

INFORMATION SHEET

PRESIDING: Chair Mitchell, Presiding; Commissioners Brown-Bland, Gray, Clodfelter, Duffley, Hughes and McKissick

PLACE: Via Videoconference

DATE: Thursday, September 9, 2021

TIME: 2:00 p.m. – 4:33 p.m.

DOCKET NOS.: G-9, Subs 722, 781, and 786

COMPANY: Piedmont Natural Gas Company, Inc.

DESCRIPTION: G-9, Sub 722: Consolidated Natural Gas Construction and Redelivery Services Agreement Between Piedmont Natural Gas Company, Inc., and Duke Energy Carolinas, LLC;

G-9, Sub 781: Application of Piedmont Natural Gas Company, Inc., for an Adjustment of Rates, Charges, and Tariffs Applicable to Service in North Carolina;

G-9, Sub 786: Application of Piedmont Natural Gas Company, Inc., for Modification to Existing Energy Efficiency Program and Approval of New Energy Efficiency Programs

VOLUME NUMBER: 4

APPEARANCES

(See attached)

WITNESSES

(See attached)

EXHIBITS

(See attached)

REPORTED BY: Joann Bunze
TRANSCRIBED BY: Joann Bunze
DATE FILED: September 14, 2021

TRANSCRIPT PAGES: 142
PREFILED PAGES: 415
TOTAL PAGES: 557

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BEFORE: Chair Charlotte A. Mitchell, Presiding
Commissioner ToNola D. Brown-Bland
Commissioner Lyons Gray
Commissioner Daniel G. Clodfelter
Commissioner Kimberly W. Duffley
Commissioner Jeffrey A. Hughes
Commissioner Floyd B. McKissick, Jr.

IN THE MATTER OF:

G-9, Sub 722

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Approval of New Energy Efficiency Programs

VOLUME: 4

1 A P P E A R A N C E S:

2 FOR PIEDMONT NATURAL GAS COMPANY, INC.:

3 Amanda Johnson Demopoulos, Esq.

4 Associate General Counsel

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6 Charlotte, North Carolina 28210

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8 Brian S. Heslin, Esq.

9 Deputy General Counsel

10 Duke Energy Corporation

11 550 South Tryon Street

12 Charlotte, North Carolina 28202

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14 James H. Jeffries, IV, Esq.

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16 201 North Tryon Street, Suite 3000

17 Charlotte, North Carolina 28202

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19 CAROLINA UTILITY CUSTOMERS ASSOCIATION:

20 Marcus Trathen, Esq.

21 Craig D. Schauer, Esq.

22 Brooks Pierce

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24 Raleigh, North Carolina 27601

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FOR CAROLINA INDUSTRIAL GROUP FOR FAIR UTILITY RATES

IV:

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Dustin Doty, Esq.

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FOR THE USING AND CONSUMING PUBLIC AND THE STATE OF
NORTH CAROLINA AND ITS CITIZENS:

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Special Deputy Attorney General
Teresa L. Townsend, Esq.
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Megan Jost, Esq.
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A P P E A R A N C E S:

FOR PIEDMONT NATURAL GAS COMPANY, INC.:

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Deputy General Counsel

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Charlotte, North Carolina 28202

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Craig D. Schauer, Esq.

Brooks Pierce

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Raleigh, North Carolina 27601

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IV:

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434 Fayetteville Street, Suite 2500

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FOR FAYETTEVILLE PUBLIC WORKS COMMISSION:

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General Counsel

Dustin Doty, Esq.

Staff Counsel

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Fayetteville, North Carolina 28301

A P P E A R A N C E S (Continued):
FOR THE USING AND CONSUMING PUBLIC AND THE STATE OF
NORTH CAROLINA AND ITS CITIZENS:

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Special Deputy Attorney General
Teresa L. Townsend, Esq.
Special Deputy Attorney General
North Carolina Department of Justice
Post Office Box 629
Raleigh, North Carolina 27602

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Elizabeth D. Culpepper, Esq.
Megan Jost, Esq.
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4326 Mail Service Center
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**NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP**

DATE: September 7, 2021 DOCKET NO.: G-9, Subs 722, 781, & 786

ATTORNEY NAME and TITLE: Patrick T. Buffkin, Associate

FIRM NAME: Bailey & Dixon, LLP

ADDRESS: 434 Fayetteville St # 2500

CITY: Raleigh

STATE: NC

ZIP CODE: 27601

APPEARANCE ON BEHALF OF: Carolina Industrial Group for Fair Utility
Rates IV (CIGFUR IV)

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR: X

PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

Non-confidential transcripts are located on the Commission's website. To view and/or print transcripts, go to <https://ncuc.net>, hover over the Dockets tab and select Docket Search, enter the docket number and click search, select the highlighted docket number and select Documents for a list of all documents filed.

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☒ Yes, I have signed the Confidentiality Agreement.

Email: pbuffkin@bdixon.com

SIGNATURE: 

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**NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP**

DATE: September 7, 2021 DOCKET NO.: G-9, Subs 722, 781, & 786

ATTORNEY NAME and TITLE: Christina D. Cress, Of Counsel

FIRM NAME: Bailey & Dixon, LLP

ADDRESS: 434 Fayetteville St # 2500

CITY: Raleigh

STATE: NC

ZIP CODE: 27601

APPEARANCE ON BEHALF OF: Carolina Industrial Group for Fair Utility Rates IV (CIGFUR IV)

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR: X

PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

Non-confidential transcripts are located on the Commission's website. To view and/or print transcripts, go to <https://ncuc.net>, hover over the Dockets tab and select Docket Search, enter the docket number and click search, select the highlighted docket number and select Documents for a list of all documents filed.

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Email: ccress@bdixon.com

SIGNATURE: /s/ Christina D. Cress

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**NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP**

DATE: 09/01/2021 DOCKET NO.: G-9, Subs 722, 781, 786
ATTORNEY NAME and TITLE: Dustin Doty, Staff Counsel

FIRM NAME: _____

ADDRESS: 955 Old Wilmington Road

CITY: Fayetteville STATE: NC ZIP CODE: 28301

APPEARANCE ON BEHALF OF: Fayetteville Public Works Commission

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR: X

PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

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NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE: September 3, 2021 **DOCKET NO.:** G-9, Sub 722; G-9, Sub 781; G-9, Sub 786

ATTORNEY NAME and TITLE: Amanda Johnson Demopoulos, Associate General Counsel

FIRM NAME: Piedmont Natural Gas Company, Inc.

ADDRESS: 4720 Piedmont Row Drive

CITY: Charlotte **STATE:** NC **ZIP CODE:** 28210

APPEARANCE ON BEHALF OF: Piedmont Natural Gas Company, Inc.

APPLICANT: ☒ **COMPLAINANT:** ___ **INTERVENOR:** ___

PROTESTANT: ___ **RESPONDENT:** ___ **DEFENDANT:** ___

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NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE: September 3, 2021 **DOCKET NO.:** G-9, Sub 722; G-9, Sub 781; G-9, Sub 786

ATTORNEY NAME and TITLE: Brian S. Heslin, Deputy General Counsel

FIRM NAME: Duke Energy Corporation

ADDRESS: 550 S. Tryon Street

CITY: Charlotte **STATE:** NC **ZIP CODE:** 28202

APPEARANCE ON BEHALF OF: Piedmont Natural Gas Company, Inc.

APPLICANT: ☒ **COMPLAINANT:** ___ **INTERVENOR:** ___

PROTESTANT: ___ **RESPONDENT:** ___ **DEFENDANT:** ___

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**NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP**

OFFICIAL COPY

Sep 15 2021

DATE: _____ DOCKET NO.: _____

ATTORNEY NAME and TITLE: _____

FIRM NAME: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP CODE: _____

APPEARANCE ON BEHALF OF: _____

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR: ___

PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

Non-confidential transcripts are located on the Commission's website. To view and/or print transcripts, go to <https://ncuc.net>, hover over the Dockets tab and select Docket Search, enter the docket number and click search, select the highlighted docket number and select Documents for a list of all documents filed.

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NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE: Sept 9, 2021 DOCKET NO.: 6-9, Sub 722

ATTORNEY NAME and TITLE: Robert W. Kaylor

Attorney for Duke Energy Carolinas, LLC

FIRM NAME: Kaylor Law Firm

ADDRESS: 353 E. Six Forks Rd., Ste 260

CITY: Raleigh STATE: NC ZIP CODE: 27609

APPEARANCE ON BEHALF OF: Duke Energy Carolinas

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR: ☒

PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

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To receive an electronic **CONFIDENTIAL** transcript, please complete the following:

☒ Yes, I have signed the Confidentiality Agreement. * 6-9 Sub 722 only

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SIGNATURE: RW Kaylor

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**NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP**

DATE: 9/2/2021 **DOCKET NO.:** G-9, Sub 781

ATTORNEY NAME and TITLE: Margaret A. Force, Special Deputy Attorney General

FIRM NAME: NC Department of Justice

ADDRESS: P.O. Box 629

CITY: Raleigh **STATE:** NC **ZIP CODE:** 27602

APPEARANCE ON BEHALF OF: the using and consuming public and the State of North Carolina and its citizens.

APPLICANT: **COMPLAINANT:** **INTERVENOR:** ☒

PROTESTANT: **RESPONDENT:** **DEFENDANT:**

Non-confidential transcripts are located on the Commission's website. To view and/or print transcripts, go to <https://ncuc.net>, hover over the Dockets tab and select Docket Search, enter the docket number and click search, select the highlighted docket number and select Documents for a list of all documents filed.

To receive an electronic **CONFIDENTIAL** transcript, please complete the following:

☒ **Yes, I have signed the Confidentiality Agreement.**

Email: Pforce@ncdoj.gov

SIGNATURE: /s/ Margaret A. Force

(Required for distribution of CONFIDENTIAL transcript)

NORTH CAROLINA UTILITIES COMMISSION
PUBLIC STAFF - APPEARANCE SLIP

DATE Sept. 7, 2021 DOCKET#: G-9, Subs 722, 781 & 786

PUBLIC STAFF ATTORNEY Elizabeth D. Culpepper
Megan Jost
Lucy E. Edmondson

TO REQUEST A **CONFIDENTIAL** TRANSCRIPT, PLEASE PROVIDE YOUR
EMAIL ADDRESS BELOW:

ACCOUNTING _____
CONSUMER SERVICES _____
COMMUNICATIONS _____
ENERGY _____
ECONOMICS _____
LEGAL elizabeth.culpepper@psncuc.nc.gov
megan.jost@psncuc.nc.gov
lucy.edmondson@psncuc.nc.gov
TRANSPORTATION _____
WATER _____

Non-confidential transcripts are located on the
Commission's website. To view and/or print, please
access <https://ncuc.net>.

COUNSEL/MEMBER(s) REQUESTING A **CONFIDENTIAL** TRANSCRIPT
WHO HAS SIGNED A CONFIDENTIALITY AGREEMENT WILL NEED TO
SIGN BELOW.

Elizabeth D. Culpepper
s/Elizabeth D. Culpepper
Signature of Public Staff Attorney

Megan Jost
s/Megan Jost
Signature of Public Staff Attorney

Lucy E. Edmondson
s/Lucy E. Edmondson
Signature of Public Staff Attorney

NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE: 8/31/21 DOCKET NO.: G-9, Subs 722, 781, 786

ATTORNEY NAME and TITLE: Craig D Schaner

FIRM NAME: Brooks Pierce

ADDRESS: 150 Fayetteville St, Suite 1700

CITY: Raleigh STATE: NC ZIP CODE: 27601

APPEARANCE ON BEHALF OF: Carolina Utility Customers Association

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR: X

PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

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To receive an electronic **CONFIDENTIAL** transcript, please complete the following:

☒ Yes, I have signed the Confidentiality Agreement.

Email: cschaner@brookspierce.com

SIGNATURE: CDS

(Required for distribution of CONFIDENTIAL transcript)

NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE: 8/31/21 DOCKET NO.: G-9, Subs 722, 781, 786

ATTORNEY NAME and TITLE: Marcus Trathen

FIRM NAME: Brooks Pierce

ADDRESS: 150 Fayetteville St, Suite 1700

CITY: Raleigh STATE: NC ZIP CODE: 27601

APPEARANCE ON BEHALF OF: Carolina Utility Customers Association

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR: X

PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

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☒ Yes, I have signed the Confidentiality Agreement.

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NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE: 9/2/2021 **DOCKET NO.:** G-9, Sub 781

ATTORNEY NAME and TITLE: Teresa L. Townsend, Special Deputy Attorney General

FIRM NAME: NC Department of Justice

ADDRESS: P.O. Box 629

CITY: Raleigh **STATE:** NC **ZIP CODE:** 27602

APPEARANCE ON BEHALF OF: the using and consuming public and the State of North

Carolina and its citizens.

APPLICANT: ___ **COMPLAINANT:** ___ **INTERVENOR:** ✓

PROTESTANT: ___ **RESPONDENT:** ___ **DEFENDANT:** ___

Non-confidential transcripts are located on the Commission's website. To view and/or print transcripts, go to <https://ncuc.net>, hover over the Dockets tab and select Docket Search, enter the docket number and click search, select the highlighted docket number and select Documents for a list of all documents filed.

To receive an electronic **CONFIDENTIAL** transcript, please complete the following:

☒ **Yes, I have signed the Confidentiality Agreement.**

Email: TTownsend@ncdoj.gov

SIGNATURE: /s/ Teresa L. Townsend

(Required for distribution of CONFIDENTIAL transcript)

**NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP**

DATE: 09/01/2021 DOCKET NO.: G-9, Sub 781

ATTORNEY NAME and TITLE: James West General Counsel

FIRM NAME: Fayetteville Public Works Commission

ADDRESS: 955 Old Wilmington Road

CITY: Fayetteville STATE: NC ZIP CODE: 28301

APPEARANCE ON BEHALF OF: Fayetteville Public Works Commission

APPLICANT: ___ COMPLAINANT: ___ INTERVENOR: ☒

PROTESTANT: ___ RESPONDENT: ___ DEFENDANT: ___

Non-confidential transcripts are located on the Commission's website. To view and/or print transcripts, go to <https://ncuc.net>, hover over the Dockets tab and select Docket Search, enter the docket number and click search, select the highlighted docket number and select Documents for a list of all documents filed.

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2018
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number Registrant, State of Incorporation or Organization,
Address of Principal Executive Offices and Telephone Number IRS Employer Identification No.



1-32853

DUKE ENERGY CORPORATION
(a Delaware corporation)
550 South Tryon Street
Charlotte, North Carolina 28202-1803
704-382-3853

20-2777218

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number	Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number
1-4928	DUKE ENERGY CAROLINAS, LLC (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853 56-0205520	1-3274	DUKE ENERGY FLORIDA, LLC (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853 59-0247770
1-15929	PROGRESS ENERGY, INC. (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-2155481	1-1232	DUKE ENERGY OHIO, INC. (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853 31-0240030
1-3382	DUKE ENERGY PROGRESS, LLC (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-0165465	1-3543	DUKE ENERGY INDIANA, LLC (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853 35-0594457
1-6196	PIEDMONT NATURAL GAS COMPANY, INC. (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120 56-0556998		

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Duke Energy Corporation (Duke Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Florida, LLC (Duke Energy Florida)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Progress Energy, Inc. (Progress Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Progress, LLC (Duke Energy Progress)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

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Step 13 2021

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Duke Energy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Florida	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Carolinas	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Ohio	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Progress Energy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Indiana	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Progress	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Piedmont	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Duke Energy	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Carolinas	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Progress Energy	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Progress	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Florida	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Ohio	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Indiana	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Piedmont	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Duke Energy	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Florida	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Duke Energy Carolinas	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Ohio	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Progress Energy	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Indiana	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Duke Energy Progress	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Piedmont	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Number of shares of Common stock outstanding at March 31, 2018:

Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	701,007,267

This combined Form 10-Q is filed separately by eight registrants: Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format specified in General Instructions H(2) of Form 10-Q.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources;
- The ability to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches and other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- Employee workforce factors, including the potential inability to attract and retain key personnel;
- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);
- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;

- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of new U.S. tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values;
- The ability to successfully complete future merger, acquisition or divestiture plans; and
- The ability to implement our business strategy.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' reports filed with the SEC and available at the SEC's website at sec.gov. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

(in millions, except per-share amounts)	Three Months Ended March 31,	
	2018	2017
Operating Revenues		
Regulated electric	\$ 5,284	\$ 4,913
Regulated natural gas	700	646
Nonregulated electric and other	151	170
Total operating revenues	6,135	5,729
Operating Expenses		
Fuel used in electric generation and purchased power	1,676	1,449
Cost of natural gas	313	258
Operation, maintenance and other	1,464	1,468
Depreciation and amortization	967	859
Property and other taxes	316	304
Impairment charges	43	—
Total operating expenses	4,779	4,338
(Loss) Gains on Sales of Other Assets and Other, net	(100)	11
Operating Income	1,256	1,402
Other Income and Expenses		
Equity in (losses) earnings of unconsolidated affiliates	(24)	29
Other income and expenses, net	86	121
Total other income and expenses	62	150
Interest Expense	515	491
Income Before Income Taxes	803	1,061
Income Tax Expense	181	344
Net Income	622	717
Less: Net Income Attributable to Noncontrolling Interests	2	1
Net Income Attributable to Duke Energy Corporation	\$ 620	\$ 716
Earnings Per Share – Basic and Diluted		
Net income attributable to Duke Energy Corporation common stockholders		
Basic	\$ 0.88	\$ 1.02
Diluted	\$ 0.88	\$ 1.02
Weighted average shares outstanding		
Basic	701	700
Diluted	701	700

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
Net Income	\$ 622	\$ 717
Other Comprehensive Income, net of tax		
Pension and OPEB adjustments	1	1
Net unrealized gains on cash flow hedges	12	2
Reclassification into earnings from cash flow hedges	1	1
Unrealized (losses) gains on available-for-sale securities	(3)	4
Other Comprehensive Income, net of tax	11	8
Comprehensive Income	633	725
Less: Comprehensive Income Attributable to Noncontrolling Interests	2	1
Comprehensive Income Attributable to Duke Energy Corporation	\$ 631	\$ 724

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 421	\$ 358
Receivables (net of allowance for doubtful accounts of \$17 at 2018 and \$14 at 2017)	759	779
Receivables of VIEs (net of allowance for doubtful accounts of \$57 at 2018 and \$54 at 2017)	1,984	1,995
Inventory	3,149	3,250
Regulatory assets (includes \$51 at 2018 and 2017 related to VIEs)	1,544	1,437
Other	422	634
Total current assets	8,279	8,453
Property, Plant and Equipment		
Cost	129,281	127,507
Accumulated depreciation and amortization	(42,307)	(41,537)
Generation facilities to be retired, net	399	421
Net property, plant and equipment	87,373	86,391
Other Noncurrent Assets		
Goodwill	19,396	19,396
Regulatory assets (includes \$1,082 at 2018 and \$1,091 at 2017 related to VIEs)	12,218	12,442
Nuclear decommissioning trust funds	7,024	7,097
Investments in equity method unconsolidated affiliates	1,189	1,175
Other	3,062	2,960
Total other noncurrent assets	42,889	43,070
Total Assets	\$ 138,541	\$ 137,914
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 2,391	\$ 3,043
Notes payable and commercial paper	2,969	2,163
Taxes accrued	422	551
Interest accrued	542	525
Current maturities of long-term debt (includes \$225 at 2018 and 2017 related to VIEs)	3,951	3,244
Asset retirement obligations	676	689
Regulatory liabilities	505	402
Other	1,542	1,865
Total current liabilities	12,998	12,482
Long-Term Debt (includes \$4,275 at 2018 and \$4,306 at 2017 related to VIEs)	49,030	49,035
Other Noncurrent Liabilities		
Deferred income taxes	6,855	6,621
Asset retirement obligations	9,484	9,486
Regulatory liabilities	15,283	15,330
Accrued pension and other post-retirement benefit costs	1,018	1,103
Investment tax credits	537	539
Other	1,538	1,581
Total other noncurrent liabilities	34,715	34,660
Commitments and Contingencies		
Equity		
Common stock, \$0.001 par value, 2 billion shares authorized; 701 million shares outstanding at 2018 and 700 million shares outstanding at 2017	1	1
Additional paid-in capital	38,839	38,792
Retained earnings	3,021	3,013
Accumulated other comprehensive loss	(69)	(67)
Total Duke Energy Corporation stockholders' equity	41,792	41,739
Noncontrolling interests	6	(2)
Total equity	41,798	41,737

Total Liabilities and Equity	\$	138,541	\$	137,914
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See Notes to Condensed Consolidated Financial Statements
8

PART I

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 622	\$ 717
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,089	991
Equity component of AFUDC	(55)	(62)
Losses (gains) on sales of other assets	100	(11)
Impairment charges	43	—
Deferred income taxes	199	342
Equity in losses (earnings) of unconsolidated affiliates	24	(29)
Accrued pension and other post-retirement benefit costs	15	6
Contributions to qualified pension plans	(141)	—
Payments for asset retirement obligations	(122)	(134)
Payment for disposal of other assets	(105)	—
Other rate case adjustments	37	—
Provision for rate refunds	158	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	4	(38)
Receivables	64	343
Inventory	101	155
Other current assets	27	(22)
Increase (decrease) in		
Accounts payable	(327)	(463)
Taxes accrued	(107)	(28)
Other current liabilities	(171)	(478)
Other assets	(59)	(45)
Other liabilities	(5)	2
Net cash provided by operating activities	1,391	1,246
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,087)	(2,160)
Cost of removal, net of salvage	(81)	(39)
Contributions to equity method investments	(74)	(175)
Purchases of debt and equity securities	(958)	(1,386)
Proceeds from sales and maturities of debt and equity securities	930	1,405
Other	6	(6)
Net cash used in investing activities	(2,264)	(2,361)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	1,240	1,563
Issuance of common stock	21	—
Payments for the redemption of long-term debt	(487)	(408)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	135	25
Payments for the redemption of short-term debt with original maturities greater than 90 days	(50)	(7)
Notes payable and commercial paper	706	1,045
Dividends paid	(599)	(600)
Other	(19)	(22)
Net cash provided by financing activities	947	1,596
Net increase in cash, cash equivalents and restricted cash	74	481
Cash, cash equivalents and restricted cash at beginning of period	505	541
Cash, cash equivalents and restricted cash at end of period	\$ 579	\$ 1,022

Supplemental Disclosures:

Significant non-cash transactions:

Accrued capital expenditures	\$	799	\$	575
Non-cash dividends		26		—

See Notes to Condensed Consolidated Financial Statements
9

PART I

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Accumulated Other Comprehensive Loss									
	Common		Additional		Net Gains (Losses) on Cash Flow Hedges	Net Unrealized (Losses) Gains on Available- for-Sale- Securities	Pension and OPEB Adjustments	Total		
	Stock Shares	Common Stock	Paid-in Capital	Retained Earnings				Duke Energy		
								Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2016	700	\$ 1	\$ 38,741	\$ 2,384	\$ (20)	\$ (1)	\$ (72)	\$ 41,033	\$ 8	\$ 41,041
Net income	—	—	—	716	—	—	—	716	1	717
Other comprehensive income	—	—	—	—	3	4	1	8	—	8
Common stock issuances, including dividend reinvestment and employee benefits	—	—	1	—	—	—	—	1	—	1
Common stock dividends	—	—	—	(600)	—	—	—	(600)	—	(600)
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	(2)	(2)
Other ^(a)	—	—	—	21	—	—	—	21	—	21
Balance at March 31, 2017	700	\$ 1	\$ 38,742	\$ 2,521	\$ (17)	\$ 3	\$ (71)	\$ 41,179	\$ 7	\$ 41,186
Balance at December 31, 2017	700	\$ 1	\$ 38,792	\$ 3,013	\$ (10)	\$ 12	\$ (69)	\$ 41,739	\$ (2)	\$ 41,737
Net income	—	—	—	620	—	—	—	620	2	622
Other comprehensive income (loss)	—	—	—	—	13	(3)	1	11	—	11
Common stock issuances, including dividend reinvestment and employee benefits	1	—	47	—	—	—	—	47	—	47
Common stock dividends	—	—	—	(625)	—	—	—	(625)	—	(625)
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	(1)	(1)
Other ^(b)	—	—	—	13	—	(13)	—	—	7	7
Balance at March 31, 2018	701	\$ 1	\$ 38,839	\$ 3,021	\$ 3	\$ (4)	\$ (68)	\$ 41,792	\$ 6	\$ 41,798

- (a) Cumulative-effect adjustment due to implementation of a new accounting standard related to stock-based compensation and the associated income taxes.
(b) Amounts in Retained Earnings and Accumulated Other Comprehensive Loss represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement. See Note 1 for more information.

PART I

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
Operating Revenues	\$ 1,763	\$ 1,716
Operating Expenses		
Fuel used in electric generation and purchased power	473	428
Operation, maintenance and other	451	495
Depreciation and amortization	272	254
Property and other taxes	72	68
Impairment charges	13	—
Total operating expenses	1,281	1,245
Operating Income	482	471
Other Income and Expenses, net	39	50
Interest Expense	107	103
Income Before Income Taxes	414	418
Income Tax Expense	91	148
Net Income	\$ 323	\$ 270
Other Comprehensive Income, net of tax		
Reclassification into earnings from cash flow hedges	1	—
Comprehensive Income	\$ 324	\$ 270

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3	\$ 16
Receivables (net of allowance for doubtful accounts of \$2 at 2018 and 2017)	194	200
Receivables of VIEs (net of allowance for doubtful accounts of \$7 at 2018 and 2017)	634	640
Receivables from affiliated companies	106	95
Inventory	980	971
Regulatory assets	331	299
Other	42	19
Total current assets	2,290	2,240
Property, Plant and Equipment		
Cost	43,562	42,939
Accumulated depreciation and amortization	(15,404)	(15,063)
Net property, plant and equipment	28,158	27,876
Other Noncurrent Assets		
Regulatory assets	2,825	2,853
Nuclear decommissioning trust funds	3,734	3,772
Other	1,023	979
Total other noncurrent assets	7,582	7,604
Total Assets	\$ 38,030	\$ 37,720
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 726	\$ 842
Accounts payable to affiliated companies	259	209
Notes payable to affiliated companies	45	104
Taxes accrued	84	234
Interest accrued	144	108
Current maturities of long-term debt	805	1,205
Asset retirement obligations	281	337
Regulatory liabilities	116	126
Other	369	486
Total current liabilities	2,829	3,651
Long-Term Debt	9,589	8,598
Long-Term Debt Payable to Affiliated Companies	300	300
Other Noncurrent Liabilities		
Deferred income taxes	3,493	3,413
Asset retirement obligations	3,318	3,273
Regulatory liabilities	6,208	6,231
Accrued pension and other post-retirement benefit costs	95	95
Investment tax credits	231	232
Other	532	566
Total other noncurrent liabilities	13,877	13,810
Commitments and Contingencies		
Equity		
Member's equity	11,441	11,368
Accumulated other comprehensive loss	(6)	(7)
Total equity	11,435	11,361
Total Liabilities and Equity	\$ 38,030	\$ 37,720

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 323	\$ 270
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	347	339
Equity component of AFUDC	(21)	(30)
Impairment charges	13	—
Deferred income taxes	80	162
Accrued pension and other post-retirement benefit costs	1	—
Contributions to qualified pension plans	(46)	—
Payments for asset retirement obligations	(55)	(65)
Provision for rate refunds	61	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	3
Receivables	19	66
Receivables from affiliated companies	(11)	54
Inventory	(9)	4
Other current assets	(144)	(26)
Increase (decrease) in		
Accounts payable	(76)	(131)
Accounts payable to affiliated companies	50	3
Taxes accrued	(129)	(53)
Other current liabilities	(23)	(125)
Other assets	12	(3)
Other liabilities	(43)	(2)
Net cash provided by operating activities	349	466
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(621)	(563)
Cost of removal, net of salvage	(17)	(16)
Purchases of debt and equity securities	(494)	(722)
Proceeds from sales and maturities of debt and equity securities	494	722
Notes receivable from affiliated companies	—	66
Other	(4)	(4)
Net cash used in investing activities	(642)	(517)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	991	—
Payments for the redemption of long-term debt	(401)	(113)
Notes payable to affiliated companies	(59)	337
Distributions to parent	(250)	(175)
Other	(1)	(1)
Net cash provided by financing activities	280	48
Net decrease in cash and cash equivalents	(13)	(3)
Cash and cash equivalents at beginning of period	16	14
Cash and cash equivalents at end of period	\$ 3	\$ 11
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 267	\$ 164

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

			Accumulated Other Comprehensive Loss		
	Member's Equity		Net Losses on Cash Flow Hedges		Total Equity
(in millions)					
Balance at December 31, 2016	\$ 10,781	\$	(9)	\$	10,772
Net income	270		—		270
Distributions to parent	(175)		—		(175)
Balance at March 31, 2017	\$ 10,876	\$	(9)	\$	10,867
Balance at December 31, 2017	\$ 11,368	\$	(7)	\$	11,361
Net income	323		—		323
Other comprehensive income	—		1		1
Distributions to parent	(250)		—		(250)
Balance at March 31, 2018	\$ 11,441	\$	(6)	\$	11,435

See Notes to Condensed Consolidated Financial Statements
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PART I

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
Operating Revenues	\$ 2,576	\$ 2,179
Operating Expenses		
Fuel used in electric generation and purchased power	976	726
Operation, maintenance and other	623	560
Depreciation and amortization	384	313
Property and other taxes	123	117
Impairment charges	29	—
Total operating expenses	2,135	1,716
Gains on Sales of Other Assets and Other, net	6	8
Operating Income	447	471
Other Income and Expenses, net	35	40
Interest Expense	209	206
Income Before Income Taxes	273	305
Income Tax Expense	36	104
Net Income	237	201
Less: Net Income Attributable to Noncontrolling Interests	2	2
Net Income Attributable to Parent	\$ 235	\$ 199
Net Income	\$ 237	\$ 201
Other Comprehensive Income, net of tax		
Pension and OPEB adjustments	—	1
Net unrealized gain on cash flow hedges	2	—
Reclassification into earnings from cash flow hedges	—	1
Unrealized gains on available-for-sale securities	—	1
Other Comprehensive Income, net of tax	2	3
Comprehensive Income	239	204
Less: Comprehensive Income Attributable to Noncontrolling Interests	2	2
Comprehensive Income Attributable to Parent	\$ 237	\$ 202

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 20	\$ 40
Receivables (net of allowance for doubtful accounts of \$4 at 2018 and 2017)	122	123
Receivables of VIEs (net of allowance for doubtful accounts of \$7 at 2018 and 2017)	815	780
Receivables from affiliated companies	2	31
Notes receivable from affiliated companies	113	240
Inventory	1,537	1,592
Regulatory assets (includes \$51 at 2018 and 2017 related to VIEs)	869	741
Other	259	334
Total current assets	3,737	3,881
Property, Plant and Equipment		
Cost	47,915	47,323
Accumulated depreciation and amortization	(16,060)	(15,857)
Generation facilities to be retired, net	399	421
Net property, plant and equipment	32,254	31,887
Other Noncurrent Assets		
Goodwill	3,655	3,655
Regulatory assets (includes \$1,082 at 2018 and \$1,091 at 2017 related to VIEs)	5,872	6,010
Nuclear decommissioning trust funds	3,290	3,324
Other	990	931
Total other noncurrent assets	13,807	13,920
Total Assets	\$ 49,798	\$ 49,688
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 760	\$ 1,006
Accounts payable to affiliated companies	284	251
Notes payable to affiliated companies	982	805
Taxes accrued	109	101
Interest accrued	213	212
Current maturities of long-term debt (includes \$53 at 2018 and 2017 related to VIEs)	1,820	771
Asset retirement obligations	326	295
Regulatory liabilities	272	213
Other	637	729
Total current liabilities	5,403	4,383
Long-Term Debt (includes \$1,660 at 2018 and \$1,689 at 2017 related to VIEs)	15,787	16,916
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	3,603	3,502
Asset retirement obligations	5,091	5,119
Regulatory liabilities	5,227	5,306
Accrued pension and other post-retirement benefit costs	527	545
Other	307	302
Total other noncurrent liabilities	14,755	14,774
Commitments and Contingencies		
Equity		
Common stock, \$0.01 par value, 100 shares authorized and outstanding at 2018 and 2017	—	—
Additional paid-in capital	9,142	9,143
Retained earnings	4,591	4,350
Accumulated other comprehensive loss	(29)	(25)
Total Progress Energy, Inc. stockholders' equity	13,704	13,468
Noncontrolling interests	(1)	(3)

Total equity		13,703		13,465
Total Liabilities and Equity	\$	49,798	\$	49,688

See Notes to Condensed Consolidated Financial Statements
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PART I

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 237	\$ 201
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	439	365
Equity component of AFUDC	(26)	(24)
Gains on sales of other assets	(6)	(9)
Impairment charges	29	—
Deferred income taxes	71	220
Accrued pension and other post-retirement benefit costs	6	(3)
Contributions to qualified pension plans	(45)	—
Payments for asset retirement obligations	(55)	(60)
Other rate case adjustments	37	—
Provision for rate refunds	33	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	4	(2)
Receivables	(33)	115
Receivables from affiliated companies	29	100
Inventory	55	65
Other current assets	(60)	(212)
Increase (decrease) in		
Accounts payable	(53)	(228)
Accounts payable to affiliated companies	33	(32)
Taxes accrued	8	12
Other current liabilities	(82)	(121)
Other assets	(86)	(58)
Other liabilities	(8)	(14)
Net cash provided by operating activities	527	315
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(762)	(1,011)
Cost of removal, net of salvage	(41)	—
Purchases of debt and equity securities	(406)	(629)
Proceeds from sales and maturities of debt and equity securities	411	635
Notes receivable from affiliated companies	127	(104)
Other	1	5
Net cash used in investing activities	(670)	(1,104)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	892
Payments for the redemption of long-term debt	(80)	(288)
Notes payable to affiliated companies	177	137
Other	(2)	(4)
Net cash provided by financing activities	95	737
Net decrease in cash, cash equivalents and restricted cash	(48)	(52)
Cash, cash equivalents and restricted cash at beginning of period	87	110
Cash, cash equivalents and restricted cash at end of period	\$ 39	\$ 58
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 316	\$ 219

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Accumulated Other Comprehensive Loss						Total Progress Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
	Net Unrealized								
	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flow Hedges	Gains on Available-for- Sale Securities	Pension and OPEB Adjustments				
Balance at December 31, 2016	\$ 8,094	\$ 3,764	\$ (23)	\$ 1	\$ (16)	\$ 11,820	\$ (13)	\$11,807	
Net income	—	199	—	—	—	199	2	201	
Other comprehensive income	—	—	1	1	1	3	—	3	
Other	—	—	—	—	—	—	1	1	
Balance at March 31, 2017	\$ 8,094	\$ 3,963	\$ (22)	\$ 2	\$ (15)	\$ 12,022	\$ (10)	\$12,012	
Balance at December 31, 2017	\$ 9,143	\$ 4,350	\$ (18)	\$ 5	\$ (12)	\$ 13,468	\$ (3)	\$13,465	
Net income	—	235	—	—	—	235	2	237	
Other comprehensive income	—	—	2	—	—	2	—	2	
Other ^(a)	(1)	6	—	(6)	—	(1)	—	(1)	
Balance at March 31, 2018	\$ 9,142	\$ 4,591	\$ (16)	\$ (1)	\$ (12)	\$ 13,704	\$ (1)	\$13,703	

(a) Amounts in Retained Earnings and Accumulated Other Comprehensive Loss represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement. See Note 1 for more information.

See Notes to Condensed Consolidated Financial Statements
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PART I

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
Operating Revenues	\$ 1,460	\$ 1,219
Operating Expenses		
Fuel used in electric generation and purchased power	509	364
Operation, maintenance and other	381	362
Depreciation and amortization	235	181
Property and other taxes	35	40
Impairment charges	32	—
Total operating expenses	1,192	947
Gains on Sales of Other Assets and Other, net	1	2
Operating Income	269	274
Other Income and Expenses, net	18	31
Interest Expense	81	82
Income Before Income Taxes	206	223
Income Tax Expense	29	76
Net Income and Comprehensive Income	\$ 177	\$ 147

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 8	\$ 20
Receivables (net of allowance for doubtful accounts of \$2 at 2018 and \$1 at 2017)	50	56
Receivables of VIEs (net of allowance for doubtful accounts of \$5 at 2018 and 2017)	497	459
Receivables from affiliated companies	5	3
Inventory	1,002	1,017
Regulatory assets	476	352
Other	55	97
Total current assets	2,093	2,004
Property, Plant and Equipment		
Cost	29,866	29,583
Accumulated depreciation and amortization	(11,012)	(10,903)
Generation facilities to be retired, net	399	421
Net property, plant and equipment	19,253	19,101
Other Noncurrent Assets		
Regulatory assets	3,480	3,507
Nuclear decommissioning trust funds	2,568	2,588
Other	641	599
Total other noncurrent assets	6,689	6,694
Total Assets	\$ 28,035	\$ 27,799
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 342	\$ 402
Accounts payable to affiliated companies	208	179
Notes payable to affiliated companies	354	240
Taxes accrued	36	64
Interest accrued	86	102
Current maturities of long-term debt	603	3
Asset retirement obligations	323	295
Regulatory liabilities	184	139
Other	324	376
Total current liabilities	2,460	1,800
Long-Term Debt	6,604	7,204
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	1,932	1,883
Asset retirement obligations	4,356	4,378
Regulatory liabilities	3,973	3,999
Accrued pension and other post-retirement benefit costs	246	248
Investment tax credits	142	143
Other	46	45
Total other noncurrent liabilities	10,695	10,696
Commitments and Contingencies		
Equity		
Member's Equity	8,126	7,949
Total Liabilities and Equity	\$ 28,035	\$ 27,799

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 177	\$ 147
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	284	228
Equity component of AFUDC	(14)	(13)
Gains on sales of other assets	(1)	(3)
Impairment charges	32	—
Deferred income taxes	42	120
Accrued pension and other post-retirement benefit costs	4	(5)
Contributions to qualified pension plans	(25)	—
Payments for asset retirement obligations	(44)	(47)
Other rate case adjustments	37	—
Provision for rate refunds	33	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	2	(2)
Receivables	(31)	65
Receivables from affiliated companies	(2)	(1)
Inventory	15	23
Other current assets	(88)	(60)
Increase (decrease) in		
Accounts payable	(39)	(192)
Accounts payable to affiliated companies	29	17
Taxes accrued	(28)	(68)
Other current liabilities	(64)	(81)
Other assets	18	(44)
Other liabilities	(5)	(10)
Net cash provided by operating activities	332	74
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(424)	(474)
Cost of removal, net of salvage	(31)	(9)
Purchases of debt and equity securities	(284)	(476)
Proceeds from sales and maturities of debt and equity securities	281	470
Notes receivable from affiliated companies	—	165
Other	1	—
Net cash used in investing activities	(457)	(324)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for the redemption of long-term debt	—	(250)
Notes payable to affiliated companies	114	502
Other	(1)	(2)
Net cash provided by financing activities	113	250
Net decrease in cash and cash equivalents	(12)	—
Cash and cash equivalents at beginning of period	20	11
Cash and cash equivalents at end of period	\$ 8	\$ 11
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 137	\$ 66

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Member's	
(in millions)	Equity	
Balance at December 31, 2016	\$	7,358
Net income		147
Balance at March 31, 2017	\$	7,505
Balance at December 31, 2017	\$	7,949
Net income		177
Balance at March 31, 2018	\$	8,126

See Notes to Condensed Consolidated Financial Statements
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PART I

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
Operating Revenues	\$ 1,115	\$ 959
Operating Expenses		
Fuel used in electric generation and purchased power	467	362
Operation, maintenance and other	237	195
Depreciation and amortization	150	132
Property and other taxes	88	77
Impairment charges	—	1
Total operating expenses	942	767
Operating Income	173	192
Other Income and Expenses, net	21	20
Interest Expense	71	70
Income Before Income Taxes	123	142
Income Tax Expense	20	52
Net Income	\$ 103	\$ 90
Other Comprehensive Income, net of tax		
Unrealized gains on available-for-sale securities	—	1
Other Comprehensive Income, net of tax	\$ —	\$ 1
Comprehensive Income	\$ 103	\$ 91

See Notes to Condensed Consolidated Financial Statements
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PART I

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2018		December 31, 2017	
ASSETS				
Current Assets				
Cash and cash equivalents	\$	6	\$	13
Receivables (net of allowance for doubtful accounts of \$3 at 2018 and 2017)		71		65
Receivables of VIEs (net of allowance for doubtful accounts of \$2 at 2018 and 2017)		318		321
Receivables from affiliated companies		1		2
Notes receivable from affiliated companies		153		313
Inventory		535		574
Regulatory assets (includes \$51 at 2018 and 2017 related to VIEs)		393		389
Other (includes \$13 at 2018 and \$40 at 2017 related to VIEs)		40		86
Total current assets		1,517		1,763
Property, Plant and Equipment				
Cost		18,040		17,730
Accumulated depreciation and amortization		(5,042)		(4,947)
Net property, plant and equipment		12,998		12,783
Other Noncurrent Assets				
Regulatory assets (includes \$1,082 at 2018 and \$1,091 at 2017 related to VIEs)		2,391		2,503
Nuclear decommissioning trust funds		722		736
Other		301		284
Total other noncurrent assets		3,414		3,523
Total Assets	\$	17,929	\$	18,069
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	\$	416	\$	602
Accounts payable to affiliated companies		82		74
Taxes accrued		72		34
Interest accrued		74		56
Current maturities of long-term debt (includes \$53 at 2018 and 2017 related to VIEs)		768		768
Asset Retirement Obligations		3		—
Regulatory liabilities		88		74
Other		299		334
Total current liabilities		1,802		1,942
Long-Term Debt (includes \$1,361 at 2018 and \$1,389 at 2017 related to VIEs)		6,247		6,327
Other Noncurrent Liabilities				
Deferred income taxes		1,812		1,761
Asset retirement obligations		735		742
Regulatory liabilities		1,254		1,307
Accrued pension and other post-retirement benefit costs		248		264
Other		110		108
Total other noncurrent liabilities		4,159		4,182
Commitments and Contingencies				
Equity				
Member's equity		5,723		5,614
Accumulated other comprehensive (loss) income		(2)		4
Total equity		5,721		5,618
Total Liabilities and Equity	\$	17,929	\$	18,069

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 103	\$ 90
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	152	134
Equity component of AFUDC	(12)	(11)
Impairment charges	—	1
Deferred income taxes	29	100
Accrued pension and other post-retirement benefit costs	1	1
Contributions to qualified pension plans	(20)	—
Payments for asset retirement obligations	(11)	(14)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	2	—
Receivables	(2)	51
Receivables from affiliated companies	—	(1)
Inventory	39	42
Other current assets	42	(72)
Increase (decrease) in		
Accounts payable	(13)	(35)
Accounts payable to affiliated companies	8	(48)
Taxes accrued	38	29
Other current liabilities	(17)	(47)
Other assets	(107)	(13)
Other liabilities	(5)	(5)
Net cash provided by operating activities	227	202
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(338)	(538)
Cost of removal, net of salvage	(10)	9
Purchases of debt and equity securities	(122)	(153)
Proceeds from sales and maturities of debt and equity securities	129	165
Notes receivable from affiliated companies	160	(293)
Other	—	4
Net cash used in investing activities	(181)	(806)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	892
Payments for the redemption of long-term debt	(80)	(38)
Notes payable to affiliated companies	—	(297)
Other	—	(1)
Net cash (used in) provided by financing activities	(80)	556
Net decrease in cash, cash equivalents and restricted cash	(34)	(48)
Cash, cash equivalents and restricted cash at beginning of period	53	69
Cash, cash equivalents and restricted cash at end of period	\$ 19	\$ 21
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 179	\$ 153

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

		Accumulated Other Comprehensive Income (Loss)			
		Net Unrealized Gains on Available-for-Sale Securities			Total Equity
(in millions)	Member's Equity				
Balance at December 31, 2016	\$ 4,899	\$	1	\$	4,900
Net income	90		—		90
Other comprehensive income	—		1		1
Balance at March 31, 2017	\$ 4,989	\$	2	\$	4,991
Balance at December 31, 2017	\$ 5,614	\$	4	\$	5,618
Net income	103		—		103
Other ^(a)	6		(6)		—
Balance at March 31, 2018	\$ 5,723	\$	(2)	\$	5,721

(a) Amounts in Member's Equity and Accumulated Other Comprehensive Income (Loss) represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement. See Note 1 for more information.

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
Operating Revenues		
Regulated electric	\$ 336	\$ 337
Regulated natural gas	174	170
Nonregulated electric and other	14	11
Total operating revenues	524	518
Operating Expenses		
Fuel used in electric generation and purchased power – regulated	92	97
Fuel used in electric generation and purchased power – nonregulated	15	15
Cost of natural gas	54	54
Operation, maintenance and other	131	131
Depreciation and amortization	70	67
Property and other taxes	77	72
Total operating expenses	439	436
Loss on Sales of Other Assets and Other, net	(106)	—
Operating (Loss) Income	(21)	82
Other Income and Expenses, net	6	5
Interest Expense	22	22
(Loss) Income Before Income Taxes	(37)	65
Income Tax (Benefit) Expense	(12)	23
Net (Loss) Income and Comprehensive (Loss) Income	\$ (25)	\$ 42

See Notes to Condensed Consolidated Financial Statements
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PART I

DUKE ENERGY OHIO, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12	\$ 12
Receivables (net of allowance for doubtful accounts of \$3 at 2018 and 2017)	69	68
Receivables from affiliated companies	77	133
Notes receivable from affiliated companies	—	14
Inventory	108	133
Regulatory assets	43	49
Other	24	39
Total current assets	333	448
Property, Plant and Equipment		
Cost	8,892	8,732
Accumulated depreciation and amortization	(2,729)	(2,691)
Net property, plant and equipment	6,163	6,041
Other Noncurrent Assets		
Goodwill	920	920
Regulatory assets	432	445
Other	48	21
Total other noncurrent assets	1,400	1,386
Total Assets	\$ 7,896	\$ 7,875
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 269	\$ 313
Accounts payable to affiliated companies	72	62
Notes payable to affiliated companies	130	29
Taxes accrued	145	190
Interest accrued	33	21
Current maturities of long-term debt	3	3
Asset retirement obligations	4	3
Regulatory liabilities	53	36
Other	66	71
Total current liabilities	775	728
Long-Term Debt	2,039	2,039
Long-Term Debt Payable to Affiliated Companies	25	25
Other Noncurrent Liabilities		
Deferred income taxes	766	781
Asset retirement obligations	79	81
Regulatory liabilities	888	891
Accrued pension and other post-retirement benefit costs	81	59
Other	105	108
Total other noncurrent liabilities	1,919	1,920
Commitments and Contingencies		
Equity		
Common stock, \$8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2018 and 2017	762	762
Additional paid-in capital	2,670	2,670
Accumulated deficit	(294)	(269)
Total equity	3,138	3,163
Total Liabilities and Equity	\$ 7,896	\$ 7,875

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (25)	\$ 42
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	71	68
Equity component of AFUDC	(4)	(2)
Losses on sales of other assets	106	—
Deferred income taxes	(15)	30
Accrued pension and other post-retirement benefit costs	1	1
Payments for asset retirement obligations	(1)	(2)
Provision for rate refunds	16	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	1
Receivables	(1)	7
Receivables from affiliated companies	56	41
Inventory	25	19
Other current assets	19	9
Increase (decrease) in		
Accounts payable	(27)	(10)
Accounts payable to affiliated companies	(95)	1
Taxes accrued	(45)	(52)
Other current liabilities	20	9
Other assets	—	(6)
Other liabilities	(13)	(3)
Net cash provided by operating activities	88	153
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(188)	(143)
Cost of removal, net of salvage	(14)	(8)
Notes receivable from affiliated companies	14	(85)
Net cash used in investing activities	(188)	(236)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	93
Payments for the redemption of long-term debt	—	(1)
Notes payable to affiliated companies	101	(8)
Other	(1)	(1)
Net cash provided by financing activities	100	83
Net increase in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of period	12	13
Cash and cash equivalents at end of period	\$ 12	\$ 13
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 64	\$ 57

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Additional				Total
	Common	Paid-in	Accumulated	Deficit	
	Stock	Capital			Equity
Balance at December 31, 2016	\$ 762	\$ 2,695	\$ (461)	\$	2,996
Net income	—	—	42		42
Balance at March 31, 2017	\$ 762	\$ 2,695	\$ (419)	\$	3,038
Balance at December 31, 2017	\$ 762	\$ 2,670	\$ (269)	\$	3,163
Net loss	—	—	(25)		(25)
Balance at March 31, 2018	\$ 762	\$ 2,670	\$ (294)	\$	3,138

See Notes to Condensed Consolidated Financial Statements
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PART I

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
Operating Revenues	\$ 731	\$ 758
Operating Expenses		
Fuel used in electric generation and purchased power	232	251
Operation, maintenance and other	181	176
Depreciation and amortization	130	125
Property and other taxes	20	22
Total operating expenses	563	574
Operating Income	168	184
Other Income and Expenses, net	7	10
Interest Expense	40	44
Income Before Income Taxes	135	150
Income Tax Expense	35	59
Net Income and Comprehensive Income	\$ 100	\$ 91

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15	\$ 9
Receivables (net of allowance for doubtful accounts of \$2 at 2018 and 2017)	56	57
Receivables from affiliated companies	99	125
Inventory	453	450
Regulatory assets	170	165
Other	30	30
Total current assets	823	836
Property, Plant and Equipment		
Cost	15,104	14,948
Accumulated depreciation and amortization	(4,759)	(4,662)
Net property, plant and equipment	10,345	10,286
Other Noncurrent Assets		
Regulatory assets	976	978
Other	234	189
Total other noncurrent assets	1,210	1,167
Total Assets	\$ 12,378	\$ 12,289
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 157	\$ 196
Accounts payable to affiliated companies	73	78
Notes payable to affiliated companies	149	161
Taxes accrued	94	95
Interest accrued	52	57
Current maturities of long-term debt	62	3
Asset retirement obligations	65	54
Regulatory liabilities	20	24
Other	83	104
Total current liabilities	755	772
Long-Term Debt	3,570	3,630
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	941	925
Asset retirement obligations	713	727
Regulatory liabilities	1,743	1,723
Accrued pension and other post-retirement benefit costs	110	76
Investment tax credits	147	147
Other	28	18
Total other noncurrent liabilities	3,682	3,616
Commitments and Contingencies		
Equity		
Member's Equity	4,221	4,121
Total Liabilities and Equity	\$ 12,378	\$ 12,289

See Notes to Condensed Consolidated Financial Statements
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PART I

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 100	\$ 91
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	131	126
Equity component of AFUDC	(4)	(6)
Deferred income taxes	17	37
Accrued pension and other post-retirement benefit costs	2	1
Contributions to qualified pension plans	(8)	—
Payments for asset retirement obligations	(11)	(7)
Provision for rate refunds	26	—
(Increase) decrease in		
Receivables	—	44
Receivables from affiliated companies	26	26
Inventory	(3)	26
Other current assets	(23)	(2)
Increase (decrease) in		
Accounts payable	21	(32)
Accounts payable to affiliated companies	(5)	1
Taxes accrued	(1)	41
Other current liabilities	(10)	(15)
Other assets	(1)	(11)
Other liabilities	—	(3)
Net cash provided by operating activities	257	317
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(231)	(189)
Cost of removal, net of salvage	(7)	(15)
Purchases of debt and equity securities	(6)	(4)
Proceeds from sales and maturities of debt and equity securities	3	2
Notes receivable from affiliated companies	—	(113)
Other	3	3
Net cash used in investing activities	(238)	(316)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for the redemption of long-term debt	—	(2)
Notes payable to affiliated companies	(12)	—
Other	(1)	(1)
Net cash used in financing activities	(13)	(3)
Net increase (decrease) in cash and cash equivalents	6	(2)
Cash and cash equivalents at beginning of period	9	17
Cash and cash equivalents at end of period	\$ 15	\$ 15
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 64	\$ 84

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Member's	
(in millions)	Equity	
Balance at December 31, 2016	\$	4,067
Net income		91
Balance at March 31, 2017	\$	4,158
Balance at December 31, 2017	\$	4,121
Net income		100
Balance at March 31, 2018	\$	4,221

See Notes to Condensed Consolidated Financial Statements

PART I

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

	Three Months Ended	
	March 31,	
	2018	2017
Operating Revenues	\$ 553	\$ 500
Operating Expenses		
Cost of natural gas	259	205
Operation, maintenance and other	82	77
Depreciation and amortization	39	35
Property and other taxes	12	13
Total operating expenses	392	330
Operating Income	161	170
Other Income and Expenses		
Equity in earnings of unconsolidated affiliates	2	3
Other income and expenses, net	3	—
Total other income and expenses	5	3
Interest Expense	21	20
Income Before Income Taxes	145	153
Income Tax Expense	35	58
Net Income and Comprehensive Income	\$ 110	\$ 95

See Notes to Condensed Consolidated Financial Statements

PART I

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12	\$ 19
Receivables (net of allowance for doubtful accounts of \$4 at 2018 and \$2 at 2017)	251	275
Receivables from affiliated companies	7	7
Inventory	29	66
Regulatory assets	48	95
Other	21	52
Total current assets	368	514
Property, Plant and Equipment		
Cost	6,861	6,725
Accumulated depreciation and amortization	(1,500)	(1,479)
Net property, plant and equipment	5,361	5,246
Other Noncurrent Assets		
Goodwill	49	49
Regulatory assets	274	283
Investments in equity method unconsolidated affiliates	62	61
Other	66	65
Total other noncurrent assets	451	458
Total Assets	\$ 6,180	\$ 6,218
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 128	\$ 125
Accounts payable to affiliated companies	32	13
Notes payable to affiliated companies	107	364
Taxes accrued	65	19
Interest accrued	24	31
Current maturities of long-term debt	250	250
Regulatory liabilities	45	3
Other	55	69
Total current liabilities	706	874
Long-Term Debt		
	1,787	1,787
Other Noncurrent Liabilities		
Deferred income taxes	558	564
Asset retirement obligations	15	15
Regulatory liabilities	1,179	1,141
Accrued pension and other post-retirement benefit costs	4	5
Other	159	170
Total other noncurrent liabilities	1,915	1,895
Commitments and Contingencies		
Equity		
Common stock, no par value: 100 shares authorized and outstanding at 2018 and 2017	860	860
Retained earnings	912	802
Total equity	1,772	1,662
Total Liabilities and Equity	\$ 6,180	\$ 6,218

See Notes to Condensed Consolidated Financial Statements

PART I

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 110	\$ 95
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	39	37
Deferred income taxes	(7)	50
Equity in earnings from unconsolidated affiliates	(2)	(3)
Accrued pension and other post-retirement benefit costs	(1)	3
Provision for rate refunds	23	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	(41)
Receivables	22	40
Inventory	37	37
Other current assets	79	24
Increase (decrease) in		
Accounts payable	(15)	(31)
Accounts payable to affiliated companies	19	(5)
Taxes accrued	46	2
Other current liabilities	18	(17)
Other assets	4	25
Other liabilities	(1)	(1)
Net cash provided by operating activities	371	215
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(121)	(141)
Cost of removal, net of salvage	(2)	(1)
Contributions to equity method investments	—	(12)
Other	2	(2)
Net cash used in investing activities	(121)	(156)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable and commercial paper	—	(330)
Notes payable to affiliated companies	(257)	261
Net cash used in financing activities	(257)	(69)
Net decrease in cash and cash equivalents	(7)	(10)
Cash and cash equivalents at beginning of period	19	25
Cash and cash equivalents at end of period	\$ 12	\$ 15
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 52	\$ 24

See Notes to Condensed Consolidated Financial Statements

PART I

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Common Stock	Retained Earnings	Total Equity
Balance at December 31, 2016	\$ 860	\$ 812	\$ 1,672
Net income	—	95	95
Balance at March 31, 2017	\$ 860	\$ 907	\$ 1,767
Balance at December 31, 2017	\$ 860	\$ 802	\$ 1,662
Net income	—	110	110
Balance at March 31, 2018	\$ 860	\$ 912	\$ 1,772

See Notes to Condensed Consolidated Financial Statements
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PART I

DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – PROGRESS ENERGY, INC. –
DUKE ENERGY PROGRESS, LLC – DUKE ENERGY FLORIDA, LLC – DUKE ENERGY OHIO, INC. – DUKE ENERGY INDIANA, LLC – PIEDMONT NATURAL GAS
COMPANY, INC.
Combined Notes to Condensed Consolidated Financial Statements – (Unaudited)

Index to Combined Notes to Condensed Consolidated Financial Statements

The unaudited notes to the condensed consolidated financial statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

Registrant	Applicable Notes																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Duke Energy Corporation	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•	•
Duke Energy Carolinas, LLC	•	•	•	•	•		•	•	•	•	•	•			•	•	•
Progress Energy, Inc.	•	•	•	•	•	•	•	•	•	•	•	•			•	•	•
Duke Energy Progress, LLC	•	•	•	•	•		•	•	•	•	•	•			•	•	•
Duke Energy Florida, LLC	•	•	•	•	•		•	•	•	•	•	•			•	•	•
Duke Energy Ohio, Inc.	•	•	•	•	•	•	•	•		•	•	•			•	•	•
Duke Energy Indiana, LLC	•	•	•	•	•		•	•	•	•	•	•			•	•	•
Piedmont Natural Gas Company, Inc.	•	•	•	•	•	•	•	•		•		•			•	•	•

Tables within the notes may not sum across due to (i) Progress Energy's consolidation of Duke Energy Progress, Duke Energy Florida and other subsidiaries that are not registrants and (ii) subsidiaries that are not registrants but included in the consolidated Duke Energy balances.

1. ORGANIZATION AND BASIS OF PRESENTATION

NATURE OF OPERATIONS AND BASIS OF CONSOLIDATION

Duke Energy Corporation (collectively with its subsidiaries, Duke Energy) is an energy company headquartered in Charlotte, North Carolina, subject to regulation by the Federal Energy Regulatory Commission (FERC). Duke Energy operates in the United States (U.S.) primarily through its direct and indirect subsidiaries. Certain Duke Energy subsidiaries are also subsidiary registrants, including Duke Energy Carolinas, LLC (Duke Energy Carolinas); Progress Energy, Inc. (Progress Energy); Duke Energy Progress, LLC (Duke Energy Progress); Duke Energy Florida, LLC (Duke Energy Florida); Duke Energy Ohio, Inc. (Duke Energy Ohio); Duke Energy Indiana, LLC (Duke Energy Indiana) and Piedmont Natural Gas Company, Inc. (Piedmont). When discussing Duke Energy's consolidated financial information, it necessarily includes the results of its separate subsidiary registrants (collectively referred to as the Subsidiary Registrants), which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries where the respective Duke Energy Registrants have control. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities. Substantially all of the Subsidiary Registrants' operations qualify for regulatory accounting.

Duke Energy Carolinas is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina. Duke Energy Carolinas is subject to the regulatory provisions of the North Carolina Utilities Commission (NCUC), Public Service Commission of South Carolina (PSCSC), U.S. Nuclear Regulatory Commission (NRC) and FERC.

Progress Energy is a public utility holding company headquartered in Raleigh, North Carolina, subject to regulation by FERC. Progress Energy conducts operations through its wholly owned subsidiaries, Duke Energy Progress and Duke Energy Florida.

Duke Energy Progress is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina. Duke Energy Progress is subject to the regulatory provisions of the NCUC, PSCSC, NRC and FERC.

Duke Energy Florida is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Florida. Duke Energy Florida is subject to the regulatory provisions of the Florida Public Service Commission (FPSC), NRC and FERC.

Duke Energy Ohio is a regulated public utility primarily engaged in the transmission and distribution of electricity in portions of Ohio and Kentucky, the generation and sale of electricity in portions of Kentucky and the transportation and sale of natural gas in portions of Ohio and Kentucky. Duke Energy Ohio conducts competitive auctions for retail electricity supply in Ohio whereby the energy price is recovered from retail customers and recorded in Operating Revenues on the Condensed Consolidated Statements of Operations and Comprehensive Income. Operations in Kentucky are conducted through its wholly owned subsidiary, Duke Energy Kentucky, Inc. (Duke Energy Kentucky). References herein to Duke Energy Ohio collectively include Duke Energy Ohio and its subsidiaries, unless otherwise noted. Duke Energy Ohio is subject to the regulatory provisions of the Public Utilities Commission of Ohio (PUCO), Kentucky Public Service Commission (KPSC) and FERC.

Duke Energy Indiana is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Indiana. Duke Energy Indiana is subject to the regulatory provisions of the Indiana Utility Regulatory Commission (IURC) and FERC.

Piedmont is a regulated public utility primarily engaged in the distribution of natural gas in portions of North Carolina, South Carolina and Tennessee. Piedmont is subject to the regulatory provisions of the NCUC, PSCSC, Tennessee Public Utility Commission (TPUC) and FERC.

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DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – PROGRESS ENERGY, INC. –
DUKE ENERGY PROGRESS, LLC – DUKE ENERGY FLORIDA, LLC – DUKE ENERGY OHIO, INC. – DUKE ENERGY INDIANA, LLC – PIEDMONT NATURAL GAS
COMPANY, INC.
Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the U.S. for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP in the U.S. for annual financial statements. Since the interim Condensed Consolidated Financial Statements and Notes do not include all information and notes required by GAAP in the U.S. for annual financial statements, the Condensed Consolidated Financial Statements and other information included in this quarterly report should be read in conjunction with the Consolidated Financial Statements and Notes in the Duke Energy Registrants' combined Annual Report on Form 10-K/A for the year ended December 31, 2017.

The information in these combined notes relates to each of the Duke Energy Registrants as noted in the Index to Combined Notes to Condensed Consolidated Financial Statements. However, none of the registrants make any representations as to information related solely to Duke Energy or the subsidiaries of Duke Energy other than itself.

These Condensed Consolidated Financial Statements, in the opinion of the respective companies' management, reflect all normal recurring adjustments necessary to fairly present the financial position and results of operations of each of the Duke Energy Registrants. Amounts reported in Duke Energy's interim Condensed Consolidated Statements of Operations and each of the Subsidiary Registrants' interim Condensed Consolidated Statements of Operations and Comprehensive Income are not necessarily indicative of amounts expected for the respective annual periods due to effects of seasonal temperature variations on energy consumption, regulatory rulings, timing of maintenance on electric generating units, changes in mark-to-market valuations, changing commodity prices and other factors.

In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Certain prior year amounts have been reclassified to conform to the current year presentation.

REVENUE

Duke Energy recognizes revenue as customers obtain control of promised goods and services in an amount that reflects consideration expected in exchange for those goods or services. Generally, the delivery of electricity and natural gas results in the transfer of control to customers at the time the commodity is delivered and the amount of revenue recognized is equal to the amount billed to each customer, including estimated volumes delivered when billings have not yet occurred. See Note 12 for further information.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Duke Energy, Progress Energy and Duke Energy Florida have restricted cash balances related primarily to collateral assets, escrow deposits and variable interest entities (VIEs). See Note 11 for additional information. Restricted cash amounts are included in Other within Current Assets and Other Noncurrent Assets. The following table presents the components of Cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets.

	March 31, 2018			December 31, 2017		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	\$ 421	\$ 20	\$ 6	\$ 358	\$ 40	\$ 13
Other	149	13	13	138	40	40
Other Noncurrent Assets						
Other	9	6	—	9	7	—
Total Cash, cash equivalents and restricted cash	\$ 579	\$ 39	\$ 19	\$ 505	\$ 87	\$ 53

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DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – PROGRESS ENERGY, INC. –
DUKE ENERGY PROGRESS, LLC – DUKE ENERGY FLORIDA, LLC – DUKE ENERGY OHIO, INC. – DUKE ENERGY INDIANA, LLC – PIEDMONT NATURAL GAS
COMPANY, INC.
Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

INVENTORY

Inventory is used for operations and is recorded primarily using the average cost method. Inventory related to regulated operations is valued at historical cost. Inventory related to nonregulated operations is valued at the lower of cost or market. Materials and supplies are recorded as inventory when purchased and subsequently charged to expense or capitalized to property, plant and equipment when installed. Inventory, including excess or obsolete inventory, is written-down to the lower of cost or market value. Once inventory has been written-down, it creates a new cost basis for the inventory that is not subsequently written-up. Provisions for inventory write-offs were not material at March 31, 2018, and December 31, 2017. The components of inventory are presented in the tables below.

(in millions)	March 31, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,293	\$ 763	\$ 1,095	\$ 767	\$ 329	\$ 82	\$ 310	\$ 1
Coal	551	176	221	125	96	13	141	—
Natural gas, oil and other fuel	305	41	221	110	110	13	2	28
Total inventory	\$ 3,149	\$ 980	\$ 1,537	\$ 1,002	\$ 535	\$ 108	\$ 453	\$ 29

(in millions)	December 31, 2017							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,293	\$ 744	\$ 1,118	\$ 774	\$ 343	\$ 82	\$ 309	\$ 2
Coal	603	192	255	139	116	17	139	—
Natural gas, oil and other fuel	354	35	219	104	115	34	2	64
Total inventory	\$ 3,250	\$ 971	\$ 1,592	\$ 1,017	\$ 574	\$ 133	\$ 450	\$ 66

EXCISE TAXES

Certain excise taxes levied by state or local governments are required to be paid even if not collected from the customer. These taxes are recognized on a gross basis. Otherwise, excise taxes are accounted for on a net basis.

Excise taxes accounted for on a gross basis within both Operating revenues and Property and other taxes on the Condensed Consolidated Statements of Operations were as follows.

(in millions)	Three Months Ended March 31,	
	2018	2017
Duke Energy	\$ 99	\$ 91
Duke Energy Carolinas	8	9
Progress Energy	54	46
Duke Energy Progress	5	5
Duke Energy Florida	49	41
Duke Energy Ohio	30	28
Duke Energy Indiana	6	7
Piedmont	1	1

NEW ACCOUNTING STANDARDS

The new accounting standards adopted for 2018 and 2017 had no material impact on the presentation or results of operations, cash flows or financial position of the Duke Energy Registrants. While immaterial, adoption of the following accounting standards had the most significant impact on the Duke Energy results of operations, cash flows and financial position for the three months ended March 31, 2018.

Revenue from Contracts with Customers. In May 2014, the Financial Accounting Standards Board (FASB) issued revised accounting guidance for revenue recognition from contracts with customers. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected in exchange for those goods or services. The amendments also required disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The majority of Duke Energy's revenue is in scope of the new guidance. Other revenue arrangements, such as alternative revenue programs and certain purchase power agreements (PPAs) and lighting tariffs accounted for as leases, are excluded from the scope of this guidance and, therefore, are accounted for and evaluated for separate presentation and disclosure under other relevant accounting guidance.

