Duke Energy Kentucky enters into pipeline and storage capacity contracts that commit future cash flows to acquire services needed in its business. Costs arising from capacity commitments are recovered via the Gas Cost Adjustment Clause in Kentucky. The time period for fixed payments under these pipeline and storage capacity contracts is up to six years.

Certain storage and pipeline capacity contracts require the payment of demand charges that are based on rates approved by the FERC in order to maintain rights to access the natural gas storage or pipeline capacity on a firm basis during the contract term. The demand charges that are incurred in each period are recognized in the Statements of Operations as part of natural gas purchases and are included in Cost of natural gas.

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The following table presents future unconditional purchase obligations under these contracts.

(in thousands)		December 31, 2020
2021	$	7,181
2022		2,842
2023		1,610
2024		1,414
2025		587
Thereafter		394
Total	$	14,028

4. LEASES

As part of its operations, Duke Energy Kentucky leases space on communication towers, meters and office space under various terms and expiration dates. Certain Duke Energy Kentucky lease agreements include options for renewal and early termination. The intent to renew a lease varies depending on the lease type and asset. Renewal options that are reasonably certain to be exercised are included in the lease measurements. The decision to terminate a lease early is dependent on various economic factors. No termination options have been included in any of the lease measurements.

Duke Energy Kentucky has certain lease agreements, which include variable lease payments that are based on the usage of an asset. These variable lease payments are not included in the measurement of the ROU assets or operating lease liabilities on the Balance Sheets.

The following table presents the components of lease expense.

	Years Ended December 31,			
(in thousands)		2020		2019
Operating lease expense[(a)]	$	1,846	$	1,961
Short-term lease expense[(a)]		—		709
Variable lease expense[(a)]		66		108
Finance lease expense				
Amortization of leased assets[(b)]		—		169
Interest on lease liabilities[(c)]		—		2
Total finance lease expense		—		171
Total lease expense	$	1,912	$	2,949

(a) Included in Operations, maintenance and other on the Statements of Operations.
(b) Included in Depreciation and amortization on the Statements of Operations.
(c) Included in Interest Expense on the Statements of Operations.

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The following table presents operating lease maturities and a reconciliation of the undiscounted cash flows to operating lease liabilities.

(in thousands)	December 31, 2020
2021	$ 676
2022	688
2023	700
2024	712
2025	725
Thereafter	9,366
Total operating lease payments	12,867
Less: present value discount	(3,878)
Total operating lease liabilities(a)	$ 8,989

(a) Certain operating lease payments include renewal options that are reasonably certain to be exercised.

There were no finance lease liabilities as of December 31, 2020, or 2019.

The following tables contain additional information related to leases.

		December 31,	
(in thousands)	Classification	2020	2019
Assets			
Operating	Operating lease ROU assets, net	$ 8,786	$ 9,151
Total lease assets		$ 8,786	$ 9,151
Liabilities			
Current			
Operating	Other current liabilities	$ 293	$ 270
Noncurrent			
Operating	Operating lease liabilities	8,696	8,989
Total lease liabilities		$ 8,989	$ 9,259

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	Years ended December 31,	
(in thousands)	**2020**	**2019**
Cash paid for amounts included in the measurement of lease liabilities(a)		
Operating cash flows from operating leases	$ 665	$ 714
Operating cash flows from finance leases	—	2
Financing cash flows from finance leases	—	169

(a) No amounts were classified as investing cash flows from operating leases for the years ended December 31, 2020, and 2019.

	December 31,	
	2020	**2019**
Weighted-average remaining lease term (years)		
Operating leases	17	18
Weighted-average discount rate(a)		
Operating leases	4.4 %	4.4 %

(a) The discount rate is calculated using the rate implicit in a lease if it is readily determinable. Generally, the rate used by the lessor is not provided to Duke Energy Kentucky and in these cases the incremental borrowing rate is used. Duke Energy Kentucky will typically use its fully collateralized incremental borrowing rate as of the commencement date to calculate and record the lease. The incremental borrowing rate is influenced by the lessee's credit rating and lease term and as such may differ for individual leases, embedded leases or portfolios of leased assets.

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5. DEBT AND CREDIT FACILITIES

SUMMARY OF DEBT AND RELATED TERMS

The following table summarizes outstanding debt.

(in thousands)	Weighted Average Interest Rate	Year Due	December 31, 2020	2019
Unsecured debt	4.01 %	2023 - 2057	$ 630,000	$ 560,000
Tax-exempt bonds[(a)(b)]	0.75 %	2027	76,720	76,720
Money pool borrowings[(b)(c)]	0.41 %	2025	100,472	107,510
Unamortized debt discount and premium, net			(186)	(199)
Unamortized debt issuance costs			(2,738)	(2,715)
Total debt	3.25 %		$ 804,268	$ 741,316
Short-term money pool borrowings			(75,472)	(82,509)
Current maturities of long-term debt[(d)]			(50,000)	—
Total long-term debt			$ 678,796	$ 658,807

(a) Includes $27 million that is secured by a bilateral letter of credit agreement at December 31, 2020, and 2019.
(b) Floating-rate debt. At December 31, 2019, the weighted average interest rate was 2.16% and 1.89% for tax-exempt bonds and money pool borrowings, respectively.
(c) Includes $25 million classified as Long-Term Debt Payable to Affiliated Companies on the Balance Sheets at December 31, 2020, and 2019.
(d) Amount classified as Current maturities of long-term debt include a mandatory put option to Duke Energy Kentucky in November 2021.

MATURITIES AND CALL OPTIONS

The following table shows the annual maturities of long-term debt for the next five years and thereafter. Amounts presented exclude short-term notes payable.

(in thousands)	December 31, 2020
2021	$ 50,000
2022	—
2023	25,000
2024	—
2025	120,000
Thereafter	536,720
Total long-term debt, including current maturities	$ 731,720

Duke Energy Kentucky has the ability under certain debt facilities to call and repay the obligation prior to its scheduled maturity. Therefore, the actual timing of future cash repayments could be materially different than as presented above.

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SHORT-TERM OBLIGATIONS CLASSIFIED AS LONG-TERM DEBT

Certain tax-exempt bonds that may be put to Duke Energy Kentucky at the option of the holder and money pool borrowings, which are short-term obligations by nature, are classified as long-term due to Duke Energy Kentucky's intent and ability to utilize such borrowings as long-term financing. As Duke Energy's Master Credit Facility and Duke Energy Kentucky's other bilateral letter of credit agreements have non-cancelable terms in excess of one year as of the balance sheet date, Duke Energy Kentucky has the ability to refinance these short-term obligations on a long-term basis. See "Available Credit Facilities" below for additional information.

At December 31, 2020, and 2019, $27 million of tax-exempt bonds and $25 million of money pool borrowings were classified as Long-Term Debt and Long-Term Debt Payable to Affiliated Companies, respectively, on the Balance Sheets.

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

In 2020, Duke Energy Kentucky issued $70 million of unsecured debt, of which $35 million carry a fixed interest rate of 2.65% and mature September 2030, and $35 million carry a fixed interest rate of 3.66% and mature September 2050. The proceeds were used to pay down short-term debt and for general corporate purposes.

In 2019, Duke Energy Kentucky issued $210 million of unsecured debentures, of which $95 million carry a fixed interest rate of 3.23% and mature October 2025, $75 million carry a fixed interest rate of 3.56% and mature October 2029 and $40 million carry a fixed interest rate of 4.32% and mature July 2049. The $40 million tranche closed and funded in July 2019, and the remaining tranches closed in September 2019. The proceeds were used to refinance Duke Energy Kentucky's $100 million, 4.65% debentures, which matured in October 2019, to pay down short-term intercompany debt and for general corporate purposes.

AVAILABLE CREDIT FACILITIES

In March 2020, Duke Energy amended its existing $8 billion Master Credit Facility to extend the termination date to March 2025. Duke Energy Kentucky has borrowing capacity under the Master Credit Facility up to a specified sublimit. Duke Energy has the unilateral ability at any time to increase or decrease Duke Energy Kentucky's borrowing sublimit, subject to a maximum sublimit. The amount available to Duke Energy Kentucky under the Master Credit Facility may be reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to Duke Energy Kentucky at the option of the holder. At December 31, 2020, Duke Energy Kentucky had a borrowing sublimit of $175 million and available capacity of $75 million under the Master Credit Facility.

Duke Energy Kentucky and Duke Energy Indiana, LLC, a wholly owned subsidiary of Duke Energy, collectively have a $156 million bilateral letter of credit agreement. In February 2018, the bilateral letter of credit agreement was amended to extend the termination date from February 2019 to February 2023. Duke Energy Kentucky may request the issuance of letters of credit up to $27 million on its behalf to support various series of tax-exempt bonds. This credit facility may not be used for any purpose other than to support the tax-exempt bonds.

OTHER DEBT MATTERS

Money Pool

Duke Energy Kentucky receives support for its short-term borrowing needs through participation with Duke Energy and certain of its subsidiaries in a money pool arrangement. Under this arrangement, those companies with short-term funds may provide short-term loans to affiliates participating under this arrangement. The money pool is structured such that Duke Energy Kentucky separately manages its cash needs and working capital requirements. Accordingly, there is no net settlement of receivables and payables between money pool participants. Duke Energy may loan funds to its participating subsidiaries, but may not borrow funds through the money pool.

Money pool receivable balances are reflected within Notes receivable from affiliated companies on the Balance Sheets. Money pool payable balances are reflected within either Notes payable to affiliated companies or Long-Term Debt Payable to Affiliated Companies on the Balance Sheets.

Restrictive Debt Covenants

Duke Energy Kentucky's debt and credit agreements contain various financial and other covenants. Duke Energy's Master Credit Facility contains a covenant requiring the debt-to-total capitalization ratio not to exceed 65% for each borrower. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the agreements. As of December 31, 2020, Duke Energy Kentucky was in compliance with all covenants related to its debt agreements. In addition, some credit agreements may allow for acceleration of payments or termination of the agreements due to nonpayment, or acceleration of other significant indebtedness of the borrower or some of its subsidiaries. None of the debt or credit agreements contain material adverse change clauses.

6. ASSET RETIREMENT OBLIGATIONS

Duke Energy Kentucky records an ARO when it has a legal obligation to incur retirement costs associated with the retirement of a long-lived asset and the obligation can be reasonably estimated. Certain assets have an indeterminate life, and thus the fair value of the retirement obligation is not reasonably estimable. A liability for these AROs will be recorded when a fair value is determinable.

Duke Energy Kentucky's regulated electric and regulated natural gas operations accrue costs of removal for property that does not have an associated legal retirement obligation based on regulatory orders from the KPSC. These costs of removal are recorded as a regulatory liability in accordance with regulatory accounting treatment. See Note 2 for the estimated cost of removal for assets without an associated legal retirement obligation, which are included in Regulatory liabilities on the Balance Sheets as of December 31, 2020, and 2019.

Duke Energy Kentucky is subject to state and federal regulations covering the closure of coal ash impoundments, including the EPA Coal Combustion Residuals (CCR) Rule. AROs recorded on the Balance Sheets include the legal obligation for the disposal of CCR, which is based upon estimated closure costs for impacted ash impoundments. The amount recorded represents the discounted cash flows for estimated closure costs based upon specific closure plans. Actual costs to be incurred will be dependent upon factors that vary from site to site. The most significant factors are the method and time frame of closure at the individual sites. Closure methods considered include removing the water from ash basins, consolidating material as necessary and capping the ash with a synthetic barrier, excavating and relocating the ash to a lined structural fill or lined landfill or recycling the ash for concrete or some other beneficial use. The ultimate method and timetable for closure will be in compliance with standards set by federal and state regulations and other agreements. The ARO amount will be adjusted as additional information is gained through the closure and post-closure process, including acceptance and approval of compliance approaches, which may change management assumptions, and may result in a material change to the balance. Asset retirement costs associated with coal ash AROs at the East Bend Station are included within Property, Plant and Equipment on the Balance Sheets.

In addition to the coal ash AROs, Duke Energy Kentucky also has legal obligations related to the retirement of gas mains and asbestos remediation.

The following table presents the changes in the liability associated with AROs.

	Years Ended December 31,	
(in thousands)	2020	2019
Balance at beginning of period	**$ 49,780**	$ 62,826
Accretion expense[(a)]	**1,898**	2,301
Liabilities settled[(b)]	**(1,949)**	(12,098)
Revisions to estimates of cash flows[(c)]	**26,383**	(3,249)
Balance at end of period	**$ 76,112**	$ 49,780

(a) All accretion expense for the years ended December 31, 2020, and 2019, relates to Duke Energy Kentucky's regulated operations and has been deferred in accordance with regulatory accounting treatment.

(b) Amounts primarily relate to ash basin closure costs at the East Bend Station and completion of asbestos remediation in 2019 at Miami Fort 6.

(c) Amounts primarily relate to changes in routine maintenance and landfill closure cost estimates for ash impoundments.

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7. PROPERTY, PLANT AND EQUIPMENT

The following table summarizes property, plant and equipment.

(in thousands)	Average Remaining Useful Life (Years)	December 31, 2020	December 31, 2019
Land		$ 36,925	$ 29,253
Plant			
Electric generation, distribution and transmission	47	2,015,291	1,869,385
Natural gas transmission and distribution	54	701,175	616,949
Other buildings and improvements	61	13,018	13,705
Equipment	13	38,269	32,205
Construction in process		71,664	115,872
Other	12	68,031	62,425
Total property, plant and equipment		2,944,373	2,739,794
Accumulated depreciation and amortization		(1,030,627)	(991,145)
Net property, plant and equipment[(a)]		$ 1,913,746	$ 1,748,649

(a) The debt component of AFUDC totaled $0 and $2 million at December 31, 2020, and 2019, respectively.

8. OTHER INCOME AND EXPENSES, NET

The components of Other Income and Expenses, net on the Statements of Operations are as follows.

(in thousands)	Years Ended December 31, 2020	Years Ended December 31, 2019
Income/(Expense):		
Interest income	$ 965	$ 1,703
AFUDC equity	(124)	2,505
Other	1,951	3,746
Other Income and Expenses, net	$ 2,792	$ 7,954

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9. RELATED PARTY TRANSACTIONS

Duke Energy Kentucky engages in related party transactions, which are generally performed at cost and in accordance with KPSC and FERC regulations. Refer to the Balance Sheets for balances due to or from related parties. Material amounts related to transactions with related parties included in the Statements of Operations are presented in the following table.

	Years Ended December 31,	
(in thousands)	**2020**	**2019**
Corporate governance and shared service expenses[(a)]	**$ 86,038**	$ 82,931

(a) Duke Energy Kentucky is charged its proportionate share of costs, primarily related to human resources, employee benefits, information technology, legal and accounting fees, as well as other third-party costs, from an unconsolidated affiliate that is a consolidated affiliate of Duke Energy. These amounts are recorded in Operation, maintenance and other within Operating Expenses on the Statements of Operations.

In addition to the amounts presented above, Duke Energy Kentucky has other affiliate transactions, including certain indemnification coverages through Duke Energy's wholly owned captive insurance subsidiary, rental of office space, participation in a money pool arrangement with Duke Energy and certain of its subsidiaries, other operational transactions and its proportionate share of certain charged expenses. See Note 5 for more information regarding the money pool. These transactions are incurred in the ordinary course of business and are eliminated in Duke Energy's Consolidated Financial Statements.

Certain trade receivables have been sold by Duke Energy Kentucky to CRC, an unconsolidated entity formed by a subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price. See Note 12 for further information related to the sales of these receivables.

Intercompany Income Taxes

Duke Energy and its subsidiaries file a consolidated federal income tax return and other state and jurisdictional returns. Duke Energy Kentucky has a tax sharing agreement with Duke Energy for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts Duke Energy Kentucky would incur as a separate C-Corporation. Duke Energy Kentucky had an intercompany tax payable balance of $2 million at December 31, 2020, and an intercompany tax receivable balance of $1 million at December 31, 2019.

10. DERIVATIVES AND HEDGING

COMMODITY PRICE RISK

Duke Energy Kentucky has limited exposure to market price changes of fuel and emission allowance costs incurred for its retail customers due to the use of cost tracking and recovery mechanisms. Duke Energy Kentucky does have exposure to the impact of market fluctuations in the prices of electricity, fuel and emission allowances associated with its generation output not utilized to serve retail operations or committed load (off-system, wholesale power sales). Duke Energy Kentucky's outstanding commodity derivatives, FTRs, had a notional volume of 2,559 gigawatt-hours and 1,887 gigawatt-hours at December 31, 2020, and 2019, respectively.

See Note 11 for additional information on the fair value of commodity derivatives.

INTEREST RATE RISK

Duke Energy Kentucky is exposed to changes in interest rates as a result of its issuance or anticipated issuance of variable-rate and fixed-rate debt. Interest rate risk is managed by limiting variable-rate exposure to a percentage of total debt and by monitoring changes in interest rates. To manage risk associated with changes in interest rates, Duke Energy Kentucky may enter into financial contracts including interest rate swaps and U.S. Treasury lock agreements. The notional amount of interest rate swaps outstanding was $26.7 million at December 31, 2020, and 2019. Financial contracts entered into by Duke Energy Kentucky are not designated as a hedge because they are accounted for under regulatory accounting. With regulatory accounting, the mark-to-market gains or losses are deferred as regulatory liabilities or assets, respectively. Regulatory assets and regulatory liabilities are amortized consistent with the treatment of related costs in the ratemaking process. The accrual of interest on swaps is recorded as Interest Expense on the Statements of Operations.

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See Note 11 for additional information on the fair value of interest rate derivatives.

