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Rocco O. D'Ascenzo
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VIA EMAIL DELIVERY

November 22, 2023

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

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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 September 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 September 30, 2023
(Unaudited)

| | Electric Jurisdictional | Gas Jurisdictional | Non- Jurisdictional | Total Company |
|---|-----------------------------|---------------------------|--------------------------|-----------------------------|
| <u>Assets</u> | | | | |
| Utility Plant in Service | 2,316,997,095 | 869,711,810 | 36,314,101 | 3,223,023,006 |
| Construction Work in Progress | 65,325,365 | 59,757,748 | | 125,083,113 |
| Less: Accumulated Depreciation | (893,642,998) | (218,666,596) | (2,325,067) | (1,114,634,661) |
| Net Utility Plant | <u>1,488,679,462</u> | <u>710,802,962</u> | <u>33,989,034</u> | <u>2,233,471,458</u> |
| Nonutility Property | - | - | 1,290,803 | 1,290,803 |
| Other Investments | - | - | 1,500 | 1,500 |
| Other Special Funds | - | - | 17,698,554 | 17,698,554 |
| Long Term Portion of Derivative Instrument Assets | - | - | 84,305 | 84,305 |
| Total Other Property & Investments | <u>-</u> | <u>-</u> | <u>19,075,162</u> | <u>19,075,162</u> |
| Cash | 7,040,036 | 2,890,375 | (527,147) | 9,403,264 |
| Working Funds | - | - | - | - |
| Temporary Cash Investments | - | - | - | - |
| Customer Accounts Receivable | 14,425,266 | 4,327,941 | - | 18,753,207 |
| Other Accounts Receivable | 1,853,325 | 760,906 | (138,774) | 2,475,457 |
| Less: Provision for Uncollectibles | (536,931) | (161,093) | - | (698,024) |
| Notes Receivable from Assoc. Co. | 21,529,318 | 8,839,133 | (1,612,082) | 28,756,369 |
| Accounts Receivable from Assoc. Co. | (1,810,131) | (743,173) | 135,540 | (2,417,764) |
| Fuel Stock | 36,067,898 | - | - | 36,067,898 |
| Gas Stored Underground Inventory | - | - | - | - |
| Plant Materials & Operating Supplies | 23,660,461 | 484,753 | - | 24,145,214 |
| Other Materials & Supplies | 7,098 | 145 | - | 7,243 |
| Stores Expense Undistributed | 2,554,484 | 52,336 | - | 2,606,820 |
| Prepayments | 716,818 | 339,346 | - | 1,056,164 |
| Emission Allowances | 18,470 | - | - | 18,470 |
| Derivative Instrument Assets | 2,501,091 | - | - | 2,501,091 |
| Interest & Dividends Receivable | - | - | - | - |
| Accrued Utility Revenues | - | - | - | - |
| Misc Current and Accrued Assets | 12,354,257 | 3,427,047 | - | 15,781,304 |
| Rents Receivable | 20,116 | - | - | 20,116 |
| Total Current & Accrued Assets | <u>120,401,576</u> | <u>20,217,716</u> | <u>(2,142,463)</u> | <u>138,476,829</u> |
| Unamortized Debt Expense | 1,952,681 | 801,697 | (146,214) | 2,608,164 |
| Other Regulatory Assets | 100,087,973 | 18,195,452 | - | 118,283,425 |
| Preliminary Survey & Investigation | 355,245 | 145,851 | (26,600) | 474,496 |
| Clearing Accounts | (31,543) | (18,848) | - | (50,391) |
| Temporary Facilities | - | - | - | - |
| Miscellaneous Deferred Debits | 2,198,154 | 902,480 | (164,594) | 2,936,040 |
| Unamortized Loss on Reacquired Debt | 137,548 | 56,472 | (10,299) | 183,721 |
| Accumulated Deferred Income Taxes | 52,214,161 | 17,912,088 | 1 | 70,126,250 |
| Unrecovered Purchased Gas Costs | - | (610,651) | - | (610,651) |
| Unrecovered Purchased Gas - Unbilled Rev | - | - | - | - |
| Unrecovered Purchased Gas-Manual Reclass | - | - | - | - |
| Unrecovered Purchased Gas Costs | - | - | - | - |
| Total Deferred Debits | <u>156,914,219</u> | <u>37,384,541</u> | <u>(347,706)</u> | <u>193,951,054</u> |
| TOTAL ASSETS AND OTHER DEBITS | <u><u>1,765,995,257</u></u> | <u><u>768,405,219</u></u> | <u><u>50,574,027</u></u> | <u><u>2,584,974,503</u></u> |