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Duke Energy elected the modified retrospective method of adoption effective January 1, 2018. Under the modified retrospective method of adoption, prior year reported results are not restated. Adoption of this standard did not result in a material change in the timing or pattern of revenue recognition and a cumulative-effect adjustment was not recorded at January 1, 2018. Duke Energy utilized certain practical expedients including applying this guidance to open contracts at the date of adoption, expensing costs to obtain a contract where the amortization period of the asset would have been one year or less, ignoring the effects of a significant financing when the period between transfer of the good or service and payment is one year or less and recognizing revenues for certain contracts under the invoice practical expedient, which allows revenue recognition to be consistent with invoiced amounts (including estimated billings) provided certain criteria are met, including consideration of whether the invoiced amounts reasonably represent the value provided to customers.

In preparation for adoption, Duke Energy identified material revenue streams and reviewed representative contracts and tariffs, including those associated with certain long-term customer contracts such as wholesale contracts, PPAs, and other customer arrangements. Duke Energy also monitored the activities of the power and utilities industry revenue recognition task force and has reviewed published positions on specific industry issues to evaluate the impact, if any, on Duke Energy's specific contracts and conclusions.

Duke Energy applied the available practical expedient to portfolios of tariffs and contracts with similar characteristics. The vast majority of sales, including energy provided to retail customers, are from tariff offerings that provide natural gas or electricity without a defined contractual term ("at-will"). In most circumstances, revenue from contracts with customers is equivalent to the electricity or natural gas supplied and billed in that period (including estimated billings). As such, adoption of the new rules did not result in a shift in the timing or pattern of revenue recognition for such sales. While there have been changes to the captions and descriptions of revenues in Duke Energy's financial statements, the most significant impact as a result of adopting the standard are additional disclosures around the nature, amount, timing, and uncertainty of revenues and cash flows arising from contracts with customers. See Note 12 for further information.

Financial Instruments Classification and Measurement. In January 2018, Duke Energy adopted FASB guidance, which revised the classification and measurement of certain financial instruments. The adopted guidance changes the presentation of realized and unrealized gains and losses in certain equity securities that were previously recorded in accumulated other comprehensive income (AOCI). These gains and losses are now recorded in net income. An entity's equity investments that are accounted for under the equity method of accounting are not included within the scope of the new guidance. This guidance had a minimal impact on the Duke Energy Registrant's Condensed Consolidated Statements of Operations and Comprehensive Income as changes in the fair value of most of the Duke Energy Registrants' equity securities are deferred as regulatory assets or liabilities pursuant to accounting guidance for regulated operations. The resulting adjustment of unrealized gains and losses in AOCI to retained earnings was immaterial. The primary impact to Duke Energy as a result of implementing this guidance is adding disclosure requirements to present separately the financial assets and financial liabilities by measurement category and form of financial asset. See Notes 9 and 10 for further information.

Statement of Cash Flows. In November 2016, the FASB issued revised accounting guidance to reduce diversity in practice for the presentation and classification of restricted cash on the Condensed Consolidated Statements of Cash Flows. Under the updated guidance, restricted cash and restricted cash equivalents are included within beginning-of-period and end-of-period cash and cash equivalents on the Condensed Consolidated Statements of Cash Flows. Duke Energy adopted this guidance on January 1, 2018. The guidance has been applied using a retrospective transition method to each period presented. The adoption by Duke Energy of the revised guidance resulted in a change to the amount of Cash, cash equivalents and restricted cash explained when reconciling the beginning-of-period and end-of-period total amounts shown on the Condensed Consolidated Statements of Cash Flows. In addition, a reconciliation has been provided of Cash, cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets that sums to the total of the same such amounts in the Condensed Consolidated Statements of Cash Flows. Prior to adoption, the Duke Energy Registrants reflected changes in noncurrent restricted cash within Cash Flows from Investing Activities and changes in current restricted cash within Cash Flows from Operating Activities on the Condensed Consolidated Statement of Cash Flows.

In August 2016, the FASB issued accounting guidance addressing diversity in practice for eight separate cash flow issues. The guidance requires entities to classify distributions received from equity method investees using either the cumulative earnings approach or the nature of the distribution approach. Duke Energy adopted this guidance on January 1, 2018, and has elected the nature of distribution approach. Duke Energy will categorize all distributions received based on legal documentation describing the nature of the activities generating the distribution. Cash inflows resulting in a return on investment (surplus) will be reflected in Cash Flows from Operating Activities on the Condensed Consolidated Statements of Cash Flows, whereas cash inflows resulting in a return of investment (capital) will be reflected in Cash Flows from Investing Activities on the Condensed Consolidated Statements of Cash Flows. The guidance has been applied using the retrospective transition method to each period presented. There are no changes to the Condensed Consolidated Statements of Cash Flows for the periods presented as a result of this accounting change.

Retirement Benefits. In March 2017, the FASB issued revised accounting guidance for the presentation of net periodic costs related to benefit plans. Previous guidance required the aggregation of all the components of net periodic costs on the Condensed Consolidated Statement of Operations and did not require the disclosure of the location of net periodic costs on the Condensed Consolidated Statement of Operations. Under the amended guidance, the service cost component of net periodic costs is included within Operating Income within the same line as other compensation expenses. All other components of net periodic costs are outside of Operating Income. In addition, the updated guidance permits only the service cost component of net periodic costs to be capitalized to Inventory or Property, Plant and Equipment. This represents a change from previous guidance, which permitted all components of net periodic costs to be eligible for capitalization.

Duke Energy adopted this guidance on January 1, 2018. Under previous guidance, Duke Energy presented the total non-capitalized net periodic costs within Operation, maintenance and other on the Condensed Consolidated Statement of Operations. The adoption of this guidance resulted in a retrospective change to reclassify the presentation of the non-service cost (benefit) components of net periodic costs to Other income and expenses. Duke Energy utilized the practical expedient for retrospective presentation. The change in components of net periodic costs eligible for capitalization is applicable prospectively. Since Duke Energy's service cost component is greater than the total net periodic costs, the change results in increased capitalization of net periodic costs, higher Operation, maintenance and other and higher Other income and expenses. The resulting prospective impact to Duke Energy is an immaterial increase in Net Income. See Note 15 for further information.

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For Duke Energy, the retrospective change resulted in higher Operation, maintenance and other and higher Other income and expenses, net, of \$156 million, \$131 million and \$96 million for the years ended December 31, 2017, 2016 and 2015, respectively. There was no change to Net Income for these prior periods.

The following new Accounting Standards Updates (ASUs) have been issued, but have not yet been adopted by Duke Energy, as of March 31, 2018.

Leases. In February 2016, the FASB issued revised accounting guidance for leases. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases on the balance sheet.

For Duke Energy, this guidance is effective for interim and annual periods beginning January 1, 2019. The guidance will be applied using a modified retrospective approach. Upon adoption, Duke Energy expects to elect certain of the practical expedients upon adoption:

Practical Expedient	Description
Package of transition practical expedients (for leases commenced prior to adoption date and must be adopted as a package)	Do not need to reassess whether any expired or existing contracts are/or contain leases, do not need to reassess the lease classification for any expired or existing leases and do not need to reassess initial direct costs for any existing leases.
Short-term lease expedient (elect by class of underlying asset)	Elect as an accounting policy to not apply the recognition requirements to short-term leases by asset class.
Lease and non-lease components (elect by class of underlying asset)	Duke Energy will likely elect as an accounting policy to not separate non-lease components from lease components and instead account for each lease and associated non-lease component as a single lease component.
Hindsight expedient (when determining lease term)	Elect to use hindsight to determine the lease term.
Easement expedient	Elect to carry forward current accounting treatment for existing easements.

Duke Energy is currently evaluating the financial statement impact of adopting this standard and is continuing to monitor industry implementation issues, including pipeline laterals, pole attachments and renewable PPAs. Other than an expected increase in assets and liabilities, the ultimate impact of the new standard has not yet been determined. Significant system enhancements, including additional processes and controls, will be required to facilitate the identification, tracking and reporting of potential leases based upon requirements of the new lease standard. Duke Energy has begun the implementation of a third-party software tool to help with the adoption and ongoing accounting under the new standard.

2. BUSINESS SEGMENTS

Operating segments are determined based on information used by the chief operating decision-maker in deciding how to allocate resources and evaluate the performance of the business. Duke Energy evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income includes intercompany revenues and expenses that are eliminated on the Condensed Consolidated Financial Statements. Certain governance costs are allocated to each segment. In addition, direct interest expense and income taxes are included in segment income.

Duke Energy

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

The Electric Utilities and Infrastructure segment includes Duke Energy's regulated electric utilities in the Carolinas, Florida and the Midwest. The regulated electric utilities conduct operations through the Subsidiary Registrants that are substantially all regulated and, accordingly, qualify for regulatory accounting treatment. Electric Utilities and Infrastructure also includes Duke Energy's electric transmission infrastructure investments.

The Gas Utilities and Infrastructure segment includes Piedmont, Duke Energy's natural gas local distribution companies in Ohio and Kentucky, and Duke Energy's natural gas storage and midstream pipeline investments. Gas Utilities and Infrastructure's operations are substantially all regulated and, accordingly, qualify for regulatory accounting treatment.

Commercial Renewables is primarily comprised of nonregulated utility scale wind and solar generation assets located throughout the U.S.

The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of interest expense on holding company debt, unallocated corporate costs and Duke Energy's wholly owned captive insurance company, Bison Insurance Company Limited (Bison). Other also includes Duke Energy's 17.5 percent interest in National Methanol Company (NMC), a large regional producer of methyl tertiary butyl ether located in Saudi Arabia. The investment in NMC is accounted for under the equity method of accounting.

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Business segment information is presented in the following tables. Segment assets presented exclude intercompany assets.

Three Months Ended March 31, 2018								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Consolidated	
Unaffiliated revenues	\$ 5,315	\$ 702	\$ 101	\$ 6,118	\$ 17	\$ —	\$	6,135
Intersegment revenues	8	25	—	33	18	(51)		—
Total revenues	\$ 5,323	\$ 727	\$ 101	\$ 6,151	\$ 35	\$ (51)	\$	6,135
Segment income (loss) ^{(a)(b)(c)}	\$ 750	\$ 116	\$ 20	\$ 886	\$ (266)	\$ —	\$	620
Add back noncontrolling interests								2
Net income							\$	622
Segment assets	\$ 120,021	\$ 11,396	\$ 4,265	\$ 135,682	\$ 2,682	\$ 177	\$	138,541

Three Months Ended March 31, 2017								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Consolidated	
Unaffiliated revenues	\$ 4,939	\$ 648	\$ 128	\$ 5,715	\$ 14	\$ —	\$	5,729
Intersegment revenues	8	22	—	30	19	(49)		—
Total revenues	\$ 4,947	\$ 670	\$ 128	\$ 5,745	\$ 33	\$ (49)	\$	5,729
Segment income (loss)	\$ 635	\$ 133	\$ 25	\$ 793	\$ (77)	\$ —	\$	716
Add back noncontrolling interests								1
Net income							\$	717

- (a) Electric Utilities and Infrastructure includes regulatory charges related to NCUC orders and settlements. See Note 3 for additional information.
(b) Gas Utilities and Infrastructure includes an impairment of the investment in Constitution Pipeline Company, LLC (Constitution). See Note 3 for additional information.
(c) Other includes the loss on the sale of the retired Beckjord generating station (Beckjord) described below and a valuation allowance recorded against the alternative minimum tax credits subject to sequestration. See Note 16 for additional information on the valuation allowance.

Beckjord, a nonregulated facility retired during 2014, was sold on February 26, 2018, at a pretax loss of \$106 million recorded within (Loss) Gains on Sales of Other Assets and Other, net and \$1 million recorded within Operation, maintenance and other on Duke Energy's Condensed Consolidated Statements of Operations. The sale included the transfer of coal ash basins and other real property and indemnification from any and all potential future claims related to the property, whether arising under environmental laws or otherwise.

Duke Energy Ohio

Duke Energy Ohio has two reportable operating segments, Electric Utilities and Infrastructure and Gas Utilities and Infrastructure.

Electric Utilities and Infrastructure transmits and distributes electricity in portions of Ohio and generates, distributes and sells electricity in portions of Northern Kentucky. Gas Utilities and Infrastructure transports and sells natural gas in portions of Ohio and Northern Kentucky. It conducts operations primarily through Duke Energy Ohio and its wholly owned subsidiary, Duke Energy Kentucky.

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The remainder of Duke Energy Ohio's operations is presented as Other, which is primarily comprised of governance costs allocated by its parent, Duke Energy, and revenues and expenses related to Duke Energy Ohio's contractual arrangement to buy power from the Ohio Valley Electric Corporation's (OVEC) power plants. See Note 7 for additional information on related party transactions.

Three Months Ended March 31, 2018						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Eliminations	Consolidated
Total revenues	\$ 336	\$ 174	\$ 510	\$ 14	\$ —	\$ 524
Segment income (loss)/Net income (loss) ^(a)	33	34	67	(92)	—	(25)
Segment assets	\$ 5,165	\$ 2,709	\$ 7,874	\$ 25	\$ (3)	\$ 7,896

Three Months Ended March 31, 2017						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Consolidated	
Total revenues	\$ 337	\$ 170	\$ 507	\$ 11	\$ 518	
Segment income (loss)/Net income (loss)	24	26	50	(8)	42	

(a) Other includes the loss on the sale of the retired Beckjord generating station described above.

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

The NCUC, PSCSC, FPSC, IURC, PUCO, TPUC and KPSC approve rates for retail electric and natural gas services within their states. The FERC approves rates for electric sales to wholesale customers served under cost-based rates (excluding Ohio and Indiana), as well as sales of transmission service. The FERC also regulates certification and siting of new interstate natural gas pipeline projects.

Duke Energy Carolinas and Duke Energy Progress

Ash Basin Closure Costs Deferral – North Carolina

On December 30, 2016, Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the NCUC seeking an accounting order authorizing deferral of certain costs incurred in connection with federal and state environmental remediation requirements related to the permanent closure of ash basins and other ash storage units at coal-fired generating facilities that have provided or are providing generation to customers located in North Carolina. Initial comments were received in March 2017, and reply comments were filed on April 19, 2017. The NCUC has consolidated Duke Energy Carolinas' and Duke Energy Progress' coal ash deferral requests into their respective general rate case dockets for decision. See "2017 North Carolina Rate Case" sections below for additional discussion. Duke Energy Carolinas is still awaiting an order in its case and, as such, cannot predict the outcome of this matter.

Duke Energy Carolinas

2017 North Carolina Rate Case

On August 25, 2017, Duke Energy Carolinas filed an application with the NCUC for a rate increase for retail customers of approximately \$647 million, which represents an approximate 13.6 percent increase in annual base revenues. The rate increase is driven by capital investments subsequent to the previous base rate case, including the William States Lee Combined Cycle Facility discussed below, grid improvement projects, AML investments in customer service technologies, costs of complying with coal combustion residuals (CCR) regulations and the North Carolina Coal Ash Management Act of 2014 (Coal Ash Act) and recovery of costs related to licensing and development of the William States Lee III Nuclear Station (Lee Nuclear Station) discussed below. On February 28, 2018, Duke Energy Carolinas and the North Carolina Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding, pending NCUC approval. Terms of the settlement include a return on equity of 9.9 percent and a capital structure of 52 percent equity and 48 percent debt. As a result of the settlement, Duke Energy Carolinas recorded a pretax charge of approximately \$4 million to Operations, maintenance and other on the Condensed Consolidated Statements of Operations. The settlement does not include agreement on portions of the rate case relating to recovery of costs for Lee Nuclear Station and coal ash basin deferred costs, a rider for recovery of grid improvement projects or the manner in which the Federal Tax Cut and Jobs Act (Tax Act) should be addressed in this case, which will be decided by the NCUC separately. Taking into consideration the settled portions and Duke Energy Carolinas' requested recovery of the non-settled portions, the requested base rate increase is reduced to approximately \$472 million. The evidentiary hearing for this matter concluded on March 22, 2018, and a decision and revised customer rates are expected by mid-2018. Duke Energy Carolinas cannot predict the outcome of this matter.

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FERC Formula Rate Matter

On July 31, 2017, Piedmont Municipal Power Agency (PMPA) filed a complaint with FERC against Duke Energy Carolinas alleging that Duke Energy Carolinas misapplied the formula rate under the PPA between the parties by including in its rates amortization expense associated with regulatory assets and recorded in a certain account without FERC approval. Duke Energy Carolinas disagreed with PMPA as it believed it was properly applying its FERC filed rate. On February 15, 2018, FERC issued an order ruling in favor of PMPA and ordered Duke Energy Carolinas to refund to PMPA all amounts improperly collected under the PPA. Duke Energy Carolinas has issued to PMPA and similarly situated wholesale customers refunds of approximately \$25 million.

William States Lee Combined Cycle Facility

On April 9, 2014, the PSCSC granted Duke Energy Carolinas and North Carolina Electric Membership Corporation (NCEMC) a Certificate of Environmental Compatibility and Public Convenience and Necessity for the construction and operation of a 750-megawatt (MW) combined-cycle natural gas-fired generating plant at Duke Energy Carolinas' existing William States Lee Generating Station in Anderson, South Carolina. Duke Energy Carolinas began construction in July 2015 and its share of the cost to build the facility was approximately \$650 million, including allowance for funds used during construction (AFUDC). The project commenced commercial operation on April 5, 2018. NCEMC will own approximately 13 percent of the project.

Lee Nuclear Station

In December 2007, Duke Energy Carolinas applied to the NRC for combined operating licenses (COLs) for two Westinghouse Electric Company (Westinghouse) AP1000 reactors for the proposed William States Lee III Nuclear Station to be located at a site in Cherokee County, South Carolina. The NCUC and PSCSC concurred with the prudence of Duke Energy Carolinas incurring certain project development and preconstruction costs through several separately issued orders, although full cost recovery is not guaranteed. In December 2016, the NRC issued a COL for each reactor. Duke Energy Carolinas is not required to build the nuclear reactors as a result of the COLs being issued.

On March 29, 2017, Westinghouse filed for voluntary Chapter 11 bankruptcy in the U.S. Bankruptcy Court for the Southern District of New York. As part of its 2017 North Carolina Rate Case discussed above, Duke Energy Carolinas is seeking NCUC approval to cancel the development of the Lee Nuclear Station project due to the Westinghouse bankruptcy filing and other market activity and is requesting recovery of incurred licensing and development costs. Duke Energy Carolinas will maintain the license issued by the NRC in December 2016 as an option for potential future development. AFUDC was suspended effective January 1, 2018, as currently only immaterial costs to maintain the license are being incurred. As of March 31, 2018, Duke Energy Carolinas has incurred approximately \$558 million of costs, including AFUDC, related to the project. These project costs are included in Net property, plant and equipment on Duke Energy Carolinas' Condensed Consolidated Balance Sheets. Duke Energy Carolinas cannot predict the outcome of this matter.

Duke Energy Progress

2017 North Carolina Rate Case

On June 1, 2017, Duke Energy Progress filed an application with the NCUC for a rate increase for retail customers of approximately \$477 million, which represented an approximate 14.9 percent increase in annual base revenues. Subsequent to the filing, Duke Energy Progress adjusted the requested amount to \$420 million, representing an approximate 13 percent increase. The rate increase is driven by capital investments subsequent to the previous base rate case, costs of complying with CCR regulations and the Coal Ash Act, costs relating to storm recovery, investments in customer service technologies and recovery of costs associated with renewable purchased power.

On December 16, 2016, Duke Energy Progress filed a petition with the NCUC requesting an accounting order to defer certain costs incurred in connection with response to Hurricane Matthew and other significant storms in 2016. The final estimate of incremental operation and maintenance and capital costs of \$116 million was filed with the NCUC in September 2017. On July 10, 2017, the NCUC consolidated Duke Energy Progress' storm deferral request into the Duke Energy Progress rate case docket for decision.

On November 22, 2017, Duke Energy Progress and the North Carolina Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9 percent and a capital structure of 52 percent equity and 48 percent debt. As a result of the settlement, in 2017 Duke Energy Progress recorded pretax charges totaling approximately \$25 million to Impairment charges and Operation, maintenance and other on the Condensed Consolidated Statements of Operations, principally related to disallowances from rate base of certain projects at the Mayo and Sutton plants. On February 23, 2018, the NCUC issued an order approving the stipulation. The order also included the following material components not covered in the stipulation:

- recovery of the remaining \$234 million of deferred coal ash basin closure costs over a five-year period with a return at Duke Energy Progress' weighted average cost of capital, excluding \$9.5 million of retail deferred coal ash basin costs related to ash hauling at Duke Energy Progress' Asheville Plant;
- assessment of a \$30 million management penalty ratably over a five-year period by reducing the annual recovery of the deferred coal ash costs;
- denial of Duke Energy Progress' request for recovery of future estimated ongoing annual coal ash costs of \$129 million with approval to defer such costs with a return at Duke Energy Progress' weighted average cost of capital, to be considered for recovery in the next rate case;
- and approval to recover \$51 million of the approximately \$80 million deferred storm costs over a five-year period with amortization beginning in October 2016. The order did not allow the deferral of the associated capital costs or a return on the deferred balance during the deferral period.

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The order also impacted certain amounts that were similarly recorded on Duke Energy Carolinas' Condensed Consolidated Balance Sheets. As a result of the order, Duke Energy Progress and Duke Energy Carolinas recorded pretax charges of \$68 million and \$14 million, respectively, in the first quarter of 2018 to Impairment charges, Operation, maintenance and other and Interest Expense on the Condensed Consolidated Statements of Operations. These charges primarily related to the coal ash basin disallowance and management penalty and deferred storm cost adjustments. Revised customer rates became effective on March 16, 2018.

South Carolina Rate Case

In December 2016, the PSCSC approved a rate case settlement agreement among the Office of Regulatory Staff, intervenors and Duke Energy Progress. Terms of the settlement agreement included an approximate \$56 million increase in revenues over a two-year period. An increase of approximately \$38 million in revenues was effective January 1, 2017, and an additional increase of approximately \$18.5 million in revenues was effective January 1, 2018. Duke Energy Progress amortized approximately \$18.5 million from the cost of removal reserve in 2017. Other settlement terms included a rate of return on equity of 10.1 percent, recovery of coal ash costs incurred from January 1, 2015, through June 30, 2016, over a 15-year period and ongoing deferral of allocated ash basin closure costs from July 1, 2016, until the next base rate case. The settlement also provides that Duke Energy Progress will not seek an increase in rates in South Carolina to occur prior to 2019, with limited exceptions.

Western Carolinas Modernization Plan

On November 4, 2015, Duke Energy Progress announced a Western Carolinas Modernization Plan, which included retirement of the existing Asheville coal-fired plant, the construction of two 280-MW combined-cycle natural gas plants having dual-fuel capability, with the option to build a third natural gas simple cycle unit in 2023 based upon the outcome of initiatives to reduce the region's power demand. The plan also included upgrades to existing transmission lines and substations, installation of solar generation and a pilot battery storage project. These investments will be made within the next seven years. Duke Energy Progress is also working with the local natural gas distribution company to upgrade an existing natural gas pipeline to serve the natural gas plant.

On March 28, 2016, the NCUC issued an order approving a CPCN for the new combined-cycle natural gas plants, but denying the CPCN for the contingent simple cycle unit without prejudice to Duke Energy Progress to refile for approval in the future. On March 28, 2018, Duke Energy Progress filed an annual progress report for the construction of the combined-cycle plants with the NCUC, with an estimated cost of \$893 million. Site preparation activities for the combined-cycle plants are complete and construction of these plants began in 2017, with an expected in-service date in late 2019. Duke Energy Progress plans to file for future approvals related to the proposed solar generation and pilot battery storage project.

The carrying value of the 376-MW Asheville coal-fired plant, including associated ash basin closure costs, of \$365 million and \$385 million is included in Generation facilities to be retired, net on Duke Energy Progress' Condensed Consolidated Balance Sheets as of March 31, 2018, and December 31, 2017, respectively. Duke Energy Progress' request for a regulatory asset at the time of retirement with amortization over a 10-year period was approved by the NCUC on February 23, 2018.

Shearon Harris Nuclear Plant Expansion

In 2006, Duke Energy Progress selected a site at Harris to evaluate for possible future nuclear expansion. On February 19, 2008, Duke Energy Progress filed its COL application with the NRC for two Westinghouse AP1000 reactors at Harris, which the NRC docketed for review. On May 2, 2013, Duke Energy Progress filed a letter with the NRC requesting the NRC to suspend its review activities associated with the COL at the Harris site. The NCUC and PSCSC approved deferral of retail costs. Total deferred costs were approximately \$47 million as of December 31, 2017, and are recorded in Regulatory assets on Duke Energy Progress' Condensed Consolidated Balance Sheets. On November 17, 2016, the FERC approved Duke Energy Progress' rate recovery request filing for the wholesale ratepayers' share of the abandonment costs, including a debt only return to be recovered through revised formula rates and amortized over a 15-year period beginning May 1, 2014. As part of the settlement agreement for the 2017 North Carolina Rate Case discussed above, Duke Energy Progress will amortize the regulatory asset over an eight-year period. NCUC approved the settlement on February 23, 2018.

Duke Energy Florida

Storm Restoration Cost Recovery

In September 2017, Duke Energy Florida's service territory suffered significant damage from Hurricane Irma, resulting in approximately 1.3 million customers experiencing outages. In the fourth quarter of 2017, Duke Energy Florida also incurred preparation costs related to Hurricane Nate. On December 28, 2017, Duke Energy Florida filed a petition with the FPSC to recover incremental storm restoration costs for hurricanes Irma and Nate and to replenish the storm reserve. The estimated recovery amount is approximately \$513 million, which includes reestablishment of a \$132 million storm reserve. On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. Storm costs are currently expected to be fully recovered by approximately mid-2021. The evidentiary hearing in this matter is scheduled for the week of October 15, 2018. At March 31, 2018, Duke Energy Florida's Condensed Consolidated Balance Sheets included approximately \$338 million of recoverable costs under the FPSC's storm rule in Regulatory assets within Current Assets and Other Noncurrent Assets related to storm recovery.

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Citrus County Combined Cycle Facility

On October 2, 2014, the FPSC granted Duke Energy Florida a Determination of Need for the construction of a 1,640-MW combined-cycle natural gas plant in Citrus County, Florida. On May 5, 2015, the Florida Department of Environmental Protection approved Duke Energy Florida's Site Certification Application. The project has received all required permits and approvals and construction began in October 2015. The facility is expected to be commercially available by the end of 2018 at an estimated cost of \$1.5 billion, including AFUDC. On April 2, 2018, Duke Energy Florida filed a petition seeking approval to include in base rates the revenue requirements associated with the new facility. The annual retail revenue requirement is approximately \$200 million. The plant will receive natural gas from the Sabal Trail Transmission, LLC (Sabal Trail) pipeline discussed below.

Duke Energy Ohio

2017 Electric Security Plan Filing

On June 1, 2017, Duke Energy Ohio filed with the PUCO a request for a standard service offer in the form of an electric security plan (ESP). If approved by the PUCO, the term of the ESP would be from June 1, 2018, to May 31, 2024. Terms of the ESP include continuation of market-based customer rates through competitive procurement processes for generation, continuation and expansion of existing rider mechanisms and proposed new rider mechanisms relating to regulatory mandates, costs incurred to enhance the customer experience and transform the grid and a service reliability rider for vegetation management. On February 15, 2018, the procedural schedule was suspended to facilitate ongoing settlement discussions. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the Commission, including, but not limited to, its Electric Base Rate Case. Additionally, on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation and Recommendation (Stipulation) with the PUCO resolving certain issues in this proceeding. The Stipulation establishes a regulatory model for the next seven years via the approval of the ESP and continues the current model for procuring supply for non-shopping customers, including recovery mechanisms. The Stipulation is subject to the review and approval of PUCO. An evidentiary hearing to review the Stipulation and other issues in the cases will be scheduled at a later date. Duke Energy Ohio cannot predict the outcome of this matter.

Electric Base Rate Case

Duke Energy Ohio filed with the PUCO an electric distribution base rate case application and supporting testimony in March 2017. Duke Energy Ohio has requested an estimated annual increase of approximately \$15 million and a return on equity of 10.4 percent. The application also includes requests to continue certain current riders and establish new riders. On September 26, 2017, the PUCO staff filed a report recommending a revenue decrease between approximately \$18 million and \$29 million and a return on equity between 9.22 percent and 10.24 percent. On February 15, 2018, the procedural schedule was suspended to facilitate ongoing settlement discussions. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the Commission. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed the Stipulation with the PUCO resolving certain issues in this proceeding. Major components of the Stipulation include a \$19 million annual base distribution rate decrease with a return on equity of 9.84 percent based upon a capital structure of 50.75 percent equity and 49.25 percent debt. Upon approval of new rates, Duke Energy Ohio's rider for recovering its initial SmartGrid implementation ends as the costs will be recovered through base rates. The Stipulation also renews 14 existing riders, some of which were included in the Company's ESP, and two new riders including the Enhanced Service Reliability Rider to recover vegetation management costs not included in base rates, up to \$10 million per year (operation and maintenance only) and the Power Forward Rider to recover costs incurred to enhance the customer experience and further transform the grid (operation and maintenance and capital). The Stipulation is subject to the review and approval of PUCO. An evidentiary hearing to review the Stipulation and other issues in the cases will be scheduled at a later date. Duke Energy Ohio has requested new rates go into effect June 1, 2018. In addition to the changes in revenue attributable to the Stipulation, Duke Energy Ohio's capital-related riders, including the Distribution Capital Investments Rider, will begin to reflect the lower federal income tax rate associated with the Tax Act beginning with updates to be reflected in customers' bills beginning April 1, 2018. At that time, all impacts of the lower federal income tax rate will be incorporated into customer rates, resulting in lower electric revenue of approximately \$20 million on an annualized basis. All other implications of the Tax Act, including the quantification and timing of any refunds associated with excess accumulated deferred income taxes, will be deferred to PUCO's open investigation, which is pending. Duke Energy Ohio cannot predict the outcome of this matter.

Ohio Valley Electric Corporation

On March 31, 2017, Duke Energy Ohio filed for approval to adjust its existing price stabilization rider (Rider PSR), which is currently set at zero dollars, to pass through net costs related to its contractual entitlement to capacity and energy from the generating assets owned by OVEC. Duke Energy Ohio is seeking deferral authority for net costs incurred from January 1, 2018, until the new rates under Rider PSR are put into effect. Various intervenors have filed motions to dismiss or stay the proceeding and Duke Energy Ohio has opposed these filings. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the Commission. Also on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation with the PUCO resolving certain issues in this proceeding. The Stipulation, if approved, would activate Rider PSR for recovery of net costs incurred since January 1, 2018. The Stipulation is subject to the review and approval of PUCO. An evidentiary hearing to review the Stipulation and other issues in the cases will be scheduled at a later date. See Note 11 for additional discussion of Duke Energy Ohio's ownership interest in OVEC. Duke Energy Ohio cannot predict the outcome of this matter.

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Energy Efficiency Cost Recovery

On March 28, 2014, Duke Energy Ohio filed an application for recovery of program costs, lost distribution revenue and performance incentives related to its energy efficiency and peak demand reduction programs. These programs are undertaken to comply with environmental mandates set forth in Ohio law. The PUCO approved Duke Energy Ohio's application but found that Duke Energy Ohio was not permitted to use banked energy savings from previous years in order to calculate the amount of allowed incentive. This conclusion represented a change to the cost recovery mechanism that had been agreed upon by intervenors and approved by the PUCO in previous cases. The PUCO granted the applications for rehearing filed by Duke Energy Ohio and an intervenor. On January 6, 2016, Duke Energy Ohio and the PUCO Staff entered into a stipulation, pending the PUCO's approval, to resolve issues related to performance incentives and the PUCO Staff audit of 2013 costs, among other issues. In December 2015, based upon the stipulation, Duke Energy Ohio re-established approximately \$20 million of the revenues that had been previously reversed. On October 26, 2016, the PUCO issued an order approving the stipulation without modification. In December 2016, the PUCO granted the intervenors request for rehearing for the purpose of further review. Duke Energy Ohio cannot predict the outcome of this matter.

On June 15, 2016, Duke Energy Ohio filed an application for approval of a three-year energy efficiency and peak demand reduction portfolio of programs. A stipulation and modified stipulation were filed on December 22, 2016, and January 27, 2017, respectively. Under the terms of the stipulations, which included support for deferral authority of all costs and a cap on shared savings incentives, Duke Energy Ohio has offered its energy efficiency and peak demand reduction programs throughout 2017. On February 3, 2017, Duke Energy Ohio filed for deferral authority of its costs incurred in 2017 in respect of its proposed energy efficiency and peak demand reduction portfolio. On September 27, 2017, the PUCO issued an order approving a modified stipulation. The modifications impose an annual cap of approximately \$38 million on program costs and shared savings incentives combined, but allowed for Duke Energy Ohio to file for a waiver of costs in excess of the cap in 2017. The PUCO approved the waiver request up to a total cost of \$56 million. On November 21, 2017, the PUCO granted Duke Energy Ohio's and intervenor's applications for rehearing of the September 27, 2017, order. On January 10, 2018, the PUCO denied the Ohio Consumers' Counsel's application for rehearing of the PUCO order granting Duke Energy Ohio's waiver request. Duke Energy Ohio cannot predict the outcome of this matter.

2014 Electric Security Plan

In April 2015, the PUCO modified and approved Duke Energy Ohio's proposed ESP, with a three-year term and an effective date of June 1, 2015. The PUCO approved a competitive procurement process for SSO load, a distribution capital investment rider and a tracking mechanism for incremental distribution expenses caused by major storms. The PUCO also approved a placeholder tariff for a price stabilization rider, but denied Duke Energy Ohio's specific request to include Duke Energy Ohio's entitlement to generation from OVEC in the rider at this time; however, the order allows Duke Energy Ohio to submit additional information to request recovery in the future. On May 4, 2015, Duke Energy Ohio filed an application for rehearing requesting the PUCO to modify or amend certain aspects of the order. On May 28, 2015, the PUCO granted all applications for rehearing filed in the case for future consideration. On March 21, 2018, the PUCO issued an order denying the Company's issues on rehearing. On April 20, 2018, Duke Energy Ohio filed a second application for rehearing based upon the Commission's March 21, 2018, Order.

Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. The pipeline is expected to cost approximately \$112 million, excluding AFUDC. On January 20, 2017, Duke Energy Ohio filed an amended application with the Ohio Power Siting Board (OPSB) for approval of one of two proposed routes. A public hearing was held on June 15, 2017, and an adjudicatory hearing was scheduled to begin September 11, 2017. On August 24, 2017, an administrative law judge (ALJ) granted a request made by Duke Energy Ohio to delay the procedural schedule while it works through various issues related to the pipeline route. In April 2018, Duke Energy Ohio filed a motion with OPSB to establish a procedural schedule and filed supplemental information supporting its application. If approved, construction of the pipeline extension is expected to be completed before the 2020/2021 winter season. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky Rate Case

On September 1, 2017, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately \$49 million, which represents an approximate 15 percent increase on the average customer bill. Subsequent to the filing, Duke Energy Kentucky adjusted the requested amount to \$30.1 million, in part to reflect the benefits of the Tax Act, representing an approximate 9 percent increase on the average customer bill. The rate increase is driven by increased investment in utility plant, increased operations and maintenance expenses, and recovery of regulatory assets. The application also includes implementation of the Environmental Surcharge Mechanism to recover environmental costs not recovered in base rates, requests to establish a Distribution Capital Investment Rider to recover incremental costs of specific programs, requests to establish a FERC Transmission Cost Reconciliation Rider to recover escalating transmission costs and modification to the Profit Sharing Mechanism to increase customers' share of proceeds from the benefits of owning generation and to mitigate shareholder risks associated with that generation. An evidentiary hearing ended on March 8, 2018, and the KPSC issued an order on April 13, 2018. Major components of the Order include approval of an \$8.4 million increase in base rates with a return on equity at 9.725 percent based upon a capital structure of 49 percent equity on a total allocable capitalization of approximately \$650 million. The Order excludes \$50 million of rate base being recovered with carrying costs elsewhere (e.g., through rider mechanisms). The Order approves the Environmental Surcharge Mechanism Rider to begin recovery in June 2018 of capital-related environmental costs, including costs related to ash and ash disposal and environmental operation and maintenance expenses formerly recovered in base rates, including expenses for environmental reagents and emission allowances. The incremental revenue from this rider will be approximately \$13 million on an annualized basis. The order implements the impact of the Tax Act by lowering the income tax component of the revenue requirement, flowing back protected excess deferred income taxes (EDIT) under allowable normalization rules and unprotected EDIT over 10 years. The Order settles all matters related to the Tax Act. The Order denies requests to implement riders for certain transmission costs and distribution capital investments. Duke Energy Kentucky implemented new base rates on May 1, 2018.

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Duke Energy Indiana

FERC Transmission Return on Equity Complaint

Customer groups have filed with the FERC complaints against MISO and its transmission-owning members, including Duke Energy Indiana, alleging, among other things, that the current base rate of return on equity earned by MISO transmission owners of 12.38 percent is unjust and unreasonable. The complaints claim, among other things, that the current base rate of return on equity earned by MISO transmission owners should be reduced to 8.67 percent. On January 5, 2015, the FERC issued an order accepting the MISO transmission owners' adder of 0.50 percent to the base rate of return on equity based on participation in an RTO subject to it being applied to a return on equity that is shown to be just and reasonable in the pending return on equity complaints. On December 22, 2015, the presiding FERC ALJ in the first complaint issued an Initial Decision in which the base rate of return on equity was set at 10.32 percent. On September 28, 2016, the Initial Decision in the first complaint was affirmed by FERC, but is subject to rehearing requests. On June 30, 2016, the presiding FERC ALJ in the second complaint issued an Initial Decision setting the base rate of return on equity at 9.70 percent. The Initial Decision in the second complaint is pending FERC review. On April 14, 2017, the U.S. Court of Appeals for the District of Columbia Circuit, in *Emera Maine v. FERC*, reversed and remanded certain aspects of the methodology employed by FERC to establish rates of return on equity. This decision may affect the outcome of the complaints against Duke Energy Indiana. Duke Energy Indiana currently believes these matters will not have a material impact on its results of operations, cash flows and financial position.

Benton County Wind Farm Dispute

On December 16, 2013, Benton County Wind Farm LLC (BCWF) filed a lawsuit against Duke Energy Indiana seeking damages for past generation losses alleging Duke Energy Indiana violated its obligations under a 2006 PPA by refusing to offer electricity to the market at negative prices. Damage claims continue to increase during times that BCWF is not dispatched. Under 2013 revised MISO market rules, Duke Energy Indiana is required to make a price offer to MISO for the power it proposes to sell into MISO markets and MISO determines whether BCWF is dispatched. Because market prices would have been negative due to increased market participation, Duke Energy Indiana determined it would not bid at negative prices in order to balance customer needs against BCWF's need to run. BCWF contends Duke Energy Indiana must bid at the lowest negative price to ensure dispatch, while Duke Energy Indiana contends it is not obligated to bid at any particular price, that it cannot ensure dispatch with any bid and that it has reasonably balanced the parties' interests. On July 6, 2015, the U.S. District Court for the Southern District of Indiana entered judgment against BCWF on all claims. BCWF appealed the decision and on December 9, 2016, the appeals court ruled in favor of BCWF. Duke Energy Indiana recorded an obligation and a regulatory asset related to the settlement amount in fourth quarter 2016. On June 30, 2017, the parties finalized a settlement agreement. Terms of the settlement included Duke Energy Indiana paying \$29 million for back damages. Additionally, the parties agreed on the method by which the contract will be bid into the market in the future. The settlement amount was paid in June 2017. The IURC issued an order on September 27, 2017, approving recovery of the settlement amount through Duke Energy Indiana's fuel clause. The IURC order has been appealed to the Indiana Court of Appeals. Duke Energy Indiana cannot predict the outcome of this matter.

Piedmont

Tennessee Integrity Management Rider Filing

In November 2017, Piedmont filed a petition with the TPUC under the IMR mechanism to collect an additional \$3.3 million in annual revenues, effective January 2018, based on the eligible capital investments for integrity and safety projects through October 31, 2017. In January 2018, Piedmont filed an amended computation under the IMR mechanism, revising the proposed increase in annual revenues to approximately \$0.4 million based on the decrease in the corporate federal income tax rate effective January 1, 2018. A hearing on this matter was held on April 9, 2018, and a decision is expected mid-2018. Piedmont cannot predict the outcome of this matter.

OTHER REGULATORY MATTERS

Atlantic Coast Pipeline, LLC

On September 2, 2014, Duke Energy, Dominion Resources (Dominion), Piedmont and Southern Company Gas announced the formation of Atlantic Coast Pipeline, LLC (ACP) to build and own the proposed Atlantic Coast Pipeline (ACP pipeline), an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. The ACP pipeline is designed to meet, in part, the needs identified by Duke Energy Carolinas, Duke Energy Progress and Piedmont. Dominion will build and operate the ACP pipeline and holds a leading ownership percentage in ACP of 48 percent. Duke Energy owns a 47 percent interest through its Gas Utilities and Infrastructure segment. Southern Company Gas maintains a 5 percent interest. See Note 11 for additional information related to Duke Energy's ownership interest.

Duke Energy Carolinas, Duke Energy Progress and Piedmont, among others, will be customers of the pipeline. Purchases will be made under several 20-year supply contracts, subject to state regulatory approval. On September 18, 2015, ACP filed an application with the FERC requesting a CPCN authorizing ACP to construct the pipeline. ACP executed a construction agreement in September 2016. ACP also requested approval of an open access tariff and the precedent agreements it entered into with future pipeline customers. In December 2016, FERC issued a draft Environmental Impact Statement (EIS) indicating that the proposed pipeline would not cause significant harm to the environment or protected populations. The FERC issued the final EIS in July 2017. On October 13, 2017, FERC issued an order approving the CPCN, subject to conditions. On October 16, 2017, ACP accepted the FERC order subject to reserving its right to file a request for rehearing or clarification on a timely basis. On November 9, 2017, ACP filed a request for rehearing on several limited issues. On December 12, 2017, ACP filed an answer to intervenors' request for rehearing of the certificate order and for stay of the certificate order.

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In December 2017, West Virginia issued a waiver of the state water quality permit in reliance on the U.S. Army Corps of Engineers national water quality permit and Virginia issued a conditional water quality permit subject to completion of additional studies and stormwater plans. In 2018, the FERC issued a series of Partial Notices to Proceed, which authorized the project to begin limited construction-related activities along the pipeline route, including supply header and compressors. North Carolina issued the state water quality permit in January 2018. The project remains subject to other pending federal and state approvals, which will allow full construction activities to begin. The ACP pipeline project has a targeted in-service date of late 2019.

Due to delays in obtaining the required permits to commence construction and the conditions imposed upon the project by the permits, ACP's project manager estimates the project's pipeline development costs have increased from a range of \$5.0 billion to \$5.5 billion to a range of \$6.0 billion and \$6.5 billion, excluding financing costs. Project construction activities, schedule and final costs are still subject to uncertainty due to potential additional permitting delays, construction productivity and other conditions and risks which could result in potential higher project costs and a potential delay in the targeted in-service date.

Sabal Trail Transmission, LLC

On May 4, 2015, Duke Energy acquired a 7.5 percent ownership interest in Sabal Trail from Spectra Energy Partners, LP, a master limited partnership, formed by Enbridge Inc. (formerly Spectra Energy Corp.). Spectra Energy Partners, LP holds a 50 percent ownership interest in Sabal Trail and NextEra Energy has a 42.5 percent ownership interest. Sabal Trail is a joint venture to construct a 515-mile natural gas pipeline (Sabal Trail pipeline) to transport natural gas to Florida. Total estimated project costs are approximately \$3.2 billion. The Sabal Trail pipeline traverses Alabama, Georgia and Florida. The primary customers of the Sabal Trail pipeline, Duke Energy Florida and Florida Power & Light Company (FP&L), have each contracted to buy pipeline capacity for 25-year initial terms. See Note 11 for additional information related to Duke Energy's ownership interest.

On February 3, 2016, the FERC issued an order granting the request for a CPCN to construct and operate the pipeline. The Sabal Trail pipeline received other required regulatory approvals and the Phase 1 mainline was placed in service in July 2017. On October 12, 2017, Sabal Trail filed a request with FERC to place in service a lateral line to Duke Energy Florida's Citrus County Combined Cycle facility. This request is required to support commissioning and testing activities at the facility. On March 16, 2018, FERC approved the Citrus lateral and it was placed in service.

On September 21, 2016, intervenors filed an appeal of FERC's CPCN orders to the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit Court of Appeals). On August 22, 2017, the appeals court ruled against FERC in the case for failing to include enough information on the impact of greenhouse-gas emissions carried by the pipeline, vacated the CPCN order and remanded the case to FERC. In response to the August 2017 court decision, the FERC issued a draft Supplemental Environmental Impact Statement (SEIS) on September 27, 2017. On October 6, 2017, FERC and a group of industry intervenors, including Sabal Trail and Duke Energy Florida, filed separate petitions with the D.C. Circuit Court of Appeals requesting rehearing regarding the court's decision to vacate the CPCN order. On January 31, 2018, the D.C. Circuit Court of Appeals denied the requests for rehearing. On February 2, 2018, Sabal Trail filed a request with FERC for expedited issuance of its order on remand and reissuance of the CPCN. In the alternative, the pipeline requested that FERC issue a temporary emergency CPCN to allow for continued operations. On February 5, 2018, FERC issued the final SEIS but did not issue the order on remand. On February 6, 2018, FERC and the intervenors in this case each filed motions for stay with the D.C. Circuit Court to stay the court's mandate. The February 6, 2018, motions automatically stay the issuance of the court's mandate until the later of seven days after the court denies the motions or the expiration of any stay granted by the court. On March 7, 2018, the D.C. Circuit Court of Appeals granted Sabal Trail's stay request. On March 14, 2018, FERC issued its final order on remand.

Constitution Pipeline Company, LLC

Duke Energy owns a 24 percent ownership interest in Constitution, which is accounted for as an equity method investment. Constitution is a natural gas pipeline project slated to transport natural gas supplies from the Marcellus supply region in northern Pennsylvania to major northeastern markets. The pipeline will be constructed and operated by Williams Partners L.P., which has a 41 percent ownership share. The remaining interest is held by Cabot Oil and Gas Corporation and WGL Holdings, Inc. Before the permitting delays discussed below, Duke Energy's total anticipated contributions were approximately \$229 million. As a result of the permitting delays and project uncertainty, total anticipated contributions by Duke Energy can no longer be reasonably estimated. Since April 2016, with the actions of the New York State Department of Environmental Conservation (NYSDEC), Constitution stopped construction and discontinued capitalization of future development costs until the project's uncertainty is resolved.

In December 2014, Constitution received approval from the FERC to construct and operate the proposed pipeline. However, on April 22, 2016, the NYSDEC denied Constitution's application for a necessary water quality certification for the New York portion of the Constitution pipeline. Constitution filed legal actions in the U.S. Court of Appeals for the Second Circuit (U.S. Court of Appeals) challenging the legality and appropriateness of the NYSDEC's decision and on August 18, 2017, the petition was denied in part and dismissed in part. In September 2017, Constitution filed a petition for a rehearing of portions of the decision unrelated to the water quality certification, which was denied by the U.S. Court of Appeals. In January 2018, Constitution petitioned the Supreme Court of the United States to review the U.S. Court of Appeals decision, and on April 30, 2018, the Supreme Court denied Constitution's petition. In October 2017, Constitution filed a petition for declaratory order requesting FERC to find that the NYSDEC waived its rights to issue a Section 401 water quality certification by not acting on Constitution's application within a reasonable period of time as required by statute. This petition was based on precedent established by another pipeline's successful petition with FERC following a District of Columbia Circuit Court ruling. On January 11, 2018, FERC denied Constitution's petition. In February 2018, Constitution filed a rehearing request with FERC of its finding that the NYSDEC did not waive the Section 401 certification requirement. Constitution is currently unable to approximate an in-service date for the project due to the NYSDEC's denial of the water quality certification. The Constitution partners remain committed to the project and are evaluating next steps to move the project forward. Duke Energy cannot predict the outcome of this matter.

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During the three months ended March 31, 2018, Duke Energy recorded an other-than-temporary impairment (OTTI) of \$55 million within Equity in (losses) earnings of unconsolidated affiliates on Duke Energy's Condensed Consolidated Statements of Income. The charge represents the excess carrying value over the estimated fair value of the project, which was based on a Level 3 Fair Value measurement that was determined from the income approach using discounted cash flows. The impairment was primarily due to the recent actions taken by the courts and regulators to uphold the NYSDEC's denial of the certification and uncertainty associated with the remaining legal and regulatory challenges.

See Note 11 for additional information related to ownership interest and carrying value of the investment.

Potential Coal Plant Retirements

The Subsidiary Registrants periodically file Integrated Resource Plans (IRP) with their state regulatory commissions. The IRPs provide a view of forecasted energy needs over a long term (10 to 20 years) and options being considered to meet those needs. Recent IRPs filed by the Subsidiary Registrants included planning assumptions to potentially retire certain coal-fired generating facilities in Florida and Indiana earlier than their current estimated useful lives primarily because facilities do not have the requisite emission control equipment to meet EPA regulations recently approved or proposed.

The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement due to a lack of requisite environmental control equipment. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of March 31, 2018, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net Book Value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-3 ^(a)	585	\$ 161
Progress Energy and Duke Energy Florida		
Crystal River Units 1 and 2 ^(b)	873	104
Duke Energy Indiana		
Gallagher Units 2 and 4 ^(c)	280	126
Total Duke Energy	1,738	\$ 391

- (a) Duke Energy Carolinas will retire Allen Steam Station Units 1 through 3 by December 31, 2024, as part of the resolution of a lawsuit involving alleged New Source Review violations.
- (b) Duke Energy Florida expects to retire these coal units by the end of 2018 to comply with environmental regulations.
- (c) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher Units 2 and 4 by December 31, 2022, as part of the settlement of Edwardsport IGCC matters.

Refer to the "Western Carolinas Modernization Plan" discussion above for details of Duke Energy Progress' planned retirements.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters. These regulations can be changed from time to time, imposing new obligations on the Duke Energy Registrants. The following environmental matters impact all of the Duke Energy Registrants.

Remediation Activities

In addition to asset retirement obligations (ARO) recorded as a result of various environmental regulations, the Duke Energy Registrants are responsible for environmental remediation at various sites. These include certain properties that are part of ongoing operations and sites formerly owned or used by Duke Energy entities. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site conditions and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, the Duke Energy Registrants could potentially be held responsible for environmental impacts caused by other potentially responsible parties and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined at all sites. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other on the Condensed Consolidated Statements of Operations unless regulatory recovery of the costs is deemed probable.

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The following tables contain information regarding reserves for probable and estimable costs related to the various environmental sites. These reserves are recorded in Accounts Payable within Current Liabilities and Other within Other Noncurrent Liabilities on the Condensed Consolidated Balance Sheets.

Three Months Ended March 31, 2018								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at beginning of period	\$ 81	\$ 10	\$ 15	\$ 3	\$ 12	\$ 47	\$ 5	\$ 2
Provisions/adjustments	4	1	3	1	1	—	1	—
Cash reductions	(5)	—	(2)	(1)	(1)	(3)	—	—
Balance at end of period	\$ 80	\$ 11	\$ 16	\$ 3	\$ 12	\$ 44	\$ 6	\$ 2

Three Months Ended March 31, 2017								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at beginning of period	\$ 98	\$ 10	\$ 18	\$ 3	\$ 14	\$ 59	\$ 10	\$ 1
Provisions/adjustments	6	1	—	—	1	4	(1)	1
Cash reductions	(6)	—	(1)	—	(1)	(4)	—	—
Balance at end of period	\$ 98	\$ 11	\$ 17	\$ 3	\$ 14	\$ 59	\$ 9	\$ 2

Additional losses in excess of recorded reserves that could be incurred for the stages of investigation, remediation and monitoring for environmental sites that have been evaluated at this time are not material except as presented in the table below.

(in millions)	
Duke Energy	\$ 57
Duke Energy Carolinas	19
Duke Energy Ohio	30
Piedmont	2

LITIGATION

Duke Energy Carolinas and Duke Energy Progress

Coal Ash Insurance Coverage Litigation

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Superior Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. The parties are engaged in discovery. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

NCDEQ State Enforcement Actions

In the first quarter of 2013, the Southern Environmental Law Center (SELC) sent notices of intent to sue Duke Energy Carolinas and Duke Energy Progress related to alleged Clean Water Act (CWA) violations from coal ash basins at two of their coal-fired power plants in North Carolina. The NCDEQ filed enforcement actions against Duke Energy Carolinas and Duke Energy Progress alleging violations of water discharge permits and North Carolina groundwater standards. The cases have been consolidated and are being heard before a single judge in the North Carolina Superior Court.

On August 16, 2013, the NCDEQ filed an enforcement action against Duke Energy Carolinas and Duke Energy Progress related to their remaining plants in North Carolina, alleging violations of the CWA and violations of the North Carolina groundwater standards. Both of these cases have been assigned to the judge handling the enforcement actions discussed above. SELC is representing several environmental groups who have been permitted to intervene in these cases.

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The court issued orders in 2016 granting Motions for Partial Summary Judgment for seven of the 14 North Carolina plants named in the enforcement actions. On February 13, 2017, the court issued an order denying motions for partial summary judgment brought by both the environmental groups and Duke Energy Carolinas and Duke Energy Progress for the remaining seven plants. On March 15, 2017, Duke Energy Carolinas and Duke Energy Progress filed a Notice of Appeal to challenge the trial court's order. The parties were unable to reach an agreement at mediation in April 2017. The parties submitted briefs to the court on remaining issues to be tried and a ruling is pending. On August 22, 2017, Duke Energy Carolinas and Duke Energy Progress filed a Petition for Discretionary Review, requesting the North Carolina Supreme Court to accept the appeal. On August 24, 2017, SELC filed a motion to dismiss the appeal. Duke Energy Carolinas' and Duke Energy Progress' opening appellate briefs were filed on October 12, 2017, and briefing is now complete. Argument was held on February 8, 2018.

It is not possible to predict any liability or estimate any damages Duke Energy Carolinas or Duke Energy Progress might incur in connection with these matters.

Federal Citizens Suits

On June 13, 2016, the Roanoke River Basin Association (RRBA) filed a federal citizen suit in the Middle District of North Carolina alleging unpermitted discharges to surface water and groundwater violations at the Mayo Plant. On August 19, 2016, Duke Energy Progress filed a Motion to Dismiss. On April 26, 2017, the court entered an order dismissing four of the claims in the federal citizen suit. Two claims relating to alleged violations of National Pollutant Discharge Elimination System (NPDES) permit provisions survived the motion to dismiss, and Duke Energy Progress filed its response on May 10, 2017. Duke Energy Progress and RRBA each filed motions for summary judgment on March 23, 2018.

On May 16, 2017, RRBA filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina, which asserts two claims relating to alleged violations of NPDES permit provisions at the Roxboro plant and one claim relating to the use of nearby water bodies. Duke Energy Progress and RRBA each filed motions for summary judgment on April 17, 2018.

On May 8, 2018, on motion from Duke Energy Progress, the Court ordered trial in both of the above matters to be consolidated and has set a trial date for December 3, 2018.

On June 20, 2017, RRBA filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina challenging the closure plans at the Mayo Plant under the EPA CCR Rule. Duke Energy Progress filed a motion to dismiss, which was granted by the court on March 30, 2018. RRBA had until April 30, 2018 to file an appeal to the Fourth Circuit but did not do so.

On August 2, 2017, RRBA filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina challenging the closure plans at the Roxboro Plant under the EPA CCR Rule. Duke Energy Progress filed a motion to dismiss on October 2, 2017.

On December 6, 2017, various parties filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina for alleged violations at Duke Energy Carolinas' Belews Creek Steam Station (Belews Creek) under the CWA. Duke Energy Carolinas filed a motion to dismiss on February 5, 2018.

It is not possible to predict whether Duke Energy Carolinas or Duke Energy Progress will incur any liability or to estimate the damages, if any, they might incur in connection with these matters.

Groundwater Contamination Claims

Beginning in May 2015, a number of residents living in the vicinity of the North Carolina facilities with ash basins received letters from the NCDEQ advising them not to drink water from the private wells on their land tested by the NCDEQ as the samples were found to have certain substances at levels higher than the criteria set by the North Carolina Department of Health and Human Services (DHHS). Results of Comprehensive Site Assessments testing performed by Duke Energy under the Coal Ash Act have been consistent with historical data provided to state regulators over many years. The DHHS and NCDEQ sent follow-up letters on October 15, 2015, to residents near coal ash basins who had their wells tested, stating that private well samplings at a considerable distance from coal ash basins, as well as some municipal water supplies, contain similar levels of vanadium and hexavalent chromium, which led investigators to believe these constituents are naturally occurring. In March 2016, DHHS rescinded the advisories.

Duke Energy Carolinas and Duke Energy Progress have received formal demand letters from residents near Duke Energy Carolinas' and Duke Energy Progress' coal ash basins. The residents claim damages for nuisance and diminution in property value, among other things. The parties held three days of mediation discussions that ended at an impasse. On January 6, 2017, Duke Energy Carolinas and Duke Energy Progress received the plaintiffs' notice of their intent to file suits should the matter not settle. The NCDEQ preliminarily approved Duke Energy's permanent water solution plans on January 13, 2017, and as a result shortly thereafter, Duke Energy issued a press release, providing additional details regarding the homeowner compensation package. This package consists of three components: (i) a \$5,000 goodwill payment to each eligible well owner to support the transition to a new water supply, (ii) where a public water supply is available and selected by the eligible well owner, a stipend to cover 25 years of water bills and (iii) the Property Value Protection Plan. The Property Value Protection Plan is a program offered by Duke Energy designed to guarantee eligible plant neighbors the fair market value of their residential property should they decide to sell their property during the time that the plan is offered. Duke Energy Carolinas and Duke Energy Progress have recognized reserves of \$16 million and \$3 million, respectively.

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On August 23, 2017, a class-action suit was filed in Wake County Superior Court, North Carolina, against Duke Energy Carolinas and Duke Energy Progress on behalf of certain property owners living near coal ash impoundments at Allen, Asheville, Belews Creek, Buck, Cliffside, Lee, Marshall, Mayo and Roxboro. The class is defined as those who are “well-eligible” under the Coal Ash Act or those to whom Duke Energy has promised a permanent replacement water supply and seeks declaratory and injunctive relief, along with compensatory damages. Plaintiffs allege that Duke Energy’s improper maintenance of coal ash impoundments caused harm, particularly through groundwater contamination. Despite NCDEQ’s preliminary approval, Plaintiffs contend that Duke Energy’s proposed permanent water solutions plan fails to comply with the Coal Ash Act. On September 28, 2017, Duke Energy Carolinas and Duke Energy Progress filed a Motion to Dismiss and Motion to Strike the class designation. The parties entered into a Settlement Agreement on January 24, 2018, which resulted in the dismissal of the underlying class action on January 25, 2018.

On September 14, 2017, a complaint was filed against Duke Energy Progress in New Hanover County Superior Court by a group of homeowners residing approximately one mile from Duke Energy Progress’ Sutton Steam Plant (Sutton). The homeowners allege that coal ash constituents have been migrating from ash impoundments at Sutton into their groundwater for decades and that in 2015, Duke Energy Progress discovered these releases of coal ash, but failed to notify any officials or neighbors and failed to take remedial action. The homeowners claim unspecified physical and mental injuries as a result of consuming their well water and seek actual damages for personal injury, medical monitoring and punitive damages. On March 6, 2018, Plaintiffs’ counsel voluntarily dismissed the action without prejudice.

It is not possible to estimate the maximum exposure of loss, if any, that may occur in connection with future claims that might be made by these residents.

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of March 31, 2018, there were 143 asserted claims for non-malignant cases with cumulative relief sought of up to \$37 million, and 58 asserted claims for malignant cases with cumulative relief sought of up to \$19 million. Based on Duke Energy Carolinas’ experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recognized asbestos-related reserves of \$487 million at March 31, 2018, and \$489 million at December 31, 2017. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon the minimum amount of the range of loss for current and future asbestos claims through 2037, are recorded on an undiscounted basis and incorporate anticipated inflation. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2037 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas’ cumulative payments began to exceed the self-insurance retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is \$797 million in excess of the self-insured retention. Receivables for insurance recoveries were \$585 million at March 31, 2018, and December 31, 2017. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

Duke Energy Progress and Duke Energy Florida

Spent Nuclear Fuel Matters

On October 16, 2014, Duke Energy Progress and Duke Energy Florida sued the U.S. in the U.S. Court of Federal Claims. The lawsuit claimed the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserted damages for the cost of on-site storage. Duke Energy Progress and Duke Energy Florida asserted damages for the period January 1, 2011, through December 31, 2013, of \$48 million and \$25 million, respectively. On November 17, 2017, the Court awarded Duke Energy Progress and Duke Energy Florida \$48 million and \$21 million, respectively, subject to appeal. No appeals were filed and Duke Energy Progress and Duke Energy Florida recognized the recoveries in the first quarter of 2018. Claims for all periods through 2013 have been resolved. Additional claims will be filed in 2018.

Duke Energy Progress

Gypsum Supply Agreement Matter

On June 30, 2017, CertainTeed Gypsum NC, Inc. (CertainTeed) filed a declaratory judgment action against Duke Energy Progress in the North Carolina Business Court relating to a gypsum supply agreement. In its complaint, CertainTeed sought an order from the court declaring that the minimum amount of gypsum Duke Energy Progress must provide to CertainTeed under the supply agreement is 50,000 tons per month through 2029. On January 29, 2018, CertainTeed filed a request to amend its Complaint and seek a preliminary injunction requiring Duke Energy Progress to provide 50,000 tons of gypsum per month through the trial date. In advance of the hearing on the Motion for Preliminary Injunction, the parties reached an agreement under which Duke Energy Progress would deliver 50,000 tons of gypsum per month through June 2018. If the Court determines that Duke Energy Progress was not obligated to provide that amount per month, CertainTeed will reimburse Duke Energy Progress. Discovery is currently underway and trial is set for July 2018. If Duke Energy Progress does not prevail at trial, Duke Energy Progress will either have to purchase additional gypsum on the open market to fulfill its contractual obligation through 2029 or pay some amount of liquidated damages. Duke Energy Progress cannot predict the outcome of this matter.

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Duke Energy Florida

Class Action Lawsuit

On February 22, 2016, a lawsuit was filed in the U.S. District Court for the Southern District of Florida on behalf of a putative class of Duke Energy Florida and FP&L's customers in Florida. The suit alleges the State of Florida's nuclear power plant cost recovery statutes (NCRS) are unconstitutional and pre-empted by federal law. Plaintiffs claim they are entitled to repayment of all money paid by customers of Duke Energy Florida and FP&L as a result of the NCRS, as well as an injunction against any future charges under those statutes. The constitutionality of the NCRS has been challenged unsuccessfully in a number of prior cases on alternative grounds. Duke Energy Florida and FP&L filed motions to dismiss the complaint on May 5, 2016. On September 21, 2016, the Court granted the motions to dismiss with prejudice. Plaintiffs filed a motion for reconsideration, which was denied. On January 4, 2017, plaintiffs filed a notice of appeal to the Eleventh Circuit U.S. Court of Appeals. The appeal, which has been fully briefed, was heard on August 22, 2017, and a decision is pending. Duke Energy Florida cannot predict the outcome of this appeal.

Westinghouse Contract Litigation

On March 28, 2014, Duke Energy Florida filed a lawsuit against Westinghouse in the U.S. District Court for the Western District of North Carolina. The lawsuit seeks recovery of \$54 million in milestone payments in excess of work performed under an EPC for Levy as well as a determination by the court of the amounts due to Westinghouse as a result of the termination of an EPC contract. Duke Energy Florida recognized an exit obligation as a result of the termination of the EPC. On March 31, 2014, Westinghouse filed a separate lawsuit against Duke Energy Florida in U.S. District Court for the Western District of Pennsylvania alleging damages under the same EPC contract in excess of \$510 million for engineering and design work, costs to end supplier contracts and an alleged termination fee. On June 9, 2014, the judge in the North Carolina case ruled that the litigation would proceed in the Western District of North Carolina.

On July 11, 2016, Duke Energy Florida and Westinghouse filed separate Motions for Summary Judgment. On September 29, 2016, the court issued its ruling, granting Westinghouse a \$30 million termination fee claim and dismissing Duke Energy Florida's \$54 million refund claim. Westinghouse's claim for termination costs continued to trial. Following a trial on the matter, the court issued an order in December 2016 denying Westinghouse's claim for termination costs and reaffirming its earlier ruling in favor of Westinghouse on the \$30 million termination fee. Judgment was entered against Duke Energy Florida in the amount of approximately \$34 million, which includes prejudgment interest. Westinghouse has appealed the trial court's order to the U.S. Court of Appeals for the Fourth Circuit (Fourth Circuit Court) and Duke Energy Florida has cross-appealed.

On March 29, 2017, Westinghouse filed Chapter 11 bankruptcy in the Southern District of New York, which automatically stayed the appeal. On May 23, 2017, the bankruptcy court entered an order lifting the stay with respect to the appeal. Briefing of the appeal concluded on October 20, 2017. Westinghouse and Duke Energy Florida executed a settlement agreement resolving this matter on April 5, 2018, which has been filed with the bankruptcy court for approval. The settlement provides that the appeal will be dismissed and Duke Energy Florida will pay the judgment amount of approximately \$34 million. This reserve is classified in Other within Other Noncurrent Liabilities on the Condensed Consolidated Balance Sheet. In light of the settlement, the Fourth Circuit Court agreed to stay the appeal pending bankruptcy court approval of the settlement. Duke Energy cannot predict the ultimate outcome of this appeal or the bankruptcy court's approval of the pending settlement.

MGP Cost Recovery Action

On December 30, 2011, Duke Energy Florida filed a lawsuit against FirstEnergy Corp. (FirstEnergy) to recover investigation and remediation costs incurred by Duke Energy Florida in connection with the restoration of two former MGP sites in Florida. Duke Energy Florida alleged that FirstEnergy, as the successor to Associated Gas & Electric Co., owes past and future contribution and response costs of up to \$43 million for the investigation and remediation of MGP sites. On December 6, 2016, the trial court entered judgment against Duke Energy Florida in the case. In January 2017, Duke Energy Florida appealed the decision to the U.S. Court of Appeals for the 6th Circuit, which affirmed the trial court's ruling on April 10, 2018. Duke Energy Florida cannot predict the outcome of this appeal.

Other Litigation and Legal Proceedings

The Duke Energy Registrants are involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. The Duke Energy Registrants believe the final disposition of these proceedings will not have a material effect on their results of operations, cash flows or financial position.