CREDIT RISK

Duke Energy Kentucky analyzes the financial condition of counterparties prior to entering into agreements and establishes credit limits and monitors the appropriateness of those limits on an ongoing basis. Credit limits and collateral requirements for retail electric customers are established by the KPSC.

Duke Energy Kentucky's industry has historically operated under negotiated credit lines for physical delivery contracts. Duke Energy Kentucky may use master collateral agreements to mitigate certain credit exposures. The collateral agreements require certain counterparties to post cash or letters of credit for the amount of exposure in excess of an established threshold. The threshold amount represents an unsecured credit limit determined in accordance with the corporate credit policy. Collateral agreements also provide that the inability to post collateral is sufficient cause to terminate contracts and liquidate all positions.

Duke Energy Kentucky also obtains cash or letters of credit from customers to provide credit support outside of collateral agreements, where appropriate, based on its financial analysis of the customer and the regulatory or contractual terms and conditions applicable to each transaction.

11. FAIR VALUE MEASUREMENTS

Fair value is the exchange price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The fair value definition focuses on an exit price versus the acquisition cost. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, corroborated by market data or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient. Fair value measurements are classified in three levels based on the fair value hierarchy as defined by GAAP.

Fair value accounting guidance permits entities to elect to measure certain financial instruments that are not required to be accounted for at fair value, such as equity method investments or the company's own debt, at fair value. Duke Energy Kentucky has not elected to record any of these items at fair value.

Commodity derivatives

If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. The valuation technique and unobservable input for an FTR is regional transmission organization auction pricing and FTR price - per megawatt-hour, respectively.

Interest rate derivatives

All over-the-counter interest rate contract derivatives are valued using financial models that utilize observable inputs for similar instruments and are classified as Level 2. Inputs include forward interest rate curves, notional amounts, interest rates and credit quality of the counterparties.

QUANTITATIVE DISCLOSURES

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Balance Sheets. Derivative amounts in the table below exclude cash collateral.

	December 31, 2020		
(in thousands)	Total Fair Value	Level 2	Level 3
Derivative assets[a]	$ 1,380	$ —	$ 1,380
Derivative liabilities[b]	(6,299)	(6,299)	—
Net (liabilities) assets	$ (4,919)	$ (6,299)	$ 1,380

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	December 31, 2019		
(in thousands)	Total Fair Value	Level 2	Level 3
Derivative assets[(a)]	$ 3,507	$ —	$ 3,507
Derivative liabilities[(b)]	(5,293)	(5,293)	—
Net (liabilities) assets	$ (1,786)	$ (5,293)	$ 3,507

(a) Included in Other within Current Assets and Other within Other Noncurrent Assets on the Balance Sheets. The amounts classified as Level 3 relate to FTRs.

(b) Included in Other within Current Liabilities and Other within Other Noncurrent Liabilities on the Balance Sheets. The amounts classified as Level 2 relate to interest rate swaps.

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3).

	Derivatives (net)	
	Years Ended December 31,	
(in thousands)	2020	2019
Balance at beginning of period	**$ 3,507**	$ 6,056
Purchases, sales, issuances and settlements:		
Purchases	**3,601**	8,608
Settlements	**(5,750)**	(7,923)
Total gains (losses) included on the Balance Sheets as regulatory assets or liabilities	**22**	(3,234)
Balance at end of period	**$ 1,380**	$ 3,507

OTHER FAIR VALUE DISCLOSURES

The fair value of long-term debt, including current maturities, is summarized in the following table. Judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates determined are not necessarily indicative of the amounts Duke Energy Kentucky could have settled in current markets. The fair value of long-term debt is determined using Level 2 measurements.

	December 31, 2020		December 31, 2019	
(in thousands)	Book value	Fair value	Book value	Fair value
Long-Term debt, including current maturities	**$ 728,796**	**$ 810,738**	$ 658,807	$ 708,433

At December 31, 2020, and 2019, the fair value of cash and cash equivalents, accounts and notes receivable, and accounts and notes payable are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

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12. VARIABLE INTEREST ENTITIES

A variable interest entity (VIE) is an entity that is evaluated for consolidation using more than a simple analysis of voting control. The analysis to determine whether an entity is a VIE considers contracts with an entity, credit support for an entity, the adequacy of the equity investment of an entity and the relationship of voting power to the amount of equity invested in an entity. This analysis is performed either upon the creation of a legal entity or upon the occurrence of an event requiring reevaluation, such as a significant change in an entity's assets or activities. A qualitative analysis of control determines the party that consolidates a VIE. This assessment is based on (i) what party has the power to direct the activities of the VIE that most significantly impact its economic performance and (ii) what party has rights to receive benefits or is obligated to absorb losses that could potentially be significant to the VIE. The analysis of the party that consolidates a VIE is a continual reassessment.

Cinergy Receivables Company

CRC is a bankruptcy remote, special purpose entity that is an affiliate of Duke Energy Kentucky. As discussed below, Duke Energy Kentucky does not consolidate CRC as it is not the primary beneficiary. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Kentucky. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Kentucky. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC which generally exclude receivables past due more than a predetermined number of days and reserves for expected past due balances. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables. Amounts borrowed under the credit facility are reflected on the Balance Sheets as Long-Term Debt.

Due to the COVID-19 pandemic, as described in Note 1, Duke Energy Kentucky suspended customer disconnections for nonpayment. The full impact of COVID-19 and Duke Energy Kentucky's related response on customers' ability to pay for service is uncertain. However, the level of past due receivables have increased significantly during the COVID-19 pandemic, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. In 2020, CRC executed an amendment to its credit facility to manage the impact of past due receivables resulting from the suspension of customer disconnections from COVID-19. See Note 2 for information about COVID-19 orders from KPSC.

The proceeds Duke Energy Kentucky receives from the sale of receivables to CRC are approximately 75% cash and 25% in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Duke Energy Kentucky had receivables of $21.0 million and $16.0 million from CRC at December 31, 2020, and 2019, respectively. These balances are included in Receivables from affiliated companies on the Balance Sheets and reflect Duke Energy Kentucky's retained interest in receivables sold to CRC.

CRC is considered a VIE because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact the economic performance of the entity is not held by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy is considered the primary beneficiary and consolidates CRC as it makes these decisions. Duke Energy Kentucky does not consolidate CRC.

The subordinated note held by Duke Energy Kentucky is stated at fair value. Carrying values of retained interests are determined by allocating carrying value of the receivables between assets sold and interests retained based on relative fair value. The allocated basis of the subordinated note is not materially different than the face value because (i) the receivables generally turnover in less than two months, (ii) credit losses are reasonably predictable due to the broad customer base and lack of significant concentration and (iii) the equity in CRC is subordinate to all retained interests and thus would absorb losses first. The hypothetical effect on fair value of the retained interests assuming both a 10% and a 20% unfavorable variation in credit losses or discount rates is not material due to the short turnover of receivables and historically low credit loss history. Interest accrues to Duke Energy Kentucky on the retained interests using the acceptable yield method. This method generally approximates the stated rate on the note since the allocated basis and the face value are nearly equivalent. An impairment charge is recorded against the carrying value of both retained interests and purchased beneficial interest whenever it is determined that an other-than-temporary impairment has occurred. Duke Energy Kentucky's maximum exposure to loss does not exceed the carrying value.

Key assumptions used in estimating fair value are detailed in the following table.

	2020	2019
Anticipated credit loss ratio	**0.4 %**	**0.4 %**
Discount rate	**1.6 %**	**3.3 %**
Receivables turnover rate	**11.3 %**	**11.4 %**

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The following table presents gross and net receivables sold.

	December 31,	
(in thousands)	**2020**	**2019**
Receivables sold	**$ 66,298**	**$ 61,804**
Less: Retained interests	**21,031**	**16,029**
Net receivables sold	**$ 45,267**	$ 45,775

The following table shows sales and cash flows related to receivables sold.

	Years Ended December 31,	
(in thousands)	**2020**	**2019**
Sales		
Receivables sold	**$ 456,902**	**$ 483,703**
Loss recognized on sale	**1,427**	**2,381**
Cash flows		
Cash proceeds from receivables sold	**$ 450,487**	**$ 488,364**
Collection fees received	**228**	**242**
Return received on retained interests	**937**	**1,577**

Cash flows from sales of receivables are reflected within Cash Flows from Operating Activities and Cash Flows from Investing Activities on the Statements of Cash Flows.

Collection fees received in connection with the servicing of transferred accounts receivable are included in Operation, maintenance and other on the Statements of Operations. The loss recognized on sales of receivables is calculated monthly by multiplying receivables sold during the month by the required discount. The required discount is derived monthly utilizing a three-year weighted average formula that considers charge-off history, late charge history and turnover history on the sold receivables, as well as a component for the time value of money. The discount rate, or component for the time value of money, is the prior month-end London Interbank Offered Rate plus a fixed rate of 1.00%.

13. REVENUE

Duke Energy Kentucky recognizes revenue consistent with amounts billed under tariff offerings or at contractually agreed upon rates based on actual physical delivery of electric or natural gas service, including estimated volumes delivered when billings have not yet occurred. As such, the majority of Duke Energy Kentucky's revenues have fixed pricing based on the contractual terms of the published tariffs, with variability in expected cash flows attributable to the customer's volumetric demand and ultimate quantities of energy or natural gas supplied and used during the billing period. The stand-alone selling price of related sales are designed to support recovery of prudently incurred costs and an appropriate return on invested assets and are primarily governed by published tariff rates or contractual agreements approved by relevant regulatory bodies. Certain excise taxes and franchise fees levied by state or local governments are required to be paid even if not collected from the customer. These taxes are recognized on a gross basis as part of revenues. Duke Energy Kentucky elects to account for all other taxes net of revenues.

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Performance obligations are satisfied over time as energy or natural gas is delivered and consumed with billings generally occurring monthly and related payments due within 30 days, depending on regulatory requirements. In no event does the timing between payment and delivery of the goods and services exceed one year. Using this output method for revenue recognition provides a faithful depiction of the transfer of electric and natural gas service as customers obtain control of the commodity and benefit from its use at delivery. Additionally, Duke Energy Kentucky has an enforceable right to consideration for energy or natural gas delivered at any discrete point in time and will recognize revenue at an amount that reflects the consideration to which Duke Energy Kentucky is entitled for the energy or natural gas delivered.

As described above, the majority of Duke Energy Kentucky's tariff revenues are at-will and, as such, related contracts with customers have an expected duration of one year or less and will not have future performance obligations for disclosure.

Duke Energy Kentucky earns substantially all of its revenues through the sale of electricity and natural gas.

Electricity Sales

Electric sales revenues are earned primarily through retail and wholesale electric service through the generation, transmission, distribution and sale of electricity. Duke Energy Kentucky generally provides retail electric service customers with their full electric load requirements and sells wholesale block sales of electricity into the market.

Retail electric service is generally marketed throughout Duke Energy Kentucky's electric service territory through standard service offers. The standard service offers are through tariffs determined by the KPSC. Each tariff, which is assigned to customers based on customer class, has multiple components such as an energy charge, customer charge, demand charge and applicable riders. Duke Energy Kentucky considers each of these components to be aggregated into a single performance obligation for providing electric service. Electricity is considered a single performance obligation satisfied over time consistent with the series guidance and is provided and consumed over the billing period, generally one month. Retail electric service is typically provided to at-will customers who can cancel service at any time, without a substantive penalty. Additionally, Duke Energy Kentucky adheres to applicable regulatory requirements to ensure the collectability of amounts billed and appropriate mitigating procedures are followed when necessary. As such, revenue from contracts with customers is equivalent to the electricity supplied and billed in that period (including unbilled estimates).

Wholesale electric service is provided through block sales of electricity. Revenues for block sales are recognized monthly as energy is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates.

Natural Gas Sales

Natural gas sales revenues are earned through retail natural gas service through the transportation, distribution and sale of natural gas. Duke Energy Kentucky generally provides natural gas service customers with all natural gas load requirements. Additionally, while natural gas can be stored, substantially all natural gas provided by Duke Energy Kentucky is consumed by customers simultaneously with receipt of delivery.

Retail natural gas service is marketed throughout Duke Energy Kentucky's natural gas service territory using published tariff rates. The tariff rates are established by the KPSC. Each tariff, which is assigned to customers based on customer class, has multiple components, such as a commodity charge, customer or monthly charge and transportation costs. Duke Energy Kentucky considers each of these components to be aggregated into a single performance obligation for providing natural gas service. For contracts where Duke Energy Kentucky provides all of the customer's natural gas needs, the delivery of natural gas is considered a single performance obligation satisfied over time, and revenue is recognized monthly based on billings and unbilled estimates as service is provided and the commodity is consumed over the billing period. Additionally, natural gas service is typically at-will and customers can cancel service at any time, without a substantive penalty. Duke Energy Kentucky also adheres to applicable regulatory requirements to ensure the collectability of amounts billed and receivable and appropriate mitigating procedures are followed when necessary.

Disaggregated Revenues

For electric and natural gas sales, revenue by customer class is most meaningful to Duke Energy Kentucky as each respective customer class collectively represents unique customer expectations of service, generally has different energy and demand requirements and operates under tailored, regulatory approved pricing structures. Additionally, each customer class is impacted differently by weather and a variety of economic factors including the level of population growth, economic investment, employment levels and regulatory activities. As such, analyzing revenues disaggregated by customer class allows Duke Energy Kentucky to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

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Disaggregated revenues are presented as follows:

(in thousands)	Years Ended December 31,	
By market or type of customer	**2020**	**2019**
Electricity Sales		
Residential	$ **136,723**	$ 138,561
General	**139,705**	151,658
Industrial	**55,875**	62,249
Wholesale[a]	**9,044**	11,698
Other revenues	**5,956**	7,713
Total Electricity Sales revenue from contracts with customers	$ **347,303**	$ 371,879
Natural Gas Sales		
Residential	$ **65,941**	$ 66,055
Commercial	**25,570**	28,034
Industrial	**4,449**	5,307
Other revenues	**2,814**	2,674
Total Natural Gas Sales revenue from contracts with customers	$ **98,774**	$ 102,070
Total revenue from contracts with customers	$ **446,077**	$ 473,949
Other revenue sources[b]	$ **5,689**	4,676
Total revenues	$ **451,766**	$ 478,625

(a) Duke Energy Kentucky nets wholesale electric sales and purchases on an hourly basis. As such, the net position may result in fluctuations between positive and negative net revenues at the end of a reporting period.

(b) Other revenue sources include revenues from derivatives, leases and alternative revenue programs that are not considered revenues from contracts with customers.

As described in Note 1, Duke Energy Kentucky adopted the new guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. The following table presents the reserve for credit losses for trade and other receivables based on adoption of the new standard.

(in thousands)	
Balance at December 31, 2019	$ **314**
Write-offs	**(373)**
Credit Loss Expense	**383**
Balance at December 31, 2020	$ **324**

Trade and other receivables are evaluated based on an estimate of the risk of loss over the life of the receivable and current and historical conditions using supportable assumptions. Management evaluates the risk of loss for trade and other receivables by comparing the historical write-off amounts to total revenue over a specified period. Historical loss rates are adjusted due to the impact of current conditions, including the impacts of COVID-19, as well as forecasted conditions over a reasonable time period. The calculated write-off rate can be applied to the receivable balance for which an established reserve does not already exist. Management reviews the assumptions and risk of loss periodically for trade and other receivables. Due to the COVID-19 pandemic, as described in Note 1, Duke Energy Kentucky suspended standard billing and credit practices, disconnections for nonpayment and late payment charges, all of which have since been resumed for residential and non-residential customers. The specific actions taken by Duke Energy Kentucky are described in Note 2. The impact of COVID-19 and Duke Energy Kentucky's related response on customers' ability to pay for service is uncertain, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates.

The aging of trade receivables is presented in the table below. Duke Energy Kentucky considers receivables greater than 30 days outstanding past due.

(in thousands)		
Unbilled Receivables	**$**	**779**
0-30 days		**4,094**
30-60 days		**330**
60-90 days		**59**
90+ days		**3,395**
Trade and Other Receivables	**$**	**8,657**

IMPACT OF WEATHER AND THE TIMING OF BILLING PERIODS

Revenues and costs are influenced by seasonal weather patterns. Peak sales of electricity occur during the summer and winter months, which results in higher revenue and cash flows during these periods. By contrast, lower sales of electricity occur during the spring and fall, allowing for scheduled plant maintenance. Residential and general service customers are more impacted by weather than industrial customers. Estimated weather impacts are based on actual current period weather compared to normal weather conditions. Normal weather conditions are defined as the long-term average of actual historical weather conditions. Heating degree days measure the variation in weather based on the extent the average daily temperature falls below a base temperature. Cooling degree days measure the variation in weather based on the extent the average daily temperature rises above the base temperature. Each degree of temperature below the base temperature counts as one heating degree day and each degree of temperature above the base temperature counts as one cooling degree day.

The estimated impact of weather on earnings for electricity sales is based on the temperature variances from a normal condition and customers' historic usage patterns. The methodology used to estimate the impact of weather does not consider all variables that may impact customer response to weather conditions, such as humidity in the summer or wind chill in the winter. The precision of this estimate may also be impacted by applying long-term weather trends to shorter-term periods.

Natural gas costs and revenues are influenced by seasonal patterns due to peak natural gas sales occurring during the winter months as a result of space heating requirements. Residential customers are the most impacted by weather. There are certain regulatory mechanisms for the Kentucky service territory that normalize the margins collected from certain customer classes during the winter.

UNBILLED REVENUE

Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes, timing of rendering customer bills and meter reading schedules, and the impact of weather normalization or margin decoupling mechanisms. Receivables on the Balance Sheets include amounts related to unbilled wholesale revenues of $779 thousand and $51 thousand at December 31, 2020, and 2019, respectively.

