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Deputy General Counsel

VIA EMAIL DELIVERY

August 14, 2023

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

RECEIVED

AUG 14 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 June 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 June 30, 2023
(Unaudited)

	Electric Jurisdictional	Gas Jurisdictional	Non- Jurisdictional	Total Company
<u>Assets</u>				
Utility Plant in Service	2,311,103,461	853,132,085	36,371,198	3,200,606,744
Construction Work in Progress	61,119,128	49,241,818		110,360,946
Less: Accumulated Depreciation	(887,553,909)	(215,976,447)	(2,238,207)	(1,105,768,563)
Net Utility Plant	<u>1,484,668,680</u>	<u>686,397,456</u>	<u>34,132,991</u>	<u>2,205,199,127</u>
Nonutility Property	-	-	1,278,113	1,278,113
Other Investments	-	-	1,500	1,500
Other Special Funds	-	-	17,184,099	17,184,099
Long Term Portion of Derivative Instrument Assets	-	-	-	-
Total Other Property & Investments	<u>-</u>	<u>-</u>	<u>18,463,712</u>	<u>18,463,712</u>
Cash	596,841	245,040	(44,690)	797,191
Working Funds	-	-	-	-
Temporary Cash Investments	-	-	-	-
Customer Accounts Receivable	12,257,562	3,451,102	-	15,708,664
Other Accounts Receivable	1,690,568	694,084	(126,587)	2,258,065
Less: Provision for Uncollectibles	(501,261)	(141,129)	-	(642,390)
Notes Receivable from Assoc. Co.	24,586,974	10,094,492	(1,841,035)	32,840,431
Accounts Receivable from Assoc. Co.	(1,584,846)	(650,679)	118,671	(2,116,854)
Fuel Stock	46,614,769	-	-	46,614,769
Gas Stored Underground Inventory	-	-	-	-
Plant Materials & Operating Supplies	20,592,352	474,408	-	21,066,760
Other Materials & Supplies	-	-	-	-
Stores Expense Undistributed	2,396,305	55,206	-	2,451,511
Prepayments	636,675	301,405	-	938,080
Emission Allowances	18,470	-	-	18,470
Derivative Instrument Assets	4,401,070	-	-	4,401,070
Interest & Dividends Receivable	-	-	-	-
Accrued Utility Revenues	-	-	-	-
Misc Current and Accrued Assets	11,941,062	2,324,316	-	14,265,378
Rents Receivable	11,951	-	-	11,951
Total Current & Accrued Assets	<u>123,658,492</u>	<u>16,848,245</u>	<u>(1,893,641)</u>	<u>138,613,096</u>
Unamortized Debt Expense	2,037,066	836,342	(152,532)	2,720,876
Other Regulatory Assets	105,374,919	17,993,587	-	123,368,506
Preliminary Survey & Investigation	440,936	181,031	(33,017)	588,950
Clearing Accounts	(25,883)	(11,450)	-	(37,333)
Temporary Facilities	-	-	-	-
Miscellaneous Deferred Debits	2,201,721	903,944	(164,865)	2,940,800
Unamortized Loss on Reacquired Debt	159,664	65,552	(11,955)	213,261
Accumulated Deferred Income Taxes	55,342,382	18,212,067	-	73,554,449
Unrecovered Purchased Gas Costs	-	(3,096,958)	-	(3,096,958)
Total Deferred Debits	<u>165,530,805</u>	<u>35,084,115</u>	<u>(362,369)</u>	<u>200,252,551</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>1,773,857,977</u></u>	<u><u>738,329,816</u></u>	<u><u>50,340,693</u></u>	<u><u>2,562,528,486</u></u>

Duke Energy Kentucky, Inc.

Monthly Supplemental Financial Statements
Balance Sheet - Page 2
As of June 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	204,880,167	84,116,132	(15,341,110)	273,655,189
Retained Earnings	323,296,181	174,321,904	118,148,814	615,766,899
Accumulated Other Comprehensive Income	-	-	-	-
Total Proprietary Capital	<u>548,854,097</u>	<u>266,927,546</u>	<u>101,259,386</u>	<u>917,041,029</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	(116,527)	(47,842)	8,726.00	(155,643)
Total Long-Term Debt	<u>585,141,602</u>	<u>240,237,252</u>	<u>(43,814,497)</u>	<u>781,564,357</u>
Obligations Under Capital Leases - Noncurrent	5,566,902	2,285,529	-	7,852,431
Asset Retirement Obligation	92,287,496	12,344,054	-	104,631,550
Long-Term Portion of Derivative Instrument Liabilities	864,555	382,460	-	1,247,015
Accum. Misc. Operating Provisions	18,957,459	8,386,344	-	27,343,803
Total Other Noncurrent Liabilities	<u>117,676,412</u>	<u>23,398,387</u>	<u>-</u>	<u>141,074,799</u>
Accounts Payable	31,957,652	13,120,614	(2,392,939)	42,685,327
Notes Payable to Assoc. Co.	87,836,635	36,062,436	(6,577,071)	117,322,000
Accounts Payable to Assoc. Co.	15,292,784	6,278,645	(1,145,100)	20,426,329
Customer Deposits	6,001,696	4,036,264	-	10,037,960
Taxes Accrued	10,477,503	4,578,267	617,492	15,673,262
Interest Accrued	5,963,963	2,448,580	(446,572)	7,965,971
Tax Collections Payable	2,060,083	656,937	591	2,717,611
Misc. Current & Accrued Liabilities	6,261,850	2,770,098	-	9,031,948
Obligations Under Capital Leases - Current	253,868	104,227	-	358,095
Derivative Instrument Liabilities	1,133,667	501,508	-	1,635,175
Less: Long-Term Portion of Derivative Instrument Liabilities	(864,555)	(382,460)	-	(1,247,015)
Total Current & Accrued Liabilities	<u>166,375,146</u>	<u>70,175,116</u>	<u>(9,943,599)</u>	<u>226,606,663</u>
Customer Advances for Construction	-	2,520,949	-	2,520,949
Accum. Deferred Investment Tax Credits	396,175	57,128	2,839,403	3,292,706
Other Deferred Credits	9,988,382	3,178,481	-	13,166,863
Other Regulatory Liabilities	76,837,463	43,979,954	-	120,817,417
Accumulated Deferred Income Taxes	268,588,700	87,855,003	-	356,443,703
Total Deferred Credits	<u>355,810,720</u>	<u>137,591,515</u>	<u>2,839,403</u>	<u>496,241,638</u>
TOTAL PROPRIETARY CAPITAL, LIABILITIES, AND OTHER DEFERRED CREDITS	<u><u>1,773,857,977</u></u>	<u><u>738,329,816</u></u>	<u><u>50,340,693</u></u>	<u><u>2,562,528,486</u></u>