The table below presents recorded reserves based on management's best estimate of probable loss for legal matters, excluding asbestos-related reserves and the exit obligation related to the termination of an EPC contract discussed above. Reserves are classified on the Condensed Consolidated Balance Sheets in Other within Other Noncurrent Liabilities and Accounts payable and Other within Current Liabilities. The reasonably possible range of loss in excess of recorded reserves is not material, other than as described above.

(in millions)	March 31, 2018		December 31, 2017	
Reserves for Legal Matters				
Duke Energy	\$	74	\$	88
Duke Energy Carolinas		20		30
Progress Energy		51		55
Duke Energy Progress		10		13
Duke Energy Florida		24		24
Piedmont		2		2

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OTHER COMMITMENTS AND CONTINGENCIES

General

As part of their normal business, the Duke Energy Registrants are party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. These guarantees involve elements of performance and credit risk, which are not fully recognized on the Condensed Consolidated Balance Sheets and have unlimited maximum potential payments. However, the Duke Energy Registrants do not believe these guarantees will have a material effect on their results of operations, cash flows or financial position.

In addition, the Duke Energy Registrants enter into various fixed-price, noncancelable commitments to purchase or sell power or natural gas, take-or-pay arrangements, transportation, or throughput agreements and other contracts that may or may not be recognized on their respective Condensed Consolidated Balance Sheets. Some of these arrangements may be recognized at fair value on their respective Condensed Consolidated Balance Sheets if such contracts meet the definition of a derivative and the normal purchase/normal sale (NPNS) exception does not apply. In most cases, the Duke Energy Registrants' purchase obligation contracts contain provisions for price adjustments, minimum purchase levels and other financial commitments.

5. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

The following table summarizes significant debt issuances (in millions).

			Three Months Ended March 31, 2018		
	Maturity Date	Interest Rate	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas
Issuance Date					
Unsecured Debt					
March 2018 ^(a)	April 2025	3.950%	\$ 250	\$ 250	\$ —
First Mortgage Bonds					
March 2018 ^(b)	March 2023	3.050%	500	—	500
March 2018 ^(b)	March 2048	3.950%	500	—	500
Total issuances			\$ 1,250	\$ 250	\$ 1,000

(a) Debt issued to pay down short-term debt.

(b) Debt issued to repay at maturity a \$300 million first mortgage bond due April 2018, pay down intercompany short-term debt and for general corporate purposes.

CURRENT MATURITIES OF LONG-TERM DEBT

The following table shows the significant components of Current Maturities of Long-Term Debt on the Condensed Consolidated Balance Sheets. The Duke Energy Registrants currently anticipate satisfying these obligations with cash on hand and proceeds from additional borrowings.

(in millions)	Maturity Date	Interest Rate	March 31, 2018
Unsecured Debt			
Duke Energy (Parent)	June 2018	6.250%	\$ 250
Duke Energy (Parent)	June 2018	2.100%	500
Piedmont	December 2018	2.821% ^(b)	250
Progress Energy	March 2019	7.050%	450
First Mortgage Bonds			
Duke Energy Carolinas	April 2018	5.100%	300
Duke Energy Florida	June 2018	5.650%	500
Duke Energy Carolinas	November 2018	7.000%	500
Duke Energy Progress	January 2019	5.300%	600
Other^(a)			601
Current maturities of long-term debt			\$ 3,951

(a) Includes capital lease obligations, amortizing debt and small bullet maturities.

(b) Debt issuance has a floating interest rate.

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AVAILABLE CREDIT FACILITIES

Master Credit Facility

In January 2018, Duke Energy extended the termination date of substantially all of its existing \$8 billion Master Credit Facility capacity from March 16, 2022 to March 16, 2023. In May 2018, Duke Energy completed the extension process with 100 percent of all commitments to the Master Credit Facility extending to March 16, 2023. The Duke Energy Registrants, excluding Progress Energy (Parent), have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder. Duke Energy Carolinas and Duke Energy Progress are also required to each maintain \$250 million of available capacity under the Master Credit Facility as security to meet obligations under plea agreements reached with the U.S. Department of Justice in 2015 related to violations at North Carolina facilities with ash basins. The table below includes the current borrowing sublimits and available capacity under the Master Credit Facility.

(in millions)	March 31, 2018							
	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Facility size ^(a)	\$ 8,000	\$ 2,650	\$ 1,550	\$ 1,250	\$ 800	\$ 450	\$ 600	\$ 700
Reduction to backstop issuances								
Commercial paper ^(b)	(2,602)	(1,281)	(340)	(464)	—	(140)	(282)	(95)
Outstanding letters of credit	(59)	(50)	(4)	(2)	(1)	—	—	(2)
Tax-exempt bonds	(81)	—	—	—	—	—	(81)	—
Coal ash set-aside	(500)	—	(250)	(250)	—	—	—	—
Available capacity under the Master Credit Facility	\$ 4,758	\$ 1,319	\$ 956	\$ 534	\$ 799	\$ 310	\$ 237	\$ 603

(a) Represents the sublimit of each borrower.

(b) Duke Energy issued \$625 million of commercial paper and loaned the proceeds through the money pool to Duke Energy Carolinas, Duke Energy Progress, Duke Energy Ohio and Duke Energy Indiana. The balances are classified as Long-Term Debt Payable to Affiliated Companies on the Condensed Consolidated Balance Sheets.

Three-Year Revolving Credit Facility

Duke Energy (Parent) has a \$1.0 billion revolving credit facility (the Three Year Revolver) through June 2020. As of March 31, 2018, \$500 million has been drawn under the Three Year Revolver. This balance is classified as Long-Term Debt on Duke Energy's Condensed Consolidated Balance Sheets. Any undrawn commitments can be drawn, and borrowings can be prepaid, at any time throughout the term of the facility. The terms and conditions of the Three Year Revolver are generally consistent with those governing Duke Energy's Master Credit Facility.

6. GOODWILL

Duke Energy

The following table presents the goodwill by reportable operating segment included on Duke Energy's Condensed Consolidated Balance Sheets at March 31, 2018, and December 31, 2017.

(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total
Goodwill balance	\$ 17,379	\$ 1,924	\$ 122	\$ 19,425
Accumulated impairment charges	—	—	(29)	(29)
Goodwill, adjusted for accumulated impairment charges	\$ 17,379	\$ 1,924	\$ 93	\$ 19,396

Duke Energy Ohio

Duke Energy Ohio's Goodwill balance of \$920 million, allocated \$596 million to Electric Utilities and Infrastructure and \$324 million to Gas Utilities and Infrastructure, is presented net of accumulated impairment charges of \$216 million on the Condensed Consolidated Balance Sheets at March 31, 2018, and December 31, 2017.

Progress Energy

Progress Energy's Goodwill is included in the Electric Utilities and Infrastructure operating segment and there are no accumulated impairment charges.

Piedmont

Piedmont's Goodwill is included in the Gas Utilities and Infrastructure operating segment and there are no accumulated impairment charges.

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7. RELATED PARTY TRANSACTIONS

The Subsidiary Registrants engage in related party transactions in accordance with applicable state and federal commission regulations. Refer to the Condensed Consolidated Balance Sheets of the Subsidiary Registrants for balances due to or due from related parties. Material amounts related to transactions with related parties included on the Condensed Consolidated Statements of Operations and Comprehensive Income are presented in the following table.

(in millions)	Three Months Ended March 31,	
	2018	2017
Duke Energy Carolinas		
Corporate governance and shared service expenses ^(a)	\$ 220	\$ 221
Indemnification coverages ^(b)	6	6
JDA revenue ^(c)	34	16
JDA expense ^(c)	54	31
Intercompany natural gas purchases ^(d)	4	1
Progress Energy		
Corporate governance and shared service expenses ^(a)	\$ 191	\$ 170
Indemnification coverages ^(b)	8	10
JDA revenue ^(c)	54	31
JDA expense ^(c)	34	16
Intercompany natural gas purchases ^(d)	19	19
Duke Energy Progress		
Corporate governance and shared service expenses ^(a)	\$ 118	\$ 100
Indemnification coverages ^(b)	3	4
JDA revenue ^(c)	54	31
JDA expense ^(c)	34	16
Intercompany natural gas purchases ^(d)	19	19
Duke Energy Florida		
Corporate governance and shared service expenses ^(a)	\$ 73	\$ 70
Indemnification coverages ^(b)	5	6
Duke Energy Ohio		
Corporate governance and shared service expenses ^(a)	\$ 89	\$ 92
Indemnification coverages ^(b)	1	1
Duke Energy Indiana		
Corporate governance and shared service expenses ^(a)	\$ 101	\$ 95
Indemnification coverages ^(b)	2	2
Piedmont		
Corporate governance and shared service expenses ^(a)	\$ 36	\$ 5
Indemnification coverages ^(b)	1	1
Intercompany natural gas sales ^(d)	23	20

- (a) The Subsidiary Registrants are charged their proportionate share of corporate governance and other shared services costs, primarily related to human resources, employee benefits, information technology, legal and accounting fees, as well as other third-party costs. These amounts are primarily recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (b) The Subsidiary Registrants incur expenses related to certain indemnification coverages through Bison, Duke Energy's wholly owned captive insurance subsidiary. These expenses are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (c) Duke Energy Carolinas and Duke Energy Progress participate in a Joint Dispatch Agreement (JDA), which allows the collective dispatch of power plants between the service territories to reduce customer rates. Revenues from the sale of power and expenses from the purchase of power pursuant to the JDA are recorded in Operating Revenues and Fuel used in electric generation and purchased power, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (d) Piedmont provides long-term natural gas delivery service to certain Duke Energy Carolinas and Duke Energy Progress natural gas-fired generation facilities. Piedmont records the sales in Regulated natural gas revenues, and Duke Energy Carolinas and Duke Energy Progress record the related purchases in Fuel used in electric generation and purchased power on their respective Condensed Consolidated Statements of Operations and Comprehensive Income. The amounts are not eliminated in accordance with rate-based accounting regulations.

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In addition to the amounts presented above, the Subsidiary Registrants have other affiliate transactions, including rental of office space, participation in a money pool arrangement, other operational transactions and their proportionate share of certain charged expenses. See Note 6 to the Consolidated Financial Statements in the Annual Report on Form 10-K/A for the year ended December 31, 2017, for more information regarding the money pool. These transactions of the Subsidiary Registrants were not material for the three months ended March 31, 2018, and 2017.

As discussed in Note 11, certain trade receivables have been sold by Duke Energy Ohio and Duke Energy Indiana to Cinergy Receivables Company LLC (CRC), an affiliate formed by a subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but also include a subordinated note from the affiliate for a portion of the purchase price.

Equity Method Investments

Piedmont has related party transactions as a customer of its equity method investments in natural gas storage and transportation facilities. The following table presents expenses for the three months ended March 31, 2018, and 2017, which are included in Cost of natural gas on Piedmont's Condensed Consolidated Statements of Operations and Comprehensive Income.

(in millions)	Type of expense	Three Months Ended March 31,	
		2018	2017
Cardinal	Transportation Costs	\$ 2	\$ 2
Pine Needle	Natural Gas Storage Costs	2	2
Hardy Storage	Natural Gas Storage Costs	2	2
Total		\$ 6	\$ 6

Piedmont had accounts payable to its equity method investments of \$2 million at March 31, 2018, and December 31, 2017, related to these transactions. These amounts are included in Accounts payable on the Condensed Consolidated Balance Sheets.

Intercompany Income Taxes

Duke Energy and the Subsidiary Registrants file a consolidated federal income tax return and other state and jurisdictional returns. The Subsidiary Registrants have a tax sharing agreement with Duke Energy for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts the Subsidiary Registrants would incur as separate C-Corporations. The following table includes the balance of intercompany income tax receivables and payables for the Subsidiary Registrants.

(in millions)	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
March 31, 2018							
Intercompany income tax receivable	\$ —	\$ 183	\$ 13	\$ 9	\$ —	\$ —	\$ —
Intercompany income tax payable	9	—	—	—	3	18	43
December 31, 2017							
Intercompany income tax receivable	\$ —	\$ 168	\$ —	\$ 44	\$ 22	\$ —	\$ 7
Intercompany income tax payable	44	—	21	—	—	35	—

8. DERIVATIVES AND HEDGING

The Duke Energy Registrants use commodity and interest rate contracts to manage commodity price risk and interest rate risk. The primary use of commodity derivatives is to hedge the generation portfolio against changes in the prices of electricity and natural gas. Piedmont enters into natural gas supply contracts to provide diversification, reliability and natural gas cost benefits to its customers. Interest rate swaps are used to manage interest rate risk associated with borrowings.

All derivative instruments not identified as NPNS are recorded at fair value as assets or liabilities on the Condensed Consolidated Balance Sheets. Cash collateral related to derivative instruments executed under master netting arrangements is offset against the collateralized derivatives on the Condensed Consolidated Balance Sheets. The cash impacts of settled derivatives are recorded as operating activities on the Condensed Consolidated Statements of Cash Flows.

INTEREST RATE RISK

The Duke Energy Registrants are exposed to changes in interest rates as a result of their issuance or anticipated issuance of variable-rate and fixed-rate debt and commercial paper. Interest rate risk is managed by limiting variable-rate exposures to a percentage of total debt and by monitoring changes in interest rates. To manage risk associated with changes in interest rates, the Duke Energy Registrants may enter into interest rate swaps, U.S. Treasury lock agreements and other financial contracts. In anticipation of certain fixed-rate debt issuances, a series of forward-starting interest rate swaps or Treasury locks may be executed to lock in components of current market interest rates. These instruments are later terminated prior to or upon the issuance of the corresponding debt.

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Cash Flow Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of AOCI for the three months ended March 31, 2018 and 2017 were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables business.

Undesignated Contracts

Undesignated contracts include contracts not designated as a hedge because they are accounted for under regulatory accounting and contracts that do not qualify for hedge accounting.

Duke Energy's interest rate swaps for its regulated operations employ regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the swaps are deferred as regulatory liabilities or regulatory assets, respectively. Regulatory assets and liabilities are amortized consistent with the treatment of the related costs in the ratemaking process. The accrual of interest on the swaps is recorded as Interest Expense.

The following table shows notional amounts of outstanding derivatives related to interest rate risk.

March 31, 2018						
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges ^(a)	\$ 660	\$ —	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	527	—	500	250	250	27
Total notional amount	\$ 1,187	\$ —	\$ 500	\$ 250	\$ 250	\$ 27

December 31, 2017						
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges ^(a)	\$ 660	\$ —	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	927	400	500	250	250	27
Total notional amount	\$ 1,587	\$ 400	\$ 500	\$ 250	\$ 250	\$ 27

(a) Duke Energy includes amounts related to consolidated VIEs of \$660 million as of March 31, 2018, and December 31, 2017.

COMMODITY PRICE RISK

The Duke Energy Registrants are exposed to the impact of changes in the prices of electricity purchased and sold in bulk power markets and coal and natural gas purchases, including Piedmont's natural gas supply contracts. Exposure to commodity price risk is influenced by a number of factors including the term of contracts, the liquidity of markets and delivery locations. For the Subsidiary Registrants, bulk power electricity and coal and natural gas purchases flow through fuel adjustment clauses, formula-based contracts or other cost-sharing mechanisms. Differences between the costs included in rates and the incurred costs, including undesignated derivative contracts, are largely deferred as regulatory assets or regulatory liabilities. Piedmont policies allow for the use of financial instruments to hedge commodity price risks. The strategy and objective of these hedging programs are to use the financial instruments to reduce natural gas costs volatility for customers.

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Volumes

The tables below include volumes of outstanding commodity derivatives. Amounts disclosed represent the absolute value of notional volumes of commodity contracts excluding NPNS. The Duke Energy Registrants have netted contractual amounts where offsetting purchase and sale contracts exist with identical delivery locations and times of delivery. Where all commodity positions are perfectly offset, no quantities are shown.

	March 31, 2018						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	Piedmont
Electricity (gigawatt-hours)	16	—	—	—	—	16	—
Natural gas (millions of dekatherms)	765	110	179	149	30	2	474

	December 31, 2017						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	Piedmont
Electricity (gigawatt-hours)	34	—	—	—	—	34	—
Natural gas (millions of dekatherms)	770	105	183	133	50	2	480

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LOCATION AND FAIR VALUE OF DERIVATIVE ASSETS AND LIABILITIES RECOGNIZED ON THE CONDENSED CONSOLIDATED BALANCE SHEETS

The following tables show the fair value and balance sheet location of derivative instruments. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

Derivative Assets		March 31, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 14	\$ 2	\$ 3	\$ 2	\$ 1	\$ 1	\$ 7	\$ 1	
Noncurrent	1	—	—	—	—	—	—	—	
Total Derivative Assets – Commodity Contracts	\$ 15	\$ 2	\$ 3	\$ 2	\$ 1	\$ 1	\$ 7	\$ 1	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	21	—	—	—	—	—	—	—	
Total Derivative Assets – Interest Rate Contracts	\$ 22	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Total Derivative Assets	\$ 37	\$ 2	\$ 3	\$ 2	\$ 1	\$ 1	\$ 7	\$ 1	
Derivative Liabilities		March 31, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 26	\$ 5	\$ 8	\$ 6	\$ 3	\$ —	\$ —	\$ 13	
Noncurrent	140	6	15	6	—	—	—	119	
Total Derivative Liabilities – Commodity Contracts	\$ 166	\$ 11	\$ 23	\$ 12	\$ 3	\$ —	\$ —	\$ 132	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 4	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	3	—	—	—	—	—	—	—	
<i>Not Designated as Hedging Instruments</i>									
Current	3	—	3	2	1	—	—	—	
Noncurrent	14	—	11	7	3	4	—	—	
Total Derivative Liabilities – Interest Rate Contracts	\$ 24	\$ —	\$ 14	\$ 9	\$ 4	\$ 4	\$ —	\$ —	
Total Derivative Liabilities	\$ 190	\$ 11	\$ 37	\$ 21	\$ 7	\$ 4	\$ —	\$ 132	

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Derivative Assets		December 31, 2017							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 34	\$ 2	\$ 2	\$ 1	\$ 1	\$ 1	\$ 27	\$ 2	
Noncurrent	1	—	1	1	—	—	—	—	
Total Derivative Assets – Commodity Contracts	\$ 35	\$ 2	\$ 3	\$ 2	\$ 1	\$ 1	\$ 27	\$ 2	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	15	—	—	—	—	—	—	—	
Total Derivative Assets – Interest Rate Contracts	\$ 16	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Total Derivative Assets	\$ 51	\$ 2	\$ 3	\$ 2	\$ 1	\$ 1	\$ 27	\$ 2	
Derivative Liabilities		December 31, 2017							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 36	\$ 6	\$ 18	\$ 8	\$ 10	\$ —	\$ —	\$ 11	
Noncurrent	146	4	10	4	—	—	—	131	
Total Derivative Liabilities – Commodity Contracts	\$ 182	\$ 10	\$ 28	\$ 12	\$ 10	\$ —	\$ —	\$ 142	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 29	\$ 25	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	6	—	—	—	—	—	—	—	
<i>Not Designated as Hedging Instruments</i>									
Current	1	—	1	—	—	1	—	—	
Noncurrent	12	—	7	6	2	4	—	—	
Total Derivative Liabilities – Interest Rate Contracts	\$ 48	\$ 25	\$ 8	\$ 6	\$ 2	\$ 5	\$ —	\$ —	
Total Derivative Liabilities	\$ 230	\$ 35	\$ 36	\$ 18	\$ 12	\$ 5	\$ —	\$ 142	

OFFSETTING ASSETS AND LIABILITIES

The following tables present the line items on the Condensed Consolidated Balance Sheets where derivatives are reported. Substantially all of Duke Energy's outstanding derivative contracts are subject to enforceable master netting arrangements. The gross amounts offset in the tables below show the effect of these netting arrangements on financial position, and include collateral posted to offset the net position. The amounts shown are calculated by counterparty. Accounts receivable or accounts payable may also be available to offset exposures in the event of bankruptcy. These amounts are not included in the tables below.

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Derivative Assets				March 31, 2018												
	Duke	Duke		Progress	Duke	Duke	Duke	Duke	Duke	Duke						
(in millions)	Energy	Energy		Energy	Energy	Energy	Energy	Energy	Energy	Energy			Piedmont			
Current																
Gross amounts recognized	\$	15	\$	2	\$	3	\$	2	\$	1	\$	1	\$	7	\$	1
Gross amounts offset		(2)		(1)		(1)		(1)		—		—		—		—
Net amounts presented in Current Assets: Other	\$	13	\$	1	\$	2	\$	1	\$	1	\$	1	\$	7	\$	1
Noncurrent																
Gross amounts recognized	\$	22	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Gross amounts offset		—		—		—		—		—		—		—		—
Net amounts presented in Other Noncurrent Assets: Other	\$	22	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Derivative Liabilities				March 31, 2018												
	Duke	Duke		Progress	Duke	Duke	Duke	Duke	Duke	Duke						
(in millions)	Energy	Energy		Energy	Energy	Energy	Energy	Energy	Energy	Energy			Piedmont			
Current																
Gross amounts recognized	\$	33	\$	5	\$	11	\$	8	\$	4	\$	—	\$	—	\$	13
Gross amounts offset		(4)		(2)		(2)		(2)		—		—		—		—
Net amounts presented in Current Liabilities: Other	\$	29	\$	3	\$	9	\$	6	\$	4	\$	—	\$	—	\$	13
Noncurrent																
Gross amounts recognized	\$	157	\$	6	\$	26	\$	13	\$	3	\$	4	\$	—	\$	119
Gross amounts offset		(1)		—		(1)		(1)		—		—		—		—
Net amounts presented in Other Noncurrent Liabilities: Other	\$	156	\$	6	\$	25	\$	12	\$	3	\$	4	\$	—	\$	119
Derivative Assets				December 31, 2017												
	Duke	Duke		Progress	Duke	Duke	Duke	Duke	Duke	Duke						
(in millions)	Energy	Energy		Energy	Energy	Energy	Energy	Energy	Energy	Energy			Piedmont			
Current																
Gross amounts recognized	\$	35	\$	2	\$	2	\$	1	\$	1	\$	1	\$	27	\$	2
Gross amounts offset		—		—		—		—		—		—		—		—
Net amounts presented in Current Assets: Other	\$	35	\$	2	\$	2	\$	1	\$	1	\$	1	\$	27	\$	2
Noncurrent																
Gross amounts recognized	\$	16	\$	—	\$	1	\$	1	\$	—	\$	—	\$	—	\$	—
Gross amounts offset		—		—		—		—		—		—		—		—
Net amounts presented in Other Noncurrent Assets: Other	\$	16	\$	—	\$	1	\$	1	\$	—	\$	—	\$	—	\$	—

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Derivative Liabilities				December 31, 2017								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont				
Current												
Gross amounts recognized	\$ 66	\$ 31	\$ 19	\$ 8	\$ 10	\$ 1	\$ —	\$ 11				
Gross amounts offset	(3)	(2)	(2)	(2)	—	—	—	—				
Net amounts presented in Current Liabilities: Other	\$ 63	\$ 29	\$ 17	\$ 6	\$ 10	\$ 1	\$ —	\$ 11				
Noncurrent												
Gross amounts recognized	\$ 164	\$ 4	\$ 17	\$ 10	\$ 2	\$ 4	\$ —	\$ 131				
Gross amounts offset	(1)	—	(1)	(1)	—	—	—	—				
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 163	\$ 4	\$ 16	\$ 9	\$ 2	\$ 4	\$ —	\$ 131				

OBJECTIVE CREDIT CONTINGENT FEATURES

Certain derivative contracts contain objective credit contingent features. These features include the requirement to post cash collateral or letters of credit if specific events occur, such as a credit rating downgrade below investment grade. The following tables show information with respect to derivative contracts that are in a net liability position and contain objective credit-risk-related payment provisions.

		March 31, 2018				
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	
Aggregate fair value of derivatives in a net liability position	\$ 30	\$ 10	\$ 20	\$ 18	\$ 2	
Fair value of collateral already posted	—	—	—	—	—	
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	30	10	20	18	2	

		December 31, 2017				
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	
Aggregate fair value of derivatives in a net liability position	\$ 59	\$ 35	\$ 25	\$ 15	\$ 10	
Fair value of collateral already posted	—	—	—	—	—	
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	59	35	25	15	10	

The Duke Energy Registrants have elected to offset cash collateral and fair values of derivatives. For amounts to be netted, the derivative and cash collateral must be executed with the same counterparty under the same master netting arrangement.

9. INVESTMENTS IN DEBT AND EQUITY SECURITIES

Duke Energy's investments in debt and equity securities are primarily comprised of investments held in (i) the nuclear decommissioning trust fund (NDTF) at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, (ii) grantor trusts at Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana related to Other Post-Retirement Benefit Obligations (OPEB) plans and (iii) Bison. The Duke Energy Registrants classify investments in debt securities as available-for-sale (AFS) and investments in equity securities as fair value through net income (FV-NI).

For investments in debt securities classified as AFS, the unrealized gains and losses are included in other comprehensive income until realized, at which time, they are reported through net income. For investments in equity securities classified as FV-NI, both realized and unrealized gains and losses are reported through net income. Substantially all of Duke Energy's investments in debt and equity securities qualify for regulatory accounting, and accordingly, all associated realized and unrealized gains and losses on these investments are deferred as a regulatory asset or liability.

Duke Energy classifies the majority of investments in debt and equity securities as long term, unless otherwise noted.

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Investment Trusts

The investments within the NDTF investments and the Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana grantor trusts (Investment Trusts) are managed by independent investment managers with discretion to buy, sell and invest pursuant to the objectives set forth by the trust agreements. The Duke Energy Registrants have limited oversight of the day-to-day management of these investments. As a result, the ability to hold investments in unrealized loss positions is outside the control of the Duke Energy Registrants. Accordingly, all unrealized losses associated with debt securities within the Investment Trusts are considered OTTI and are recognized immediately and deferred to regulatory accounts where appropriate.

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment is other-than-temporarily impaired. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value should be considered other-than-temporary. If an OTTI exists, the unrealized credit loss is included in earnings. There were no material credit losses as of March 31, 2018, and December 31, 2017.

Other Investments amounts are recorded in Other within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

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The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

	March 31, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 143	\$ —	\$ —	\$ 115
Equity securities	2,751	38	4,857	2,805	27	4,914
Corporate debt securities	7	8	549	17	2	570
Municipal bonds	1	5	333	4	3	344
U.S. government bonds	6	18	1,014	11	7	1,027
Other debt securities	—	2	130	—	1	118
Total NDTF Investments	\$ 2,765	\$ 71	\$ 7,026	\$ 2,837	\$ 40	\$ 7,088
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 15	\$ —	\$ —	\$ 15
Equity securities	57	—	130	59	—	123
Corporate debt securities	—	1	64	1	—	57
Municipal bonds	1	1	80	2	1	83
U.S. government bonds	—	1	51	—	—	41
Other debt securities	—	—	48	—	1	44
Total Other Investments	\$ 58	\$ 3	\$ 388	\$ 62	\$ 2	\$ 363
Total Investments	\$ 2,823	\$ 74	\$ 7,414	\$ 2,899	\$ 42	\$ 7,451

(a) Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	March 31, 2018
Due in one year or less	\$ 100
Due after one through five years	535
Due after five through 10 years	530
Due after 10 years	1,104
Total	\$ 2,269

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Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2018 and from sales of AFS securities for the three months ended March 31, 2017 were as follows.

(in millions)		Three Months Ended March 31, 2018
FV-NI:		
Realized gains	\$	19
Realized losses		13
AFS:		
Realized gains		5
Realized losses		13

(in millions)		Three Months Ended March 31, 2017
Realized gains	\$	93
Realized losses		62

DUKE ENERGY CAROLINAS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 50	\$ —	\$ —	\$ 32
Equity securities	1,502	20	2,669	1,531	12	2,692
Corporate debt securities	3	5	333	9	2	359
Municipal bonds	—	1	69	—	1	60
U.S. government bonds	2	11	494	3	4	503
Other debt securities	—	2	122	—	1	112
Total NDTF Investments	\$ 1,507	\$ 39	\$ 3,737	\$ 1,543	\$ 20	\$ 3,758

(a) Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	March 31, 2018
Due in one year or less	\$ 11
Due after one through five years	178
Due after five through 10 years	285
Due after 10 years	544
Total	\$ 1,018

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Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2018 and from sales of AFS securities for the three months ended March 31, 2017 were as follows.

(in millions)	Three Months Ended March 31, 2018
FV-NI:	
Realized gains	\$ 10
Realized losses	5
AFS:	
Realized gains	5
Realized losses	10

(in millions)	Three Months Ended March 31, 2017
Realized gains	\$ 66
Realized losses	40

PROGRESS ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 93	\$ —	\$ —	\$ 83
Equity securities	1,249	18	2,188	1,274	15	2,222
Corporate debt securities	4	3	216	8	—	211
Municipal bonds	1	4	264	4	2	284
U.S. government bonds	4	7	520	8	3	524
Other debt securities	—	—	8	—	—	6
Total NDTF Investments	\$ 1,258	\$ 32	\$ 3,289	\$ 1,294	\$ 20	\$ 3,330
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 10	\$ —	\$ —	\$ 12
Municipal bonds	1	—	47	2	—	47
Total Other Investments	\$ 1	\$ —	\$ 57	\$ 2	\$ —	\$ 59
Total Investments	\$ 1,259	\$ 32	\$ 3,346	\$ 1,296	\$ 20	\$ 3,389

(a) Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	March 31, 2018
Due in one year or less	\$ 75
Due after one through five years	300
Due after five through 10 years	198
Due after 10 years	482
Total	\$ 1,055

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Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2018 and from sales of AFS securities for the three months ended March 31, 2017 were as follows.

(in millions)		Three Months Ended March 31, 2018
FV-NI:		
Realized gains	\$	9
Realized losses		8
AFS:		
Realized losses		3
Three Months Ended March 31, 2017		
(in millions)		
Realized gains	\$	27
Realized losses		21

DUKE ENERGY PROGRESS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 59	\$ —	\$ —	\$ 50
Equity securities	959	14	1,765	980	12	1,795
Corporate debt securities	3	2	153	6	—	149
Municipal bonds	1	4	263	4	2	283
U.S. government bonds	3	5	326	5	2	310
Other debt securities	—	—	5	—	—	4
Total NDTF Investments	\$ 966	\$ 25	\$ 2,571	\$ 995	\$ 16	\$ 2,591
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 1
Total Other Investments	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 1
Total Investments	\$ 966	\$ 25	\$ 2,572	\$ 995	\$ 16	\$ 2,592

(a) Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	March 31, 2018
Due in one year or less	\$ 19
Due after one through five years	216
Due after five through 10 years	144
Due after 10 years	368
Total	\$ 747

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Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2018 and from sales of AFS securities for the three months ended March 31, 2017 were as follows.

(in millions)		Three Months Ended March 31, 2018
FV-NI:		
Realized gains	\$	8
Realized losses		8
AFS:		
Realized losses		2
Three Months Ended March 31, 2017		
(in millions)		
Realized gains	\$	24
Realized losses		19

DUKE ENERGY FLORIDA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 34	\$ —	\$ —	\$ 33
Equity securities	290	4	423	294	3	427
Corporate debt securities	1	1	63	2	—	62
Municipal bonds	—	—	1	—	—	1
U.S. government bonds	1	2	194	3	1	214
Other debt securities	—	—	3	—	—	2
Total NDTF Investments^(b)	\$ 292	\$ 7	\$ 718	\$ 299	\$ 4	\$ 739
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Municipal bonds	1	—	47	2	—	47
Total Other Investments	\$ 1	\$ —	\$ 47	\$ 2	\$ —	\$ 48
Total Investments	\$ 293	\$ 7	\$ 765	\$ 301	\$ 4	\$ 787

(a) Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

(b) During the three months ended March 31, 2018, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of the Crystal River Unit 3 nuclear plant.

The table below summarizes the maturity date for debt securities.

(in millions)	March 31, 2018
Due in one year or less	\$ 56
Due after one through five years	84
Due after five through 10 years	54
Due after 10 years	114
Total	\$ 308

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Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2018 and from sales of AFS securities for the three months ended March 31, 2017 were as follows.

(in millions)		Three Months Ended March 31, 2018
FV-NI:		
Realized gains	\$	1
AFS:		
Realized losses		1

(in millions)		Three Months Ended March 31, 2017
Realized gains	\$	3
Realized losses		2

DUKE ENERGY INDIANA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are measured at FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Investments						
Equity securities	\$ 48	\$ —	\$ 96	\$ 49	\$ —	\$ 97
Corporate debt securities	—	—	5	—	—	3
Municipal bonds	—	1	26	—	1	28
Total Investments	\$ 48	\$ 1	\$ 127	\$ 49	\$ 1	\$ 128

(a) Realized and unrealized gains and losses where regulatory accounting is applied are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	March 31, 2018
Due in one year or less	\$ 3
Due after one through five years	15
Due after five through 10 years	6
Due after 10 years	7
Total	\$ 31

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2018, and from sales of AFS securities for the three months ended March 31, 2017, were insignificant.

10. FAIR VALUE MEASUREMENTS

Fair value is the exchange price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The fair value definition focuses on an exit price versus the acquisition cost. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, corroborated by market data or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

Fair value measurements are classified in three levels based on the fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date. An active market is one in which transactions for an asset or liability occur with sufficient frequency and volume to provide ongoing pricing information.

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Level 2 – A fair value measurement utilizing inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly, for an asset or liability. Inputs include (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for identical or similar assets or liabilities in markets that are not active and (iii) inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities and credit spreads. A Level 2 measurement cannot have more than an insignificant portion of its valuation based on unobservable inputs. Instruments in this category include non-exchange-traded derivatives, such as over-the-counter forwards, swaps and options; certain marketable debt securities; and financial instruments traded in less-than-active markets.

Level 3 – Any fair value measurement that includes unobservable inputs for more than an insignificant portion of the valuation. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 measurements may include longer-term instruments that extend into periods in which observable inputs are not available.

Not Categorized – Certain investments are not categorized within the Fair Value hierarchy. These investments are measured at fair value using the net asset value (NAV) per share practical expedient. The NAV is derived based on the investment cost, less any impairment, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

Fair value accounting guidance permits entities to elect to measure certain financial instruments that are not required to be accounted for at fair value, such as equity method investments or the company's own debt, at fair value. The Duke Energy Registrants have not elected to record any of these items at fair value.

Transfers between levels represent assets or liabilities that were previously (i) categorized at a higher level for which the inputs to the estimate became less observable or (ii) classified at a lower level for which the inputs became more observable during the period. The Duke Energy Registrant's policy is to recognize transfers between levels of the fair value hierarchy at the end of the period. There were no transfers between levels during the three months ended March 31, 2018, and 2017.

Valuation methods of the primary fair value measurements disclosed below are as follows.

Investments in equity securities

The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market as of the last business day of the quarter. Principal active markets for equity prices include published exchanges such as New York Stock Exchange and Nasdaq Stock Market. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market. There was no after-hours market activity that was required to be reflected in the reported fair value measurements.

Investments in debt securities

Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. If the market for a particular fixed-income security is relatively inactive or illiquid, the measurement is Level 3.

Commodity derivatives

Commodity derivatives with clearinghouses are classified as Level 1. Other commodity derivatives, including Piedmont's natural gas supply contracts, are primarily valued using internally developed discounted cash flow models that incorporate forward price, adjustments for liquidity (bid-ask spread) and credit or non-performance risk (after reflecting credit enhancements such as collateral), and are discounted to present value. Pricing inputs are derived from published exchange transaction prices and other observable data sources. In the absence of an active market, the last available price may be used. If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. In isolation, increases (decreases) in natural gas forward prices result in favorable (unfavorable) fair value adjustments for natural gas purchase contracts; and increases (decreases) in electricity forward prices result in unfavorable (favorable) fair value adjustments for electricity sales contracts. Duke Energy regularly evaluates and validates pricing inputs used to estimate the fair value of natural gas commodity contracts by a market participant price verification procedure. This procedure provides a comparison of internal forward commodity curves to market participant generated curves.

Interest rate derivatives

Most over-the-counter interest rate contract derivatives are valued using financial models that utilize observable inputs for similar instruments and are classified as Level 2. Inputs include forward interest rate curves, notional amounts, interest rates and credit quality of the counterparties.

Other fair value considerations

See Note 11 in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017, for a discussion of the valuation of goodwill and intangible assets.

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DUKE ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets. Derivative amounts in the tables below for all Duke Energy Registrants exclude cash collateral, which is disclosed in Note 8. See Note 9 for additional information related to investments by major security type for the Duke Energy Registrants.

(in millions)	March 31, 2018				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	\$ 4,857	\$ 4,785	\$ —	\$ —	72
NDTF debt securities	2,169	633	1,536	—	—
Other equity securities	130	130	—	—	—
Other debt securities	258	66	192	—	—
Derivative assets	37	2	27	8	—
Total assets	7,451	5,616	1,755	8	72
Derivative liabilities	(190)	(1)	(57)	(132)	—
Net assets (liabilities)	\$ 7,261	\$ 5,615	\$ 1,698	\$ (124)	72

(in millions)	December 31, 2017				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	\$ 4,914	\$ 4,840	\$ —	\$ —	74
NDTF debt securities	2,174	635	1,539	—	—
Other equity securities	123	123	—	—	—
Other debt securities	241	57	184	—	—
Derivative assets	51	3	20	28	—
Total assets	7,503	5,658	1,743	28	74
Derivative liabilities	(230)	(2)	(86)	(142)	—
Net assets (liabilities)	\$ 7,273	\$ 5,656	\$ 1,657	\$ (114)	74

The following table provides reconciliations of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements. Amounts included in earnings for derivatives are primarily included in Cost of natural gas on the Duke Energy Registrants' Condensed Consolidated Statements of Operations and Comprehensive Income. Amounts included in changes of net assets on the Duke Energy Registrants' Condensed Consolidated Balance Sheets are included in regulatory assets or liabilities. All derivative assets and liabilities are presented on a net basis.

(in millions)	Three Months Ended March 31, 2018			Three Months Ended March 31, 2017		
	Investments	Derivatives (net)	Total	Investments	Derivatives (net)	Total
Balance at beginning of period	\$ —	\$ (114)	\$ (114)	\$ 5	\$ (166)	\$ (161)
Purchases, sales, issuances and settlements:						
Settlements	—	(14)	(14)	—	(9)	(9)
Total gains included on the Condensed Consolidated Balance Sheet	—	4	4	—	40	40
Balance at end of period	\$ —	\$ (124)	\$ (124)	\$ 5	\$ (135)	\$ (130)

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DUKE ENERGY CAROLINAS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2018			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF equity securities	\$ 2,669	\$ 2,597	\$ —	\$ 72
NDTF debt securities	1,068	209	859	—
Derivative assets	2	—	2	—
Total assets	3,739	2,806	861	72
Derivative liabilities	(11)	(1)	(10)	—
Net assets	\$ 3,728	\$ 2,805	\$ 851	\$ 72

(in millions)	December 31, 2017			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF equity securities	\$ 2,692	\$ 2,618	\$ —	\$ 74
NDTF debt securities	1,066	204	862	—
Derivative assets	2	—	2	—
Total assets	3,760	2,822	864	74
Derivative liabilities	(35)	(1)	(34)	—
Net assets	\$ 3,725	\$ 2,821	\$ 830	\$ 74

PROGRESS ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2018		
	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 2,188	\$ 2,188	\$ —
NDTF debt securities	1,101	424	677
Other debt securities	57	10	47
Derivative assets	3	—	3
Total assets	3,349	2,622	727
Derivative liabilities	(37)	(1)	(36)
Net assets	\$ 3,312	\$ 2,621	\$ 691

(in millions)	December 31, 2017		
	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 2,222	\$ 2,222	\$ —
NDTF debt securities	1,108	431	677
Other debt securities	59	12	47
Derivative assets	3	1	2
Total assets	3,392	2,666	726
Derivative liabilities	(36)	(1)	(35)
Net assets	\$ 3,356	\$ 2,665	\$ 691

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DUKE ENERGY PROGRESS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2018		
	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 1,765	\$ 1,765	\$ —
NDTF debt securities	806	254	552
Other debt securities	1	1	—
Derivative assets	2	—	2
Total assets	2,574	2,020	554
Derivative liabilities	(21)	(1)	(20)
Net assets	\$ 2,553	\$ 2,019	\$ 534

(in millions)	December 31, 2017		
	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 1,795	\$ 1,795	\$ —
NDTF debt securities	796	243	553
Other debt securities	1	1	—
Derivative assets	2	1	1
Total assets	2,594	2,040	554
Derivative liabilities	(18)	(1)	(17)
Net assets	\$ 2,576	\$ 2,039	\$ 537

DUKE ENERGY FLORIDA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2018		
	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 423	\$ 423	\$ —
NDTF debt securities	295	170	125
Other debt securities	47	—	47
Derivative assets	1	—	1
Total assets	766	593	173
Derivative liabilities	(7)	—	(7)
Net assets	\$ 759	\$ 593	\$ 166

(in millions)	December 31, 2017		
	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 427	\$ 427	\$ —
NDTF debt securities	312	188	124
Other debt securities	48	1	47
Derivative assets	1	—	1
Total assets	788	616	172
Derivative liabilities	(12)	—	(12)
Net assets	\$ 776	\$ 616	\$ 160

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DUKE ENERGY OHIO

The following table provides recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2018			December 31, 2017		
	Total Fair Value	Level 2	Level 3	Total Fair Value	Level 2	Level 3
Derivative assets	\$ 1	\$ —	\$ 1	\$ 1	\$ —	\$ 1
Derivative liabilities	(4)	(4)	—	(5)	(5)	—
Net (liabilities) assets	\$ (3)	\$ (4)	\$ 1	\$ (4)	\$ (5)	\$ 1

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2018	2017
Balance at beginning of period	\$ 1	\$ 5
Purchases, sales, issuances and settlements:		
Settlements	—	(1)
Total losses included on the Condensed Consolidated Balance Sheet	—	(3)
Balance at end of period	\$ 1	\$ 1

DUKE ENERGY INDIANA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2018			
	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	\$ 96	\$ 96	\$ —	\$ —
Other debt securities	31	—	31	—
Derivative assets	7	—	—	7
Total assets	134	96	31	7
Derivative liabilities	—	—	—	—
Net assets	\$ 134	\$ 96	\$ 31	\$ 7

(in millions)	December 31, 2017			
	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	\$ 97	\$ 97	\$ —	\$ —
Other debt securities	31	—	31	—
Derivative assets	27	—	—	27
Total assets	155	97	31	27
Derivative liabilities	—	—	—	—
Net assets	\$ 155	\$ 97	\$ 31	\$ 27

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The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2018	2017
Balance at beginning of period	\$ 27	\$ 16
Purchases, sales, issuances and settlements:		
Settlements	(14)	(7)
Total (losses) gains included on the Condensed Consolidated Balance Sheet	(6)	—
Balance at end of period	\$ 7	\$ 9

PIEDMONT

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2018		
	Total Fair Value	Level 1	Level 3
Derivative assets	\$ 1	\$ 1	\$ —
Derivative liabilities	(132)	—	(132)
Net (liabilities) assets	\$ (131)	\$ 1	\$ (132)

(in millions)	December 31, 2017		
	Total Fair Value	Level 1	Level 3
Other debt securities	\$ 1	\$ 1	\$ —
Derivative assets	2	2	—
Total assets	3	3	—
Derivative liabilities	(142)	—	(142)
Net (liabilities) assets	\$ (139)	\$ 3	\$ (142)

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2018	2017
Balance at beginning of period	\$ (142)	\$ (187)
Total gains and settlements	10	42
Balance at end of period	\$ (132)	\$ (145)

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QUANTITATIVE INFORMATION ABOUT UNOBSERVABLE INPUTS

The following tables include quantitative information about the Duke Energy Registrants' derivatives classified as Level 3.

March 31, 2018				
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range
Duke Energy Ohio				
Financial Transmission Rights (FTRs)	\$ 1	RTO auction pricing	FTR price – per megawatt-hour (MWh)	\$ — - \$ 2.88
Duke Energy Indiana				
FTRs	7	RTO auction pricing	FTR price – per MWh	(5.09) - 7.58
Piedmont				
Natural gas contracts	(132)	Discounted cash flow	Forward natural gas curves – price per million British thermal unit (MMBtu)	2.15 - 3.65
Duke Energy				
Total Level 3 derivatives	\$ (124)			
December 31, 2017				
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range
Duke Energy Ohio				
FTRs	\$ 1	RTO auction pricing	FTR price – per MWh	\$ 0.07 - \$ 1.41
Duke Energy Indiana				
FTRs	27	RTO auction pricing	FTR price – per MWh	(0.77) - 7.44
Piedmont				
Natural gas contracts	(142)	Discounted cash flow	Forward natural gas curves – price per MMBtu	2.10 - 2.88
Duke Energy				
Total Level 3 derivatives	\$ (114)			

OTHER FAIR VALUE DISCLOSURES

The fair value and book value of long-term debt, including current maturities, is summarized in the following table. Estimates determined are not necessarily indicative of amounts that could have been settled in current markets. Fair value of long-term debt uses Level 2 measurements.

(in millions)	March 31, 2018		December 31, 2017	
	Book Value	Fair Value	Book Value	Fair Value
Duke Energy	\$ 52,981	\$ 54,383	\$ 52,279	\$ 55,331
Duke Energy Carolinas	10,694	11,556	10,103	11,372
Progress Energy	17,757	19,270	17,837	20,000
Duke Energy Progress	7,357	7,687	7,357	7,992
Duke Energy Florida	7,015	7,632	7,095	7,953
Duke Energy Ohio	2,067	2,217	2,067	2,249
Duke Energy Indiana	3,782	4,322	3,783	4,464
Piedmont	2,037	2,209	2,037	2,209

At both March 31, 2018, and December 31, 2017, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper, and nonrecourse notes payable of VIEs are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

11. VARIABLE INTEREST ENTITIES

A VIE is an entity that is evaluated for consolidation using more than a simple analysis of voting control. The analysis to determine whether an entity is a VIE considers contracts with an entity, credit support for an entity, the adequacy of the equity investment of an entity and the relationship of voting power to the amount of equity invested in an entity. This analysis is performed either upon the creation of a legal entity or upon the occurrence of an event requiring re-evaluation, such as a significant change in an entity's assets or activities. A qualitative analysis of control determines the party that consolidates a VIE. This assessment is based on (i) what party has the power to direct the activities of the VIE that most significantly impact its economic performance and (ii) what party has rights to receive benefits or is obligated to absorb losses that could potentially be significant to the VIE. The analysis of the party that consolidates a VIE is a continual reassessment.

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CONSOLIDATED VIEs

The obligations of the consolidated VIEs discussed in the following paragraphs are nonrecourse to the Duke Energy registrants. The registrants have no requirement to provide liquidity to, purchase assets of or guarantee performance of these VIEs unless noted in the following paragraphs.

No financial support was provided to any of the consolidated VIEs during the three months ended March 31, 2018, and the year ended December 31, 2017, or is expected to be provided in the future, that was not previously contractually required.

Receivables Financing – DERF / DEPR / DEFR

Duke Energy Receivables Finance Company, LLC (DERF), Duke Energy Progress Receivables, LLC (DEPR) and Duke Energy Florida Receivables, LLC (DEFR) are bankruptcy remote, special purpose subsidiaries of Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, respectively. DERF, DEPR and DEFR are wholly owned limited liability companies with separate legal existence from their parent companies, and their assets are not generally available to creditors of their parent companies. On a revolving basis, DERF, DEPR and DEFR buy certain accounts receivable arising from the sale of electricity and related services from their parent companies.

DERF, DEPR and DEFR borrow amounts under credit facilities to buy these receivables. Borrowing availability from the credit facilities is limited to the amount of qualified receivables purchased. The sole source of funds to satisfy the related debt obligations is cash collections from the receivables. Amounts borrowed under the credit facilities are reflected on the Condensed Consolidated Balance Sheets as Long-Term Debt.

The most significant activity that impacts the economic performance of DERF, DEPR and DEFR are the decisions made to manage delinquent receivables. Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida consolidate DERF, DEPR and DEFR, respectively, as they make those decisions.

Receivables Financing – CRC

CRC is a bankruptcy remote, special purpose entity indirectly owned by Duke Energy. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Ohio and Duke Energy Indiana. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Ohio and Duke Energy Indiana. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables. Amounts borrowed under the credit facility are reflected on Duke Energy's Condensed Consolidated Balance Sheets as Long-Term Debt.

The proceeds Duke Energy Ohio and Duke Energy Indiana receive from the sale of receivables to CRC are typically 75 percent cash and 25 percent in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Depending on collection experience, additional equity infusions to CRC may be required by Duke Energy to maintain a minimum equity balance of \$3 million.

CRC is considered a VIE because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact the economic performance of the entity are not performed by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy consolidates CRC as it makes these decisions. Neither Duke Energy Ohio nor Duke Energy Indiana consolidate CRC.

Receivables Financing – Credit Facilities

The following table summarizes the amounts and expiration dates of the credit facilities and associated restricted receivables described above.

(in millions)	CRC	Duke Energy			
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	
		DERF	DEPR	DEFR	
Expiration date	December 2020	December 2020	February 2021	April 2019 ^(a)	
Credit facility amount	\$ 325	\$ 450	\$ 300	\$ 225	
Amounts borrowed at March 31, 2018	325	450	300	225	
Amounts borrowed at December 31, 2017	325	450	300	225	
Restricted Receivables at March 31, 2018	504	634	497	313	
Restricted Receivables at December 31, 2017	545	640	459	317	

(a) In April 2018, the credit facility was extended through April 2021.

Nuclear Asset-Recovery Bonds – DEFPP

Duke Energy Florida Project Finance, LLC (DEFPP) is a bankruptcy remote, wholly owned special purpose subsidiary of Duke Energy Florida. DEFPP was formed in 2016 for the sole purpose of issuing nuclear asset-recovery bonds to finance Duke Energy Florida's unrecovered regulatory asset related to Crystal River Unit 3.

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In June 2016, DEFPF issued senior secured bonds and used the proceeds to acquire nuclear asset-recovery property from Duke Energy Florida. The nuclear asset-recovery property acquired includes the right to impose, bill, collect and adjust a non-bypassable nuclear asset-recovery charge from all Duke Energy Florida retail customers until the bonds are paid in full and all financing costs have been recovered. The nuclear asset-recovery bonds are secured by the nuclear asset-recovery property, and cash collections from the nuclear asset-recovery charges are the sole source of funds to satisfy the debt obligation. The bondholders have no recourse to Duke Energy Florida.

DEFPF is considered a VIE primarily because the equity capitalization is insufficient to support its operations. Duke Energy Florida has the power to direct the significant activities of the VIE as described above, and therefore Duke Energy Florida is considered the primary beneficiary and consolidates DEFPF.

The following table summarizes the impact of DEFPF on Duke Energy Florida's Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2018	December 31, 2017
Receivables of VIEs	\$ 4	\$ 4
Regulatory Assets: Current	51	51
Current Assets: Other	13	40
Other Noncurrent Assets: Regulatory assets	1,082	1,091
Current Liabilities: Other	3	10
Current maturities of long-term debt	53	53
Long-Term Debt	1,136	1,164

Commercial Renewables

Certain of Duke Energy's renewable energy facilities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Assets are restricted and cannot be pledged as collateral or sold to third parties without prior approval of debt holders. The activities that most significantly impact the economic performance of these renewable energy facilities were decisions associated with siting, negotiating PPAs, engineering, procurement and construction and decisions associated with ongoing operations and maintenance-related activities. Duke Energy consolidates the entities as it is responsible for all of these decisions.

The table below presents material balances reported on Duke Energy's Condensed Consolidated Balance Sheets related to renewables VIEs.

(in millions)	March 31, 2018	December 31, 2017
Current Assets: Other	\$ 217	\$ 174
Property, plant and equipment, cost	4,017	3,923
Other Noncurrent Assets: Other	227	50
Accumulated depreciation and amortization	(626)	(591)
Current maturities of long-term debt	171	170
Long-Term Debt	1,700	1,700
Other Noncurrent Liabilities: Deferred income taxes	—	(148)
Other Noncurrent Liabilities: Other	236	241

NON-CONSOLIDATED VIEs

The following tables summarize the impact of non-consolidated VIEs on the Condensed Consolidated Balance Sheets.

	March 31, 2018											
	Duke Energy							Duke Energy		Duke Energy		
(in millions)	Pipeline Investments		Commercial Renewables		Other VIEs		Total	Ohio		Indiana		
Receivables from affiliated companies	\$	—	\$	—	\$	—	\$	—	\$	65	\$	86
Investments in equity method unconsolidated affiliates		723		183		45		951		—		—
Other noncurrent assets		17		—		—		17		—		—
Total assets	\$	740	\$	183	\$	45	\$	968	\$	65	\$	86
Taxes accrued		(29)		—		—		(29)		—		—
Other current liabilities		—		—		3		3		—		—
Deferred income taxes		32		—		—		32		—		—
Other noncurrent liabilities		8		—		12		20		—		—
Total liabilities	\$	11	\$	—	\$	15	\$	26	\$	—	\$	—
Net assets	\$	729	\$	183	\$	30	\$	942	\$	65	\$	86

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(in millions)	December 31, 2017									
	Duke Energy						Duke Energy		Duke Energy	
	Pipeline Investments	Commercial Renewables	Other VIEs	Total			Ohio		Indiana	
Receivables from affiliated companies	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	87	\$ —	106	\$ —
Investments in equity method unconsolidated affiliates	697	180	42	919			—		—	
Other noncurrent assets	17	—	—	17			—		—	
Total assets	\$ 714	\$ 180	\$ 42	\$ 936	\$ —	\$ —	87	\$ —	106	\$ —
Taxes accrued	(29)	—	—	(29)			—		—	
Other current liabilities	—	—	4	4			—		—	
Deferred income taxes	42	—	—	42			—		—	
Other noncurrent liabilities	—	—	12	12			—		—	
Total liabilities	\$ 13	\$ —	\$ 16	\$ 29	\$ —	\$ —	—	\$ —	—	\$ —
Net assets	\$ 701	\$ 180	\$ 26	\$ 907	\$ —	\$ —	87	\$ —	106	\$ —

The Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above except for the power purchase agreement with OVEC, which is discussed below, and various guarantees, some of which are reflected in the table above as Other noncurrent liabilities. For more information on various guarantees, refer to Note 4.

Pipeline Investments

Duke Energy has investments in various joint ventures with pipeline projects currently under construction. These entities are considered VIEs due to having insufficient equity to finance their own activities without subordinated financial support. Duke Energy does not have the power to direct the activities that most significantly impact the economic performance, the obligation to absorb losses or the right to receive benefits of these VIEs and therefore does not consolidate these entities.

The table below presents Duke Energy's ownership interest and investment balances in these joint ventures.

Entity Name	Ownership Interest	VIE Investment Amount (in millions)	
		March 31, 2018	December 31, 2017
ACP	47%	\$ 474	\$ 397
Sabal Trail	7.5%	223	219
Constitution ^(a)	24%	26	81
Total		\$ 723	\$ 697

(a) During the three months ended March 31, 2018, Duke Energy recorded an OTTI of \$55 million related to Constitution within Equity in (losses) earnings of unconsolidated affiliates on Duke Energy's Condensed Consolidated Statements of Income. See Note 3 for additional information.

In 2017, ACP executed a \$3.4 billion revolving credit facility with a stated maturity date of October 2021. Duke Energy entered into a guarantee agreement to support its share of the ACP revolving credit facility. Duke Energy's maximum exposure to loss under the terms of the guarantee is limited to 47 percent of the outstanding borrowings under the credit facility, which was \$346 million as of March 31, 2018.

On April 30, 2018, Sabal Trail closed on a \$1.5 billion offering of senior notes. The notes were issued in three tranches due in 2028, 2038 and 2048. Duke Energy received \$112 million of net proceeds as a result of the offering. As a result of the financing, Sabal Trail has sufficient equity to finance its own activities without additional subordinated financial support from other parties and will no longer be considered a VIE.

Commercial Renewables

Duke Energy has investments in various renewable energy project entities. Some of these entities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Duke Energy does not consolidate these VIEs because power to direct and control key activities is shared jointly by Duke Energy and other owners.

Other VIEs

Duke Energy holds a 50 percent equity interest in Pioneer Transmission, LLC (Pioneer). Pioneer is considered a VIE due to having insufficient equity to finance its own activities without subordinated financial support. The activities that most significantly impact Pioneer's economic performance are decisions related to the development of new transmission facilities. The power to direct these activities is jointly and equally shared by Duke Energy and the other joint venture partner, American Electric Power; therefore, Duke Energy does not consolidate Pioneer.

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OVEC

Duke Energy Ohio's 9 percent ownership interest in OVEC is considered a non-consolidated VIE due to OVEC having insufficient equity to finance its activities without subordinated financial support. As a counterparty to an inter-company power agreement (ICPA), Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in OVEC's cost of business. Deterioration in the credit quality or bankruptcy of one or more parties to the ICPA could increase the costs of OVEC. On March 31, 2018, FirstEnergy Solutions (FES), a subsidiary of FirstEnergy and counterparty to the ICPA, filed for Chapter 11 bankruptcy. FES has a power participation ratio of 4.85 percent. Duke Energy Ohio cannot predict the impact of the bankruptcy on its OVEC interests. In addition, certain proposed environmental rulemaking could result in future increased cost allocations.

CRC

See discussion under Consolidated VIEs for additional information related to CRC.

Amounts included in Receivables from affiliated companies in the above table for Duke Energy Ohio and Duke Energy Indiana reflect their retained interest in receivables sold to CRC. These subordinated notes held by Duke Energy Ohio and Duke Energy Indiana are stated at fair value. Carrying values of retained interests are determined by allocating carrying value of the receivables between assets sold and interests retained based on relative fair value. The allocated bases of the subordinated notes are not materially different than their face value because (i) the receivables generally turn over in less than two months, (ii) credit losses are reasonably predictable due to the broad customer base and lack of significant concentration and (iii) the equity in CRC is subordinate to all retained interests and thus would absorb losses first. The hypothetical effect on fair value of the retained interests assuming both a 10 percent and a 20 percent unfavorable variation in credit losses or discount rates is not material due to the short turnover of receivables and historically low credit loss history. Interest accrues to Duke Energy Ohio and Duke Energy Indiana on the retained interests using the acceptable yield method. This method generally approximates the stated rate on the notes since the allocated basis and the face value are nearly equivalent. An impairment charge is recorded against the carrying value of both retained interests and purchased beneficial interest whenever it is determined that an OTTI has occurred.

Key assumptions used in estimating fair value are detailed in the following table.

	Duke Energy Ohio		Duke Energy Indiana	
	2018	2017	2018	2017
Anticipated credit loss ratio	0.5%	0.5%	0.3%	0.3%
Discount rate	2.6%	2.1%	2.6%	2.1%
Receivable turnover rate	13.6%	13.5%	10.8%	10.7%

The following table shows the gross and net receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Receivables sold	\$ 249	\$ 273	\$ 297	\$ 312
Less: Retained interests	65	87	86	106
Net receivables sold	\$ 184	\$ 186	\$ 211	\$ 206

The following table shows sales and cash flows related to receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	Three Months Ended		Three Months Ended	
	March 31,		March 31,	
	2018	2017	2018	2017
Sales				
Receivables sold	\$ 567	\$ 533	\$ 694	\$ 664
Loss recognized on sale	3	2	3	3
Cash flows				
Cash proceeds from receivables sold	\$ 585	\$ 559	\$ 711	\$ 693
Return received on retained interests	2	1	2	2

Cash flows from sales of receivables are reflected within Operating Activities on Duke Energy Ohio's and Duke Energy Indiana's Condensed Consolidated Statements of Cash Flows.

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Collection fees received in connection with servicing transferred accounts receivable are included in Operation, maintenance and other on Duke Energy Ohio's and Duke Energy Indiana's Condensed Consolidated Statements of Operations and Comprehensive Income. The loss recognized on sales of receivables is calculated monthly by multiplying receivables sold during the month by the required discount. The required discount is derived monthly utilizing a three-year weighted average formula that considers charge-off history, late charge history and turnover history on the sold receivables, as well as a component for the time value of money. The discount rate, or component for the time value of money, is the prior month-end LIBOR plus a fixed rate of 1.00 percent.

12. REVENUE

As described in Note 1, Duke Energy adopted *Revenue from Contracts with Customers* effective January 1, 2018, using the modified retrospective method of adoption which does not require restatement of prior year reported results. No cumulative effect adjustment was recorded as the vast majority of Duke Energy's revenues are at-will and without a defined contractual term. Additionally, comparative disclosures for 2018 operating results with the previous revenue recognition rules are not applicable as Duke Energy's revenue recognition has not materially changed as a result of the new standard.

Duke Energy recognizes revenue consistent with amounts billed under tariff offerings or at contractually agreed upon rates based on actual physical delivery of electric or natural gas service, including estimated volumes delivered when billings have not yet occurred. As such, the majority of Duke Energy's revenues have fixed pricing based on the contractual terms of the published tariffs, with variability in expected cash flows attributable to the customer's volumetric demand and ultimate quantities of energy or natural gas supplied and used during the billing period. The stand-alone selling price of related sales are designed to support recovery of prudently incurred costs and an appropriate return on invested assets and are primarily governed by published tariff rates or contractual agreements approved by relevant regulatory bodies. As described in Note 1, certain excise taxes and franchise fees levied by state or local governments are required to be paid even if not collected from the customer. These taxes are recognized on a gross basis as part of revenues. Duke Energy elects to account for all other taxes net of revenues.

Performance obligations are satisfied over time as energy or natural gas is delivered and consumed with billings generally occurring monthly and related payments due within 30 days, depending on regulatory requirements. In no event does the timing between payment and delivery of the goods and services exceed one year. Using this output method for revenue recognition provides a faithful depiction of the transfer of electric and natural gas service as customers obtain control of the commodity and benefit from its use at delivery. Additionally, Duke Energy has an enforceable right to consideration for energy or natural gas delivered at any discrete point in time, and will recognize revenue at an amount that reflects the consideration to which Duke Energy is entitled for the energy or natural gas delivered.

As described above, the majority of Duke Energy's tariff revenues are at-will and, as such, related contracts with customers have an expected duration of one year or less and will not have future performance obligations for disclosure. Additionally, other long-term revenue streams, including wholesale contracts, generally provide services that are part of a single performance obligation, the delivery of electricity or natural gas. As such, other than material fixed consideration under long-term contract, related disclosures for future performance obligations are also not applicable.

Duke Energy earns substantially all of its revenues through its reportable segments, Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

Electric Utilities and Infrastructure

Electric Utilities and Infrastructure earns the majority of its revenues through retail and wholesale electric service through the generation, transmission, distribution and sale of electricity. Duke Energy generally provides retail and wholesale electric service customers with their full electric load requirements or with supplemental load requirements when the customer has other sources of electricity.

Retail electric service is generally marketed throughout Duke Energy's electric service territory through standard service offers. The standard service offers are through tariffs determined by regulators in Duke Energy's regulated service territory. Each tariff, which is assigned to customers based on customer class, has multiple components such as an energy charge, a demand charge, a basic facilities charge, and applicable riders. Duke Energy considers each of these components to be aggregated into a single performance obligation for providing electric service, or in the case of distribution only customers in Duke Energy Ohio, for delivering electricity. Electricity is considered a single performance obligation satisfied over time consistent with the series guidance and is provided and consumed over the billing period (generally one month). Retail electric service is typically provided to at-will customers that can cancel service at any time, without a substantive penalty. Additionally, Duke Energy adheres to applicable regulatory requirements in each jurisdiction to ensure the collectability of amounts billed and appropriate mitigating procedures are followed when necessary. As such, revenue from contracts with customers for such contracts is equivalent to the electricity supplied and billed in that period (including estimated billings).

Wholesale electric service is generally provided under long-term contracts using cost-based pricing. FERC regulates costs that may be recovered from customers and the amount of return companies are permitted to earn. Wholesale contracts include both energy and demand charges. For full requirements contracts, Duke Energy considers both charges as a single performance obligation for providing integrated electric service. For contracts where energy and demand charges are considered separate performance obligations, energy and demand are each a distinct performance obligation under the series guidance and are satisfied as energy is delivered and stand-ready service is provided on a monthly basis. This service represents consumption over the billing period and revenue is recognized consistent with billings and unbilled estimates, which generally occur monthly. Contractual amounts owed are typically trued up annually based upon incurred costs in accordance with FERC published filings and the specific customer's actual peak demand. Estimates of variable consideration related to potential additional billings or refunds owed are updated quarterly.

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The majority of wholesale revenues are full requirements contracts where the customers purchase the substantial majority of their energy needs and do not have a fixed quantity of contractually required energy or capacity. As such, related forecasted revenues are considered optional purchases. Supplemental requirements contracts that include contracted blocks of energy and capacity at contractually fixed prices have the following estimated remaining performance obligations:

(in millions)	Remaining Performance Obligations						
	2018	2019	2020	2021	2022	Thereafter	Total
Progress Energy	\$ 69	\$ 112	\$ 121	\$ 80	\$ 82	\$ 81	545
Duke Energy Progress	7	9	9	9	9	18	61
Duke Energy Florida	62	103	112	71	73	63	484
Duke Energy Indiana	6	9	10	5	—	—	30

Revenues for block sales are recognized monthly as energy is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates.

Gas Utilities and Infrastructure

Gas Utilities and Infrastructure earns its revenue through retail and wholesale natural gas service through the transportation, distribution and sale of natural gas. Duke Energy generally provides retail and wholesale natural gas service customers with all natural gas load requirements. Additionally, while natural gas can be stored, substantially all natural gas provided by Duke Energy is consumed by customers simultaneously with receipt of delivery.

Retail natural gas service is marketed throughout Duke Energy's natural gas service territory using published tariff rates. The tariff rates are established by regulators in Duke Energy's service territories. Each tariff, which is assigned to customers based on customer class, have multiple components, such as a commodity charge, demand charge, customer or monthly charge, and transportation costs. Duke Energy considers each of these components to be aggregated into a single performance obligation for providing natural gas service. For contracts where Duke Energy provides all of the customer's natural gas needs, the delivery of natural gas is considered a single performance obligation satisfied over time, and revenue is recognized monthly based on billings and unbilled estimates as service is provided and the commodity is consumed over the billing period. Additionally, natural gas service is typically at-will and customers can cancel service at any time, without a substantive penalty. Duke Energy also adheres to applicable regulatory requirements to ensure the collectability of amounts billed and receivable and appropriate mitigating procedures are followed when necessary.

Certain long-term individually negotiated contracts exist to provide natural gas service. These contracts are regulated and approved by state commissions. The negotiated contracts have multiple components, including a natural gas and a demand charge, similar to retail natural gas contracts. Duke Energy considers each of these components to be a single performance obligation for providing natural gas service. This service represents consumption over the billing period, generally one month.

