

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---|---|------------|
| THE ELECTRONIC APPLICATION OF DUKE |) | |
| ENERGY KENTUCKY, INC. FOR AN ORDER |) | |
| AUTHORIZING THE ISSUANCE OF UNSECURED |) | CASE NO. |
| DEBT AND LONG-TERM NOTES, EXECUTION AND |) | 2024-00321 |
| DELIVERY OF LONG-TERM LOAN AGREEMENTS, |) | |
| AND USE OF INTEREST RATE MANAGEMENT |) | |
| INSTRUMENTS |) | |

APPLICATION FOR FINANCING AUTHORITY

Pursuant to KRS 278.300 and 807 KAR 5:001 Sections 12 and 18, Duke Energy Kentucky, Inc. (Duke Energy Kentucky) respectfully requests that the Commission authorize Duke Energy Kentucky to, effective upon approval, issue securities, assume obligations and enter into all necessary agreements relating thereto, to issue and sell up to \$350,000,000 principal amount, for a term not to exceed thirty (30) years, consisting of long-term debt that Duke Energy Kentucky may elect to issue pursuant to: (1) the Indenture between The Union Light, Heat and Power Company (n/k/a Duke Energy Kentucky) and Deutsche Bank Trust Company dated as of December 1, 2004, or any amendments thereto (the Deutsche Bank Indenture); (2) the Indenture between The Union Light, Heat and Power Company (n/k/a Duke Energy Kentucky) and The Fifth Third Bank (succeeded by The Bank of New York) dated July 1, 1995, or any amendments thereto (the BONY Indenture); or (3) other long-term debt, including conversion of short-term borrowings into long-term debt. As a part of the \$350,000,000 long-term debt financing that Duke Energy Kentucky is requesting in this application, Duke Energy Kentucky is seeking authority to

borrow the proceeds of taxable municipal securities, which would provide Duke Energy Kentucky an alternative financing option in addition to or in lieu of a public debt offering, so long as market conditions are supportive of the transaction and its beneficial to customers. These funds would be borrowed from an authorized issuer of taxable municipal securities in the State of Kentucky or another nationally recognized conduit issuer. The taxable municipal securities may be issued in one or more series for a term not to exceed thirty (30) years. Additionally, Duke Energy Kentucky proposes to enter into one or more loan agreements with the appropriate issuer to evidence and secure its obligations to repay such loan or loans.

Duke Energy Kentucky also requests ability to borrow from Boone County Kentucky, or another authorized issuer of tax exempt bonds in the State of Kentucky (Authority), for a term not to exceed thirty (30) years, the proceeds of up to a maximum of \$76,720,000 aggregate principal amount of Authority tax exempt revenue bonds that may be issued in one or more series (Authority Bonds).¹ Duke Energy Kentucky proposes to enter into one or more loan agreements (Loan Agreements) with the Authority to evidence and secure its obligations to repay such loan or loans. Duke Energy Kentucky will use the proceeds from any such loans to refinance existing tax-exempt Authority Bonds. The proceeds from the issuance of the securities will be used to refund existing obligations on currently outstanding tax exempt bonds. Duke Energy Kentucky requests such authority beginning upon approval by the Commission through the period ending December 31, 2026, unless amended by Commission Order.

¹ *In the Matter of: The Application of Duke Energy Kentucky, Inc., for an Order Authorizing the Issuance of Unsecured Debt and Long-Term Notes, Execution and Delivery of Long-Term Loan Agreements, and Use of Interest Rate Management Instruments*, Case No. 2012-00575, (Order) (February 12, 2013).

In support of this Application, Duke Energy Kentucky states as follows:

1. **807 KAR 5:001 Section 18(1)(a).** Pursuant to 807 KAR 5:001, Section 14(2), Duke Energy Kentucky is a Kentucky Corporation that was originally incorporated on March 20, 1901, is in good standing, and, as a public utility, as that term is defined in KRS 278.010(3), is subject to the Commission's jurisdiction. Duke Energy Kentucky is engaged in the business of providing retail gas and electric service to its customers in Northern Kentucky in various municipalities and unincorporated areas of Kenton, Campbell, Boone, Gallatin, Grant, and Pendleton Counties. Duke Energy Kentucky's business address is 139 East Fourth Street, Cincinnati, Ohio 45202. The Company's local office in Kentucky is the Duke Energy Erlanger Operations Center, 1262 Cox Road, Erlanger, Kentucky 41018. Duke Energy Kentucky's email address is KYfilings@duke-energy.com. Duke Energy Kentucky's articles of incorporation are on file with the Commission in Case No. 2013-00097 and are hereby incorporated by reference.