Duke Energy Kentucky, Inc.

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

	Electric	Gas	Non- Jurisdictional	Total Company
<u>Revenues</u>				
Residential Sales	181,046,174	91,380,375		272,426,549
Commercial Sales	161,986,472	34,649,414		196,635,886
Industrial Sales	75,295,699	2,229,367		77,525,066
Sales to Public Authorities	25,265,882	2,629,731		27,895,613
Public Street & Highway Lighting	1,810,280	-		1,810,280
Inter-Departmental Sales	21,978	20,906		42,884
Misc. Service Revenues	6,780,395	12,093	-	6,792,488
Revenues from Transportation	-	11,011,257		11,011,257
Sales for Resale	36,310,718	-		36,310,718
Rents from Property	1,752,978	-		1,752,978
Other Revenues	14,221,142	105,896		14,327,038
Total Revenues	<u>504,491,718</u>	<u>142,039,039</u>	<u>-</u>	<u>646,530,757</u>
<u>Operating Expenses</u>				
Operation Expense	301,412,125	75,863,954	62,476	377,338,555
Maintenance Expense	29,221,905	2,372,138	20,139	31,614,182
Depreciation Expense	74,620,642	17,687,119	-	92,307,761
Amortization and Depletion	4,947,252	4,474,788	-	9,422,040
Taxes Other than Income Taxes	11,803,430	3,763,979	3,387	15,570,796
Income Taxes - Federal & Other	11,296,087	798,981	(126,850)	11,968,218
Provision for Deferred Income Taxes - Net	(1,281,115)	4,970,845	88,359	3,778,089
Investment Tax Credit Adjustment	-	(684)	684	-
Total Operating Expenses	<u>432,020,326</u>	<u>109,931,120</u>	<u>48,195</u>	<u>541,999,641</u>
NET OPERATING INCOME	<u>72,471,392</u>	<u>32,107,919</u>	<u>(48,195)</u>	<u>104,531,116</u>
<u>Other Income & Deductions</u>				
Revenues from Merchandising, Jobbing and Contract Work	-	-	1,514,581	1,514,581
Less: Expense of Merchandising, Jobbing and Contract Work	-	-	(92,264)	(92,264)
Revenues from Nonutility Operations	-	-	790,022	790,022
Interest & Dividend Income	3,850,552	1,003,505	-	4,854,057
Non Operating Rental Income	(737)	(1,373)		(2,110)
AFUDC	1,263,724	413,239		1,676,963
Gain on Disposition of Property	-	-	87,125	87,125
Loss on Disposition of Property	-	-	(66,247)	(66,247)
Misc. Income Deductions	-	-	(14,243,455)	(14,243,455)
Taxes Other than Income Taxes	-	-	1,413	1,413
Income Taxes - Federal & Other	-	-	578,737	578,737
Provision for Deferred Income Taxes - Net	-	-	740,822	740,822
Total Other Income & Deductions	<u>5,113,539</u>	<u>1,415,371</u>	<u>(10,689,266)</u>	<u>(4,160,356)</u>
<u>Interest Charges</u>				
Interest on Long Term Debt	(22,497,500)	(9,236,632)	1,684,578	(30,049,554)
Amortization of Debt Disc. And Expense	(350,085)	(143,732)	26,214	(467,603)
Amortization of Loss on Reacquired Debt	(89,735)	(36,842)	6,719	(119,858)
Interest on Debt to Assoc. Co.	(2,746,638)	(1,127,667)	205,664	(3,668,641)
Other Interest Expense	(1,508,049)	(619,149)	112,920	(2,014,278)
Less: Allowance for Borrowed Fund Used During Construction - Credit	1,865,576	661,785	-	2,527,361
Net interest Charges	<u>(25,326,431)</u>	<u>(10,502,237)</u>	<u>2,036,095</u>	<u>(33,792,573)</u>
Extraordinary Items after Taxes	-	-	-	-
NET INCOME	<u>52,258,500</u>	<u>23,021,053</u>	<u>(8,701,366)</u>	<u>66,578,187</u>

Duke Energy Kentucky, Inc.

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

	Actual May 2023	Activity	Actual June 2023
Liabilities and Shareholders' Equity			
Non-Current Liabilities			
* Long-term debt	679,316,606	27,695	679,344,301
Advances from Associated Companies	25,000,000	-	25,000,000
** Obligations under Capital Lease-Noncurrent	7,883,275	(30,844)	7,852,431
Total Long-term debt	712,199,881	(3,149)	712,196,732
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	27,452,469	9,394,072	36,846,541
Total Common Stock Equity	907,646,957	9,394,072	917,041,029
TOTAL CAPITALIZATION	1,619,846,838	9,390,923	1,629,237,761

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.