Fixed capacity payments under long-term contracts for the Gas segment include minimum margin contracts and supply arrangements with municipalities and power generation facilities. Revenues for related sales are recognized monthly as natural gas is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates. Estimated remaining performance obligations are as follows:

(in millions)	Remaining Performance Obligations						
	2018	2019	2020	2021	2022	Thereafter	Total
Piedmont	\$ 55	\$ 72	\$ 70	\$ 65	\$ 64	\$ 482	808

Commercial Renewables

Commercial Renewables earns the majority of its revenues through long-term PPAs and generally sells all of its wind and solar facility output, electricity and Renewable Energy Credits (RECs) to customers. The majority of these PPAs have historically been accounted for as leases. For PPAs that are not accounted for as leases, the delivery of electricity and the delivery of RECs are considered separate performance obligations.

The delivery of electricity is a performance obligation satisfied over time and represents generation and consumption of the electricity over the billing period, generally one month. The delivery of RECs is a performance obligation satisfied at a point in time and represents delivery of each REC generated by the wind or solar facility. The majority of self-generated RECs are bundled with energy in Duke Energy's contracts and, as such, related revenues are recognized as energy is generated and delivered as that pattern is consistent with Duke Energy's performance. Commercial Renewables recognizes revenue based on the energy generated and billed for the period, generally one month, at contractual rates (including estimated billings) according to the invoice practical expedient. Amounts are typically due within 30 days of invoice.

Other

The remainder of Duke Energy's operations is presented as Other, which does not include material revenues from contracts with customers.

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Disaggregated Revenues

For the Electric and Gas segments, revenue by customer class is most meaningful to Duke Energy as each respective customer class collectively represents unique customer expectations of service, generally has different energy and demand requirements, and operates under tailored, regulatory approved pricing structures. Additionally, each customer class is impacted differently by weather and a variety of economic factors including the level of population growth, economic investment, employment levels, and regulatory activities in each of Duke Energy's jurisdictions. As such, analyzing revenues disaggregated by customer class allows Duke Energy to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. For the Commercial Renewables segment, the majority of revenues from contracts with customers are from selling all of the unit-contingent output at contractually defined pricing under long-term PPAs with consistent expectations regarding the timing and certainty of cash flows. Disaggregated revenues are presented as follows:

(in millions) By market or type of customer	Three Months Ended March 31, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
<i>Electric Utilities and Infrastructure</i>								
Residential	\$ 2,350	\$ 781	\$ 1,112	\$ 516	\$ 595	\$ 180	\$ 278	\$ —
General	1,375	472	631	299	333	96	178	—
Industrial	664	255	208	145	62	30	173	—
Wholesale	633	119	446	397	50	—	68	—
Other revenues	139	67	129	85	43	14	17	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 5,161	\$ 1,694	\$ 2,526	\$ 1,442	\$ 1,083	\$ 320	\$ 714	\$ —
<i>Gas Utilities and Infrastructure</i>								
Residential	\$ 413	\$ —	\$ —	\$ —	\$ —	\$ 111	\$ —	\$ 302
Commercial	201	—	—	—	—	49	—	152
Industrial	48	—	—	—	—	7	—	41
Power Generation	—	—	—	—	—	—	—	13
Other revenues	55	—	—	—	—	6	—	49
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 717	\$ —	\$ —	\$ —	\$ —	\$ 173	\$ —	\$ 557
<i>Commercial Renewables</i>								
Revenue from contracts with customers	\$ 33	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>								
Revenue from contracts with customers	\$ 17	\$ —	\$ —	\$ —	\$ —	\$ 14	\$ —	\$ —
Total revenue from contracts with customers	\$ 5,928	\$ 1,694	\$ 2,526	\$ 1,442	\$ 1,083	\$ 507	\$ 714	\$ 557
Other revenue sources ^(a)	\$ 207	\$ 69	\$ 50	\$ 18	\$ 32	\$ 17	\$ 17	\$ (4)
Total revenues	\$ 6,135	\$ 1,763	\$ 2,576	\$ 1,460	\$ 1,115	\$ 524	\$ 731	\$ 553

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Piedmont has regulatory mechanisms that periodically provide rate adjustments to refund any over-collection or to recover any under-collection of margin.

IMPACT OF WEATHER AND THE TIMING OF BILLING PERIODS

Revenues and costs are influenced by seasonal weather patterns. Peak sales of electricity occur during the summer and winter months, which results in higher revenue and cash flows during these periods. By contrast, lower sales of electricity occur during the spring and fall, allowing for scheduled plant maintenance. Residential and general service customers are more impacted by weather than industrial customers. Estimated weather impacts are based on actual current period weather compared to normal weather conditions. Normal weather conditions are defined as the long-term average of actual historical weather conditions. Heating-degree days measure the variation in weather based on the extent the average daily temperature falls below a base temperature. Cooling-degree days measure the variation in weather based on the extent the average daily temperature rises above the base temperature. Each degree of temperature below the base temperature counts as one heating-degree day and each degree of temperature above the base temperature counts as one cooling-degree day.

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The estimated impact of weather on earnings for Electric Utilities and Infrastructure is based on the temperature variances from a normal condition and customers' historic usage patterns. The methodology used to estimate the impact of weather does not consider all variables that may impact customer response to weather conditions, such as humidity in the summer or wind chill in the winter. The precision of this estimate may also be impacted by applying long-term weather trends to shorter-term periods.

Gas Utilities and Infrastructure's costs and revenues are influenced by seasonal patterns due to peak natural gas sales occurring during the winter months as a result of space heating requirements. Residential customers are the most impacted by weather. There are certain regulatory mechanisms for the North Carolina, South Carolina, Tennessee, and Ohio service territories that normalize the margins collected from certain customer classes during the winter. In North Carolina, rate design provides protection from both weather and other usage variations such as conservation, while South Carolina and Tennessee revenues are adjusted solely based on weather. Ohio primarily employs a fixed charge each month regardless of the season and usage.

UNBILLED REVENUE

Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes, timing of rendering customer bills and meter reading schedules, and the impact of weather normalization or margin decoupling mechanisms.

Unbilled revenues are included within Receivables and Receivables of variable interest entities (VIEs) on the Condensed Consolidated Balance Sheets as shown in the following table.

(in millions)	March 31, 2018	December 31, 2017
Duke Energy	\$ 823	\$ 944
Duke Energy Carolinas	310	342
Progress Energy	237	228
Duke Energy Progress	167	143
Duke Energy Florida	70	85
Duke Energy Ohio	2	4
Duke Energy Indiana	24	21
Piedmont	45	86

Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail accounts receivable, including receivables for unbilled revenues, to an affiliate, CRC and accounts for the transfers of receivables as sales. Accordingly, the receivables sold are not reflected on the Condensed Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana. See Note 11 for further information. These receivables for unbilled revenues are shown in the table below.

(in millions)	March 31, 2018	December 31, 2017
Duke Energy Ohio	\$ 67	\$ 104
Duke Energy Indiana	108	132

13. COMMON STOCK

Basic Earnings Per Share (EPS) is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the diluted weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options and equity forward sale agreements, were exercised or settled. Duke Energy's participating securities are restricted stock units that are entitled to dividends declared on Duke Energy common stock during the restricted stock unit's vesting periods.

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The following table presents Duke Energy's basic and diluted EPS calculations and reconciles the weighted average number of common shares outstanding to the diluted weighted average number of common shares outstanding.

(in millions, except per-share amounts)	Three Months Ended March 31,	
	2018	2017
Income from continuing operations attributable to Duke Energy common stockholders excluding impact of participating securities	\$ 619	\$ 715
Weighted average shares outstanding – basic	701	700
Weighted average shares outstanding – diluted	701	700
Earnings per share from continuing operations attributable to Duke Energy common stockholders		
Basic	\$ 0.88	\$ 1.02
Diluted	\$ 0.88	\$ 1.02
Potentially dilutive items excluded from the calculation ^(a)	2	2
Dividends declared per common share	\$ 0.89	\$ 0.855

(a) Performance stock awards were not included in the dilutive securities calculation because the performance measures related to the awards had not been met.

Equity Forwards

On February 20, 2018, Duke Energy filed a prospectus supplement and executed an Equity Distribution Agreement (the EDA) under which it may sell up to \$1 billion of its common stock through an at-the-market offering program, including an equity forward sales component. The EDA was entered into with Wells Fargo Securities, LLC, Citigroup Global Markets Inc., and J.P. Morgan Securities LLC (the Agents). Under the terms of the EDA, Duke Energy may issue and sell, through either of the Agents, shares of common stock through September 23, 2019. There were no transactions under the EDA during the three months ended March 31, 2018.

Separately, in March 2018, Duke Energy marketed an equity offering of 21.3 million shares of common stock through an Underwriting Agreement with Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Barclays Capital Inc. and Goldman Sachs & Co. LLC, as representatives of several underwriters, Credit Suisse Capital LLC and J.P. Morgan Securities LLC as Forward Sellers, and Credit Suisse Capital LLC and JPMorgan Chase National Bank Associate, acting as forward purchasers. In connection with the offering, Duke Energy entered into equity forward sale agreements with Credit Suisse Securities (USA) LLC as Agent for Credit Suisse Capital LLC and J.P. Morgan Chase Bank, National Association. No amounts have or will be recorded in Duke Energy's Condensed Consolidated Financial Statements with respect to the equity offering until settlements of the Equity Forwards occur, which is expected by December 31, 2018. The Equity Forwards require Duke Energy to either physically settle the transactions by issuing 21.3 million shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements (initially \$74.07 per share), or net settle in whole or in part through the delivery or receipt of cash or shares. If Duke Energy had elected to net share settle the contract as of March 31, 2018, Duke Energy would have been required to deliver 0.9 million shares. The initial forward sale price will be subject to adjustment on a daily basis based on a floating interest rate factor and will decrease by other fixed amounts specified in the relevant forward sale agreement. Until settlement of the Equity Forwards, earnings per share dilution resulting from the agreements, if any, will be determined under the treasury stock method. Share dilution occurs when the average market price of Duke Energy's stock is higher than the average forward sales price.

14. STOCK-BASED COMPENSATION

For employee awards, equity classified stock-based compensation cost is measured at the service inception date or the grant date, based on the estimated achievement of certain performance metrics or the fair value of the award, and is recognized as expense or capitalized as a component of property, plant and equipment over the requisite service period.

Pretax stock-based compensation costs, the tax benefit associated with stock-based compensation expense and stock-based compensation costs capitalized are included in the following table.

(in millions)	Three Months Ended March 31,	
	2018	2017
Restricted stock unit awards	\$ 10	\$ 8
Performance awards	7	7
Pretax stock-based compensation cost	\$ 17	\$ 15
Tax benefit associated with stock-based compensation expense	\$ 4	\$ 5
Stock-based compensation costs capitalized	1	1

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15. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy maintains, and the Subsidiary Registrants participate in, qualified and non-qualified, non-contributory defined benefit retirement plans. Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants. The following table includes information related to the Duke Energy Registrants' contributions to its qualified defined benefit pension plans.

(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Total anticipated 2018 contributions	\$ 148	\$ 46	\$ 45	\$ 25	\$ 20	\$ —	\$ 8	\$ 7
Contributions made during the three months ended March 31, 2018	141	46	45	25	20	—	8	—
Remaining estimated 2018 contributions	\$ 7	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7

Duke Energy did not make any contributions to its qualified defined benefit pension plans during the three months ended March 31, 2017.

Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Components of Net Periodic Benefit Costs

The tables below present total net periodic benefit costs prior to capitalization of amounts reflected as Net property, plant and equipment on the Condensed Consolidated Balance Sheets. Only the service cost component of net periodic benefit costs is eligible to be capitalized. The remaining non-capitalized portions of net periodic benefit costs are classified as either: (1) service cost, which is recorded in Operations, maintenance and other on the Condensed Consolidated Statements of Operations; or as (2) components of non-service cost, which is recorded in Other income and expenses, net on the Condensed Consolidated Statements of Operations. See Note 1 for further information on impacts of the retirement benefits accounting standard adopted by Duke Energy on January 1, 2018.

Pension and other post-retirement benefit costs presented in the tables below for the Subsidiary Registrants are amounts allocated from Duke Energy for the employees of the respective Subsidiary Registrants. The Condensed Consolidated Statements of Operations of the Subsidiary Registrants also include allocated net periodic benefit costs for their proportionate share of pension and post-retirement benefit costs related to employees of the Duke Energy shared services affiliate. However, in the tables below these amounts are only presented in the Duke Energy column. For additional information on the corporate governance and shared service expenses allocated from the Duke Energy shared service affiliate, see Note 7.

QUALIFIED PENSION PLANS

The following tables include the components of net periodic pension costs for qualified pension plans.

Three Months Ended March 31, 2018								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 45	\$ 15	\$ 13	\$ 7	\$ 5	\$ 1	\$ 2	\$ 2
Interest cost on projected benefit obligation	75	18	24	11	13	5	6	3
Expected return on plan assets	(140)	(37)	(45)	(21)	(23)	(7)	(10)	(6)
Amortization of actuarial loss	33	7	11	5	6	1	2	3
Amortization of prior service credit	(8)	(2)	(1)	—	—	—	—	(3)
Net periodic pension costs	\$ 5	\$ 1	\$ 2	\$ 2	\$ 1	\$ —	\$ —	\$ (1)

Three Months Ended March 31, 2017								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 40	\$ 12	\$ 12	\$ 6	\$ 5	\$ 1	\$ 2	\$ 3
Interest cost on projected benefit obligation	82	20	25	12	13	5	7	3
Expected return on plan assets	(136)	(35)	(43)	(21)	(21)	(7)	(11)	(6)
Amortization of actuarial loss	36	8	14	6	7	1	3	3
Amortization of prior service credit	(6)	(2)	(1)	—	—	—	—	(1)
Other	2	—	1	—	—	—	—	—
Net periodic pension costs	\$ 18	\$ 3	\$ 8	\$ 3	\$ 4	\$ —	\$ 1	\$ 2

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NON-QUALIFIED PENSION PLANS

Net periodic pension costs for non-qualified pension plans were not material for the three months ended March 31, 2018 and 2017.

OTHER POST-RETIREMENT BENEFIT PLANS

Duke Energy provides, and the Subsidiary Registrants participate in, some health care and life insurance benefits for retired employees on a contributory and non-contributory basis.

The following tables include the components of net periodic other post-retirement benefit costs.

(in millions)	Three Months Ended March 31, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest cost on accumulated post-retirement benefit obligation	7	2	4	1	1	—	1	—
Expected return on plan assets	(2)	(2)	—	—	—	—	—	—
Amortization of actuarial loss	1	—	—	—	—	—	1	—
Amortization of prior service credit	(5)	(1)	(2)	—	(1)	—	—	—
Net periodic other post-retirement benefit costs	\$ 2	\$ (1)	\$ 2	\$ 1	\$ —	\$ —	\$ 2	\$ —

(in millions)	Three Months Ended March 31, 2017							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest cost on accumulated post-retirement benefit obligation	9	2	4	2	2	—	—	—
Expected return on plan assets	(3)	(2)	—	—	—	—	—	—
Amortization of actuarial loss (gain)	2	(1)	5	3	2	—	—	—
Amortization of prior service credit	(29)	(2)	(21)	(14)	(8)	—	—	—
Net periodic other post-retirement benefit costs	\$ (20)	\$ (3)	\$ (12)	\$ (9)	\$ (4)	\$ —	\$ —	\$ —

EMPLOYEE SAVINGS PLAN

Duke Energy sponsors, and the Subsidiary Registrants participate in, an employee savings plan that covers substantially all employees. The following table includes employer contributions made by Duke Energy and expensed by the Subsidiary Registrants.

(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Three Months Ended March 31,								
2018	\$ 70	\$ 23	\$ 19	\$ 13	\$ 6	\$ 1	\$ 3	\$ 4
2017	65	22	18	13	5	1	3	2

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16. INCOME TAXES

Tax Act

On December 22, 2017, President Trump signed the Tax Act into law. Among other provisions, the Tax Act lowered the corporate federal income tax rate from 35 percent to 21 percent, limits interest deductions outside of regulated utility operations, requires the normalization of excess deferred taxes associated with property under the average rate assumption method as a prerequisite to qualifying for accelerated depreciation and repealed the federal manufacturing deduction. The Tax Act also repealed the corporate alternative minimum tax (AMT) and stipulates a refund of 50 percent of remaining AMT credit carryforwards (to the extent the credits exceed regular tax for the year) for tax years 2018, 2019 and 2020 with all remaining AMT credits to be refunded in tax year 2021.

At this time, AMT credits that are treated as refundable under the Tax Act are among the certain refundable tax credits that are subject to sequestration. During the three months ended March 31, 2018, the company has revised the December 31, 2017, estimate of the income tax effects of the Tax Act by recording a \$76 million valuation allowance against these AMT credits based on additional interpretative guidance from the Internal Revenue Service related to the Tax Act. See Note 22 to the Consolidated Financial Statements in the Annual Report on Form 10-K/A for the year ended December 31, 2017, for information on the U.S. Securities and Exchange Commission staff's guidance on accounting for the Tax Act (Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act).

EFFECTIVE TAX RATES

The effective tax rates from continuing operations for each of the Duke Energy Registrants are included in the following table.

	Three Months Ended	
	March 31,	
	2018	2017
Duke Energy	22.5%	32.4%
Duke Energy Carolinas	22.0%	35.4%
Progress Energy	13.2%	34.1%
Duke Energy Progress	14.1%	34.1%
Duke Energy Florida	16.3%	36.6%
Duke Energy Ohio	32.4%	35.4%
Duke Energy Indiana	25.9%	39.3%
Piedmont	24.1%	37.9%

The decrease in the effective tax rate (ETR) for Duke Energy and the Subsidiary Registrants for the three months ended March 31, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act partially offset by a valuation allowance against AMT credits discussed above.

The decrease in the ETR for Duke Energy Carolinas for the three months ended March 31, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act.

The decrease in the ETR for Progress Energy for the three months ended March 31, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of federal and state excess deferred taxes.

The decrease in the ETR for Duke Energy Progress for the three months ended March 31, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of federal excess deferred taxes.

The decrease in the ETR for Duke Energy Florida for the three months ended March 31, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of federal excess deferred taxes.

The decrease in the ETR for Duke Energy Ohio for the three months ended March 31, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act partially offset by tax levelization related to federal excess deferred taxes on a pretax loss for the three months ended March 31, 2018.

The decrease in the ETR for Duke Energy Indiana for the three months ended March 31, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act.

The decrease in the ETR for Piedmont for the three months ended March 31, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act.

17. SUBSEQUENT EVENTS

For information on subsequent events related to regulatory matters, commitments and contingencies, debt and credit facilities and variable interest entities see Notes 3, 4, 5 and 11, respectively.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Duke Energy Corporation (collectively with its subsidiaries, Duke Energy) and Duke Energy Carolinas, LLC (Duke Energy Carolinas), Progress Energy, Inc. (Progress Energy), Duke Energy Progress, LLC (Duke Energy Progress), Duke Energy Florida, LLC (Duke Energy Florida), Duke Energy Ohio, Inc. (Duke Energy Ohio), Duke Energy Indiana, LLC (Duke Energy Indiana) and Piedmont Natural Gas Company, Inc. (Piedmont) (collectively referred to as the Subsidiary Registrants). However, none of the registrants make any representation as to information related solely to Duke Energy or the Subsidiary Registrants of Duke Energy other than itself.

DUKE ENERGY

Duke Energy is an energy company headquartered in Charlotte, North Carolina. Duke Energy operates in the United States (U.S.) primarily through its wholly owned subsidiaries, Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. When discussing Duke Energy's consolidated financial information, it necessarily includes the results of the Subsidiary Registrants, which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2018 and 2017 and with Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

Executive Overview

Regulatory Activity

In 2018, Duke Energy advanced regulatory activity underway in multiple jurisdictions, achieving several key milestones.

Duke Energy Progress received an order on its rate case from the North Carolina Utilities Commission on February 23, 2018. Some of the major components of the order are: a return on equity of 9.9 percent; recovery of past coal ash remediation costs; recovery of deferred storm costs from 2016; and new rates in effect mid-March 2018.

Duke Energy Kentucky received an order on its rate case from the Kentucky Public Service Commission on April 13, 2018. The order granted an annual revenue increase of \$21 million, incorporating customer benefits from the Tax Cuts and Jobs Act (Tax Act) as well as rider recovery of environmental costs, including coal ash. Duke Energy Kentucky implemented new base rates on May 1, 2018.

Duke Energy Ohio along with the Public Utilities Commission of Ohio (PUCO) Staff and others filed a Stipulation and Recommendation (Stipulation) with PUCO on April 13, 2018. The Stipulation, subject to approval by PUCO, is in connection with Duke Energy Ohio's rate case and other regulatory matters.

Hearings commenced and were concluded in first quarter for Duke Energy Carolinas base rate case with the North Carolina Utilities Commission. The rate request was driven by capital investments in new, highly efficient natural gas combined-cycle plants and other plant upgrades, coal ash basin closure activities, grid improvement projects, and Lee Nuclear Station project costs. An order is expected by mid-year 2018.

See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information.

Results of Operations

Non-GAAP Measures

Management's Discussion and Analysis includes financial information prepared in accordance with generally accepted accounting principles (GAAP) in the U.S., as well as certain non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as a supplement to, and not a substitute for, financial measures presented in accordance with GAAP. Non-GAAP measures presented may not be comparable to similarly titled measures used by other companies because other companies may not calculate the measures in the same manner.

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted earnings per share (EPS). Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per-share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance.

Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them with an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting and for reporting financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are Net Income Attributable to Duke Energy Corporation (GAAP Reported Earnings) and Diluted EPS Attributable to Duke Energy Corporation common stockholders (GAAP Reported EPS), respectively.

Special items included in the periods presented include the following items, which management believes do not reflect ongoing costs:

- Costs to Achieve Piedmont Merger represent charges that result from the Piedmont acquisition.
- Regulatory Settlements represent costs related to rate case orders, settlements or other actions of regulators.

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- Sale of Retired Plant represents the loss associated with selling Beckjord, a nonregulated generating facility in Ohio.
- Impairment of Equity Method Investment represents an other-than-temporary impairment (OTTI) of an investment in Constitution Pipeline Company, LLC.
- Impacts of the Tax Act represents an alternative minimum tax (AMT) valuation allowance recognized related to the Tax Act.

Reconciliation of GAAP Reported Amounts to Adjusted Amounts

The following table reconciles non-GAAP measures, including adjusted diluted EPS, to their most directly comparable GAAP measures.

(in millions, except per-share amounts)	Three Months Ended March 31,					
	2018			2017		
	Earnings		EPS	Earnings		EPS
GAAP Reported Earnings/GAAP Reported EPS	\$	620	\$ 0.88	\$	716	\$ 1.02
Adjustments:						
Costs to Achieve Piedmont Merger ^(a)		13	0.02		10	0.02
Regulatory Settlements ^(b)		66	0.09		—	—
Sale of Retired Plant ^(c)		82	0.12		—	—
Impairment of Equity Method Investment ^(d)		42	0.06		—	—
Impacts of the Tax Act (AMT valuation allowance)		76	0.11		—	—
Adjusted Earnings/Adjusted Diluted EPS	\$	899	\$ 1.28	\$	726	\$ 1.04

- (a) Net of \$4 million tax benefit in 2018 and \$6 million tax benefit in 2017.
(b) Net of \$20 million tax benefit.
(c) Net of \$25 million tax benefit.
(d) Net of \$13 million tax benefit.

Three Months Ended March 31, 2018, as compared to March 31, 2017

GAAP Reported EPS was \$0.88 for the first quarter of 2018 compared to \$1.02 for the first quarter of 2017.

The decrease in GAAP Reported EPS was primarily due to the special items listed above as well as increased depreciation expense due to higher depreciable base, partially offset by the following variances in Electric Utilities and Infrastructure:

- Return to normal weather this year compared to the significantly warmer winter weather in the prior year;
- Higher retail revenues from increased volumes and pricing and riders due to increased investments; and
- Lower operation and maintenance expense driven by a Nuclear Electric Insurance Limited (NEIL) tax reform distribution, lower storm costs, receipt of a U.S. Department of Energy settlement and favorable timing across jurisdictions.

As discussed above, management also evaluates financial performance based on adjusted diluted EPS. Duke Energy's first quarter 2018 adjusted diluted EPS was \$1.28 compared to \$1.04 for the first quarter of 2017.

SEGMENT RESULTS

The remaining information presented in this discussion of results of operations is on a GAAP basis. Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements.

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. See Note 2 to the Condensed Consolidated Financial Statements, "Business Segments," for additional information on Duke Energy's segment structure.

Tax Act

On December 22, 2017, President Trump signed the Tax Act into law. Among other provisions, the Tax Act lowered the corporate federal income tax rate from 35 percent to 21 percent, limits interest deductions outside of regulated utility operations, requires the normalization of excess deferred taxes associated with property under the average rate assumption method as a prerequisite to qualifying for accelerated depreciation and repealed the federal manufacturing deduction. The Tax Act also repealed the corporate AMT and stipulates a refund of 50 percent of remaining AMT credit carryforwards (to the extent the credits exceed regular tax for the year) for tax years 2018, 2019 and 2020 with all remaining AMT credits to be refunded in tax year 2021. The Tax Act also could be amended or subject to technical correction, which could change the financial impacts that were recorded since December 31, 2017, or are expected to be recorded in future periods. The FERC and state utility commissions will determine the regulatory treatment of the impacts of the Tax Act for the Subsidiary Registrants. Duke Energy's segments' future results of operations, financial condition and cash flows could be adversely impacted by the Tax Act, subsequent amendments or corrections, or the actions of the FERC, state utility commissions or credit rating agencies related to the Tax Act. Duke Energy is addressing the rate treatment of the Tax Act by each state utility commission in which the Subsidiary Registrants operate. In January 2018, the Subsidiary Registrants began deferring the estimated ongoing impacts of the Tax Act that are expected to be returned to customers. See Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes," for additional information on the Tax Act. See the Credit Ratings section below for additional information on the impact of the Tax Act on the Duke Energy Registrants' credit ratings.

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Electric Utilities and Infrastructure

(in millions)	Three Months Ended March 31,		
	2018	2017	Variance
Operating Revenues	\$ 5,323	\$ 4,947	\$ 376
Operating Expenses			
Fuel used in electric generation and purchased power	1,685	1,454	231
Operation, maintenance and other	1,325	1,304	21
Depreciation and amortization	835	737	98
Property and other taxes	274	261	13
Impairment charges	43	—	43
Total operating expenses	4,162	3,756	406
Gains on Sales of Other Assets and Other, net	1	3	(2)
Operating Income	1,162	1,194	(32)
Other Income and Expenses	88	112	(24)
Interest Expense	317	315	2
Income Before Income Taxes	933	991	(58)
Income Tax Expense	183	356	(173)
Segment Income	\$ 750	\$ 635	\$ 115
Duke Energy Carolinas gigawatt-hours (GWh) sales	22,627	20,781	1,846
Duke Energy Progress GWh sales	17,226	15,637	1,589
Duke Energy Florida GWh sales	9,119	8,305	814
Duke Energy Ohio GWh sales	6,072	6,059	13
Duke Energy Indiana GWh sales	8,485	8,208	277
Total Electric Utilities and Infrastructure GWh sales	63,529	58,990	4,539
Net proportional megawatt (MW) capacity in operation	48,831	48,964	(133)

Three Months Ended March 31, 2018, as Compared to March 31, 2017

Electric Utilities and Infrastructure's results were impacted by a return to normal weather this year compared to the significantly warmer winter weather in the prior year, higher weather-normal retail sales volumes and retail pricing, partially offset by impacts from the Tax Act. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$225 million increase in fuel related revenues due to higher sales volumes and increases in fuel rates billed to customers;
- a \$178 million increase in retail sales, net of fuel revenues, due to normal weather in the current year;
- a \$24 million increase in weather-normal retail sales volumes;
- a \$24 million increase in wholesale power revenues, net of sharing and fuel, primarily due to coal ash recovery at Duke Energy Carolinas and Duke Energy Progress, partially offset by customer refunds in the current year related to a FERC order on a complaint filed by the Piedmont Municipal Power Agency (PMPA) at Duke Energy Carolinas; and
- a \$20 million increase in retail pricing due to the Duke Energy Progress North Carolina and South Carolina rate cases, and Duke Energy Florida base rate adjustments for the Osprey acquisition and the completion of the Hines Energy Complex Chiller Uprate Project.

Partially offset by:

- a \$131 million decrease due to revenues subject to refund to customers associated with the lower statutory corporate tax rate under the Tax Act.

Operating Expenses. The variance was driven primarily by:

- a \$231 million increase in fuel used in electric generation and purchased power due to higher sales and higher deferred fuel expenses;
- a \$98 million increase in depreciation and amortization expense primarily due to additional plant in service, higher amortization of deferred coal ash costs and new depreciation rates per the Duke Energy Progress North Carolina rate case;
- a \$43 million increase in impairment charges primarily due to the impacts associated with the Duke Energy Progress North Carolina rate case; and

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- a \$21 million increase in operation, maintenance and other expense primarily due to storm cost amortization, partially offset by lower expenses at generating plants.

Other Income and Expenses. The decrease was primarily due to lower allowance for funds used during construction (AFUDC) equity and a decrease in recognition of post in-service equity returns for projects that had been completed prior to being reflected in customer rates at Duke Energy Carolinas and lower income from non-service components of employee benefit costs in the current year at Duke Energy Progress. For additional information on employee benefit costs, see Note 15 to the Condensed Consolidated Financial Statements, "Employee Benefit Plans."

Income Tax Expense. The variance was primarily due to the lower statutory corporate tax rate associated with the Tax Act. The effective tax rates (ETRs) for the three months ended March 31, 2018, and 2017 were 19.6 percent and 35.9 percent, respectively. The decrease in the ETR was primarily due to the lower statutory corporate tax rate associated with the Tax Act and the amortization of excess deferred taxes. For additional information, see Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Electric Utilities and Infrastructure Results

On May 18, 2016, the North Carolina Department of Environmental Quality (NCDEQ) issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the North Carolina Coal Ash Management Act of 2014 (Coal Ash Act) were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, may be reassessed in the future as low risk pursuant to legislation enacted on July 14, 2016. Electric Utilities and Infrastructure's estimated asset retirement obligations (AROs) related to the closure of North Carolina ash impoundments are based upon the mandated closure method or a probability weighting of potential closure methods for the impoundments that may be reassessed to low risk. As the final risk ranking classifications in North Carolina are delineated, final closure plans and corrective action measures are developed and approved for each site, the closure work progresses and the closure method scope and remedial methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Electric Utilities and Infrastructure's financial position.

On March 2, 2017, Duke Energy Ohio filed an electric distribution base rate application with the PUCO to address recovery of electric distribution system capital investments and any increase in expenditures subsequent to previous rate cases. On April 13, 2018, DEO along with the PUCO Staff and others filed a Stipulation with PUCO. The Stipulation is subject to approval by PUCO. Duke Energy Ohio's earnings could be adversely impacted if the Stipulation is denied by the PUCO. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Duke Energy Carolinas filed a general rate case on August 25, 2017, to recover costs of complying with CCR regulations and the Coal Ash Act, as well as costs of capital investments in generation, transmission and distribution systems and any increase in expenditures subsequent to previous rate cases. Duke Energy Carolinas' earnings could be adversely impacted if the rate increase is delayed or denied by the NCUC. Hearings have concluded and a decision from the NCUC is expected by mid-2018. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Duke Energy is a party to multiple lawsuits and could be subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. The outcome of these lawsuits and potential fines and penalties could have an adverse impact on Electric Utilities and Infrastructure's financial position, results of operations and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Florida is constructing the 1,640-MW combined-cycle natural gas plant in Citrus County, Florida and expects it to be commercially available in 2018. Failure to complete the construction and achieve commercial operations by the end of 2018 could materially impact Duke Energy Florida's financial position.

On February 6, 2018, the Florida Public Service Commission (FPSC) approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. Storm costs are currently expected to be fully recovered by approximately mid-2021. The evidentiary hearing in this storm cost matter is scheduled for the week of October 15, 2018. An order disallowing recovery of these costs could have an adverse impact on Electric Utilities and Infrastructure's financial position. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

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Gas Utilities and Infrastructure

(in millions)	Three Months Ended March 31,		
	2018	2017	Variance
Operating Revenues	\$ 727	\$ 670	\$ 57
Operating Expenses			
Cost of natural gas	313	258	55
Operation, maintenance and other	108	105	3
Depreciation and amortization	61	57	4
Property and other taxes	31	30	1
Total operating expenses	513	450	63
Operating Income	214	220	(6)
Other Income and Expenses	(35)	18	(53)
Interest Expense	27	26	1
Income Before Income Taxes	152	212	(60)
Income Tax Expense	36	79	(43)
Segment Income	\$ 116	\$ 133	\$ (17)
Piedmont local distribution company (LDC) throughput (dekatherms)	154,901,379	133,276,787	21,624,592
Duke Energy Midwest LDC throughput (Mcf)	37,126,065	30,830,999	6,295,066

Three Months Ended March 31, 2018, as Compared to March 31, 2017

Gas Utilities and Infrastructure's results were primarily impacted by the OTTI recorded on the Constitution investment. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven by:

- a \$54 million increase due to higher natural gas costs passed through to customers due to higher volumes sold and higher natural gas prices at Piedmont;
- a \$22 million increase primarily due to residential and commercial customer revenue, net of natural gas costs passed through to customers, due to customer growth and Integrity Management Rider (IMR) rate adjustments at Piedmont; and
- a \$10 million increase primarily due to favorable weather and higher volumes in the Midwest.

Partially offset by:

- a \$29 million decrease due to revenues subject to refund to customers associated with the lower statutory corporate tax rates under the Tax Act.

Operating Expenses. The variance was driven by:

- a \$55 million increase in cost of natural gas primarily due to higher volumes sold and higher natural gas prices at Piedmont.

Other Income and Expenses. The variance was driven by the OTTI recorded for the investment in Constitution in the current year.

Income Tax Expense. The variance was primarily due to the lower statutory corporate tax rate associated with the Tax Act. The ETRs for the three months ended March 31, 2018, and 2017 were 23.7 percent and 37.3 percent, respectively. The decrease in the ETR was primarily due to the lower statutory corporate tax rate associated with the Tax Act. For additional information, see Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Gas Utilities and Infrastructure Results

Gas Utilities and Infrastructure has a 47 percent ownership interest in ACP, which is building an approximately 600-mile interstate natural gas pipeline intended to transport diverse natural gas supplies into southeastern markets. Affected states (West Virginia, Virginia and North Carolina) have issued certain necessary permits; the project remains subject to other pending federal and state approvals, which will allow full construction activities to begin. In early 2018, the FERC issued series of Partial Notices to Proceed, which authorized the project to begin limited construction-related activities along the pipeline route. The project has a targeted in-service date of late 2019. Due to delays in obtaining the required permits to commence construction and the conditions imposed upon the project by the permits, ACP's project manager estimates the project pipeline development costs have increased from a range of \$5.0 billion to \$5.5 billion to a range of \$6.0 billion to \$6.5 billion, excluding financing costs. Project construction activities, schedule and final costs are still subject to uncertainty due to potential additional permitting delays, construction productivity and other conditions and risks that could result in potential higher project costs and a potential delay in the targeted in-service date. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Rapidly rising interest rates without timely or adequate updates to the regulated allowed return on equity or failure to achieve the anticipated benefits of the Piedmont merger, including cost savings and growth targets, could significantly impact the estimated fair value of reporting units in Gas Utilities and Infrastructure. In the event of a significant decline in the estimated fair value of the reporting units, goodwill impairment charges could be recorded. The carrying value of goodwill within Gas Utilities and Infrastructure was approximately \$1,924 million at March 31, 2018.

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See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

Commercial Renewables

(in millions)	Three Months Ended March 31,		
	2018	2017	Variance
Operating Revenues	\$ 101	\$ 128	\$ (27)
Operating Expenses			
Operation, maintenance and other	55	78	(23)
Depreciation and amortization	38	39	(1)
Property and other taxes	7	9	(2)
Total operating expenses	100	126	(26)
Gains on Sales of Other Assets and Other, net	—	2	(2)
Operating Income	1	4	(3)
Other Income and Expenses	2	—	2
Interest Expense	22	19	3
Loss Before Income Taxes	(19)	(15)	(4)
Income Tax Benefit	(39)	(39)	—
Less: Loss Attributable to Noncontrolling Interests	—	(1)	1
Segment Income	\$ 20	\$ 25	\$ (5)
Renewable plant production, GWh	2,180	2,285	(105)
Net proportional MW capacity in operation	2,943	2,943	—

Three Months Ended March 31, 2018, as Compared to March 31, 2017

Commercial Renewables' results were impacted by lower wind resource in the current year. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The decrease in revenues was primarily due to a reduction in the number of engineering, procurement and construction contracts at REC Solar, a California-based provider of solar installations owned by Duke Energy, and lower wind resource in the current year.

Operating Expenses. The decrease in operation, maintenance and other was primarily due to a reduction in the number of engineering, procurement and construction contracts at REC Solar in the current year.

Matters Impacting Future Commercial Renewables Results

Changes or variability in assumptions used in calculating the fair value of the Commercial Renewables reporting units for goodwill testing purposes, including but not limited to legislative actions related to tax credit extensions, long-term growth rates and discount rates could significantly impact the estimated fair value of the Commercial Renewables reporting units. In the event of a significant decline in the estimated fair value of the Commercial Renewables reporting units, goodwill or other asset impairment charges could be recorded. The carrying value of goodwill within Commercial Renewables was approximately \$93 million at March 31, 2018.

Persistently low market pricing for wind resources, primarily in the Electric Reliability Council of Texas West market and the future expiration of tax incentives including investment tax credits and production tax credits could result in adverse impacts to the future results of Commercial Renewables.

Deterioration in credit quality resulting in bankruptcy of an offtaker of power from contracted wind or solar assets could result in adverse impacts to the future results of Commercial Renewables. On March 31, 2018, First Energy Solutions (FES), a subsidiary of First Energy and counterparty to two power purchase agreements with North Allegheny Windfarm, filed for Chapter 11 bankruptcy. Commercial Renewables cannot predict the impact of the bankruptcy on its financial results.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

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Other

(in millions)	Three Months Ended March 31,		
	2018	2017	Variance
Operating Revenues	\$ 35	\$ 33	\$ 2
Operating Expenses			
Fuel used in electric generation and purchased power	14	15	(1)
Operation, maintenance and other	3	8	(5)
Depreciation and amortization	33	26	7
Property and other taxes	4	3	1
Total operating expenses	54	52	2
(Loss) Gains on Sales of Other Assets and Other, net	(101)	5	(106)
Operating Loss	(120)	(14)	(106)
Other Income and Expenses	14	21	(7)
Interest Expense	157	134	23
Loss Before Income Taxes	(263)	(127)	(136)
Income Tax Expense (Benefit)	1	(52)	53
Less: Income Attributable to Noncontrolling Interests	2	2	—
Net Loss	\$ (266)	\$ (77)	\$ (189)

Three Months Ended March 31, 2018, as Compared to March 31, 2017

Other's higher net loss was driven by the loss on sale of the retired Beckjord generating station (Beckjord), higher interest expense and lower income tax benefit. The following is a detailed discussion of the variance drivers by line item.

(Loss) Gains on Sales of Other Assets and Other, net. The variance was driven by the loss on sale of Beckjord, a nonregulated facility retired during 2014, including the transfer of coal ash basins and other real property and indemnification from any and all potential future claims related to the property, whether arising under environmental laws or otherwise.

Interest Expense. The variance was primarily due to an increase in long-term debt as well as higher short-term interest rates.

Income Tax Expense (Benefit). The variance was primarily due to the valuation allowance against AMT credits partially offset by the lower statutory corporate tax rate associated with the Tax Act. For additional information, see Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes."

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Matters Impacting Future Other Results

Included in Other is Duke Energy Ohio's 9 percent ownership interest in the Ohio Valley Electric Corporation (OVEC), which owns 2,256 MW of coal-fired generation capacity. As a counterparty to an inter-company power agreement (ICPA), Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA, including Duke Energy Ohio, based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuations in power prices and changes in OVEC's costs of business. Deterioration in the credit quality or bankruptcy of one or more parties to the ICPA could increase the costs of OVEC. On March 31, 2018, FirstEnergy Solutions (FES), a subsidiary of FirstEnergy and counterparty to ICPA, filed for Chapter 11 bankruptcy. FES has a power participation ratio of 4.85 percent. Duke Energy cannot predict the impact of the bankruptcy on its OVEC interests. In addition, certain proposed environmental rulemaking costs could result in future increased cost allocations.

On March 2, 2017, Duke Energy Ohio filed an electric distribution base rate application with the PUCO to address recovery of electric distribution system capital investments and any increase in expenditures subsequent to previous rate cases. On April 13, 2018, Duke Energy Ohio filed a Stipulation with the PUCO to resolve issues in the electric distribution base rate case and other regulatory matters. If approved by PUCO, the Stipulation would allow for Duke Energy Ohio to recover gains and losses incurred on and after January 1, 2018 related to OVEC, through the Price Stabilization Rider and, as a result, Duke Energy Ohio may move its ownership interest to the Electric Utilities and Infrastructure segment. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

DUKE ENERGY CAROLINAS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2018	2017	Variance
Operating Revenues	\$ 1,763	\$ 1,716	\$ 47
Operating Expenses			
Fuel used in electric generation and purchased power	473	428	45
Operation, maintenance and other	451	495	(44)
Depreciation and amortization	272	254	18
Property and other taxes	72	68	4
Impairment charges	13	—	13
Total operating expenses	1,281	1,245	36
Operating Income	482	471	11
Other Income and Expenses, net	39	50	(11)
Interest Expense	107	103	4
Income Before Income Taxes	414	418	(4)
Income Tax Expense	91	148	(57)
Net Income	\$ 323	\$ 270	\$ 53

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2018
Residential sales	20.6 %
General service sales	6.4 %
Industrial sales	(1.5)%
Wholesale power sales	19.7 %
Joint dispatch sales	(3.0)%
Total sales	8.9 %
Average number of customers	1.5 %

Three Months Ended March 31, 2018, as Compared to March 31, 2017

Operating Revenues. The variance was driven primarily by:

- an \$84 million increase in retail sales, net of fuel revenues, due to a return to normal weather this year compared to the significantly warmer winter weather in the prior year;
- a \$36 million increase in fuel related revenues primarily due to higher sales; and

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- a \$13 million increase in weather-normal retail sales volumes;

Partially offset by:

- a \$61 million decrease in retail sales due to revenues subject to refund to customers associated with the lower statutory corporate tax rate under the Tax Act;
- a \$12 million decrease in rider revenues primarily related to energy efficiency programs; and
- an \$11 million decrease in wholesale power revenues, net of sharing and fuel, primarily due to customer refunds in the current year related to a FERC order on a complaint filed by the PMPA, partially offset by coal ash recovery.

Operating Expenses. The variance was driven primarily by:

- a \$45 million increase in fuel used in electric generation and purchased power primarily due to higher sales;
- an \$18 million increase in depreciation and amortization primarily due to additional plant in service and higher amortization of deferred coal ash costs; and
- a \$13 million increase in impairment charges related to coal ash costs in South Carolina.

Partially offset by:

- a \$44 million decrease in operation, maintenance and other expense primarily due to lower expenses at generating plants and lower storm restoration costs.

Other Income and Expenses. The variance was primarily due to lower AFUDC equity and a decrease in recognition of post in-service equity returns for projects that had been completed prior to being reflected in customer rates.

Income Tax Expense. The variance was primarily due to the lower statutory corporate tax rate associated with the Tax Act. The ETRs for the three months ended March 31, 2018, and 2017 were 22.0 percent and 35.4 percent, respectively. The decrease in the ETR was primarily due to the lower statutory corporate tax rate associated with the Tax Act. For additional information, see Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

An order from regulatory authorities disallowing recovery of costs related to closure of ash impoundments could have an adverse impact on Duke Energy Carolinas' financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, may be reassessed in the future as low risk pursuant to legislation enacted on July 14, 2016. Duke Energy Carolinas' estimated AROs related to the closure of North Carolina ash impoundments are based upon the mandated closure method or a probability weighting of potential closure methods for the impoundments that may be reassessed to low risk. As the final risk ranking classifications in North Carolina are delineated, final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy Carolinas' financial position.

Duke Energy Carolinas is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. The outcome of these lawsuits, fines and penalties could have an adverse impact on Duke Energy Carolinas' financial position, results of operations and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Carolinas filed a general rate case on August 25, 2017, to recover costs of complying with CCR regulations and the Coal Ash Act, as well as costs of capital investments in generation, transmission and distribution systems and any increase in expenditures subsequent to previous rate cases. Duke Energy Carolinas' earnings could be adversely impacted if the rate increase is delayed or denied by the NCUC. Hearings have concluded and a decision from the NCUC is expected by mid-2018. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

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PROGRESS ENERGY

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2018	2017	Variance
Operating Revenues	\$ 2,576	\$ 2,179	\$ 397
Operating Expenses			
Fuel used in electric generation and purchased power	976	726	250
Operation, maintenance and other	623	560	63
Depreciation and amortization	384	313	71
Property and other taxes	123	117	6
Impairment charges	29	—	29
Total operating expenses	2,135	1,716	419
Gains on Sales of Other Assets and Other, net	6	8	(2)
Operating Income	447	471	(24)
Other Income and Expenses, net	35	40	(5)
Interest Expense	209	206	3
Income Before Income Taxes	273	305	(32)
Income Tax Expense	36	104	(68)
Net Income	237	201	36
Less: Net Income Attributable to Noncontrolling Interests	2	2	—
Net Income Attributable to Parent	\$ 235	\$ 199	\$ 36

Three Months Ended March 31, 2018, as Compared to March 31, 2017

Operating Revenues. The variance was driven primarily by:

- a \$254 million increase in fuel related revenues due to higher sales and increases in fuel and capacity rates billed to customers;
- a \$75 million increase in retail sales, net of fuel revenues, due to a return to normal weather this year compared to the significantly warmer winter weather in the prior year;
- a \$47 million increase in wholesale power revenues, net of fuel, primarily due to coal ash recovery and higher peak demand in the current year at Duke Energy Progress;
- a \$20 million increase in retail pricing due to the impacts of the Duke Energy Progress North Carolina and South Carolina rate cases, and Duke Energy Florida base rate adjustments for the Osprey acquisition and the completion of the Hines Energy Complex Chiller Uprate Project; and
- a \$14 million increase in weather-normal retail sales volumes.

Partially offset by:

- a \$33 million decrease due to revenues subject to refund to customers associated with the lower statutory corporate tax rate under the Tax Act at Duke Energy Progress.

Operating Expenses. The variance was driven primarily by:

- a \$250 million increase in fuel used in electric generation and purchased power primarily due to higher sales, higher deferred fuel and capacity expenses, and increased purchased power partially offset by lower generation costs at Duke Energy Florida;
- a \$71 million increase in depreciation and amortization primarily due to higher amortization of deferred coal ash costs and new depreciation rates per the North Carolina rate case at Duke Energy Progress, and accelerated depreciation of Crystal River Units 4 and 5 and additional plant in service at Duke Energy Florida;
- a \$63 million increase in operation, maintenance and other primarily due to storm cost amortization at Duke Energy Florida and impacts associated with the North Carolina rate case at Duke Energy Progress; and
- a \$29 million increase in impairment charges primarily due to the impacts associated with the North Carolina rate case at Duke Energy Progress.

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Income Tax Expense. The variance was primarily due to the lower statutory corporate tax rate associated with the Tax Act. The ETRs for the three months ended March 31, 2018, and 2017 were 13.2 percent and 34.1 percent, respectively. The decrease in the ETR was primarily due to the lower statutory corporate tax rate associated with the Tax Act and the amortization of federal and state excess deferred taxes. For additional information, see Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

An order from regulatory authorities disallowing recovery of costs related to closure of ash impoundments could have an adverse impact on Progress Energy's financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, may be reassessed in the future as low risk pursuant to legislation enacted on July 14, 2016. Progress Energy's estimated AROs related to the closure of North Carolina ash impoundments are based upon the mandated closure method or a probability weighting of potential closure methods for the impoundments that may be reassessed to low risk. As the final risk ranking classifications in North Carolina are delineated, final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Progress Energy's financial position.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. The outcome of these lawsuits, fines and penalties could have an adverse impact on Progress Energy's financial position, results of operations and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Florida is constructing the 1,640-MW combined-cycle natural gas plant in Citrus County, Florida and expects it to be commercially available in 2018. Failure to complete the construction and achieve commercial operations by the end of 2018 could materially impact Duke Energy Florida's financial position.

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. Storm costs are currently expected to be fully recovered by approximately mid-2021. The evidentiary hearing in this storm cost matter is scheduled for the week of October 15, 2018. An order disallowing recovery of these costs could have an adverse impact on Progress Energy's financial position. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

DUKE ENERGY PROGRESS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2018	2017	Variance
Operating Revenues	\$ 1,460	\$ 1,219	\$ 241
Operating Expenses			
Fuel used in electric generation and purchased power	509	364	145
Operation, maintenance and other	381	362	19
Depreciation and amortization	235	181	54
Property and other taxes	35	40	(5)
Impairment charges	32	—	32
Total operating expenses	1,192	947	245
Gains on Sales of Other Assets and Other, net	1	2	(1)
Operating Income	269	274	(5)
Other Income and Expenses, net	18	31	(13)
Interest Expense	81	82	(1)
Income Before Income Taxes	206	223	(17)
Income Tax Expense	29	76	(47)
Net Income	\$ 177	\$ 147	\$ 30

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The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales, and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2018
Residential sales	18.7 %
General service sales	5.2 %
Industrial sales	(2.1)%
Wholesale power sales	15.9 %
Joint dispatch sales	(0.9)%
Total sales	10.2 %
Average number of customers	1.5 %

Three Months Ended March 31, 2018, as Compared to March 31, 2017

Operating Revenues. The variance was driven primarily by:

- a \$150 million increase in fuel related revenues due to higher sales and increases in fuel rates billed to customers;
- a \$50 million increase in retail sales, net of fuel revenues, due to a return to normal weather this year compared to the significantly warmer winter weather in the prior year;
- a \$47 million increase in wholesale power revenues, net of fuel, primarily due to coal ash recovery and higher peak demand in the current year;
- a \$12 million increase in retail pricing due to the impacts of the North Carolina and South Carolina rate cases; and
- a \$9 million increase in weather-normal retail sales volumes.

Partially offset by:

- a \$33 million decrease due to revenues subject to refund to customers associated with the lower statutory corporate tax rate under the Tax Act.

Operating Expenses. The variance was driven primarily by:

- a \$145 million increase in fuel used in electric generation and purchased power primarily due to higher sales and higher deferred fuel expenses;
- a \$54 million increase in depreciation and amortization primarily due to higher amortization of deferred coal ash costs and new depreciation rates per the North Carolina rate case;
- a \$32 million increase in impairment charges due to the impacts associated with the North Carolina rate case; and
- a \$19 million increase in operation, maintenance and other expense primarily due to impacts associated with the North Carolina rate case.

Other Income and Expenses. The variance was primarily driven by lower income from non-service components of employment benefit costs. For additional information on employee benefit costs, see Note 15 to the Condensed Consolidated Financial Statements, "Employee Benefit Plans."

Income Tax Expense. The variance was primarily due to the lower statutory corporate tax rate associated with the Tax Act. The ETRs for the three months ended March 31, 2018, and 2017 were 14.1 percent and 34.1 percent, respectively. The decrease in the ETR was primarily due to the lower statutory corporate tax rate associated with the Tax Act and the amortization of state excess deferred taxes. For additional information, see Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

An order from regulatory authorities disallowing recovery of costs related to closure of ash impoundments could have an adverse impact on Duke Energy Progress' financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, may be reassessed in the future as low risk pursuant to legislation enacted on July 14, 2016. Duke Energy Progress' estimated AROs related to the closure of North Carolina ash impoundments are based upon the mandated closure method or a probability weighting of potential closure methods for the impoundments that may be reassessed to low risk. As the final risk ranking classifications in North Carolina are delineated, final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy Progress' financial position.

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Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. The outcome of these lawsuits, fines and penalties could have an adverse impact on Duke Energy Progress' financial position, results of operations and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

DUKE ENERGY FLORIDA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2018	2017	Variance
Operating Revenues	\$ 1,115	\$ 959	\$ 156
Operating Expenses			
Fuel used in electric generation and purchased power	467	362	105
Operation, maintenance and other	237	195	42
Depreciation and amortization	150	132	18
Property and other taxes	88	77	11
Impairment charges	—	1	(1)
Total operating expenses	942	767	175
Operating Income	173	192	(19)
Other Income and Expenses, net	21	20	1
Interest Expense	71	70	1
Income Before Income Taxes	123	142	(19)
Income Tax Expense	20	52	(32)
Net Income	\$ 103	\$ 90	\$ 13

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Wholesale power sales include both billed and unbilled sales. Total sales includes billed and unbilled retail sales, and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2018
Residential sales	18.4%
General service sales	5.7%
Industrial sales	0.4%
Wholesale and other	84.5%
Total sales	9.8%
Average number of customers	1.6%

Three Months Ended March 31, 2018, as Compared to March 31, 2017

Operating Revenues. The variance was driven primarily by:

- a \$104 million increase in fuel and capacity revenues primarily due to an increase in fuel and capacity rates billed to retail customers, as well as increased demand;
- a \$25 million increase in retail sales, net of fuel revenues, due to a return to normal weather this year compared to the significantly warmer winter weather in the prior year;
- a \$9 million increase in rider revenues primarily related to energy efficiency programs and franchise tax revenues; and
- an \$8 million increase in retail pricing primarily due to the base rate adjustments for the Osprey acquisition and the completion of the Hines Energy Complex Chiller Uprate Project.

Operating Expenses. The variance was driven primarily by:

- a \$105 million increase in fuel used in electric generation and purchased power primarily due to higher deferred fuel and capacity expenses, increased purchased power and increased demand partially offset by lower generation costs;
- a \$42 million increase in operation, maintenance and other expense primarily due to storm cost amortization;
- an \$18 million increase in depreciation and amortization primarily due to accelerated depreciation of Crystal River Units 4 and 5 and additional plant in service; and

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- an \$11 million increase in property and other taxes primarily due to higher revenue related taxes.

Income Tax Expense. The variance was primarily due to the lower statutory corporate tax rate associated with the Tax Act. The ETRs for the three months ended March 31, 2018, and 2017 were 16.3 percent and 36.6 percent, respectively. The decrease in the ETR was primarily due to the lower statutory corporate tax rate associated with the Tax Act and the amortization of federal excess deferred taxes. For additional information, see Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

Duke Energy Florida is constructing the 1,640-MW combined-cycle natural gas plant in Citrus County, Florida and expects it to be commercially available in 2018. Failure to complete the construction and achieve commercial operations by the end of 2018 could materially impact Duke Energy Florida's financial position.

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. Storm costs are currently expected to be fully recovered by approximately mid-2021. The evidentiary hearing in this storm cost matter is scheduled for the week of October 15, 2018. An order disallowing recovery of these costs could have an adverse impact on Duke Florida's financial position. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

DUKE ENERGY OHIO

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2018	2017	Variance
Operating Revenues			
Regulated electric	\$ 336	\$ 337	\$ (1)
Regulated natural gas	174	170	4
Nonregulated electric and other	14	11	3
Total operating revenues	524	518	6
Operating Expenses			
Fuel used in electric generation and purchased power – regulated	92	97	(5)
Fuel used in electric generation and purchased power – nonregulated	15	15	—
Cost of natural gas	54	54	—
Operation, maintenance and other	131	131	—
Depreciation and amortization	70	67	3
Property and other taxes	77	72	5
Total operating expenses	439	436	3
Loss on Sales of Other Assets and Other, net	(106)	—	(106)
Operating (Loss) Income	(21)	82	(103)
Other Income and Expenses, net	6	5	1
Interest Expense	22	22	—
(Loss) Income Before Income Taxes	(37)	65	(102)
Income Tax (Benefit) Expense	(12)	23	(35)
Net (Loss) Income	\$ (25)	\$ 42	\$ (67)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	Electric	Natural Gas
	2018	2018
Residential sales	13.8 %	26.9%
General service sales	2.7 %	23.5%
Industrial sales	(3.7)%	14.0%
Wholesale electric power sales	(64.4)%	n/a
Other natural gas sales	n/a	2.8%
Total sales	0.2 %	20.4%
Average number of customers	0.9 %	0.9%

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Three Months Ended March 31, 2018, as Compared to March 31, 2017

Operating Revenues. The variance was driven primarily by:

- a \$14 million increase in electric and natural gas retail sales, net of fuel revenues, due to a return to normal weather this year compared to the significantly warmer winter weather in the prior year;
- an \$11 million increase in financial transmission rights revenues;
- a \$5 million increase in rider revenues primarily due to increased rates; and
- a \$3 million increase in other revenues related to OVEC.

Partially offset by:

- a \$16 million decrease in regulated revenues due to revenues subject to refund to customers associated with the lower statutory corporate tax rate under the Tax Act; and
- a \$10 million decrease in fuel related revenues primarily due to lower fuel prices.

Operating Expenses. The variance was driven primarily by:

- a \$5 million increase in property and other taxes primarily due to higher property taxes; and
- a \$3 million increase in depreciation and amortization primarily due to additional plant in service.

Partially offset by:

- a \$5 million decrease in fuel used in electric generation and purchased power due to lower fuel costs.

Loss on Sales of Other Assets and Other, net. The decrease was driven by the loss on the sale of Beckjord, a nonregulated facility retired during 2014, including the transfer of coal ash basins and other real property and indemnification from any and all potential future claims related to the property, whether arising under environmental laws or otherwise.

Income Tax (Benefit) Expense. The variance was primarily due to a decrease in pretax income and the lower statutory corporate tax rate associated with the Tax Act. The ETRs for the three months ended March 31, 2018, and 2017 were 32.4 percent and 35.4 percent, respectively. The decrease in the ETR was primarily due to the lower statutory corporate tax rate associated with the Tax Act, partially offset by tax levelization related to federal excess deferred taxes on a pretax loss in the current year. For additional information, see Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

An order from regulatory authorities disallowing recovery of costs related to closure of ash basins could have an adverse impact on Duke Energy Ohio's financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Duke Energy Ohio has a 9 percent ownership interest in OVEC, which owns 2,256 MW of coal-fired generation capacity. As a counterparty to an ICPA, Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA, including Duke Energy Ohio, based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuations in power prices and changes in OVEC's costs of business. Deterioration in the credit quality or bankruptcy of one or more parties to the ICPA could increase the costs of OVEC. On March 31, 2018, FES, a subsidiary of FirstEnergy and counterparty to ICPA, filed for Chapter 11 bankruptcy. FES has a power participation ratio of 4.85 percent. Duke Energy cannot predict the impact of the bankruptcy on its OVEC interests. In addition, certain proposed environmental rulemaking costs could result in future increased cost allocations.

On March 2, 2017, Duke Energy Ohio filed an electric distribution base rate application with the PUCO to address recovery of electric distribution system capital investments and any increase in expenditures subsequent to previous rate cases. On April 13, 2018, Duke Energy Ohio filed a Stipulation with the PUCO to resolve issues in the electric distribution base rate case and other regulatory matters. If approved by PUCO, the Stipulation would allow for Duke Energy Ohio to recover gains and losses incurred on and after January 1, 2018 related to OVEC, through the Price Stabilization Rider. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

DUKE ENERGY INDIANA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

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Results of Operations

(in millions)	Three Months Ended March 31,		
	2018	2017	Variance
Operating Revenues	\$ 731	\$ 758	\$ (27)
Operating Expenses			
Fuel used in electric generation and purchased power	232	251	(19)
Operation, maintenance and other	181	176	5
Depreciation and amortization	130	125	5
Property and other taxes	20	22	(2)
Total operating expenses	563	574	(11)
Operating Income	168	184	(16)
Other Income and Expenses, net	7	10	(3)
Interest Expense	40	44	(4)
Income Before Income Taxes	135	150	(15)
Income Tax Expense	35	59	(24)
Net Income	\$ 100	\$ 91	\$ 9

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2018
Residential sales	15.4 %
General service sales	2.1 %
Industrial sales	(0.8)%
Wholesale power sales	(0.6)%
Total sales	3.4 %
Average number of customers	0.8 %

Three Months Ended March 31, 2018, as Compared to March 31, 2017

Operating Revenues. The variance was driven primarily by:

- a \$27 million decrease due to revenues subject to refund to customers associated with the lower statutory corporate tax rate under the Tax Act; and
- a \$10 million decrease in fuel related revenues primarily due to lower purchased power costs passed through to customers and lower financial transmission rights revenues.

Partially offset by:

- a \$12 million increase in rate rider revenues primarily related to the Edwardsport IGCC plant and the Transmission, Distribution and Storage System Improvement Charge.

Operating Expenses. The variance was driven primarily by:

- a \$19 million decrease in fuel used in electric generation and purchased power primarily due to the net benefit to expense of reduced purchased power and increased internal generation and lower fuel prices.

Partially offset by:

- a \$5 million increase in operation, maintenance and other expense primarily due to higher transmission costs; and
- a \$5 million increase in depreciation and amortization primarily due to additional plant in service and higher deferred coal ash costs; partially offset by the completion of the amortization of a regulated asset for costs associated with the termination of a gasification services agreement in 2000.

Income Tax Expense. The variance was primarily due to the lower statutory corporate tax rate associated with the Tax Act. The ETRs for the three months ended March 31, 2018, and 2017 were 25.9 percent and 39.3 percent, respectively. The decrease in the ETR was primarily due to the lower statutory corporate tax rate associated with the Tax Act. For additional information, see Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes."

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Matters Impacting Future Results

On April 17, 2015, the EPA published in the Federal Register a rule to regulate the disposal of CCR from electric utilities as solid waste. Duke Energy Indiana has interpreted the rule to identify the coal ash basin sites impacted and has assessed the amounts of coal ash subject to the rule and a method of compliance. Duke Energy Indiana's interpretation of the requirements of the CCR rule is subject to potential legal challenges and further regulatory approvals, which could result in additional ash basin closure requirements, higher costs of compliance and greater AROs. Additionally, Duke Energy Indiana has retired facilities that are not subject to the CCR rule. Duke Energy Indiana may incur costs at these facilities to comply with environmental regulations or to mitigate risks associated with on-site storage of coal ash. An order from regulatory authorities disallowing recovery of costs related to closure of ash basins could have an adverse impact on Duke Energy Indiana's financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

PIEDMONT

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2018 and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2018	2017	Variance
Operating Revenues	\$ 553	\$ 500	\$ 53
Operating Expenses			
Cost of natural gas	259	205	54
Operation, maintenance and other	82	77	5
Depreciation and amortization	39	35	4
Property and other taxes	12	13	(1)
Total operating expenses	392	330	62
Operating Income	161	170	(9)
Other Income and Expenses			
Equity in earnings of unconsolidated affiliates	2	3	(1)
Other income and expenses, net	3	—	3
Total other income and expenses	5	3	2
Interest Expense	21	20	1
Income Before Income Taxes	145	153	(8)
Income Tax Expense	35	58	(23)
Net Income	\$ 110	\$ 95	\$ 15

The following table shows the percent changes in dekatherms delivered and average number of customers. The percentages for all throughput deliveries represent billed and unbilled sales. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2018
Residential deliveries	39.4 %
Commercial deliveries	33.9 %
Industrial deliveries	4.5 %
Power generation deliveries	8.9 %
For resale	28.0 %
Total throughput deliveries	16.2 %
Secondary market volumes	(13.7)%
Average number of customers	1.8 %

Due to the margin decoupling mechanism in North Carolina and weather normalization adjustment (WNA) mechanisms in South Carolina and Tennessee, changes in throughput deliveries do not have a material impact on Piedmont's revenues or earnings. The margin decoupling mechanism adjusts for variations in residential and commercial use per customer, including those due to weather and conservation. The WNA mechanisms mostly offset the impact of weather on bills rendered, but do not ensure full recovery of approved margin during periods when winter weather is significantly warmer or colder than normal.

Three Months Ended March 31, 2018, as Compared to March 31, 2017

Operating Revenues. The variance was driven primarily by:

- a \$54 million increase due to higher natural gas costs passed through to customers due to higher volumes sold and higher natural gas prices; and

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- a \$22 million increase primarily due to residential and commercial customer revenue, net of natural gas costs passed through to customers, due to customer growth and IMR rate adjustments.

Partially offset by:

- a \$23 million decrease due to revenues subject to refund to customers associated with the lower statutory corporate tax rate under the Tax Act.

Operating Expenses. The variance was driven by:

- a \$54 million increase in cost of natural gas due to higher volumes sold and higher natural gas prices;
- a \$5 million increase in operation, maintenance and other primarily due to increased corporate, customer operations and costs to achieve merger expenses; and
- a \$4 million increase in depreciation and amortization due to additional plant in service.

Income Tax Expense. The variance was primarily due to the lower statutory corporate tax rate associated with the Tax Act. The ETRs for the three months ended March 31, 2018, and 2017 were 24.1 percent and 37.9 percent, respectively. The decrease in the ETR was primarily due to the lower statutory corporate tax rate associated with the Tax Act. For additional information, see Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. See Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017, for a summary and detailed discussion of projected primary sources and uses of cash for 2018 to 2020.

The Subsidiary Registrants generally maintain minimal cash balances and use short-term borrowings to meet their working capital needs and other cash requirements. The Subsidiary Registrants, excluding Progress Energy (Parent), support their short-term borrowing needs through participation with Duke Energy and certain of its other subsidiaries in a money pool arrangement. The companies with short-term funds may provide short-term loans to affiliates participating under this arrangement.

Duke Energy and the Subsidiary Registrants, excluding Progress Energy (Parent), may also use short-term debt, including commercial paper and the money pool, as a bridge to long-term debt financings. The levels of borrowing may vary significantly over the course of the year due to the timing of long-term debt financings and the impact of fluctuations in cash flows from operations. From time to time, Duke Energy's current liabilities may exceed current assets resulting from the use of short-term debt as a funding source to meet scheduled maturities of long-term debt, as well as cash needs, which can fluctuate due to the seasonality of its business.

CREDIT FACILITIES AND REGISTRATION STATEMENTS

Refer to Note 5 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for further information regarding Duke Energy's available credit facilities, including the Master Credit Facility.

Shelf Registration

In September 2016, Duke Energy filed a registration statement (Form S-3) with the U.S. Securities and Exchange Commission. Under this Form S-3, which is uncapped, the Duke Energy Registrants, excluding Progress Energy (Parent), may issue debt and other securities in the future at amounts, prices and with terms to be determined at the time of future offerings. The registration statement also allows for the issuance of common stock by Duke Energy.

In January 2017, Duke Energy amended its Form S-3 to add Piedmont as a registrant and included in the amendment a prospectus for Piedmont under which it may issue debt securities in the same manner as other Duke Energy Registrants.