2. **807 KAR 5:001 Section 18(1)(b).** As of June 30, 2024, the original cost of Duke Energy Kentucky's property was \$3,483,645,000. The Company's principal properties consist of electric generating plants, and gas and electric distribution facilities.

3. **807 KAR 5:001 Section 18(1)(c).** Duke Energy Kentucky proposes, with the necessary consent and authority of this Commission, to issue and sell, from time to time over a period ending December 31, 2026, up to \$350,000,000 principal amount of secured indebtedness (Bonds) or unsecured indebtedness (Debentures), taxable municipal securities, or other long term unsecured indebtedness, including but not limited to, bank loans (Long Term Notes) in any combination thereof. Duke Energy Kentucky also expects to continue to classify \$25 million of borrowings under the Utility Money Pool Agreement

as long-term debt via allocation of Duke Energy Corporation's borrowing capacity under its master credit facility. The foregoing types of debt are referred to collectively as the "Securities." Duke Energy Kentucky also requests permission to borrow from time to time over a period ending December 31, 2026, up to \$76,720,000 principal amount of proceeds of tax-exempt Authority Bonds issued for a term not to exceed thirty (30) years. Duke Energy Kentucky proposes to enter into one or more Loan Agreements with the Authority to evidence and secure its obligations to repay such loan or loans. Duke Energy Kentucky will use the proceeds from any such loans to refinance existing tax-exempt financings.

Method of Issuance. Duke Energy Kentucky proposes to either: (a) sell the Securities to one or more purchasers or underwriters through negotiated offerings; or, (b) sell the Securities through a competitive bidding process; (c) and continue to classify \$25 million of borrowings under the Utility Money Pool Agreement as long-term debt via allocation of Duke Energy Corporation's borrowing capacity under its master credit facility. If the Securities are sold through a negotiated offering, the terms of each offering of the Securities will be negotiated by Duke Energy Kentucky either with one or more underwriters/managing underwriters, with one or more purchasers, for direct sale or for sale through agents. If the Securities are sold through competitive bidding, the Securities will be sold to the bidder(s) whose proposal results in the lowest annual cost of money, with Duke Energy Kentucky having the right to reject any or all bids. The bidders will be required to specify the coupon rate and the price, exclusive of accrued interest, to be paid for the Securities. After approval of the terms for each offering by Duke Energy Kentucky's Board of Directors, or by persons authorized by Duke Energy Kentucky's Board of

Directors, it is anticipated that an agreement and other transaction documents setting forth the terms of the Securities would be concluded.

The Authority Bonds will be issued pursuant to one or more Indentures of Trust (Indentures) to be entered into between the Authority and the trustee to be determined, which Indentures establish the terms of each series of the Authority Bonds. The Authority Bonds will be special obligations payable solely out of revenues derived from the payments by Duke Energy Kentucky under the Loan Agreements.

Pricing Parameters. Duke Energy Kentucky has developed parameters under which the Securities and Authority Bonds are to be sold. The parameters, as set forth in Exhibit A, are designed to provide a reasonable allowance for potential changes in financial market conditions between the time of Commission authorization and the actual sale of the Securities. The inclusion of the parameters within the Order would allow Duke Energy Kentucky to sell the Securities or Authority Bonds at any time when it believes it is prudent to do so, provided the terms are within the parameters. Exhibit B is a representative form of senior note.

Duke Energy Kentucky proposes that the Commission issue its order authorizing Duke Energy Kentucky to execute and deliver the Loan Agreements prior to the time Duke Energy Kentucky and the underwriters reach agreement with respect to the terms of the Authority Bonds.

It is anticipated the underwriters would offer the Authority Bonds to purchasers pursuant to one or more Official Statements. The proposed sale of the Authority Bonds will be exempt from registration under the Securities Act of 1933, as amended.

Security and Other Agreements. The Bonds will be issued under and secured by the Deutsche Bank Indenture, the BONY Indenture, or a new indenture or mortgage agreement with a trustee to be determined. If the Debentures are issued, they will be issued under the Deutsche Bank Indenture, the BONY Indenture, and to be supplemented by one or more supplemental indentures, or a new indenture with a trustee to be determined.

