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Rocco O. D'Ascenzo
Deputy General Counsel

VIA EMAIL DELIVERY

May 17, 2023

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

RECEIVED

MAY 17 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 March 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 March 31, 2023
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
Assets				
Utility Plant in Service	2,261,744,408	831,974,448	34,563,972	3,128,282,828
Construction Work in Progress	84,366,095	33,643,241		118,009,336
Less: Accumulated Depreciation	<u>(872,323,556)</u>	<u>(208,452,294)</u>	<u>(2,195,176)</u>	<u>(1,082,971,026)</u>
Net Utility Plant	<u>1,473,786,947</u>	<u>657,165,395</u>	<u>32,368,796</u>	<u>2,163,321,138</u>
Nonutility Property	-	-	1,277,298	1,277,298
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	16,669,644	16,669,644
Long Term Portion of Derivative Instrument Assets	-	-	-	-
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>17,948,442</u>	<u>17,948,442</u>
Cash	1,325,157	544,060	(99,226)	1,769,991
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	9,020,297	2,631,396	-	11,651,693
Other Accounts Receivable	1,407,244	577,762	(105,372)	1,879,634
Less: Provision for Uncollectibles	(467,060)	(136,251)	-	(603,311)
Notes Receivable from Assoc. Co.	27,699,815	11,372,508	(2,074,120)	36,998,203
Accounts Receivable from Assoc. Co.	(2,206,483)	(905,900)	165,218	(2,947,165)
Fuel Stock	40,663,243	-	-	40,663,243
Gas Stored Underground Inventory	-	-	-	-
Plant Materials & Operating Supplies	18,774,240	421,680	-	19,195,920
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	1,845,642	41,454	-	1,887,096
Prepayments	1,084,235	513,283	-	1,597,518
Emission Allowances	18,470	-	-	18,470
Derivative Instrument Assets	1,011,856	-	-	1,011,856
Interest & Dividends Receivable	-	-	-	-
Accrued Utility Revenues	-	-	-	-
Misc Current and Accrued Assets	11,075,151	1,261,345	-	12,336,496
Rents Receivable	4,258	-	-	4,258
Total Current & Accrued Assets	<u>111,256,065</u>	<u>16,321,337</u>	<u>(2,113,500)</u>	<u>125,463,902</u>
Unamortized Debt Expense	2,120,908	870,765	(158,810)	2,832,863
Other Regulatory Assets	109,268,377	17,937,687	-	127,206,064
Preliminary Survey & Investigation	414,644	170,237	(31,048)	553,833
Clearing Accounts	(6,988)	(3,549)	-	(10,537)
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	1,960,570	804,937	(146,804)	2,618,703
Unamortized Loss on Reacquired Debt	181,780	74,632	(13,611)	242,801
Accumulated Deferred Income Taxes	56,393,369	18,363,361	-	74,756,730
Unrecovered Purchased Gas Costs	-	(2,559,356)	-	(2,559,356)
Total Deferred Debits	<u>170,332,660</u>	<u>35,658,714</u>	<u>(350,273)</u>	<u>205,641,101</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,755,375,672</u></u>	<u><u>709,145,446</u></u>	<u><u>47,853,465</u></u>	<u><u>2,512,374,583</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of March 31, 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	204,880,167	84,116,132	(15,341,110)	273,655,189
Retained Earnings	358,356,147	157,452,838	87,294,509	603,103,494
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>583,914,063</u>	<u>250,058,480</u>	<u>70,405,081</u>	<u>904,377,624</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	(118,822)	(48,784)	8,897.00	(158,709)
Total Long-Term Debt	<u>585,139,308</u>	<u>240,236,309</u>	<u>(43,814,326)</u>	<u>781,561,291</u>
Obligations Under Capital Leases - Noncurrent	5,632,119	2,312,303	-	7,944,422
Asset Retirement Obligation	95,441,958	12,204,306	-	107,646,264
Long-Term Portion of Derivative Instrument Liabilities	960,279	487,800	-	1,448,079
Accum. Misc. Operating Provisions	18,175,317	9,232,647	-	27,407,964
Total Other Noncurrent Liabilities	<u>120,209,673</u>	<u>24,237,056</u>	<u>-</u>	<u>144,446,729</u>
Accounts Payable	21,859,306	8,974,615	(1,636,791)	29,197,130
Notes Payable to Assoc. Co.	58,453,191	23,998,694	(4,376,885)	78,075,000
Accounts Payable to Assoc. Co.	18,111,727	7,435,997	(1,356,178)	24,191,546
Customer Deposits	5,862,215	3,942,460	-	9,804,675
Taxes Accrued	18,198,724	7,734,484	817,719	26,750,927
Interest Accrued	5,258,457	2,158,925	(393,745)	7,023,637
Tax Collections Payable	2,241,460	667,819	427	2,909,706
Misc. Current & Accrued Liabilities	5,108,219	2,594,859	-	7,703,078
Obligations Under Capital Leases - Current	248,927	102,199	-	351,126
Derivative Instrument Liabilities	1,033,934	525,215	-	1,559,149
Less: Long-Term Portion of Derivative Instrument Liabilities	(960,279)	(487,800)	-	(1,448,079)
Total Current & Accrued Liabilities	<u>135,415,881</u>	<u>57,647,467</u>	<u>(6,945,453)</u>	<u>186,117,895</u>
Customer Advances for Construction	-	2,520,949	-	2,520,949
Accum. Deferred Investment Tax Credits	396,175	93,058	2,839,403	3,328,636
Other Deferred Credits	10,738,262	3,417,106	-	14,155,368
Other Regulatory Liabilities	78,166,892	44,281,630	-	122,448,522
Accumulated Deferred Income Taxes	241,395,418	86,653,391	25,368,760	353,417,569
Total Deferred Credits	<u>330,696,747</u>	<u>136,966,134</u>	<u>28,208,163</u>	<u>495,871,044</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,755,375,672</u></u>	<u><u>709,145,446</u></u>	<u><u>47,853,465</u></u>	<u><u>2,512,374,583</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Income Statement
For the 12 Months Ended March 31, 2023
(Unaudited)

