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Deputy General Counsel

VIA EMAIL DELIVERY

September 16, 2022

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

RECEIVED

SEP 16 2022

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 July 2022, per order by the Commission in the above-referenced case.

If you have any questions regarding the financial statements, please contact Danielle Weatherston at Danielle.Weatherston@duke-energy.com.

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 July 31, 2022
(Unaudited)

	Total Company
<u>Assets</u>	
Utility Plant in Service	3,018,349,910
Construction Work in Progress	82,585,608
Less: Accumulated Depreciation	(1,058,618,422)
Net Utility Plant	2,042,317,096
Nonutility Property	1,247,563
Other Investments	1,500
Other Special Funds	17,243,987
Long Term Portion of Derivative Instrument Assets	199,276
Total Other Property & Investments	18,692,326
Cash	1,967,975
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	5,096,154
Other Accounts Receivable	1,787,015
Less: Provision for Uncollectibles	(318,085)
Notes Receivable from Assoc. Co.	24,310,138
Accounts Receivable from Assoc. Co.	(9,971,262)
Fuel Stock	24,282,126
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	18,639,370
Other Materials & Supplies	-
Stores Expense Undistributed	196,469
Prepayments	1,688,839
Emission Allowances	19,060
Derivative Instrument Assets	3,660,129
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	10,257,780
Accrued Utility Revenue	-
Rents Receivable	16,028
Total Current & Accrued Assets	81,631,736
Unamortized Debt Expense	2,701,514
Other Regulatory Assets	140,624,779
Preliminary Survey & Investigation	429,494
Clearing Accounts	(44,451)
Temporary Facilities	18,960
Miscellaneous Deferred Debits	2,265,155
Unamortized Loss on Reacquired Debt	343,346
Accumulated Deferred Income Taxes	71,414,445
Unrecovered Purchased Gas Costs	(3,824,668)
Total Deferred Debits	213,928,574
TOTAL ASSETS AND OTHER DEBITS	2,356,569,732

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of July 31, 2022
(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	551,644,640
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	852,918,770
<u>Liabilities</u>	
Bonds	706,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(168,928)
Total Long-Term Debt	731,551,072
Obligations Under Capital Leases - Noncurrent	8,239,036
Asset Retirement Obligation	93,602,670
Long-Term Portion of Derivative Instrument Liabilities	2,391,708
Accum. Misc. Operating Provisions	31,201,172
Total Other Noncurrent Liabilities	135,434,586
Accounts Payable	39,752,348
Notes Payable to Assoc. Co.	53,307,000
Accounts Payable to Assoc. Co.	12,244,881
Customer Deposits	9,209,337
Taxes Accrued	18,969,629
Interest Accrued	6,304,453
Tax Collections Payable	2,119,053
Misc. Current & Accrued Liabilities	4,745,500
Obligations Under Capital Leases - Current	328,622
Derivative Instrument Liabilities	3,131,677
Less: Long-Term Portion of Derivative Instrument Liabilities	(2,391,708)
Total Current & Accrued Liabilities	147,720,792
Customer Advances for Construction	1,819,024
Accum. Deferred Investment Tax Credits	3,543,257
Other Deferred Credits	14,621,739
Other Regulatory Liabilities	128,293,431
Accumulated Deferred Income Taxes	340,667,061
Total Deferred Credits	488,944,512
 TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	 2,356,569,732

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
As of July 31, 2022
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	174,891,075	89,915,356	264,806,431
Commercial Sales	143,358,513	36,522,982	179,881,495
Industrial Sales	61,957,449	2,348,084	64,305,533
Sales to Public Authorities	20,490,625	2,684,696	23,175,320
Public Street & Highway Lighting	1,601,515	-	1,601,515
Inter-Departmental Sales	130,779	24,894	155,672
Misc. Service Revenues	(1,563,424)	823,216	(740,208)
Revenues from Transportation	-	7,716,853	7,716,853
Sales for Resale	21,898,324	-	21,898,324
Rents from Property	1,436,640	-	1,436,640
Other Revenues	6,405,973	71,236	6,477,209
Total Revenues	<u>430,607,469</u>	<u>140,107,317</u>	<u>570,714,784</u>
<u>Operating Expenses</u>			
Operation Expense	253,681,428	79,725,754	333,407,182
Maintenance Expense	37,786,671	2,036,963	39,823,633
Depreciation Expense	55,435,180	18,063,063	73,498,243
Amortization and Depletion	3,555,032	4,176,051	7,731,083
Taxes Other than Income Taxes	16,699,479	4,763,690	21,463,169
Income Taxes - Federal & Other	(8,653,274)	2,746,800	(5,906,474)
Provision for Deferred Income Taxes - Net	14,356,109	2,223,924	16,580,033
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>372,860,625</u>	<u>113,736,245</u>	<u>486,596,869</u>
NET OPERATING INCOME	<u>57,746,844</u>	<u>26,371,072</u>	<u>84,117,915</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,245,429	-	1,245,429
Less: Expense of Merchandising, Jobbing and Contract Work	(105,637)	-	(105,637)
Revenues from Nonutility Operations	868,296	(5,456)	862,840
Interest & Dividend Income	868,133	240,644	1,108,777
AFUDC	1,144,444	320,185	1,464,630
Gain on Disposition of Property	-	105,042	105,042
Loss on Disposition of Property	(18,420)	(105,042)	(123,462)
Misc. Income Deductions	(2,962,828)	(2,056,811)	(5,019,640)
Taxes Other than Income Taxes	(3,202)	-	(3,202)
Income Taxes - Federal & Other	(1,692,170)	452,818	(1,239,352)
Provision for Deferred Income Taxes - Net	1,359,051	(20,041)	1,339,010
Total Other Income & Deductions	<u>703,096</u>	<u>(1,068,661)</u>	<u>(365,565)</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(17,740,235)	(8,067,413)	(25,807,648)
Amortization of Debt Disc. And Expense	(481,516)	9,928	(471,588)
Amortization of Loss on Reacquired Debt	(83,880)	(38,843)	(122,723)
Interest on Debt to Assoc. Co.	(151,133)	(72,188)	(223,320)
Other Interest Expense	(1,150,011)	(16,498)	(1,166,509)
Less: Allowance for Borrowed Fund Used During Construction - Credit	446,562	105,312	551,874
Net interest Charges	<u>(19,160,213)</u>	<u>(8,079,702)</u>	<u>(27,239,914)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>39,289,727</u>	<u>17,222,709</u>	<u>56,512,436</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
As of July 31, 2022
(Unaudited)

	Actual 4/30/2022	Activity	Actual 5/31/2022
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	704,322,173	24,950	704,347,123
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,267,444	(28,408)	8,239,036
Total Long-term debt	<u>737,589,617</u>	<u>(3,458)</u>	<u>737,586,159</u>
Common Stock Equity			
Common Stock	8,779,995	-	8,779,995
Premium On Capital Stock Common	18,838,946	-	18,838,946
Donations Received From Stockholders	143,211,362	-	143,211,362
Donations Received From Stockholders Tax	5,600,021	-	5,600,021
Other Miscellaneous PIC	(156,194)	-	(156,194)
Miscellaneous PIC	125,000,000	-	125,000,000
Unappropriated Retained Earnings Balance	520,368,340	-	520,368,340
Unappropriated Retained Earnings - Current Year Net Income	27,985,484	3,290,816	31,276,300
Total Common Stock Equity	<u>849,627,954</u>	<u>3,290,816</u>	<u>852,918,770</u>
 TOTAL CAPITALIZATION	 1,587,217,571	 3,287,358	 1,590,504,929

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.