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Deputy General Counsel

VIA EMAIL DELIVERY

May 4, 2023

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

RECEIVED

MAY 04 2023

PUBLIC SERVICE
COMMISSION

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

Dear Ms. Bridwell:

Enclosed please find Duke Energy Kentucky's financial statements for the end of February 2023, 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 February 28, 2023
(Unaudited)

	Total Company
<u>Assets</u>	
Utility Plant in Service	3,117,281,424
Construction Work in Progress	112,729,016
Less: Accumulated Depreciation	(1,074,738,299)
Net Utility Plant	2,155,272,141
Nonutility Property	1,267,248
Other Investments	1,500
Other Special Funds	16,498,159
Long Term Portion of Derivative Instrument Assets	-
Total Other Property & Investments	17,766,907
Cash	2,616,251
Working Funds	-
Temporary Cash Investments	-
Customer Accounts Receivable	7,826,505
Other Accounts Receivable	1,400,797
Less: Provision for Uncollectibles	(585,320)
Notes Receivable from Assoc. Co.	46,246,893
Accounts Receivable from Assoc. Co.	(15,953,946)
Fuel Stock	42,757,053
Gas Stored Underground Inventory	-
Plant Materials & Operating Supplies	18,830,585
Other Materials & Supplies	-
Stores Expense Undistributed	1,799,161
Prepayments	1,820,571
Emission Allowances	18,470
Derivative Instrument Assets	4,801,453
Interest & Dividends Receivable	-
Misc Current and Accrued Assets	22,177,117
Accrued Utility Revenue	-
Rents Receivable	21,211
Total Current & Accrued Assets	133,776,801
Unamortized Debt Expense	2,767,858
Other Regulatory Assets	129,925,738
Preliminary Survey & Investigation	539,098
Clearing Accounts	7,472
Temporary Facilities	5,181
Miscellaneous Deferred Debits	2,657,988
Unamortized Loss on Reacquired Debt	252,648
Accumulated Deferred Income Taxes	74,456,012
Unrecovered Purchased Gas Costs	(2,580,265)
Total Deferred Debits	208,031,730
TOTAL ASSETS AND OTHER DEBITS	2,514,847,579

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of February 28, 2023
(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	595,330,394
Accumulated Other Comprehensive Income	-
Total Proprietary Capital	896,604,524
<u>Liabilities</u>	
Bonds	756,720,000
Advances from Associated Companies	25,000,000
Less: Unamortized Discount on Long-Term Debt	(159,731)
Total Long-Term Debt	781,560,269
Obligations Under Capital Leases - Noncurrent	7,974,464
Asset Retirement Obligation	107,946,292
Long-Term Portion of Derivative Instrument Liabilities	1,547,895
Accum. Misc. Operating Provisions	27,151,557
Total Other Noncurrent Liabilities	144,620,208
Accounts Payable	40,404,809
Notes Payable to Assoc. Co.	69,533,000
Accounts Payable to Assoc. Co.	20,526,251
Customer Deposits	9,732,116
Taxes Accrued	29,176,072
Interest Accrued	9,948,493
Tax Collections Payable	3,098,572
Misc. Current & Accrued Liabilities	13,928,580
Obligations Under Capital Leases - Current	348,835
Derivative Instrument Liabilities	1,956,185
Less: Long-Term Portion of Derivative Instrument Liabilities	(1,547,895)
Total Current & Accrued Liabilities	197,105,019
Customer Advances for Construction	2,520,949
Accum. Deferred Investment Tax Credits	3,364,567
Other Deferred Credits	14,174,676
Other Regulatory Liabilities	123,722,184
Accumulated Deferred Income Taxes	351,175,182
Total Deferred Credits	494,957,558
 TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	 2,514,847,579

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
As of February 28, 2023
(Unaudited)

