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Rocco O. D'Ascenzo
Deputy General Counsel

VIA EMAIL DELIVERY

October 12, 2021

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

RECEIVED

OCT 12 2021

PUBLIC SERVICE
COMMISSION

Re: Case No. 2011-00124
In the Matter of the Joint Application of Duke Energy Corporation, Cinergy Corp., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Diamond Acquisition Corporation, and Progress Energy, Inc. for Approval of the Indirect Transfer of Control of Duke Energy Kentucky, Inc.

Dear Ms. Bridwell:

Enclosed please find Duke Energy Kentucky's financial statements for the end of August 2021, per order by the Commission in the above-referenced case.

If you have any questions regarding the financial statements, please contact Charquele Simien at (980) 373-6856.

Very Truly Yours,

/s/Rocco O. D'Ascenzo

Rocco O. D'Ascenzo

Enclosures

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 1
As of August 31, 2021
(Unaudited)

	Total Company
<u>Assets</u>	
Utility Plant in Service	2,939,389,978
Construction Work in Progress	90,810,518
Less: Accumulated Depreciation	(1,073,014,479)
Net Utility Plant	1,957,186,017
Nonutility Property	1,220,439
Other Investments	1,500
Other Special Funds	14,835,322
Long Term Portion of Derivative Instrument Assets	200,597
Total Other Property & Investments	16,257,858
Cash	8,485,095
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	5,743,634
Other Accounts Receivable	1,866,407
Less: Provision for Uncollectibles	(334,312)
Notes Receivable from Assoc. Co.	14,958,807
Accounts Receivable from Assoc. Co.	(2,059,844)
Fuel Stock	24,343,405
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	17,039,691
Other Materials & Supplies	-
Stores Expense Undistributed	489,961
Prepayments	1,081,593
Emission Allowances	19,313
Derivative Instrument Assets	3,002,239
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	5,931,035
Accrued Utility Revenue	-
Rents Receivable	23,101
Total Current & Accrued Assets	80,590,125
Unamortized Debt Expense	2,856,419
Other Regulatory Assets	139,084,153
Preliminary Survey & Investigation	378,387
Clearing Accounts	91,021
Temporary Facilities	2,935
Miscellaneous Deferred Debits	2,529,326
Unamortized Loss on Reacquired Debt	435,388
Accumulated Deferred Income Taxes	69,978,865
Unrecovered Purchased Gas Costs	(493,747)
Total Deferred Debits	214,862,747
TOTAL ASSETS AND OTHER DEBITS	2,268,896,747

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of August 31, 2021
(Unaudited)

	Total Company
<u>Proprietary Capital</u>	
Common Stock Issued	8,779,995
Premium on Capital Stock	18,838,946
Other Paid-in Capital Stock	273,655,189
Retained Earnings	508,938,879
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	810,213,009
<u>Liabilities</u>	
Bonds	706,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(178,126)
Total Long-Term Debt	731,541,874
Obligations Under Capital Leases - Noncurrent	8,487,720
Asset Retirement Obligation	76,422,804
Long-Term Portion of Derivative Instrument Liabilities	4,334,682
Accum. Misc. Operating Provisions	31,217,988
Total Other Noncurrent Liabilities	120,463,194
Accounts Payable	31,916,941
Notes Payable to Assoc. Co.	35,316,000
Accounts Payable to Assoc. Co.	19,035,315
Customer Deposits	8,754,788
Taxes Accrued	16,880,129
Interest Accrued	9,073,859
Tax Collections Payable	1,777,882
Misc. Current & Accrued Liabilities	9,285,829
Obligations Under Capital Leases - Current	309,339
Derivative Instrument Liabilities	5,344,901
Less: Long-Term Portion of Derivative Instrument Liabilities	(4,334,682)
Total Current & Accrued Liabilities	133,360,301
Customer Advances for Construction	1,636,730
Accum. Deferred Investment Tax Credits	3,587,448
Other Deferred Credits	14,335,077
Other Regulatory Liabilities	132,833,564
Accumulated Deferred Income Taxes	320,925,550
Total Deferred Credits	473,318,369
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	2,268,896,747