Duke Energy Kentucky sells nearly all of its retail accounts receivable, including receivables for unbilled revenues to CRC on a revolving basis. As discussed further in Note 8, Duke Energy Kentucky accounts for these transfers of receivables to CRC as sales. Accordingly, the receivables sold are not reflected on the Balance Sheets. Receivables for unbilled revenues included in the sales of accounts receivable to CRC were $23 million and $22 million at December 31, 2020, and 2019, respectively.

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14. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy Kentucky participates in qualified and non-qualified defined benefit retirement plans and other post-retirement benefit plans sponsored by Duke Energy. Duke Energy allocates pension and other post-retirement obligations and costs related to these plans to Duke Energy Kentucky. The plans cover most employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits based upon a percentage of current eligible earnings based on age and/or years of service and interest credits. Certain employees are covered under plans that use a final average earnings formula. Under these average earnings formulas, a plan participant accumulates a retirement benefit equal to the sum of percentages of their (i) highest three-year or four-year average earnings, (ii) highest three-year or four-year average earnings in excess of covered compensation per year of participation (maximum of 35 years) and/or (iii) highest three-year average earnings times years of participation in excess of 35 years. Duke Energy also maintains, and Duke Energy Kentucky participates in, non-qualified, non-contributory defined benefit retirement plans which cover certain executives. The qualified and non-qualified non-contributory defined benefit plans are closed to new participants.

Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations. Actuarial gains experienced by the defined benefit retirement plans in remeasuring plan assets as of December 31, 2020, and 2019 were attributable to actual investment performance that exceeded expected investment performance. Actuarial losses experienced by the defined benefit retirement plans in remeasuring plan obligations as of December 31, 2020, and 2019 were primarily attributable to the decrease in the discount rate used to measure plan obligations.

As a result of the application of settlement accounting due to total lump-sum benefit payments exceeding the settlement threshold (defined as the sum of the service cost and interest cost on projected benefit obligation components of net periodic pension costs) for one of the qualified pension plans in which it participates, Duke Energy Kentucky recognized settlement charges of $365 thousand as a regulatory asset within Other Noncurrent Assets on the Balance Sheets as of December 31, 2019. Settlement charges include amounts allocated by Duke Energy for employees of Duke Energy Kentucky and allocated charges for their proportionate share of settlement charges for employees of Duke Energy's shared services affiliate.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants. Duke Energy Kentucky did not make any contributions in 2020. Actual contributions for Duke Energy Kentucky were $481 thousand for the year ended December 31, 2019. Duke Energy Kentucky does not anticipate making any contributions in 2021.

Net periodic benefit costs disclosed in the tables below represent the cost of the respective plan for the periods presented prior to capitalization of amounts reflected as Net property, plant and equipment, on the Balance Sheets. Only the service cost component of net periodic benefit costs is eligible to be capitalized. The remaining non-capitalized portions of net periodic benefit costs are classified as either: (i) service cost, which is recorded in Operations, maintenance and other on the Statements of Operations; or as (ii) components of non-service cost, which is recorded in Other income and expenses, net, on the Statements of Operations. Amounts presented in the tables below represent the amounts of pension and other post-retirement benefit cost allocated by Duke Energy for employees of Duke Energy Kentucky. Additionally, Duke Energy Kentucky is allocated its proportionate share of pension and other post-retirement benefit cost for employees of Duke Energy's shared services affiliate that provides support to Duke Energy Kentucky. These allocated amounts are included in the governance and shared services costs discussed in Note 9.

QUALIFIED PENSION PLANS

Components of Net Periodic Pension Costs

	Years Ended December 31,	
(in thousands)	2020	2019
Service cost	$ 1,179	$ 1,218
Interest cost on projected benefit obligation	3,761	4,315
Expected return on plan assets	(6,539)	(6,677)
Amortization of prior service credit	(98)	(100)
Amortization of actuarial loss	1,965	1,431
Amortization of settlement charges	350	15
Net periodic pension costs	$ 618	$ 202

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Amounts Recognized in Regulatory Assets

	December 31,	
(in thousands)	**2020**	**2019**
Regulatory assets, net (decrease) increase	**$ (127)**	$ 4,510

Reconciliation of Funded Status to Net Amount Recognized

	Years Ended December 31,	
(in thousands)	**2020**	**2019**
Change in Projected Benefit Obligation		
Obligation at prior measurement date	**$ 117,086**	$ 103,395
Service cost	**1,082**	1,121
Interest cost	**3,761**	4,315
Actuarial losses	**6,427**	15,276
Transfers (a)	**—**	(1,640)
Benefits paid	**(8,224)**	(5,381)
Obligation at measurement date	**$ 120,132**	$ 117,086
Accumulated Benefit Obligation at measurement date	**$ 118,545**	$ 114,975
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	**$ 103,267**	$ 94,292
Actual return on plan assets	**11,130**	15,515
Benefits paid	**(8,224)**	(5,381)
Employer contributions	**—**	481
Transfers (a)	**—**	(1,640)
Plan assets at measurement date	**$ 106,173**	$ 103,267
Funded status of plan	**$ (13,959)**	$ (13,819)

(a) Transfers represents net amounts associated with plan participants that have moved to/from other Duke Energy subsidiaries.

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Amounts Recognized in the Balance Sheets

	December 31,	
(in thousands)	2020	2019
Prefunded pension[(a)]	**$ 12,852**	$ 9,775
Noncurrent pension liability[(b)]	**26,811**	23,594
Net liability recognized	**$ (13,959)**	$ (13,819)
Regulatory assets	**$ 34,030**	$ 34,157

(a) Included in Other within Investments and Other Assets on the Balance Sheets.
(b) Included in Accrued pension and other post-retirement benefit costs on the Balance Sheets.

In 2019, amounts to be reported in net periodic pension expense in the next year were $1,836 thousand related to unrecognized net actuarial loss and ($98) thousand related to unrecognized prior service credit.

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets

	December 31,	
(in thousands)	2020	2019
Projected benefit obligation	**$ 53,559**	$ 50,494
Accumulated benefit obligation	**51,971**	48,383
Fair value of plan assets	**26,748**	26,901

Assumptions Used for Pension Benefits Accounting

	December 31,	
	2020	2019
Benefit Obligations		
Discount rate	**2.60 %**	3.30 %
Interest crediting rate	**4.00 %**	4.00 %
Salary increase	**3.50 %**	3.50 %
Net Periodic Benefit Cost		
Discount rate	**3.30 %**	4.30 %
Interest crediting rate	**4.00 %**	4.00 %
Salary increase	**3.50 %**	3.50 %
Expected long-term rate of return on plan assets	**6.85 %**	6.85 %

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

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NON-QUALIFIED PENSION PLANS

The accumulated benefit obligation, which equals the projected benefit obligation for non-qualified pension plans, was $133 thousand for Duke Energy Kentucky as of December 31, 2020. Employer contributions, which equal benefits paid for non-qualified pension plans, were not material for the year ended December 31, 2020. Net periodic pension costs for non-qualified pension plans were not material for the years ended December 31, 2020, or 2019.

OTHER POST-RETIREMENT BENEFIT PLANS

Duke Energy provides, and Duke Energy Kentucky participates in, some health care and life insurance benefits for retired employees on a contributory and non-contributory basis. Employees are eligible for these benefits if they have met age and service requirements at retirement, as defined in the plans. The health care benefits include medical, dental and prescription drug coverage and are subject to certain limitations, such as deductibles and co-payments.

Duke Energy did not make any pre-funding contributions to its other post-retirement benefit plans during the years ended December 31, 2020, and 2019.

Components of Net Periodic Other Post-Retirement Benefit Costs

	Years Ended December 31,	
(in thousands)	**2020**	**2019**
Service cost	**$ 133**	$ 150
Interest cost on projected benefit obligation	**174**	225
Expected return on plan assets	**(77)**	(72)
Amortization of prior service credit	**(236)**	(236)
Amortization of actuarial loss	**231**	247
Net periodic post-retirement pension costs	**$ 225**	$ 314

Amounts Recognized in Regulatory Assets and Regulatory Liabilities

	December 31,	
(in thousands)	**2020**	**2019**
Regulatory assets, net decrease	**$ (209)**	$ (232)
Regulatory liabilities, net increase	**712**	123

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NOTES TO FINANCIAL STATEMENTS (Continued)

Reconciliation of Funded Status to Accrued Other Post-Retirement Benefit Costs

	Years Ended December 31,	
(in thousands)	**2020**	**2019**
Change in Projected Benefit Obligation		
Accumulated post-retirement benefit obligation at prior measurement date	**$ 5,596**	$ 5,557
Service cost	**133**	150
Interest cost	**174**	225
Plan participants' contributions	**187**	213
Actuarial gains	**(820)**	(205)
Benefits paid	**(651)**	(526)
Accrued retiree drug subsidy	**—**	182
Accumulated post-retirement benefit obligation at measurement date	**$ 4,619**	$ 5,596
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	**$ 1,562**	$ 1,352
Actual return on plan assets	**184**	211
Plan participants' contributions	**187**	213
Benefits paid	**(651)**	(526)
Employer contributions	**468**	312
Plan assets at measurement date	**$ 1,750**	$ 1,562
Funded status of plan	**$ (2,869)**	$ (4,034)

Amounts Recognized in the Balance Sheets

	December 31,	
(in thousands)	**2020**	**2019**
Current post-retirement liability(a)	**$ 156**	$ 163
Noncurrent post-retirement liability(b)	**2,713**	3,871
Total accrued post-retirement liability	**$ 2,869**	$ 4,034
Regulatory assets	**$ 1,634**	$ 1,843
Regulatory liabilities	**$ 6,041**	$ 5,329

(a) Included in Other within Current Liabilities on the Balance Sheets.
(b) Included in Accrued pension and other post-retirement benefit costs on the Balance Sheets.

In 2019, amounts to be reported in net periodic pension expense in the next year were $23 thousand related to unrecognized net actuarial loss and ($236) thousand related to unrecognized prior service credit.

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Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

Assumptions Used for Other Post-Retirement Benefits Accounting

	December 31, 2020	2019
Benefit Obligations		
Discount rate	**2.60 %**	3.30 %
Net Periodic Benefit Cost		
Discount rate	**3.30 %**	4.30 %
Expected long-term rate of return on plan assets	**6.85 %**	6.85 %

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other post-retirement benefits expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Assumed Health Care Cost Trend Rate

	December 31, 2020	2019
Health care cost trend rate assumed for next year	**6.25 %**	6.00 %
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	**4.75 %**	4.75 %
Year that the rate reaches the ultimate trend rate	**2028**	2026

Expected Benefit Payments

The following table presents Duke Energy's expected benefit payments to participants on behalf of Duke Energy Kentucky in its qualified and other post-retirement benefit plans over the next 10 years. These benefit payments reflect expected future service, as appropriate.

(in thousands)	Qualified Plans	Other Post-Retirement Plans	Total
Years ending December 31,			
2021	$ 9,440	$ 821	$ 10,261
2022	8,931	595	9,526
2023	8,482	493	8,975
2024	8,195	414	8,609
2025	7,768	374	8,142
2026–2030	35,309	1,334	36,643

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NOTES TO FINANCIAL STATEMENTS (Continued)

MASTER RETIREMENT TRUST

The assets for the Duke Energy Kentucky plans discussed above are derived from the Master Retirement Trust (Master Trust) that is held by Duke Energy and, as such, Duke Energy Kentucky is allocated its proportionate share of assets discussed below. Assets for both the qualified pension and other post-retirement benefits are maintained in the Master Trust. Duke Energy also invests other post-retirement assets in Voluntary Employees' Beneficiary Association trusts. The investment objective is to achieve sufficient returns, subject to a prudent level of portfolio risk, for the purpose of promoting the security of plan benefits for participants. As of December 31, 2020, Duke Energy assumes pension and other post-retirement plan assets will generate a long-term rate of return of 6.50%. The expected long-term rate of return was developed using a weighted average calculation of expected returns based primarily on future expected returns across asset classes considering the use of active asset managers, where applicable. The asset allocation targets were set after considering the investment objective and the risk profile. Equity securities are held for their high expected return. Debt securities are primarily held to hedge the qualified pension plan liability. Return seeking debt securities, hedge funds and other global securities are held for diversification. Investments within asset classes are diversified to achieve broad market participation and reduce the impact of individual managers or investments.

Effective January 1, 2020, the target asset allocation for the Duke Energy Retirement Master Trust is 58% liability hedging assets and 42% return-seeking assets. Duke Energy periodically reviews its asset allocation targets, and over time, as the funded status of the benefit plans increase, the level of asset risk relative to plan liabilities may be reduced to better manage Duke Energy's benefit plan liabilities and reduce funded status volatility.

The following table presents target and actual asset allocations for the Master Trust at December 31, 2020, and 2019.

		Actual Allocation at December 31,	
Asset Category	**Target Allocation**	**2020**	**2019**
Global equity securities	28 %	**30 %**	27 %
Global private equity securities	1 %	**1 %**	1 %
Debt securities	58 %	**55 %**	57 %
Return seeking debt securities	4 %	**5 %**	5 %
Hedge funds	3 %	**3 %**	3 %
Real estate and cash	6 %	**6 %**	7 %
Total	100 %	**100 %**	100 %

EMPLOYEE SAVINGS PLAN

Duke Energy Kentucky also participates in employee savings plans sponsored by Duke Energy. Most employees participate in a matching contribution formula where Duke Energy provides a matching contribution generally equal to 100% of employee before-tax and Roth 401(k) contributions and, as applicable, after-tax contributions of up to 6% of eligible pay per period.

For new and rehired non-union and certain unionized employees who are not eligible to participate in Duke Energy's defined benefit plans, an additional employer contribution of 4% of eligible pay per pay period, which is subject to a three-year vesting schedule, is provided to the employee's savings plan account.

Duke Energy Kentucky's expense related to its proportionate share of pretax employer contributions and the additional 4% employer contribution was $1,225 thousand and $1,150 thousand for the years ended December 31, 2020, and 2019, respectively.

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NOTES TO FINANCIAL STATEMENTS (Continued)

15. INCOME TAXES

INCOME TAX EXPENSE

Components of Income Tax Expense

	Years Ended December 31,	
(in thousands)	2020	2019
Current income taxes		
Federal	$ 4,226	$ (2,208)
State	816	(161)
Total current income taxes	5,042	(2,369)
Deferred income taxes		
Federal	3,005	8,870
State	1,722	2,805
Total deferred income taxes[(a)]	4,727	11,675
Investment tax credit amortization	(61)	(61)
Total income tax expense included in Statements of Operations	$ 9,708	$ 9,245

(a) Total deferred income taxes includes utilization of NOL carryforwards and tax credit carryforwards of $1.2 million.

Statutory Rate Reconciliation

The following table presents a reconciliation of income tax expense at the U.S. federal statutory tax rate to actual tax expense.

	Years Ended December 31,	
(in thousands)	2020	2019
Income tax expense, computed at the statutory rate of 21%	$ 12,149	$ 12,204
State income tax, net of federal income tax effect	2,007	2,089
Amortization of excess deferred income tax	(4,213)	(4,191)
Tax Credits	(272)	(409)
Other items, net	37	(448)
Total income tax expense	$ 9,708	$ 9,245
Effective tax rate	16.8 %	15.9 %

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NOTES TO FINANCIAL STATEMENTS (Continued)

DEFERRED TAXES

Net Deferred Income Tax Liability Components

	Years Ended December 31,	
(in thousands)	2020	2019
Deferred credits and other liabilities	$ 213	$ 139
Lease obligations	2,190	2,281
Tax credits and NOL carryforwards	8,135	9,403
Pension, post-retirement and other employee benefits	5,414	5,326
Regulatory liabilities and deferred credits	5,228	7,640
Investments and other liabilities	921	655
Other	1,713	2,863
Total deferred income tax assets	23,814	28,307
Accelerated depreciation rates	(266,186)	(260,002)
Total deferred income tax liabilities	(266,186)	(260,002)
Net deferred income tax liabilities	$ (242,372)	$ (231,695)

The following table presents the expiration of tax credits and NOL carryforwards.

	December 31, 2020	
(in thousands)	Amount	Expiration Year
General business credits	$ 4,779	2024 — 2040
Federal NOL carryforwards[a]	3,259	Indefinite
Charitable contribution carryforwards	62	2022 — 2025
State NOL carryforwards	35	2037
Total tax credits and NOL carryforwards	$ 8,135	

(a) Indefinite carryforward for Federal NOLs generated in tax years beginning after December 31, 2017.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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NOTES TO FINANCIAL STATEMENTS (Continued)

UNRECOGNIZED TAX BENEFITS

The following table presents changes to unrecognized tax benefits.

	Years Ended December 31,	
(in thousands)	2020	2019
Unrecognized tax benefits – January 1	$ 405	$ 193
Unrecognized tax benefit increases	29	212
Total changes	29	212
Unrecognized tax benefits – December 31	$ 434	$ 405

The following table includes additional information regarding the unrecognized tax benefits at December 31, 2020. Duke Energy Kentucky does not expect a decrease in unrecognized tax benefits within the next 12 months.

(in thousands)	December 31, 2020
Amount that if recognized, would affect the effective tax rate or regulatory liability(a)	$ 434

(a) Duke Energy Kentucky is unable to estimate the specific amounts that would affect the effective tax rate versus the regulatory liability.

OTHER TAX MATTERS

Duke Energy Kentucky recognized no interest income, interest expense or penalties related to income taxes on the Statements of Operations in 2020, or 2019. As of December 31, 2020, and 2019, no amounts were recognized on the Balance Sheets for interest or penalties related to income taxes.