Duke Energy Kentucky's obligations under the Loan Agreements will be to provide the Authority with sufficient revenues to enable it to pay the principal of, premium, if any, and interest on, the Authority Bonds as and when any and all payments are due. Duke Energy Kentucky may enter into letter of credit agreements to secure Duke Energy Kentucky's obligations under the Loan Agreements. Alternatively, such Loan Agreement obligations may be unsecured.

Duke Energy Kentucky would consider arranging an irrevocable letter of credit which would support future payments of interest and principal on the Authority's Bonds, if needed. Each Loan Agreement will stand alone, allowing Duke Energy Kentucky the option of providing or not providing security, letters of credit or other credit enhancements under each Loan Agreement.

Accounting. Duke Energy Kentucky proposes to either credit premiums or charge discounts, if any, and to charge the expenses to be incurred in connection with each issue to the proper deferred accounts and amortize such amounts over the respective lives of the Securities or Authority Bonds respectively, in equal annual amounts to current income.

Request for Commission Approval. Duke Energy Kentucky requests that the Commission issue its order authorizing the issuance and sale of the Securities, authorizing the borrowing of proceeds of the issuance and sale of the Authority Bonds, and the

described Loan Agreements as requested herein. The Commission's authorization would not relieve Duke Energy Kentucky of its responsibility to negotiate and obtain the best terms available for the structure selected and, therefore, it is appropriate and reasonable for this Commission to authorize Duke Energy Kentucky to agree to such terms and prices consistent with these pricing parameters.

Use of Interest Rate Management Techniques. Duke Energy Kentucky requests that the Commission grant Duke Energy Kentucky authority to continue to utilize interest rate management techniques and enter into interest rate management agreements to manage its overall effective interest cost and interest rate risk. Such authority will allow Duke Energy Kentucky sufficient alternatives and flexibility when striving to better manage its interest cost and interest rate risk. Such authority was previously granted in Case Nos. 2004-00435, 2006-00563, 2008-00118, 2008-00503, 2010-00369, 2012-00575, 2014-00343, 2016-00379, 2018-00323, 2019-00238, 2020-00321, and 2022-00334.

Description of the Interest Rate Management Agreements. The interest rate management agreements will facilitate products commonly used in today's capital markets, consisting of interest rate swaps, caps, collars, floors, options, or hedging products such as forwards or futures, or similar products, the purpose of which being to manage interest costs. Duke Energy Kentucky expects to enter into these agreements with counterparties that are highly rated financial institutions. The transactions will be for a fixed period and a stated principal amount, and may be for underlying fixed or variable obligations of Duke Energy Kentucky.

Pricing Parameters. Duke Energy Kentucky proposes that the pricing parameters for interest rate management agreements be governed by the parameters corresponding to

the underlying obligation in effect at its original issuance as specified in the Order authorizing such obligation by this Commission, if applicable.

Net fees and commissions in connection with any interest rate management agreement will be in addition to the above parameters and will not exceed 10% of the amount of the underlying obligation involved.

Accounting. Duke Energy Kentucky proposes to account for these transactions in accordance with generally accepted accounting principles.

Request for Commission Approval. Since market opportunities for these interest rate management alternatives are transitory, Duke Energy Kentucky must be able to execute interest rate management transactions when the opportunity arises to obtain the most competitive pricing. Thus, Duke Energy Kentucky seeks approval to enter into any or all of the described transactions within the parameters discussed above prior to the time Duke Energy Kentucky reaches agreement with respect to the terms of such transactions.

The authorization of the interest rate management agreements consistent with the parameters does not relieve Duke Energy Kentucky of its responsibility to obtain the best terms available for the product selected and, therefore, it is appropriate and reasonable for this Commission to authorize Duke Energy Kentucky to agree to such terms and prices consistent with said pricing parameters.

Conversion of Short-Term Loans Under Utility Money Pool Agreement. Duke Energy Kentucky entered into a Utility Money Pool Agreement, for the purpose of making its funds available for short-term borrowing with its affiliated operating companies, and for borrowing funds from such affiliates. The Commission approved the Utility Money

Pool Agreement in Case No. 2011-00124. The agreement only allows for short-term borrowings.

Request for Commission Approval. Duke Energy Kentucky received approval to convert borrowings under the Utility Money Pool Agreement to long-term debt, if Duke Energy Kentucky deems it prudent to do so. Duke Energy Kentucky has converted \$25 million of borrowings under the Utility Money Pool Agreement to long-term debt via allocation of Duke Energy Corporation's borrowing capacity under its master credit facility. Duke Energy Kentucky expects to continue with this classification through the two-year period of this application.

