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Rocco O. D'Ascenzo
Deputy General Counsel

VIA EMAIL DELIVERY

February 17, 2022

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

RECEIVED

FEB 17 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 December 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 December 31, 2021
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Assets</u>				
Utility Plant in Service	2,184,599,639	766,576,380	45,174,713	2,996,350,732
Construction Work in Progress	77,775,826	18,483,362	-	96,259,188
Less: Accumulated Depreciation	<u>(861,853,727)</u>	<u>(203,113,765)</u>	<u>(8,796,569)</u>	<u>(1,073,764,061)</u>
Net Utility Plant	<u>1,400,521,738</u>	<u>581,945,977</u>	<u>36,378,144</u>	<u>2,018,845,859</u>
Nonutility Property	-	-	1,247,563	1,247,563
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	16,381,482	16,381,482
Long Term Portion of Derivative Instrument Assets	-	-	111,502	111,502
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>17,742,047</u>	<u>17,742,047</u>
Cash	4,104,674	1,685,226	(307,352)	5,482,548
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	16,050,654	4,643,951	-	20,694,605
Other Accounts Receivable	1,603,964	658,528	(120,102)	2,142,390
Less: Provision for Uncollectibles	(244,251)	(70,670)	-	(314,921)
Notes Receivable from Assoc. Co.	16,767,814	6,884,237	(1,255,548)	22,396,503
Accounts Receivable from Assoc. Co.	6,817,666	2,799,078	(510,496)	9,106,248
Fuel Stock	28,201,404	1,626,591	3,020,812	32,848,807
Gas Stored Underground Inventory	-	-	-	-
Plant Materials & Operating Supplies	16,300,367	406,950	-	16,707,317
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	(21,973)	(549)	-	(22,522)
Prepayments	878,193	415,740	-	1,293,933
Emission Allowances	19,189	-	-	19,189
Derivative Instrument Assets	1,524,464	-	-	1,524,464
Interest & Dividends Receivable	-	-	-	-
Misc Current and Accrued Assets	7,229,211	3,655,016	-	10,884,227
Rents Receivable	4,020	-	-	4,020
Total Current & Accrued Assets	<u>99,235,396</u>	<u>22,704,098</u>	<u>827,314</u>	<u>122,766,808</u>
Unamortized Debt Expense	2,035,038	835,511	(152,381)	2,718,168
Other Regulatory Assets	122,444,088	18,189,323	-	140,633,411
Preliminary Survey & Investigation	291,940	119,860	(21,861)	389,939
Clearing Accounts	4	1	-	5
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	1,658,843	681,058	(124,212)	2,215,689
Unamortized Loss on Reacquired Debt	295,340	121,256	(22,115)	394,481
Accumulated Deferred Income Taxes	53,751,239	16,970,884	-	70,722,123
Unrecovered Purchased Gas Costs	-	1,128,482	-	1,128,482
Total Deferred Debits	<u>180,476,492</u>	<u>38,046,375</u>	<u>(320,569)</u>	<u>218,202,298</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,680,233,626</u></u>	<u><u>642,696,450</u></u>	<u><u>54,626,936</u></u>	<u><u>2,377,557,012</u></u>

Duke Energy Kentucky, Inc.