Duke Energy Kentucky is no longer subject to U.S. federal examination for years before 2016. With few exceptions, Duke Energy Kentucky is no longer subject to state, local or non-U.S. income tax examinations by tax authorities for years before 2016.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.
4. Report data on a year-to-date basis.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
3	Preceding Quarter/Year to Date Changes in Fair Value				
4	Total (lines 2 and 3)				
5	Balance of Account 219 at End of Preceding Quarter/Year				
6	Balance of Account 219 at Beginning of Current Year				
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value				
9	Total (lines 7 and 8)				
10	Balance of Account 219 at End of Current Quarter/Year				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1				[redacted]	[redacted]
2				[redacted]	[redacted]
3				[redacted]	[redacted]
4				48,869,944	48,869,944
5				[redacted]	[redacted]
6				[redacted]	[redacted]
7				[redacted]	[redacted]
8				[redacted]	[redacted]
9				48,143,296	48,143,296
10				[redacted]	[redacted]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/16/2021	End of 2020/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	2,413,639,218	1,779,353,280
4	Property Under Capital Leases	8,785,511	8,785,511
5	Plant Purchased or Sold		
6	Completed Construction not Classified	459,067,097	308,298,254
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	2,881,491,826	2,096,437,045
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	70,446,121	48,600,988
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	2,951,937,947	2,145,038,033
14	Accum Prov for Depr, Amort, & Depl	1,044,742,638	820,694,217
15	Net Utility Plant (13 less 14)	1,907,195,309	1,324,343,816
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	991,984,512	801,887,395
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant	52,758,126	18,806,821
22	Total In Service (18 thru 21)	1,044,742,638	820,694,216
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	1,044,742,638	820,694,216

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION. AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
593,363,800				40,922,138	3
					4
					5
146,317,642				4,451,201	6
					7
739,681,442				45,373,339	8
					9
					10
19,840,497				2,004,636	11
					12
759,521,939				47,377,975	13
193,651,794				30,396,627	14
565,870,145				16,981,348	15
					16
					17
179,966,949				10,130,168	18
					19
					20
13,684,846				20,266,459	21
193,651,795				30,396,627	22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
193,651,795				30,396,627	33

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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FOOTNOTE DATA

Schedule Page: 200 Line No.: 4 Column: c

Property under Capital Leases only includes Net Operating Leases.

0101102 - Op Lease Right Use Asset	$ 9,506,365.89
0108202 - Acc Lease Amor-ROU Asset	$ (720,855.08)
	$ 8,785,510.81

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NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)

1. Report below the costs incurred for nuclear fuel materials in process of fabrication, on hand, in reactor, and in cooling; owned by the respondent.
2. If the nuclear fuel stock is obtained under leasing arrangements, attach a statement showing the amount of nuclear fuel leased, the quantity used and quantity on hand, and the costs incurred under such leasing arrangements.

Line No.	Description of Item (a)	Balance Beginning of Year (b)	Changes during Year Additions (c)
1	Nuclear Fuel in process of Refinement, Conv, Enrichment & Fab (120.1)		
2	Fabrication		
3	Nuclear Materials		
4	Allowance for Funds Used during Construction		
5	(Other Overhead Construction Costs, provide details in footnote)		
6	SUBTOTAL (Total 2 thru 5)		
7	Nuclear Fuel Materials and Assemblies		
8	In Stock (120.2)		
9	In Reactor (120.3)		
10	SUBTOTAL (Total 8 & 9)		
11	Spent Nuclear Fuel (120.4)		
12	Nuclear Fuel Under Capital Leases (120.6)		
13	(Less) Accum Prov for Amortization of Nuclear Fuel Assem (120.5)		
14	TOTAL Nuclear Fuel Stock (Total 6, 10, 11, 12, less 13)		
15	Estimated net Salvage Value of Nuclear Materials in line 9		
16	Estimated net Salvage Value of Nuclear Materials in line 11		
17	Est Net Salvage Value of Nuclear Materials in Chemical Processing		
18	Nuclear Materials held for Sale (157)		
19	Uranium		
20	Plutonium		
21	Other (provide details in footnote):		
22	TOTAL Nuclear Materials held for Sale (Total 19, 20, and 21)		

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Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)

Changes during Year: Amortization (d)	Changes during Year: Other Reductions (Explain in a footnote) (e)	Balance End of Year (f)	Line No.
[redacted]	[redacted]		1
[redacted]			2
[redacted]			3
[redacted]			4
[redacted]			5
[redacted]	[redacted]		6
[redacted]	[redacted]		7
			8
			9
[redacted]	[redacted]		10
			11
			12
			13
[redacted]	[redacted]		14
[redacted]	[redacted]		15
[redacted]	[redacted]		16
[redacted]	[redacted]		17
			18
			19
			20
			21
[redacted]	[redacted]		22

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

1. Report below the original cost of electric plant in service according to the prescribed accounts.
2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant	23,313,632	3,641,057
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	23,313,632	3,641,057
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights	7,046,984	
9	(311) Structures and Improvements	163,638,056	19,858,899
10	(312) Boiler Plant Equipment	533,277,457	26,023,470
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units	106,773,656	5,038,558
13	(315) Accessory Electric Equipment	48,080,287	9,036
14	(316) Misc. Power Plant Equipment	24,584,412	68,536
15	(317) Asset Retirement Costs for Steam Production	59,186,654	25,975,702
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)	942,587,506	76,974,201
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights	3,035,570	
38	(341) Structures and Improvements	36,585,752	85,927
39	(342) Fuel Holders, Products, and Accessories	60,937,068	322,936
40	(343) Prime Movers	13,777,582	-324,856
41	(344) Generators	217,752,123	-87,998
42	(345) Accessory Electric Equipment	20,424,553	442,467
43	(346) Misc. Power Plant Equipment	4,845,373	163,969
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)	357,358,021	602,445
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	1,299,945,527	77,576,646

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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	1,338,867	229,936
49	(352) Structures and Improvements	1,480,413	4,388,984
50	(353) Station Equipment	43,921,238	16,112,965
51	(354) Towers and Fixtures		
52	(355) Poles and Fixtures	11,658,043	8,501,412
53	(356) Overhead Conductors and Devices	6,787,973	2,370,760
54	(357) Underground Conduit		
55	(358) Underground Conductors and Devices		
56	(359) Roads and Trails		
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	65,186,534	31,604,057
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	14,591,063	2,485,743
61	(361) Structures and Improvements	1,420,206	
62	(362) Station Equipment	91,413,704	20,444,850
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures	67,504,649	5,970,199
65	(365) Overhead Conductors and Devices	134,880,040	9,399,359
66	(366) Underground Conduit	30,116,966	11,059,339
67	(367) Underground Conductors and Devices	65,604,173	10,185,750
68	(368) Line Transformers	65,619,236	4,140,700
69	(369) Services	21,862,707	1,781,512
70	(370) Meters	28,247,002	615,802
71	(371) Installations on Customer Premises	445,836	139,342
72	(372) Leased Property on Customer Premises	9,647	
73	(373) Street Lighting and Signal Systems	8,557,930	655,251
74	(374) Asset Retirement Costs for Distribution Plant		
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	530,273,159	66,877,847
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights		
87	(390) Structures and Improvements	144,984	35,056
88	(391) Office Furniture and Equipment	2,165,258	1,420,661
89	(392) Transportation Equipment	1,238,901	288,636
90	(393) Stores Equipment		
91	(394) Tools, Shop and Garage Equipment	2,638,339	235,255
92	(395) Laboratory Equipment		
93	(396) Power Operated Equipment	11,770	
94	(397) Communication Equipment	5,079,059	3,788,193
95	(398) Miscellaneous Equipment	-7,561	
96	SUBTOTAL (Enter Total of lines 86 thru 95)	11,270,750	5,767,801
97	(399) Other Tangible Property		
98	(399.1) Asset Retirement Costs for General Plant		
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	11,270,750	5,767,801
100	TOTAL (Accounts 101 and 106)	1,929,989,602	185,467,408
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	1,929,989,602	185,467,408

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
					3
			26,954,689		4
			26,954,689		5
					6
					7
			7,046,984		8
-360,620			183,857,575		9
16,232,416			543,068,511		10
					11
4,262,433			107,549,781		12
			48,089,323		13
491,196			24,161,752		14
			85,162,356		15
20,625,425			998,936,282		16
					17
					18
					19
					20
					21
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					31
					32
					33
					34
					35
					36
			3,035,570		37
27,865			36,643,814		38
85,270			61,174,734		39
			13,452,726		40
-1,091,523			218,755,648		41
-95,515			20,962,535		42
60,742			4,948,600		43
					44
-1,013,161			358,973,627		45
19,612,264			1,357,909,909		46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
			1,568,803		48
			5,869,397		49
2,285,141			57,749,062		50
					51
83,487			20,075,968		52
22,169			9,136,564		53
					54
					55
					56
					57
2,390,797			94,399,794		58
					59
			17,076,806		60
			1,420,206		61
-427,104			112,285,658		62
					63
508,090			72,966,758		64
3,134,519			141,144,880		65
21			41,176,284		66
326,793			75,463,130		67
1,176,433			68,583,503		68
8,134			23,636,085		69
571,278			28,291,526		70
18,916			566,262		71
			9,647		72
117,550			9,095,631		73
					74
5,434,630			591,716,376		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
					86
1,704			178,336		87
171,407			3,414,512		88
194,674			1,332,863		89
					90
			2,873,594		91
					92
			11,770		93
			8,867,252		94
			-7,561		95
367,785			16,670,766		96
					97
					98
367,785			16,670,766		99
27,805,476			2,087,651,534		100
					101
					102
					103
27,805,476			2,087,651,534		104

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 204 Line No.: 104 Column: g

The balances above do not include Operating Lease Activity.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ELECTRIC PLANT LEASED TO OTHERS (Account 104)

Line No.	Name of Lessee (Designate associated companies with a double asterisk) (a)	Description of Property Leased (b)	Commission Authorization (c)	Expiration Date of Lease (d)	Balance at End of Year (e)
1					
2					
3					
4					
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6					
7					
8					
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10					
11					
12					
13					
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37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ELECTRIC PLANT HELD FOR FUTURE USE (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of $250,000 or more. Group other items of property held for future use.

2. For property having an original cost of $250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location Of Property (a)	Date Originally Included in This Account (b)	Date Expected to be used in Utility Service (c)	Balance at End of Year (d)
1	Land and Rights:			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21	Other Property:			
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47	Total			0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or $1,000,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	DISTRIBUTION PLANT	
2		
3	DISTRIBUTION RELOCATION/MODIFICATIONS	2,598,899
4	LONGBRANCH SUBSTATION	2,103,500
5	MT ZION BANK #2	1,788,272
6	DISTRIBUTION OVERHEAD/UNDERGROUND LINE IMPROVEMENTS	1,490,911
7	CONSTANCE 43 CVG LN EXT - SOG - DKY2447	1,220,176
8	PROJECTS LESS THAN $1 MILLION	2,991,875
9	TOTAL DISTRIBUTION PLANT $12,193,633	
10		
11	GENERAL PLANT	
12		
13	DEK TOWERS, SHELTERS & POWER SUPPLIES	1,341,907
14	DEK MICROWAVE	1,276,447
15	PROJECTS LESS THAN $1 MILLION	1,907,087
16	TOTAL GENERAL PLANT $4,525,441	
17		
18	INTANGIBLE PLANT	
19		
20	CUSTOMER CONNECT FUNDING PROJECT	4,252,580
21	SMART GRID DEE DMS ADMS - 336	1,201,743
22	PROJECTS LESS THAN $1 MILLION	2,412,046
23	TOTAL INTANGIBLE PLANT $7,866,369	
24		
25	PRODUCTION PLANT	
26		
27	REPLACE VERTIMILL HEAT EXCHAGER	3,766,109
28	GENERATOR STATOR REWIND	2,671,182
29	FUEL OIL PUMPING/ UNDERGROUND TANK REMOVAL	1,901,112
30	EVERGREEN UPGRADE	1,168,039
31	PROJECTS LESS THAN $1 MILLION	4,192,371
32	TOTAL PRODUCTION PLANT $13,698,813	
33		
34	TRANSMISSION PLANT	
35		
36	ERECT 138 KV LINE FROM WOODSPOINT SUBSTATION TO AERO SUBSTATION	8,276,669
37	PROJECTS LESS THAN $1 MILLION	2,040,063
38	TOTAL TRANSMISSION PLANT $10,316,732	
39		
40		
41		
42		
43	TOTAL	48,600,988

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	782,569,709	782,569,709		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	46,871,823	46,871,823		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing	25,373	25,373		
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):	7,081,902	7,081,902		
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	53,979,098	53,979,098		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	27,634,070	27,634,070		
13	Cost of Removal	7,505,313	7,505,313		
14	Salvage (Credit)	433,446	433,446		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	34,705,937	34,705,937		
16	Other Debit or Cr. Items (Describe, details in footnote):	44,525	44,525		
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	801,887,395	801,887,395		
	Section B. Balances at End of Year According to Functional Classification				
20	Steam Production	447,782,904	447,782,904		
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production	184,767,415	184,767,415		
25	Transmission	16,571,557	16,571,557		
26	Distribution	149,863,967	149,863,967		
27	Regional Transmission and Market Operation				
28	General	2,901,552	2,901,552		
29	TOTAL (Enter Total of lines 20 thru 28)	801,887,395	801,887,395		

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 219 Line No.: 8 Column: c

ARO Electric Depreciation	$ 7,579,978
Midwest Lighting Adjustment	(490,618)
Common Utility Plant Provision - Electric	(7,458)
Total transfers/Adjustments	$ 7,081,902

Schedule Page: 219 Line No.: 12 Column: c

Office Furniture and Equipment (0111100) not reported on P.219 ($ 171,406)

Schedule Page: 219 Line No.: 16 Column: c

Common Utility Plant Provision - Electric/Misc Adj $ 44,525

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)

1. Report below investments in Accounts 123.1, investments in Subsidiary Companies.
2. Provide a subheading for each company and List there under the information called for below. Sub - TOTAL by company and give a TOTAL in columns (e),(f),(g) and (h)
(a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.
(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
3. Report separately the equity in undistributed subsidiary earnings since acquisition. The TOTAL in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date Of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	None- No Activity for Kentucky in 2020			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
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14				
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41				
42	Total Cost of Account 123.1 $ 0		TOTAL	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report column (f) interest and dividend revenues form investments, including such revenues form securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if difference from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 42, column (a) the TOTAL cost of Account 123.1

Equity in Subsidiary Earnings of Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
				1
				2
				3
				4
				5
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				10
				11
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)	28,974,722	30,021,194	Gas and Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)	2,046,236	1,778,519	Gas and Electric
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)	15,594,233	15,615,600	Electric
8	Transmission Plant (Estimated)	2,013	1,728	Electric
9	Distribution Plant (Estimated)	164,323	180,260	Gas and Electric
10	Regional Transmission and Market Operation Plant (Estimated)			
11	Assigned to - Other (provide details in footnote)			
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)	17,806,805	17,576,107	Gas and Electric
13	Merchandise (Account 155)			
14	Other Materials and Supplies (Account 156)			
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)			
16	Stores Expense Undistributed (Account 163)	1,210,601	84,712	Gas and Electric
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	47,992,128	47,682,013	Gas and Electric

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 227 Line No.: 5 Column: b

Line 5. Assigned to - Construction

Production	$ 1,572,897
Transmission	3,100
Distribution	470,239
Total	$ 2,046,236

Schedule Page: 227 Line No.: 5 Column: c

Line 5. Assigned to - Construction

Production	$ 1,223,041
Transmission	3,715
Distribution	551,763
Total	$ 1,778,519

Schedule Page: 227 Line No.: 16 Column: b

Account 163 - Functionalized for use with PJM Attachments H-22A: Transmission portion of $348 is calculated by multiplying Account 163 balance by ratio of Transmission M&S balance including Assigned To Construction and Transmission Plant to Total M&S balance.

Schedule Page: 227 Line No.: 16 Column: c

Account 163 - Functionalized for use with PJM Attachments H-22A: Transmission portion of $26 is calculated by multiplying Account 163 balance by ratio of Transmission M&S balance including Assigned To Construction and Transmission Plant to Total M&S balance.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	SO2 Allowances Inventory (Account 158.1) (a)	Current Year No. (b)	Current Year Amt. (c)	2021 No. (d)	2021 Amt. (e)
1	Balance-Beginning of Year	186,615.00	16,818	29,387.00	
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)				
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9					
10					
11					
12					
13					
14					
15	Total				
16					
17	Relinquished During Year:				
18	Charges to Account 509	3,994.00	225		
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year	182,621.00	16,593	29,387.00	
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year	279.00		279.00	
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year	279.00		279.00	
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2022		2023		Future Years		Totals		Line
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	No.
29,387.00		29,387.00		680,453.00		955,229.00	16,818	1
								2
								3
								4
								5
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								9
								10
								11
								12
								13
								14
								15
								16
								17
						3,994.00	225	18
								19
								20
								21
								22
								23
								24
								25
								26
								27
								28
29,387.00		29,387.00		680,453.00		951,235.00	16,593	29
								30
								31
								32
								33
								34
								35
279.00		279.00		13,671.00		14,787.00		36
				279.00		279.00		37
								38
								39
279.00		279.00		13,950.00		15,066.00		40
								41
								42
								43
								44
								45
								46

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 228 Line No.: 1 Column: b

Beginning balance includes allowances for Cross State Air Pollution Rule and the Acid Rain Program.