4. **807 KAR 5:001 Section 18(1)(d).** The Company seeks up to \$350,000,000 principal amount of financing authority through December 31, 2026. The proceeds from the issuance of the Securities are expected to be used: (a) to repay Duke Energy Kentucky's short-term or expiring long-term indebtedness; (b) to redeem early or at maturity long-term debt of Duke Energy Kentucky, if market conditions are favorable; (c) to fund estimated future capital expenditures related to its gas delivery and electric generation, transmission and distribution businesses of approximately \$228 million in 2024, \$281 million in 2025, and \$223 million in 2026; (d) for such additional expenditures as contemplated by KRS 278.300; or (e) for other lawful corporate purposes.

The financing authority requested herein is consistent with the proper performance by Duke Energy Kentucky of its services to the public, will not impair its ability to perform those services, and is reasonably necessary and appropriate for such purposes. As described above, the proceeds from the issuance of the Authority Bonds will be used to refund the Boone County Bonds.

Duke Energy Kentucky does not have any definitive plans to acquire any specific property with the long-term debt financing authority that the Company seeks in this application. If the Commission grants Duke Energy Kentucky the financing authority it seeks, and if Duke Energy Kentucky later decides to acquire property and directly finance it by using such financing authority, Duke Energy Kentucky commits that it will provide the Commission with the details of any significant transaction.

5. **807 KAR 5:001 Section 18(1)(e).** See Exhibit C concerning estimated capital expenditures, attached hereto, and made a part hereof. Duke Energy Kentucky does not have any plans to acquire any specific property with the long-term debt financing authority that the Company seeks in this application. If the Commission grants Duke Energy Kentucky the financing authority it seeks, and if Duke Energy Kentucky later decides to acquire property and directly finance it by using such financing authority, Duke Energy Kentucky commits that it will provide the Commission with the details of any significant transaction.

6. **807 KAR 5:001 Section 18(1)(f).** Duke Energy Kentucky proposes to enter into one or more Loan Agreements with the Authority to evidence and secure its obligations to repay such loan or loans. Duke Energy Kentucky will use the proceeds from any such loans to refinance existing tax-exempt Authority Bonds. The Boone County Bonds were issued for their principal amount, \$76,720,000. The proceeds of the sale of the Boone County Bonds were used to refund previously outstanding securities as further described on page 1 of the Official Statement previously provided to this Commission as Exhibit D to the Company's Application in Case No., 2012-00575 and hereby incorporated by reference. The Boone County Bonds were initially issued as auction rate securities,

which bear a rate of interest determined by the Auction Procedures described in Schedule C to the Official Statement.² The Series 2010 Boone County Bonds (\$26,720,000) currently remain in auction rate mode. The Series 2008A Boone County Bonds (\$50,000,000) were remarketed in June 2022 and converted to a 5-year fixed-to-maturity interest rate mode, at a coupon of 3.70%. Details of the transaction can be found in the Company’s report filed with the Commission on July 20, 2022.

7. **807 KAR 5:001 Section 12(2)(g).** In Case No. 2022-00334, the Commission approved the issuance and sale of up to \$275,000,000 principal amount of Securities for general business purposes, for a period ending December 31, 2024. To date, Duke Energy Kentucky has issued \$225 million of unsecured debt. Also, the Company has converted \$25 million of borrowings under the Utility Money Pool Agreement to long-term debt via allocation of Duke Energy Corporation’s borrowing capacity under its master credit facility related to this authority. The Company seeks authority to issue up to \$350,000,000 principal amount of secured or unsecured indebtedness.

8. **807 KAR 5:001 Section 12 and Section 18(2)(a).** Duke Energy Kentucky is filing the following information in Exhibit D, which is incorporated herein and made a part of this application:

| <u>Exhibit D</u> <u>Page</u> | <u>Description</u> | <u>807 KAR 5:001</u> <u>Section Reference</u> |
|---------------------------------|--|--|
| | Financial Exhibit | 12 and 18(2)(a) |
| 1 | Amount and kinds of stock authorized | 12(2)(a) |
| 1 | Amount and kinds of stock issued and outstanding | 12(2)(b) |
| 1 | Terms of preference or preferred stock | 12(2)(c) |
| 1 | Brief description of each mortgage on property of Duke Energy Kentucky | 12(2)(d) |