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of September 30, 2023
(Unaudited)

| | Electric Jurisdictional | Gas Jurisdictional | Non- Jurisdictional | Total Company |
|---|-----------------------------|---------------------------|--------------------------|-----------------------------|
| <u>Proprietary Capital</u> | | | | |
| Common Stock Issued | 6,573,407 | 2,698,795 | (492,207) | 8,779,995 |
| Premium on Capital Stock | 14,104,342 | 5,790,715 | (1,056,111) | 18,838,946 |
| Other Paid-in Capital Stock | 231,083,967 | 94,874,432 | (17,303,210) | 308,655,189 |
| Retained Earnings | 337,742,963 | 191,060,858 | 94,930,038 | 623,733,859 |
| Accumulated Other Comprehensive Income | - | - | - | - |
| Total Proprietary Capital | <u>589,504,679</u> | <u>294,424,800</u> | <u>76,078,510</u> | <u>960,007,989</u> |
| <u>Liabilities</u> | | | | |
| Bonds | 566,541,129 | 232,600,594 | (42,421,723) | 756,720,000 |
| Advances from Associated Companies | 18,717,000 | 7,684,500 | (1,401,500) | 25,000,000 |
| Unamortized Premium on Long-Term Debt | - | - | - | - |
| Less: Unamortized Discount on Long-Term Debt | (114,231) | (46,899) | 8,553 | (152,577) |
| Total Long-Term Debt | <u>585,143,898</u> | <u>240,238,195</u> | <u>(43,814,670)</u> | <u>781,567,423</u> |
| Obligations Under Capital Leases - Noncurrent | 5,499,857 | 2,258,003 | - | 7,757,860 |
| Asset Retirement Obligation | 77,910,262 | 12,485,517 | - | 90,395,779 |
| Long-Term Portion of Derivative Instrument Liabilities | 461,762 | 275,913 | - | 737,675 |
| Accum. Misc. Operating Provisions | 16,921,925 | 10,111,199 | - | 27,033,124 |
| Total Other Noncurrent Liabilities | <u>100,793,806</u> | <u>25,130,632</u> | <u>-</u> | <u>125,924,438</u> |
| Accounts Payable | 36,113,700 | 14,826,933 | (2,704,138) | 48,236,495 |
| Notes Payable to Assoc. Co. | 74,760,190 | 30,693,737 | (5,597,927) | 99,856,000 |
| Accounts Payable to Assoc. Co. | 19,798,478 | 8,128,514 | (1,482,479) | 26,444,513 |
| Customer Deposits | 6,121,820 | 4,117,050 | - | 10,238,870 |
| Taxes Accrued | 16,263,302 | 5,744,725 | 1,249,745 | 23,257,772 |
| Interest Accrued | 5,396,137 | 2,215,452 | (404,054) | 7,207,535 |
| Tax Collections Payable | 2,278,807 | 761,426 | 640 | 3,040,873 |
| Misc. Current & Accrued Liabilities | 5,105,470 | 3,050,623 | - | 8,156,093 |
| Obligations Under Capital Leases - Current | 258,905 | 106,295 | - | 365,200 |
| Derivative Instrument Liabilities | 565,310 | 337,784 | - | 903,094 |
| Less: Long-Term Portion of Derivative Instrument Liabilities | (461,762) | (275,913) | - | (737,675) |
| Total Current & Accrued Liabilities | <u>166,200,357</u> | <u>69,706,626</u> | <u>(8,938,213)</u> | <u>226,968,770</u> |
| Customer Advances for Construction | - | 2,522,127 | - | 2,522,127 |
| Accum. Deferred Investment Tax Credits | 396,175 | 21,199 | 2,839,403 | 3,256,777 |
| Other Deferred Credits | 10,675,870 | 3,397,251 | - | 14,073,121 |
| Other Regulatory Liabilities | 74,384,328 | 43,625,136 | - | 118,009,464 |
| Accumulated Deferred Income Taxes | 238,896,144 | 89,339,253 | 24,408,997 | 352,644,394 |
| Total Deferred Credits | <u>324,352,517</u> | <u>138,904,966</u> | <u>27,248,400</u> | <u>490,505,883</u> |
| TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS | <u><u>1,765,995,257</u></u> | <u><u>768,405,219</u></u> | <u><u>50,574,027</u></u> | <u><u>2,584,974,503</u></u> |

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended September 30, 2023
(Unaudited)