DEBT MATURITIES

Refer to Note 5 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for further information regarding significant components of Current Maturities of Long-Term Debt on the Condensed Consolidated Balance Sheets.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operations of Electric Utilities and Infrastructure and Gas Utilities and Infrastructure are primarily driven by sales of electricity and natural gas, respectively, and costs of operations. These cash flows from operations are relatively stable and comprise a substantial portion of Duke Energy's operating cash flows. Weather conditions, working capital and commodity price fluctuations, and unanticipated expenses including unplanned plant outages, storms, legal costs and related settlements, and regulatory orders can affect the timing and level of cash flows from operations.

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Duke Energy believes it has sufficient liquidity resources through the commercial paper markets, and ultimately the Master Credit and Revolving Facilities, to support these operations. Cash flows from operations are subject to a number of other factors, including but not limited to regulatory constraints, economic trends and market volatility (see "Item 1A. Risk Factors," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for additional information).

Restrictive Debt Covenants

The Duke Energy Registrants' debt and credit agreements contain various financial and other covenants. The Master Credit Facility contains a covenant requiring the debt-to-total capitalization ratio not to exceed 65 percent for all borrowers except Piedmont, and 70 percent for Piedmont. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the agreements or sublimits thereto. As of March 31, 2018, each of the Duke Energy Registrants was in compliance with all covenants related to their debt agreements. In addition, some credit agreements may allow for acceleration of payments or termination of the agreements due to nonpayment or acceleration of other significant indebtedness of the borrower or some of its subsidiaries. None of the debt or credit agreements contain material adverse change clauses.

Credit Ratings

Credit ratings are intended to provide credit lenders a framework for comparing the credit quality of securities and are not a recommendation to buy, sell or hold. The Duke Energy Registrants' credit ratings are dependent on the rating agencies' assessments of their ability to meet their debt principal and interest obligations when they come due. If, as a result of market conditions or other factors, the Duke Energy Registrants are unable to maintain current balance sheet strength or if earnings and cash flow outlook materially deteriorate, credit ratings could be negatively impacted.

Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Services and Fitch Ratings, Inc. provide credit ratings for various Duke Energy Registrants.

In January 2018, Moody's revised the ratings outlook for Duke Energy Corporation and Piedmont from stable to negative, principally due to risk of deterioration in credit metrics resulting from the Tax Act.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
Cash flows provided by (used in):		
Operating activities	\$ 1,391	\$ 1,246
Investing activities	(2,264)	(2,361)
Financing activities	947	1,596
Net increase in cash, cash equivalents and restricted cash	74	481
Cash, cash equivalents and restricted cash at beginning of period	505	541
Cash, cash equivalents and restricted cash at end of period	\$ 579	\$ 1,022

OPERATING CASH FLOWS

The following table summarizes key components of Duke Energy's operating cash flows.

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
Net income	\$ 622	\$ 717
Non-cash adjustments to net income	1,610	1,237
Contributions to qualified pension plans	(141)	—
Payments for asset retirement obligations	(122)	(134)
Payment for disposal of other assets	(105)	—
Working capital	(473)	(574)
Net cash provided by operating activities	\$ 1,391	\$ 1,246

The variance was primarily due to:

- a \$278 million increase in net income after adjustment for non-cash items primarily due to a return to normal weather this year compared to the significantly warmer winter weather in the prior year, increased pricing and increased rider revenue; and
- a \$101 million decrease in cash outflows from working capital due primarily to timing of payment of accruals;

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Partially offset by:

- a \$141 million increase in contributions to qualified pension plans; and
- a \$105 million payment for disposal of Beckjord.

INVESTING CASH FLOWS

The following table summarizes key components of Duke Energy's investing cash flows.

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
Capital, investment and acquisition expenditures	\$ (2,161)	\$ (2,335)
Other investing items	(103)	(26)
Net cash used in investing activities	\$ (2,264)	\$ (2,361)

The variance was primarily due to:

- a \$101 million decrease in contributions to equity investments due to projects self funding as they near completion and projects placed in service in 2017; and
- a \$73 million decrease due to lower overall investments in regulated generation and natural gas, partially offset by increased investments in commercial renewables;

Partially offset by:

- a \$47 million increase in cash used for other investing items related to debt and equity securities; and
- a \$42 million increase in cash used for cost of removal, net of salvage value primarily due to increased spending for replacement projects in the Electric Utilities and Infrastructure segment.

FINANCING CASH FLOWS

The following table summarizes key components of Duke Energy's financing cash flows.

(in millions)	Three Months Ended	
	March 31,	
	2018	2017
Issuances of long-term debt, net	\$ 753	\$ 1,155
Issuances of common stock	21	—
Notes payable and commercial paper	791	1,063
Dividends paid	(599)	(600)
Other financing items	(19)	(22)
Net cash provided by financing activities	\$ 947	\$ 1,596

The variance was primarily due to:

- a \$402 million decrease in proceeds from net issuances of long-term debt mainly due to the timing of issuances and redemptions of long-term debt; and
- a \$272 million decrease in net proceeds from issuances of notes payable and commercial paper primarily due to lower capital spending in the current period and an increase in commercial paper in prior year to fund repayment of debt.

Summary of Significant Debt Issuances

Refer to Note 5 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for further information regarding significant debt issuances.

OTHER MATTERS

Environmental Regulations

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters. These regulations can be changed from time to time and result in new obligations of the Duke Energy Registrants.

The following sections outline various proposed and recently enacted regulations that may impact the Duke Energy Registrants. Refer to Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for further information regarding potential plant retirements and regulatory filings related to the Duke Energy Registrants.

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Coal Combustion Residuals

In April 2015, the EPA published a rule to regulate the disposal of CCR from electric utilities as solid waste. The federal regulation classifies CCR as nonhazardous waste and allows for beneficial use of CCR with some restrictions. The regulation applies to all new and existing landfills, new and existing surface impoundments receiving CCR and existing surface impoundments that are no longer receiving CCR but contain liquid located at stations currently generating electricity (regardless of fuel source). The rule establishes requirements regarding landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring, protection and remedial procedures and other operational and reporting procedures to ensure the safe disposal and management of CCR. Various industry and environmental parties have appealed the EPA's CCR rule in the U.S. Court of Appeals for the District of Columbia (D.C. Circuit Court). On April 18, 2016, the EPA filed a motion with the federal court to settle five issues raised in litigation. On June 14, 2016, the court approved the motion with respect to all of those issues. Duke Energy does not expect a material impact from the settlement or that it will result in additional ARO adjustments. On September 13, 2017, EPA responded to a petition by the Utility Solid Waste Activities Group that the agency would reconsider certain provisions of the final rule, and asked the D.C. Circuit Court to suspend the litigation. The D.C. Circuit Court denied EPA's petition to suspend the litigation and oral argument was held on November 20, 2017. The court has not issued an order in the matter. Duke Energy cannot predict the outcome of the litigation.

On March 15, 2018, EPA published proposed amendments to the federal CCR rule, including revisions that were required as part of a CCR litigation settlement, as well as changes that the agency considers warranted due to the passage of the Water Infrastructure Improvements for the Nation Act, which provides statutory authority for state and federal permit programs. The proposed amendments do not repeal the CCR rule, and the rule's major requirements for groundwater monitoring, location restrictions, operating criteria, and design standards remain in place. Duke Energy does not expect any significant changes to our coal ash basin closure plans or compliance requirements under the CCR rule.

In addition to the requirements of the federal CCR regulation, CCR landfills and surface impoundments will continue to be independently regulated by most states. Cost recovery for future expenditures will be pursued through the normal ratemaking process with federal and state utility commissions and via wholesale contracts, which permit recovery of necessary and prudently incurred costs associated with Duke Energy's regulated operations. For more information, see Note 9, "Asset Retirement Obligations," in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

Coal Ash Management Act of 2014

Asset retirement obligations recorded on the Duke Energy Carolinas and Duke Energy Progress Condensed Consolidated Balance Sheets at March 31, 2018, and December 31, 2017, include the legal obligation for closure of coal ash basins and the disposal of related ash as a result of the Coal Ash Act, the EPA CCR rule and other agreements. The Coal Ash Act requires Duke Energy to undertake dam improvement projects and to provide access to a permanent alternative drinking water source to certain residents within a half-mile of coal ash basin compliance boundaries and to certain other potentially impacted residents. The legislation requires excavation of the Sutton, Riverbend and Dan River basins by August 1, 2019, and Asheville basins by August 1, 2022. Excavation at these sites may include a combination of transfer of coal ash to an engineered landfill or conversion for beneficial use. Basins at the H.F. Lee, Cape Fear and Weatherspoon sites are required to be closed through excavation no later than August 1, 2028. Excavation at these sites can include conversion of the basin to a lined industrial landfill, transfer of ash to an engineered landfill or conversion for beneficial use. The remaining basins are required to be closed no later than December 31, 2024, through conversion to a lined industrial landfill, transfer to an engineered landfill or conversion for beneficial use, unless certain dam improvement projects and alternative drinking water source projects are completed by October 15, 2018. Upon satisfactory completion of these projects, the closure deadline would be extended to December 31, 2029, and could include closure through the combination of a cap system and a groundwater monitoring system.

Additionally, the Coal Ash Act requires the installation and operation of three large-scale coal ash beneficiation projects to produce reprocessed ash for use in the concrete industry. Duke Energy selected the Buck, H.F. Lee and Cape Fear plants for these projects. Closure at these sites is required to be completed no later than December 31, 2029.

The Coal Ash Act includes a variance procedure for compliance deadlines and other issues surrounding the management of CCR and CCR surface impoundments and prohibits cost recovery in customer rates for unlawful discharge of ash impoundment waters occurring after January 1, 2014. The Coal Ash Act leaves the decision on cost recovery determinations related to closure of ash impoundments to the normal ratemaking processes before utility regulatory commissions. Consistent with the requirements of the Coal Ash Act, Duke Energy has submitted comprehensive site assessments and groundwater corrective plans to NCDEQ and will submit to NCDEQ site-specific coal ash impoundment closure plans in advance of closure. These plans and all associated permits must be approved by NCDEQ before closure work can begin.

For more information, see Note 9, "Asset Retirement Obligations," in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

Clean Water Act 316(b)

The EPA published the final 316(b) cooling water intake structure rule on August 15, 2014, with an effective date of October 14, 2014. The rule applies to 26 of the electric generating facilities the Duke Energy Registrants own and operate. The rule allows for several options to demonstrate compliance and provides flexibility to the state environmental permitting agencies to make determinations on controls, if any, that will be required for cooling water intake structures. Any required intake structure modifications and/or retrofits are expected to be installed in the 2019 to 2023 time frame. Petitions challenging the rule have been filed by several groups. Oral argument was held on September 14, 2017. It is unknown when the courts will rule on the petitions. The Duke Energy Registrants cannot predict the outcome of these matters.

PART I

Steam Electric Effluent Limitations Guidelines

On January 4, 2016, the final Steam Electric Effluent Limitations Guidelines (ELG) rule became effective. The rule establishes new requirements for wastewater streams associated with steam electric power generation and includes more stringent controls for any new coal plants that may be built in the future. As originally written, affected facilities were required to comply between 2018 and 2023, depending on the timing of Clean Water Act (CWA) discharge permits. Most of the steam electric generating facilities the Duke Energy Registrants own are affected sources. The Duke Energy Registrants are well-positioned to meet the majority of the requirements of the rule due to current efforts to convert to dry ash handling. Petitions challenging the rule have been filed by several groups. On March 16, 2015, Duke Energy Indiana filed its own legal challenge to the rule with the Seventh Circuit Court of Appeals specific to the ELG rule focused on the limits imposed on IGCC facilities (gasification wastewater). All challenges to the rule were consolidated in the Fifth Circuit Court of Appeals. On August 22, 2017, the Fifth Circuit Court of Appeals granted EPA's Motion to Govern Further Proceedings, thereby severing and suspending the claims related to flue gas desulfurization wastewater, bottom ash transport water and gasification wastewater. Claims regarding gasification wastewater were stayed, pending the issuance of the variance to Duke Energy Indiana. Duke Energy Indiana's federal court challenge to EPA's Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category remains in abeyance. After a long delay, EPA issued a variance for discharges at Edwardsport of wastewater associated with the gasification process. The variance will be incorporated by the state agency into a new wastewater discharge permit. Once the permit has issued and the time limit for a third-party challenge expires, Duke Energy Indiana will voluntarily dismiss the federal court challenge. The litigation will continue as to claims related to other waste streams.

Separate from the litigation, EPA finalized a rule on September 18, 2017, postponing the earliest applicability date for bottom ash transport water and flue gas desulfurization wastewater from 2018 to 2020 and retaining the end applicability date of 2023. Also, as part of the rule, EPA reiterated its intent to conduct a new rulemaking to review the effluent limitation guidelines for bottom ash transport water and flue gas desulfurization wastewater. EPA projects that a new rule on these two issues will be finalized by late 2020.

The Duke Energy Registrants cannot predict the outcome of these matters.

Estimated Cost and Impacts of Rulemakings

Duke Energy will incur capital expenditures to comply with the environmental regulations and rules discussed above. The following table provides five-year estimated costs, excluding AFUDC, of new control equipment that may need to be installed on existing power plants primarily to comply with the Coal Ash Act requirements for conversion to dry disposal of bottom ash and fly ash, CWA 316(b) and ELGs through December 31, 2022. The table excludes ash basin closure costs recorded in Asset retirement obligations on the Condensed Consolidated Balance Sheets. For more information related to AROs, see Note 9, "Asset Retirement Obligations" in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

(in millions)	Estimated Cost
Duke Energy	\$ 850
Duke Energy Carolinas	370
Progress Energy	360
Duke Energy Progress	230
Duke Energy Florida	130
Duke Energy Ohio	70
Duke Energy Indiana	50

The Duke Energy Registrants also expect to incur increased fuel, purchased power, operation and maintenance and other expenses, in addition to costs for replacement generation for potential coal-fired power plant retirements, as a result of these regulations. Actual compliance costs incurred may be materially different from these estimates due to reasons such as the timing and requirements of EPA regulations and the resolution of legal challenges to the rules. The Duke Energy Registrants intend to seek rate recovery of necessary and prudently incurred costs associated with regulated operations to comply with these regulations.

Cross-State Air Pollution Rule

On September 7, 2016, EPA finalized a revision to the Cross-State Air Pollution Rule (CSAPR); the revised rule is known as the CSAPR Update Rule. The CSAPR Update Rule reduces the CSAPR Phase 2 state ozone season NO_x emission budgets for 22 eastern states, including Ohio, Kentucky and Indiana. In the final CSAPR Update Rule, the EPA removed Florida, South Carolina and North Carolina from the ozone season NO_x program. Beginning in 2017, Duke Energy Registrants in these states will not be subject to any CSAPR ozone season NO_x emission limitations. For the states that remain in the program, the reduced state ozone season NO_x emission budgets took effect on May 1, 2017. In Kentucky and Indiana, where Duke Energy Registrants own and operate coal-fired electric generating units (EGUs) subject to the final rule requirements, near-term responses include changing unit dispatch to run certain generating units less frequently and/or purchasing NO_x allowances from the trading market. Longer term, upgrading the performance of existing NO_x controls is an option. The Indiana Utility Group and the Indiana Energy Association jointly filed a petition for reconsideration asking that the EPA correct errors it made in calculating the Indiana budget and increase the budget accordingly. EPA has yet to act on the petition. Numerous parties have filed petitions with the D.C. Circuit Court challenging various aspects of the CSAPR Update Rule. Final briefs in the case were due April 9, 2018. The date for oral argument has not been established. The Duke Energy Registrants cannot predict the outcome of these matters.

PART I

Carbon Pollution Standards for New, Modified and Reconstructed Power Plants

On October 23, 2015, the EPA published a final rule in the Federal Register establishing carbon dioxide (CO₂) emissions limits for new, modified and reconstructed power plants. The requirements for new plants apply to plants that commenced construction after January 8, 2014. The EPA set an emissions standard for coal units of 1,400 pounds of CO₂ per gross MWh, which would require the application of partial carbon capture and storage (CCS) technology for a coal unit to be able to meet the limit. Utility-scale CCS is not currently a demonstrated and commercially available technology for coal-fired EGUs, and therefore the final standard effectively prevents the development of new coal-fired generation. The EPA set a final standard of 1,000 pounds of CO₂ per gross MWh for new natural gas combined-cycle units.

On March 28, 2017, President Trump signed an executive order directing EPA to review the rule and determine whether to suspend, revise or rescind it. On the same day, the Department of Justice (DOJ) filed a motion with the D.C. Circuit Court requesting that the court stay the litigation of the rule while it is reviewed by EPA. Subsequent to the DOJ motion, the D.C. Circuit Court canceled oral argument in the case. On August 10, 2017, the court ordered that the litigation be suspended indefinitely. The rule remains in effect pending the outcome of litigation and EPA's review. EPA has not announced a schedule for completing its review. The Duke Energy Registrants cannot predict the outcome of these matters but do not expect the impacts of the current final standards will be material to Duke Energy's financial position, results of operations or cash flows.

Clean Power Plan

On October 23, 2015, the EPA published in the Federal Register the final Clean Power Plan (CPP) rule to regulate CO₂ emissions from existing fossil fuel-fired EGUs. The CPP established CO₂ emission rates and mass cap goals that apply to existing fossil fuel-fired EGUs. Petitions challenging the rule have been filed by numerous groups and on February 9, 2016, the Supreme Court issued a stay of the final CPP rule, halting implementation of the CPP until legal challenges are resolved. States in which the Duke Energy Registrants operate have suspended work on the CPP in response to the stay. Oral arguments before 10 of the 11 judges on D.C. Circuit Court were heard on September 27, 2016. The court has not issued its opinion in the case.

On March 28, 2017, President Trump signed an executive order directing EPA to review the CPP and determine whether to suspend, revise or rescind the rule. On the same day, the DOJ filed a motion with the D.C. Circuit Court requesting that the court stay the litigation of the rule while it is reviewed by EPA. On April 28, 2017, the court issued an order to suspend the litigation for 60 days. On August 8, 2017, the court, on its own motion, extended the suspension of the litigation for an additional 60 days. On October 16, 2017, EPA issued a Notice of Proposed Rulemaking (NPR) to repeal the CPP based on a change to EPA's legal interpretation of the section of the Clean Air Act on which the CPP was based. In the proposal, EPA indicates that it has not determined whether it will issue a rule to replace the CPP, and if it will do so, when and what form that rule will take. The comment period on EPA's NPR ended April 26, 2018. On December 28, 2017, EPA issued an Advance Notice of Proposed Rulemaking (ANPRM) in which it seeks public comment on various aspects of a potential CPP replacement rule. The comment period on the ANPRM ended February 26, 2018. If EPA decides to move forward with a CPP replacement rule, it will need to issue a formal proposal for public comment. Litigation of the CPP remains on hold in the D.C. Circuit Court and the February 2016 U.S. Supreme Court stay of the CPP remains in effect. The Duke Energy Registrants cannot predict the outcome of these matters.

Section 126 Petitions

On November 16, 2016, the State of Maryland filed a petition with EPA under Section 126 of the Clean Air Act alleging that 19 power plants, including two that Duke Energy Registrants own and operate, contribute to violations of EPA's National Ambient Air Quality Standards (NAAQS) for ozone in the State of Maryland. On March 12, 2018, the State of New York filed a petition with EPA, also under Section 126 of the Clean Air Act alleging that over 60 power plants, including four that Duke Energy Registrants own and operate, contribute to violations of EPA's ozone NAAQS in the State of New York. Both Maryland and New York seek EPA orders requiring the states in which the named power plants operate impose more stringent nitrogen oxide (NO_x) emission limitations on the plants. EPA has yet to act on these petitions; litigation has been filed by the State of Maryland in federal district court to compel EPA action. EPA has proposed to the court that it will act on the Maryland petition by the end of 2018. The impact of these petitions could be more stringent requirements for the operation of NO_x emission controls at these plants. The Duke Energy Registrants cannot predict the outcome of these matters.

Global Climate Change

For other information on global climate change and the potential impacts on Duke Energy, see "Other Matters" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

North Carolina Legislation

For other information on North Carolina legislation and the potential impacts on Duke Energy, see "Other Matters" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

Nuclear Matters

For other information on nuclear matters and the potential impacts on Duke Energy, see "Other Matters" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

New Accounting Standards

See Note 1 to the Condensed Consolidated Financial Statements, "Organization and Basis of Presentation," for a discussion of the impact of new accounting standards.

PART I

Off-Balance Sheet Arrangements

During the three months ended March 31, 2018, there were no material changes to Duke Energy's off-balance sheet arrangements. See Note 11 to the Condensed Consolidated Financial Statements, "Variable Interest Entities," for a discussion of off-balance sheet arrangements regarding Atlantic Coast Pipeline. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Balance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

Contractual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three months ended March 31, 2018, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

Subsequent Events

See Note 17 to the Condensed Consolidated Financial Statements, "Subsequent Events," for a discussion of subsequent events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the three months ended March 31, 2018, there were no material changes to the Duke Energy Registrants' disclosures about market risk. For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K/A for the Duke Energy Registrants.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Securities Exchange Act of 1934 (Exchange Act) are recorded, processed, summarized and reported within the time periods specified by the U.S. Securities and Exchange Commission rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act are accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2018, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended March 31, 2018, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements.

Methyl tertiary butyl ether (MTBE) Litigation

On June 19, 2014, the Commonwealth of Pennsylvania filed suit against, among others, Duke Energy Merchants, alleging contamination of waters of the state by MTBE from leaking gasoline storage tanks. MTBE is a gasoline additive intended to increase the oxygen level in gasoline and make it burn cleaner. The lawsuit was moved to federal court and consolidated into an existing multidistrict litigation docket of pending MTBE cases. This suit was settled for an immaterial amount in December 2017 and dismissed in January 2018.

In December 2017, the state of Maryland filed a lawsuit in Baltimore City Circuit Court against Duke Energy Merchants and other defendants alleging contamination of its water supplies from MTBE. Duke Energy cannot predict the outcome of this matter.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in the Duke Energy Registrants' Annual Report on Form 10-K/A, which could materially affect the Duke Energy Registrants' financial condition or future results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

PART II

ITEM 6. EXHIBITS

Exhibits filed herein are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated. Items constituting management contracts or compensatory plans or arrangements are designated by a double asterisk (**). The Company agrees to furnish upon request to the Commission a copy of any omitted schedules or exhibits upon request on all items designated by a triple asterisk (***).

Exhibit Number		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
4.1	One Hundredth Supplemental Indenture, dated as of March 1, 2018 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on March 1, 2018, File No. 1-04928).		X						
*4.2	Eighteenth Supplemental Indenture, dated as of March 29, 2018.	X							
10.1	Confirmation of Forward Sale Transaction, dated March 6, 2018, between the Company and Credit Suisse Securities (USA) LLC, acting as agent for Credit Suisse Capital LLC (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on March 9, 2018, File No. 1-32853).	X							
10.2	Confirmation of Forward Sale Transaction, dated March 6, 2018, between the Company and JPMorgan Chase Bank, National Association, London Branch (incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K filed on March 9, 2018, File No. 1-32853).	X							
10.3	Additional Confirmation of Forward Sale Transaction, dated March 7, 2018, between the Company and Credit Suisse Securities (USA) LLC, acting as agent for Credit Suisse Capital LLC (incorporated by reference to Exhibit 10.3 to Registrant's Current Report on Form 8-K filed on March 9, 2018, File No. 1-32853).	X							
10.4	Additional Confirmation of Forward Sale Transaction, dated March 7, 2018, between the Company and JPMorgan Chase Bank, National Association, London Branch (incorporated by reference to Exhibit 10.4 to Registrant's Current Report on Form 8-K filed on March 9, 2018, File No. 1-32853).	X							
*12	Computation of Ratio of Earnings to Fixed Charges – DUKE ENERGY CORPORATION.	X							
*31.1.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X							
*31.1.2	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X						
*31.1.3	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X					
*31.1.4	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X				
*31.1.5	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X			

PART II

*31.1.6	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X	
*31.1.7	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
*31.1.8	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
*31.2.1	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
*31.2.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X		
*31.2.3	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X	
*31.2.4	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
*31.2.5	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X	
*31.2.6	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X	
*31.2.7	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
*31.2.8	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
*32.1.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
*32.1.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X		
*32.1.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X	
*32.1.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
*32.1.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X	
*32.1.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X	
*32.1.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
*32.1.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
*32.2.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
*32.2.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X		

PART II

*32.2.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X	
*32.2.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X	
*32.2.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X	
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X	
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*101.INS	XBRL Instance Document.	X	X	X	X	X	X	X	X	X
*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X	X
*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X	X

The total amount of securities of the registrant or its subsidiaries authorized under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10 percent of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the SEC, to furnish copies of any or all of such instruments to it.

PART II

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION
DUKE ENERGY CAROLINAS, LLC
PROGRESS ENERGY, INC.
DUKE ENERGY PROGRESS, LLC
DUKE ENERGY FLORIDA, LLC
DUKE ENERGY OHIO, INC.
DUKE ENERGY INDIANA, LLC
PIEDMONT NATURAL GAS COMPANY, INC.

Date: May 10, 2018

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer (Principal
Financial Officer)

Date: May 10, 2018

/s/ WILLIAM E. CURRENS JR.

William E. Currens Jr.
Senior Vice President, Chief Accounting Officer
and Controller
(Principal Accounting Officer)

DUKE ENERGY CORPORATION

TO

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

Trustee

Eighteenth Supplemental Indenture Dated as of March 29, 2018

\$250,000,000 3.95% SENIOR NOTES DUE 2025

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¹ This Table of Contents does not constitute part of the Indenture or have any bearing upon the interpretation of any of its terms and provisions.

EXHIBIT 4.2

THIS EIGHTEENTH SUPPLEMENTAL INDENTURE is made as of the 29th day of March, 2018, by and among **DUKE ENERGY CORPORATION**, a Delaware corporation, having its principal office at 550 South Tryon Street, Charlotte, North Carolina 28202-1803 (the “Corporation”), and **The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.)**, a national banking association, as Trustee (herein called the “Trustee”).

WITNESSETH:

WHEREAS, the Corporation has heretofore entered into an Indenture, dated as of June 3, 2008 (the “Original Indenture”), with The Bank of New York Mellon Trust Company, N.A., as Trustee;

WHEREAS, the Original Indenture is incorporated herein by this reference and the Original Indenture, as it may be amended and supplemented to the date hereof, including by this Eighteenth Supplemental Indenture, is herein called the “Indenture”;

WHEREAS, under the Indenture, a new series of Securities may at any time be established in accordance with the provisions of the Indenture and the terms of such series may be described by a supplemental indenture executed by the Corporation and the Trustee;

WHEREAS, the Corporation hereby proposes to create under the Indenture one additional series of Securities;

WHEREAS, additional Securities of other series hereafter established, except as may be limited in the Indenture as at the time supplemented and modified, may be issued from time to time pursuant to the Indenture as at the time supplemented and modified; and

WHEREAS, all conditions necessary to authorize the execution and delivery of this Eighteenth Supplemental Indenture and to make it a valid and binding obligation of the Corporation have been done or performed.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

3.95% SENIOR NOTES DUE 2025

Section 1.01. Establishment. There is hereby established a new series of Securities to be issued under the Indenture, to be designated as the Corporation’s 3.95% Senior Notes due 2025 (the “2025 Notes”).

There are to be authenticated and delivered initially \$250,000,000 principal amount of the 2025 Notes, and no further 2025 Notes shall be authenticated and delivered except as provided by Section 304, 305, 306, 906 or 1106 of the Original Indenture and the last paragraph of Section 301 thereof. The 2025 Notes shall be issued in fully registered form without coupons.

The 2025 Notes shall be in substantially the form set out in Exhibit A hereto, and the form of the Trustee’s Certificate of Authentication for the 2025 Notes shall be in substantially the form set forth in Exhibit B hereto.

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Each 2025 Note shall be dated the date of authentication thereof and shall bear interest from the date of original issuance thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for.

Section 1.02. Definitions. The following defined terms used in this Article I shall, unless the context otherwise requires, have the meanings specified below for purposes of the 2025 Notes. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Original Indenture.

“Business Day” means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business.

“Interest Payment Date” means each April 15 and October 15 of each year, commencing on October 15, 2018.

“Legal Holiday” means any day that is a legal holiday in New York, New York. “Original Issue Date” means March 29, 2018.

“Regular Record Date” means, with respect to each Interest Payment Date, the close of business on the 15th calendar day prior to such Interest Payment Date (whether or not a Business Day).

“Stated Maturity” means April 15, 2025.

Section 1.03. Payment of Principal and Interest. The principal of the 2025 Notes shall be due at Stated Maturity (unless earlier redeemed). The unpaid principal amount of the 2025 Notes shall bear interest at the rate of 3.95% per annum until paid or duly provided for, such interest to accrue from March 29, 2018 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. Interest shall be paid semi-annually in arrears on each Interest Payment Date to the Person or Persons in whose name the 2025 Notes are registered on the Regular Record Date for such Interest Payment Date; *provided* that interest payable at the Stated Maturity or on a Redemption Date as provided herein shall be paid to the Person to whom principal is payable. Any such interest that is not so punctually paid or duly provided for shall forthwith cease to be payable to the Holders on such Regular Record Date and may either be paid to the Person or Persons in whose name the 2025 Notes are registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee (“Special Record Date”), notice whereof shall be given to Holders of the 2025 Notes not less than ten

(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, if any, on which the 2025 Notes may be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Original Indenture.

Payments of interest on the 2025 Notes shall include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for the 2025 Notes shall be computed and paid on the basis of a 360-day year consisting of twelve 30-day months. In the event that any date on which interest is payable on the 2025 Notes is not a Business Day, then payment of the interest payable on such date shall be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable.

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Payment of principal of, premium, if any, and interest on the 2025 Notes shall be made 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. Payments of principal of, premium, if any, and interest on 2025 Notes represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security. If any of the 2025 Notes are no longer represented by a Global Security,

(i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such 2025 Notes shall be made at the office of the Paying Agent upon surrender of such 2025 Notes to the Paying Agent and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

Section 1.04. Denominations. The 2025 Notes shall be issued in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof.

Section 1.05. Global Securities. The 2025 Notes shall initially be issued in the form of one or more Global Securities registered in the name of the Depositary (which initially shall be The Depository Trust Company) or its nominee. The 2025 Notes will be initially issued pursuant to an exemption or exemptions from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). Beneficial interests in the 2025 Notes offered and sold to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in reliance upon Rule 144A under the Securities Act shall be represented by one or more separate Global Securities (each, a "Rule 144A Global Note"). Each Rule 144A Global Note shall bear the non-registration legend in substantially the form set forth in Exhibit A hereto (the "Rule 144A Legend"). Beneficial interests in the 2025 Notes offered and sold to purchasers outside of the United States pursuant to Regulation S under the Securities Act shall be represented by one or more separate Global Securities (each, a "Regulation S Global Note") and shall bear the Regulation S legend in substantially the form set forth in Exhibit A hereto (the "Regulation S Legend").

Except under the limited circumstances described below, 2025 Notes represented by such Global Security or Global Securities shall not be exchangeable for, and shall not otherwise be issuable as, 2025 Notes in definitive form. The Global Securities described in this Article I may not be transferred except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or to a successor Depositary or its nominee. Nothing in the Indenture or the 2025 Notes shall be construed to require the Corporation to register any 2025 Note under the Securities Act, or to make any transfer of such 2025 Note in violation of applicable law.

A Global Security representing the 2025 Notes shall be exchangeable for 2025 Notes registered in the names of persons other than the Depositary or its nominee only if (i) the Depositary notifies the Corporation that it is unwilling or unable to continue as a Depositary for such Global Security and no successor Depositary shall have been appointed by the Corporation within 90 days of receipt by the Corporation of such notification, or if at any time the Depositary ceases to be a clearing agency registered under the Exchange Act at a time when the Depositary is required to be so registered to act as such Depositary and no successor Depositary shall have been appointed by the Corporation within 90 days after it becomes aware of such cessation, (ii) an Event of Default has occurred and is continuing with respect to the 2025 Notes and beneficial owners of a majority in aggregate principal amount of the 2025 Notes represented by Global Securities advise the Depositary to cease acting as Depositary, or (iii) the Corporation in its sole discretion, and subject to the procedures of the Depositary, determines that such Global Security shall be so exchangeable. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for 2025 Notes registered in such names as the Depositary shall direct.

EXHIBIT 4.2

A Rule 144A Global Note may not be transferred on the Security Register except in compliance with the restrictions on transfer contained in the Rule 144A Legend and upon receipt by the Security Registrar of a completed and executed Certificate of Transfer in the form contained in Exhibit C hereto. Prior to the expiration of 40 days beginning on and including the later of (i) the day on which the offering of the 2025 Notes commences and (ii) the Original Issue Date of the 2025 Notes, a Regulation S Global Note may not be transferred on the Security Register except in compliance with the restrictions on transfer contained in the Regulation S Legend and upon receipt by the Security Registrar of a completed and executed Certificate of Transfer in the form contained in Exhibit C hereto.

Any beneficial interest in one of the Global Securities that is transferred to a person who takes delivery in the form of an interest in another Global Security of that series will, upon transfer, cease to be an interest in the initial Global Security of that series and will become an interest in the other Global Security of that series and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Security of that series for as long as it remains such an interest.

Neither the Trustee or the Security Registrar shall have any obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under the Indenture or under applicable law with respect to any transfer of any interest in any Global Security (including any transfers between or among Depositary participants, members or holders of any Global Security) other than, in connection with a registration of transfer of the 2025 Note on the Security Register, to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of the Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof. Transfers of beneficial interests between a Rule 144A Global Note and a Regulation S Global Note, and other transfers relating to beneficial interests in the Global Securities, shall be reflected by endorsements of the Trustee, as custodian for DTC, on the schedule attached to such Rule 144A Global Note and Regulation S Global Note. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of a Regulation S Global Note and a corresponding increase in the principal amount of a Rule 144A Global Note or vice versa, as applicable. Neither the Corporation nor the Trustee shall have any liability for acts or omissions of any Depositary, for any Depositary records of beneficial interest, for any transactions between the Depositary, any participant member of the Depositary and/or beneficial owner of any interest in any 2025 Notes, or in respect of any transfers effected by the Depositary or by any participant member of the Depositary or any beneficial owner of any interest in any 2025 Notes held through any such participant member of the Depositary.

No service charge shall be made for any registration of transfer or exchange of the 2025 Notes, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Section 1.06. Redemption. At any time before February 15, 2025 (the "Par Call Date"), the 2025 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the 2025 Notes being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2025 Notes being redeemed that would be due if the 2025 Notes matured on the Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points, plus, in either case, accrued and unpaid interest on the principal amount of the 2025 Notes being redeemed to, but excluding, such Redemption Date.

EXHIBIT 4.2

At any time on or after the Par Call Date, the 2025 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the 2025 Notes being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the first paragraph of this Section 1.06, the following terms have the following meanings:

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the 2025 Notes to be redeemed (assuming, for this purpose, that the 2025 Notes matured on the Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2025 Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date for the 2025 Notes,
(1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

“Quotation Agent” means a Reference Treasury Dealer appointed by the Corporation.

“Reference Treasury Dealer” means Morgan Stanley & Co. LLC, plus four other financial institutions appointed by the Corporation at the time of any redemption of the 2025 Notes, or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the 2025 Notes, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the 2025 Notes, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the 2025 Notes occurring before the Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

If less than all of the 2025 Notes are to be redeemed, the Trustee shall select the 2025 Notes or portions of 2025 Notes to be redeemed by such method as the Trustee shall deem fair and appropriate. The Trustee may select for redemption 2025 Notes and portions of 2025 Notes in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the 2025 Notes are represented by

EXHIBIT 4.2

Global Securities, beneficial interests in such Notes shall be selected for redemption by the Depositary in accordance with its standard procedures therefor.

The 2025 Notes shall not have a sinking fund.

Section 1.07. Paying Agent. The Trustee shall initially serve as Paying Agent with respect to the 2025 Notes, with the Place of Payment initially being the Corporate Trust Office.

Section 1.08. Legends. Each 2025 Note, whether in a global form or in a definitive form, shall bear the Rule 144A Legend, or the Regulation S Legend, as applicable, in substantially the form set forth in Exhibit A hereto.

ARTICLE II MISCELLANEOUS PROVISIONS

Section 2.01. Recitals by the Corporation. The recitals in this Eighteenth Supplemental Indenture are made by the Corporation only and not by the Trustee, and all of the provisions contained in the Original Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of the 2025 Notes and this Eighteenth Supplemental Indenture as fully and with like effect as if set forth herein in full.

Section 2.02. Ratification and Incorporation of Original Indenture. As supplemented hereby, the Original Indenture is in all respects ratified and confirmed, and the Original Indenture and this Eighteenth Supplemental Indenture shall be read, taken and construed as one and the same instrument.

Section 2.03. Executed in Counterparts. This Eighteenth Supplemental Indenture may be executed in several counterparts, each of which shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

EXHIBIT 4.2

IN WITNESS WHEREOF, each party hereto has caused this instrument to be signed in its name and behalf by its duly authorized officer, all as of the day and year first above written.

Duke Energy Corporation

By: /s/ JOHN L. SULLIVAN, III

Name: John L. Sullivan, III

Title: Assistant Treasurer

The Bank of New York Mellon Trust Company,
N.A as Trustee

By: /s/ LAWRENCE M. KUSCH

Name: Lawrence M. Kusch

Title: Vice President

EXHIBIT 4.2

EXHIBIT A [DEPOSITARY LEGEND]

[UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE CORPORATION OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY A PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[RULE 144 A LEGEND]

[NEITHER THIS SECURITY NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). EACH HOLDER HEREOF, AND EACH OWNER OF A BENEFICIAL INTEREST HEREIN, BY PURCHASING THIS SECURITY, AGREES FOR THE BENEFIT OF DUKE ENERGY CORPORATION (THE "CORPORATION") THAT THIS SECURITY MAY NOT BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE DATE WHICH IS SIX MONTHS (IF ALL APPLICABLE CONDITIONS TO SUCH RESALE UNDER RULE 144 UNDER THE SECURITIES ACT ("RULE 144A") (OR ANY SUCCESSOR PROVISION THEREOF) ARE SATISFIED) AFTER THE LATER OF THE ORIGINAL ISSUANCE DATE THEREOF, THE ISSUANCE DATE OF ANY SUBSEQUENT ISSUANCE OF ADDITIONAL SECURITIES OF THE SAME SERIES AND THE LAST DATE ON WHICH THE CORPORATION OR ANY AFFILIATE THEREOF WAS THE OWNER OF THIS SECURITY OR THE EXPIRATION OF SUCH SHORTER PERIOD AS MAY BE PRESCRIBED BY SUCH RULE 144 (OR SUCH SUCCESSOR PROVISION) PERMITTING REALES OF THIS SECURITY WITHOUT ANY CONDITIONS (THE "RESALE RESTRICTION TERMINATION DATE") OTHER THAN (A)(1) TO THE CORPORATION, (2) IN A TRANSACTION ENTITLED TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT, (3) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A (AS INDICATED BY THE BOX CHECKED BY THE TRANSFEROR ON THE CERTIFICATE OF TRANSFER ATTACHED TO THIS SECURITY), (4) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT (AS INDICATED BY THE BOX CHECKED BY THE TRANSFEROR ON THE CERTIFICATE OF TRANSFER ATTACHED TO THIS SECURITY), (5) IN ACCORDANCE WITH ANOTHER APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE CORPORATION), OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE FOREGOING RESTRICTIONS ON RESALE WILL NOT APPLY SUBSEQUENT TO THE RESALE RESTRICTION TERMINATION DATE. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE CORPORATION THAT IT IS (i) A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A

EXHIBIT 4.2

OR (ii) A NON-U.S. PERSON OUTSIDE THE UNITED STATES WITHIN THE MEANING OF, OR AN ACCOUNT SATISFYING THE REQUIREMENTS OF, PARAGRAPH (k)(2) OF RULE 902 UNDER REGULATION S UNDER THE SECURITIES ACT. THE HOLDER OF THIS SECURITY ACKNOWLEDGES THAT THE CORPORATION RESERVES THE RIGHT PRIOR TO ANY OFFER, SALE OR OTHER TRANSFER (1) PURSUANT TO CLAUSE (A)(2) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS OR OTHER INFORMATION SATISFACTORY TO THE CORPORATION AND (2) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE AS TO COMPLIANCE WITH CERTAIN CONDITIONS TO TRANSFER IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE CORPORATION.]

[REGULATION S LEGEND]

[THE SECURITIES COVERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (I) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (II) OTHERWISE UNTIL 40 DAYS AFTER THE LATER OF THE DATE OF THE COMMENCEMENT OF THE OFFERING OF THE SECURITIES AND THE DATE OF ORIGINAL ISSUANCE OF THE SECURITIES, EXCEPT IN EITHER CASE IN ACCORDANCE WITH REGULATION S OR RULE 144A UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S.]

FORM OF
3.95% SENIOR NOTE DUE 2025

No. Rule 144A CUSIP No. 26441C AZ8

Regulation S CUSIP No. U2648M AD4

DUKE ENERGY CORPORATION 3.95% SENIOR NOTE DUE 2025

Principal Amount: \$

Regular Record Date: Close of business on the 15th calendar day prior to the relevant Interest Payment Date (whether or not a Business Day)

Original Issue Date: March 29, 2018

Stated Maturity: April 15, 2025

Interest Payment Dates: Semi-annually on April 15 and October 15 of each year, commencing on October 15, 2018

Interest Rate: 3.95% per annum

Authorized Denomination: \$2,000 or any integral multiple of \$1,000 in excess thereof

Duke Energy Corporation, a Delaware corporation (the "Corporation", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby

EXHIBIT 4.2

promises to pay to , or registered assigns, the principal sum of DOLLARS (\$) on the Stated Maturity shown above and to pay interest thereon from the Original Issue Date shown above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on each Interest Payment Date as specified above, commencing on October 15, 2018 and on the Stated Maturity at the rate per annum shown above until the principal hereof is paid or made available for payment and at such rate on any overdue principal and on any overdue installment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date (other than an Interest Payment Date that is the Stated Maturity or a Redemption Date) will, as provided in the Indenture, be paid to the Person in whose name this 3.95% Senior Note due 2025 (this "Security") is registered on the Regular Record Date as specified above next preceding such Interest Payment Date; *provided* that any interest payable at Stated Maturity or on a Redemption Date will be paid to the Person to whom principal is payable. Except as otherwise provided in the Indenture, 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 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, if any, on which the Securities shall be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Indenture.

Payments of interest on this Security will include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for this Security shall be computed and paid on the basis of a 360-day year consisting of twelve 30-day months and will accrue from March 29, 2018 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. In the event that any date on which interest is payable on this Security is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. "Business Day" means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business. "Legal Holiday" means any day that is a legal holiday in New York, New York.

Payment of principal of, premium, if any, and interest on the Securities of this series shall be made 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. Payments of principal of, premium, if any, and interest on the Securities of this series represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security. If any of the Securities of this series are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such Securities shall be made at the office of the Paying Agent upon surrender of such Securities to the Paying Agent, and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

At any time before February 15, 2025 (the "Par Call Date"), the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the Securities of this series being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities of this series being redeemed that would be due if this

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Security matured on the Par Call Date (exclusive of interest accrued to such Redemption Date), discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points, plus, in either case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

At any time on or after the Par Call Date, the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the second preceding paragraph, the following terms have the following meanings:

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the Securities of this series to be redeemed (assuming, for this purpose, that this Security matured on the Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities of this series.

“Comparable Treasury Price” means, with respect to any Redemption Date for the Securities of this series, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

“Quotation Agent” means a Reference Treasury Dealer appointed by the Corporation.

“Reference Treasury Dealer” means Morgan Stanley & Co. LLC, plus four other financial institutions appointed by the Corporation at the time of any redemption of the Securities of this series, or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the Securities of this series, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the Securities of this series, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the Securities of this series occurring before the Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

EXHIBIT 4.2

Notice of any redemption by the Corporation will be mailed (or, as long as the Securities of this series are represented by one or more Global Securities, transmitted in accordance with the Depositary's standard procedures therefor) at least 10 days but not more than 60 days before any Redemption Date to each Holder of Securities of this series to be redeemed. If Notice of a redemption is provided and funds are deposited as required, interest will cease to accrue on and after the Redemption Date on the Securities of this series or portions of Securities of this series called for redemption. In the event that any Redemption Date is not a Business Day, the Corporation will pay the redemption price on the next Business Day without any interest or other payment in respect of any such delay. If less than all the Securities of this series are to be redeemed at the option of the Corporation, the Trustee shall select, in such manner as it shall deem fair and appropriate, the Securities of this series to be redeemed in whole or in part. The Trustee may select for redemption Securities of this series and portions of the Securities of this series in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the Securities of this series are represented by Global Securities, beneficial interests in such Securities shall be selected for redemption by the Depositary in accordance with its standard procedures therefor.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the surrender hereof.

The Securities of this series shall not have a sinking fund.

The Securities of this series shall constitute the direct unsecured and unsubordinated debt obligations of the Corporation and shall rank equally in priority with the Corporation's existing and future unsecured and unsubordinated indebtedness.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH ON THE REVERSE HEREOF, WHICH 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 by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

EXHIBIT 4.2

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed as of March 29, 2018.

Duke Energy Corporation

By: _____

Name:

Title:

A-6

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SEP 13 2021

EXHIBIT 4.2

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: March 29, 2018

The Bank of New York Mellon Trust Company,
N.A., as Trustee

By: _____

Authorized Signatory

A-7

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Step 13 2021

EXHIBIT 4.2

(Reverse Side of Security)

This 3.95% Senior Note due 2025 is one of a duly authorized issue of Securities of the Corporation (the "Securities"), issued and issuable in one or more series under an Indenture, dated as of June 3, 2008, as supplemented (the "Indenture"), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as Trustee (the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitation of rights, duties and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities issued thereunder and of the terms upon which said Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof as 3.95% Senior Notes due 2025 initially in the aggregate principal amount of \$250,000,000. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Indenture.

If an Event of Default with respect to the Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders of the Securities of all series affected under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of all series affected thereby (voting as one class). The Indenture contains provisions permitting the Holders of not less than a majority in principal amount of the Outstanding Securities of all series with respect to which a default under the Indenture shall have occurred and be continuing (voting as one class), on behalf of the Holders of the Securities of all such series, to waive, with certain exceptions, such default under the Indenture and its consequences. The Indenture also permits the Holders of not less than a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Corporation with certain provisions of the Indenture affecting such series. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Corporation for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar and duly executed by, the Holder hereof or his attorney duly authorized in writing, together with the completed and executed Certificate of Transfer attached hereto, and thereupon one or more new Securities of this series, of authorized denominations and of like tenor and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such registration of transfer or exchange, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

EXHIBIT 4.2

The Indenture contains provisions for defeasance at any time of the entire indebtedness of the Securities of this series and for covenant defeasance at any time of certain covenants in the Indenture upon compliance with certain conditions set forth in the Indenture.

Prior to due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities of this series are issuable only in registered form without coupons in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to the limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same upon surrender of the Security or Securities to be exchanged at the office or agency of the Corporation.

This Security shall be governed by, and construed in accordance with, the laws of the State of New York.

EXHIBIT 4.2

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common

UNIF GIFT MIN ACT -

Custodian

(Cust)

(Minor)

TEN ENT — as tenants by the entireties

JT TEN — as joint tenants with rights of
survivorship and not as tenants in common

under Uniform Gifts to
Minors Act

(State)

Additional abbreviations may also be used though not on the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s) and transfer(s) unto (please insert Social Security or other identifying number of assignee)

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and
appointing agent to transfer said Security on the books of the Corporation, with full power of
substitution in the premises.

Dated:

NOTICE: The signature to this assignment must
correspond with the name written upon the face of
the within instrument in every particular without
alteration or enlargement, or any change whatever.

Signature

Guarantee:

EXHIBIT 4.2

SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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EXHIBIT 4.2

EXHIBIT B CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company,
N.A., as Trustee

By:

Authorized Signatory

B-1

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Step 13 2021

EXHIBIT C CERTIFICATE OF TRANSFER

Re: DUKE ENERGY CORPORATION 3.95% SENIOR NOTE DUE 2025 (the "Securities")

This Certificate relates to \$___principal amount of the Securities held in *___book-entry or *___definitive form by____(the "Transferor").

The Transferor certifies that said beneficial interest in said Security is being resold, pledged or otherwise transferred as follows:*

- 1 ☐ to the Corporation; or
- 2 ☐ pursuant to an exemption from registration provided by Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"); or
- 3 ☐ to a person whom the Transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or other transfer is being made in reliance on Rule 144A under the Securities Act; or
- 4 ☐ pursuant to an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act; or
- 5 ☐ pursuant to another applicable exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel acceptable to the Corporation); or
- 6 ☐ pursuant to an effective registration statement under the Securities Act.

Unless one of the boxes is checked, the Trustee may refuse to register any of the Securities evidenced by this certificate in the name of any person other than the registered holder thereof; provided, however, that if box (2) is checked, the Corporation or the Trustee, prior to registering any such transfer of the Securities, reserves the right to require the delivery of an opinion of counsel, certifications or other information satisfactory to the Corporation and the Trustee.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name written upon the face of the within instrument in every particular without alteration or enlargement, or any change whatever.

Signature

Guarantee: _____

* Fill in blank or check appropriate box, as applicable.

EXHIBIT 4.2

SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

C-2

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Step 13 2021

EXHIBIT D

SCHEDULE I TO GLOBAL SECURITY

The initial amount of the Global Securities evidenced by this certificate is \$___.

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made

Date	Amount of increase in Principal Amount of this Global Security	Amount of decrease in Principal Amount of this Global Security	Principal Amount of this Global Security following each decrease or increase	Signature of authorized signatory of Trustee or Securities Registrar

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES - DUKE ENERGY CORPORATION

The ratio of earnings to fixed charges is calculated using the Securities and Exchange Commission guidelines.

(in millions)	Three Months Ended March 31,		Years Ended December 31,				
	2018	2017	2016	2015	2014	2013	
Earnings as defined for fixed charges calculation							
Add:							
Pretax income from continuing operations ^(a)	\$ 825	\$ 4,142	\$ 3,668	\$ 3,832	\$ 3,636	\$ 3,204	
Fixed charges	580	2,205	2,170	1,859	1,871	1,886	
Distributed income of equity investees	4	16	30	104	136	109	
Deduct:							
Interest capitalized	1	4	10	18	7	8	
Total earnings	\$ 1,408	\$ 6,359	\$ 5,858	\$ 5,777	\$ 5,636	\$ 5,191	
Fixed charges:							
Interest on debt, including capitalized portions	\$ 556	\$ 2,104	\$ 2,066	\$ 1,733	\$ 1,733	\$ 1,760	
Estimate of interest within rental expense	24	101	104	126	138	126	
Total fixed charges	\$ 580	\$ 2,205	\$ 2,170	\$ 1,859	\$ 1,871	\$ 1,886	
Ratio of earnings to fixed charges	2.4	2.9	2.7	3.1	3.0	2.8	

(a) Excludes amounts attributable to noncontrolling interests and income or loss from equity investees.

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

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Step 13 2021

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SVF0VOUT TN 0ERTINU 32C NA THE 0OFBOUE0-NXLEY ORT NA C22C

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Puge Ener; y 2ro; ress, LLBk
- b) 3ased on my gnowed; e, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to mage the statements made, in li; ht of the circumstances under which such statements were made, not misleadin; with respect to the period covered 4y this reportk
- T) 3ased on my gnowed; e, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the re; istrant as of, and for, the periods presented in this reportk
- ') (he re; istrant's other certifyin; officerAe) and I are responsi4le for esta4lishin; and maintainin; disclosure controls and procedures Aas defined in ERchan; e 5ct – ules 1Ta-1DAe) and 1Dd-1DAe)) and internal control over financial reportin; Aas defined in ERchan; e 5cts – ules 1Taz1DAe) and 1Ddz1DAe)) for the re; istrant and have:
 - a) Pes; ned such disclosure controls and procedures, or caused such disclosure controls and procedures to 4e desi; ned under our supervision, to ensure that material information relatin; to the re; istrant, includin; its consolidated su4sidiaries, is made known to us 4y others within those entities, particularly durin; the period in which this report is 4ein; preparedk
 - 4) Pes; ned such internal control over financial reportin; , or caused such internal control over financial reportin; to 4e desi; ned under our supervision, to provide reasona4le assurance re; ardin; the relia4ility of financial reportin; and the preparation of financial statements for eRternal purposes in accordance with ; enerally accepted accountin; principlesk
 - c) Evaluated the effectiveness of the re; istrant's disclosure controls and procedures and presented in this report our conclusions a4out the effectiveness of the disclosure controls and procedures, as of the end of the period covered 4y this report 4ased on such evaluationkand
 - d) Disclosed in this report any chan; e in the re; istrant's internal control over financial reportin; that occurred durin; the re; istrant's most recent fiscal quarter Athe re; istrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly ligely to materially affect, the re; istrant's internal control over financial reportin; kand
- D) (he re; istrant's other certifyin; officerAe) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reportin; , to the re; istrant's auditors and the audit committee of the re; istrant's 4oard of directors Aor persons performin; the equivalent functions):
 - a) 5ll si; nificant deficiencies and material weagnesses in the desi; n or operation of internal control over financial reportin; which are reasona4ly ligely to adversely affect the re; istrant's a4ility to record, process, summariz and report financial informationkand
 - 4) 5ny fraud, whether or not material, that involves mana; ement or other employees who have a si; nificant role in the re; istrant's internal control over financial reportin; .

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Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLO;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ LYNN J. GCCD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2014

Lynn J. Good

Chief Executive Officer

OFFICIAL COPY

Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC; 2
- B) based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 2
- 4) based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 2
- T) ' he registrant(s) other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures as defined in Exchange Act Rules 14a-1-~~(e)~~ and 1-d-1-~~(e)~~) and internal control over financial reporting as defined in Exchange Act Rules 14a-1-~~(e)~~ and 1-d-1-~~(e)~~) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; 2
 - 3) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; 2
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; 2 and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; 2 and
-) ' he registrant(s) other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 2 and
 - 3) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2011

/s/ ENEO K. YU GOP

Steven K. Young
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, QCL ;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Chio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ STEVEN K. YCONU

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.
- k) based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report
- T) based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report
- ') (the registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures as defined in Rule 13a-15 and 13d-15 and internal control over financial reporting as defined in Rule 13a-15 and 13d-15 for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared
 - 4) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting
- z) (the registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information
 - 4) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

Steven K. Young

Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chairman, President and Chief Executive Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

May 10, 2018

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 10, 2018

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 10, 2018

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Crogre((" " ") FrDuke Energy Crogre((10on - ord M8,Q for the perio2 en2ing 8 arch sM S3Mk" a(file2 with the
Lecuritie(an2 EJchange) od d i((ion on the 2ate hereof Rthe rReport10" l" " ynn . GP oo2") hief EJecutive Officer of Duke Energy Crogre((" certify" pur(uant to Mk UG G
Lectio M53" a(a2opte2 pur(uant to Lectio 936 of the Larbane(,OJley Act of S33S" that:

RM0 The Report fully cod plie(with the required ent(of Lectio M5Fa0or M5F20of the Lecuritie(EJchange Act of M8s4; an2

FS0 The infor d ation containe2 in the Report fairly pre(ent(" in all d aterial re(pect(" the financial con2ition an2 re(ult(of operation(of Duke Energy Crogre((G

/(/ " YNN . GP OOD

" ynn . GP oo2
) hief EJecutive Officer

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15 S.8.R. 8ERTINP 1300,
O8 ODNUTED USF8SOPT TN
8ERTINP 906 NA THE 8OFBOPE8-NXLEY ORT NA 2002

In connection with the Quarterly Report of Duke Energy Clorisa, LL(""Duke Energy Clorisa)Fon Corm 10-Q for the perios ensing d arch Ml, 3012, a8 files with the Securitie8 ans Exchange (ommi88ion on the sate hereof "the "Report)F, I, Lynn J. Goos, (hief Executive Officer of Duke Energy Clorisa, certify, pur8uant to 12 U.S.(. Section 1M60, a8 asoptes pur8uant to Section 906 of the Sarbane8-Oxley Act of 3003, that:

"1F The Report fully complie8 with the requirement8 of Section 1MaFor 15"sFof the Securitie8 Exchange Act of 19M4; ans

"3F The information contains in the Report fairly pre8ent8, in all material re8pect8, the financial consition ans re8ult8 of operation8 of Duke Energy Clorisa.

/s/ LYNN J. GOOD

Lynn J. Goos
(hief Executive Officer

d ay 10, 3012

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Ln1 The Report fully coF plie8 with the requireF ent8 of Section nMa" or n5L- " of the Securitie8 Exchange Act of n9M4; an-

L3" The inforF ation containe- in the Report fairly pre8ent8sin all F aterial re8pect8sthe financial con- ition an- re8ult8 of operation8 of Duke Energy Chio,

/8/ . YNN G v CCD

. ynn G v oo-
J hief ExecutiOe Cfficer

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Inc. ("Duke Energy Inc.") on Form 10-Q for the period ending March 31, 2012, filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, YNN J. GOOD, Chief Executive Officer of Duke Energy Inc., certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(c) of the Securities Exchange Act of 1934; and
- (3) The information contained in the Report fairly presents in all material respects the financial condition and results of operations of Duke Energy Inc.

/s/ , YNN J. GOOD

, YNN J. GOOD
Chief Executive Officer

May 10, 2012

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 10, 2018

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UE1 TIAO 906 AR THE UFCBF OEU-AXLEY F1T AR 2002**

In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 10, 2018

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In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 10, 2018

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In connection with the Quarterly Report of Duke Energy Crogress, LL(""Duke Energy Crogress)Fon mpr1 0- dQ for the perioMenMng 3 arch 20, 8- 0S, as fileMwith the xecurities anMEvchange (o1 1 ission on the Mate hereof "the "Report)F, I, xteKen . YYoung, EvecutiKe Pice CresiMent anM(hief minancial Officer of Duke Energy Crogress, certify, pursuant to 0S U'X' Yxection 025- , as aMpteMpursuant to xection 9- 6 of the xarbanesdOvley Act of 8- - 8, that:

"0F The Report fully co1 plies with the require1 ents of xection 02"aFor 05"MFof the xecurities Evchange Act of 0924; anM

"8F The infor1 ation containeMin the Report fairly presents, in all 1 aterial respects, the financial conMtion anMresults of operations of Duke Energy CrogressY

/s/ xTEPEN . YOUNG

xteKen . YYoung
EvecutiKe Pice CresiMent anM(hief minancial Officer

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**CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 8310,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Clorisa, LL(""Duke Energy Clorisa)Fon Corm 10-Q for the perios ensing d arch Ml, 3012, a8 files with the Securitie8
ans Exchange (ommi88ion on the sate hereof "the "Report)F, I, Steven K. Young, Executive Vice Pre8isent ans (hief Cincial Officer of Duke Energy Clorisa, certify, pur8uant
to 12 U.S.(. Section 1M50, a8 asoptes pur8uant to Section 906 of the Sarbane8-Oxley Act of 3003, that:

"1F The Report fully complie8 with the requirement8 of Section 1MaFor 15"sFof the Securitie8 Exchange Act of 19M4; ans

"3F The information contains in the Report fairly pre8ent8, in all material re8pect8, the financial consition ans re8ult8 of operation8 of Duke Energy Clorisa.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice Pre8isent ans (hief Cincial Officer

d ay 10, 3012

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Step 13 2021

**CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 830, D
AS A9 OPT E9 PURSUANT TO
SECTION 6, 1 OF THE SARBANES-OXLEY ACT OF 2, , 2**

In connection with the Quarterly Report of Duke Energy Chio(Inc" ")Duke Energy ChioFrom 1 or0 - dM for the perio3 en3ing , arch 2- (8d- s(aS file3 with the xecuritieS an3
Evchange Ko0 0 iSSion on the 3ate hereof "the)ReportFrñl(x te. en Y" Voung(Evecuti. e Pice OreS3ent an3 Khief 1 inancial Cfficer of Duke Energy Chio(certify(purSuant to - s
U"x"K" x ection - 25d(aS a3opte3 purSuant to x ection 9d6 of the xarbaneSMvley Act of 8dd8(that:

"- m The Report fully co0 plieS with the require0 entS of x ection - 2" amr - 5"3mof the xecuritieS Evchange Act of - 924; an3

"8m The infor0 ation containe3 in the Report fairly preSentS(in all 0 aterial reSpectS(the financial con3ition an3 reSultS of operationS of Duke Energy Chio"

/S/ xTEPEN Y" VCUNG

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In connection with the Quarterly Report of Duke Energy Inc. ("Duke Energy Inc.") on Form 10-Q for the period ending March 31, 2012, filed with the Securities and Exchange Commission on the date hereof (the "Report"), Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Inc., certifies pursuant to 12 U.S.C. Section 1505(a) as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(c) of the Securities Exchange Act of 1934; and
- (3) The information contained in the Report fairly presents in all material respects the financial condition and results of operations of Duke Energy Inc.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 10, 2012

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**CERTIFICATION PURSUANT TO
81 U.S.C. SECTION 8350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Piedmont Natural Gas Company, Inc. (the "Company") for the period ending March 31, 2021, I, the undersigned, being a duly authorized officer of the Company, do hereby certify that the foregoing information contained in the report is true and correct in all material respects, and that the financial statements included in the report are prepared in accordance with the requirements of the Securities Exchange Act of 1934 and the rules and regulations of the Securities and Exchange Commission.

I am a duly authorized officer of the Company and I am not aware of any material misstatements or omissions in the foregoing information.

I am not aware of any material misstatements or omissions in the foregoing information.

GREGORY V. VANCE,

Chief Executive Officer

Vice President, General Counsel and Secretary

2021-03-31

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2018
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number Registrant, State of Incorporation or Organization,
Address of Principal Executive Offices and Telephone Number IRS Employer Identification No.



1-32853

DUKE ENERGY CORPORATION
(a Delaware corporation)
550 South Tryon Street
Charlotte, North Carolina 28202-1803
704-382-3853

20-2777218

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number	Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number
1-4928	DUKE ENERGY CAROLINAS, LLC (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853 56-0205520	1-3274	DUKE ENERGY FLORIDA, LLC (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853 59-0247770
1-15929	PROGRESS ENERGY, INC. (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-2155481	1-1232	DUKE ENERGY OHIO, INC. (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853 31-0240030
1-3382	DUKE ENERGY PROGRESS, LLC (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-0165465	1-3543	DUKE ENERGY INDIANA, LLC (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853 35-0594457
1-6196	PIEDMONT NATURAL GAS COMPANY, INC. (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120 56-0556998		

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Duke Energy Corporation (Duke Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Florida, LLC (Duke Energy Florida)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Progress Energy, Inc. (Progress Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Progress, LLC (Duke Energy Progress)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Duke Energy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Florida	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Carolinas	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Ohio	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Progress Energy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Indiana	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Progress	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Piedmont	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Duke Energy	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Carolinas	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Progress Energy	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Progress	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Florida	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Ohio	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Indiana	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Piedmont	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Duke Energy	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Florida	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Duke Energy Carolinas	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Ohio	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Progress Energy	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Indiana	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Duke Energy Progress	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Piedmont	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Number of shares of Common stock outstanding at : uly 31, 2018\$

Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	712,354,724

This combined Form 10-H is filed separately by eight registrants\$Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont meet the conditions set forth in General Instructions – (1)(a) and (b) of Form 10-H and are therefore filing this form with the reduced disclosure format specified in General Instructions – (2) of Form 10-H.

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SEP 13 2021

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- K State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- K The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- K The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- K The costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- K Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- K Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- K Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- K Advancements in technology;
- K Additional competition in electric and natural gas markets and continued industry consolidation;
- K The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- K The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources;
- K The ability to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- K Operational interruptions to our natural gas distribution and transmission activities;
- K The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- K The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches and other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- K The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- K The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- K The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- K Credit ratings of the Duke Energy Registrants may be different from what is expected;
- K Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- K Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- K Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- K The ability to control operation and maintenance costs;
- K The level of creditworthiness of counterparties to transactions;
- K Employee workforce factors, including the potential inability to attract and retain key personnel;
- K The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);
- K The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;

- K The effect of accounting pronouncements issued periodically by accounting standard-setting bodies°
- K The impact of new ' .S. tax legislation to our financial condition, results of operations or cash flows and our credit ratings°
- K The impacts from potential impairments of goodwill or equity method investment carrying values° and
- K The ability to implement our business strategy.