² See Exhibit D to Application in Case No. 2012-00575.

| | | |
|-----|---|----------|
| 1-2 | Amount of bonds authorized and issued and related information | 12(2)(e) |
| 2 | Notes outstanding and related information | 12(2)(f) |
| 2-3 | Other indebtedness and related information | 12(2)(g) |
| 3 | Dividend information | 12(2)(h) |
| 3-5 | Detailed Income Statement and Balance Sheet | 12(2)(i) |

9. **807 KAR 5:001 Section 18(2)(b).** The Company does not have any deed of trust or mortgage currently in effect. However, as stated in this Application, the Company has issued securities through its unsecured indenture and supplements thereto. Such indenture and certain supplements were previously provided to this Commission as Exhibits in the Company’s Application in Case No. 2012-00575, Case No. 2018-00323, and Case No. 2020-00321 and are hereby incorporated by reference. These documents include the following:

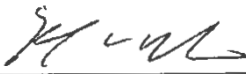
- Indenture between The Union Light, Heat and Power Company and Deutsche Bank Trust Company Americas, Trustee dated as of December 1, 2004.
- First through Fourth Supplemental Indentures to the Indenture.
- The Fifth through Ninth Supplemental Indentures between The Union Light, Heat and Power Company and Deutsche Bank Trust Company Americas.

10. **807 KAR 5:001 Section 18(2)(c).** Duke Energy Kentucky does not have any plans to acquire any specific property with the long-term debt financing authority that the Company seeks in this application. If the Commission grants Duke Energy Kentucky the financing authority it seeks, and if Duke Energy Kentucky later decides to acquire property and finance it by using such financing authority, Duke Energy Kentucky commits that it will provide the Commission with the details of such transaction.


WHEREFORE, Duke Energy Kentucky respectfully requests that the Commission issue an order authorizing Duke Energy Kentucky to issue and sell up to \$350,000,000

principal amount of its Bonds, Debentures, Long Term Notes, Taxable Municipal Securities, or any combination thereof; to utilize Interest Rate Management Techniques; to continue to classify \$25 million of borrowings under the Utility Money Pool Agreement as long-term debt; to include the ability to borrow the proceeds of tax exempt bonds from the Authority; to enter into one or more Loan Agreements with the Authority to evidence and secure its obligations to repay such loan or loans; and authorizing Duke Energy Kentucky to account for such transactions in the manner as herein set forth.

DUKE ENERGY KENTUCKY, INC.

By: 
Karl W. Newlin
Senior Vice President,
Corporate Development and Treasurer

Its Attorney:


Rocco D'Ascenzo
Deputy General Counsel
Duke Energy Kentucky, Inc.
139 East Fourth Street, 1303-Main
Cincinnati, Ohio 45202
513-287-4320 (telephone)
513-370-5720 (facsimile)
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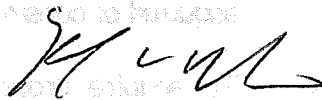
VERIFICATION

State of North Carolina)

SS:

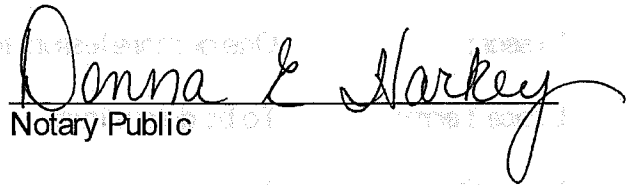
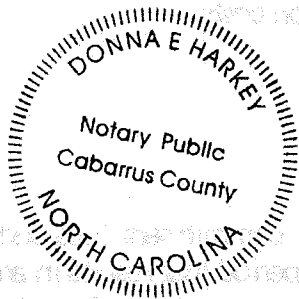
County of Mecklenburg)

Karl W Newlin, being first duly sworn, states that he is Senior Vice President, Corporate Development and Treasurer of Duke Energy Business Services LLC; that he has read the foregoing application; and that the contents are true to the best of his knowledge, information, and belief.



Karl W. Newlin

Subscribed and sworn to before me, this 26 day of September 2024.