Schedule Page: 228 Line No.: 29 Column: b

Ending balance includes allowances for Cross State Air Pollution Rule and the Acid Rain Program.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	NOx Allowances Inventory (Account 158.1) (a)	Current Year No. (b)	Current Year Amt. (c)	2021 No. (d)	2021 Amt. (e)
1	Balance-Beginning of Year	12,328.00	4,036	4,205.00	
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)				
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:	49.00			
9					
10					
11					
12					
13					
14					
15	Total	49.00			
16					
17	Relinquished During Year:				
18	Charges to Account 509	2,090.00	708		
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year	10,287.00	3,328	4,205.00	
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2022		2023		Future Years		Totals		Line
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	No.
4,205.00		4,205.00		4,205.00		29,148.00	4,036	1
								2
								3
								4
								5
								6
								7
						49.00		8
								9
								10
								11
								12
								13
								14
						49.00		15
								16
								17
						2,090.00	708	18
								19
								20
								21
								22
								23
								24
								25
								26
								27
								28
4,205.00		4,205.00		4,205.00		27,107.00	3,328	29
								30
								31
								32
								33
								34
								35
								36
								37
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								39
								40
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								42
								43
								44
								45
								46

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 229 Line No.: 1 Column: b

Beginning balance includes allowances for Cross State Air Pollution Rule only.

Schedule Page: 229 Line No.: 29 Column: b

Ending balance includes allowances for Cross State Air Pollution Rule only.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

Line No.	Description of Extraordinary Loss [Include in the description the date of Commission Authorization to use Acc 182.1 and period of amortization (mo, yr to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognised During Year (c)	WRITTEN OFF DURING YEAR Account Charged (d)	WRITTEN OFF DURING YEAR Amount (e)	Balance at End of Year (f)
1	NOT APPLICABLE					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20	TOTAL					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission Authorization to use Acc 182.2 and period of amortization (mo, yr to mo, yr)] (a)	Total Amount of Charges (b)	Costs Recognised During Year (c)	WRITTEN OFF DURING YEAR Account Charged (d)	WRITTEN OFF DURING YEAR Amount (e)	Balance at End of Year (f)
21	NOT APPLICABLE					
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49	TOTAL					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

Transmission Service and Generation Interconnection Study Costs

1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies.
2. List each study separately.
3. In column (a) provide the name of the study.
4. In column (b) report the cost incurred to perform the study at the end of period.
5. In column (c) report the account charged with the cost of the study.
6. In column (d) report the amounts received for reimbursement of the study costs at end of period.
7. In column (e) report the account credited with the reimbursement received for performing the study.

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
1	**Transmission Studies**				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	**Generation Studies**				
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS Written off During the Quarter/Year Account Charged (d)	CREDITS Written off During the Period Amount (e)	Balance at end of Current Quarter/Year (f)
1	INCOME TAXES	5,366,439	2,078,901	282, 283	1,778,027	5,667,313
2						
3	DEMAND SIDE MANAGEMENT COSTS		1,300,207			1,300,207
4	(Amortized in accordance with rider revenue)					
5	- Order #2017-321					
6	- Order #2015-368					
7	- Order #2014-388					
8						
9	INTEREST RATE HEDGES	4,577,529	712,703			5,290,232
10	(Amortized over life associated debt)					
11	- Order #2006-563					
12						
13	ESM DEFERRAL	3,488,265	641,951			4,130,216
14	- Order #2017-321					
15						
16	FTR DEFERRAL	313,651	(313,651)			
17						
18	REPS INCREMENTAL COSTS		(829)			-829
19						
20	ARO OTHER REGULATORY ASSET	273,714	1,306			275,020
21						
22	GAS ARO OTHER REGULATORY ASSET	5,931,408	470,261			6,401,669
23						
24	ARO CONTRA-REGULATORY ASSET	(856,987)	138,957			-718,030
25	- Order #2017-321					
26						
27	COAL ASH DEFERRED SPEND	950,975	23,170			974,145
28	- Order #2015-187					
29						
30	COAL ASH ARO	516,177	7,124,030			7,640,207
31	- Order #2015-187					
32						
33	COAL ASH CONTRA EQUITY	(808,519)	94,620			-713,899
34	- Order #2017-321					
35						
36	SPEND RA AMORTIZATION (NC & MW)	14,872,746		Various	1,283,501	13,589,245
37	- Order #2017-321					
38						
39	SPEND RA AMORTIZATION (SC & FL)	452,016	1,662,124	407.3	1,395,466	718,674
40	- Order #2017-321					
41						
42	DEK DEFERRED STORM EXPENSE	1,051,054		593	140,141	910,913
43	- Order #2018-416					
44	TOTAL	132,105,622	16,263,064		12,218,284	136,150,402

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS Written off During the Quarter/Year Account Charged (d)	CREDITS Written off During the Period Amount (e)	Balance at end of Current Quarter/Year (f)
1						
2	CARBON MANAGEMENT REGULATORY ASSET	1,666,633		407.3	199,996	1,466,637
3	(Amortized 120 months, beginning May 2018)					
4	- Order #2017-321					
5	- Order #2008-308					
6						
7	HURRICANE IKE REGULATORY ASSET	3,275,120		407.3	982,536	2,292,584
8	(Amortized 60 months, beginning May 2018)					
9	- Order #2017-321					
10	- Order #2008-476					
11						
12	EAST BEND PLANT O&M DEFERRAL	33,144,862		Various	3,144,619	30,000,243
13	(Amortized 120 months, beginning May 2018)					
14	- Order #2017-321					
15	- Order #2014-201					
16						
17	EAST BEND DEPRECIATION DEFERRAL	10,689,503		403	490,618	10,198,885
18	(Amortized over remaining life of asset)					
19	- Order #2015-120					
20						
21	Non-AMI Meter NBV	4,265,535		Various	398,498	3,867,037
22	(Amortized 146 months, beginning May 2018)					
23	- Order #2017-321					
24						
25	Opt-Out IT Modification	104,800		407.3	31,440	73,360
26	(Amortized 60 months, beginning May 2018)					
27	- Order #2017-321					
28	- Order #2016-152					
29						
30	Plant Outage Normalization	3,853,996	584,160			4,438,156
31	- Order #2017-321					
32						
33	GAS RATE CASE DEFERRAL	216,883		928	51,031	165,852
34	(Amortized 60 months, beginning April 2019)					
35	- Order #2018-261					
36						
37	DEFERRED GAS INTEGRITY COSTS	2,711,443		Various	243,330	2,468,113
38	(Amortized 120 months, beginning April 2018)					
39	- Order #2018-261					
40	- Order #2016-159					
41						
42	OTHER REGULATORY ASSETS - GENERAL ACCOUNTING	30,347,111	1,739,093	Various	1,621,728	30,464,476
43	- FERC Docket No. A107-1-000					
44	TOTAL	132,105,622	16,263,064		12,218,284	136,150,402

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS Written off During the Quarter/Year Account Charged (d)	CREDITS Written off During the Period Amount (e)	Balance at end of Current Quarter/Year (f)
1						
2	PENSION POST RETIRE PURCHASE ACCOUNTING - Q	3,810,228		Various	245,100	3,565,128
3	- FERC Docket No. A107-1-000					
4						
5	PENSION POST RETIRE PURCHASE ACCOUNTING - NQ	48,010	6,061	253, 926	3,645	50,426
6	- FERC Docket No. A107-1-000					
7						
8	PENSION POST RETIRE PURCHASE ACCOUNTING - FAS	1,843,030		Various	208,608	1,634,422
9	- FERC Docket No. A107-1-000					
10						
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41						
42						
43						
44	TOTAL	132,105,622	16,263,064		12,218,284	136,150,402

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) __ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 232 Line No.: 36 Column: d

Offsetting accounts: 182.3, 407.3, 421, 431

Schedule Page: 232.1 Line No.: 12 Column: d

Offsetting accounts: 407.3, 407.4

Schedule Page: 232.1 Line No.: 21 Column: d

Offsetting accounts: 154, 407.3, 421

Schedule Page: 232.1 Line No.: 37 Column: d

Offsetting accounts: 407.3, 407.4

Schedule Page: 232.1 Line No.: 42 Column: d

Offsetting accounts: 128, 182.3, 228, 926

Schedule Page: 232.2 Line No.: 2 Column: d

Offsetting accounts: 128, 182.3, 228, 926

Schedule Page: 232.2 Line No.: 8 Column: d

Offsetting accounts: 228, 254, 926

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

MISCELLANEOUS DEFFERED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than $100,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS Account Charged (d)	CREDITS Amount (e)	Balance at End of Year (f)
1	Vacation accrual	1,354,116		242	29,875	1,324,241
2						
3	DEK 2017 Rate Case	438,280		928	96,421	341,859
4	amortized 05/20 - 04/25					
5						
6	DEK 2019 Rate Case - Electric	190,920	182,034	928	79,008	293,946
7	amortized 05/20 - 04/25					
8						
9	Straight Line Lease Deferral	107,249	761,352	242	664,853	203,748
10	amortized 01/20 - 12/38					
11						
12	Pension Settlement Charges	350,062		926	350,062	
13						
14	Indirect overhead allocation	95,133	-102,787			-7,654
15	pool - undistributed					
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
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39						
40						
41						
42						
43						
44						
45						
46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	2,535,760				2,156,140

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Begining of Year (b)	Balance at End of Year (c)
1	Electric		
2		52,618,787	55,843,006
3			
4			
5			
6			
7	Other		
8	TOTAL Electric (Enter Total of lines 2 thru 7)	52,618,787	55,843,006
9	Gas		
10		17,011,950	17,377,717
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15	17,011,950	17,377,717
17	Other (Specify)		
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	69,630,737	73,220,723

Notes

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	COMMON STOCK (ACCT 201)	1,000,000	15.00	
2	TOTAL COMMON STOCK	1,000,000		
3				
4	PREFERRED STOCK (ACCT 204)			
5	TOTAL PREFERRED STOCK			
6				
7				
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42				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
585,333	8,779,995					1
585,333	8,779,995					2
						3
						4
						5
						6
						7
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.
(b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
(c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
(d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Account 208 Donations Received from Stockholders	
2	Balance - Beginning of Year	148,811,383
3		
4		
5		
6		
7	Subtotal Balance - End of Year	148,811,383
8		
9		
10	Account 211 - Miscellaneous Paid-In Capital	
11	Balance - Beginning of Year	49,843,806
12	Equity Infusion	25,000,000
13	Subtotal Balance - End of Year	74,843,806
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40	TOTAL	223,655,189

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 253 Line No.: 12 Column: b

Equity infusion of $25M from Parent.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

CAPITAL STOCK EXPENSE (Account 214)

1. Report the balance at end of the year of discount on capital stock for each class and series of capital stock.
2. If any change occurred during the year in the balance in respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1	None	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22	TOTAL	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	ACCOUNT 221 - NONE		
2	ACCOUNTS 222 & 223		
3	Intercompany Moneypool Notes Payable-Long Term, .260%	25,000,000	
4	SUBTOTAL ACCOUNT 222 & 223	25,000,000	
5			
6	ACCOUNT 224		
7	UNSECURED DEBENTURES:		
8	6.20% SERIES DUE IN 2036	65,000,000	653,550
9			367,900 D
10	2008 SERIES A POLLUTION CONTROL REFUNDING BONDS DUE IN 2027, 1.089%	50,000,000	691,754
11			
12	2010 SERIES POLLUTION CONTROL REFUNDING BONDS DUE IN 2027, .110%	26,720,000	939,966
13			
14	3.42% SERIES DUE IN 2026	45,000,000	220,191
15			
16	4.45% SERIES DUE IN 2046	50,000,000	247,535
17			
18	3.35% SERIES DUE IN 2029	30,000,000	124,475
19			
20	4.11% SERIES DUE IN 2047	30,000,000	124,475
21			
22	4.26% SERIES DUE IN 2057	30,000,000	124,475
23			
24	4.01% SERIES DUE IN 2023	25,000,000	111,522
25			
26	4.18% SERIES DUE IN 2028	40,000,000	156,522
27			
28	4.62% SERIES DUE IN 2048	35,000,000	141,522
29			
30	4.32% SERIES DUE IN 2049	40,000,000	195,082
31			
32	3.23% SERIES DUE IN 2025	95,000,000	415,082
33	TOTAL	731,720,000	5,103,699

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1			
2	3.56% SERIES DUE IN 2029	75,000,000	335,082
3			
4	2.65% SERIES DUE IN 2030	35,000,000	127,283
5			
6	3.66% SERIES DUE IN 2050	35,000,000	127,283
7			
8	SUBTOTAL ACCOUNT 224	706,720,000	5,103,699
9	See footnote		
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33	TOTAL	731,720,000	5,103,699

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD Date From (f)	AMORTIZATION PERIOD Date To (g)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
						1
						2
12/15/2014	03/16/2025	12/15/2014	03/16/2025	25,000,000	755,884	3
				25,000,000	755,884	4
						5
						6
						7
03/07/2006	03/10/2036	03/10/2006	03/10/2036	65,000,000	4,030,000	8
						9
12/11/2008	08/01/2027	12/11/2008	08/01/2027	50,000,000	743,675	10
						11
11/24/2010	08/01/2027	11/24/2010	08/01/2027	26,720,000	203,745	12
						13
01/05/2016	01/15/2026	01/05/2016	01/15/2026	45,000,000	1,539,000	14
						15
01/05/2016	01/15/2046	01/05/2016	01/15/2046	50,000,000	2,225,000	16
						17
09/07/2017	09/15/2029	09/07/2017	09/15/2029	30,000,000	1,005,000	18
						19
09/07/2017	09/15/2047	09/07/2017	09/15/2047	30,000,000	1,233,000	20
						21
09/07/2017	09/15/2057	09/07/2017	09/15/2057	30,000,000	1,278,000	22
						23
10/03/2018	10/15/2023	10/03/2018	10/15/2023	25,000,000	1,002,500	24
						25
10/03/2018	10/15/2028	10/03/2018	10/15/2028	40,000,000	1,672,000	26
						27
12/12/2018	12/15/2048	12/12/2018	12/15/2048	35,000,000	1,617,000	28
						29
07/17/2019	07/15/2049	07/17/2019	07/15/2049	40,000,000	1,728,000	30
						31
09/26/2019	10/01/2025	09/26/2019	10/01/2025	95,000,000	3,068,500	32
				731,720,000	25,421,584	33

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD Date From (f)	AMORTIZATION PERIOD Date To (g)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
						1
09/26/2019	10/01/2029	09/26/2019	10/01/2029	75,000,000	2,670,000	2
						3
09/15/2020	09/15/2030	09/15/2020	09/15/2030	35,000,000	273,097	4
						5
09/15/2020	09/15/2050	09/15/2020	09/15/2050	35,000,000	377,183	6
						7
				706,720,000	24,665,700	8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
				731,720,000	25,421,584	33

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 256 Line No.: 3 Column: a

The interest rate varies on this note. The interest rate is as of December 31, 2020.

Schedule Page: 256 Line No.: 10 Column: a

The interest rate varies on this pollution control bond. The interest rate is as of December 31, 2020.

Schedule Page: 256 Line No.: 12 Column: a

The interest rate varies on this pollution control bond. The interest rate is as of December 31, 2020.

Schedule Page: 256.1 Line No.: 9 Column: a

On December 2, 2020 the Kentucky PSC approved Duke Energy Kentucky's long-term financing application authorizing the issuance of up to $250 million of secured and/or unsecured notes, and $76.72 million of tax-exempt private activity bonds to refund existing tax exempt bonds. Authorization expires 12/31/2022.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be field, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as Long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	48,143,296
2		
3		
4	Taxable Income Not Reported on Books	
5	Contributions in Aid of Construction	2,648,931
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10	Federal & State Income Tax Deducted for Books	9,708,048
11	Other Deductions Recorded on Books Not Deducted for Return	119,379,928
12		
13		
14	Income Recorded on Books Not Included in Return	
15	Allowance for Funds Used During Construction	-124,929
16		
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20	Deductions on Return Not Charged Against Book Income	146,561,397
21		
22	State Tax Deduction - Deduction on Return Not Charged Against Book Inc	-992,293
23		
24		
25		
26		
27	Federal Tax Net Income	32,451,442
28	Show Computation of Tax:	
29	Provision for Federal Income Tax @ 21%	6,814,803
30	NOL's	-1,440,342
31	True Up Entries	-1,166,311
32	Other Benefits	17,457
33		
34	Total Federal Income Tax Provision	4,225,607
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 261 Line No.: 11 Column: b

3	T22E06: FAS 112 Medical Expenses Accrual	$1,051,216
4	T22H54: Coal Ash Spend Reg Asset Approved - Retail (NC & MW)	1,283,501
5	T13A26: Tax Interest Capitalized	2,301,088
6	T22A28: Retirement Plan Expense - Underfunded	3,217,401
7	T20A38: Regulatory Asset - Deferred Plant Costs	3,771,288
8	T15B02: Reg Asset/Liab Def Revenue	4,376,826
9	T13B45: Asset Retirement Obligation - Coal Ash	25,512,104
10	T13A08: Book Depreciation/Amortization	68,868,212
11	Other	8,998,292
12	Total	$119,379,928

Schedule Page: 261 Line No.: 20 Column: b

T22E02: OPEB Expense Accrual	($1,165,000)
T22A23: Retirement Plan Expense - Overfunded	(3,076,972)
T13B33: T & D Repairs - Annual Adj.	(3,450,000)
T19A22: Miscellaneous NC Taxable Income Adj - DTA	(4,449,654)
T13A29: Bonus Depreciation	(5,900,000)
T13A30: Tax Gains/Losses	(7,075,000)
T22H46: ARO Regulatory Asset - Coal Ash	(7,124,030)
T13A16: Cost of Removal	(7,841,538)
T13B26: Equipment Repairs - Annual Adj	(14,130,000)
T22H45: Asset Retirement Costs - Coal Ash	(18,388,074)
T13A28: Tax Depreciation/Amortization	(66,400,000)
Other	(7,561,129)
Total	$146,561,397