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	149,062,246	71,485,845	220,548,091
Commercial Sales	135,566,411	26,534,372	162,100,783
Industrial Sales	56,401,985	1,849,259	58,251,244
Sales to Public Authorities	8,548,595	691,718	9,240,313
Public Street & Highway Lighting	1,781,291	-	1,781,291
Inter-Departmental Sales	45,560	26,998	72,558
Misc. Service Revenues	44,698	1,055,755	1,100,453
Revenues from Transportation	-	6,834,512	6,834,512
Sales for Resale	15,575,013	-	15,575,013
Rents from Property	1,507,946	-	1,507,946
Other Revenues	8,514,842	61,998	8,576,840
Total Revenues	<u>377,048,587</u>	<u>108,540,457</u>	<u>485,589,044</u>
<u>Operating Expenses</u>			
Operation Expense	214,130,049	53,806,524	267,936,573
Maintenance Expense	30,010,675	1,992,170	32,002,845
Depreciation Expense	51,081,029	17,521,484	68,602,513
Amortization and Depletion	3,732,867	4,392,069	8,124,936
Taxes Other than Income Taxes	14,433,549	4,159,638	18,593,187
Income Taxes - Federal & Other	3,289,902	2,220,052	5,509,954
Provision for Deferred Income Taxes - Net	3,809,475	1,229,101	5,038,576
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>320,487,546</u>	<u>85,321,038</u>	<u>405,808,584</u>
NET OPERATING INCOME	<u>56,561,041</u>	<u>23,219,419</u>	<u>79,780,460</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,242,900	-	1,242,900
Less: Expense of Merchandising, Jobbing and Contract Work	(104,896)	-	(104,896)
Revenues from Nonutility Operations	947,317	(3,471)	943,846
Interest & Dividend Income	728,348	213,024	941,372
AFUDC	(475,724)	436,083	(39,641)
Gain on Disposition of Property	-	-	-
Loss on Disposition of Property	-	-	-
Misc. Income Deductions	(2,580,738)	(910,899)	(3,491,637)
Taxes Other than Income Taxes	(22,800)	(7,796)	(30,596)
Income Taxes - Federal & Other	(1,945,896)	121,844	(1,824,052)
Provision for Deferred Income Taxes - Net	1,647,269	(31,447)	1,615,822
Total Other Income & Deductions	<u>(564,220)</u>	<u>(182,662)</u>	<u>(746,882)</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(18,164,130)	(7,638,653)	(25,802,783)
Amortization of Debt Disc. And Expense	(435,088)	(83,461)	(518,549)
Amortization of Loss on Reacquired Debt	(90,959)	(39,468)	(130,427)
Interest on Debt to Assoc. Co.	(109,836)	(47,656)	(157,492)
Other Interest Expense	(1,298,369)	(5,879)	(1,304,248)
Less: Allowance for Borrowed Fund Used During Construction - Credit	(560,175)	159,364	(400,811)
Net interest Charges	<u>(20,658,557)</u>	<u>(7,655,753)</u>	<u>(28,314,310)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>35,338,264</u>	<u>15,381,004</u>	<u>50,719,268</u>

Duke Energy Kentucky, Inc.

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

	Actual 7/31/2021	Activity	Actual 8/31/2021
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	654,117,113	23,678	654,140,791
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,514,779	(27,059)	8,487,720
Total Long-term debt	687,631,892	(3,381)	687,628,511
Common Stock Equity			
Common Stock	8,779,995	-	8,779,995
Premium On Capital Stock Common	18,838,946	-	18,838,946
Donations Received From Stockholders	143,211,362	-	143,211,362
Donations Received From Stockholders Tax	5,600,021	-	5,600,021
Other Miscellaneous PIC	(156,194)	-	(156,194)
Miscellaneous PIC	125,000,000	-	125,000,000
Unappropriated Retained Earnings Balance	466,962,760	-	466,962,760
Unappropriated Retained Earnings - Current Year Net Income	36,342,940	5,633,178	41,976,118
Total Common Stock Equity	804,579,830	5,633,178	810,213,008
TOTAL CAPITALIZATION	1,492,211,722	5,629,797	1,497,841,519

NOTE:

* "Long-Term Debt" under Non-Current Liabilities does not include current portion of Long-Term Debt, Unamortized Discount, nor Unamortized Debt Expense.

** "Obligations under Capital Lease Noncurrent includes \$9.2M of lease liabilities resulting from the implementation of ASC 842 in January 2019.