Donna E Harkey
Notary Public

Duke Energy Kentucky, Inc.**Summary of Bonds/Debentures Pricing Parameters**

| | |
|--|--|
| Principal Amount: | Up to \$350,000,000 of first mortgage bonds (the “Bonds”), unsecured indebtedness (the “Debentures”), taxable municipal securities, or any combination thereof, in one or more series. In addition, up to \$76,720,000 of Authority’s Pollution Control Revenue Refunding Bonds (“Authority’s Bonds”) in one or more series. |
| Maturity: | Up to 30 years for the Bonds and the Debentures. |
| Purpose: | To refund or refinance outstanding obligations, for construction expenditures, or for other general purposes. |
| Lead Underwriters: | To be named. |
| Underwriting Commissions or Agents’ Fees: | Not to exceed 3.50% of the principal amount. |
| Price to Public: | No higher than 102% nor less than 98% of the principal amount, plus accrued interest, if any. |
| Interest Rate: | Not to exceed those generally obtainable at the time of pricing or repricing of such Bonds and Debentures for securities having the same or reasonably similar maturities and having reasonably similar terms, conditions and features issued by utility companies or utility holding companies of the same or reasonably comparable credit quality. |
| Security: | The Authority’s Bonds may include credit enhancements such as letters of credit or other security. |

Duke Energy Kentucky, Inc.

No. _____

\$ _____

CUSIP NO. _____

Duke Energy Kentucky, Inc., a corporation duly organized and existing under the laws of the Commonwealth of Kentucky (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ Dollars on _____ [if the Security is to bear interest prior to Maturity, insert: _____, and to pay interest thereon from _____ or from the most recent Interest Payment Date to which interest has been paid or duly provided for, _____ on _____ and _____ in each year, commencing _____, at the rate of ____% per annum, until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the _____ or _____ (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture].

[If the Security is not to bear interest prior to Maturity, insert: The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity and in such case the overdue principal and any overdue premium shall bear interest at the rate of ____% per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment. Interest on any overdue principal or premium shall be payable on demand. Any such interest on overdue principal or premium which is not paid on demand shall bear interest at the rate of _____% per annum (to the extent that the payment of such interest on interest shall be legally enforceable), from the date of such demand until the amount so demanded is paid or made available for payment. Interest on any overdue interest shall be payable on demand.]

Payment of the principal of (and premium, if any) and [if applicable, insert: any such] interest on this Security will be made at the office or agency of the Company maintained for that purpose in _____, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts [if applicable, insert: _____; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register].

Any payment on this Security due on any day which is not a Business Day in the City of New York need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on the due date and no interest shall accrue for the period from and after such date.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, [if subordinated, insert: including, without limitation, provisions subordinating the payment of the principal hereof and any premium and interest hereon to the payment in full of all Senior Debt as defined in the Indenture] which such further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In Witness Whereof, the Company has caused this instrument to be duly executed.

DUKE ENERGY KENTUCKY, INC.

By _____

Duke Energy Kentucky
Capital Expenditures
(\$ in thousands)

| | 2024 | 2025 | 2026 |
|--|-------------------|-------------------|-------------------|
| Electric – Production | \$ 46,590 | \$ 76,596 | \$ 57,241 |
| Electric – Distribution | 72,419 | 80,416 | 85,349 |
| Electric – Transmission | 18,200 | 30,093 | 11,688 |
| Electric – General & Intangible | 7,605 | 7,853 | 5,233 |
| Gas – Distribution | 79,493 | 82,001 | 58,663 |
| Gas – General & Intangible | 3,756 | 3,921 | 4,754 |
| Total Forecasted Capital Expenditures | \$ 228,063 | \$ 280,880 | \$ 222,928 |

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 June 30, 2024:

Capital Stock and Additional Paid-in Capital
As of June 30, 2024
(\$ per 1,000)

| | |
|--|----------------|
| Capital Stock | \$8,780 |
| Premiums thereon | 18,839 |
| Total Capital Contributions from Parent (since 2006) | 334,311 |
| Contribution from Parent Company for Purchase of Generation Assets | <u>140,061</u> |
| Total Capital Stock and Additional Paid-in-Capital | \$501,991 |