Additional risks and uncertainties are identified and discussed in the Duke Energy RegistrantsUreports filed with the SEC and available at the SEC's website at sec.gov. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Duke Energy Corporation
Condensed Consolidated Statements of Operations
(Unaudited)

(in millions, except per-share amounts)	Three Months Ended				Six Months Ended			
	June 30,		2018		June 30,		2018	
Operating Revenues								
Regulated electric	6	5,118	Q	5,118	6	10,422	Q	10,031
Regulated natural gas		291		275		991		921
Nonregulated electric and other		154		162		325		332
Total operating revenues		5,563		5,555		11,738		11,284
Operating Expenses								
Fuel used in electric generation and purchased power		1,544		1,541		3,250		2,990
Cost of natural gas		89		76		402		334
Operation, maintenance and other		1,544		1,441		3,008		2,909
Depreciation and amortization		953		835		1,940		1,694
Property and other taxes		315		307		631		611
Impairment charges		152		9		215		9
Total operating expenses		4,495		4,209		9,446		8,547
Gains (Losses) on Sales of Other Assets and Other, net		3		7		(9)		18
Operating Income		969		1,353		2,235		2,755
Other Income and Expenses								
Equity in earnings of unconsolidated affiliates		36		36		12		65
Other income and expenses, net		110		115		19		236
Total other income and expenses		146		151		208		301
Interest Expense		518		486		1,033		977
Income From Continuing Operations before Income Taxes		587		1,018		1,410		2,079
Income Tax Expense From Continuing Operations		100		327		281		671
Income From Continuing Operations		500		691		1,129		1,408
Loss From Discontinued Operations, net of tax		(5)		(2)		(5)		(2)
Net Income		502		689		1,124		1,406
Less—Net Income Attributable to Noncontrolling Interests		2		3		4		4
Net Income Attributable to Duke Energy Corporation	6	500	Q	686	6	1,120	Q	1,402
Earnings Per Share Basic and Diluted								
Income from continuing operations attributable to Duke Energy Corporation common stockholders								
Basic	6	0.82	Q	0.98	6	1.80	Q	2.00
Diluted	6	0.82	Q	0.98	6	1.80	Q	2.00
Loss from discontinued operations attributable to Duke Energy Corporation common stockholders								
Basic	6	(0.01)	Q	•	6	(0.01)	Q	•
Diluted	6	(0.01)	Q	•	6	(0.01)	Q	•
Net income attributable to Duke Energy Corporation common stockholders								
Basic	6	0.81	Q	0.98	6	1.79	Q	2.00
Diluted	6	0.81	Q	0.98	6	1.79	Q	2.00
Weighted average shares outstanding								
Basic		700		700		700		700
Diluted		700		700		700		700

See Notes to Condensed Consolidated Financial Statements

PART I

D' --E ENERGY CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	2018	2017		2018	2017	
Net Income	6	502	Q	689	6	1,124
Other Comprehensive (Loss) Income, net of tax						
Pension and OPEV adjustments	1	1		2	2	
Net unrealized gains (losses) on cash flow hedges	1	(6)		13	(4)	
Reclassification into earnings from cash flow hedges	(2)	4		(1)	5	
' nrealized (losses) gains on available-for-sale securities	(2)	4		(5)	8	
Other Comprehensive (Loss) Income, net of tax	(2)	3		9	11	
Comprehensive Income	500	692		1,133	1,417	
Less--Comprehensive Income Attributable to Noncontrolling Interests	2	3		4	4	
Comprehensive Income Attributable to Du7e Energy Corporation	6	498	Q	689	6	1,413

See Notes to Condensed Consolidated Financial Statements

PART I

D' --E ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2018		December 31, 2017	
ASSETS				
Current Assets				
Cash and cash equivalents	6	304	Q	358
Receivables (net of allowance for doubtful accounts of Q18 at 2018 and Q14 at 2017)		12		779
Receivables of ' IEs (net of allowance for doubtful accounts of Q56 at 2018 and Q54 at 2017)		2,205		1,995
Inventory		3,155		3,250
Regulatory assets (includes Q51 at 2018 and 2017 related to ' IEs)		1,541		1,437
Other		435		634
Total current assets		8,455		8,453
Property, Plant and Equipment				
Cost		130,111		127,507
Accumulated depreciation and amortization		(42,499)		(41,537)
Generation facilities to be retired, net		358		421
Net property, plant and equipment		88,495		86,391
Other Noncurrent Assets				
Goodwill		19,391		19,396
Regulatory assets (includes Q1,071 at 2018 and Q1,091 at 2017 related to ' IEs)		12,505		12,442
Nuclear decommissioning trust funds		\$,132		7,097
Investments in equity method unconsolidated affiliates		1,118		1,175
Other		3,085		2,960
Total other noncurrent assets		43,288		43,070
Total Assets	6	140,259	Q	137,914
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	6	2,181	Q	3,043
Notes payable and commercial paper		3,329		2,163
Taxes accrued		494		551
Interest accrued		530		525
Current maturities of long-term debt (includes Q229 at 2018 and Q225 at 2017 related to ' IEs)		2,852		3,244
Asset retirement obligations		\$1:		689
Regulatory liabilities		485		402
Other		1,199		1,865
Total current liabilities		12,591		12,482
Long-Term Debt (includes 64,159 at 2018 and 64,301 at 2017 related to wEs)		49,813		49,035
Other Noncurrent Liabilities				
Deferred income taxes		1,955		6,621
Asset retirement obligations		9,553		9,486
Regulatory liabilities		15,355		15,330
Accrued pension and other post-retirement benefit costs		1,014		1,103
Investment tax credits		534		539
Other		1,455		1,581
Total other noncurrent liabilities		35,090		34,660
Commitments and Contingencies				
Equity				
Common stock, Q0.001 par value, 2 billion shares authorized 712 million shares outstanding at 2018 and 700 million shares outstanding at 2017		1		1
Additional paid-in capital		39,182		38,792
Retained earnings		2,894		3,013
Accumulated other comprehensive loss		(\$0)		(67)
Total Duke Energy Corporation stockholders' equity		42,505		41,739
Noncontrolling interests		8		(2)
Total equity		42,515		41,737

Total Liabilities and Equity	6	140,259	Q	137,914
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See Notes to Condensed Consolidated Financial Statements
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PART I

D' -E ENERGY CORPORATION
Condensed Consolidated Statements of Cash Flo's
(Unaudited)

(in millions)	Six Months Ended		
	June 30,		
	2018		2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	6	1,124	1,406
Adjustments to reconcile net income to net cash provided by operating activities\$			
Depreciation, amortization and accretion (including amortization of nuclear fuel)		2,250	1,953
Equity component of AF' DC		(10:)	(125)
Losses (gains) on sales of other assets		9\$	(20)
Impairment charges		215	9
Deferred income taxes		289	669
Equity in earnings of unconsolidated affiliates		(12)	(65)
Accrued pension and other post-retirement benefit costs		31	13
Contributions to qualified pension plans		(141)	•
Payments for asset retirement obligations		(245)	(272)
Payment for disposal of other assets		(105)	•
Other rate case adjustments		3\$	•
Provision for rate refunds		281	•
(Increase) decrease in			
Net realized and unrealized mark-to-market and hedging transactions		\$	(12)
Receivables		(2\$)	293
Inventory		\$0	153
Other current assets		21	(168)
Increase (decrease) in			
Accounts payable		(142)	(505)
Taxes accrued		(58)	41
Other current liabilities		(214)	(531)
Other assets		(112)	(37)
Other liabilities		42	(2)
Net cash provided by operating activities		3,302	2,800
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		(4,3\$5)	(3,931)
Contributions to equity method investments		(140)	(287)
Purchases of debt and equity securities		(1,908)	(2,412)
Proceeds from sales and maturities of debt and equity securities		1,8: :	2,439
Other		(88)	(153)
Net cash used in investing activities		(4,: 45)	(4,344)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the\$			
Issuance of long-term debt		2,\$2\$	2,734
Issuance of common stock		820	•
Payments for the redemption of long-term debt		(2,190)	(1,009)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days		201	230
Payments for the redemption of short-term debt with original maturities greater than 90 days		(1: 0)	(32)
Notes payable and commercial paper		1,090	783
Dividends paid		(1,199)	(1,200)
Other		(24)	(32)
Net cash provided by financing activities		1,2: 5	1,474
Net decrease in cash, cash equivalents and restricted cash		(\$8)	(70)
Cash, cash equivalents and restricted cash at beginning of period		505	541
Cash, cash equivalents and restricted cash at end of period	6	42\$	471
Supplemental Disclosures--			
Significant non-cash transactions\$			
Accrued capital expenditures	6	9\$8	589

Non-cash dividends

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See Notes to Condensed Consolidated Financial Statements
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PART I

D' –E ENERGY CORPORATION
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

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- (a) Cumulative-effect adjustment due to implementation of a new accounting standard related to stock-based compensation and the associated income taxes.
(b) Amounts in Retained Earnings and Accumulated Other Comprehensive Loss represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement. See Note 1 for more information.

See Notes to Condensed Consolidated Financial Statements

PART I

D' –E ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	2018	2019		2018	2019	
Operating Revenues	6	1,129	Q	6	3,435	Q
Operating Expenses						
Fuel used in electric generation and purchased power	40	435		880	863	
Operation, maintenance and other	499	483		950	978	
Depreciation and amortization	289	269		51	523	
Property and other taxes	5	71		14	139	
Impairment charges	1	•		190	•	
Total operating expenses	1,44	1,258		2,228	2,503	
Losses on Sales of Other Assets and Other, net	(1)	•		(1)	•	
Operating Income	224	471		50	942	
Other Income and Expenses, net	35	50		4	100	
Interest Expense	110	103		21	206	
Income before Income Taxes	149	418		53	836	
Income Tax Expense	32	145		123	293	
Net Income	6	11	Q	6	440	Q
Other Comprehensive Income, net of tax						
Reclassification into earnings from cash flow hedges	2	1		1	1	
Comprehensive Income	6	11	Q	6	441	Q

See Notes to Condensed Consolidated Financial Statements

PART I

D' --E ENERGY CAROLINAS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)		June 30, 2018	December 31, 2017
ASSETS			
Current Assets			
Cash and cash equivalents	6	1: Q	16
Receivables (net of allowance for doubtful accounts of Q2 at 2018 and 2017)		1\$2	200
Receivables of 'IEs (net of allowance for doubtful accounts of Q7 at 2018 and 2017)		\$04	640
Receivables from affiliated companies		11\$	95
Inventory		984	971
Regulatory assets		420	299
Other		21	19
Total current assets		2,434	2,240
Property, Plant and Equipment			
Cost		43,429	42,939
Accumulated depreciation and amortization		(15,248)	(15,063)
Net property, plant and equipment		28,181	27,876
Other Noncurrent Assets			
Regulatory assets		3,234	2,853
Nuclear decommissioning trust funds		3,\$90	3,772
Other		1,03:	979
Total other noncurrent assets		8,0: 0	7,604
Total Assets	6	38,: \$5 Q	37,720
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	6	809 Q	842
Accounts payable to affiliated companies		158	209
Notes payable to affiliated companies		\$40	104
Taxes accrued		158	234
Interest accrued		109	108
Current maturities of long-term debt		505	1,205
Asset retirement obligations		22\$	337
Regulatory liabilities		131	126
Other		412	486
Total current liabilities		3,249	3,651
Long-Term Debt			
Long-Term Debt Payable to Affiliated Companies		300	300
Other Noncurrent Liabilities			
Deferred income taxes		3,50\$	3,413
Asset retirement obligations		3,592	3,273
Regulatory liabilities		: ,292	6,231
Accrued pension and other post-retirement benefit costs		99	95
Investment tax credits		230	232
Other		515	566
Total other noncurrent liabilities		14,235	13,810
Commitments and Contingencies			
Equity			
Members' equity		11,308	11,368
Accumulated other comprehensive loss		(:)	(7)
Total equity		11,302	11,361
Total Liabilities and Equity	6	38,: \$5 Q	37,720

See Notes to Condensed Consolidated Financial Statements

PART I

D' --E ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Cash Flo' s
(Unaudited)

(in millions)	Six Months Ended		
	June 30,		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	6	440	543
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization (including amortization of nuclear fuel)	\$0	\$688	
Equity component of AFIPDC	(39)	(59)	
Losses on sales of other assets	1	•	
Impairment charges	190	•	
Deferred income taxes	90	283	
Accrued pension and other post-retirement benefit costs	2	•	
Contributions to qualified pension plans	(4:)	•	
Payments for asset retirement obligations	(114)	(123)	
Provision for rate refunds	121	•	
(Increase) decrease in			
Net realized and unrealized mark-to-market and hedging transactions	8	24	
Receivables	(33)	36	
Receivables from affiliated companies	(22)	78	
Inventory	(1:)	(14)	
Other current assets	(33)	(21)	
Increase (decrease) in			
Accounts payable	(59)	(125)	
Accounts payable to affiliated companies	(51)	(120)	
Taxes accrued	(\$8)	19	
Other current liabilities	(123)	(140)	
Other assets	(:)	(44)	
Other liabilities	(29)	(15)	
Net cash provided by operating activities	910	1,010	
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(1,2\$0)	(1,092)	
Purchases of debt and equity securities	(9\$:)	(1,225)	
Proceeds from sales and maturities of debt and equity securities	9\$:	1,228	
Notes receivable from affiliated companies	Z	66	
Other	(: 4)	(29)	
Net cash used in investing activities	(1,334)	(1,052)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of long-term debt	991	•	
Payments for the redemption of long-term debt	(\$02)	(114)	
Notes payable to affiliated companies	: 3:	534	
Distributions to parent	(500)	(375)	
Other	(1)	(1)	
Net cash provided by financing activities	424	44	
Net increase in cash and cash equivalents	Z	2	
Cash and cash equivalents at beginning of period	1:	14	
Cash and cash equivalents at end of period	6	1: Q	16
Supplemental Disclosures—			
Significant non-cash transactions			
Accrued capital expenditures	6	343	200

See Notes to Condensed Consolidated Financial Statements

PART I

D' --E ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

			Azzumulated Other ComprehensiKe Loss			
			Net Losses on			
(in millions)		Memberjs Equity		Cash Flo' Hedges		Total Equity
kalanze at Dezember 31, 201:	Q	10,781	Q	(9)	Q	10,772
Net income		543		•		543
Other comprehensive income		•		1		1
Distributions to parent		(375)		•		(375)
Other		(2)		•		(2)
kalanze at cune 30, 201\$	Q	10,947	Q	(8)	Q	10,939
kalanze at Dezember 31, 201\$	Q	11,368	Q	(7)	Q	11,361
Net income		440		Z		440
Other comprehensive income		Z		1		1
Distributions to parent		(500)		Z		(500)
kalanze at cune 30, 2018	6	11,308	6	(:)	6	11,302

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended				Six Months Ended			
	June 30,				June 30,			
	2018		2017		2018		2017	
Operating Revenues	6	2,498	Q	2,392	6	5,054	Q	4,571
Operating Expenses								
Fuel used in electric generation and purchased power		895		831		1,851		1,557
Operation, maintenance and other		10		549		1,233		1,109
Depreciation and amortization		380		311		744		624
Property and other taxes		131		129		254		246
Impairment charges		4		2		33		2
Total operating expenses		2,020		1,822		4,155		3,538
Gains on Sales of Other Assets and Other, net		1		6		12		14
Operating Income		484		576		931		1,047
Other Income and Expenses, net		42		36		88		76
Interest Expense		203		196		412		402
Income before Income Taxes		323		416		599		721
Income Tax Expense		51		139		92		243
Net Income		272		277		504		478
Less—Net Income Attributable to Noncontrolling Interests		2		3		4		5
Net Income Attributable to Parent	6	270	Q	274	6	500	Q	473
Net Income	6	272	Q	277	6	504	Q	478
Other Comprehensive Income, net of tax								
Pension and OPEB adjustments		2		1		2		2
Net unrealized gains on cash flow hedges		1		5		3		6
Unrealized (losses) gains on available-for-sale securities		(1)		1		(1)		2
Other Comprehensive Income, net of tax		2		7		4		10
Comprehensive Income		274		284		508		488
Less—Comprehensive Income Attributable to Noncontrolling Interests		2		3		4		5
Comprehensive Income Attributable to Parent	6	272	Q	281	6	504	Q	483

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)		June 30, 2018	December 31, 2017
ASSETS			
Current Assets			
Cash and cash equivalents	6	3\$ Q	40
Receivables (net of allowance for doubtful accounts of \$5 at 2018 and \$4 at 2017)		130	123
Receivables of 'IEs (net of allowance for doubtful accounts of \$7 at 2018 and 2017)		9: 9	780
Receivables from affiliated companies		3	31
Notes receivable from affiliated companies		309	240
Inventory		1,521	1,592
Regulatory assets (includes \$51 at 2018 and 2017 related to 'IEs)		9\$0	741
Other		35:	334
Total current assets		4,295	3,881
Property, Plant and Equipment			
Cost		48,89:	47,323
Accumulated depreciation and amortization		(1: ,380)	(15,857)
Generation facilities to be retired, net		3\$8	421
Net property, plant and equipment		32,894	31,887
Other Noncurrent Assets			
Goodwill		3,: 55	3,655
Regulatory assets (includes \$1,071 at 2018 and \$1,091 at 2017 related to 'IEs)		5,\$3:	6,010
Nuclear decommissioning trust funds		3,342	3,324
Other		992	931
Total other noncurrent assets		13,\$25	13,920
Total Assets	6	50,914 Q	49,688
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	6	81: Q	1,006
Accounts payable to affiliated companies		232	251
Notes payable to affiliated companies		1,152	805
Taxes accrued		181	101
Interest accrued		211	212
Current maturities of long-term debt (includes \$53 at 2018 and 2017 related to 'IEs)		1,321	771
Asset retirement obligations		38:	295
Regulatory liabilities		233	213
Other		\$11	729
Total current liabilities		5,243	4,383
Long-Term Debt (includes \$1,: : 0 at 2018 and \$1,: 89 at 2017 related to wEs)		1: ,223	16,916
Long-Term Debt Payable to Affiliated Companies		150	150
Other Noncurrent Liabilities			
Deferred income taxes		3,80:	3,502
Asset retirement obligations		5,052	5,119
Regulatory liabilities		5,193	5,306
Accrued pension and other post-retirement benefit costs		519	545
Other		25:	302
Total other noncurrent liabilities		14,82:	14,774
Commitments and Contingencies			
Equity			
Common stock, \$0.01 par value, 100 shares authorized and outstanding at 2018 and 2017		Z	•
Additional paid-in capital		9,143	9,143
Retained earnings		4,855	4,350
Accumulated other comprehensive loss		(2:)	(25)
Total Progress Energy, Inc. stockholders' equity		13,9\$2	13,468
Noncontrolling interests		Z	(3)

Total equity		13,9\$2		13,465
Total Liabilities and Equity	6	50,914	Q	49,688

See Notes to Condensed Consolidated Financial Statements
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PART I

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Six Months Ended		
	June 30,		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	6	504	Q 478
Adjustments to reconcile net income to net cash provided by operating activities\$			
Depreciation, amortization and accretion (including amortization of nuclear fuel)		945	733
Equity component of AF' DC		(52)	(48)
Gains on sales of other assets		(12)	(15)
Impairment charges		33	2
Deferred income taxes		240	412
Accrued pension and other post-retirement benefit costs		12	(5)
Contributions to qualified pension plans		(45)	•
Payments for asset retirement obligations		(108)	(128)
Other rate case adjustments		3\$	•
Provision for rate refunds		: 5	•
(Increase) decrease in			
Net realized and unrealized mark-to-market and hedging transactions		14	•
Receivables		(19:)	(64)
Receivables from affiliated companies		28	99
Inventory		\$1	95
Other current assets		(214)	(220)
Increase (decrease) in			
Accounts payable		15	(211)
Accounts payable to affiliated companies		(19)	(140)
Taxes accrued		80	81
Other current liabilities		(58)	(148)
Other assets		(18:)	(69)
Other liabilities		4	(18)
Net cash provided by operating activities		1,158	834
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		(1,\$2\$)	(1,733)
Purchases of debt and equity securities		(812)	(1,108)
Proceeds from sales and maturities of debt and equity securities		820	1,123
Notes receivable from affiliated companies		(: 9)	(60)
Other		(81)	(22)
Net cash used in investing activities		(1,8: 9)	(1,800)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of long-term debt		989	923
Payments for the redemption of long-term debt		(: 35)	(326)
Notes payable to affiliated companies		34\$	341
Other		(3)	(3)
Net cash provided by financing activities		: 98	935
Net decrease in cash, cash equivalents and restricted cash		(13)	(31)
Cash, cash equivalents and restricted cash at beginning of period		8\$	110
Cash, cash equivalents and restricted cash at end of period	6	\$4	Q 79
Supplemental Disclosures—			
Significant non-cash transactions\$			
Accrued capital expenditures	6	3: : Q	174

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Azzumulated Other Comprehensive Income (Loss)									
			Net Losses on		Net Unrealized		Pension and		Total	
	Additional	Retained	Cash Flow	Gains (losses) on	Pension and	Energy, Inc.	Noncontrolling	Total		
	Paid-in	Earnings	Hedges	Available-for-	OPEK	Stoizholdersj	Interests	Equity		Equity
	Capital			Sale Securities	Adjustments	Equity				
Balance at December 31, 2017:	Q 8,094	Q 3,764	Q (23)	Q 1	Q (16)	Q 11,820	Q (13)	Q 11,807		
Net income	•	473	•	•	•	473	5	478		
Other comprehensive income	•	•	6	2	2	10	•	10		
Other	2	•	•	•	•	2	•	2		
Balance at June 30, 2018	Q 8,096	Q 4,237	Q (17)	Q 3	Q (14)	Q 12,305	Q (8)	Q 12,297		
Balance at December 31, 2018	Q 9,143	Q 4,350	Q (18)	Q 5	Q (12)	Q 13,468	Q (3)	Q 13,465		
Net income	Z	500	Z	Z	Z	500	4	504		
Other comprehensive income (loss)	Z	Z	3	(1)	2	4	Z	4		
Distributions to noncontrolling interests	Z	Z	Z	Z	Z	Z	(1)	(1)		
Other ^(a)	Z	5	Z	(5)	Z	Z	Z	Z		
Balance at June 30, 2019	6 9,143	6 4,855	6 (15)	6 (1)	6 (10)	6 13,952	6 Z	6 13,952		

(a) Amounts in Retained Earnings and Accumulated Other Comprehensive Loss represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement. See Note 1 for more information.

PART I

D' -E ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	2018	2017		2018	2017	
Operating Revenues	6	1,291	Q	1,199	6	2,551
Operating Expenses						
Fuel used in electric generation and purchased power	408	375		915	739	
Operation, maintenance and other	355	342		550	704	
Depreciation and amortization	235	173		450	354	
Property and other taxes	40	40		55	80	
Impairment charges	1	•		33	•	
Total operating expenses	1,059	930		2,251	1,877	
Gains on Sales of Other Assets and Other, net	1	1		2	3	
Operating Income	233	270		502	544	
Other Income and Expenses, net	19	26		35	57	
Interest Expense	\$8	70		159	152	
Income before Income Taxes	154	226		380	449	
Income Tax Expense	35	72		148	148	
Net Income and Comprehensive Income	6	139	Q	154	6	301

See Notes to Condensed Consolidated Financial Statements

PART I

D' –E ENERGY PROGRESS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)		June 30, 2018	December 31, 2017
ASSETS			
Current Assets			
Cash and cash equivalents	6	18	20
Receivables (net of allowance for doubtful accounts of \$2 at 2018 and \$1 at 2017)		50	56
Receivables of 'IEs (net of allowance for doubtful accounts of \$5 at 2018 and 2017)		5: 8	459
Receivables from affiliated companies		1	3
Inventory		9\$:	1,017
Regulatory assets		532	352
Other		33	97
Total current assets		2,1\$8	2,004
Property, Plant and Equipment			
Cost		30,535	29,583
Accumulated depreciation and amortization		(11,29:)	(10,903)
Generation facilities to be retired, net		3\$8	421
Net property, plant and equipment		19,: 1\$	19,101
Other Noncurrent Assets			
Regulatory assets		3,5\$3	3,507
Nuclear decommissioning trust funds		2,: 2\$	2,588
Other		: 35	599
Total other noncurrent assets		: ,835	6,694
Total Assets	6	28,: 30	27,799
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	6	3\$5	402
Accounts payable to affiliated companies		1\$5	179
Notes payable to affiliated companies		540	240
Taxes accrued		90	64
Interest accrued		103	102
Current maturities of long-term debt		: 03	3
Asset retirement obligations		381	295
Regulatory liabilities		15\$	139
Other		344	376
Total current liabilities		2,\$: 8	1,800
Long-Term Debt		: ,: 05	7,204
Long-Term Debt Payable to Affiliated Companies		150	150
Other Noncurrent Liabilities			
Deferred income taxes		1,95\$	1,883
Asset retirement obligations		4,454	4,378
Regulatory liabilities		3,998	3,999
Accrued pension and other post-retirement benefit costs		243	248
Investment tax credits		142	143
Other		48	45
Total other noncurrent liabilities		10,842	10,696
Commitments and Contingencies			
Equity			
Members Equity		8,2: 5	7,949
Total Liabilities and Equity	6	28,: 30	27,799

See Notes to Condensed Consolidated Financial Statements

PART I

D' -E ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Cash Flo' s
(Unaudited)

(in millions)	Siv Months Ended		
	cune 30,		
	2018	2019	201\$
CASH FLOWS FROM OPERATING ACTIWTIES			
Net income	6	31: Q	301
Adjustments to reconcile net income to net cash provided by operating activities\$			
Depreciation and amortiBation (including amortiBation of nuclear fuel)		5: 5	453
Equity component of AF' DC		(2:)	(26)
Gains on sales of other assets		(2)	(4)
Impairment charges		33	•
Deferred income taxes		53	224
Accrued pension and other post-retirement benefit costs		\$	(10)
Contributions to qualified pension plans		(25)	•
Payments for asset retirement obligations		(89)	(101)
Other rate case adjustments		3\$	•
Provision for rate refunds		: 5	•
(Increase) decrease in			
Net realiBed and unrealiBed mark-to-market and hedging transactions		:	(3)
Receivables		(104)	3
Receivables from affiliated companies		2	•
Inventory		41	23
Other current assets		(111)	(50)
Increase (decrease) in			
Accounts payable		(1\$)	(218)
Accounts payable to affiliated companies		(4)	(58)
Taxes accrued		2:	(43)
Other current liabilities		(38)	(111)
Other assets		10	(37)
Other liabilities		13	(9)
Net cash provided by operating activities		\$58	334
CASH FLOWS FROM INwESTING ACTIWTIES			
Capital expenditures		(99:)	(840)
Purchases of debt and equity securities		(5\$3)	(819)
Proceeds from sales and maturities of debt and equity securities		55:	805
Notes receivable from affiliated companies		Z	165
Other		(45)	(22)
Net cash used in investing activities		(1,058)	(711)
CASH FLOWS FROM FINANCING ACTIWTIES			
Proceeds from the issuance of long-term debt		Z	15
Payments for the redemption of long-term debt		Z	(269)
Notes payable to affiliated companies		300	633
Other		(2)	(1)
Net cash provided by financing activities		298	378
Net (decrease) increase in cash and cash equivalents		(2)	1
Cash and zash equiKalents at beginning of period		20	11
Cash and zash equiKalents at end of period	6	18 Q	12
Supplemental Diszlosures-			
Significant non-cash transactions\$			
Accrued capital expenditures	6	1\$2 Q	52

See Notes to Condensed Consolidated Financial Statements

PART I

D' —E ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Memberjs Equity	
(in millions)		
kalanze at Dezember 31, 201:	Q	7,358
Net income		301
kalanze at cune 30, 201\$	Q	7,659
kalanze at Dezember 31, 201\$	Q	7,949
Net income		31:
kalanze at cune 30, 2018	6	8,2: 5

See Notes to Condensed Consolidated Financial Statements

PART I

D' -E ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended				Six Months Ended			
	June 30,				June 30,			
	2018		2017		2018		2017	
Operating Revenues	6	1,203	Q	1,191	6	2,318	Q	2,150
Operating Expenses								
Fuel used in electric generation and purchased power		48		455		953		817
Operation, maintenance and other		23		208		454		403
Depreciation and amortization		144		137		294		269
Property and other taxes		91		89		159		166
Impairment charges		2		1		2		2
Total operating expenses		958		890		1,900		1,657
Operating Income		245		301		418		493
Other Income and Expenses, net		2		19		4		39
Interest Expense		1		70		13		140
Income before Income Taxes		205		250		328		392
Income Tax Expense		3		92		5		144
Net Income	6	158	Q	158	6	251	Q	248
Other Comprehensive (Loss) Income, net of tax								
Unrealized (losses) gains on available-for-sale securities		(1)		1		(1)		2
Comprehensive Income	6	157	Q	159	6	250	Q	250

See Notes to Condensed Consolidated Financial Statements
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PART I

D' -E ENERGY FLORIDA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)		June 30, 2018	December 31, 2017
ASSETS			
Current Assets			
Cash and cash equivalents	6	14	13
Receivables (net of allowance for doubtful accounts of Q3 at 2018 and 2017)		\$8	65
Receivables of ' IEs (net of allowance for doubtful accounts of Q2 at 2018 and 2017)		400	321
Receivables from affiliated companies		:	2
Notes receivable from affiliated companies		423	313
Inventory		54:	574
Regulatory assets (includes Q51 at 2018 and 2017 related to ' IEs)		439	389
Other (includes Q31 at 2018 and Q40 at 2017 related to ' IEs)		183	86
Total current assets		2,089	1,763
Property, Plant and Equipment			
Cost		18,353	17,730
Accumulated depreciation and amortization		(5,059)	(4,947)
Net property, plant and equipment		13,294	12,783
Other Noncurrent Assets			
Regulatory assets (includes Q1,071 at 2018 and Q1,091 at 2017 related to ' IEs)		2,113	2,503
Nuclear decommissioning trust funds		\$15	736
Other		30\$	284
Total other noncurrent assets		3,185	3,523
Total Assets	6	18,548	18,069
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	6	440	602
Accounts payable to affiliated companies		: 3	74
Taxes accrued		115	34
Interest accrued		53	56
Current maturities of long-term debt (includes Q53 at 2018 and 2017 related to ' IEs)		2: 9	768
Asset retirement obligations		5	•
Regulatory liabilities		\$:	74
Other		35\$	334
Total current liabilities		1,358	1,942
Long-Term Debt (includes 61,311 at 2018 and 61,389 at 2017 related to wIEs)		\$,183	6,327
Other Noncurrent Liabilities			
Deferred income taxes		2,00\$	1,761
Asset retirement obligations		59\$	742
Regulatory liabilities		1,194	1,307
Accrued pension and other post-retirement benefit costs		243	264
Other		58	108
Total other noncurrent liabilities		4,099	4,182
Commitments and Contingencies			
Equity			
Members' equity		5,890	5,614
Accumulated other comprehensive (loss) income		(2)	4
Total equity		5,888	5,618
Total Liabilities and Equity	6	18,548	18,069

See Notes to Condensed Consolidated Financial Statements

PART I

D' -E ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Cash Flo's
(Unaudited)

(in millions)	Six Months Ended		
	June 30,		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	6	2\$1	Q 248
Adjustments to reconcile net income to net cash provided by operating activities\$			
Depreciation, amortization and accretion		3\$4	274
Equity component of AF' DC		(2:)	(22)
Impairment charges		Z	2
Deferred income taxes		20:	186
Accrued pension and other post-retirement benefit costs		3	2
Contributions to qualified pension plans		(20)	•
Payments for asset retirement obligations		(19)	(27)
(Increase) decrease in			
Net realized and unrealized mark-to-market and hedging transactions		:	2
Receivables		(92)	(65)
Receivables from affiliated companies		(4)	•
Inventory		28	72
Other current assets		(114)	(67)
Increase (decrease) in			
Accounts payable		34	7
Accounts payable to affiliated companies		(11)	(83)
Taxes accrued		81	78
Other current liabilities		(21)	(57)
Other assets		(19:)	(32)
Other liabilities		(10)	(5)
Net cash provided by operating activities		490	513
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		(\$31)	(893)
Purchases of debt and equity securities		(239)	(289)
Proceeds from sales and maturities of debt and equity securities		2: 4	318
Notes receivable from affiliated companies		(110)	(230)
Other		(35)	•
Net cash used in investing activities		(851)	(1,094)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of long-term debt		989	908
Payments for the redemption of long-term debt		(: 35)	(57)
Notes payable to affiliated companies		Z	(297)
Other		(1)	(1)
Net cash provided by financing activities		353	553
Net decrease in cash, cash equivalents and restricted cash		(8)	(28)
Cash, cash equivalents and restricted cash at beginning of period		53	69
Cash, cash equivalents and restricted cash at end of period	6	45	Q 41
Supplemental Disclosures—			
Significant non-cash transactions\$			
Accrued capital expenditures	6	194	Q 122

See Notes to Condensed Consolidated Financial Statements

PART I

D' --E ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

			Azzumulated Other Comprehensive Inzome (Loss)			
			Net Unrealized Gains (Losses) on AKailable-for-Sale Sezurities			Total Equity
(in millions)		Memberjs Equity				
k alanze at Dezember 31, 201:	Q	4,899	Q	1	Q	4,900
Net income		248		•		248
Other comprehensive income		•		2		2
Other		2		•		2
k alanze at cune 30, 201\$	Q	5,149	Q	3	Q	5,152
k alanze at Dezember 31, 201\$	Q	5,614	Q	4	Q	5,618
Net income		2\$1		Z		2\$1
Other comprehensive loss		Z		(1)		(1)
Other ^(a)		5		(5)		Z
k alanze at cune 30, 2018	6	5,890	6	(2)	6	5,888

(a) Amounts in Member's Equity and Accumulated Other Comprehensive Income (Loss) represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement. See Note 1 for more information.

See Notes to Condensed Consolidated Financial Statements

PART I

D' -E ENERGY O-IO, INC.

**Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)**

(in millions)	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	2018	2017		2018	2017	
Operating Revenues						
Regulated electric	6	34	Q	328	6	: 82 Q
Regulated natural gas		103			100	255
Nonregulated electric and other		10			9	24
Total operating revenues		459			437	983
Operating Expenses						
Fuel used in electric generation and purchased power z regulated		93			86	185
Fuel used in electric generation and purchased power z nonregulated		14			14	29
Cost of natural gas		15			10	: 9
Operation, maintenance and other		130			132	2: 1
Depreciation and amortization		: 2			63	132
Property and other taxes		: 8			67	145
Impairment charges		Z			1	Z
Total operating expenses		382			373	821
Loss on Sales of Other Assets and Other, net		Z			*	(10:)
Operating Income		77			64	5:
Other Income and Expenses, net		8			5	14
Interest Expense		23			23	45
Income before Income Taxes		: 2			46	25
Income Tax Expense		1:			16	4
Net Income and Comprehensive Income	6	4:	Q	30	6	21 Q

See Notes to Condensed Consolidated Financial Statements
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PART I

D' -E ENERGY O-IO, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)		June 30, 2018	December 31, 2017
ASSETS			
Current Assets			
Cash and cash equivalents	6	\$ Q	12
Receivables (net of allowance for doubtful accounts of Q3 at 2018 and 2017)		8\$	68
Receivables from affiliated companies		\$1	133
Notes receivable from affiliated companies		Z	14
Inventory		124	133
Regulatory assets		4:	49
Other		30	39
Total current assets		3: 5	448
Property, Plant and Equipment			
Cost		9,024	8,732
Accumulated depreciation and amortization		(2: 9:)	(2,691)
Net property, plant and equipment		: ,328	6,041
Other Noncurrent Assets			
Goodwill		920	920
Regulatory assets		425	445
Other		: 3	21
Total other noncurrent assets		1,408	1,386
Total Assets	6	8,101 Q	7,875
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	6	2: \$ Q	313
Accounts payable to affiliated companies		4\$	62
Notes payable to affiliated companies		219	29
Taxes accrued		12\$	190
Interest accrued		21	21
Current maturities of long-term debt		452	3
Asset retirement obligations		5	3
Regulatory liabilities		51	36
Other		\$1	71
Total current liabilities		1,2: 0	728
Long-Term Debt		1,589	2,039
Long-Term Debt Payable to Affiliated Companies		25	25
Other Noncurrent Liabilities			
Deferred income taxes		\$8	781
Asset retirement obligations		84	81
Regulatory liabilities		89:	891
Accrued pension and other post-retirement benefit costs		83	59
Other		9:	108
Total other noncurrent liabilities		1,93\$	1,920
Commitments and Contingencies			
Equity			
Common stock, Q3.50 par value, 120 million shares authorized, 90 million shares outstanding at 2018 and 2017		\$: 2	762
Additional paid-in capital		2,\$\$:	2,670
Accumulated deficit		(248)	(269)
Total equity		3,290	3,163
Total Liabilities and Equity	6	8,101 Q	7,875

See Notes to Condensed Consolidated Financial Statements

PART I

D' -E ENERGY O-IO, INC.

Condensed Consolidated Statements of Cash Flo' s
(Unaudited)

(in millions)	Six Months Ended		
	June 30,		
	2018		2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	6	21	72
Adjustments to reconcile net income to net cash provided by operating activities\$			
Depreciation and amortization		134	132
Equity component of AF' DC		(8)	(5)
Losses on sales of other assets		10:	•
Impairment charges		2	1
Deferred income taxes		(2)	64
Accrued pension and other post-retirement benefit costs		2	2
Payments for asset retirement obligations		(2)	(3)
Provision for rate refunds		19	•
(Increase) decrease in			
Receivables		(\$)	11
Receivables from affiliated companies		: 2	55
Inventory		9	6
Other current assets		24	(11)
Increase (decrease) in			
Accounts payable		(34)	(4)
Accounts payable to affiliated companies		(15)	(16)
Taxes accrued		(: 3)	(79)
Other current liabilities		8	(15)
Other assets		(\$)	(12)
Other liabilities		(18)	(8)
Net cash provided by operating activities		229	190
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		(392)	(286)
Cost of removal, net of salvage		(43)	(13)
Notes receivable from affiliated companies		14	31
Net cash used in investing activities		(421)	(268)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of long-term debt		2	93
Payments for the redemption of long-term debt		(3)	(1)
Notes payable to affiliated companies		190	8
Dividends to parent		2	(25)
Other		2	(1)
Net cash provided by financing activities		18\$	74
Net decrease in cash and cash equivalents		(5)	(4)
Cash and cash equivalents at beginning of period		12	13
Cash and cash equivalents at end of period	6	\$	9
Supplemental Disclosures--			
Significant non-cash transactions\$			
Accrued capital expenditures	6	\$0	59
Non-cash equity contribution from parent		10:	•

See Notes to Condensed Consolidated Financial Statements

PART I

Duke Energy Ohio, Inc.

**Condensed Consolidated Statements of Changes in Equity
(Unaudited)**

(in millions)		Common		Additional		Accumulated		Total
		Stock		Paid-in		Deficit		Equity
Balance at December 31, 2017:	Q	762	Q	2,695	Q	(461)	Q	2,996
Net income		•		•		72		72
Dividends to parent		•		(25)		•		(25)
Balance at June 30, 2018	Q	762	Q	2,670	Q	(389)	Q	3,043
Balance at December 31, 2018	Q	762	Q	2,670	Q	(269)	Q	3,163
Net income		2		2		21		21
Contribution from parent ^(a)		2		10		2		10
Balance at June 30, 2019	6	\$: 2	6	2,680	6	(248)	6	3,290

(a) Represents a non-cash settlement through equity of an intercompany payable from Duke Energy Ohio to its parent.

See Notes to Condensed Consolidated Financial Statements
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PART I

D' -E ENERGY INDIANA, LLC

**Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)**

(in millions)	Three Months Ended				Six Months Ended			
	June 30,				June 30,			
	2018		2017		2018		2017	
Operating Revenues	6	\$38	Q	742	6	1,4	9	1,500
Operating Expenses								
Fuel used in electric generation and purchased power	22	:		234	458			485
Operation, maintenance and other	19	\$		194	3	\$8		369
Depreciation and amortization	12	:		91	25	:		216
Property and other taxes	20			15	40			37
Total operating expenses	5	: 9		534	1,132			1,107
Operating Income	1	: 9		208	33	\$		393
Other Income and Expenses, net		:		11	13			20
Interest Expense	43			44	83			88
Income before Income Taxes	132			175	2	:	\$	325
Income Tax Expense	34			69	:	9		128
Net Income and Comprehensive Income	6	98	Q	106	6	198	Q	197

See Notes to Condensed Consolidated Financial Statements

PART I

D' -E ENERGY INDIANA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)		June 30, 2018	December 31, 2017
ASSETS			
Current Assets			
Cash and cash equivalents	6	24	9
Receivables (net of allowance for doubtful accounts of \$2 at 2018 and 2017)		54	57
Receivables from affiliated companies		89	125
Inventory		450	450
Regulatory assets		191	165
Other		52	30
Total current assets		880	836
Property, Plant and Equipment			
Cost		15,213	14,948
Accumulated depreciation and amortization		(4,562)	(4,662)
Net property, plant and equipment		10,651	10,286
Other Noncurrent Assets			
Regulatory assets		1,021	978
Other		224	189
Total other noncurrent assets		1,245	1,167
Total Assets	6	12,551	12,289
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	6	151	196
Accounts payable to affiliated companies		58	78
Notes payable to affiliated companies		221	161
Taxes accrued		54	95
Interest accrued		59	57
Current maturities of long-term debt		2	3
Asset retirement obligations		98	54
Regulatory liabilities		19	24
Other		123	104
Total current liabilities		855	772
Long-Term Debt		3,550	3,630
Long-Term Debt Payable to Affiliated Companies		150	150
Other Noncurrent Liabilities			
Deferred income taxes		95	925
Asset retirement obligations		58	727
Regulatory liabilities		1,555	1,723
Accrued pension and other post-retirement benefit costs		111	76
Investment tax credits		14	147
Other		14	18
Total other noncurrent liabilities		3,442	3,616
Commitments and Contingencies			
Equity			
Members' Equity		4,244	4,121
Total Liabilities and Equity	6	12,551	12,289

See Notes to Condensed Consolidated Financial Statements

PART I

D' -E ENERGY INDIANA, LLC
Condensed Consolidated Statements of Cash Flo' s
(Unaudited)

(in millions)	Six Months Ended June 30,			201\$
	2018	Q	201\$	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	6	198	Q	197
Adjustments to reconcile net income to net cash provided by operating activities\$				
Depreciation, amortization and accretion		258		218
Equity component of AF' DC		(\$)		(12)
Deferred income taxes		3:		131
Accrued pension and other post-retirement benefit costs		3		3
Contributions to qualified pension plans		(8)		•
Payments for asset retirement obligations		(21)		(17)
Provision for rate refunds		49		•
(Increase) decrease in				
Net realized and unrealized mark-to-market and hedging transactions		Z		1
Receivables		2		73
Receivables from affiliated companies		3:		27
Inventory		(20)		34
Other current assets		(35)		(15)
Increase (decrease) in				
Accounts payable		33		(68)
Accounts payable to affiliated companies		(19)		(24)
Taxes accrued		(41)		(3)
Other current liabilities		3		(11)
Other assets		20		(13)
Other liabilities		(21)		(9)
Net cash provided by operating activities		4: :		512
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures		(41:)		(397)
Purchases of debt and equity securities		(34)		(10)
Proceeds from sales and maturities of debt and equity securities		13		4
Notes receivable from affiliated companies		Z		67
Other		2		(23)
Net cash used in investing activities		(435)		(359)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for the redemption of long-term debt		Z		(2)
Notes payable to affiliated companies		: 0		•
Distributions to parent		(\$5)		(150)
Other		(1)		(1)
Net cash used in financing activities		(1:)		(153)
Net increase in cash and cash equivalents		15		•
Cash and cash equivalents at beginning of period		9		17
Cash and cash equivalents at end of period	6	24	Q	17
Supplemental Disclosures--				
Significant non-cash transactions\$				
Accrued capital expenditures	6	: 2	Q	81

PART I

D' —E ENERGY INDIANA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Memberjs	
(in millions)	Equity	
kalanze at Dezember 31, 201:	Q	4,067
Net income		197
Distributions to parent		(150)
kalanze at cune 30, 201\$	Q	4,114
kalanze at Dezember 31, 201\$	Q	4,121
Net income		198
Distributions to parent		(\$5)
kalanze at cune 30, 2018	6	4,244

See Notes to Condensed Consolidated Financial Statements

PART I

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

	Three Months Ended				Six Months Ended			
	June 30,				June 30,			
	2018		2017		2018		2017	
Operating Revenues	6	215	Q	201	6	\$: 8	Q	701
Operating Expenses								
Cost of natural gas		\$4		65		333		270
Operation, maintenance and other		85		76		1: \$		153
Depreciation and amortization		39		36		\$8		71
Property and other taxes		12		12		24		25
Impairment charges		2		7		2		7
Total operating expenses		210		196		: 02		526
Operating Income		5		5		1: :		175
Other Income and Expenses								
Equity in earnings of unconsolidated affiliates		1		2		3		5
Other income and expenses, net		3		(1)		:		(1)
Total other income and expenses		4		1		9		4
Interest Expense		20		19		41		39
(Loss) Income before Income Taxes		(11)		(13)		134		140
Income Tax (benefit) Expense		(3)		(5)		32		53
Net (Loss) Income and Comprehensive (Loss) Income	6	(8)	Q	(8)	6	102	Q	87

See Notes to Condensed Consolidated Financial Statements

PART I

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)		June 30, 2018	December 31, 2017
ASSETS			
Current Assets			
Cash and cash equivalents	6	8 Q	19
Receivables (net of allowance for doubtful accounts of \$3 at 2018 and \$2 at 2017)		109	275
Receivables from affiliated companies		11	7
Notes receivable from affiliated companies		\$	•
Inventory		38	66
Regulatory assets		35	95
Other		3:	52
Total current assets		314	514
Property, Plant and Equipment			
Cost		\$,089	6,725
Accumulated depreciation and amortization		(1,533)	(1,479)
Net property, plant and equipment		5,55:	5,246
Other Noncurrent Assets			
Goodwill		49	49
Regulatory assets		29\$	283
Investments in equity method unconsolidated affiliates		: 2	61
Other		: 5	65
Total other noncurrent assets		4\$3	458
Total Assets	6	: ,343 Q	6,218
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	6	133 Q	125
Accounts payable to affiliated companies		1	13
Notes payable to affiliated companies		2	364
Taxes accrued		23	19
Interest accrued		31	31
Current maturities of long-term debt		250	250
Regulatory liabilities		51	3
Other		53	69
Total current liabilities		542	874
Long-Term Debt			
		1,\$8\$	1,787
Other Noncurrent Liabilities			
Deferred income taxes		5: 9	564
Asset retirement obligations		15	15
Regulatory liabilities		1,183	1,141
Accrued pension and other post-retirement benefit costs		3	5
Other		180	170
Total other noncurrent liabilities		1,950	1,895
Commitments and Contingencies			
Equity			
Common stock, no par value\$100 shares authorized and outstanding at 2018 and 2017		1,1: 0	860
Retained earnings		904	802
Total equity		2,0: 4	1,662
Total Liabilities and Equity	6	: ,343 Q	6,218

See Notes to Condensed Consolidated Financial Statements

PART I

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Six Months Ended		
	June 30,		
	2018	2019	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	6	102	87
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	\$9		74
Impairment charges	Z		7
Deferred income taxes	4		100
Equity in earnings from unconsolidated affiliates	(3)		(5)
Accrued pension and other post-retirement benefit costs	(2)		6
Provision for rate refunds	2\$		•
(Increase) decrease in			
Net realized and unrealized mark-to-market and hedging transactions	Z		(39)
Receivables	1: :		155
Receivables from affiliated companies	(4)		(1)
Inventory	28		28
Other current assets	\$4		(64)
Increase (decrease) in			
Accounts payable	(32)		(44)
Accounts payable to affiliated companies	(12)		42
Taxes accrued	4		(46)
Other current liabilities	28		(23)
Other assets	2		28
Other liabilities	(2)		(6)
Net cash provided by operating activities	459		299
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(32\$)		(260)
Contributions to equity method investments	Z		(12)
Notes receivable from affiliated companies	(\$\$)		•
Other	(2)		1
Net cash used in investing activities	(40:)		(271)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of long-term debt	Z		125
Notes payable and commercial paper	Z		(330)
Notes payable to affiliated companies	(3: 4)		167
Capital contributions from parent	300		•
Other	Z		(1)
Net cash used in financing activities	(: 4)		(39)
Net decrease in cash and cash equivalents	(11)		(11)
Cash and cash equivalents at beginning of period	19		25
Cash and cash equivalents at end of period	6	8	14
Supplemental Disclosures—			
Significant non-cash transactions			
Accrued capital expenditures	6	\$3	45
Transfer of ownership interest of certain equity method investees to parent		Z	149

See Notes to Condensed Consolidated Financial Statements

PART I

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Common		Retained		Total	
(in millions)	Stock		Earnings		Equity	
Balance at December 31, 2017:	Q	860	Q	812	Q	1,672
Net income		•		87		87
Transfer of ownership interest of certain equity method investees to parent		•		(149)		(149)
Balance at June 30, 2018	Q	860	Q	750	Q	1,610
Balance at December 31, 2018	Q	860	Q	802	Q	1,662
Net income		Z		102		102
Contribution from parent		300		Z		300
Balance at June 30, 2019	6	1,160	6	904	6	2,064

See Notes to Condensed Consolidated Financial Statements
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PART I

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D' —E ENERGY PROGRESS, LLC z D' —E ENERGY FLORIDA, LLC z D' —E ENERGY OHIO, INC. z D' —E ENERGY INDIANA, LLC z PIEDMONT NAT' RAL GAS
COMPANY, INC.

Combined Notes to Condensed Consolidated Financial Statements z (Unaudited)

Index to Combined Notes to Condensed Consolidated Financial Statements

The unaudited notes to the condensed consolidated financial statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

Registrant	Applicable Notes																	
	1	2	3	4	5	:	\$	8	9	10	11	12	13	14	15	1:	1\$	18
Duke Energy Corporation	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X
Duke Energy Carolinas, LLC	X	X	X	X	X	X		X	X	X	X	X	X			X	X	X
Progress Energy, Inc.	X	X	X	X	X	X	X	X	X	X	X	X	X			X	X	X
Duke Energy Progress, LLC	X	X	X	X	X	X		X	X	X	X	X	X			X	X	X
Duke Energy Florida, LLC	X	X	X	X	X	X		X	X	X	X	X	X			X	X	X
Duke Energy Ohio, Inc.	X	X	X	X	X	X	X	X	X		X	X	X			X	X	X
Duke Energy Indiana, LLC	X	X	X	X	X	X		X	X	X	X	X	X			X	X	X
Piedmont Natural Gas Company, Inc.	X	X	X	X	X	X	X	X	X		X		X			X	X	X

Tables within the notes may not sum across due to (i) Progress Energy's consolidation of Duke Energy Progress, Duke Energy Florida and other subsidiaries that are not registrants and (ii) subsidiaries that are not registrants but included in the consolidated Duke Energy balances.

1. ORGANIZATION AND BASIS OF PRESENTATION

NATURE OF OPERATIONS AND BASIS OF CONSOLIDATION

Duke Energy Corporation (collectively with its subsidiaries, Duke Energy) is an energy company headquartered in Charlotte, North Carolina, subject to regulation by the Federal Energy Regulatory Commission (FERC). Duke Energy operates in the United States (U.S.) primarily through its direct and indirect subsidiaries. Certain Duke Energy subsidiaries are also subsidiary registrants, including Duke Energy Carolinas, LLC (Duke Energy Carolinas), Progress Energy, Inc. (Progress Energy), Duke Energy Progress, LLC (Duke Energy Progress), Duke Energy Florida, LLC (Duke Energy Florida), Duke Energy Ohio, Inc. (Duke Energy Ohio), Duke Energy Indiana, LLC (Duke Energy Indiana) and Piedmont Natural Gas Company, Inc. (Piedmont). When discussing Duke Energy's consolidated financial information, it necessarily includes the results of its separate subsidiary registrants (collectively referred to as the Subsidiary Registrants), which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries where the respective Duke Energy Registrants have control. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities. Substantially all of the Subsidiary Registrants' operations qualify for regulatory accounting.

Duke Energy Carolinas is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina. Duke Energy Carolinas is subject to the regulatory provisions of the North Carolina Utilities Commission (NCUC), Public Service Commission of South Carolina (PSCSC), U.S. Nuclear Regulatory Commission (NRC) and FERC.

Progress Energy is a public utility holding company headquartered in Raleigh, North Carolina, subject to regulation by FERC. Progress Energy conducts operations through its wholly owned subsidiaries, Duke Energy Progress and Duke Energy Florida.

Duke Energy Progress is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina. Duke Energy Progress is subject to the regulatory provisions of the NCUC, PSCSC, NRC and FERC.

Duke Energy Florida is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Florida. Duke Energy Florida is subject to the regulatory provisions of the Florida Public Service Commission (FPSC), NRC and FERC.

Duke Energy Ohio is a regulated public utility primarily engaged in the transmission and distribution of electricity in portions of Ohio and Kentucky, the generation and sale of electricity in portions of Kentucky and the transportation and sale of natural gas in portions of Ohio and Kentucky. Duke Energy Ohio conducts competitive auctions for retail electricity supply in Ohio whereby the energy price is recovered from retail customers and recorded in Operating Revenues on the Condensed Consolidated Statements of Operations and Comprehensive Income. Operations in Kentucky are conducted through its wholly owned subsidiary, Duke Energy Kentucky, Inc. (Duke Energy Kentucky). References herein to Duke Energy Ohio collectively include Duke Energy Ohio and its subsidiaries, unless otherwise noted. Duke Energy Ohio is subject to the regulatory provisions of the Public Utilities Commission of Ohio (PUCO), Kentucky Public Service Commission (KPS-C) and FERC.

Duke Energy Indiana is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Indiana. Duke Energy Indiana is subject to the regulatory provisions of the Indiana Utility Regulatory Commission (IURC) and FERC.

Piedmont is a regulated public utility primarily engaged in the distribution of natural gas in portions of North Carolina, South Carolina and Tennessee. Piedmont is subject to the regulatory provisions of the NCUC, PSCSC, Tennessee Public Utility Commission (TPUC) and FERC.

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COMPANY, INC.
Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the U.S. for interim financial information and with the instructions to Form 10-H and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP in the U.S. for annual financial statements. Since the interim Condensed Consolidated Financial Statements and Notes do not include all information and notes required by GAAP in the U.S. for annual financial statements, the Condensed Consolidated Financial Statements and other information included in this quarterly report should be read in conjunction with the Consolidated Financial Statements and Notes in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2017.

The information in these combined notes relates to each of the Duke Energy Registrants as noted in the Index to Combined Notes to Condensed Consolidated Financial Statements. However, none of the registrants make any representations as to information related solely to Duke Energy or the subsidiaries of Duke Energy other than itself.

These Condensed Consolidated Financial Statements, in the opinion of the respective companies; management, reflect all normal recurring adjustments necessary to fairly present the financial position and results of operations of each of the Duke Energy Registrants. Amounts reported in Duke Energy's interim Condensed Consolidated Statements of Operations and each of the Subsidiary Registrants' interim Condensed Consolidated Statements of Operations and Comprehensive Income are not necessarily indicative of amounts expected for the respective annual periods due to effects of seasonal temperature variations on energy consumption, regulatory rulings, timing of maintenance on electric generating units, changes in mark-to-market valuations, changing commodity prices and other factors.

In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Certain prior year amounts have been reclassified to conform to the current year presentation.

REVENUE

Duke Energy recognizes revenue as customers obtain control of promised goods and services in an amount that reflects consideration expected in exchange for those goods or services. Generally, the delivery of electricity and natural gas results in the transfer of control to customers at the time the commodity is delivered and the amount of revenue recognized is equal to the amount billed to each customer, including estimated volumes delivered when billings have not yet occurred. See Note 13 for further information.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Duke Energy, Progress Energy and Duke Energy Florida have restricted cash balances related primarily to collateral assets, escrow deposits and variable interest entities (VIEs). See Note 12 for additional information. Restricted cash amounts are included in Other within Current Assets and Other Noncurrent Assets. The following table presents the components of cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets.

	June 30, 2018			December 31, 2017		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	\$ 6,304	\$ 6	\$ 14	\$ 358	\$ 40	\$ 13
Other	115	31	31	138	40	40
Other Noncurrent Assets						
Other	8	:	Z	9	7	.
Total cash, cash equivalents and restricted cash	\$ 6,425	\$ 6	\$ 45	\$ 505	\$ 87	\$ 53

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COMPANY, INC.

Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

INVENTORY

Inventory is used for operations and is recorded primarily using the average cost method. Inventory related to regulated operations is valued at historical cost. Inventory related to nonregulated operations is valued at the lower of cost or market. Materials and supplies are recorded as inventory when purchased and subsequently charged to expense or capitalized to property, plant and equipment when installed. Inventory, including excess or obsolete inventory, is written-down to the lower of cost or market value. Once inventory has been written-down, it creates a new cost basis for the inventory that is not subsequently written-up. Provisions for inventory write-offs were not material at June 30, 2018, and December 31, 2017. The components of inventory are presented in the tables below.

June 30, 2018																
(in millions)	Du7e		Du7e		Progress		Du7e		Du7e		Du7e		Du7e		Piedmont	
	Energy	Energy	Carolinas	Energy	Energy	Progress	Energy	Energy	Florida	Energy	Ohio	Energy	Indiana			
Materials and supplies	6	2,293	6	\$: 9	6	1,085	6	\$5\$	6	328	6	84	6	313	6	2
Coal		5: 2		1\$3		218		109		109		15		155		Z
Natural gas, oil and other fuel		322		42		218		110		109		25		2		3:
Total inventory	6	3,1\$	6	984	6	1,521	6	9\$:	6	54:	6	124	6	4\$0	6	38
Dezember 31, 201\$																
(in millions)	Du7e		Du7e		Progress		Du7e		Du7e		Du7e		Du7e		Piedmont	
	Energy	Energy	Carolinas	Energy	Energy	Progress	Energy	Energy	Florida	Energy	Ohio	Energy	Indiana			
Materials and supplies	Q	2,293	Q	744	Q	1,118	Q	774	Q	343	Q	82	Q	309	Q	2
Coal		603		192		255		139		116		17		139		•
Natural gas, oil and other fuel		354		35		219		104		115		34		2		64
Total inventory	Q	3,250	Q	971	Q	1,592	Q	1,017	Q	574	Q	133	Q	450	Q	66

EXCISE TAXES

Certain excise taxes levied by state or local governments are required to be paid even if not collected from the customer. These taxes are recognized on a gross basis. Otherwise, excise taxes are accounted for on a net basis.

Excise taxes accounted for on a gross basis within both Operating revenues and Property and other taxes on the Condensed Consolidated Statements of Operations were as follows.

(in millions)	Three Months Ended June 30,					Six Months Ended June 30,				
	2018		2017		201\$	2018		2017		201\$
Duke Energy	6	95	Q		91	6	194	Q		182
Duke Energy Carolinas		9			9		1\$			18
Progress Energy		5:			55		110			101
Duke Energy Progress		5			4		10			9
Duke Energy Florida		51			51		100			92
Duke Energy Ohio		25			23		55			51
Duke Energy Indiana		5			3		11			10
Piedmont		Z			1		1			2

NEW ACCOUNTING STANDARDS

The new accounting standards adopted for 2018 and 2017 had no material impact on the presentation or results of operations, cash flows or financial position of the Duke Energy Registrants. While immaterial, adoption of the following accounting standards had the most significant impact on the Duke Energy results of operations, cash flows and financial position for the six months ended June 30, 2018.

Revenue from Contracts with Customers. In May 2014, the Financial Accounting Standards Board (FASB) issued revised accounting guidance for revenue recognition from contracts with customers. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected in exchange for those goods or services. The amendments also required disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The majority of Duke Energy's revenue is in scope of the new guidance. Other revenue arrangements, such as alternative revenue programs and certain purchase power agreements (PPAs) and lighting tariffs accounted for as leases, are excluded from the scope of this guidance and, therefore, are accounted for and evaluated for separate presentation and disclosure under other relevant accounting guidance.

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

Duke Energy elected the modified retrospective method of adoption effective : anuary 1, 2018. ' nder the modified retrospective method of adoption, prior year reported results are not restated. Adoption of this standard did not result in a material change in the timing or pattern of revenue recognition and a cumulative-effect adjustment was not recorded at : anuary 1, 2018. Duke Energy utilized certain practical expedients including applying this guidance to open contracts at the date of adoption, expensing costs to obtain a contract where the amortization period of the asset would have been one year or less, ignoring the effects of a significant financing when the period between transfer of the good or service and payment is one year or less and recognizing revenues for certain contracts under the invoice practical expedient, which allows revenue recognition to be consistent with invoiced amounts (including estimated billings) provided certain criteria are met, including consideration of whether the invoiced amounts reasonably represent the value provided to customers.

In preparation for adoption, Duke Energy identified material revenue streams and reviewed representative contracts and tariffs, including those associated with certain long-term customer contracts such as wholesale contracts, PPAs and other customer arrangements. Duke Energy also monitored the activities of the power and utilities industry revenue recognition task force and has reviewed published positions on specific industry issues to evaluate the impact, if any, on Duke Energy's specific contracts and conclusions.

Duke Energy applied the available practical expedient to portfolios of tariffs and contracts with similar characteristics. The vast majority of sales, including energy provided to retail customers, are from tariff offerings that provide natural gas or electricity without a defined contractual term ("at-will"). In most circumstances, revenue from contracts with customers is equivalent to the electricity or natural gas supplied and billed in that period (including estimated billings). As such, adoption of the new rules did not result in a shift in the timing or pattern of revenue recognition for such sales. While there have been changes to the captions and descriptions of revenues in Duke Energy's financial statements, the most significant impact as a result of adopting the standard are additional disclosures around the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. See Note 13 for further information.

Financial Instruments Classification and Measurement. In : anuary 2018, Duke Energy adopted FASV guidance, which revised the classification and measurement of certain financial instruments. The adopted guidance changes the presentation of realized and unrealized gains and losses in certain equity securities that were previously recorded in accumulated other comprehensive income (AOCI). These gains and losses are now recorded in net income. An entity's equity investments that are accounted for under the equity method of accounting are not included within the scope of the new guidance. This guidance had a minimal impact on the Duke Energy Registrant's Condensed Consolidated Statements of Operations and Comprehensive Income as changes in the fair value of most of the Duke Energy Registrant's equity securities are deferred as regulatory assets or liabilities pursuant to accounting guidance for regulated operations. The resulting adjustment of unrealized gains and losses in AOCI to retained earnings was immaterial. The primary impact to Duke Energy as a result of implementing this guidance is adding disclosure requirements to present separately the financial assets and financial liabilities by measurement category and form of financial asset. See Notes 10 and 11 for further information.

Statement of Cash Flows. In November 2016, the FASV issued revised accounting guidance to reduce diversity in practice for the presentation and classification of restricted cash on the Condensed Consolidated Statements of Cash Flows. ' nder the updated guidance, restricted cash and restricted cash equivalents are included within beginning-of-period and end-of-period cash and cash equivalents on the Condensed Consolidated Statements of Cash Flows. Duke Energy adopted this guidance on : anuary 1, 2018. The guidance has been applied using a retrospective transition method to each period presented. The adoption by Duke Energy of the revised guidance resulted in a change to the amount of Cash, cash equivalents and restricted cash explained when reconciling the beginning-of-period and end-of-period total amounts shown on the Condensed Consolidated Statements of Cash Flows. In addition, a reconciliation has been provided of Cash, cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets that sums to the total of the same such amounts in the Condensed Consolidated Statements of Cash Flows. Prior to adoption, the Duke Energy Registrant reflected changes in noncurrent restricted cash within Cash Flows from Investing Activities and changes in current restricted cash within Cash Flows from Operating Activities on the Condensed Consolidated Statements of Cash Flows.

In August 2016, the FASV issued accounting guidance addressing diversity in practice for eight separate cash flow issues. The guidance requires entities to classify distributions received from equity method investees using either the cumulative earnings approach or the nature of the distribution approach. Duke Energy adopted this guidance on : anuary 1, 2018, and elected the nature of distribution approach. This approach requires all distributions received to be categorized based on legal documentation describing the nature of the activities generating the distribution. Cash inflows resulting in a return on investment (surplus) will be reflected in Cash Flows from Operating Activities on the Condensed Consolidated Statements of Cash Flows, whereas cash inflows resulting in a return of investment (capital) will be reflected in Cash Flows from Investing Activities on the Condensed Consolidated Statements of Cash Flows. The guidance has been applied using the retrospective transition method to each period presented. There are no changes to the Condensed Consolidated Statements of Cash Flows for the periods presented as a result of this accounting change.

Retirement benefits. In March 2017, the FASV issued revised accounting guidance for the presentation of net periodic costs related to benefit plans. Previous guidance required the aggregation of all the components of net periodic costs on the Condensed Consolidated Statement of Operations and did not require the disclosure of the location of net periodic costs on the Condensed Consolidated Statement of Operations. ' nder the amended guidance, the service cost component of net periodic costs is included within Operating Income within the same line as other compensation expenses. All other components of net periodic costs are outside of Operating Income. In addition, the updated guidance permits only the service cost component of net periodic costs to be capitalized to Inventory or Property, Plant and Equipment. This represents a change from previous guidance, which permitted all components of net periodic costs to be eligible for capitalization.

Duke Energy adopted this guidance on : anuary 1, 2018. ' nder previous guidance, Duke Energy presented the total non-capitalized net periodic costs within Operation, maintenance and other on the Condensed Consolidated Statement of Operations. The adoption of this guidance resulted in a retrospective change to reclassify the presentation of the non-service cost (benefit) components of net periodic costs to Other income and expenses. Duke Energy utilized the practical expedient for retrospective presentation. The change in components of net periodic costs eligible for capitalization is applicable prospectively. Since Duke Energy's service cost component is greater than the total net periodic costs, the change results in increased capitalization of net periodic costs, higher Operation, maintenance and other and higher Other income and expenses. The resulting prospective impact to Duke Energy is an immaterial increase in Net Income. See Note 15 for further information.

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For Duke Energy, the retrospective change resulted in higher Operation, maintenance and other and higher Other income and expenses, net, of Q156 million, Q131 million and Q96 million for the years ended December 31, 2017, 2016 and 2015, respectively. There was no change to Net Income for these prior periods.

The following new Accounting Standards ' pdates (AS' s) have been issued, but have not yet been adopted by Duke Energy, as of : une 30, 2018.

Leases. In February 2016, the FASV issued revised accounting guidance for leases. The core principle of this guidance is that a lessee should recogniBe the assets and liabilities that arise from leases on the balance sheet.

For Duke Energy, this guidance is effective for interim and annual periods beginning : anuary 1, 2019. The guidance will be applied using a modified retrospective approach. Duke Energy expects to elect certain of the following practical expedients upon adoption\$

Practizal Expedient	Deszription
Package of transition practical expedients (for leases commenced prior to adoption date and must be adopted as a package)	Do not need to 1) reassess whether any expired or existing contracts are.br contain leases, 2) reassess the lease classification for any expired or existing leases and 3) reassess initial direct costs for any existing leases.
Short-term lease expedient (elect by class of underlying asset)	Elect as an accounting policy to not apply the recognition requirements to short-term leases by asset class.
Lease and non-lease components (elect by class of underlying asset)	Elect as an accounting policy to not separate non-lease components from lease components and instead account for each lease and associated non-lease component as a single lease component by asset class.
–indsight expedient (when determining lease term)	Elect to use hindsight to determine the lease term.
Existing and expired land easements not previously accounted for as leases	Elect to not evaluate existing or expired easements under the new guidance and carry forward current accounting treatment.
Comparative reporting requirements for initial adoption	Elect to apply transition requirements at adoption date, recogniBe cumulative effect adjustment to retained earnings in period of adoption and not apply ASC 842 to comparative periods, including disclosures.
Lessor expedient (elect by class of underlying asset)	Elect as an accounting policy to aggregate non-lease components with the related lease component when specified conditions are met by asset class. Account for the combined component based on its predominant characteristic (revenue or operating lease).

Duke Energy is currently evaluating the financial statement impact of adopting this standard and is continuing to monitor industry implementation issues, including pipeline laterals and renewable energy PPAs. Duke Energy expects an increase in assets and liabilities on its balance sheet along with the addition of required disclosures of key lease information. – owever, the ultimate impact of the new standard has not yet been determined. System enhancements, including additional processes and controls, will be required to facilitate the identification, tracking and reporting of potential leases based upon requirements of the new lease standard. Duke Energy has begun the implementation of a third-party software tool to help with the adoption and ongoing accounting under the new standard.

2. k BUSINESS SEGMENTS

Operating segments are determined based on information used by the chief operating decision-maker in deciding how to allocate resources and evaluate the performance of the business. Duke Energy evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income includes intercompany revenues and expenses that are eliminated on the Condensed Consolidated Financial Statements. Certain governance costs are allocated to each segment. In addition, direct interest expense and income taxes are included in segment income.