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are know, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b)amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjust-ments (f)
1						
2	FEDERAL TAXES:					
3						
4	INCOME	-635,545		4,225,607	1,125,109	-94,239
5	FUEL TAXES			918	917	
6	FEDERAL INSURANCE	63,379		2,415,209	1,618,772	-10,912
7	UNEMPLOYMENT	248		1,353	1,535	
8	SUPERFUND					
9						
10	STATE TAXES:					
11						
12	INCOME	-304,817		816,523	697,070	
13	UNEMPLOYMENT	205		13,154	13,256	
14	PROPERTY	2,335,937		2,447,381	2,179,186	
15	SALES & USE TAXES	214,128		62,931	2,355,955	2,369,717
16	PUBLIC UTILITIES					
17	FRANCHISE			-2		
18						
19						
20	OTHER TAXES:					
21						
22						
23	Property Tax (Local)	11,531,378		12,081,522	10,757,577	
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	13,204,913		22,064,596	18,749,377	2,264,566

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	Line No.
						1
						2
						3
2,435,641		-498,211			2,180,902	4
		692				5
848,904		1,812,405				6
67		859				7
						8
						9
						10
						11
-185,363		329,389			544,528	12
102		9,660				13
2,604,132		1,916,492				14
225,892		-31,231			104,393	15
						16
1						17
						18
						19
						20
						21
						22
12,855,322		9,460,780			-1	23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40
18,784,698		13,000,835			2,829,822	41

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g).Include in column (i) the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%						
3	4%						
4	7%						
5	10%	779			411.4	428	
6	30%	3,235,578					
7							
8	TOTAL	3,236,357				428	
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10							
11							
12	Gas - 4%	4,657			411.4	1,937	
13	Gas -10%	438,196			411.4	58,810	
14							
15	Total Gas	442,853				60,747	
16							
17							
18							
19							
20							
21							
22							
23							
24							
25		3,679,210				61,175	
26							
27							
28							
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)

Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION	Line No.
			1
			2
			3
			4
351	30 years		5
3,235,578	25 years		6
			7
3,235,929			8
			9
			10
			11
2,720			12
379,386			13
			14
382,106			15
			16
			17
			18
			19
			20
			21
			22
			23
			24
3,618,035			25
			26
			27
			28
			30
			31
			32
			33
			34
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			43
			44
			45
			46
			47
			48

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

OTHER DEFFERED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than $100,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1	MISO MTEP Accrual	13,012,781			-360,863	12,651,918
2						
3	Deferred Revenue -Outdoor Lighting	544,704	415	145,585	724,049	1,123,168
4	Amort period 10 years over life					
5	of contracts					
6						
7	MGP Reserve	669,691			-1,360	668,331
8						
9	FTR MTM gains/losses	91,794			66,647	158,441
10						
11	Gas Refunds	17,943	805	125,371	128,217	20,789
12	Amort period varies					
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
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39						
40						
41						
42						
43						
44						
45						
46						
47	TOTAL	14,336,913		270,956	556,690	14,622,647

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to amortizable property.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Accelerated Amortization (Account 281)			
2	Electric			
3	Defense Facilities			
4	Pollution Control Facilities			
5	Other (provide details in footnote):			
6				
7				
8	TOTAL Electric (Enter Total of lines 3 thru 7)			
9	Gas			
10	Defense Facilities			
11	Pollution Control Facilities			
12	Other (provide details in footnote):			
13				
14				
15	TOTAL Gas (Enter Total of lines 10 thru 14)			
16				
17	TOTAL (Acct 281) (Total of 8, 15 and 16)			
18	Classification of TOTAL			
19	Federal Income Tax			
20	State Income Tax			
21	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ACCUMULATED DEFERRED INCOME TAXES _ ACCELERATED AMORTIZATION PROPERTY (Account 281) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
							3
							4
							5
							6
							7
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							10
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							20
							21

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account	Balance at Beginning of Year	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1
	(a)	(b)	(c)	(d)
1	Account 282			
2	Electric	204,679,457	25,295,766	12,062,923
3	Gas	67,732,060	8,285,014	5,787,335
4				
5	TOTAL (Enter Total of lines 2 thru 4)	272,411,517	33,580,780	17,850,258
6				
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru	272,411,517	33,580,780	17,850,258
10	Classification of TOTAL			
11	Federal Income Tax	226,136,798	26,325,737	14,079,263
12	State Income Tax	46,274,719	7,255,043	3,770,995
13	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		Balance at End of Year	Line No.
		Account Credited	Amount	Account Debited	Amount		
(e)	(f)	(g)	(h)	(i)	(j)	(k)	
							1
39,223	2,004,045			BSO	-852,929	215,094,549	2
83,481		BSO	251,172			70,062,048	3
							4
122,704	2,004,045		251,172		-852,929	285,156,597	5
							6
							7
							8
122,704	2,004,045		251,172		-852,929	285,156,597	9
							10
98,245	1,604,565		446,751		-914,795	235,515,406	11
24,459	399,480		-195,579		61,866	49,641,191	12
							13

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ACCUMULATED DEFFERED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
2. For other (Specify),include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR Amounts Debited to Account 410.1 (c)	CHANGES DURING YEAR Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3		24,375,833	3,177,972	3,411,718
4				
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	24,375,833	3,177,972	3,411,718
10	Gas			
11		4,547,737	458,376	99,820
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	4,547,737	458,376	99,820
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	28,923,570	3,636,348	3,511,538
20	Classification of TOTAL			
21	Federal Income Tax	23,149,738	2,911,489	2,811,558
22	State Income Tax	5,773,832	724,859	699,980
23	Local Income Tax			

NOTES

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS					
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits: Account Credited (g)	Debits: Amount (h)	Credits: Account Debited (i)	Credits: Amount (j)	Balance at End of Year (k)	Line No.
							1
							2
				BSO	1,231,791	25,373,878	3
							4
							5
							6
							7
							8
					1,231,791	25,373,878	9
							10
				BSO	165,090	5,071,383	11
							12
							13
							14
							15
							16
					165,090	5,071,383	17
							18
					1,396,881	30,445,261	19
							20
					1,628,605	24,878,274	21
					-231,724	5,566,987	22
							23

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than $100,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Begining of Current Quarter/Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Current Quarter/Year (f)
1	INCOME TAXES	135,690,203	190, 411	5,627,598		130,062,605
2						
3	PENSION COSTS	5,328,516	Various	236,256	949,151	6,041,411
4						
5	DSM ENERGY EFFICIENCY	4,316,803			(3,313,172)	1,003,631
6	- Order #2015-00368					
7						
8	DEFERRED FORCED OUTAGE	302,244			1,584,943	1,887,187
9	- Order #2017-00321					
10						
11						
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41	TOTAL	145,637,766		5,863,854	-779,078	138,994,834

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 278 Line No.: 3 Column: c

Offsetting accounts: 182.3, 228.3, 254, 926

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of $250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	136,674,631	138,630,006
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	122,611,845	128,725,143
5	Large (or Ind.) (See Instr. 4)	55,859,125	62,259,561
6	(444) Public Street and Highway Lighting	1,650,852	1,620,537
7	(445) Other Sales to Public Authorities	15,397,543	23,164,788
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales	45,621	70,142
10	TOTAL Sales to Ultimate Consumers	332,239,617	354,470,177
11	(447) Sales for Resale	9,044,323	11,697,678
12	TOTAL Sales of Electricity	341,283,940	366,167,855
13	(Less) (449.1) Provision for Rate Refunds	1,181,644	-1,196,170
14	TOTAL Revenues Net of Prov. for Refunds	340,102,296	367,364,025
15	Other Operating Revenues		
16	(450) Forfeited Discounts	12,922	
17	(451) Miscellaneous Service Revenues	161,780	228,791
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	1,329,087	1,801,706
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	1,908,938	1,251,035
22	(456.1) Revenues from Transmission of Electricity of Others	1,187,925	3,922,927
23	(457.1) Regional Control Service Revenues	156,183	177,282
24	(457.2) Miscellaneous Revenues	2,032,957	1,881,230
25			
26	TOTAL Other Operating Revenues	6,789,792	9,262,971
27	TOTAL Electric Operating Revenues	346,892,088	376,626,996

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	No.
				1
1,488,203	1,507,639	130,434	128,049	2
				3
1,417,396	1,458,138	13,899	13,627	4
745,572	815,993	362	359	5
13,827	13,759	469	461	6
184,862	274,538	793	935	7
				8
591	928			9
3,850,451	4,070,995	145,957	143,431	10
379,710	483,571	1	1	11
4,230,161	4,554,566	145,958	143,432	12
				13
4,230,161	4,554,566	145,958	143,432	14

Line 12, column (b) includes $ -236,207 of unbilled revenues.
Line 12, column (d) includes 8,371 MWH relating to unbilled revenues

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Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 300 Line No.: 17 Column: b

Non-Utility Miscellaneous Revenue	$	140,047
Power Delivery Revenue		11,847
Green Power		11,124
Jobbing and Contract Work		(1,238)
Total	$	161,780

Schedule Page: 300 Line No.: 17 Column: c

Non-Utility Miscellaneous Revenue	$	206,986
Power Delivery Revenue		33,044
Green Power		7,686
Jobbing and Contract Work		(18,925)
Total	$	228,791

Schedule Page: 300 Line No.: 21 Column: b

RSG Revenue - MISO Make Whole	$	1,907,378
Data Processing Service		960
Sales & Use Tax Collection Fee		600
Total	$	1,908,938

Schedule Page: 300 Line No.: 21 Column: c

RSG Revenue - MISO Make Whole	$	1,249,284
Data Processing Service		960
Sales & Use Tax Collection Fee		600
Profit Or Loss On Sale Of M&S		191
Total	$	1,251,035

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

REGIONAL TRANSMISSION SERVICE REVENUES (Account 457.1)

1. The respondent shall report below the revenue collected for each service (i.e., control area administration, market administration, etc.) performed pursuant to a Commission approved tariff. All amounts separately billed must be detailed below.

Line No.	Description of Service (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1	Scheduling, System Control, and Dispatch	42,076	74,973	133,357	156,183
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL	42,076	74,973	133,357	156,183

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	(440) RESIDENTIAL OR					
2	DOMESTIC SALES					
3						
4						
5	RESIDENTIAL SERVICE					
6	SHEET 30 (1)	1,477,914	135,800,359	130,434	11,331	0.0919
7	SHEET 32 (2)					
8	SHEET 40 (3)					
9	SHEET 41 (4)					
10						
11	OUTDOOR LIGHTING SERVICE					
12	SHEET 65 (5)					
13	SHEET 67 (6)					
14						
15	UNBILLED REVENUE	10,289	874,272			0.0850
16						
17	TOTAL (440) RESIDENTIAL	1,488,203	136,674,631	130,434	11,410	0.0918
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
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36						
37						
38						
39						
40						
41	TOTAL Billed	3,842,080	332,475,824	145,957	26,323	0.0865
42	Total Unbilled Rev.(See Instr. 6)	8,371	-236,207	0	0	-0.0282
43	TOTAL	3,850,451	332,239,617	145,957	26,381	0.0863

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	COMMERCIAL AND INDUSTRIAL					
2						
3	RESIDENTIAL SERVICE					
4	SHEET 30 (7)	10,446	1,056,165	1,508	6,927	0.1011
5						
6	DISTRIBUTION SERVICE					
7	SHEET 40 (8)	913,893	85,509,308	12,198	74,922	0.0936
8	SHEET 42 (9)	6,890	525,565	71	97,042	0.0763
9	SHEET 43 (10)	48	5,083	1	48,000	0.1059
10	SHEET 44 (11)	6,064	582,839	125	48,512	0.0961
11						
12	PRIMARY SERVICE					
13	SHEET 45 (12)	14,476	1,117,352	6	2,412,667	0.0772
14						
15	TIME OF DAY DISTRIBUTION					
16	SERVICES					
17	SHEET 41 (13)	981,366	74,328,537	170	5,772,741	0.0757
18						
19	TIME OF DAY TRANSMISSION					
20	SERVICE					
21	SHEET 51 (14)	177,054	11,088,806	7	25,293,429	0.0626
22						
23	OUTDOOR LIGHTING SERVICE					
24	SHEET 62(15)	3,442	407,315	57	60,386	0.1183
25	SHEET 65 (16)					
26	SHEET 67					
27						
28	TRAFFIC LIGHTING SERVICE					
29	SHEET 61 (17)	1	33	2	500	0.0330
30						
31	STREET LIGHTING SERVICE					
32	SHEET 60 (18)	114	47,780	37	3,081	0.4191
33	SHEET 69 (19)	210	33,778	29	7,241	0.1608
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	3,842,080	332,475,824	145,957	26,323	0.0865
42	Total Unbilled Rev.(See Instr. 6)	8,371	-236,207	0	0	-0.0282
43	TOTAL	3,850,451	332,239,617	145,957	26,381	0.0863

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2						
3						
4	SPECIAL CONTRACTS					
5	METERED (20)					
6	UNMETERED (21)					
7						
8	LOAD MANAGEMENT RIDERS					
9	SHEET 73(22)	48,605	4,575,283	50	972,100	0.0941
10	SHEET 74 (23)					
11						
12	UNBILLED REVENUE	359	-806,874			-2.2476
13						
14	TOTAL (442) COMMERCIAL	2,162,968	178,470,970	14,261	151,670	0.0825
15						
16						
17						
18						
19						
20						
21						
22						
23						
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31						
32						
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36						
37						
38						
39						
40						
41	TOTAL Billed	3,842,080	332,475,824	145,957	26,323	0.0865
42	Total Unbilled Rev.(See Instr. 6)	8,371	-236,207	0	0	-0.0282
43	TOTAL	3,850,451	332,239,617	145,957	26,381	0.0863

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	(444) PUBLIC STREET AND					
3	HIGHWAY LIGHTING					
4						
5	DISTRIBUTION SERVICE					
6	SHEET 40 (24)	1,362	131,545	25	54,480	0.0966
7						
8	STREET LIGHTING SERVICE					
9	SHEET 60(25)	9,125	1,304,491	296	30,828	0.1430
10	SHEET 66(26)	402	72,581			0.1805
11	SHEET 68 (27)					
12	SHEET 69(28)					
13	SHEET 71		-1,879			
14	TRAFFIC LIGHTING SERVICE					
15	SHEET 61 (29)	2,938	144,114	148	19,851	0.0491
16						
17	UNBILLED REVENUE					
18						
19	TOTAL (444) PUBLIC STREET	13,827	1,650,852	469	29,482	0.1194
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
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39						
40						
41	TOTAL Billed	3,842,080	332,475,824	145,957	26,323	0.0865
42	Total Unbilled Rev.(See Instr. 6)	8,371	-236,207	0	0	-0.0282
43	TOTAL	3,850,451	332,239,617	145,957	26,381	0.0863

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	(445) SALES TO OTHER PUBLIC					
3	AUTHORITIES					
4						
5	RESIDENTIAL SERVICE					
6	SHEET 30 (30)	1	132	1	1,000	0.1320
7						
8	DISTRIBUTION SERVICE					
9	SHEET 40(31)	74,196	7,393,359	675	109,920	0.0996
10	SHEET 42(32)	8,016	604,599	27	296,889	0.0754
11	SHEET 43 (33)	202	25,002	13	15,538	0.1238
12	SHEET 44 (34)	189	19,738	44	4,295	0.1044
13						
14	PRIMARY SERVICE					
15	SHEET 45 (35)	4,086	327,075	4	1,021,500	0.0800
16						
17	TIME OF DAY DISTRIBUTION					
18	SERVICE					
19	SHEET 41 (36)	68,726	5,215,649	21	3,272,667	0.0759
20						
21	TIME OF DAY TRANSMISSION					
22	SERVICE					
23	SHEET 51 (37)	29,620	1,905,207	4	7,405,000	0.0643
24						
25	OUTDOOR LIGHTING SERVICE					
26	SHEET 65 (38)	593	66,470			0.1121
27	SHEET 67 (39)					
28						
29	SPECIAL CONTRACTS					
30	METERED (40)					
31						
32	LOAD MANAGEMENT RIDERS					
33	SHEET 73 (41)	1,281	131,646	2	640,500	0.1028
34	SHEET 74 (42)					
35	SHEET 61 (43)	229	12,271	2	114,500	0.0536
36	SHEET 59					
37	UNBILLED REVENUE	-2,277	-303,605			0.1333
38						
39	TOTAL (445) SALES TO OTHER	184,862	15,397,543	793	233,117	0.0833
40	PUBLIC AUTHORITIES					
41	TOTAL Billed	3,842,080	332,475,824	145,957	26,323	0.0865
42	Total Unbilled Rev.(See Instr. 6)	8,371	-236,207	0	0	-0.0282
43	TOTAL	3,850,451	332,239,617	145,957	26,381	0.0863

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWH of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	(448) INTERDEPARTMENTAL	591	45,621			0.0772
3	SALES (44)					
4						
5	TOTAL (448) INTER-DEPART	591	45,621			0.0772
6						
7						
8						
9						
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11						
12						
13						
14						
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16						
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40						
41	TOTAL Billed	3,842,080	332,475,824	145,957	26,323	0.0865
42	Total Unbilled Rev.(See Instr. 6)	8,371	-236,207	0	0	-0.0282
43	TOTAL	3,850,451	332,239,617	145,957	26,381	0.0863

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 304 Line No.: 6 Column: a

All references represent the detail of additional revenue not included in the base rates from fuel adjustment clause.
$ 1,234,344.22