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

	<u>Electric Jurisdictional</u>	<u>Gas Jurisdictional</u>	<u>Non- Jurisdictional</u>	<u>Total Company</u>
<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	204,880,167	84,116,132	(15,341,110)	273,655,189
Retained Earnings	316,936,909	112,008,669	91,422,760	520,368,338
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>542,494,825</u>	<u>204,614,311</u>	<u>74,533,332</u>	<u>821,642,468</u>
<u>Liabilities</u>				
Bonds	529,107,129	217,231,594	(39,618,723)	706,720,000
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	<u>(130,299)</u>	<u>(53,496)</u>	<u>9,757.00</u>	<u>(174,038)</u>
Total Long-Term Debt	<u>547,693,830</u>	<u>224,862,598</u>	<u>(41,010,466)</u>	<u>731,545,962</u>
Obligations Under Capital Leases - Noncurrent	5,939,856	2,438,647	-	8,378,503
Asset Retirement Obligation	82,305,083	10,977,449	-	93,282,532
Long-Term Portion of Derivative Instrument Liabilities	2,715,260	978,619	-	3,693,879
Accum. Misc. Operating Provisions	<u>22,613,564</u>	<u>8,150,260</u>	<u>-</u>	<u>30,763,824</u>
Total Other Noncurrent Liabilities	<u>113,573,763</u>	<u>22,544,975</u>	<u>-</u>	<u>136,118,738</u>
Accounts Payable	34,424,595	14,133,451	(2,577,660)	45,980,386
Notes Payable to Assoc. Co.	76,811,574	31,535,959	(5,751,532)	102,596,001
Accounts Payable to Assoc. Co.	10,941,293	4,492,085	(819,267)	14,614,111
Customer Deposits	5,454,448	3,668,228	-	9,122,676
Taxes Accrued	6,796,704	2,380,659	45,147	9,222,510
Interest Accrued	5,637,064	2,314,367	(422,095)	7,529,336
Tax Collections Payable	2,272,547	645,034	22,954	2,940,535
Misc. Current & Accrued Liabilities	4,369,123	1,574,696	-	5,943,819
Obligations Under Capital Leases - Current	225,315	92,505	-	317,820
Derivative Instrument Liabilities	3,414,296	1,230,562	-	4,644,858
Less: Long-Term Portion of Derivative Instrument Liabilities	<u>(2,715,260)</u>	<u>(978,619)</u>	<u>-</u>	<u>(3,693,879)</u>
Total Current & Accrued Liabilities	<u>147,631,699</u>	<u>61,088,927</u>	<u>(9,502,453)</u>	<u>199,218,173</u>
Customer Advances for Construction	-	1,645,440	-	1,645,440
Accum. Deferred Investment Tax Credits	396,099	324,476	2,839,402	3,559,977
Other Deferred Credits	10,807,383	3,439,101	-	14,246,484
Other Regulatory Liabilities	86,472,383	44,426,608	-	130,898,991
Accumulated Deferred Income Taxes	<u>231,163,644</u>	<u>79,750,014</u>	<u>27,767,121</u>	<u>338,680,779</u>
Total Deferred Credits	<u>328,839,509</u>	<u>129,585,639</u>	<u>30,606,523</u>	<u>489,031,671</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,680,233,626</u></u>	<u><u>642,696,450</u></u>	<u><u>54,626,936</u></u>	<u><u>2,377,557,012</u></u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	158,444,225	75,307,862		233,752,087
Commercial Sales	139,152,281	29,006,734		168,159,015
Industrial Sales	59,283,498	1,999,873		61,283,371
Sales to Public Authorities	13,693,368	1,155,817		14,849,185
Public Street & Highway Lighting	1,680,436	-		1,680,436
Inter-Departmental Sales	53,505	27,338		80,843
Misc. Service Revenues	1,259,907	25,347	930,218	2,215,472
Revenues from Transportation	-	7,107,408		7,107,408
Sales for Resale	16,115,510	-		16,115,510
Rents from Property	1,476,892	-		1,476,892
Other Revenues	8,452,900	59,686		8,512,586
Total Revenues	<u>399,612,522</u>	<u>114,690,065</u>	<u>930,218</u>	<u>515,232,805</u>
<u>Operating Expenses</u>				
Operation Expense	225,555,900	61,121,046	134,068	286,811,014
Maintenance Expense	36,185,319	2,031,815	55,558	38,272,692
Depreciation Expense	51,944,523	18,379,950	-	70,324,473
Amortization and Depletion	3,543,320	4,319,047	-	7,862,367
Taxes Other than Income Taxes	15,842,107	4,496,584	160,010	20,498,701
Income Taxes - Federal & Other	(10,850,788)	282,495	13,119	(10,555,174)
Provision for Deferred Income Taxes - Net	17,578,899	3,126,516	(57,322)	20,648,093
Investment Tax Credit Adjustment	-	48	(48)	-
Total Operating Expenses	<u>339,799,280</u>	<u>93,757,501</u>	<u>305,385</u>	<u>433,862,166</u>
NET OPERATING INCOME	<u>59,813,242</u>	<u>20,932,564</u>	<u>624,833</u>	<u>81,370,639</u>
<u>Other Income & Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	1,418,388	1,418,388
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(132,598)	(132,598)
Revenues from Nonutility Operations	-	-	912,508	912,508
Interest & Dividend Income	-	-	981,836	981,836
AFUDC	996,302	263,553		1,259,855
Gain on Disposition of Property	-	-	-	-
Loss on Disposition of Property	-	-	-	-
Misc. Income Deductions	-	-	(4,842,648)	(4,842,648)
Taxes Other than Income Taxes	-	-	1,176	1,176
Income Taxes - Federal & Other	-	-	(1,371,565)	(1,371,565)
Provision for Deferred Income Taxes - Net	-	-	1,404,505	1,404,505
Total Other Income & Deductions	<u>996,302</u>	<u>263,553</u>	<u>(1,628,398)</u>	<u>(368,543)</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(19,360,927)	(7,948,873)	1,449,716	(25,860,084)
Amortization of Debt Disc. And Expense	(416,009)	(170,798)	31,150	(555,657)
Amortization of Loss on Reacquired Debt	(91,880)	(37,723)	6,880	(122,723)
Interest on Debt to Assoc. Co.	(105,903)	(43,480)	7,930	(141,453)
Other Interest Expense	(1,022,907)	(419,967)	76,594	(1,366,280)
Less: Allowance for Borrowed Fund Used During Construction - Credit	382,934	66,747	-	449,681
Net interest Charges	<u>(20,614,692)</u>	<u>(8,554,094)</u>	<u>1,572,270</u>	<u>(27,596,516)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>40,194,852</u>	<u>12,642,023</u>	<u>568,705</u>	<u>53,405,580</u>

Duke Energy Kentucky, Inc.

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

	Actual Nov-21	Activity	Actual Dec-21
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	704,200,534	20,409	704,220,943
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,405,955	(27,452)	8,378,503
Total Long-term debt	737,606,489	(7,043)	737,599,446
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	50,713,085	2,692,495	53,405,580
Total Common Stock Equity	818,949,975	2,692,495	821,642,470
TOTAL CAPITALIZATION	1,556,556,464	2,685,452	1,559,241,916

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.