(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 16 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 eight 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 2023 |
|------------------------------|---------------|--|------------------------------|------------------|------------------|-------------------------|
| 1 st Supplemental | 3/7/2006 | 65,000,000 | 65,000,000 | 6.200% | 3/10/2036 | 4,030,000 |
| 3 rd Supplemental | 1/5/2016 | 45,000,000 | 45,000,000 | 3.420% | 1/15/2026 | 1,539,000 |
| 3 rd Supplemental | 1/5/2026 | 50,000,000 | 50,000,000 | 4.450% | 1/15/2046 | 2,225,000 |
| 4 th Supplemental | 9/7/2027 | 30,000,000 | 30,000,000 | 3.350% | 9/15/2029 | 1,005,000 |
| 4 th Supplemental | 9/7/2017 | 30,000,000 | 30,000,000 | 4.110% | 9/15/2047 | 1,233,000 |
| 4 th Supplemental | 9/7/2017 | 30,000,000 | 30,000,000 | 4.260% | 9/15/2057 | 1,278,000 |
| 5 th Supplemental | 10/3/2018 | 40,000,000 | 40,000,000 | 4.180% | 10/15/2028 | 1,672,000 |
| 5 th Supplemental | 12/12/2018 | 35,000,000 | 35,000,000 | 4.620% | 12/15/2048 | 1,617,000 |
| 6 th Supplemental | 7/17/2019 | 40,000,000 | 40,000,000 | 4.320% | 7/15/2049 | 1,728,000 |
| 7 th Supplemental | 9/26/2019 | 95,000,000 | 95,000,000 | 3.230% | 10/01/2025 | 3,068,500 |
| 7 th Supplemental | 9/26/2019 | 75,000,000 | 75,000,000 | 3.560% | 10/01/2029 | 2,670,000 |
| 8 th Supplemental | 9/15/2020 | 35,000,000 | 35,000,000 | 2.650% | 9/15/2030 | 927,500 |
| 8 th Supplemental | 9/15/2020 | 35,000,000 | 35,000,000 | 3.660% | 9/15/2050 | 1,281,000 |
| 9 th Supplemental | 6/28/2024 | 80,000,000 | 80,000,000 | 5.900% | 7/15/2031 | - |
| 9 th Supplemental | 6/28/2024 | 95,000,000 | 95,000,000 | 6.000% | 7/15/2034 | - |
| 9 th Supplemental | 6/28/2024 | 50,000,000 | 50,000,000 | 6.170% | 7/15/2039 | - |
| | | | 830,000,000 | | | 24,274,000 |

(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 below. On November 1, 2021, the Company bought in the Series 2008A bond, and remarketed the bond in June 2022.

| Indenture | Date of Issue | Principal Amount Authorized and Issued | Principal Amount Outstanding | Rate of Interest | Date of Maturity | Interest Paid Year 2023 |
|--------------|---------------|--|------------------------------|----------------------|------------------|-------------------------|
| Series 2010 | 2/1/2012 | 26,720,000 | 26,720,000 | 3.86% ⁽¹⁾ | 8/1/2027 | 1,031,392 |
| Series 2008A | 6/27/2022 | 50,000,000 | 50,000,000 | 3.70% | 8/1/2027 | 1,850,000 |
| | | | 76,720,000 | | | 2,881,392 |

⁽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 2023 was 3.41%.

The Company has no outstanding financing leases as of June 30, 2024.

The Company also has \$25,000,000 of money pool borrowings outstanding as of June 30, 2024, \$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, 2019 | 0 | 0 | 585,333 | 8,779,995 |
| December 31, 2020 | 0 | 0 | 585,333 | 8,779,995 |
| December 31, 2021 | 0 | 0 | 585,333 | 8,779,995 |
| December 31, 2022 | 0 | 0 | 585,333 | 8,779,995 |
| December 31, 2023 | 0 | 0 | 585,333 | 8,779,995 |

- (9) **Section 12(2)(i) Detailed Income Statement and Balance Sheet**

See the attached pages for the detailed Income Statement for the six months ended June 30, 2024, and twelve months ended December 31, 2023, and the detailed Balance Sheet as of June 30, 2024.

FINANCIAL STATEMENTS

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

| (in thousands) | Six Months Ended June 30, | |
|--|---------------------------|------------------|
| | 2024 | 2023 |
| Operating Revenues | | |
| Electric | \$ 252,819 | \$ 213,535 |
| Natural gas | 76,560 | 76,772 |
| Total operating revenues | 329,379 | 290,307 |
| Operating Expenses | | |
| Fuel used in electric generation and purchased power | 80,700 | 75,865 |
| Cost of natural gas | 27,942 | 29,624 |
| Operation, maintenance and other | 78,537 | 70,814 |
| Depreciation and amortization | 54,752 | 52,206 |
| Property and other taxes | 11,614 | 4,096 |
| Impairment of assets and other charges | — | 55 |
| Total operating expenses | 253,545 | 232,660 |
| Gains on Sales of Other Assets and Other, net | 96 | 400 |
| Operating Income | 75,930 | 58,047 |
| Other Income and Expenses, net | 4,144 | 4,796 |
| Interest Expense | 14,822 | 16,945 |
| Income Before Income Taxes | 65,252 | 45,898 |
| Income Tax Expense | 12,931 | 9,051 |
| Net Income | \$ 52,321 | \$ 36,847 |