	Electric	Gas	Total Company
<u>Revenues</u>			
Residential Sales	190,934,980	94,941,056	285,876,036
Commercial Sales	156,793,256	37,119,455	193,912,711
Industrial Sales	71,745,678	2,171,455	73,917,133
Sales to Public Authorities	24,499,083	2,772,136	27,271,219
Public Street & Highway Lighting	1,825,133	-	1,825,133
Inter-Departmental Sales	96,361	24,561	120,922
Misc. Service Revenues	(5,737,399)	88,090	(5,649,309)
Revenues from Transportation	-	10,094,483	10,094,483
Sales for Resale	49,026,866	-	49,026,866
Rents from Property	1,519,034	-	1,519,034
Other Revenues	13,208,940	101,429	13,310,369
Total Revenues	<u>503,911,932</u>	<u>147,312,665</u>	<u>651,224,597</u>
<u>Operating Expenses</u>			
Operation Expense	315,324,027	81,793,616	397,117,643
Maintenance Expense	30,654,268	2,382,840	33,037,108
Depreciation Expense	69,567,436	17,472,843	87,040,279
Amortization and Depletion	4,519,464	4,509,357	9,028,821
Taxes Other than Income Taxes	17,770,471	5,091,511	22,861,982
Income Taxes - Federal & Other	8,663,234	445,604	9,108,838
Provision for Deferred Income Taxes - Net	(1,822,828)	4,904,746	3,081,918
Investment Tax Credit Adjustment	-	-	-
Total Operating Expenses	<u>444,676,072</u>	<u>116,600,517</u>	<u>561,276,589</u>
NET OPERATING INCOME	<u>59,235,860</u>	<u>30,712,148</u>	<u>89,948,008</u>
<u>Other Income & Deductions</u>			
Revenues from Merchandising, Jobbing and Contract Work	1,758,874	-	1,758,874
Less: Expense of Merchandising, Jobbing and Contract Work	(91,915)	-	(91,915)
Revenues from Nonutility Operations	825,125	3,462	828,587
Interest & Dividend Income	2,769,206	740,031	3,509,237
Non Operating Rental Income	(526)	(981)	(1,507)
AFUDC	1,110,109	316,790	1,426,899
Gain on Disposition of Property	-	192,167	192,167
Loss on Disposition of Property	(9,483)	(112,495)	(121,978)
Misc. Income Deductions	(4,633,115)	(8,148,921)	(12,782,036)
Taxes Other than Income Taxes	511	-	511
Income Taxes - Federal & Other	(1,672,277)	1,078,986	(593,291)
Provision for Deferred Income Taxes - Net	1,164,671	641,723	1,806,394
Total Other Income & Deductions	<u>1,221,180</u>	<u>(5,289,238)</u>	<u>(4,068,058)</u>
<u>Interest Charges</u>			
Interest on Long Term Debt	(18,444,567)	(9,974,930)	(28,419,497)
Amortization of Debt Disc. And Expense	(398,167)	(42,661)	(440,828)
Amortization of Loss on Reacquired Debt	(78,463)	(42,916)	(121,379)
Interest on Debt to Assoc. Co.	(1,389,723)	(680,503)	(2,070,226)
Other Interest Expense	(1,541,656)	(75,192)	(1,616,848)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,264,240	350,983	1,615,223
Net interest Charges	<u>(20,588,336)</u>	<u>(10,465,219)</u>	<u>(31,053,555)</u>
Extraordinary Items after Taxes	-	-	-
NET INCOME	<u>39,868,704</u>	<u>14,957,691</u>	<u>54,826,395</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
As of February 28, 2023
(Unaudited)

	Actual 1/31/2023	Activity	Actual 2/28/2023
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	679,202,723	25,350	679,228,073
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,004,399	(29,935)	7,974,464
Total Long-term debt	712,207,122	(4,585)	712,202,537
	(0)		0
Common Stock Equity			
Common Stock	8,779,995	-	8,779,995
Premium On Capital Stock Common	18,838,946	-	18,838,946
Donations Received From Stockholders	143,211,362	-	143,211,362
Donations Received From Stockholders Tax	5,600,021	-	5,600,021
Other Miscellaneous PIC	(156,194)	-	(156,194)
Miscellaneous PIC	125,000,000	-	125,000,000
Unappropriated Retained Earnings Balance	578,920,358	-	578,920,358
Unappropriated Retained Earnings - Current Year Net Income	9,582,902	6,827,134	16,410,036
Total Common Stock Equity	889,777,390	6,827,134	896,604,524
TOTAL CAPITALIZATION	\$ 1,601,984,512	\$ 6,822,549	\$ 1,608,807,061

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 \$8.1M of lease liabilities resulting from the implementation of ASC 842 in January 2019.