Du7e Energy

Duke Energy's segment structure includes the following segments\$Electric ' tilities and Infrastructure, Gas ' tilities and Infrastructure and Commercial Renewables.

The Electric ' tilities and Infrastructure segment includes Duke Energy's regulated electric utilities in the Carolinas, Florida and the Midwest. The regulated electric utilities conduct operations through the Subsidiary Registrants that are substantially all regulated and, accordingly, qualify for regulatory accounting treatment. Electric ' tilities and Infrastructure also includes Duke Energy's electric transmission infrastructure investments.

The Gas ' tilities and Infrastructure segment includes Piedmont, Duke Energy's natural gas local distribution companies in Ohio and – entucky, and Duke Energy's natural gas storage and midstream pipeline investments. Gas ' tilities and Infrastructure's operations are substantially all regulated and, accordingly, qualify for regulatory accounting treatment.

Commercial Renewables is primarily comprised of nonregulated utility scale wind and solar generation assets located throughout the ' .S.

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The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of interest expense on holding company debt, unallocated corporate costs and Duke Energy's wholly owned captive insurance company, Vison Insurance Company Limited (Vison). Other also includes Duke Energy's 17.5 percent interest in National Methanol Company (NMC), a large regional producer of methyl tertiary butyl ether located in Saudi Arabia. The investment in NMC is accounted for under the equity method of accounting.

Business segment information is presented in the following tables. Segment assets presented exclude intercompany assets.

Three Months Ended June 30, 2018														
(in millions)	Eleztriz Utilities and Infrastrustructure		Gas Utilities and Infrastrustructure		Commerzial Renewables		Total Reportable Segments		Other		Eliminations		Consolidated	
Unaffiliated revenues	6	5,215	6	294	6	119	6	5,286	6	15	6	Z	6	5,433
Intersegment revenues		8		24		Z		32		1\$		(49)		Z
Total revenues	6	5,223	6	318	6	119	6	5,310	6	32	6	(49)	6	5,433
Segment income (loss) ^{(a)(b)}	6	555	6	28	6	38	6	641	6	(13)	6	Z	6	505
Add back noncontrolling interests	2													
Loss from discontinued operations, net of tax	(5)													
Net income	6													502
Segment assets	6	121,94\$	6	11,43\$	6	4,233	6	13\$, 1\$	6	2,4: 1	6	181	6	140,259

	Three Months Ended June 30, 2015														
	Eleztriz		Gas		Total										
(in millions)	Utilities and		Utilities and		Commerzial		Reportable		Other		Eliminations		Consolidated		
	Infrastruqtur		Infrastruqtur		Rene' ables		Segments								
' naffiliated revenues	Q	5,150	Q	279	Q	110	Q	5,539	Q	16	Q	•	Q	5,555	
Intersegment revenues		8		22		•		30		19		(49)		•	
Total revenues	Q	5,158	Q	301	Q	110	Q	5,569	Q	35	Q	(49)	Q	5,555	
Segment income (loss) ^(b)	Q	729	Q	27	Q	26	Q	782	Q	(94)	Q	•	Q	688	
Add back noncontrolling interests														3	
Loss from discontinued operations, net of tax														(2)	
Net income														Q	689

Siv Months Ended cune 30, 2018															
(in millions)	Eleztriz		Gas		Commerzial		Total		Other		Eliminations		Consolidated		
	Infrastruztture		Infrastruztture		Rene' ables		Reportable Segments								
' naffiliated revenues	6	10,530	6	99\$	6	220	6	11,\$4\$	6	31	6	Z	6	11,\$\$8	
Intersegment revenues	1:		48		Z		: 4		3:		(100)		Z		
Total revenues	6	10,54:	6	1,045	6	220	6	11,811	6	: \$	6	(100)	6	11,\$\$8	
Segment income (loss) (a)(b)(c)(d)	6	1,325	6	144	6	58	6	1,52\$	6	(402)	6	Z	6	1,125	
Add back noncontrolling interests														4	
Loss from discontinued operations, net of tax														(5)	
Net income														6	1,124

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Six Months Ended June 30, 2018													
(in millions)	Electric		Gas		Total		Other		Eliminations		Consolidated		
	Utilities and Infrastructure		Utilities and Infrastructure		Reportable Segments								
Unaffiliated revenues	Q	10,090	Q	927	Q	238	Q	11,255	Q	29	Q	•	Q 11,284
Intersegment revenues		15		44		•		59		39		(98)	•
Total revenues	Q	10,105	Q	971	Q	238	Q	11,314	Q	68	Q	(98)	Q 11,284
Segment income (loss) ^(b)	Q	1,364	Q	160	Q	51	Q	1,575	Q	(171)	Q	•	Q 1,404
Add back noncontrolling interests													4
Loss from discontinued operations, net of tax													(2)
Net income												Q	1,406

- (a) Electric 'ilities and Infrastructure includes regulatory and legislative impairment charges related to rate case orders, settlements or other actions of regulators or legislative bodies. See Note 3 for additional information.
- (b) Other includes costs to achieve the Piedmont acquisition.
- (c) Gas 'ilities and Infrastructure includes an impairment of the investment in Constitution Pipeline Company, LLC (Constitution). See Note 3 for additional information.
- (d) Other includes the loss on the sale of the retired Veckjard Generating Station (Veckjard) described below and a valuation allowance recorded against the alternative minimum tax credits subject to sequestration. See Note 17 for additional information on the valuation allowance.

In February 2018, Duke Energy sold Veckjard, a nonregulated facility retired during 2014, and recorded a pretax loss of Q106 million within Gains (Losses) on Sales of Other Assets and Other, net and Q1 million within Operation, maintenance and other on Duke Energy's Condensed Consolidated Statements of Operations for the six months ended : June 30, 2018. The sale included the transfer of coal ash basins and other real property and indemnification from any and all potential future claims related to the property, whether arising under environmental laws or otherwise.

Duke Energy Ohio

Duke Energy Ohio has two reportable operating segments, Electric 'ilities and Infrastructure and Gas 'ilities and Infrastructure.

Electric 'ilities and Infrastructure transmits and distributes electricity in portions of Ohio and generates, distributes and sells electricity in portions of Northern --entucky. Gas 'ilities and Infrastructure transports and sells natural gas in portions of Ohio and Northern --entucky. Both reportable operating segments conduct operations primarily through Duke Energy Ohio and its wholly owned subsidiary, Duke Energy --entucky.

The remainder of Duke Energy Ohio's operations is presented as Other, which is primarily comprised of governance costs allocated by its parent, Duke Energy, and revenues and expenses related to Duke Energy Ohio's contractual arrangement to buy power from the Ohio 'alley Electric Corporation's (O' EC) power plants. See Note 8 for additional information on related party transactions.

Three Months Ended June 30, 2018													
(in millions)	Electric		Gas		Total		Other		Eliminations		Consolidated		
	Utilities and Infrastructure		Utilities and Infrastructure		Reportable Segments								
Total revenues	6	34:	6	103	6	449	6	10	6	Z	6		459
Segment income (loss).Net income		39		18		5\$		(11)		Z			4:
Segment assets	6	5,33:	6	2,\$2\$	6	8,0: 3	6	40	6	(2)	6		8,101

Three Months Ended June 30, 2018													
(in millions)	Electric		Gas		Total		Other		Eliminations		Consolidated		
	Utilities and Infrastructure		Utilities and Infrastructure		Reportable Segments								
Total revenues	Q	329	Q	100	Q	429	Q	8	Q				437
Segment income (loss).Net income		22		17		39		(9)					30

Six Months Ended June 30, 2018													
(in millions)	Electric		Gas		Total		Other		Eliminations		Consolidated		
	Utilities and Infrastructure		Utilities and Infrastructure		Reportable Segments								
Total revenues	6	: 82	6	2\$	6	959	6	24	6				983

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(in millions)	Six Months Ended June 30, 2018					Six Months Ended June 30, 2017				
	Electric Utilities and Infrastructure		Gas Utilities and Infrastructure		Total Reportable Segments		Other		Consolidated	
Total revenues	Q	665	Q	270	Q	935	Q	20	Q	955
Segment income (loss)/Net income		46		42		88		(16)		72

(a) Other includes the loss on the sale of Veckjard.

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

The NC' C, PSCSC, FPSC, I' RC, P' CO, TP' C and –PSC approve rates for retail electric and natural gas services within their states. The FERC approves rates for electric sales to wholesale customers served under cost-based rates (excluding Ohio and Indiana), as well as sales of transmission service. The FERC also regulates certification and siting of new interstate natural gas pipeline projects.

Duke Energy Carolinas and Duke Energy Progress

Ash Basin Closure Costs Deferral – North Carolina

On December 30, 2016, Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the NC' C seeking an accounting order authorizing deferral of certain costs incurred in connection with federal and state environmental remediation requirements related to the permanent closure of ash basins and other ash storage units at coal-fired generating facilities that have provided or are providing generation to customers located in North Carolina. The NC' C has consolidated Duke Energy Carolinas and Duke Energy Progress coal ash deferral requests into their respective general rate case dockets for decision. See "2017 North Carolina Rate Case" sections below for additional discussion.

Power/Forward Deferral – South Carolina

On June 22, 2018, Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the PSCSC seeking an accounting order authorizing deferral of certain costs incurred in connection with grid reliability, resiliency and modernization work that is being performed under the companies' PowerForward initiative. On July 25, 2018, the PSCSC ordered that the matter be set for filed comments and oral argument upon request of the Office of Regulatory Staff. A procedural schedule has not yet been issued. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

2017 North Carolina Rate Case

On August 25, 2017, Duke Energy Carolinas filed an application with the NC' C for a rate increase for retail customers of approximately \$647 million, which represented an approximate 13.6 percent increase in annual base revenues. The rate increase was driven by capital investments subsequent to the previous base rate case, including the William States Lee Combined Cycle Facility discussed below, grid improvement projects, advanced metering infrastructure (AMI), investments in customer service technologies, costs of complying with coal combustion residuals (CCR) regulations and the North Carolina Coal Ash Management Act of 2014 (Coal Ash Act) and recovery of costs related to licensing and development of the William States Lee III Nuclear Station (Lee Nuclear Station) discussed below.

On February 28, 2018, Duke Energy Carolinas and the North Carolina Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9 percent and a capital structure of 52 percent equity and 48 percent debt. As a result of the settlement, Duke Energy Carolinas recorded a pretax charge of approximately \$4 million to Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

On June 1, 2018, Duke Energy Carolinas and certain intervenors filed a Pilot Grid Rider Agreement and Stipulation (Grid Rider Stipulation) in which the parties agreed to the proposal Duke Energy Carolinas introduced in a post-hearing brief on April 27, 2018, along with additional commitments by Duke Energy Carolinas. Also on June 1, 2018, Duke Energy Carolinas and the Commercial Group filed a Partial Stipulation and Settlement Agreement to be considered in conjunction with the Stipulation.

Components of the Grid Rider Stipulation included\$

- X Duke Energy Carolinas would recover PowerForward costs through a pilot, three-year Grid Rider except for costs related to targeted undergrounding of power lines, cable and conduit replacement, and power pole replacement
- X Excluded costs were to be deferred with a return until Duke Energy Carolinas' next base rate case proceeding and
- X Costs incurred during the three-year pilot, both rider recoverable and deferred, were subject to a 4.5 percent cumulative cap of total annual electric service revenue.

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On : une 22, 2018, the NC' C issued an order approving the Stipulation of Partial Settlement and requiring a revenue reduction. The order also included the following material components not covered in the Stipulation\$

- X Recovery of Q654 million of deferred coal ash basin closure costs over a five-year period with a return at Duke Energy CarolinasUweighted average cost of capital (WACC)°
- X Assessment of a Q70 million management penalty ratably over a five-year period by reducing the annual recovery of the deferred coal ash costs°
- X Denial of Duke Energy CarolinasUrequest for recovery of future estimated ongoing annual coal ash costs of Q201 million with approval to defer such costs with a return at Duke Energy CarolinasUWACC, to be considered for recovery in the next rate case°
- X Inclusion in rates of costs related to the Lee Combined Cycle Facility, two new solar facilities, and AMI deployment as requested°
- X Recovery of Lee Nuclear Station licensing and development cost of QB47 million over a 12-year period, but denial of a return on the deferred balance of costs°
- X Reduction in revenue related to lower income tax expense resulting from the Federal Tax Cuts and : obs Act (Tax Act), and a requirement to maintain all excess deferred income tax resulting from the Tax Act in a regulatory liability account pending flowback to customers as approved by the commission at the earlier of three years or Duke Energy Carolinas; next general rate case proceeding° and
- X Denial of the proposed Grid Rider Stipulation related to PowerJForward costs and denial of deferral accounting treatment of the costs at this time. Duke Energy Carolinas may petition for deferral of grid moderniBation costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid moderniBation.

As a result of the Order, Duke Energy Carolinas recorded a pretax charge of approximately Q150 million to Impairment charges and Operation, maintenance and other on the Condensed Consolidated Statements of Operations. The charge is primarily related to the denial of a return on the Lee Nuclear Project and for previously recogniBed return impacted by the coal ash management penalty described above. On : uly 27, 2018, NC' C approved Duke Energy CarolinasUcompliance filing. As a result, revised customer rates will become effective on August 1, 2018.

On : uly 20, 2018, the North Carolina Attorney General filed a Notice of Appeal to the North Carolina Supreme Court from the : une 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction issued by the NC' C. The Attorney General contends the commission's order should be reversed and remanded, as it is in excess of the commission's statutory authority° affected by errors of law° unsupported by competent, material and substantial evidence in view of the entire record as submitted° and arbitrary or capricious. The Sierra Club, North Carolina Sustainable Energy Association, North Carolina : ustice Center, North Carolina –ousing Coalition, Natural Resource Defense Council and Southern Alliance for Clean Energy have also filed Notices of Appeal to the North Carolina Supreme Court from the : une 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction. Duke Energy Carolinas cannot predict the outcome of this matter.

FERC Formula Rate Matter

On : uly 31, 2017, Piedmont Municipal Power Agency (PMPA) filed a complaint with FERC against Duke Energy Carolinas alleging that Duke Energy Carolinas misapplied the formula rate under the PPA between the parties by including in its rates amortiBation expense associated with regulatory assets and recorded in a certain account without FERC approval. On February 15, 2018, FERC issued an order ruling in favor of PMPA and ordered Duke Energy Carolinas to refund to PMPA all amounts improperly collected under the PPA. Duke Energy Carolinas has issued to PMPA and similarly situated wholesale customers refunds of approximately Q25 million. FERC also set the matter for settlement and hearing. PMPA and other customers filed a protest to Duke Energy CarolinasUrefund report claiming that the refunds are inadequate in that (1) Duke Energy Carolinas invoked the limitations periods in the contracts to limit the time period for which the refunds were paid and the customers disagree that this limitation applies, and (2) Duke Energy Carolinas refunded only amounts recovered through a certain account and the customers have asserted that the order applies to all regulatory assets. On : uly 3, 2018, FERC issued an order accepting Duke Energy CarolinasUrefund report and ruling that these claims are outside the scope of FERC's February order. Duke Energy Carolinas cannot predict the outcome of this matter.

William States Lee Combined Cycle Facility

On April 9, 2014, the PSCSC granted Duke Energy Carolinas and North Carolina Electric Membership Corporation (NCEMC) a Certificate of Environmental Compatibility and Public Convenience and Necessity for the construction and operation of a 750-megawatt (MW) combined-cycle natural gas-fired generating plant at Duke Energy CarolinasU existing William States Lee Generating Station in Anderson, South Carolina. Duke Energy Carolinas began construction in : uly 2015 and its share of the cost to build the facility was approximately Q650 million, including allowance for funds used during construction (AF' DC). Approximately Q600 million is being recovered through base rate or deferral filings in North Carolina and South Carolina. The remaining amount will be included in future rate filings. The project commenced commercial operation on April 5, 2018. NCEMC will own approximately 13 percent of the project.

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Lee Nuclear Station

In December 2007, Duke Energy Carolinas applied to the NRC for combined operating licenses (COLs) for two Westinghouse Electric Company (Westinghouse) AP1000 reactors for the proposed William States Lee III Nuclear Station to be located at a site in Cherokee County, South Carolina. The NC' C and PSCSC concurred with the prudence of Duke Energy Carolinas incurring certain project development and preconstruction costs through several separately issued orders, although full cost recovery is not guaranteed. In December 2016, the NRC issued a COL for each reactor. Duke Energy Carolinas is not required to build the nuclear reactors as a result of the COLs being issued.

The Duke Energy Carolinas rate case filing discussed above included a request to cancel the development of the Lee Nuclear Station project, recover incurred licensing and development costs and maintain the license issued by the NRC as an option for potential future development. The cancellation request was due to the Westinghouse bankruptcy filing and other market activity. The NC' C Order issued on : une 22, 2018, approved the cancellation of the Lee Nuclear Project, allowed Duke Energy Carolinas to continue to maintain the COLs, provided for recovery of the North Carolina retail allocation of project development costs, including AF' DC accrued through December 31, 2017, over 12 years and disallowed any return on the unamortized balance during the 12-year recovery period.

Given the recent repeal of certain sections of the Vase Load Review Act in South Carolina combined with the cancellation of the project, Duke Energy Carolinas determined that it was no longer probable it would be allowed a return on its share of project development costs attributable to South Carolina. As a result, Duke Energy Carolinas recorded a pretax impairment of Q29 million within Impairment charges on the Condensed Consolidated Statements of Operations and Comprehensive Income.

South Carolina Petition

On : une 22, 2018, Duke Energy Carolinas filed a petition with the PSCSC requesting an accounting order to defer certain costs incurred in connection with the addition of the William States Lee Combined Cycle Facility, the ongoing deployment of Duke Energy Carolinas new billing and Customer Information System and the addition of the Carolinas West Primary Distribution Control Center. This request totaling approximately Q33 million was approved on : uly 25, 2018.

Sale of Hydroelectric (Hydro) Plants

In May 2018, Duke Energy Carolinas entered an agreement for the sale of five hydro plants with a combined 18.7-MW generation capacity in the Western Carolinas region to Northbrook Energy. The completion of the transaction is subject to approval from FERC, as well as other state regulatory agencies and is contingent upon regulatory approval from the NC' C and PSCSC to defer the total estimated loss on the sale of approximately Q40 million. On : uly 5, 2018, Duke Energy Carolinas filed for approval of the sale of the five hydro plants to Northbrook, to transfer the Certificates of Public Convenience and Necessity for the four North Carolina hydro plants and to establish a regulatory asset for the North Carolina retail portion of the difference between sales proceeds and net book value. Duke Energy Carolinas will also file with PSCSC requesting recovery for the total estimated loss. If commission approval is not received, Duke Energy Carolinas can cancel the sales agreement and retain the hydro facilities. If commission approval is received, the closing is expected to occur during the first quarter of 2019. After closing, Duke Energy Carolinas will purchase all of the capacity and energy generated by these facilities at the avoided cost for five years through power purchase agreements. Duke Energy Carolinas cannot predict the outcome of this matter.

Duke Energy Progress

2017 North Carolina Rate Case

On : une 1, 2017, Duke Energy Progress filed an application with the NC' C for a rate increase for retail customers of approximately Q477 million, which represented an approximate 14.9 percent increase in annual base revenues. Subsequent to the filing, Duke Energy Progress adjusted the requested amount to Q420 million, representing an approximate 13 percent increase. The rate increase is driven by capital investments subsequent to the previous base rate case, costs of complying with CCR regulations and the Coal Ash Act, costs relating to storm recovery, investments in customer service technologies and recovery of costs associated with renewable purchased power.

On December 16, 2016, Duke Energy Progress filed a petition with the NC' C requesting an accounting order to defer certain costs incurred in connection with response to – hurricane Matthew and other significant storms in 2016. The final estimate of incremental operation and maintenance and capital costs of Q116 million was filed with the NC' C in September 2017. On : uly 10, 2017, the NC' C consolidated Duke Energy Progress's storm deferral request into the Duke Energy Progress rate case docket for decision.

On November 22, 2017, Duke Energy Progress and the North Carolina Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9 percent and a capital structure of 52 percent equity and 48 percent debt. As a result of the settlement, in 2017 Duke Energy Progress recorded pretax charges totaling approximately Q25 million to Impairment charges and Operation, maintenance and other on the Condensed Consolidated Statements of Operations, principally related to disallowances from rate base of certain projects at the Mayo and Sutton plants. On February 23, 2018, the NC' C issued an order approving the stipulation. The order also included the following material components not covered in the stipulation\$

- X Recovery of the remaining Q234 million of deferred coal ash basin closure costs over a five-year period with a return at Duke Energy Progress's WACC, excluding Q9.5 million of retail deferred coal ash basin costs related to ash hauling at Duke Energy Progress's Asheville Plant
- X Assessment of a Q30 million management penalty ratably over a five-year period by reducing the annual recovery of the deferred coal ash costs
- X Denial of Duke Energy Progress's request for recovery of future estimated ongoing annual coal ash costs of Q129 million with approval to defer such costs with a return at Duke Energy Progress's WACC, to be considered for recovery in the next rate case and

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- X Approval to recover Q\$1 million of the approximately Q\$0 million deferred storm costs over a five-year period with amortiBation beginning in October 2016. The order did not allow the deferral of the associated capital costs or a return on the deferred balance during the deferral period.

The order also impacted certain amounts that were similarly recorded on Duke Energy Carolinas Condensed Consolidated Valance Sheets. As a result of the order, Duke Energy Progress and Duke Energy Carolinas recorded pretax charges of Q\$8 million and Q\$4 million, respectively, in the first quarter of 2018 to Impairment charges, Operation, maintenance and other and Interest Expense on the Condensed Consolidated Statements of Operations. These charges primarily related to the coal ash basin disallowance and previously recogniBed return impacted by the coal ash management penalty and deferred storm cost adjustments. Revised customer rates became effective on March 16, 2018.

On May 15, 2018, the Public Staff of the NC' C filed a Notice of Cross Appeal to the North Carolina Supreme Court from the February 23, 2018, Order Accepting Stipulation, Deciding Contested Issues and Granting Partial Rate Increase issued by the NC' C. The Public Staff contend the commission's order should be reversed and remanded, as it is affected by errors of law, and is unsupported by competent, material and substantial evidence in view of the entire record as submitted. Duke Energy Progress cannot predict the outcome of this matter. The North Carolina Attorney General and Sierra Club have also filed Notices of Appeal to the North Carolina Supreme Court from the February 23, 2018, Order Accepting Stipulation, Deciding Contested Issues and Granting partial Rate Increase.

South Carolina Rate Case

In December 2016, the PSCSC approved a rate case settlement agreement among the Office of Regulatory Staff, intervenors and Duke Energy Progress. Terms of the settlement agreement included an approximate Q\$6 million increase in revenues over a two-year period. An increase of approximately Q\$8 million in revenues was effective : anuary 1, 2017, and an additional increase of approximately Q\$8.5 million in revenues was effective : anuary 1, 2018. Duke Energy Progress amortiBed approximately Q\$8.5 million from the cost of removal reserve in 2017. Other settlement terms included a rate of return on equity of 10.1 percent, recovery of coal ash costs incurred from : anuary 1, 2015, through : une 30, 2016, over a 15-year period and ongoing deferral of allocated ash basin closure costs from : uly 1, 2016, until the next base rate case. The settlement also provides that Duke Energy Progress will not seek an increase in rates in South Carolina to occur prior to 2019, with limited exceptions.

Western Carolinas Modernization Plan

On November 4, 2015, Duke Energy Progress announced a Western Carolinas ModerniBation Plan, which included retirement of the existing Asheville coal-fired plant, the construction of two 280-MW combined-cycle natural gas plants having dual-fuel capability, with the option to build a third natural gas simple cycle unit in 2023 based upon the outcome of initiatives to reduce the region's power demand. The plan also included upgrades to existing transmission lines and substations, installation of solar generation and a pilot battery storage project. These investments will be made within the next seven years. Duke Energy Progress is also working with the local natural gas distribution company to upgrade an existing natural gas pipeline to serve the natural gas plant.

On March 28, 2016, the NC' C issued an order approving a Certificate of Public Convenience and Necessity (CPCN) for the new combined-cycle natural gas plants, but denying the CPCN for the contingent simple cycle unit without prejudice to Duke Energy Progress to refile for approval in the future. On March 28, 2018, Duke Energy Progress filed an annual progress report for the construction of the combined-cycle plants with the NC' C, with an estimated cost of Q\$93 million. Site preparation activities for the combined-cycle plants are complete and construction of these plants began in 2017, with an expected in-service date in late 2019. Duke Energy Progress plans to file for future approvals related to the proposed solar generation and pilot battery storage project.

The carrying value of the 376-MW Asheville coal-fired plant, including associated ash basin closure costs, of Q\$44 million and Q\$85 million is included in Generation facilities to be retired, net on Duke Energy Progress Condensed Consolidated Valance Sheets as of : une 30, 2018, and December 31, 2017, respectively. Duke Energy Progress's request for a regulatory asset at the time of retirement with amortiBation over a 10-year period was approved by the NC' C on February 23, 2018.

Shearon Harris Nuclear Plant Expansion

In 2006, Duke Energy Progress selected a site at –arris to evaluate for possible future nuclear expansion. On February 19, 2008, Duke Energy Progress filed its COL application with the NRC for two Westinghouse AP1000 reactors at –arris, which the NRC docketed for review. On May 2, 2013, Duke Energy Progress filed a letter with the NRC requesting the NRC to suspend its review activities associated with the COL at the –arris site. The NC' C and PSCSC approved deferral of retail costs. Total deferred costs were approximately Q\$7 million as of December 31, 2017, and are recorded in Regulatory assets on Duke Energy Progress Condensed Consolidated Valance Sheets. On November 17, 2016, the FERC approved Duke Energy Progress rate recovery request filing for the wholesale ratepayers share of the abandonment costs, including a debt only return to be recovered through revised formula rates and amortiBed over a 15-year period beginning May 1, 2014. As part of the settlement agreement for the 2017 North Carolina Rate Case discussed above, Duke Energy Progress will amortiBe the regulatory asset over an eight-year period. NC' C approved the settlement on February 23, 2018.

South Carolina Petitions

On : une 22, 2018, Duke Energy Progress filed a petition with the PSCSC seeking an accounting order authoriBing Duke Energy Progress to adopt new depreciation rates, effective March 16, 2018, that reflect the results of Duke Energy Progress most recent depreciation study. Also on : une 22, 2018, Duke Energy Progress filed a petition with the PSCSC requesting an accounting order to defer certain costs incurred in connection with the deployment of AML, the ongoing deployment of Duke Energy Progress's new billing and Customer Information System, new depreciation rates and costs incurred in connection with the excess return of certain state taxes from North Carolina. These requests totaling approximately Q\$0 million were approved on : uly 25, 2018.

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FERC Form 1 Reporting Matter

On October 18, 2017, Fayetteville Public Works Commission (FPWC) filed with FERC a complaint against Duke Energy Progress. In the complaint, FPWC alleges that Duke Energy Progress; change in its method of reporting materials and supplies inventory on FERC Form 1 for 2015 constituted a change in accounting practice that Duke Energy Progress was not permitted to implement without first obtaining FERC approval. On April 23, 2018, FERC issued an order finding that Duke Energy Progress; new reporting methodology was not proper and required Duke Energy Progress to revise its FERC Form 1s beginning in 2014 and to issue refunds to formula rate customers. Duke Energy Progress estimates that these refunds will total approximately Q14 million. On May 23, 2018, Duke Energy Progress filed a request for rehearing alleging that FERC's order is incorrect. Duke Energy Progress revised its FERC Form 1 filings in : une 2018. Duke Energy Progress cannot predict the outcome of this matter.

Du7e Energy Florida

Storm Restoration Cost Recovery

In September 2017, Duke Energy Florida's service territory suffered significant damage from – hurricane Irma, resulting in approximately 1.3 million customers experiencing outages. In the fourth quarter of 2017, Duke Energy Florida also incurred preparation costs related to – hurricane Nate. On December 28, 2017, Duke Energy Florida filed a petition with the FPSC to recover incremental storm restoration costs for hurricanes Irma and Nate and to replenish the storm reserve. On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective : anuary 2018 in lieu of implementing a storm surcharge. Storm costs are currently expected to be fully recovered by approximately mid-2021. On May 31, 2018, Duke Energy Florida filed a petition for approval of actual storm restoration costs and associated recovery process related to – hurricanes Irma and Nate. The petition is seeking the approval for the recovery in the amount of Q\$10 million in actual recoverable storm restoration costs, including the replenishment of Duke Energy Florida's storm reserve of Q132 million, and the process for recovering these recoverable storm costs. The evidentiary hearing in this matter is scheduled for the week of October 15, 2018. At : une 30, 2018, Duke Energy Florida's Condensed Consolidated Valance Sheets included approximately Q295 million of recoverable costs under the FPSC's storm rule in Regulatory assets within Current Assets and Other Noncurrent Assets related to storm recovery. Duke Energy Florida cannot predict the outcome of this matter.

Tax Act

Pursuant to Duke Energy Florida's 2017 Revised and Restated Settlement Agreement, on May 31, 2018, Duke Energy Florida filed a petition related to the Tax Act, which included annual tax savings of Q\$4 million and annual amortiBation of excess deferred taxes of Q\$7 million for a total of Q151 million. The pretax revenue requirement impact is Q\$201 million, of which Q\$50 million will be offset with accelerated depreciation of Crystal River 4 and 5 coal units and Q151 million will be offset by – hurricane Irma storm cost recovery as explained in the Storm Restoration Cost Recovery section above. The petition is subject to review and approval by the FPSC. The hearing is scheduled to begin on : anuary 8, 2019. Duke Energy Florida cannot predict the outcome of this matter.

Citrus County Combined Cycle Facility

On October 2, 2014, the FPSC granted Duke Energy Florida a Determination of Need for the construction of a 1,640-MW combined-cycle natural gas plant in Citrus County, Florida. On May 5, 2015, the Florida Department of Environmental Protection approved Duke Energy Florida's Site Certification Application. The project has received all required permits and approvals and construction began in October 2015. The facility is expected to be commercially available by the end of 2018 at an estimated cost of Q1.5 billion, including AF' DC. Actual costs in excess of the estimated amount may not be collected from customers absent a showing of extraordinary circumstances. On April 2, 2018, Duke Energy Florida filed a petition seeking approval to include in base rates the revenue requirements associated with the new facility. The annual retail revenue requirement is approximately Q200 million. On : uly 10, 2018, the FPSC voted to approve Duke Energy Florida's request to include the revenue requirements for the new Citrus County combined-cycle units in base rates. The rate increase for the first unit is expected to take place in November 2018 and the rate increase for the second unit is expected to take place in : anuary 2019. The plant will receive natural gas from the Sabal Trail pipeline discussed below.

Du7e Energy Ohio

2017 Electric Security Plan Filing

On : une 1, 2017, Duke Energy Ohio filed with the P' CO a request for a standard service offer in the form of an electric security plan (ESP). If approved by the P' CO, the term of the ESP would be from : une 1, 2018, to May 31, 2025. Terms of the ESP include continuation of market-based customer rates through competitive procurement processes for generation, continuation and expansion of existing rider mechanisms and proposed new rider mechanisms relating to regulatory mandates, costs incurred to enhance the customer experience and transform the grid and a service reliability rider for vegetation management. On February 15, 2018, the procedural schedule was suspended to facilitate ongoing settlement discussions. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the P' CO, including, but not limited to, its Electric Vase Rate Case. Additionally, on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation and Recommendation (Stipulation) with the P' CO resolving certain issues in this proceeding. The Stipulation establishes a regulatory model for the next seven years via the approval of the ESP and continues the current model for procuring supply for non-shopping customers, including recovery mechanisms. The Stipulation is subject to the review and approval of P' CO. An evidentiary hearing to review the Stipulation and other issues in the cases will conclude on August 6, 2018. Duke Energy Ohio cannot predict the outcome of this matter.

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Electric Base Rate Case

Duke Energy Ohio filed with the P' CO an electric distribution base rate case application and supporting testimony in March 2017. Duke Energy Ohio has requested an estimated annual increase of approximately Q15 million and a return on equity of 10.4 percent. The application also includes requests to continue certain current riders and establish new riders. On September 26, 2017, the P' CO staff filed a report recommending a revenue decrease between approximately Q18 million and Q29 million and a return on equity between 9.22 percent and 10.24 percent. On February 15, 2018, the procedural schedule was suspended to facilitate ongoing settlement discussions. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the P' CO. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed the Stipulation with the P' CO resolving certain issues in this proceeding. Major components of the Stipulation include a Q19 million annual base distribution rate decrease with a return on equity of 9.84 percent based upon a capital structure of 50.75 percent equity and 49.25 percent debt. ' pon approval of new rates, Duke Energy Ohio's rider for recovering its initial SmartGrid implementation ends as the costs will be recovered through base rates. The Stipulation also renews 14 existing riders, some of which were included in the Company's ESP, and two new riders including the Enhanced Service Reliability Rider to recover vegetation management costs not included in base rates, up to Q10 million per year (operation and maintenance only) and the Power Forward Rider to recover costs incurred to enhance the customer experience and further transform the grid (operation and maintenance and capital). The Stipulation is subject to the review and approval of the P' CO. An evidentiary hearing to review the Stipulation and other issues in the cases will conclude on August 6, 2018. In addition to the changes in revenue attributable to the Stipulation, Duke Energy Ohio's capital-related riders, including the Distribution Capital Investments Rider, began to reflect the lower federal income tax rate associated with the Tax Act with updates to customers; bills beginning April 1, 2018. This change reduces electric revenue by approximately Q20 million on an annualized basis. Duke Energy Ohio cannot predict the outcome of this matter.

Ohio Valley Electric Corporation

On March 31, 2017, Duke Energy Ohio filed for approval to adjust its existing price stabilization rider (Rider PSR), which is currently set at Bero dollars, to pass through net costs related to its contractual entitlement to capacity and energy from the generating assets owned by O' EC. Duke Energy Ohio is seeking deferral authority for net costs incurred from April 1, 2017, until the new rates under Rider PSR are put into effect. ' arious intervenors have filed motions to dismiss or stay the proceeding and Duke Energy Ohio has opposed these filings. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the P' CO. Also on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation with the P' CO resolving certain issues in this proceeding. The Stipulation, if approved, would activate Rider PSR for recovery of net costs incurred since : anuary 1, 2018. The Stipulation is subject to the review and approval of P' CO. An evidentiary hearing to review the Stipulation and other issues in the cases will conclude on August 6, 2018. See Note 12 for additional discussion of Duke Energy Ohio's ownership interest in O' EC. Duke Energy Ohio cannot predict the outcome of this matter.

Tax Act

On : uly 25, 2018, Duke Energy Ohio filed an application to establish a new rider to implement the benefits of the Tax Act for electric distribution customers. Duke Energy Ohio requested commission approval to implement the rider effective October 1, 2018, as a credit to all distribution customers based upon a percent reduction to Duke Energy Ohio's distribution rates. The new rider will flow through to customers the benefit of the lower statutory federal tax rate from 35 to 21 percent since : anuary 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normaliBation rules will be refunded consistent with federal law and deferred income taxes not subject to normaliBation rules will be refunded over a 10-year period. An order is expected before the fourth quarter of 2018 but Duke Energy Ohio cannot predict the outcome of this matter.

Energy Efficiency Cost Recovery

On March 28, 2014, Duke Energy Ohio filed an application for recovery of program costs, lost distribution revenue and performance incentives related to its energy efficiency and peak demand reduction programs. These programs are undertaken to comply with environmental mandates set forth in Ohio law. The P' CO approved Duke Energy Ohio's application but found that Duke Energy Ohio was not permitted to use banked energy savings from previous years in order to calculate the amount of allowed incentive. This conclusion represented a change to the cost recovery mechanism that had been agreed upon by intervenors and approved by the P' CO in previous cases. The P' CO granted the applications for rehearing filed by Duke Energy Ohio and an intervenor. On : anuary 6, 2016, Duke Energy Ohio and the P' CO Staff entered into a stipulation, pending the P' CO's approval, to resolve issues related to performance incentives and the P' CO Staff audit of 2013 costs, among other issues. In December 2015, based upon the stipulation, Duke Energy Ohio re-established approximately Q20 million of the revenues that had been previously reversed. On October 26, 2016, the P' CO issued an order approving the stipulation without modification. In December 2016, the P' CO granted the intervenors request for rehearing for the purpose of further review. Duke Energy Ohio cannot predict the outcome of this matter.

On : une 15, 2016, Duke Energy Ohio filed an application for approval of a three-year energy efficiency and peak demand reduction portfolio of programs. A stipulation and modified stipulation were filed on December 22, 2016, and : anuary 27, 2017, respectively. ' nder the terms of the stipulations, which included support for deferral authority of all costs and a cap on shared savings incentives, Duke Energy Ohio has offered its energy efficiency and peak demand reduction programs throughout 2017. On February 3, 2017, Duke Energy Ohio filed for deferral authority of its costs incurred in 2017 in respect of its proposed energy efficiency and peak demand reduction portfolio. On September 27, 2017, the P' CO issued an order approving a modified stipulation. The modifications impose an annual cap of approximately Q88 million on program costs and shared savings incentives combined, but allowed for Duke Energy Ohio to file for a waiver of costs in excess of the cap in 2017. The P' CO approved the waiver request up to a total cost of Q56 million. On November 21, 2017, the P' CO granted Duke Energy Ohio's and intervenor's applications for rehearing of the September 27, 2017, order. On : anuary 10, 2018, the P' CO denied the Ohio Consumers' Counsel's application for rehearing of the P' CO order granting Duke Energy Ohio's waiver request. Duke Energy Ohio cannot predict the outcome of this matter.

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2014 Electric Security Plan

In April 2015, the P' CO modified and approved Duke Energy Ohio's proposed ESP, with a three-year term and an effective date of : une 1, 2015. The P' CO approved a competitive procurement process for SSO load, a distribution capital investment rider and a tracking mechanism for incremental distribution expenses caused by major storms. The P' CO also approved a placeholder tariff for a price stabilBation rider, but denied Duke Energy Ohio's specific request to include Duke Energy Ohio's entitlement to generation from O' EC in the rider at this time; however, the order allows Duke Energy Ohio to submit additional information to request recovery in the future. On May 4, 2015, Duke Energy Ohio filed an application for rehearing requesting the P' CO to modify or amend certain aspects of the order. On May 28, 2015, the P' CO granted all applications for rehearing filed in the case for future consideration. On March 21, 2018, the P' CO issued an order denying Duke Energy Ohio's issues on rehearing. On April 20, 2018, Duke Energy Ohio filed a second application for rehearing based upon the Commission's March 21, 2018, Order. On May 16, 2018, the commission issued its third Entry on Rehearing granting in part, and denying in part, Duke Energy Ohio's rehearing request. On May 21, 2018, the Ohio Manufacturing Association (OMA) filed a notice of appeal of P' CO's approval of Duke Energy Ohio's ESP, challenging P' CO's approval of Duke Energy Ohio's Price Stability Rider as a placeholder and its Distribution Capital Investment Rider (DCI) to recover incremental revenue requirement for distribution capital since Duke Energy Ohio's last base rate case. On : uly 16, 2018, the Office of ConsumersU Counsel filed its own appeal of Duke Energy Ohio's ESP with the Ohio Supreme Court raising similar issues to that of the OMA. Duke Energy Ohio cannot predict the outcome of this matter.

Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. The pipeline is expected to cost approximately Q12 million, excluding AF' DC. On : anuary 20, 2017, Duke Energy Ohio filed an amended application with the Ohio Power Siting Voard (OPSV) for approval of one of two proposed routes. A public hearing was held on : une 15, 2017, and an adjudicatory hearing was scheduled to begin September 11, 2017. On August 24, 2017, an administrative law judge (AL:) granted a request made by Duke Energy Ohio to delay the procedural schedule while it works through various issues related to the pipeline route. In April 2018, Duke Energy Ohio filed a motion with OPSV to establish a procedural schedule and filed supplemental information supporting its application. If approved, construction of the pipeline extension is expected to be completed before the 2020,2021 winter season. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky Electric Rate Case

On September 1, 2017, Duke Energy —entucky filed a rate case with the —PSC requesting an increase in electric base rates of approximately Q49 million, which represents an approximate 15 percent increase on the average customer bill. Subsequent to the filing, Duke Energy —entucky adjusted the requested amount to Q30.1 million, in part to reflect the benefits of the Tax Act, representing an approximate 9 percent increase on the average customer bill. The rate increase is driven by increased investment in utility plant, increased operations and maintenance expenses, and recovery of regulatory assets. The application also includes requests to implement an Environmental Surcharge Mechanism to recover environmental costs not recovered in base rates, to establish a Distribution Capital Investment Rider to recover incremental costs of specific programs, to establish a FERC Transmission Cost Reconciliation Rider to recover escalating transmission costs and to modify existing Profit Sharing Mechanism to increase customersU share of proceeds from the benefits of owning generation and to mitigate shareholder risks associated with that generation. An evidentiary hearing concluded on March 8, 2018, and the —PSC issued an order on April 13, 2018. Major components of the Order include approval of an Q3.4 million increase in base rates with a return on equity at 9.725 percent based upon a capital structure of 49 percent equity on a total allocable capitalBation of approximately Q650 million. The Order approved the Environmental Surcharge Mechanism Rider to begin recovery in : une 2018 of capital-related environmental costs, including costs related to ash and ash disposal, and environmental operation and maintenance expenses formerly recovered in base rates, including expenses for environmental reagents and emission allowances. The incremental revenue from this rider will be approximately Q13 million on an annualiBed basis. The order settles all issues associated with the Tax Act as it relates to the electric business by lowering the income tax component of the revenue requirement and refunding protected excess deferred income taxes (EDIT) under allowable normaliBation rules and unprotected EDIT over 10 years. The Order denied requests to implement riders for certain transmission costs and distribution capital investments. Duke Energy —entucky implemented new base rates on May 1, 2018. On May 3, 2018, Duke Energy —entucky filed an application for rehearing on certain aspects of the order; on May 23, 2018, the —PSC granted a rehearing. Duke Energy —entucky cannot predict the outcome of this matter.

Du7e Energy Indiana

FERC Transmission Return on Equity Complaint

Customer groups have filed with the FERC complaints against MISO and its transmission-owning members, including Duke Energy Indiana, alleging, among other things, that the current base rate of return on equity earned by MISO transmission owners of 12.38 percent is unjust and unreasonable. The complaints claim, among other things, that the current base rate of return on equity earned by MISO transmission owners should be reduced to 8.67 percent. On : anuary 5, 2015, the FERC issued an order accepting the MISO transmission ownersUdder of 0.50 percent to the base rate of return on equity based on participation in an RTO subject to it being applied to a return on equity that is shown to be just and reasonable in the pending return on equity complaints. On December 22, 2015, the presiding FERC AL: in the first complaint issued an Initial Decision in which the base rate of return on equity was set at 10.32 percent. On September 28, 2016, the Initial Decision in the first complaint was affirmed by FERC, but is subject to rehearing requests. On : une 30, 2016, the presiding FERC AL: in the second complaint issued an Initial Decision setting the base rate of return on equity at 9.70 percent. The Initial Decision in the second complaint is pending FERC review. On April 14, 2017, the ' .S. Court of Appeals for the District of Columbia Circuit, in . *Engra eMEMvF. RC*, reversed and remanded certain aspects of the methodology employed by FERC to establish rates of return on equity. This decision may affect the outcome of the complaints against Duke Energy Indiana. Duke Energy Indiana currently believes these matters will not have a material impact on its results of operations, cash flows and financial position.

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Benton County Wind Farm Dispute

On December 16, 2013, Venton County Wind Farm LLC (VCWF) filed a lawsuit against Duke Energy Indiana seeking damages for past generation losses alleging Duke Energy Indiana violated its obligations under a 2006 PPA by refusing to offer electricity to the market at negative prices. Damage claims continue to increase during times that VCWF is not dispatched. Under 2013 revised MISO market rules, Duke Energy Indiana is required to make a price offer to MISO for the power it proposes to sell into MISO markets and MISO determines whether VCWF is dispatched. Because market prices would have been negative due to increased market participation, Duke Energy Indiana determined it would not bid at negative prices in order to balance customer needs against VCWF's need to run. VCWF contends Duke Energy Indiana must bid at the lowest negative price to ensure dispatch, while Duke Energy Indiana contends it is not obligated to bid at any particular price, that it cannot ensure dispatch with any bid and that it has reasonably balanced the parties' interests. On July 6, 2015, the U.S. District Court for the Southern District of Indiana entered judgment against VCWF on all claims. VCWF appealed the decision and on December 9, 2016, the appeals court ruled in favor of VCWF. Duke Energy Indiana recorded an obligation and a regulatory asset related to the settlement amount in fourth quarter 2016. On June 30, 2017, the parties finalized a settlement agreement. Terms of the settlement included Duke Energy Indiana paying \$29 million for back damages. Additionally, the parties agreed on the method by which the contract will be bid into the market in the future. The settlement amount was paid in June 2017. The I' RC issued an order on September 27, 2017, approving recovery of the settlement amount through Duke Energy Indiana's fuel clause. The I' RC order has been appealed to the Indiana Court of Appeals. On May 21, 2018, the Indiana Court of Appeals upheld the commission's decision. The appellants have requested rehearing at the Indiana Court of Appeals.

Tax Act

On June 27, 2018, Duke Energy Indiana, the Indiana Office of Public Utility Consumer Counselor, the Indiana Industrial Group and Nucor Steel of Indiana filed testimony consistent with their Stipulation and Settlement Agreement (Settlement Agreement) in the federal tax act proceeding with the I' RC. The Settlement Agreement outlines how Duke Energy Indiana will implement the impacts of the Tax Act. Material components of the Settlement Agreement are as follows:

- X Riders to reflect the change in the statutory federal tax rate from 35 percent to 21 percent as they are filed in 2018.
- X Base rates to reflect the change in the statutory federal tax rate from 35 percent to 21 percent upon I' RC approval, but no later than September 1, 2018.
- X Duke Energy Indiana to continue to defer protected federal excess deferred income taxes (Federal EDIT) until January 1, 2020, at which time it will be returned to customers according to the Average Rate Assumption Method (ARAM) required by the Internal Revenue Service over approximately 26 years and
- X Duke Energy Indiana to begin returning unprotected Federal EDIT upon I' RC approval, expected by September 1, 2018, over 10 years. In order to mitigate the negative impacts to cash flow and credit metrics, the Settlement Agreement allows Duke Energy Indiana to return \$7 million per year over the first five years, with a step up to \$35 million per year in the following five years.

The settlement is subject to the review and approval of the I' RC. An evidentiary hearing was held on July 13, 2018. Duke Energy Indiana cannot predict the outcome of this matter.

Piedmont

South Carolina Rate Stabilization Adjustment Filing

In June 2018, Piedmont filed with the PSCSC under the South Carolina Rate Stabilization Act its quarterly monitoring report for the 12-month period ending March 31, 2018. The filing includes a revenue deficiency calculation and tariff rates in order to permit Piedmont the opportunity to earn the rate of return on common equity established in its last general rate case. The filing also incorporates the impacts of the Tax Act by lowering the income tax component of the revenue requirement, refunding protected EDIT under allowable normalization rules, unprotected EDIT and amounts over collected from the customers from January 1, 2018, through the end of the review period for this proceeding. This filing is currently under review and audit by the South Carolina Office of Regulatory Staff. Piedmont cannot predict the outcome of this matter.

North Carolina Integrity Management Rider Filing

In May 2018, Piedmont filed, and the NC I' C approved, a petition under the Integrity Management Rider (IMR) mechanism to update rates, effective June 2018, based on the eligible capital investments closed to integrity and safety projects over the six-month period ending March 31, 2018, and the decrease in the corporate federal income tax rate effective January 1, 2018. The combined effect of the update was a reduction to annual revenues of approximately \$6.7 million.

Tennessee Integrity Management Rider Filing

In November 2017, Piedmont filed a petition with the TP I' C under the IMR mechanism to collect an additional \$3.3 million in annual revenues, effective January 2018, based on the eligible capital investments for integrity and safety projects through October 31, 2017. In January 2018, Piedmont filed an amended computation under the IMR mechanism, revising the proposed increase in annual revenues to approximately \$0.4 million based on the decrease in the corporate federal income tax rate effective January 1, 2018. A hearing on this matter was held on April 9, 2018. In May 2018, the TP I' C approved Piedmont's request as proposed for the IMR effective January 1, 2018.

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OTHER REGULATORY MATTERS

Progress Energy Merger FERC Mitigation

Since December 2014, the FERC Office of Enforcement has conducted an investigation of Duke Energy's market power filings in its application for approval of the Progress Energy merger submitted in 2012. On June 8, 2018, the FERC issued an order approving a settlement agreement under which Duke Energy paid a penalty of \$3.5 million. The FERC Office of Enforcement stated in its conclusion that Duke Energy violated FERC regulations by failing to fully and accurately describe certain specific matters in its market power filings. Duke neither admitted nor denied the alleged violations.

Atlantic Coast Pipeline, LLC

On September 2, 2014, Duke Energy, Dominion Resources (Dominion), Piedmont and Southern Company Gas announced the formation of Atlantic Coast Pipeline, LLC (ACP) to build and own the proposed Atlantic Coast Pipeline (ACP pipeline), an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. The ACP pipeline is designed to meet, in part, the needs identified by Duke Energy Carolinas, Duke Energy Progress and Piedmont. Dominion will build and operate the ACP pipeline and holds a leading ownership percentage in ACP of 48 percent. Duke Energy owns a 47 percent interest, which is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment. Southern Company Gas maintains a 5 percent interest. See Note 12 for additional information related to Duke Energy's ownership interest. Duke Energy Carolinas, Duke Energy Progress and Piedmont, among others, will be customers of the pipeline. Purchases will be made under several 20-year supply contracts, subject to state regulatory approval.

In 2018, the FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route, including supply header and compressors. On May 11, 2018, FERC issued a Notice to Proceed allowing full construction activities in specified areas of West Virginia, and on July 24, 2018, FERC issued a Notice to Proceed allowing full construction activities along the project route in North Carolina. A conditional 401 water quality certification has been issued by the West Virginia Water Control Board, and ACP continues working with the West Virginia Water Control Board's staff to fulfill the outstanding conditions. Until these conditions have been satisfied, full construction activity in West Virginia is not permitted.

ACP is the subject of numerous challenges in state and federal courts and agencies, including, among others, challenges of the project's incidental take statement (ITS), crossings of the Blue Ridge Parkway, the Appalachian Trail, and the Monongahela and George Washington National Forests, the project's U.S. Army Corps of Engineers ("SACE") 404 permit, the West Virginia conditional 401 water quality certification, the FERC Environmental Impact Statement order and the FERC order approving the Certificate of Public Convenience and Necessity. Each of these challenges alleges non-compliance on the part of federal and state permitting authorities and adverse ecological consequences if the project is permitted to proceed. ACP is vigorously defending these challenges and coordinating with the federal and state authorities which are the direct parties to the challenges. On May 15, 2018, the Fourth U.S. Circuit Court of Appeals vacated the Fish and Wildlife Services' ITS for the project, stating that the ITS failed to meet the requirements of the Endangered Species Act. On May 22, 2018, ACP informed FERC that it would not proceed with construction in any areas covered by the ITS until the issue is resolved, even though construction elsewhere will continue as scheduled. On June 11, 2018, petitioners requested a rehearing of FERC's West Virginia Notice to Proceed. On July 5, 2018, petitioners filed a motion for injunction of all construction activity along the project route, and ACP and Fish and Wildlife Services filed responses on July 11, 2018. In response to challenges of the certification of ACP's reliance on SACE Nation Wide Permit 12 (which challenges allege that ACP cannot meet the requirements of the permit in respect of certain water crossings in West Virginia), on July 27, 2018, ACP voluntarily requested an administrative suspension of the SACE authorization in the Huntington District for water crossings in West Virginia to ensure adequate review by SACE of ACP's crossing methodology. This request for a stay followed a July 20, 2018, motion for injunction by certain project opponents.

ACP's project manager estimates the project's pipeline development costs will range from \$6.0 billion to \$6.5 billion, excluding financing costs. Project construction activities, schedule and final costs are still subject to uncertainty due to potential additional permitting delays, construction productivity and other conditions and risks, which could result in potential higher project costs and a potential delay in the targeted in-service date, which is late 2019.

Sabal Trail Transmission, LLC

On May 4, 2015, Duke Energy acquired a 7.5 percent ownership interest in Sabal Trail, which is accounted for as an equity method investment, from Spectra Energy Partners, LP, a master limited partnership, formed by Enbridge Inc. (formerly Spectra Energy Corp.). Spectra Energy Partners, LP holds a 50 percent ownership interest in Sabal Trail and NextEra Energy has a 42.5 percent ownership interest. Sabal Trail is a joint venture to construct a 515-mile natural gas pipeline (Sabal Trail pipeline) to transport natural gas to Florida. Total estimated project costs are approximately \$6.2 billion. The Sabal Trail pipeline traverses Alabama, Georgia and Florida. The primary customers of the Sabal Trail pipeline, Duke Energy Florida and Florida Power & Light Company (FPL), have each contracted to buy pipeline capacity for 25-year initial terms. See Note 12 for additional information related to Duke Energy's ownership interest.

On February 3, 2016, the FERC issued an order granting the request for a CPCN to construct and operate the pipeline. The Sabal Trail pipeline received other required regulatory approvals and the Phase 1 mainline was placed in service in July 2017. On October 12, 2017, Sabal Trail filed a request with FERC to place in service a lateral line to Duke Energy Florida's Citrus County Combined Cycle Facility. This request is required to support commissioning and testing activities at the facility. On March 16, 2018, FERC approved the Citrus lateral and it was placed in service.

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On September 21, 2016, intervenors filed an appeal of FERC's CPCN orders to the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit Court of Appeals). On August 22, 2017, the appeals court ruled against FERC in the case for failing to include enough information on the impact of greenhouse-gas emissions carried by the pipeline, vacated the CPCN order and remanded the case to FERC. In response to the August 2017 court decision, the FERC issued a draft Supplemental Environmental Impact Statement (SEIS) on September 27, 2017. On October 6, 2017, FERC and a group of industry intervenors, including Sabal Trail and Duke Energy Florida, filed separate petitions with the D.C. Circuit Court of Appeals requesting rehearing regarding the court's decision to vacate the CPCN order. On January 31, 2018, the D.C. Circuit Court of Appeals denied the requests for rehearing. On February 2, 2018, Sabal Trail filed a request with FERC for expedited issuance of its order on remand and reissuance of the CPCN. In the alternative, the pipeline requested that FERC issue a temporary emergency CPCN to allow for continued operations. On February 5, 2018, FERC issued the final SEIS. On February 6, 2018, FERC and the intervenors in this case each filed motions for stay with the D.C. Circuit Court to stay the court's mandate. On March 7, 2018, the D.C. Circuit Court of Appeals granted FERC and Sabal Trail's stay request. On March 14, 2018, FERC issued its final order on remand, which recertified the project. Requests for rehearing of the FERC order on remand are still pending.

Constitution Pipeline Company, LLC

Duke Energy owns a 24 percent ownership interest in Constitution, which is accounted for as an equity method investment. Constitution is a natural gas pipeline project slated to transport natural gas supplies from the Marcellus supply region in northern Pennsylvania to major northeastern markets. The pipeline will be constructed and operated by Williams Partners L.P., which has a 41 percent ownership share. The remaining interest is held by Cabot Oil and Gas Corporation and WGL – Holdings, Inc. Before the permitting delays discussed below, Duke Energy's total anticipated contributions were approximately \$29 million. As a result of the permitting delays and project uncertainty, total anticipated contributions by Duke Energy can no longer be reasonably estimated. Since April 2016, with the actions of the New York State Department of Environmental Conservation (NYSDEC), Constitution stopped construction and discontinued capitalization of future development costs until the project's uncertainty is resolved.

In December 2014, Constitution received approval from the FERC to construct and operate the proposed pipeline. However, on April 22, 2016, the NYSDEC denied Constitution's application for a necessary water quality certification for the New York portion of the Constitution pipeline. Constitution filed legal actions in the U.S. Court of Appeals for the Second Circuit (U.S. Court of Appeals) challenging the legality and appropriateness of the NYSDEC's decision and on August 18, 2017, the petition was denied in part and dismissed in part. In September 2017, Constitution filed a petition for a rehearing of portions of the decision unrelated to the water quality certification, which was denied by the U.S. Court of Appeals. In January 2018, Constitution petitioned the Supreme Court of the United States to review the U.S. Court of Appeals decision, and on April 30, 2018, the Supreme Court denied Constitution's petition. In October 2017, Constitution filed a petition for declaratory order requesting FERC to find that the NYSDEC waived its rights to issue a Section 401 water quality certification by not acting on Constitution's application within a reasonable period of time as required by statute. This petition was based on precedent established by another pipeline's successful petition with FERC following a District of Columbia Circuit Court ruling. On January 11, 2018, FERC denied Constitution's petition. In February 2018, Constitution filed a rehearing request with FERC of its finding that the NYSDEC did not waive the Section 401 certification requirement. On July 19, 2018, FERC denied Constitution's rehearing request. Constitution is currently unable to approximate an in-service date for the project due to the NYSDEC's denial of the water quality certification. The Constitution partners remain committed to the project and are evaluating next steps to move the project forward. On June 25, 2018, Constitution filed with FERC a Request for Extension of Time until December 2, 2020, for construction of the project. Duke Energy cannot predict the outcome of this matter.

During the six months ended June 30, 2018, Duke Energy recorded an other-than-temporary impairment (OTTI) of \$5 million within Equity in earnings of unconsolidated affiliates on Duke Energy's Condensed Consolidated Statements of Operations. The charge represents the excess carrying value over the estimated fair value of the project, which was based on a Level 3 Fair Value measurement that was determined from the income approach using discounted cash flows. The impairment was primarily due to the recent actions taken by the courts and regulators to uphold the NYSDEC's denial of the certification and uncertainty associated with the remaining legal and regulatory challenges.

See Note 12 for additional information related to ownership interest and carrying value of the investment.

Potential Coal Plant Retirements

The Subsidiary Registrants periodically file Integrated Resource Plans (IRP) with their state regulatory commissions. The IRPs provide a view of forecasted energy needs over a long term (10 to 20 years) and options being considered to meet those needs. Recent IRPs filed by the Subsidiary Registrants included planning assumptions to potentially retire certain coal-fired generating facilities in Florida and Indiana earlier than their current estimated useful lives primarily because facilities do not have the requisite emission control equipment to meet EPA regulations recently approved or proposed.

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The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement due to a lack of requisite environmental control equipment. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of : une 30, 2018, and exclude capitaliBed asset retirement costs.

	Capacity (in MW)	Remaining Net book value (in millions)
Duke Energy Carolinas		
Allen Steam Station ' nits 1-3 ^(a)	585 6	1: 0
Progress Energy and Duke Energy Florida		
Crystal River ' nits 1 and 2 ^(b)	8\$3	102
Duke Energy Indiana		
Gallagher ' nits 2 and 4 ^(c)	280	125
Total Duke Energy	1,\$38 6	38\$

- (a) Duke Energy Carolinas will retire Allen Steam Station ' nits 1 through 3 by December 31, 2024, as part of the resolution of a lawsuit involving alleged New Source Review violations.
- (b) Duke Energy Florida expects to retire these coal units by the end of 2018 to comply with environmental regulations.
- (c) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher ' nits 2 and 4 by December 31, 2022, as part of the settlement of Edwardsport IGCC matters.

Refer to the "Western Carolinas ModerniBation Plan" discussion above for details of Duke Energy Progresslplanned retirements.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters. These regulations can be changed from time to time, imposing new obligations on the Duke Energy Registrants. The following environmental matters impact all of the Duke Energy Registrants.

Remediation Activities

In addition to asset retirement obligations (ARO) recorded as a result of various environmental regulations, the Duke Energy Registrants are responsible for environmental remediation at various sites. These include certain properties that are part of ongoing operations and sites formerly owned or used by Duke Energy entities. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site conditions and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, the Duke Energy Registrants could potentially be held responsible for environmental impacts caused by other potentially responsible parties and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined at all sites. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other on the Condensed Consolidated Statements of Operations unless regulatory recovery of the costs is deemed probable.

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The following tables contain information regarding reserves for probable and estimable costs related to the various environmental sites. These reserves are recorded in Accounts Payable within Current Liabilities and Other within Other Noncurrent Liabilities on the Condensed Consolidated Balance Sheets.

Six Months Ended June 30, 2018																
(in millions)	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida		Du7e Energy Ohio		Du7e Energy Indiana		Piedmont	
Balance at beginning of period	6	81	6	10	6	15	6	3	6	12	6	4	6	5	6	2
Provisions/adjustments		1		2		2		2		(1)		(3)		1		2
Cash reductions		(14)		(1)		(2)		(1)		(1)		(9)		(1)		2
Balance at end of period	6	67	6	11	6	15	6	4	6	10	6	35	6	5	6	2

Six Months Ended June 30, 2017																
(in millions)	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida		Du7e Energy Ohio		Du7e Energy Indiana		Piedmont	
Balance at beginning of period	Q	98	Q	10	Q	18	Q	3	Q	14	Q	59	Q	10	Q	1
Provisions/adjustments		•		1		•		•		1		(2)		•		•
Cash reductions		(8)		(1)		(2)		•		(2)		(4)		(1)		•
Balance at end of period	Q	90	Q	10	Q	16	Q	3	Q	13	Q	53	Q	9	Q	1

Additional losses in excess of recorded reserves that could be incurred for the stages of investigation, remediation and monitoring for environmental sites that have been evaluated at this time are not material except as presented in the table below.

(in millions)																
Duke Energy															Q	55
Duke Energy Carolinas																16
Duke Energy Ohio																30
Piedmont																2

LITIGATION

Du7e Energy Carolinas and Du7e Energy Progress

Coal Ash Insurance Coverage Litigation

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Superior Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. The parties are engaged in discovery. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

NCDEQ State Enforcement Actions

In the first quarter of 2013, the Southern Environmental Law Center (SELC) sent notices of intent to sue Duke Energy Carolinas and Duke Energy Progress related to alleged Clean Water Act (CWA) violations from coal ash basins at two of their coal-fired power plants in North Carolina. The NCDEH filed enforcement actions against Duke Energy Carolinas and Duke Energy Progress alleging violations of water discharge permits and North Carolina groundwater standards. The cases have been consolidated and are being heard before a single judge in the North Carolina Superior Court.

On August 16, 2013, the NCDEH filed an enforcement action against Duke Energy Carolinas and Duke Energy Progress related to their remaining plants in North Carolina, alleging violations of the CWA and violations of the North Carolina groundwater standards. Both of these cases have been assigned to the judge handling the enforcement actions discussed above. SELC is representing several environmental groups who have been permitted to intervene in these cases.

The court issued orders in 2016 granting Motions for Partial Summary Judgment for seven of the 14 North Carolina plants named in the enforcement actions. On February 13, 2017, the court issued an order denying motions for partial summary judgment brought by both the environmental groups and Duke Energy Carolinas and Duke Energy Progress for the remaining seven plants. On March 15, 2017, Duke Energy Carolinas and Duke Energy Progress filed a Notice of Appeal to challenge the trial court's order. The parties were unable to reach an agreement at mediation in April 2017. The parties submitted briefs to the court on remaining issues to be tried and a ruling is pending. On August 22, 2017, Duke Energy Carolinas and Duke Energy Progress filed a Petition for Discretionary Review, requesting the North Carolina Supreme Court to accept the appeal. On August 24, 2017, SELC filed a motion to dismiss the appeal. On August 1, 2018, the court dismissed the appeal.

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It is not possible to predict any liability or estimate any damages Duke Energy Carolinas or Duke Energy Progress might incur in connection with these matters.

Federal Citizens Suits

On : une 13, 2016, the Roanoke River Vasin Association (RRVA) filed a federal citiBen suit in the Middle District of North Carolina alleging unpermitted discharges to surface water and groundwater violations at the Mayo Plant. On August 19, 2016, Duke Energy Progress filed a Motion to Dismiss. On April 26, 2017, the court entered an order dismissing four of the claims in the federal citiBen suit. Two claims relating to alleged violations of National Pollutant Discharge Elimination System (NPDES) permit provisions survived the motion to dismiss, and Duke Energy Progress filed its response on May 10, 2017. Duke Energy Progress and RRVA each filed motions for summary judgment on March 23, 2018.

On May 16, 2017, RRVA filed a federal citiBen suit in the ' .S. District Court for the Middle District of North Carolina, which asserts two claims relating to alleged violations of NPDES permit provisions at the Roxboro plant and one claim relating to the use of nearby water bodies. Duke Energy Progress and RRVA each filed motions for summary judgment on April 17, 2018.

On May 8, 2018, on motion from Duke Energy Progress, the Court ordered trial in both of the above matters to be consolidated and has set a trial date for December 3, 2018.

On : une 20, 2017, RRVA filed a federal citiBen suit in the ' .S. District Court for the Middle District of North Carolina challenging the closure plans at the Mayo Plant under the EPA CCR Rule. Duke Energy Progress filed a motion to dismiss, which was granted by the court on March 30, 2018. RRVA had until April 30, 2018, to file an appeal to the Fourth Circuit but did not do so.

On August 2, 2017, RRVA filed a federal citiBen suit in the ' .S. District Court for the Middle District of North Carolina challenging the closure plans at the Roxboro Plant under the EPA CCR Rule. Duke Energy Progress filed a motion to dismiss on October 2, 2017, which was granted by the court on May 29, 2018. RRVA had until : une 28, 2018, to file an appeal to the Fourth Circuit but did not do so.

On December 6, 2017, various parties filed a federal citiBen suit in the ' .S. District Court for the Middle District of North Carolina for alleged violations at Duke Energy CarolinasL Velews Creek Steam Station (Velews Creek) under the CWA. Duke Energy Carolinas filed a motion to dismiss on February 5, 2018.

It is not possible to predict whether Duke Energy Carolinas or Duke Energy Progress will incur any liability or to estimate the damages, if any, they might incur in connection with these matters.

Groundwater Contamination Claims

Veginning in May 2015, a number of residents living in the vicinity of the North Carolina facilities with ash basins received letters from the NCDEH advising them not to drink water from the private wells on their land tested by the NCDEH as the samples were found to have certain substances at levels higher than the criteria set by the North Carolina Department of –ealth and –uman Services (D––S). Results of Comprehensive Site Assessments testing performed by Duke Energy under the Coal Ash Act have been consistent with historical data provided to state regulators over many years. The D––S and NCDEH sent follow-up letters on October 15, 2015, to residents near coal ash basins who had their wells tested, stating that private well samplings at a considerable distance from coal ash basins, as well as some municipal water supplies, contain similar levels of vanadium and hexavalent chromium, which led investigators to believe these constituents are naturally occurring. In March 2016, D––S rescinded the advisories.