Schedule Page: 304 Line No.: 12 Column: a

$ 0.29

Schedule Page: 304.1 Line No.: 4 Column: a

$ 12,665.64

Schedule Page: 304.1 Line No.: 7 Column: a

$ 712,944.17

Schedule Page: 304.1 Line No.: 8 Column: a

$ 10,400.62

Schedule Page: 304.1 Line No.: 9 Column: a

$ 26.09

Schedule Page: 304.1 Line No.: 10 Column: a

$ 5,094.78

Schedule Page: 304.1 Line No.: 13 Column: a

$ 21,900.86

Schedule Page: 304.1 Line No.: 17 Column: a

$ 814,250.97

Schedule Page: 304.1 Line No.: 21 Column: a

$ 153,537.53

Schedule Page: 304.1 Line No.: 24 Column: a

$ 2,916.75

Schedule Page: 304.1 Line No.: 29 Column: a

$ .54

Schedule Page: 304.1 Line No.: 32 Column: a

$ 96.22

Name of Respondent Duke Energy Kentucky, Inc.	This Report is: (1) X An Original (2) _ A Resubmission	Date of Report (Mo, Da, Yr) 04/15/2021	Year/Period of Report 2020/Q4

FOOTNOTE DATA

Schedule Page: 304.1 Line No.: 33 Column: a

$ 176.09

Schedule Page: 304.2 Line No.: 9 Column: a

$ 41,956.51

Schedule Page: 304.3 Line No.: 6 Column: a

$ 1,863.53

Schedule Page: 304.3 Line No.: 9 Column: a

$ 7,816.65

Schedule Page: 304.3 Line No.: 10 Column: a

$ 339.88

Schedule Page: 304.3 Line No.: 15 Column: a

$ 2,329.72

Schedule Page: 304.4 Line No.: 6 Column: a

$ 1.07

Schedule Page: 304.4 Line No.: 9 Column: a

$ 69,987.80

Schedule Page: 304.4 Line No.: 10 Column: a

$ 22,882.57

Schedule Page: 304.4 Line No.: 11 Column: a

$ 292.41

Schedule Page: 304.4 Line No.: 12 Column: a

$ 159.33

Schedule Page: 304.4 Line No.: 15 Column: a

$ 1,501.48

Schedule Page: 304.4 Line No.: 19 Column: a

$ 56,948.15

Schedule Page: 304.4 Line No.: 23 Column: a

$ 26,149.73

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 304.4 Line No.: 26 Column: a

$ 514.35

Schedule Page: 304.4 Line No.: 33 Column: a

$ 1,503.74

Schedule Page: 304.4 Line No.: 35 Column: a

$ 336.15

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).
2. Enter the name of the purchaser in column (a). Do note abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
LF - for tong-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations)	Statistical Classification	FERC Rate Schedule or Tariff Number	Average Monthly Billing Demand (MW)	Actual Demand (MW)	
					Average Monthly NCP Demand	Average Monthly CP Demand
	(a)	(b)	(c)	(d)	(e)	(f)
1	PJM Settlement, Inc.	OS	MBRT1			
2	PJM Settlement, Inc.	AD	MBRT1			
3	Wells Fargo Securities	OS	NJ			
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			**0**	**0**	**0**

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401,iine 24.
10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE Demand Charges ($) (h)	Energy Charges ($) (i)	Other Charges ($) (j)	Total ($) (h+i+j) (k)	Line No.
407,290		9,608,182		9,608,182	1
-27,580		-668,471		-668,471	2
		104,612		104,612	3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
0	0	0	0	0	
379,710	0	9,044,323	0	9,044,323	
379,710	**0**	**9,044,323**	**0**	**9,044,323**	

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 310 Line No.: 3 Column: c

NJ = Non-Jurisdictional Agreement

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	2,339,123	2,311,576
5	(501) Fuel	51,335,719	69,486,407
6	(502) Steam Expenses	14,930,305	12,714,540
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	923,676	22,662
10	(506) Miscellaneous Steam Power Expenses	1,874,178	1,849,461
11	(507) Rents	60	30
12	(509) Allowances	933	3,154
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	71,403,994	86,387,830
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	1,767,154	2,054,086
16	(511) Maintenance of Structures	6,567,849	7,439,384
17	(512) Maintenance of Boiler Plant	10,174,608	12,854,252
18	(513) Maintenance of Electric Plant	1,668,755	2,466,379
19	(514) Maintenance of Miscellaneous Steam Plant	2,306,991	3,710,013
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	22,485,357	28,524,114
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	93,889,351	114,911,944
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Mainentance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

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Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering	363,801	418,471
63	(547) Fuel	2,860,342	8,396,651
64	(548) Generation Expenses	98,666	168,417
65	(549) Miscellaneous Other Power Generation Expenses	1,145,877	1,120,773
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)	4,468,686	10,104,312
68	Maintenance		
69	(551) Maintenance Supervision and Engineering	228,076	187,925
70	(552) Maintenance of Structures	232,569	283,293
71	(553) Maintenance of Generating and Electric Plant	1,123,437	2,060,599
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	428,925	340,217
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	2,013,007	2,872,034
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	6,481,693	12,976,346
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	46,714,218	47,373,267
77	(556) System Control and Load Dispatching	185	-313
78	(557) Other Expenses	6,636,056	1,943,662
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	53,350,459	49,316,616
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	153,721,503	177,204,906
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	4,242	3,951
84			
85	(561.1) Load Dispatch-Reliability	88,397	100,643
86	(561.2) Load Dispatch-Monitor and Operate Transmission System	411,016	463,568
87	(561.3) Load Dispatch-Transmission Service and Scheduling	55,048	61,911
88	(561.4) Scheduling, System Control and Dispatch Services	2,203,478	2,288,960
89	(561.5) Reliability, Planning and Standards Development		
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services	2,014,234	1,296,528
93	(562) Station Expenses	97,322	172,155
94	(563) Overhead Lines Expenses	41,917	44,384
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	19,283,242	16,382,133
97	(566) Miscellaneous Transmission Expenses	182,451	269,684
98	(567) Rents		
99	TOTAL Operation (Enter Total of lines 83 thru 98)	24,381,347	21,083,917
100	Maintenance		
101	(568) Maintenance Supervision and Engineering		
102	(569) Maintenance of Structures	28,462	10,315
103	(569.1) Maintenance of Computer Hardware	56	1,163
104	(569.2) Maintenance of Computer Software	129,323	240,017
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	249,717	141,479
108	(571) Maintenance of Overhead Lines	1,023,598	304,632
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant		
111	TOTAL Maintenance (Total of lines 101 thru 110)	1,431,156	697,606
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	25,812,503	21,781,523

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services	1,722,632	1,849,880
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)	1,722,632	1,849,880
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)	1,722,632	1,849,880
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	54,356	71,393
135	(581) Load Dispatching	369,057	368,929
136	(582) Station Expenses	52,188	32,629
137	(583) Overhead Line Expenses	341,290	161,521
138	(584) Underground Line Expenses	263,049	256,704
139	(585) Street Lighting and Signal System Expenses		
140	(586) Meter Expenses	387,665	453,025
141	(587) Customer Installations Expenses	696,923	762,081
142	(588) Miscellaneous Expenses	1,646,815	2,833,904
143	(589) Rents	21,115	21,190
144	TOTAL Operation (Enter Total of lines 134 thru 143)	3,832,458	4,961,376
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	85,450	102,534
147	(591) Maintenance of Structures		585
148	(592) Maintenance of Station Equipment	248,871	368,536
149	(593) Maintenance of Overhead Lines	6,666,053	9,463,186
150	(594) Maintenance of Underground Lines	238,188	180,861
151	(595) Maintenance of Line Transformers	39,218	52,757
152	(596) Maintenance of Street Lighting and Signal Systems	251,312	223,518
153	(597) Maintenance of Meters	364,008	304,957
154	(598) Maintenance of Miscellaneous Distribution Plant	7,382	18,667
155	TOTAL Maintenance (Total of lines 146 thru 154)	7,900,482	10,715,601
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	11,732,940	15,676,977
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	58,024	57,937
160	(902) Meter Reading Expenses	377,786	506,967
161	(903) Customer Records and Collection Expenses	3,861,468	3,929,528
162	(904) Uncollectible Accounts	27,913	-14,059
163	(905) Miscellaneous Customer Accounts Expenses	267	1,039
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	4,325,458	4,481,412

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses	3	127
169	(909) Informational and Instructional Expenses	151	13,686
170	(910) Miscellaneous Customer Service and Informational Expenses	377,061	497,009
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	377,215	510,822
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		1
175	(912) Demonstrating and Selling Expenses	1,247,250	1,208,760
176	(913) Advertising Expenses	29,421	16,202
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	1,276,671	1,224,963
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	6,632,099	8,503,685
182	(921) Office Supplies and Expenses	3,145,898	3,090,943
183	(Less) (922) Administrative Expenses Transferred-Credit		-8
184	(923) Outside Services Employed	3,757,367	1,538,608
185	(924) Property Insurance	934,344	367,909
186	(925) Injuries and Damages	831,019	763,533
187	(926) Employee Pensions and Benefits	6,362,006	5,465,650
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	871,093	807,441
190	(929) (Less) Duplicate Charges-Cr.	994,476	729,106
191	(930.1) General Advertising Expenses	47,864	50,330
192	(930.2) Miscellaneous General Expenses	1,128,462	977,040
193	(931) Rents	927,384	1,082,295
194	TOTAL Operation (Enter Total of lines 181 thru 193)	23,643,060	21,918,336
195	Maintenance		
196	(935) Maintenance of General Plant	34,122	20,151
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	23,677,182	21,938,487
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	222,646,104	244,668,970

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Actual Demand (MW) Average Monthly CP Demand (f)
1	L'Oreal USA	IU	(1)			
2	PJM Settlement, Inc.	OS	MBRT1			
3	PJM Settlement, Inc.	AD	MBRT1			
4	Wells Fargo Securities	OS	NJ			
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
	Total					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)	Total (j+k+l) of Settlement ($) (m)	
				428		428	1
2,130,898				44,396,144		44,396,144	2
45,346					1,319,431	1,319,431	3
				998,215		998,215	4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
2,176,244				45,394,787	1,319,431	46,714,218	

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 326 Line No.: 1 Column: c

The number "1" notation designates FERC approved Tariff and/or Rate Schedule as on file with the Commission. The tariff is applicable to qualifying cogeneration and small power production facilities.

Schedule Page: 326 Line No.: 4 Column: c

NJ = Non-Jurisdictional Agreement.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1	PJM			OS
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
	TOTAL			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions reffered to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Subsatation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	Line No.
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
			0	0	0	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions reffered to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges ($) (k)	Energy Charges ($) (l)	(Other Charges) ($) (m)	Total Revenues ($) (k+l+m) (n)	Line No.
85,432		1,102,493	1,187,925	1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
85,432	**0**	**1,102,493**	**1,187,925**	

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) __ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 328 Line No.: 1 Column: m

PJM Financial Transmission Rights (FTRs)	$ 1,048,606
Facilities Charges	53,888
Total	$ 1,102,493

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

TRANSMISSION OF ELECTRICITY BY ISO/RTOs

1. Report in Column (a) the Transmission Owner receiving revenue for the transmission of electricity by the ISO/RTO.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in Column (a).
3. In Column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO – Firm Network Service for Others, FNS – Firm Network Transmission Service for Self, LFP – Long-Term Firm Point-to-Point Transmission Service, OLF – Other Long-Term Firm Transmission Service, SFP – Short-Term Firm Point-to-Point Transmission Reservation, NF – Non-Firm Transmission Service, OS – Other Transmission Service and AD- Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.
4. In column (c) identify the FERC Rate Schedule or tariff Number, on separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (b) was provided.
5. In column (d) report the revenue amounts as shown on bills or vouchers.
6. Report in column (e) the total revenues distributed to the entity listed in column (a).

Line No.	Payment Received by (Transmission Owner Name) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Total Revenue by Rate Schedule or Tarirff (d)	Total Revenue (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to- Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY: Magawatt-hours Received (c)	TRANSFER OF ENERGY: Magawatt-hours Delivered (d)	EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS: Demand Charges ($) (e)	Energy Charges ($) (f)	Other Charges ($) (g)	Total Cost of Transmission ($) (h)
1	Midcontinent ISO	LFP					427,500	427,500
2	PJM Interconnection	LFP			18,855,742			18,855,742
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
	TOTAL				18,855,742		427,500	19,283,242

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) _ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 332 Line No.: 1 Column: g

Accretion of the MTEP obligation

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	44,440
2	Nuclear Power Research Expenses	
3	Other Experimental and General Research Expenses	469
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities	
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < $5,000	
6	Business and Service Company Support	806,630
7	Director's Fees and Expenses	53,217
8	Shareholder's Communications/System	69,538
9	Dues and Subscriptions to Various Organizations	50,531
10	Account Analysis Reconciliation Adjustments	103,637
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46	TOTAL	1,128,462

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of aquisition adjustments)

1. Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403; (c) Depreciation Expense for Asset Retirement Costs (Account 403.1; (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant			2,787,832		2,787,832
2	Steam Production Plant	21,600,418				21,600,418
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional					
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant	11,137,726				11,137,726
7	Transmission Plant	1,555,549				1,555,549
8	Distribution Plant	12,092,301				12,092,301
9	Regional Transmission and Market Operation					
10	General Plant	515,343		713,608		1,228,951
11	Common Plant-Electric	-29,514		99,098		69,584
12	TOTAL	46,871,823		3,600,538		50,472,361

B. Basis for Amortization Charges

Limited term electric depreciable plant base is $16,066,181, which is the cost of capitalized software and general plant assets. This includes amortized assets which have been fully amortized but not yet retired. Intangible plant is amortized over 3 - 10 years, General Plant is over 4 - 25 years.

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Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Kentucky Public Service Commission				
2	Gas Related	201,824		201,824	
3	Electric Related	695,519		695,519	
4					
5	Kentucky Public Service Commission				
6	Case No. 2017-00321				
7	Request for Rate Increase - Electric (1)		96,422	96,422	438,280
8					
9	Kentucky Public Service Commission				
10	Case No. 2018-00261				
11	Request for Rate Increase - Gas (1)		51,031	51,031	216,883
12					
13	Kentucky Public Service Commission				
14	Case No. 2019-00271				
15	Request for Rate Increase - Electric (1)		79,008	79,008	
16					
17	Other Minor Items				
18	Items to be reclassed in 2021		48	48	
19	Items to be reclassed in 2021		144	144	
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41	(1) The expenses from the Request for Rate				
42	Increase in Case Numbers; 2017-00321,				
43	2018-00261, and 2019-00271 are deferred in				
44	FERC account 186.				
45					
46	TOTAL	897,343	226,653	1,123,996	655,163

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REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than $25,000) may be grouped.

EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR			
CURRENTLY CHARGED TO							
Department (f)	Account No. (g)	Amount (h)	Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	Line No.
							1
Gas	928	201,824					2
Electric	928	695,519					3
							4
							5
							6
Electric	928	96,422				341,859	7
							8
							9
							10
Gas	928	51,031				165,852	11
							12
							13
							14
Electric	928	79,008				293,946	15
							16
							17
Gas	928	48					18
Electric	928	144					19
							20
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		1,123,996				801,657	46

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) project initiated, continued or concluded during the year. Report also support given to others during the year for jointly-sponsored projects.(Identify recipient regardless of affiliation.) For any R, D & D work carried with others, show separately the respondent's cost for the year and cost chargeable to others (See definition of research, development, and demonstration in Uniform System of Accounts).
2. Indicate in column (a) the applicable classification, as shown below:

Classifications:
A. Electric R, D & D Performed Internally:
(1) Generation
a. hydroelectric
i. Recreation fish and wildlife
ii Other hydroelectric
b. Fossil-fuel steam
c. Internal combustion or gas turbine
d. Nuclear
e. Unconventional generation
f. Siting and heat rejection
(2) Transmission
a. Overhead
b. Underground
(3) Distribution
(4) Regional Transmission and Market Operation
(5) Environment (other than equipment)
(6) Other (Classify and include items in excess of $50,000.)
(7) Total Cost Incurred
B. Electric, R, D & D Performed Externally:
(1) Research Support to the electrical Research Council or the Electric Power Research Institute

Line No.	Classification (a)	Description (b)
1	A. Electric R, D&D Performed Internally:	
2		
3	(3) Distribution	Research & Development Administration Costs
4		
5	TOTAL ELECTRIC R, D&D PERFORMED INTERNALLY	
6		
7	B. Electric R, D&D Performed Externally:	
8		
9	(1) Electric Power Research Institute	Electric Power Research Institute Memberships
10		Other (Less than $50K each)
11		
12	TOTAL ELECTRIC R, D&D PERFORMED EXTERNALLY	
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)

(2) Research Support to Edison Electric Institute
(3) Research Support to Nuclear Power Groups
(4) Research Support to Others (Classify)
(5) Total Cost Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing $50,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under $50,000 by classifications and indicate the number of items grouped. Under Other, (A (6) and B (4)) classify items by type of R, D & D activity.
4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107, Construction Work in Progress, first. Show in column (f) the amounts related to the account charged in column (e)
5. Show in column (g) the total unamortized accumulating of costs of projects. This total must equal the balance in Account 188, Research, Development, and Demonstration Expenditures, Outstanding at the end of the year.
6. If costs have not been segregated for R, D &D activities or projects, submit estimates for columns (c), (d), and (f) with such amounts identified by "Est."
7. Report separately research and related testing facilities operated by the respondent.