FINANCIAL STATEMENTS

DUKE ENERGY KENTUCKY, INC.
STATEMENTS OF OPERATIONS

| (in thousands) | Years Ended December 31, | |
|--|--------------------------|------------------|
| | 2023 | 2022 |
| Operating Revenues | | |
| Electric | \$ 454,832 | \$ 512,319 |
| Natural gas | 130,848 | 155,810 |
| Total operating revenues | 585,680 | 668,129 |
| Operating Expenses | | |
| Fuel used in electric generation and purchased power | 157,670 | 240,849 |
| Cost of natural gas | 47,837 | 70,707 |
| Operation, maintenance and other | 152,311 | 140,987 |
| Depreciation and amortization | 106,542 | 90,912 |
| Property and other taxes | 15,513 | 22,427 |
| Impairment of assets and other charges | 55 | 6,910 |
| Total operating expenses | 479,928 | 572,792 |
| Gains on Sales of Assets and Other, net | 718 | 180 |
| Operating Income | 106,470 | 95,517 |
| Other Income and Expenses, net | 8,801 | 3,856 |
| Interest Expense | 34,783 | 28,815 |
| Income Before Income Taxes | 80,488 | 70,558 |
| Income Tax Expense | 15,326 | 12,006 |
| Net Income | \$ 65,162 | \$ 58,552 |

FINANCIAL STATEMENTS

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

| (In thousands, except share amounts) | June 30, 2024 | December 31, 2023 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,261 | \$ 3,067 |
| Receivables (net of allowance for doubtful accounts of \$4,018 at 2024 and \$746 at 2023) | 90,800 | 18,423 |
| Receivables from affiliated companies | 107 | 88,411 |
| Notes receivable from affiliated companies | 178,171 | — |
| Inventory | 73,111 | 67,144 |
| Regulatory assets | 16,929 | 21,018 |
| Other | 10,110 | 40,926 |
| Total current assets | 370,489 | 238,989 |
| Property, Plant and Equipment | | |
| Cost | 3,483,645 | 3,393,659 |
| Accumulated depreciation and amortization | (1,173,431) | (1,138,125) |
| Net property, plant and equipment | 2,310,214 | 2,255,534 |
| Other Noncurrent Assets | | |
| Regulatory assets | 103,323 | 109,530 |
| Operating lease right-of-use assets, net | 5,632 | 7,430 |
| Other | 22,037 | 20,579 |
| Total other noncurrent assets | 130,992 | 137,539 |
| Total Assets | \$ 2,811,695 | \$ 2,632,062 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Accounts payable | \$ 45,563 | \$ 62,341 |
| Accounts payable to affiliated companies | 18,312 | 16,752 |
| Notes payable to affiliated companies | — | 92,903 |
| Taxes accrued | 23,249 | 28,814 |
| Interest accrued | 7,897 | 7,678 |
| Asset retirement obligations | 7,101 | 6,363 |
| Regulatory liabilities | 20,932 | 14,554 |
| Other | 15,720 | 16,230 |
| Total current liabilities | 138,774 | 245,635 |
| Long-Term Debt | 903,780 | 679,562 |
| Long-Term Debt Payable to Affiliated Companies | 25,000 | 25,000 |
| Other Noncurrent Liabilities | | |
| Deferred income taxes | 308,138 | 308,905 |
| Asset retirement obligations | 79,242 | 81,655 |
| Regulatory liabilities | 100,910 | 103,577 |
| Operating lease liabilities | 5,786 | 7,491 |
| Accrued pension and other post-retirement benefit costs | 28,030 | 26,906 |
| Other | 23,653 | 22,984 |
| Total other noncurrent liabilities | 545,759 | 551,518 |
| 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 | 493,211 | 477,494 |
| Retained earnings | 696,391 | 644,073 |
| Total equity | 1,198,382 | 1,130,347 |
| Total Liabilities and Equity | \$ 2,811,695 | \$ 2,632,062 |