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Deputy General Counsel

VIA EMAIL DELIVERY

February 14, 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 December 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 December 31, 2022
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Assets</u>				
Utility Plant in Service	2,283,849,274	813,001,652	44,631,177	3,141,482,103
Construction Work in Progress	72,777,621	24,030,555		96,808,176
Less: Accumulated Depreciation	<u>(860,381,342)</u>	<u>(204,523,693)</u>	<u>(2,587,679)</u>	<u>(1,067,492,714)</u>
Net Utility Plant	<u>1,496,245,553</u>	<u>632,508,514</u>	<u>42,043,498</u>	<u>2,170,797,565</u>
Nonutility Property	-	-	1,267,876	1,267,876
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	16,155,189	16,155,189
Long Term Portion of Derivative Instrument Assets	-	-	-	-
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>17,424,565</u>	<u>17,424,565</u>
Cash	2,490,482	1,022,499	(186,483)	3,326,498
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	19,899,671	6,058,257	-	25,957,928
Other Accounts Receivable	1,214,427	498,598	(90,934)	1,622,091
Less: Provision for Uncollectibles	(406,864)	(123,865)	-	(530,729)
Notes Receivable from Assoc. Co.	39,937,239	16,396,737	(2,990,439)	53,343,537
Accounts Receivable from Assoc. Co.	1,628,647	668,663	(121,951)	2,175,359
Fuel Stock	38,881,864	-	-	38,881,864
Gas Stored Underground Inventory	-	-	-	-
Plant Materials & Operating Supplies	17,464,036	451,790	-	17,915,826
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	1,441,359	37,288	-	1,478,647
Prepayments	230,834	109,278	-	340,112
Emission Allowances	18,470	-	-	18,470
Derivative Instrument Assets	4,801,453	-	-	4,801,453
Interest & Dividends Receivable	-	-	-	-
Accrued Utility Revenues	-	-	-	-
Misc Current and Accrued Assets	18,885,969	7,149,540	-	26,035,509
Rents Receivable	29,779	-	-	29,779
Total Current & Accrued Assets	<u>146,517,366</u>	<u>32,268,785</u>	<u>(3,389,807)</u>	<u>175,396,344</u>
Unamortized Debt Expense	2,125,312	872,573	(159,140)	2,838,745
Other Regulatory Assets	85,260,470	17,883,244	-	103,143,714
Preliminary Survey & Investigation	374,776	153,870	(28,063)	500,583
Clearing Accounts	-	-	-	-
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	1,779,648	730,656	(133,257)	2,377,047
Unamortized Loss on Reacquired Debt	203,896	83,712	(15,267)	272,341
Accumulated Deferred Income Taxes	56,936,752	17,519,260	-	74,456,012
Unrecovered Purchased Gas Costs	-	1,082,583	-	1,082,583
Total Deferred Debits	<u>146,680,854</u>	<u>38,325,898</u>	<u>(335,727)</u>	<u>184,671,025</u>
TOTAL ASSETS AND OTHER DEBITS	<u>1,789,443,773</u>	<u>703,103,197</u>	<u>55,742,529</u>	<u>2,548,289,499</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of December 31, 2022
(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	204,880,167	84,116,132	(15,341,110)	273,655,189
Retained Earnings	322,777,878	133,968,143	122,174,335	578,920,356
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>548,335,794</u>	<u>226,573,785</u>	<u>105,284,907</u>	<u>880,194,486</u>
<u>Liabilities</u>				
Bonds	566,541,130	232,600,593	(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	(121,118)	(49,726)	9,069.00	(161,775)
Total Long-Term Debt	<u>585,137,012</u>	<u>240,235,367</u>	<u>(43,814,154)</u>	<u>781,558,225</u>
Obligations Under Capital Leases - Noncurrent	5,695,783	2,338,442	-	8,034,225
Asset Retirement Obligation	95,754,984	12,066,254	-	107,821,238
Long-Term Portion of Derivative Instrument Liabilities	1,019,072	528,823	-	1,547,895
Accum. Misc. Operating Provisions	17,728,435	9,199,742	-	26,928,177
Total Other Noncurrent Liabilities	<u>120,198,274</u>	<u>24,133,261</u>	<u>-</u>	<u>144,331,535</u>
Accounts Payable	49,035,613	20,132,191	(3,671,711)	65,496,093
Notes Payable to Assoc. Co.	60,816,774	24,969,092	(4,553,866)	81,232,000
Accounts Payable to Assoc. Co.	15,366,912	6,309,080	(1,150,651)	20,525,341
Customer Deposits	5,467,481	3,676,993	-	9,144,474
Taxes Accrued	26,315,394	11,657,131	1,243,368	39,215,893
Interest Accrued	5,816,773	2,388,149	(435,551)	7,769,371
Tax Collections Payable	3,307,320	941,388	784	4,249,492
Misc. Current & Accrued Liabilities	11,707,983	6,075,575	-	17,783,558
Obligations Under Capital Leases - Current	244,072	100,206	-	344,278
Derivative Instrument Liabilities	1,287,874	668,311	-	1,956,185
Less: Long-Term Portion of Derivative Instrument Liabilities	(1,019,072)	(528,823)	-	(1,547,895)
Total Current & Accrued Liabilities	<u>178,347,124</u>	<u>76,389,293</u>	<u>(8,567,627)</u>	<u>246,168,790</u>
Customer Advances for Construction	-	2,520,949	-	2,520,949
Accum. Deferred Investment Tax Credits	396,175	128,988	2,839,403	3,364,566
Other Deferred Credits	11,233,101	3,574,572	-	14,807,673
Other Regulatory Liabilities	80,043,345	44,127,120	-	124,170,465
Accumulated Deferred Income Taxes	265,752,948	85,419,862	-	351,172,810
Total Deferred Credits	<u>357,425,569</u>	<u>135,771,491</u>	<u>2,839,403</u>	<u>496,036,463</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,789,443,773</u></u>	<u><u>703,103,197</u></u>	<u><u>55,742,529</u></u>	<u><u>2,548,289,499</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended December 31, 2022
(Unaudited)