Costs Incurred Internally Current Year (c)	Costs Incurred Externally Current Year (d)	AMOUNTS CHARGED IN CURRENT YEAR Account (e)	AMOUNTS CHARGED IN CURRENT YEAR Amount (f)	Unamortized Accumulation (g)	Line No.
					1
					2
626		930.7	626		3
					4
626			626		5
					6
					7
					8
	175,533	Various	175,533		9
	1,960	Various	1,960		10
					11
	177,493		177,493		12
					13
					14
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	8,917,075		
4	Transmission	579,347		
5	Regional Market			
6	Distribution	1,745,413		
7	Customer Accounts	1,945,025		
8	Customer Service and Informational	142,508		
9	Sales			
10	Administrative and General	6,784,745		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	20,114,113		
12	Maintenance			
13	Production	4,175,388		
14	Transmission	320,941		
15	Regional Market			
16	Distribution	1,755,473		
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 13 thru 17)	6,251,802		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	13,092,463		
21	Transmission (Enter Total of lines 4 and 14)	900,288		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	3,500,886		
24	Customer Accounts (Transcribe from line 7)	1,945,025		
25	Customer Service and Informational (Transcribe from line 8)	142,508		
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	6,784,745		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	26,365,915	590,761	26,956,676
29	Gas			
30	Operation			
31	Production-Manufactured Gas	483,107		
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply	355,945		
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution	3,182,121		
37	Customer Accounts	1,259,348		
38	Customer Service and Informational	121,918		
39	Sales			
40	Administrative and General	1,690,983		
41	TOTAL Operation (Enter Total of lines 31 thru 40)	7,093,422		
42	Maintenance			
43	Production-Manufactured Gas	22,823		
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/16/2021	End of 2020/Q4

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution	866,447		
49	Administrative and General	5,402		
50	TOTAL Maint. (Enter Total of lines 43 thru 49)	894,672		
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)	505,930		
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)	355,945		
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)	4,048,568		
58	Customer Accounts (Line 37)	1,259,348		
59	Customer Service and Informational (Line 38)	121,918		
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)	1,696,385		
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	7,988,094	9,721	7,997,815
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	34,354,009	600,482	34,954,491
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	13,728,998	753,712	14,482,710
69	Gas Plant	6,637,693	333,804	6,971,497
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	20,366,691	1,087,516	21,454,207
72	Plant Removal (By Utility Departments)			
73	Electric Plant	1,349,691		1,349,691
74	Gas Plant	389,605		389,605
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	1,739,296		1,739,296
77	Other Accounts (Specify, provide details in footnote):	1,635,444		1,635,444
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95	TOTAL Other Accounts	1,635,444		1,635,444
96	TOTAL SALARIES AND WAGES	58,095,440	1,687,998	59,783,438

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) X An Original (2) __ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 354 Line No.: 95 Column: b

Projects For Duke's Subsidiaries & Merchandising	$ 25,937
Other Work in Progress	386,018
Other Accounts	1,223,489
TOTAL Other Accounts	$ 1,635,444

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Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

1. COMMON UTILITY PLANT
COMMON PLANT IN SERVICE

Account Title	Bal.Beg. of Yr	Additions (A)	Retirements	Transfers (B)	Balance YE
303 Misc. Intangible Plant	22,334,459	-	-	-	22,334,459
370 Common AMI Meters	-	-	-	-	-
389 Land and Land Rights	1,041,678	-	-	-	1,041,678
390 Struct & Improvements	13,332,914	190,490	(910,333)	-	12,613,071
391 Office Furniture & Equipment	777,263	15,088	-	-	792,351
Electronic Data Processing	40,535	-	-	-	40,535
392 Transportation Equipment	-	-	-	-	-
393 Stores Equipment	-	-	-	-	-
394 Tools, Shop & Garage Equip	116,843	-	-	-	116,843
395 Laboratory Equipment	-	-	-	-	-
397 Communication Equipment	8,114,195	(3,398	-	-	8,110,797
398 Miscellaneous Equipment	41,504	55,205	-	-	96,709
399 ARO General Plant	226,897	-	-	-	226,897
Total Common Plt in Service	46,026,288	257,387	(910,333)	-	45,373,340
CWIP	885,592	1,119,004	-	-	2,004,636
Total Common Plant in Ser.	46,911,880	1,376,429	(910,333)	-	47,377,976

ALLOCATION OF COMMON PLANT TO UTILITY DEPARTMENTS (C)
Summary by Account Estimated as of 12/31/2020

Gas Department	26.80%	12,697,298
Electric Department	73.20%	34,680,679
	100.00%	47,377,976

2. ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF COMMON UTILITY PLANT

Summary by Account Estimated as of 12/31/2020 31,252,389

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

Depreciation provision for the year charged to:			
(403) Depreciation expense (1)		(29,514)	
(404) Amortization - Limited Term Plant		99,097	
(403.1) Depreciation Expense (1)		(7,650)	
Net Charges for Plant Retired:			61,933
Book Cost of Plant Retired		(910,333)	
Cost of Removal		(7,362)	
Salvage (Credit)		-	
			(917,695)
Other Items:			
Transfers & Adjustments		-	
			-
Balance - End of the Year	30,396,627		

ALLOCATION OF Accumulated Provision for Depreciation to Utility Departments (3)
Summary by Account Estimated as of 12/31/2020

Gas Department	26.80%	8,146,296
Electric Department	73.20%	22,250,331
	--------	----------
	100%	30,396,627

METHOD OF DETERMINATION OF DEPRECIATION & AMORTIZATION

Common Plant in Service	Rate (4)
Miscellaneous Intangible Plant	Note (2)
Structures and Improvements	1.95%
Office Furniture and Equipment	5.00%
Electronic Data Processing Equipment	20.00%
Tools, Shop & Garage Equipment	4.00%
Transportation	Note (4)
Communication Equipment	6.67%

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/15/2021	Year/Period of Report End of 2020/Q4

COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

Miscellaneous Equipment 6.67%

(A) Classification of Account 106, Completed Construction Not Classified, included in the Additions column.
(B) Represents reclassification between utility departments and primary plant accounts.
(C) The percentages used to allocate Common Plant to utility departments are the weighted averages resulting from the application of allocation factors to the investment based on Gross Plant as of 12/31/2020.

(1) The Respondent determines its monthly provision for depreciation by the application of rates to the previous month's balance of property capitalized in each primary plant account plus total Account 106 - Completed Construction Not Classified.
(2) The Respondent amortized its investment in Miscellaneous Intangible Plant equally over 60 months for certain projects and 120 months for other projects.
(3) The percentages used to allocate the Common Plant Accumulated Provision for Depreciation balances to utility departments are the weighted averages resulting from the application of allocation factors to the balance of Common Plant Accumulated Provision at 12/31/2020. These factors are based on Gross Plant as of 12/31/2020.
(4) The respondent amortized its investment in Transportation Equipment over the estimated lives of the individual assets.

3. COMMON UTILITY PLANT EXPENSE ACCOUNTS

Common utility plant expense accounts are not maintained, but such expenses are allocated to gas and electric departments principally on one or more of the following bases:

Floor space utilized for buildings and office equipment
General labor - total company
Number of gas and electric customers
IT operations
Number of customers
Three factor formula

4. COMMISSION APPROVAL

Prior to establishment of original cost, Messrs. Brenner and Eilers of the respondent and Campbell and Schwartz from Columbia System met with Mr. Smith of the Federal Power Commission to discuss amongst other things, the Federal Power Commission's permission to use the Common Utility Plant accounts. It was pointed out by the representatives of the respondent that because of the nature of the respondent's operations it

Name of Respondent Duke Energy Kentucky, Inc.	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 04/15/2021	Year/Period of Report End of 2020/Q4

COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

was impossible and impractical to assign certain types of equipment directly to either gas or electric utility plant. Because of the facts presented, Mr. Smith gave the respondent's representatives verbal permission to use the common plant accounts.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS

1. The respondent shall report below the details called for concerning amounts it recorded in Account 555, Purchase Power, and Account 447, Sales for Resale, for items shown on ISO/RTO Settlement Statements. Transactions should be separately netted for each ISO/RTO administered energy market for purposes of determining whether an entity is a net seller or purchaser in a given hour. Net megawatt hours are to be used as the basis for determining whether a net purchase or sale has occurred. In each monthly reporting period, the hourly sale and purchase net amounts are to be aggregated and separately reported in Account 447, Sales for Resale, or Account 555, Purchased Power, respectively.

Line No.	Description of Item(s) (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1	Energy				
2	Net Purchases (Account 555)	11,473,194	23,095,947	30,959,416	45,227,681
3	Net Sales (Account 447)	1,841,585	2,274,791	5,362,497	8,463,508
4	Transmission Rights	(156,838)	51,121	750,101	1,048,605
5	Ancillary Services				
6	Other Items (list separately)				
7	Ancillary Services (Account 555)	106,758	202,117	326,759	487,895
8	Ancillary Services (Account 447)	33,977	119,393	392,118	476,203
9					
10					
11					
12					
13					
14					
15					
16					
17					
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45					
46	TOTAL	13,298,676	25,743,369	37,790,891	55,703,892

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

PURCHASES AND SALES OF ANCILLARY SERVICES

Report the amounts for each type of ancillary service shown in column (a) for the year as specified in Order No. 888 and defined in the respondents Open Access Transmission Tariff.

In columns for usage, report usage-related billing determinant and the unit of measure.

(1) On line 1 columns (b), (c), (d), (e), (f) and (g) report the amount of ancillary services purchased and sold during the year.

(2) On line 2 columns (b) (c), (d), (e), (f), and (g) report the amount of reactive supply and voltage control services purchased and sold during the year.

(3) On line 3 columns (b) (c), (d), (e), (f), and (g) report the amount of regulation and frequency response services purchased and sold during the year.

(4) On line 4 columns (b), (c), (d), (e), (f), and (g) report the amount of energy imbalance services purchased and sold during the year.

(5) On lines 5 and 6, columns (b), (c), (d), (e), (f), and (g) report the amount of operating reserve spinning and supplement services purchased and sold during the period.

(6) On line 7 columns (b), (c), (d), (e), (f), and (g) report the total amount of all other types ancillary services purchased or sold during the year. Include in a footnote and specify the amount for each type of other ancillary service provided.

		Amount Purchased for the Year			Amount Sold for the Year		
		Usage - Related Billing Determinant			Usage - Related Billing Determinant		
Line No.	Type of Ancillary Service (a)	Number of Units (b)	Unit of Measure (c)	Dollars (d)	Number of Units (e)	Unit of Measure (f)	Dollars (g)
1	Scheduling, System Control and Dispatch			758,201			156,183
2	Reactive Supply and Voltage			1,430,802			2,032,943
3	Regulation and Frequency Response			420,794			
4	Energy Imbalance						
5	Operating Reserve - Spinning						
6	Operating Reserve - Supplement						
7	Other			367,454			2,687,208
8	Total (Lines 1 thru 7)			2,977,251			4,876,334

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Duke Energy Kentucky, Inc.	(1) X An Original (2) __ A Resubmission	04/15/2021	2020/Q4

FOOTNOTE DATA

Schedule Page: 398 Line No.: 1 Column: g

Revenues from PJM

Schedule Page: 398 Line No.: 7 Column: g

Facilities Charge Revenues from PJM of $53,888 are included in total Other Revenues

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Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

MONTHLY TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification.

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January									
2	February									
3	March									
4	Total for Quarter 1									
5	April									
6	May									
7	June									
8	Total for Quarter 2									
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year									

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

MONTHLY ISO/RTO TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the Respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Column (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (i) by month the system's transmission usage by classification. Amounts reported as Through and Out Service in Column (g) are to be excluded from those amounts reported in Columns (e) and (f).
(5) Amounts reported in Column (j) for Total Usage is the sum of Columns (h) and (i).

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Imports into ISO/RTO (e)	Exports from ISO/RTO (f)	Through and Out Service (g)	Network Service Usage (h)	Point-to-Point Service Usage (i)	Total Usage (j)
1	January									
2	February									
3	March									
4	Total for Quarter 1									
5	April									
6	May									
7	June									
8	Total for Quarter 2									
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year									

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

ELECTRIC ENERGY ACCOUNT

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY	
2	Generation (Excluding Station Use):	
3	Steam	2,269,190
4	Nuclear	
5	Hydro-Conventional	
6	Hydro-Pumped Storage	
7	Other	54,947
8	Less Energy for Pumping	
9	Net Generation (Enter Total of lines 3 through 8)	2,324,137
10	Purchases	2,176,244
11	Power Exchanges:	
12	Received	
13	Delivered	
14	Net Exchanges (Line 12 minus line 13)	
15	Transmission For Other (Wheeling)	
16	Received	
17	Delivered	
18	Net Transmission for Other (Line 16 minus line 17)	
19	Transmission By Others Losses	
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	4,500,381

Line No.	Item (a)	MegaWatt Hours (b)
21	DISPOSITION OF ENERGY	
22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	3,850,451
23	Requirements Sales for Resale (See instruction 4, page 311.)	
24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	379,710
25	Energy Furnished Without Charge	
26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	626
27	Total Energy Losses	269,594
28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	4,500,381

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Duke Energy Kentucky, Inc.	(1) [X] An Original (2) [ ] A Resubmission	04/15/2021	End of 2020/Q4

MONTHLY PEAKS AND OUTPUT

1. Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.
2. Report in column (b) by month the system's output in Megawatt hours for each month.
3. Report in column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
4. Report in column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
5. Report in column (e) and (f) the specified information for each monthly peak load reported in column (d).

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirments Sales for Resale & Associated Losses (c)	MONTHLY PEAK Megawatts (See Instr. 4) (d)	MONTHLY PEAK Day of Month (e)	MONTHLY PEAK Hour (f)
29	January	367,940	12,587	632	22	800
30	February	354,429	1,063	647	14	900
31	March	436,745	81,425	522	6	1200
32	April	240,905	-23,194	463	8	1700
33	May	287,120	-3,862	642	26	1700
34	June	447,364	50,841	710	10	1500
35	July	465,416	20,111	778	20	1600
36	August	417,195	23,248	769	25	1600
37	September	424,290	93,541	714	10	1500
38	October	292,784	471	502	12	1900
39	November	283,269	5,334	541	30	1900
40	December	482,924	118,145	578	17	1900
41	TOTAL	4,500,381	379,710			

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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a therm basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: *East Bend* (b)			Plant Name: *Woodsdale CT* (c)		
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear			Steam			Combustion Turbine
2	Type of Constr (Conventional, Outdoor, Boiler, etc)			Conventional			Conventional
3	Year Originally Constructed			1981			1992
4	Year Last Unit was Installed			1981			1993
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)			768.00			572.00
6	Net Peak Demand on Plant - MW (60 minutes)			619			483
7	Plant Hours Connected to Load			5086			367
8	Net Continuous Plant Capability (Megawatts)			0			0
9	When Not Limited by Condenser Water			600			564
10	When Limited by Condenser Water			600			476
11	Average Number of Employees			94			23
12	Net Generation, Exclusive of Plant Use - KWh			2269190000			54947000
13	Cost of Plant: Land and Land Rights			7036025			2258588
14	Structures and Improvements			183857575			36643814
15	Equipment Costs			722869367			307863479
16	Asset Retirement Costs			85162356			0
17	Total Cost			998925323			346765881
18	Cost per KW of Installed Capacity (line 17/5) Including			1300.6840			606.2341
19	Production Expenses: Oper, Supv, & Engr			2339123			355255
20	Fuel			50256155			2837023
21	Coolants and Water (Nuclear Plants Only)			0			0
22	Steam Expenses			14930305			96765
23	Steam From Other Sources			0			0
24	Steam Transferred (Cr)			0			0
25	Electric Expenses			923676			1145486
26	Misc Steam (or Nuclear) Power Expenses			1874037			0
27	Rents			60			0
28	Allowances			0			0
29	Maintenance Supervision and Engineering			1767152			220398
30	Maintenance of Structures			6567377			184721
31	Maintenance of Boiler (or reactor) Plant			10174608			0
32	Maintenance of Electric Plant			1634596			1123437
33	Maintenance of Misc Steam (or Nuclear) Plant			2306991			426961
34	Total Production Expenses			92774080			6390046
35	Expenses per Net KWh			0.0409			0.1163
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	Coal		Oil	Gas		Oil
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	Tons		Barrels	Mcfs		Barrels
38	Quantity (Units) of Fuel Burned	1078061	0	19106	1044777	0	1711
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	11723	0	139050	1	0	137305
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	44.993	0.000	64.434	2.567	0.000	0.000
41	Average Cost of Fuel per Unit Burned	45.298	0.000	74.413	2.567	0.000	90.400
42	Average Cost of Fuel Burned per Million BTU	1.932	0.000	12.742	2.497	0.000	15.676
43	Average Cost of Fuel Burned per KWh Net Gen	0.022	0.000	0.001	0.049	0.000	0.003
44	Average BTU per KWh Net Generation	11138.000	0.000	11138.000	19726.000	0.000	19726.000

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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) *(Continued)*

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 32, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: *Miami Fort 6* (d)	Plant Name: (e)	Plant Name: (f)	Line No.
Steam			1
Conventional			2
1960			3
1960			4
168.00	0.00	0.00	5
0	0	0	6
0	0	0	7
0	0	0	8
0	0	0	9
0	0	0	10
0	0	0	11
0	0	0	12
0	0	0	13
0	0	0	14
0	0	0	15
0	0	0	16
0	0	0	17
0.0000	0	0	18
0	0	0	19
0	0	0	20
0	0	0	21
0	0	0	22
0	0	0	23
0	0	0	24
0	0	0	25
141	0	0	26
0	0	0	27
0	0	0	28
2	0	0	29
472	0	0	30
0	0	0	31
34159	0	0	32
0	0	0	33
34774	0	0	34
0.0000	0.0000	0.0000	35

(d)			(e)			(f)			Line No.
									36
									37
0	0	0	0	0	0	0	0	0	38
0	0	0	0	0	0	0	0	0	39
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	40
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	41
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	42
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	43
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	44