| | Electric | Gas | Non- Jurisdictional | Total Company |
|---|---------------------|---------------------|------------------------|---------------------|
| <u>Revenues</u> | | | | |
| Residential Sales | 175,174,049 | 90,388,510 | | 265,562,559 |
| Commercial Sales | 151,925,393 | 35,131,221 | | 187,056,614 |
| Industrial Sales | 66,546,597 | 2,052,708 | | 68,599,305 |
| Sales to Public Authorities | 23,060,236 | 2,566,070 | | 25,626,306 |
| Public Street & Highway Lighting | 964,455 | - | | 964,455 |
| Inter-Departmental Sales | 27,529 | 31,028 | | 58,557 |
| Misc. Service Revenues | 6,782,129 | 14,269 | - | 6,796,398 |
| Revenues from Transportation | - | 11,036,770 | | 11,036,770 |
| Sales for Resale | 33,069,303 | - | | 33,069,303 |
| Rents from Property | 1,582,778 | - | | 1,582,778 |
| Other Revenues | 11,855,521 | 87,609 | | 11,943,130 |
| Total Revenues | <u>470,987,990</u> | <u>141,308,185</u> | <u>-</u> | <u>612,296,175</u> |
| <u>Operating Expenses</u> | | | | |
| Operation Expense | 279,785,817 | 73,771,807 | 61,521 | 353,619,145 |
| Maintenance Expense | 29,516,160 | 2,515,506 | 21,196 | 32,052,862 |
| Depreciation Expense | 77,898,947 | 18,030,927 | - | 95,929,874 |
| Amortization and Depletion | 4,833,497 | 4,399,272 | - | 9,232,769 |
| Taxes Other than Income Taxes | 11,879,873 | 3,969,465 | 3,334 | 15,852,672 |
| Income Taxes - Federal & Other | 24,354,491 | 12,117,903 | (133,615) | 36,338,779 |
| Provision for Deferred Income Taxes - Net | (14,720,517) | (8,487,980) | 717,634 | (22,490,863) |
| Investment Tax Credit Adjustment | - | 32 | (32) | - |
| Total Operating Expenses | <u>413,548,268</u> | <u>106,316,932</u> | <u>670,038</u> | <u>520,535,238</u> |
| NET OPERATING INCOME | <u>57,439,722</u> | <u>34,991,253</u> | <u>(670,038)</u> | <u>91,760,937</u> |
| <u>Other Income & Deductions</u> | | | | |
| Revenues from Merchandising, Jobbing and Contract Work | - | - | 2,342,370 | 2,342,370 |
| Less: Expense of Merchandising, Jobbing and Contract Work | - | - | (107,855) | (107,855) |
| Revenues from Nonutility Operations | - | - | 781,378 | 781,378 |
| Interest & Dividend Income | 3,914,467 | 1,072,301 | - | 4,986,768 |
| Non Operating Rental Income | (895) | (1,667) | | (2,562) |
| AFUDC | 849,297 | 318,282 | | 1,167,579 |
| Gain on Disposition of Property | - | - | 81,668 | 81,668 |
| Loss on Disposition of Property | - | - | (49,310) | (49,310) |
| Misc. Income Deductions | - | - | (14,481,364) | (14,481,364) |
| Taxes Other than Income Taxes | - | - | 3,394 | 3,394 |
| Income Taxes - Federal & Other | - | - | 12,620,841 | 12,620,841 |
| Provision for Deferred Income Taxes - Net | - | - | (11,558,367) | (11,558,367) |
| Total Other Income & Deductions | <u>4,762,869</u> | <u>1,388,916</u> | <u>(10,367,245)</u> | <u>(4,215,460)</u> |
| <u>Interest Charges</u> | | | | |
| Interest on Long Term Debt | (22,915,235) | (9,408,138) | 1,715,857 | (30,607,516) |
| Amortization of Debt Disc. And Expense | (353,377) | (145,084) | 26,460 | (472,001) |
| Amortization of Loss on Reacquired Debt | (88,881) | (36,492) | 6,655 | (118,718) |
| Interest on Debt to Assoc. Co. | (3,993,508) | (1,639,585) | 299,028 | (5,334,065) |
| Other Interest Expense | (1,475,783) | (605,901) | 110,504 | (1,971,180) |
| Less: Allowance for Borrowed Fund Used During Construction - Credit | 2,273,246 | 1,217,678 | - | 3,490,924 |
| Net Interest Charges | <u>(26,553,538)</u> | <u>(10,617,522)</u> | <u>2,158,504</u> | <u>(35,012,556)</u> |
| Extraordinary Items after Taxes | - | - | - | - |
| NET INCOME | <u>35,649,053</u> | <u>25,762,647</u> | <u>(8,878,779)</u> | <u>52,532,921</u> |

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
September 30, 2023
(Unaudited)

| | Actual 8/31/2023 | Activity | Actual September 2023 |
|--|---------------------|------------|--------------------------|
| Liabilities and Shareholders' Equity | | | |
| Non-Current Liabilities | | | |
| * Long-term debt | 679,399,801 | 27,695 | 679,427,496 |
| Advances from Associated Companies | 25,000,000 | - | 25,000,000 |
| ** Obligations under Capital Lease-Noncurrent | 7,789,640 | (31,780) | 7,757,860 |
| Total Long-term debt | 712,189,441 | (4,085) | 712,185,356 |
| | | | |
| 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 | 35,000,000 | 160,000,000 |
| Unappropriated Retained Earnings Balance | 578,920,358 | - | 578,920,358 |
| Unappropriated Retained Earnings - Current Year Net Income | 44,697,264 | 116,237 | 44,813,501 |
| Total Common Stock Equity | 924,891,752 | 35,116,237 | 960,007,989 |
| | | | |
| TOTAL CAPITALIZATION | 1,637,081,193 | 35,112,152 | 1,672,193,345 |

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.