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	200,134,403	100,157,921		300,292,324
Commercial Sales	158,778,513	40,449,028		199,227,541
Industrial Sales	72,940,893	2,401,107		75,342,000
Sales to Public Authorities	25,333,652	3,059,574		28,393,226
Public Street & Highway Lighting	1,859,753	-		1,859,753
Inter-Departmental Sales	110,541	31,215		141,756
Misc. Service Revenues	(9,069,943)	8,980	234,429	(8,826,534)
Revenues from Transportation	-	10,107,727		10,107,727
Sales for Resale	50,109,168	-		50,109,168
Rents from Property	1,445,821	-		1,445,821
Other Revenues	12,602,094	106,758		12,708,852
Total Revenues	<u>514,244,895</u>	<u>156,322,310</u>	<u>234,429</u>	<u>670,801,634</u>
<u>Operating Expenses</u>				
Operation Expense	323,666,502	89,265,115	612,561	413,544,178
Maintenance Expense	32,244,329	2,293,293	53,212	34,590,834
Depreciation Expense	67,677,300	17,434,955	-	85,112,255
Amortization and Depletion	4,314,108	4,318,843	-	8,632,951
Taxes Other than Income Taxes	17,452,041	4,967,504	4,139	22,423,684
Income Taxes - Federal & Other	9,643,196	1,131,129	(187,759)	10,586,566
Provision for Deferred Income Taxes - Net	(1,969,142)	5,031,666	(134,413)	2,928,111
Investment Tax Credit Adjustment	-	(2,115)	2,115	-
Total Operating Expenses	<u>453,028,334</u>	<u>124,440,390</u>	<u>349,855</u>	<u>577,818,579</u>
NET OPERATING INCOME	<u>61,216,561</u>	<u>31,881,920</u>	<u>(115,426)</u>	<u>92,983,055</u>
<u>Other Income & Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	1,308,499	1,308,499
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(82,509)	(82,509)
Revenues from Nonutility Operations	-	-	822,820	822,820
Interest & Dividend Income	2,293,230	578,460	-	2,871,690
AFUDC	975,358	274,019		1,249,377
Gain on Disposition of Property	-	-	192,167	192,167
Loss on Disposition of Property	-	-	(121,978)	(121,978)
Misc. Income Deductions	-	-	(12,202,499)	(12,202,499)
Taxes Other than Income Taxes	-	-	(3,621)	(3,621)
Income Taxes - Federal & Other	-	-	(297,566)	(297,566)
Provision for Deferred Income Taxes - Net	-	-	1,806,395	1,806,395
Total Other Income & Deductions	<u>3,268,588</u>	<u>852,479</u>	<u>(8,578,292)</u>	<u>(4,457,225)</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(20,728,760)	(8,510,453)	1,552,137	(27,687,076)
Amortization of Debt Disc. And Expense	(315,289)	(129,446)	23,608	(421,127)
Amortization of Loss on Reacquired Debt	(91,444)	(37,543)	6,847	(122,140)
Interest on Debt to Assoc. Co.	(1,108,434)	(455,081)	82,998	(1,480,517)
Other Interest Expense	(1,029,415)	(422,640)	77,081	(1,374,974)
Less: Allowance for Borrowed Fund Used During Construction - Credit	872,726	239,296	-	1,112,022
Net interest Charges	<u>(22,400,616)</u>	<u>(9,315,867)</u>	<u>1,742,671</u>	<u>(29,973,812)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>42,084,533</u>	<u>23,418,532</u>	<u>(6,951,047)</u>	<u>58,552,018</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
December 31, 2022
(Unaudited)

	Actual November 2022	<u>Activity</u>	Actual December 2022
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	679,173,802	2,869	679,176,671
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	8,063,943	(29,718)	8,034,225
Total Long-term debt	<u>712,237,745</u>	<u>(26,849)</u>	<u>712,210,896</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	(2)	520,368,338
Unappropriated Retained Earnings - Current Year Net Income	55,204,616	3,347,402	58,552,018
Total Common Stock Equity	<u>876,847,086</u>	<u>3,347,400</u>	<u>880,194,486</u>
TOTAL CAPITALIZATION	1,589,084,831	3,320,551	1,592,405,382

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.