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	191,844,809	95,102,932		286,947,741
Commercial Sales	157,298,856	36,888,478		194,187,334
Industrial Sales	72,134,874	2,257,221		74,392,095
Sales to Public Authorities	24,641,610	2,743,084		27,384,694
Public Street & Highway Lighting	1,858,564	-		1,858,564
Inter-Departmental Sales	21,324	20,058		41,382
Misc. Service Revenues	(2,088,101)	10,317	-	(2,077,784)
Revenues from Transportation	-	10,441,777		10,441,777
Sales for Resale	44,467,949	-		44,467,949
Rents from Property	1,519,538	-		1,519,538
Other Revenues	14,198,672	116,395		14,315,067
Total Revenues	<u>505,898,095</u>	<u>147,580,262</u>	<u>-</u>	<u>653,478,357</u>
<u>Operating Expenses</u>				
Operation Expense	310,180,709	80,591,556	63,466	390,835,731
Maintenance Expense	31,046,367	2,654,177	20,455	33,720,999
Depreciation Expense	72,246,648	17,488,453	-	89,735,101
Amortization and Depletion	4,617,468	4,370,025	-	8,987,493
Taxes Other than Income Taxes	17,581,441	5,238,206	3,347	22,822,994
Income Taxes - Federal & Other	9,285,376	329,878	(130,071)	9,485,183
Provision for Deferred Income Taxes - Net	(1,243,755)	5,321,754	41,298	4,119,297
Investment Tax Credit Adjustment	-	(2,389)	2,389	-
Total Operating Expenses	<u>443,714,254</u>	<u>115,991,660</u>	<u>884</u>	<u>559,706,798</u>
NET OPERATING INCOME	<u>62,183,841</u>	<u>31,588,602</u>	<u>(884)</u>	<u>93,771,559</u>
<u>Other Income & Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	1,501,359	1,501,359
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(94,170)	(94,170)
Revenues from Nonutility Operations	-	-	807,273	807,273
Interest & Dividend Income	3,162,058	813,725	-	3,975,783
Non Operating Rental Income	(579)	(1,079)		(1,658)
AFUDC	1,256,550	370,747		1,627,297
Gain on Disposition of Property	-	-	87,125	87,125
Loss on Disposition of Property	-	-	(4,215)	(4,215)
Misc. Income Deductions	-	-	(13,200,265)	(13,200,265)
Taxes Other than Income Taxes	-	-	423	423
Income Taxes - Federal & Other	-	-	(184,018)	(184,018)
Provision for Deferred Income Taxes - Net	-	-	1,420,336	1,420,336
Total Other Income & Deductions	<u>4,418,029</u>	<u>1,183,393</u>	<u>(9,666,152)</u>	<u>(4,064,730)</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(21,618,747)	(8,875,849)	1,618,778	(28,875,818)
Amortization of Debt Disc. And Expense	(334,538)	(137,348)	25,050	(446,836)
Amortization of Loss on Recquired Debt	(90,589)	(37,193)	6,783	(120,999)
Interest on Debt to Assoc. Co.	(1,786,738)	(733,567)	133,788	(2,386,517)
Other Interest Expense	(1,138,387)	(467,379)	85,241	(1,520,525)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,465,436	414,954	-	1,880,390
Net interest Charges	<u>(23,503,563)</u>	<u>(9,836,382)</u>	<u>1,869,640</u>	<u>(31,470,305)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>43,098,307</u>	<u>22,935,613</u>	<u>(7,797,396)</u>	<u>58,236,524</u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Capital Structure
March 31, 2023
(Unaudited)

	Actual February 2023	Activity	Actual March 2023
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	679,228,073	33,750	679,261,823
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	7,974,464	(30,042)	7,944,422
Total Long-term debt	712,202,537	3,708	712,206,245
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	16,410,036	7,773,100	24,183,136
Total Common Stock Equity	896,604,524	7,773,100	904,377,624
TOTAL CAPITALIZATION	1,608,807,061	7,776,808	1,616,583,869

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.