Duke Energy Carolinas and Duke Energy Progress have received formal demand letters from residents near Duke Energy CarolinasL and Duke Energy ProgressL coal ash basins. The residents claim damages for nuisance and diminution in property value, among other things. The parties held three days of mediation discussions that ended at an impasse. On : anuary 6, 2017, Duke Energy Carolinas and Duke Energy Progress received the plaintiffsL notice of their intent to file suits should the matter not settle. The NCDEH preliminarily approved Duke Energy's permanent water solution plans on : anuary 13, 2017, and as a result shortly thereafter, Duke Energy issued a press release, providing additional details regarding the homeowner compensation package. This package consists of three components\$(i) a Q5,000 goodwill payment to each eligible well owner to support the transition to a new water supply, (ii) where a public water supply is available and selected by the eligible well owner, a stipend to cover 25 years of water bills and (iii) the Property ' alue Protection Plan. The Property ' alue Protection Plan is a program offered by Duke Energy designed to guarantee eligible plant neighbors the fair market value of their residential property should they decide to sell their property during the time that the plan is offered. Duke Energy Carolinas and Duke Energy Progress have recogniBed reserves of Q10 million and Q3 million, respectively.

On August 23, 2017, a class-action suit was filed in Wake County Superior Court, North Carolina, against Duke Energy Carolinas and Duke Energy Progress on behalf of certain property owners living near coal ash impoundments at Allen, Asheville, Velews Creek, Vuck, Cliffside, Lee, Marshall, Mayo and Roxboro. The class is defined as those who are "well-eligible" under the Coal Ash Act or those to whom Duke Energy has promised a permanent replacement water supply and seeks declaratory and injunctive relief, along with compensatory damages. Plaintiffs allege that Duke Energy's improper maintenance of coal ash impoundments caused harm, particularly through groundwater contamination. Despite NCDEH's preliminary approval, Plaintiffs contend that Duke Energy's proposed permanent water solutions plan fails to comply with the Coal Ash Act. On September 28, 2017, Duke Energy Carolinas and Duke Energy Progress filed a Motion to Dismiss and Motion to Strike the class designation. The parties entered into a Settlement Agreement on : anuary 24, 2018, which resulted in the dismissal of the underlying class action on : anuary 25, 2018.

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On September 14, 2017, a complaint was filed against Duke Energy Progress in New –anover County Superior Court by a group of homeowners residing approximately 1 mile from Duke Energy Progress Sutton Steam Plant (Sutton). The homeowners allege that coal ash constituents have been migrating from ash impoundments at Sutton into their groundwater for decades and that in 2015, Duke Energy Progress discovered these releases of coal ash, but failed to notify any officials or neighbors and failed to take remedial action. The homeowners claim unspecified physical and mental injuries as a result of consuming their well water and seek actual damages for personal injury, medical monitoring and punitive damages. On March 6, 2018, Plaintiffs Counsel voluntarily dismissed the action without prejudice.

It is not possible to estimate the maximum exposure of loss, if any, that may occur in connection with future claims that might be made by these residents.

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of : une 30, 2018, there were 120 asserted claims for non-malignant cases with cumulative relief sought of up to Q29 million, and 47 asserted claims for malignant cases with cumulative relief sought of up to Q12 million. Vased on Duke Energy Carolinas; experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recogniBed asbestos-related reserves of Q466 million at : une 30, 2018, and Q489 million at December 31, 2017. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Valance Sheets. These reserves are based upon the minimum amount of the range of loss for current and future asbestos claims through 2037, are recorded on an undiscounted basis and incorporate anticipated inflation. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2037 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas; cumulative payments began to exceed the self-insurance retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is Q797 million in excess of the self-insured retention. Receivables for insurance recoveries were Q585 million at : une 30, 2018, and December 31, 2017. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Valance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

Du7e Energy Progress and Du7e Energy Florida

Spent Nuclear Fuel Matters

On October 16, 2014, Duke Energy Progress and Duke Energy Florida sued the ' .S. in the ' .S. Court of Federal Claims. The lawsuit claimed the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserted damages for the cost of on-site storage. Duke Energy Progress and Duke Energy Florida asserted damages for the period : anuary 1, 2011, through December 31, 2013, of Q48 million and Q25 million, respectively. On November 17, 2017, the Court awarded Duke Energy Progress and Duke Energy Florida Q48 million and Q21 million, respectively, subject to appeal. No appeals were filed and Duke Energy Progress and Duke Energy Florida recogniBed the recoveries in the first quarter of 2018. Claims for all periods through 2013 have been resolved. On : une 22, 2018, Duke Energy Progress and Duke Energy Florida filed a complaint for damages incurred for 2014 through first quarter 2018.

Du7e Energy Progress

Gypsum Supply Agreement Matter

On : une 30, 2017, CertainTeed Gypsum NC, Inc. (CertainTeed) filed a declaratory judgment action against Duke Energy Progress in the North Carolina Vusiness Court relating to a gypsum supply agreement. In its complaint, CertainTeed sought an order from the court declaring that the minimum amount of gypsum Duke Energy Progress must provide to CertainTeed under the supply agreement is 50,000 tons per month through 2029. On : anuary 29, 2018, CertainTeed filed a request to amend its Complaint and seek a preliminary injunction requiring Duke Energy Progress to provide 50,000 tons of gypsum per month through the trial date. In advance of the hearing on the Motion for Preliminary Injunction, the parties reached an agreement under which Duke Energy Progress would deliver 50,000 tons of gypsum per month through August 2018. If the Court determines that Duke Energy Progress was not obligated to provide that amount per month, CertainTeed will reimburse Duke Energy Progress. Trial in this matter was completed on : uly 16, 2018, and Duke Energy Progress is awaiting a ruling. If Duke Energy Progress does not prevail, Duke Energy Progress will either have to purchase additional gypsum on the open market to fulfill its contractual obligation through 2029 or pay liquidated damages. Duke Energy Progress cannot predict the outcome of this matter.

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Du7e Energy Florida

Class Action Lawsuit

On February 22, 2016, a lawsuit was filed in the ' .S. District Court for the Southern District of Florida on behalf of a putative class of Duke Energy Florida and FP&L's customers in Florida. The suit alleges the state of Florida's nuclear power plant cost recovery statutes (NCRS) are unconstitutional and pre-empted by federal law. Plaintiffs claim they are entitled to repayment of all money paid by customers of Duke Energy Florida and FP&L as a result of the NCRS, as well as an injunction against any future charges under those statutes. The constitutionality of the NCRS has been challenged unsuccessfully in a number of prior cases on alternative grounds. Duke Energy Florida and FP&L filed motions to dismiss the complaint on May 5, 2016. On September 21, 2016, the Court granted the motions to dismiss with prejudice. Plaintiffs filed a motion for reconsideration, which was denied. On : anuary 4, 2017, plaintiffs filed a notice of appeal to the Eleventh Circuit ' .S. Court of Appeals (Eleventh Circuit). On : uly 11, 2018, the Eleventh Circuit affirmed the ' .S. District Court's dismissal of the lawsuit. Plaintiffs have until October 9, 2018, to file a petition for certiorari with the ' .S. Supreme Court.

Westinghouse Contract Litigation

On March 28, 2014, Duke Energy Florida filed a lawsuit against Westinghouse in the ' .S. District Court for the Western District of North Carolina. The lawsuit seeks recovery of Q54 million in milestone payments in excess of work performed under an Engineering, Procurement and Construction agreement (EPC) for Levy as well as a determination by the court of the amounts due to Westinghouse as a result of the termination of an EPC contract. Duke Energy Florida recogniBed an exit obligation as a result of the termination of the EPC. On March 31, 2014, Westinghouse filed a separate lawsuit against Duke Energy Florida in ' .S. District Court for the Western District of Pennsylvania alleging damages under the same EPC contract in excess of Q510 million for engineering and design work, costs to end supplier contracts and an alleged termination fee. On : une 9, 2014, the judge in the North Carolina case ruled that the litigation would proceed in the Western District of North Carolina.

On : uly 11, 2016, Duke Energy Florida and Westinghouse filed separate Motions for Summary : udgment. On September 29, 2016, the court issued its ruling, granting Westinghouse a Q80 million termination fee claim and dismissing Duke Energy Florida's Q54 million refund claim. Westinghouse's claim for termination costs continued to trial. Following a trial on the matter, the court issued an order in December 2016 denying Westinghouse's claim for termination costs and reaffirming its earlier ruling in favor of Westinghouse on the Q80 million termination fee. : udgment was entered against Duke Energy Florida in the amount of approximately Q34 million, which includes prejudgment interest. Westinghouse appealed the trial court's order to the ' .S. Court of Appeals for the Fourth Circuit (Fourth Circuit) and Duke Energy Florida cross-appealed.

On March 29, 2017, Westinghouse filed Chapter 11 bankruptcy in the Southern District of New York, which automatically stayed the appeal. On May 23, 2017, the bankruptcy court entered an order lifting the stay with respect to the appeal. Vriefing of the appeal concluded on October 20, 2017. Westinghouse and Duke Energy Florida executed a settlement agreement resolving this matter on April 5, 2018. The bankruptcy court approved the settlement and Duke Energy Florida paid approximately Q34 million to Westinghouse in : uly 2018 pursuant to this agreement. At the request of the parties, the Fourth Circuit has dismissed the appeal.

MGP Cost Recovery Action

On December 30, 2011, Duke Energy Florida filed a lawsuit against FirstEnergy Corp. (FirstEnergy) to recover investigation and remediation costs incurred by Duke Energy Florida in connection with the restoration of two former MGP sites in Florida. Duke Energy Florida alleged that FirstEnergy, as the successor to Associated Gas & Electric Co., owes past and future contribution and response costs of up to Q43 million for the investigation and remediation of MGP sites. On December 6, 2016, the trial court entered judgment against Duke Energy Florida in the case. In : anuary 2017, Duke Energy Florida appealed the decision to the ' .S. Court of Appeals for the Sixth Circuit, which affirmed the trial court's ruling on April 10, 2018.

Other Litigation and Legal Proceedings

The Duke Energy Registrants are involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. The Duke Energy Registrants believe the final disposition of these proceedings will not have a material effect on their results of operations, cash flows or financial position.

The table below presents recorded reserves based on management's best estimate of probable loss for legal matters, excluding asbestos-related reserves and the exit obligation related to the termination of an EPC contract discussed above. Reserves are classified on the Condensed Consolidated Valance Sheets in Other within Other Noncurrent Liabilities and Accounts payable and Other within Current Liabilities. The reasonably possible range of loss in excess of recorded reserves is not material, other than as described above.

(in millions)	cune 30, 2018		Dezember 31, 2015\$
ReserKes for Legal Matters			
Duke Energy	6	: 8 Q	88
Duke Energy Carolinas		15	30
Progress Energy		52	55
Duke Energy Progress		11	13
Duke Energy Florida		25	24
Piedmont		2	2

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OTHER COMMITMENTS AND CONTINGENCIES

General

As part of their normal business, the Duke Energy Registrants are party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. These guarantees involve elements of performance and credit risk, which are not fully recognized on the Condensed Consolidated Balance Sheets and have unlimited maximum potential payments. However, the Duke Energy Registrants do not believe these guarantees will have a material effect on their results of operations, cash flows or financial position.

In addition, the Duke Energy Registrants enter into various fixed-price, noncancelable commitments to purchase or sell power or natural gas, take-or-pay arrangements, transportation, or throughput agreements and other contracts that may or may not be recognized on their respective Condensed Consolidated Balance Sheets. Some of these arrangements may be recognized at fair value on their respective Condensed Consolidated Balance Sheets if such contracts meet the definition of a derivative and the normal purchase or normal sale (NPNS) exception does not apply. In most cases, the Duke Energy Registrants' purchase obligation contracts contain provisions for price adjustments, minimum purchase levels and other financial commitments.

5. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

The following table summarizes significant debt issuances (in millions).

			Six Months Ended June 30, 2018						
	Maturity Date	Interest Rate	Duke Energy		Duke Energy (Parent)		Duke Energy Carolinas		Duke Energy Florida
Issuance Date									
Unsecured Debt									
March 2018 ^(a)	April 2025	3.950%	6	250	6	250	6	2	2
May 2018 ^(b)	May 2021	2.830%		500		500		2	2
First Mortgage Bonds									
March 2018 ^(c)	March 2023	3.050%		500		2	500		2
March 2018 ^(c)	March 2048	3.950%		500		2	500		2
June 2018 ^(d)	July 2028	3.800%		400			2		400
June 2018 ^(d)	July 2048	4.200%		400		2	2		400
Total issuances			6	2,500	6	500	6	1,000	1,000

(a) Debt issued to pay down short-term debt.

(b) Debt issued to pay down short-term debt. Debt issuance has a floating interest rate.

(c) Debt issued to repay at maturity a \$300 million first mortgage bond due April 2018, pay down intercompany short-term debt and for general corporate purposes.

(d) Debt issued to repay a portion of intercompany short-term debt under money-pool borrowing arrangement and for general corporate purposes.

CURRENT MATURITIES OF LONG-TERM DEBT

The following table shows the significant components of Current Maturities of Long-Term Debt on the Condensed Consolidated Balance Sheets. The Duke Energy Registrants currently anticipate satisfying these obligations with cash on hand and proceeds from additional borrowings.

(in millions)	Maturity Date	Interest Rate	June 30, 2018
Unsecured Debt			
Piedmont	December 2018	2.796% ^(b)	6
Progress Energy	March 2019	7.050%	450
First Mortgage Bonds			
Duke Energy Carolinas	November 2018	7.000%	500
Duke Energy Progress	January 2019	5.300%	400
Duke Energy Ohio	April 2019	5.450%	450
Other^(a)			2
Current maturities of long-term debt			6

(a) Includes capital lease obligations, amortizing debt and small bullet maturities.

(b) Debt issuance has a floating interest rate.

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AVAILABLE CREDIT FACILITIES

Master Credit Facility

In January 2018, Duke Energy extended the termination date of substantially all of its existing \$3 billion Master Credit Facility capacity from March 16, 2022, to March 16, 2023. In May 2018, Duke Energy completed the extension process with 100 percent of all commitments to the Master Credit Facility extending to March 16, 2023. The Duke Energy Registrants, excluding Progress Energy (Parent), have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder. Duke Energy Carolinas and Duke Energy Progress are also required to each maintain \$250 million of available capacity under the Master Credit Facility as security to meet obligations under plea agreements reached with the U.S. Department of Justice in 2015 related to violations at North Carolina facilities with ash basins. The table below includes the current borrowing sublimits and available capacity under the Master Credit Facility.

	June 30, 2018															
(in millions)	Du7e Energy		Du7e Energy (Parent)		Du7e Energy Carolinas		Du7e Energy Progress		Du7e Energy Florida		Du7e Energy Ohio		Du7e Energy Indiana		Piedmont	
Facility size ^(a)	6	8,000	6	2,500	6	1,500	6	1,250	6	800	6	450	6	200	6	500
Reduction to backstop issuances																
Commercial paper ^(b)		(3,004)		(1,085)		(85)		(55)		Z		(189)		(31)		Z
Outstanding letters of credit		(55)		(49)		(4)		(2)		Z		Z		Z		(2)
Tax-exempt bonds		(81)		Z		Z		Z		Z		Z		(81)		Z
Coal ash set-aside		(500)		Z		(250)		(250)		Z		Z		Z		Z
Available capacity under the Master Credit Facility																
Facility	6	4,358	6	1,514	6	1,400	6	442	6	800	6	261	6	203	6	498

(a) Represents the sublimit of each borrower.

(b) Duke Energy issued \$25 million of commercial paper and loaned the proceeds through the money pool to Duke Energy Carolinas, Duke Energy Progress, Duke Energy Ohio and Duke Energy Indiana. The balances are classified as Long-Term Debt Payable to Affiliated Companies on the Condensed Consolidated Balance Sheets.

Three-Year Revolving Credit Facility

Duke Energy (Parent) has a \$1.0 billion revolving credit facility (the Three Year Revolver) through June 2020. As of June 30, 2018, \$500 million has been drawn under the Three Year Revolver. This balance is classified as Long-Term Debt on Duke Energy's Condensed Consolidated Balance Sheets. Any undrawn commitments can be drawn, and borrowings can be prepaid, at any time throughout the term of the facility. The terms and conditions of the Three Year Revolver are generally consistent with those governing Duke Energy's Master Credit Facility.

ASSET RETIREMENT OBLIGATIONS

The Duke Energy Registrants record AROs when there is a legal obligation to incur retirement costs associated with the retirement of a long-lived asset and the obligation can be reasonably estimated. The following table presents the AROs recorded on the Condensed Consolidated Balance Sheets.

	cune 30, 2018															
	Du7e		Du7e		Progress		Du7e		Du7e		Du7e		Du7e		Piedmont	
(in millions)	Energy		Energy Carolinas		Energy		Energy Progress		Energy Florida		Energy Ohio		Energy Indiana			
Decommissioning of Nuclear Power Facilities ^(a)	6	5,319	6	2,002	6	3,158	6	2,: 21	6	53:	6	Z	6	Z	6	Z
Closure of Ash Impoundments		4,843		1,\$: 1		2,202		2,1\$8		24		44		83:		Z
Other		30\$		5:		\$8		3:		42		45		20		15
Total ARO	6	10,4: 9	6	3,819	6	5,438	6	4,835	6	: 02	6	89	6	85:	6	15
Less\$current portion		\$1:		22\$		38:		381		5		5		98		Z
Total noncurrent ARO	6	9,\$53	6	3,592	6	5,052	6	4,454	6	59\$	6	84	6	\$58	6	15

(a) Duke Energy amount includes purchase accounting adjustments related to the merger with Progress Energy.

ARO Liability Rollforward

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Actual closure costs incurred could be materially different from current estimates that form the basis of the recorded AROs. The following table presents the change in liability associated with AROs for the Duke Energy Registrants.

(in millions)	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida		Du7e Energy Ohio		Du7e Energy Indiana		Piedmont	
kalanze at Dezember 31, 2015^(a)	Q	10,175	Q	3,610	Q	5,414	Q	4,673	Q	742	Q	84	Q	781	Q	15
Accretion expense ^(b)		212		89		113		9\$		1:		2		14		Z
Liabilities settled ^(c)		(245)		(114)		(108)		(89)		(19)		(2)		(21)		Z
Liabilities incurred in the current year		8		8		Z		Z		Z		Z		Z		Z
Revisions in estimates of cash flows ^(d)		319		22:		19		154		(13\$)		5		82		Z
kalanze at cune 30, 2018	6	10,4: 9	6	3,819	6	5,438	6	4,835	6	: 02	6	89	6	85:	6	15

- (a) Primarily relates to decommissioning nuclear power facilities, closure of ash impoundments, asbestos removal, closure of landfills at fossil generation facilities, retirement of natural gas mains and removal of renewable energy generation assets.
- (b) For the six months ended : une 30, 2018, substantially all accretion expense relates to Duke Energy's regulated electric operations and has been deferred in accordance with regulatory accounting treatment.
- (c) Primarily relates to ash impoundment closures and nuclear decommissioning of Crystal River ' nit 3.
- (d) Primarily relates to increases in groundwater monitoring estimates for closure of ash impoundments and a reduction for nuclear decommissioning at Crystal River ' nit 3 compared to original estimates.

Asset retirement costs associated with the AROs for operating plants and retired plants are included in Net property, plant and equipment and Regulatory assets within Other Noncurrent Assets, respectively, on the Condensed Consolidated Valance Sheets.

\$ GOODWILL

Du7e Energy

The following table presents the goodwill by reportable operating segment included on Duke Energy's Condensed Consolidated Valance Sheets at : une 30, 2018, and December 31, 2017.

(in millions)	Eleztriz Utilities and Infrastruzture		Gas Utilities and Infrastruzture		Commerzial Rene' ables		Total
Goodwill balance	Q	17,379	Q	1,924	Q	122	Q 19,425
Accumulated impairment charges		.		.		(29)	(29)
Goodwill, adjusted for accumulated impairment charges	Q	17,379	Q	1,924	Q	93	Q 19,396

Du7e Energy Ohio

Duke Energy Ohio's Goodwill balance of Q\$20 million, allocated Q\$96 million to Electric ' tilities and Infrastructure and Q\$24 million to Gas ' tilities and Infrastructure, is presented net of accumulated impairment charges of Q\$16 million on the Condensed Consolidated Valance Sheets at : une 30, 2018, and December 31, 2017.

Progress Energy

Progress Energy's Goodwill is included in the Electric ' tilities and Infrastructure operating segment and there are no accumulated impairment charges.

Piedmont

Piedmont's Goodwill is included in the Gas ' tilities and Infrastructure operating segment and there are no accumulated impairment charges.

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8. RELATED PARTY TRANSACTIONS

The Subsidiary Registrants engage in related party transactions in accordance with applicable state and federal commission regulations. Refer to the Condensed Consolidated Balance Sheets of the Subsidiary Registrants for balances due to or due from related parties. Material amounts related to transactions with related parties included on the Condensed Consolidated Statements of Operations and Comprehensive Income are presented in the following table.

(in millions)	Three Months Ended June 30,				Six Months Ended June 30,			
	2018			2017	2018			2017
Du7e Energy Carolinas								
Corporate governance and shared service expenses ^(a)	6	213	Q	218	6	433	Q	439
Indemnification coverages ^(b)		5		6		11		12
: DA revenue ^(c)		19		17		53		33
: DA expense ^(c)		19		21		\$3		52
Intercompany natural gas purchases ^(d)		4		1		8		2
Progress Energy								
Corporate governance and shared service expenses ^(a)	6	20:	Q	178	6	39\$	Q	348
Indemnification coverages ^(b)		9		9		1\$		19
: DA revenue ^(c)		19		21		\$3		52
: DA expense ^(c)		19		17		53		33
Intercompany natural gas purchases ^(d)		19		19		38		38
Du7e Energy Progress								
Corporate governance and shared service expenses ^(a)	6	12:	Q	109	6	244	Q	209
Indemnification coverages ^(b)		3		3		:		7
: DA revenue ^(c)		19		21		\$3		52
: DA expense ^(c)		19		17		53		33
Intercompany natural gas purchases ^(d)		19		19		38		38
Du7e Energy Florida								
Corporate governance and shared service expenses ^(a)	6	80	Q	69	6	153	Q	139
Indemnification coverages ^(b)		:		6		11		12
Du7e Energy Ohio								
Corporate governance and shared service expenses ^(a)	6	90	Q	93	6	1\$9	Q	185
Indemnification coverages ^(b)		1		1		2		2
Du7e Energy Indiana								
Corporate governance and shared service expenses ^(a)	6	9:	Q	92	6	19\$	Q	187
Indemnification coverages ^(b)		2		2		4		4
Piedmont								
Corporate governance and shared service expenses ^(a)	6	40	Q	9	6	\$:	Q	14
Indemnification coverages ^(b)		2		•		1		1
Intercompany natural gas sales ^(d)		23		20		4:		40

- (a) The Subsidiary Registrants are charged their proportionate share of corporate governance and other shared services costs, primarily related to human resources, employee benefits, information technology, legal and accounting fees, as well as other third-party costs. These amounts are primarily recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (b) The Subsidiary Registrants incur expenses related to certain indemnification coverages through Vison, Duke Energy's wholly owned captive insurance subsidiary. These expenses are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (c) Duke Energy Carolinas and Duke Energy Progress participate in a Joint Dispatch Agreement (JDA), which allows the collective dispatch of power plants between the service territories to reduce customer rates. Revenues from the sale of power and expenses from the purchase of power pursuant to the JDA are recorded in Operating Revenues and Fuel used in electric generation and purchased power, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (d) Piedmont provides long-term natural gas delivery service to certain Duke Energy Carolinas and Duke Energy Progress natural gas-fired generation facilities. Piedmont records the sales in Operating revenues, and Duke Energy Carolinas and Duke Energy Progress record the related purchases as a component of Fuel used in electric generation and purchased power on their respective Condensed Consolidated Statements of Operations and Comprehensive Income. These intercompany revenues and expenses are eliminated in consolidation.

In addition to the amounts presented above, the Subsidiary Registrants have other affiliate transactions, including rental of office space, participation in a money pool arrangement, other operational transactions and their proportionate share of certain charged expenses. These transactions of the Subsidiary Registrants were not material for the three and six months ended June 30, 2018, and 2017.

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As discussed in Note 12, certain trade receivables have been sold by Duke Energy Ohio and Duke Energy Indiana to Cinergetics Receivables Company LLC (CRC), an indirect subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but also include a subordinated note from CRC for a portion of the purchase price.

Equity Method Investments

Piedmont has related party transactions as a customer of its equity method investments in natural gas storage and transportation facilities. The following table presents expenses for the three and six months ended : une 30, 2018, and 2017, which are included in Cost of natural gas on Piedmont's Condensed Consolidated Statements of Operations and Comprehensive Income.

(in millions)	Type of expense	Three Months Ended une 30,			Six Months Ended une 30,		
		2018	2017	2016	2018	2017	2016
Cardinal	Transportation Costs	6	1 Q	2 6	3 Q	4	
Pine Needle	Natural Gas Storage Costs		2	2	4	4	
Hardy Storage	Natural Gas Storage Costs		3	3	5	5	
Total		6	: Q	7 6	12 Q	13	

Piedmont had accounts payable to its equity method investments of Q2 million at : une 30, 2018, and December 31, 2017, related to these transactions. These amounts are included in Accounts payable on the Condensed Consolidated Balance Sheets.

Intercompany Income Taxes

Duke Energy and the Subsidiary Registrants file a consolidated federal income tax return and other state and jurisdictional returns. The Subsidiary Registrants have a tax sharing agreement with Duke Energy for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts the Subsidiary Registrants would incur as separate C-Corporations. The following table includes the balance of intercompany income tax receivables and payables for the Subsidiary Registrants.

	Du7e Energy Carolinas			Progress Energy	Du7e Energy Progress			Du7e Energy Florida			Du7e Energy Ohio			Du7e Energy Indiana			Piedmont
(in millions)																	
une 30, 2018																	
Intercompany income tax receivable	6	Z	6	2\$3	6	Z	6	140	6	Z	6	Z	6	Z	6	12	
Intercompany income tax payable			22		Z		24		Z		3		14		Z		
Dezember 31, 201\$																	
Intercompany income tax receivable	Q	•	Q	168	Q	•	Q	44	Q	22	Q	•	Q			7	
Intercompany income tax payable			44		•		21		•		•		35		•		

9. DERIVATIVES AND HEDGING

The Duke Energy Registrants use commodity and interest rate contracts to manage commodity price risk and interest rate risk. The primary use of commodity derivatives is to hedge the generation portfolio against changes in the prices of electricity and natural gas. Piedmont enters into natural gas supply contracts to provide diversification, reliability and natural gas cost benefits to its customers. Interest rate swaps are used to manage interest rate risk associated with borrowings.

All derivative instruments not identified as NPNS are recorded at fair value as assets or liabilities on the Condensed Consolidated Balance Sheets. Cash collateral related to derivative instruments executed under master netting arrangements is offset against the collateralized derivatives on the Condensed Consolidated Balance Sheets. The cash impacts of settled derivatives are recorded as operating activities on the Condensed Consolidated Statements of Cash Flows.

INTEREST RATE RISK

The Duke Energy Registrants are exposed to changes in interest rates as a result of their issuance or anticipated issuance of variable-rate and fixed-rate debt and commercial paper. Interest rate risk is managed by limiting variable-rate exposures to a percentage of total debt and by monitoring changes in interest rates. To manage risk associated with changes in interest rates, the Duke Energy Registrants may enter into interest rate swaps, U.S. Treasury lock agreements and other financial contracts. In anticipation of certain fixed-rate debt issuances, a series of forward-starting interest rate swaps or Treasury locks may be executed to lock in components of current market interest rates. These instruments are later terminated prior to or upon the issuance of the corresponding debt.

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Cash Flo' Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of AOCI for the three and six months ended : une 30, 2018 and 2017 were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables business.

Undesignated Contracts

' ndesignated contracts primarily include contracts not designated as a hedge because they are accounted for under regulatory accounting or contracts that do not qualify for hedge accounting.

Duke Energy's interest rate swaps for its regulated operations employ regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the swaps are deferred as regulatory liabilities or regulatory assets, respectively. Regulatory assets and liabilities are amortized consistent with the treatment of the related costs in the ratemaking process. The accrual of interest on the swaps is recorded as Interest Expense on the Duke Energy Registrant's Condensed Consolidated Statements of Operations and Comprehensive Income.

The following table shows notional amounts of outstanding derivatives related to interest rate risk.

June 30, 2018												
(in millions)	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida		Du7e Energy Ohio	
Cash flow hedges ^(a)	6	411	6	Z	6	Z	6	Z	6	Z	6	Z
' ndesignated contracts		1,52\$		400		900		: 50		250		2\$
Total notional amount	6	1,938	6	400	6	900	6	: 50	6	250	6	2\$

December 31, 201\$												
(in millions)	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida		Du7e Energy Ohio	
Cash flow hedges ^(a)	Q	660	Q	•	Q	•	Q	•	Q	•	Q	•
' ndesignated contracts		927		400		500		250		250		27
Total notional amount	Q	1,587	Q	400	Q	500	Q	250	Q	250	Q	27

(a) Duke Energy includes amounts related to consolidated ' IEs of Q611 million as of : une 30, 2018, and Q660 million as of December 31, 2017.

COMMODITY PRICE RISK

The Duke Energy Registrants are exposed to the impact of changes in the prices of electricity purchased and sold in bulk power markets and coal and natural gas purchases, including Piedmont's natural gas supply contracts. Exposure to commodity price risk is influenced by a number of factors including the term of contracts, the liquidity of markets and delivery locations. For the Subsidiary Registrants, bulk power electricity and coal and natural gas purchases flow through fuel adjustment clauses, formula-based contracts or other cost-sharing mechanisms. Differences between the costs included in rates and the incurred costs, including undesignated derivative contracts, are largely deferred as regulatory assets or regulatory liabilities. Piedmont policies allow for the use of financial instruments to hedge commodity price risks. The strategy and objective of these hedging programs are to use the financial instruments to reduce natural gas costs volatility for customers.

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volumes

The tables below include volumes of outstanding commodity derivatives. Amounts disclosed represent the absolute value of notional volumes of commodity contracts excluding NPNS. The Duke Energy Registrants have netted contractual amounts where offsetting purchase and sale contracts exist with identical delivery locations and times of delivery. Where all commodity positions are perfectly offset, no quantities are shown.

	cune 30, 2018						
	Du7e Energy	Du7e Energy Carolinas	Progress Energy	Du7e Energy Progress	Du7e Energy Florida	Du7e Energy Indiana	Piedmont
Electricity (gigawatt-hours)	54	Z	Z	Z	Z	54	Z
Natural gas (millions of dekatherms)	\$5:	11:	1\$1	152	19	3	4: :

	Dezember 31, 2015\$						
	Du7e Energy	Du7e Energy Carolinas	Progress Energy	Du7e Energy Progress	Du7e Energy Florida	Du7e Energy Indiana	Piedmont
Electricity (gigawatt-hours)	34	•	•	•	•	34	•
Natural gas (millions of dekatherms)	770	105	183	133	50	2	480

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LOCATION AND FAIR VALUE OF DERIVATIVE ASSETS AND LIABILITIES RECOGNIZED ON THE CONDENSED CONSOLIDATED BALANCE SHEETS

The following tables show the fair value and balance sheet location of derivative instruments. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

DeriKatiKe Assets										cune 30, 2018									
		Du7e		Du7e		Progress		Du7e		Du7e		Du7e		Du7e					
(in millions)		Energy		Energy Carolinas		Energy		Energy Progress		Energy Florida		Energy Ohio		Energy Indiana		Piedmont			
Commodity Contrazts																			
Not Designated as Hedging Instruments																			
Current	6	:	2	6	3	6	4	6	3	6	1	6	9	6	45	6	2		
Noncurrent			2		Z		1		1		Z		Z		Z		Z		
Total DeriKatiKe Assets V Commodity Contrazts	6	:	4	6	3	6	5	6	4	6	1	6	9	6	45	6	2		
Interest Rate Contrazts																			
Designated as Hedging Instruments																			
Current	6		1	6	Z	6	Z	6	Z	6	Z	6	Z	6	Z	6	Z		
Noncurrent			5		Z		Z		Z		Z		Z		Z		Z		
Not Designated as Hedging Instruments																			
Current			1		Z		Z		Z		Z		Z		Z		Z		
Noncurrent			1:		Z		Z		Z		Z		Z		Z		Z		
Total DeriKatiKe Assets V Interest Rate Contrazts	6		23	6	Z	6	Z	6	Z	6	Z	6	Z	6	Z	6	Z		
Total DeriKatiKe Assets	6		8\$	6	3	6	5	6	4	6	1	6	9	6	45	6	2		

DeriKatiKe Liabilities										cune 30, 2018									
		Du7e		Du7e		Progress		Du7e		Du7e		Du7e		Du7e					
(in millions)		Energy		Energy Carolinas		Energy		Energy Progress		Energy Florida		Energy Ohio		Energy Indiana		Piedmont			
Commodity Contrazts																			
Not Designated as Hedging Instruments																			
Current	6		23	6	8	6	3	6	3	6	1	6	Z	6	Z	6	10		
Noncurrent			1:	:	10		1\$		\$		Z		Z		Z		140		
Total DeriKatiKe Liabilities V Commodity Contrazts	6		189	6	18	6	20	6	10	6	1	6	Z	6	Z	6	150		
Interest Rate Contrazts																			
Designated as Hedging Instruments																			
Current	6		3	6	1	6	Z	6	Z	6	Z	6	Z	6	Z	6	Z		
Noncurrent			1		Z		Z		Z		Z		Z		Z		Z		
Not Designated as Hedging Instruments																			
Current			:		Z		5		2		3		Z		Z		Z		
Noncurrent			14		Z		10		9		1		4		Z		Z		
Total DeriKatiKe Liabilities V Interest Rate Contrazts	6		24	6	1	6	15	6	11	6	4	6	4	6	Z	6	Z		
Total DeriKatiKe Liabilities	6		213	6	19	6	35	6	21	6	5	6	4	6	Z	6	150		

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DeriKaTiKe Assets								Dezember 31, 201\$									
					Du7e			Du7e		Du7e		Du7e		Du7e			
(in millions)	Du7e		Energy		Carolinas			Progress		Energy		Energy		Florida		Piedmont	
	Energy							Progress				Ohio		Indiana			
Commodity Contrazts																	
Not Designated as Hedging Instruments																	
Current	Q	34	Q		2	Q	2	Q	1	Q	1	Q	1	Q	27	Q	2
Noncurrent		1			•		1		1		•		•		•		•
Total DeriKaTiKe Assets V Commodity Contrazts	Q	35	Q		2	Q	3	Q	2	Q	1	Q	1	Q	27	Q	2
Interest Rate Contrazts																	
Designated as Hedging Instruments																	
Current	Q	1	Q		•	Q	•	Q	•	Q	•	Q	•	Q	•	Q	•
Noncurrent		15			•		•		•		•		•		•		•
Total DeriKaTiKe Assets V Interest Rate Contrazts	Q	16	Q		•	Q	•	Q	•	Q	•	Q	•	Q	•	Q	•
Total DeriKaTiKe Assets	Q	51	Q		2	Q	3	Q	2	Q	1	Q	1	Q	27	Q	2
DeriKaTiKe Liabilities								Dezember 31, 201\$									
					Du7e			Du7e		Du7e		Du7e		Du7e			
(in millions)	Du7e		Energy		Carolinas			Progress		Energy		Energy		Florida		Piedmont	
	Energy							Progress				Ohio		Indiana			
Commodity Contrazts																	
Not Designated as Hedging Instruments																	
Current	Q	36	Q		6	Q	18	Q	8	Q	10	Q	•	Q	•	Q	11
Noncurrent		146			4		10		4		•		•		•		131
Total DeriKaTiKe Liabilities V Commodity Contrazts	Q	182	Q		10	Q	28	Q	12	Q	10	Q	•	Q	•	Q	142
Interest Rate Contrazts																	
Designated as Hedging Instruments																	
Current	Q	29	Q		25	Q	•	Q	•	Q	•	Q	•	Q	•	Q	•
Noncurrent		6			•		•		•		•		•		•		•
Not Designated as Hedging Instruments																	
Current		1			•		1		•		•		1		•		•
Noncurrent		12			•		7		6		2		4		•		•
Total DeriKaTiKe Liabilities V Interest Rate Contrazts	Q	48	Q		25	Q	8	Q	6	Q	2	Q	5	Q	•	Q	•
Total DeriKaTiKe Liabilities	Q	230	Q		35	Q	36	Q	18	Q	12	Q	5	Q	•	Q	142

OFFSETTING ASSETS AND LIABILITIES

The following tables present the line items on the Condensed Consolidated Valance Sheets where derivatives are reported. Substantially all of Duke Energy's outstanding derivative contracts are subject to enforceable master netting arrangements. The gross amounts offset in the tables below show the effect of these netting arrangements on financial position, and include collateral posted to offset the net position. The amounts shown are calculated by counterparty. Accounts receivable or accounts payable may also be available to offset exposures in the event of bankruptcy. These amounts are not included in the tables below.

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

Derikati Assets										June 30, 2018															
										Du7e Energy		Du7e Energy		Du7e Energy		Du7e Energy		Du7e Energy							
(in millions)										Energy		Carolinass		Progress Energy		Progress Energy		Florida		Ohio		Indiana		Piedmont	
Current																									
Gross amounts recognized										6	34	6	3	6	4	6	3	6	1	6	9	6	45	6	2
Gross amounts offset										(4)		(2)		(2)		(2)		Z		Z		Z		Z	
Net amounts presented in Current Assets\$Other										6	30	6	1	6	2	6	1	6	1	6	9	6	45	6	2
Noncurrent																									
Gross amounts recognized										6	23	6	Z	6	1	6	1	6	Z	6	Z	6	Z	6	Z
Gross amounts offset										(1)		Z		(1)		(1)		Z		Z		Z		Z	
Net amounts presented in Other Noncurrent Assets\$Other										6	22	6	Z	6	Z	6	Z	6	Z	6	Z	6	Z	6	Z
Derikati Liabilities										June 30, 2018															
										Du7e Energy		Du7e Energy		Progress Energy		Du7e Energy		Du7e Energy		Du7e Energy		Du7e Energy		Du7e Energy	
(in millions)										Energy		Carolinass		Progress Energy		Progress Energy		Florida		Ohio		Indiana		Piedmont	
Current																									
Gross amounts recognized										6	32	6	9	6	8	6	5	6	4	6	Z	6	Z	6	10
Gross amounts offset										(4)		(2)		(2)		(2)		Z		Z		Z		Z	
Net amounts presented in Current Liabilities\$Other										6	28	6	\$	6	:	6	3	6	4	6	Z	6	Z	6	10
Noncurrent																									
Gross amounts recognized										6	181	6	10	6	2\$	6	1:	6	1	6	4	6	Z	6	140
Gross amounts offset										(2)		(1)		(1)		(1)		Z		Z		Z		Z	
Net amounts presented in Other Noncurrent Liabilities\$Other										6	1\$9	6	9	6	2:	6	15	6	1	6	4	6	Z	6	140
Derikati Assets										December 31, 201\$															
										Du7e Energy		Du7e Energy		Progress Energy		Du7e Energy		Du7e Energy		Du7e Energy		Du7e Energy		Du7e Energy	
(in millions)										Energy		Carolinass		Progress Energy		Progress Energy		Florida		Ohio		Indiana		Piedmont	
Current																									
Gross amounts recognized										Q	35	Q	2	Q	2	Q	1	Q	1	Q	1	Q	27	Q	2
Gross amounts offset										•		•		•		•		•		•		•		•	
Net amounts presented in Current Assets\$Other										Q	35	Q	2	Q	2	Q	1	Q	1	Q	1	Q	27	Q	2
Noncurrent																									
Gross amounts recognized										Q	16	Q	•	Q	1	Q	1	Q	•	Q	•	Q	•	Q	•
Gross amounts offset										•		•		•		•		•		•		•		•	
Net amounts presented in Other Noncurrent Assets\$Other										Q	16	Q	•	Q	1	Q	1	Q	•	Q	•	Q	•	Q	•

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Derivative Liabilities		December 31, 2018													
(in millions)		Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana	Piedmont
Current															
Gross amounts recognized	Q	66	Q	31	Q	19	Q	8	Q	10	Q	1	Q	•	Q 11
Gross amounts offset		(3)		(2)		(2)		(2)		•		•		•	•
Net amounts presented in Current Liabilities\$Other	Q	63	Q	29	Q	17	Q	6	Q	10	Q	1	Q	•	Q 11
Noncurrent															
Gross amounts recognized	Q	164	Q	4	Q	17	Q	10	Q	2	Q	4	Q	•	Q 131
Gross amounts offset		(1)		•		(1)		(1)		•		•		•	•
Net amounts presented in Other Noncurrent Liabilities\$Other	Q	163	Q	4	Q	16	Q	9	Q	2	Q	4	Q	•	Q 131

Objective Credit Contingent Features

Certain derivative contracts contain objective credit contingent features. These features include the requirement to post cash collateral or letters of credit if specific events occur, such as a credit rating downgrade below investment grade. The following tables show information with respect to derivative contracts that are in a net liability position and contain objective credit-risk-related payment provisions.

		June 30, 2018									
(in millions)		Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida	
Aggregate fair value of derivatives in a net liability position	6	3:	6	1:	6	20	6	19	6	1	
Fair value of collateral already posted		Z		Z		Z		Z		Z	
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered		3:		1:		20		19		1	

		December 31, 2018									
(in millions)		Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida	
Aggregate fair value of derivatives in a net liability position	Q	59	Q	35	Q	25	Q	15	Q	10	
Fair value of collateral already posted		•		•		•		•		•	
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered		59		35		25		15		10	

The Duke Energy Registrants have elected to offset cash collateral and fair values of derivatives. For amounts to be netted, the derivative and cash collateral must be executed with the same counterparty under the same master netting arrangement.

10. Investments in Debt and Equity Securities

Duke Energy's investments in debt and equity securities are primarily comprised of investments held in (i) the nuclear decommissioning trust fund (NDTF) at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, (ii) grantor trusts at Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana related to Other Post-Retirement Benefit Obligations (OPEB) plans and (iii) Vision. The Duke Energy Registrants classify investments in debt securities as available-for-sale (AFS) and investments in equity securities as fair value through net income (FV-NI).

For investments in debt securities classified as AFS, the unrealized gains and losses are included in other comprehensive income until realized, at which time, they are reported through net income. For investments in equity securities classified as FV-NI, both realized and unrealized gains and losses are reported through net income. Substantially all of Duke Energy's investments in debt and equity securities qualify for regulatory accounting, and accordingly, all associated realized and unrealized gains and losses on these investments are deferred as a regulatory asset or liability.

Duke Energy classifies the majority of investments in debt and equity securities as long term, unless otherwise noted.

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Investment Trusts

The investments within the NDTF investments and the Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana grantor trusts (Investment Trusts) are managed by independent investment managers with discretion to buy, sell and invest pursuant to the objectives set forth by the trust agreements. The Duke Energy Registrants have limited oversight of the day-to-day management of these investments. As a result, the ability to hold investments in unrealized loss positions is outside the control of the Duke Energy Registrants. Accordingly, all unrealized losses associated with debt securities within the Investment Trusts are considered OTTI and are recognized immediately and deferred to regulatory accounts where appropriate.

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment is other-than-temporarily impaired. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value should be considered other-than-temporary. If an OTTI exists, the unrealized credit loss is included in earnings. There were no material credit losses as of June 30, 2018, and December 31, 2017.

Other Investments amounts are recorded in Other within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

DUBE ENERGY

The following table presents the estimated fair value of investments in debt and equity securities. Equity investments are classified as FV-NI and debt investments are classified as AFS.

	June 30, 2018 ^(a)						December 31, 2017					
	Gross Unrealized Holding Gains		Gross Unrealized Holding Losses		Estimated Fair value		Gross Unrealized Holding Gains		Gross Unrealized Holding Losses		Estimated Fair value	
(in millions)												
NDTF												
Cash and cash equivalents	6	2	6	2	6	11: Q	•	Q	•	Q	115	
Equity securities		2,835		40		4,988		2,805		27	4,914	
Corporate debt securities		5		12		5: 0		17		2	570	
Municipal bonds		2		4		341		4		3	344	
U.S. government bonds		\$		20		991		11		7	1,027	
Other debt securities		2		3		128		•		1	118	
Total NDTF Investments	6	2,851	6	\$9	6	\$,124	Q	2,837	Q	40	Q	7,088
Other Investments												
Cash and cash equivalents	6	2	6	2	6	15 Q	•	Q	•	Q	15	
Equity securities		4:		2		109		59		•	123	
Corporate debt securities		2		1		: 8		1		•	57	
Municipal bonds		1		1		85		2		1	83	
U.S. government bonds		2		1		52		•		•	41	
Other debt securities		2		1		45		•		1	44	
Total Other Investments	6	45	6	4	6	35:	Q	62	Q	2	Q	363
Total Investments	6	2,898	6	83	6	\$,500	Q	2,899	Q	42	Q	7,451

(a) Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	June 30, 2018
Due in one year or less	89
Due after one through five years	518
Due after five through 10 years	543
Due after 10 years	1,122
Total	2,272

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Realized gains and losses, which were determined on a specific identification basis, from sales of F' -NI and AFS securities for the three and six months ended : une 30, 2018, and from sales of AFS securities for the three and six months ended : une 30, 2017, were as follows.

(in millions)	Three Months Ended une 30, 2018		Six Months Ended une 30, 2018	
Fw-NI--				
Realized gains	6	4\$	6	::
Realized losses		31		44
AFS--				
Realized gains		5		10
Realized losses		12		25

(in millions)	Three Months Ended une 30, 201\$		Six Months Ended une 30, 201\$	
Realized gains	Q	40	Q	133
Realized losses		37		99

DUBE ENERGY CAROLINAS

The following table presents the estimated fair value of investments in debt and equity securities: equity investments are classified as F' -NI and debt investments are classified as AFS.

(in millions)	une 30, 2018 ^(a)			December 31, 201\$		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair value
NDTF						
Cash and cash equivalents	6	Z 6	32	•	•	32
Equity securities	1,544	23	2,\$32	1,531	12	2,692
Corporate debt securities	2	8	34\$	9	2	359
Municipal bonds	1	1	\$2	•	1	60
' .S. government bonds	2	12	4\$4	3	4	503
Other debt securities	Z	3	124	•	1	112
Total NDTF Investments	6	1,549 6	4\$ 6 3,\$81	Q 1,543 Q	20 Q	3,758

(a)Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	une 30, 2018
Due in one year or less	Q 12
Due after one through five years	163
Due after five through 10 years	286
Due after 10 years	556
Total	Q 1,017

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

Realized gains and losses, which were determined on a specific identification basis, from sales of F' -NI and AFS securities for the three and six months ended : une 30, 2018, and from sales of AFS securities for the three and six months ended : une 30, 2017, were as follows.

(in millions)	Three Months Ended une 30, 2018		Six Months Ended une 30, 2018	
Fw-NI-				
Realized gains	6	2:	6	3:
Realized losses		1\$		22
AFS-				
Realized gains		4		9
Realized losses		8		18

(in millions)	Three Months Ended une 30, 201\$		Six Months Ended une 30, 201\$	
Realized gains	Q	24	Q	90
Realized losses		23		63

PROGRESS ENERGY

The following table presents the estimated fair value of investments in debt and equity securities- equity investments are classified as F' -NI and debt investments are classified as AFS.

(in millions)	une 30, 2018 ^(a)			December 31, 201\$		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair value
NDTF						
Cash and cash equivalents	6	Z 6	84	Q	• Q	83
Equity securities	1,293	1\$	2,25:	1,274	15	2,222
Corporate debt securities	3	4	213	8	•	211
Municipal bonds	1	3	2: 9	4	2	284
' .S. government bonds	5	8	51\$	8	3	524
Other debt securities	Z	Z	4	•	•	6
Total NDTF InKestments	6	1,302 6	3,343	Q	1,294 Q	3,330
Other InKestments						
Cash and cash equivalents	6	Z 6	11	Q	• Q	12
Municipal bonds	1	Z	4\$	2	•	47
Total Other InKestments	6	1 6	58	Q	2 Q	59
Total InKestments	6	1,303 6	3,401	Q	1,296 Q	3,389

(a)Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	une 30, 2018
Due in one year or less	Q 69
Due after one through five years	286
Due after five through 10 years	207
Due after 10 years	488
Total	Q 1,050

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Realized gains and losses, which were determined on a specific identification basis, from sales of F' -NI and AFS securities for the three and six months ended : une 30, 2018, and from sales of AFS securities for the three and six months ended : une 30, 2017, were as follows.

(in millions)	Three Months Ended une 30, 2018		Six Months Ended une 30, 2018	
Fw-NI-				
Realized gains	6	21	6	30
Realized losses		14		22
AFS-				
Realized gains		1		1
Realized losses		4		\$

(in millions)	Three Months Ended une 30, 2017		Six Months Ended une 30, 2017	
Realized gains	Q	15	Q	42
Realized losses		14		35

DUBE ENERGY PROGRESS

The following table presents the estimated fair value of investments in debt and equity securities- equity investments are classified as F' -NI and debt investments are classified as AFS.

(in millions)	une 30, 2018 ^(a)						December 31, 2017					
	Gross Unrealized Holding Gains		Gross Unrealized Holding Losses		Estimated Fair value		Gross Unrealized Holding Gains		Gross Unrealized Holding Losses		Estimated Fair value	
NDTF												
Cash and cash equivalents	6	Z	6	Z	6	4:	Q	•	Q	•	Q	50
Equity securities	995		13		1,819		980		12		1,795	
Corporate debt securities	2		3		153		6		•		149	
Municipal bonds	1		3		2: 8		4		2		283	
' .S. government bonds	4		:		339		5		2		310	
Other debt securities	Z		Z		2		•		•		4	
Total NDTF InKestments	6	1,002	6	25	6	2,: 2\$	Q	995	Q	16	Q	2,591
Other InKestments												
Cash and cash equivalents	6	Z	6	Z	6	1	Q	•	Q	•	Q	1
Total Other InKestments	6	Z	6	Z	6	1	Q	•	Q	•	Q	1
Total InKestments	6	1,002	6	25	6	2,: 28	Q	995	Q	16	Q	2,592

(a)Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	cune 30, 2018
Due in one year or less	Q 24
Due after one through five years	214
Due after five through 10 years	150
Due after 10 years	374
Total	Q 762

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COMPANY, INC.
Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

Realized gains and losses, which were determined on a specific identification basis, from sales of F' -NI and AFS securities for the three and six months ended : une 30, 2018, and from sales of AFS securities for the three and six months ended : une 30, 2017, were as follows.

(in millions)	Three Months Ended une 30, 2018		Six Months Ended une 30, 2018	
Fw-NI-				
Realized gains	6	1\$	6	25
Realized losses		12		20
AFS-				
Realized gains		1		1
Realized losses		3		5

(in millions)	Three Months Ended une 30, 2017\$		Six Months Ended une 30, 2017\$	
Realized gains	Q	11	Q	35
Realized losses		11		30

DUBE ENERGY FLORIDA

The following table presents the estimated fair value of investments in debt and equity securities: equity investments are classified as F' -NI and debt investments are classified as AFS.

(in millions)	une 30, 2018 ^(a)			December 31, 2017\$		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair value
NDTF						
Cash and cash equivalents	6	Z 6	38	Q	• Q	33
Equity securities	298	4	43\$	294	3	427
Corporate debt securities	1	1	: 0	2	•	62
Municipal bonds	Z	Z	1	•	•	1
' .S. government bonds	1	2	1\$8	3	1	214
Other debt securities	Z	Z	2	•	•	2
Total NDTF InKestments^(b)	6	300 6	\$ 6	299 Q	4 Q	739
Other InKestments						
Cash and cash equivalents	6	Z 6	1	Q	• Q	1
Municipal bonds	1	Z	4\$	2	•	47
Total Other InKestments	6	1 6	48	2 Q	• Q	48
Total InKestments	6	301 6	\$ 6	301 Q	4 Q	787

(a)Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

(b) During the six months ended : une 30, 2018, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of the Crystal River ' nit 3 nuclear plant.

The table below summarizes the maturity date for debt securities.

(in millions)	une 30, 2018
Due in one year or less	Q 45
Due after one through five years	72
Due after five through 10 years	57
Due after 10 years	114
Total	Q 288

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

Realized gains and losses, which were determined on a specific identification basis, from sales of F' -NI and AFS securities for the three and six months ended : une 30, 2018, and from sales of AFS securities for the three and six months ended : une 30, 2017, were as follows.

(in millions)	Three Months Ended une 30, 2018		Six Months Ended une 30, 2018	
Fw-NI--				
Realized gains	6	4	6	5
Realized losses		2		2
AFS--				
Realized gains		2		2
Realized losses		1		2

(in millions)	Three Months Ended une 30, 2017		Six Months Ended une 30, 2017	
Realized gains	Q	4	Q	7
Realized losses		3		5

DUBE ENERGY INDIANA

The following table presents the estimated fair value of investments in debt and equity securities: equity investments are measured at F' -NI and debt investments are classified as AFS.

(in millions)	une 30, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair value
Investments						
Equity securities	6	3: 6	2 6	\$4 Q	49 Q	• Q 97
Corporate debt securities		2	2	8	•	• 3
Municipal bonds		2	1	33	•	1 28
Total Investments	6	3: 6	1 6	115 Q	49 Q	1 Q 128

(a) Realized and unrealized gains and losses where regulatory accounting is applied are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	une 30, 2018
Due in one year or less	Q 3
Due after one through five years	20
Due after five through 10 years	4
Due after 10 years	14
Total	Q 41

Realized gains and losses, which were determined on a specific identification basis, from sales of F' -NI and AFS securities for the three and six months ended : une 30, 2018, and from sales of AFS securities for the three and six months ended : une 30, 2017, were insignificant.

11. FAIR VALUE MEASUREMENTS

Fair value is the exchange price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The fair value definition focuses on an exit price versus the acquisition cost. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, corroborated by market data or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

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Fair value measurements are classified in three levels based on the fair value hierarchy\$

Level 1 z ' adjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date. An active market is one in which transactions for an asset or liability occur with sufficient frequency and volume to provide ongoing pricing information.

Level 2 z A fair value measurement utilizing inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly, for an asset or liability. Inputs include (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for identical or similar assets or liabilities in markets that are not active and (iii) inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities and credit spreads. A Level 2 measurement cannot have more than an insignificant portion of its valuation based on unobservable inputs. Instruments in this category include non-exchange-traded derivatives, such as over-the-counter forwards, swaps and options, certain marketable debt securities, and financial instruments traded in less-than-active markets.

Level 3 z Any fair value measurement that includes unobservable inputs for more than an insignificant portion of the valuation. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 measurements may include longer-term instruments that extend into periods in which observable inputs are not available.

Not Categorized z Certain investments are not categorized within the Fair ' alue hierarchy. These investments are measured at fair value using the net asset value (NA') per share practical expedient. The NA' is derived based on the investment cost, less any impairment, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

Fair value accounting guidance permits entities to elect to measure certain financial instruments that are not required to be accounted for at fair value, such as equity method investments or the company's own debt, at fair value. The Duke Energy Registrants have not elected to record any of these items at fair value.

Transfers between levels represent assets or liabilities that were previously (i) categorized at a higher level for which the inputs to the estimate became less observable or (ii) classified at a lower level for which the inputs became more observable during the period. The Duke Energy Registrant's policy is to recognize transfers between levels of the fair value hierarchy at the end of the period. There were no transfers between levels during the three and six months ended : une 30, 2018, and 2017.

' aluation methods of the primary fair value measurements disclosed below are as follows.

Investments in equity securities

The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market as of the last business day of the quarter. Principal active markets for equity prices include published exchanges such as New York Stock Exchange and Nasdaq Stock Market. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market. There was no after-hours market activity that was required to be reflected in the reported fair value measurements.

Investments in debt securities

Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. If the market for a particular fixed-income security is relatively inactive or illiquid, the measurement is Level 3.

Commodity derivatives

Commodity derivatives with clearinghouses are classified as Level 1. Other commodity derivatives, including Piedmont's natural gas supply contracts, are primarily valued using internally developed discounted cash flow models that incorporate forward price, adjustments for liquidity (bid-ask spread) and credit or non-performance risk (after reflecting credit enhancements such as collateral), and are discounted to present value. Pricing inputs are derived from published exchange transaction prices and other observable data sources. In the absence of an active market, the last available price may be used. If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. In isolation, increases (decreases) in natural gas forward prices result in favorable (unfavorable) fair value adjustments for natural gas purchase contracts, and increases (decreases) in electricity forward prices result in unfavorable (favorable) fair value adjustments for electricity sales contracts. Duke Energy regularly evaluates and validates pricing inputs used to estimate the fair value of natural gas commodity contracts by a market participant price verification procedure. This procedure provides a comparison of internal forward commodity curves to market participant generated curves.

Interest rate derivatives

Most over-the-counter interest rate contract derivatives are valued using financial models that utilize observable inputs for similar instruments and are classified as Level 2. Inputs include forward interest rate curves, notional amounts, interest rates and credit quality of the counterparties.

Other fair value considerations

See Note 11 in Duke Energy's Annual Report on Form 10—A for the year ended December 31, 2017, for a discussion of the valuation of goodwill and intangible assets.

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

DUBE ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Valance Sheets. Derivative amounts in the tables below for all Duke Energy Registrants exclude cash collateral, which is disclosed in Note 9. See Note 10 for additional information related to investments by major security type for the Duke Energy Registrants.

		cune 30, 2018				
(in millions)	Total Fair value	LeKel 1	LeKel 2	LeKel 3	Not Categorized	
NDTF equity securities	6 4,988 6	4,918 6	Z 6	Z 6		\$0
NDTF debt securities	2,13:	5\$8	1,558	Z		Z
Other equity securities	109	109	Z	Z		Z
Other debt securities	2: \$	: 8	199	Z		Z
Derivative assets	8\$	3	31	53		Z
Total assets	\$,58\$	5,: \$:	1,\$88	53		\$0
Derivative liabilities	(213)	(1)	(: 2)	(150)		Z
Net assets (liabilities)	6 \$,3\$4 6	5,: \$5 6	1,\$2: 6	(9\$) 6		\$0

		Dezember 31, 201\$				
(in millions)	Total Fair value	LeKel 1	LeKel 2	LeKel 3	Not Categorized	
NDTF equity securities	Q 4,914 Q	4,840 Q	• Q	• Q		74
NDTF debt securities	2,174	635	1,539	•		•
Other equity securities	123	123	•	•		•
Other debt securities	241	57	184	•		•
Derivative assets	51	3	20	28		•
Total assets	7,503	5,658	1,743	28		74
Derivative liabilities	(230)	(2)	(86)	(142)		•
Net assets (liabilities)	Q 7,273 Q	5,656 Q	1,657 Q	(114) Q		74

The following tables provide reconciliations of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements. Amounts included in earnings for derivatives are primarily included in Cost of natural gas on the Duke Energy RegistrantsUCondensed Consolidated Statements of Operations and Comprehensive Income. Amounts included in changes of net assets on the Duke Energy RegistrantsUCondensed Consolidated Valance Sheets are included in regulatory assets or liabilities. All derivative assets and liabilities are presented on a net basis.

		Three Months Ended cune 30, 2018			Three Months Ended cune 30, 201\$		
(in millions)		InKestments	DeriKatiKes (net)	Total	InKestments	DeriKatiKes (net)	Total
Valance at beginning of period	6	Z 6	(124) 6	(124) Q	5 Q	(135) Q	(130)
Total pretax realiBed or unrealiBed gains included in comprehensive income		Z	Z	Z	1	•	1
Purchases, sales, issuances and settlements\$				Z			
Purchases		Z	5:	5:	•	55	55
Sales		Z	Z	Z	(6)	•	(6)
Settlements		Z	(15)	(15)	•	(9)	(9)
Total losses included on the Condensed Consolidated Valance Sheet		Z	(14)	(14)	•	(2)	(2)
Valance at end of period	6	Z 6	(9\$) 6	(9\$) Q	• Q	(91) Q	(91)

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COMPANY, INC.

Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

(in millions)	Six Months Ended June 30, 2018			Six Months Ended June 30, 2019		
	Investments	Derivatives (net)	Total	Investments	Derivatives (net)	Total
Balance at beginning of period	6	Z 6	(114) 6 (114) Q	5 Q	(166) Q	(161) Q
Total pretax realized or unrealized gains included in comprehensive income	Z	Z	Z	1	•	1
Purchases, sales, issuances and settlements\$						
Purchases	Z	5:	5:	•	55	55
Sales	Z	Z	Z	(6)	•	(6)
Settlements	Z	(29)	(29)	•	(18)	(18)
Total (losses) gains included on the Condensed Consolidated Balance Sheet	Z	(10)	(10)	•	38	38
Balance at end of period	6	Z 6	(9\$) 6 (9\$) Q	• Q	(91) Q	(91) Q

DUBE ENERGY CAROLINAS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2018			
	Total Fair value	Level 1	Level 2	Not Categorized
NDTF equity securities	6	2,326	2,326	\$0
NDTF debt securities		1,049	1,049	Z
Derivative assets		3	3	Z
Total assets		3,374	3,374	\$0
Derivative liabilities		(19)	(19)	Z
Net assets	6	3,355	3,355	\$0

(in millions)	December 31, 2019			
	Total Fair value	Level 1	Level 2	Not Categorized
NDTF equity securities	Q	2,692 Q	2,618 Q	74
NDTF debt securities		1,066	862	•
Derivative assets		2	2	•
Total assets		3,760	3,482	74
Derivative liabilities		(35)	(34)	•
Net assets	Q	3,725 Q	3,448 Q	74

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Investments			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2019	2018	2019
Balance at beginning of period	6	Z Q	3 6	Z Q
Total pretax realized or unrealized gains included in comprehensive income		Z	1	Z
Purchases, sales, issuances and settlements\$				
Sales		Z	(4)	Z
Balance at end of period	6	Z Q	• 6	Z Q

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

PROGRESS ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2018		
	Total Fair value	Level 1	Level 2
NDTF equity securities	6	2,25: 6	Z
NDTF debt securities	1,08\$	414	: \$3
Other debt securities	58	11	4\$
Derivative assets	5	Z	5
Total assets	3,40:	2,: 81	\$25
Derivative liabilities	(35)	Z	(35)
Net assets	6	3,3\$1 6	: 90

(in millions)	December 31, 201\$		
	Total Fair value	Level 1	Level 2
NDTF equity securities	Q	2,222 Q	•
NDTF debt securities	1,108	431	677
Other debt securities	59	12	47
Derivative assets	3	1	2
Total assets	3,392	2,666	726
Derivative liabilities	(36)	(1)	(35)
Net assets	Q	3,356 Q	691

DUBE ENERGY PROGRESS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2018		
	Total Fair value	Level 1	Level 2
NDTF equity securities	6	1,819 6	Z
NDTF debt securities	808	255	553
Other debt securities	1	1	Z
Derivative assets	4	1	3
Total assets	2,: 32	2,0\$:	55:
Derivative liabilities	(21)	Z	(21)
Net assets	6	2,: 11 6	535

(in millions)	December 31, 201\$		
	Total Fair value	Level 1	Level 2
NDTF equity securities	Q	1,795 Q	•
NDTF debt securities	796	243	553
Other debt securities	1	1	•
Derivative assets	2	1	1
Total assets	2,594	2,040	554
Derivative liabilities	(18)	(1)	(17)
Net assets	Q	2,576 Q	537

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DUBE ENERGY FLORIDA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2018		
	Total Fair value	Level 1	Level 2
NDTF equity securities	6	43\$ 6	Z
NDTF debt securities	2\$9	159	120
Other debt securities	48	1	4\$
Derivative assets	1	Z	1
Total assets	\$: 5	59\$	1: 8
Derivative liabilities	(5)	Z	(5)
Net assets	6	\$: 0 6	59\$ 6 1: 3

(in millions)	December 31, 2015		
	Total Fair value	Level 1	Level 2
NDTF equity securities	Q 427	Q 427	•
NDTF debt securities	312	188	124
Other debt securities	48	1	47
Derivative assets	1	•	1
Total assets	788	616	172
Derivative liabilities	(12)	•	(12)
Net assets	Q 776	Q 616	Q 160

DUBE ENERGY OHIO

The following table provides recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2018			December 31, 2015		
	Total Fair value	Level 2	Level 3	Total Fair value	Level 2	Level 3
Derivative assets	6	9 6	Z 6 9	Q 1	• Q	1
Derivative liabilities	(4)	(4)	Z	(5)	(5)	•
Net assets (liabilities)	6	5 6	(4) 6 9	Q (4)	(5) Q	1

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2015	2018	2015
Balance at beginning of period	6	1 Q	1 6	1 Q 5
Purchases, sales, issuances and settlements\$				
Purchases	\$	3	\$	3
Settlements	(1)	(1)	(1)	(2)
Total gains (losses) included on the Condensed Consolidated Balance Sheet	2	•	2	(3)
Balance at end of period	6	9 Q	3 6	9 Q 3

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

DUBE ENERGY INDIANA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2018			
	Total Fair value	Level 1	Level 2	Level 3
Other equity securities	6	\$4 6	\$4 6	Z 6
Other debt securities		41	Z	41
Derivative assets		45	1	Z
Total assets	6	1: 0 6	\$5 6	41 6

(in millions)	December 31, 2018			
	Total Fair value	Level 1	Level 2	Level 3
Other equity securities	Q	97 Q	97 Q	• Q
Other debt securities		31	•	31
Derivative assets		27	•	•
Total assets	Q	155 Q	97 Q	31 Q

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2018	2018	2018
Balance at beginning of period	6	\$ Q	9 6	2\$ Q
Purchases, sales, issuances and settlements				
Purchases	49	52	49	52
Settlements	(14)	(9)	(28)	(16)
Total gains (losses) included on the Condensed Consolidated Balance Sheet	2	(1)	(4)	(1)
Balance at end of period	6	44 Q	51 6	44 Q

PIEDMONT

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2018		
	Total Fair value	Level 1	Level 3
Derivative assets	6	2 6	2 6
Derivative liabilities		(150)	Z
Net (liabilities) assets	6	(148) 6	2 6

(in millions)	December 31, 2018		
	Total Fair value	Level 1	Level 3
Other debt securities	Q	1 Q	1 Q
Derivative assets		2	2
Total assets		3	3
Derivative liabilities		(142)	•
Net (liabilities) assets	Q	(139) Q	3 Q

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	DeriKatiKes (net)				
	Three Months Ended cune 30,		Siv Months Ended cune 30,		
	2018	201\$	2018	201\$	
Valance at beginning of period	6	(132) Q	(145) 6	(142) Q	(187)
Total (losses) gains and settlements		(18)		(8)	42
Valance at end of period	6	(150) Q	(145) 6	(150) Q	(145)

QUANTITATIME INFORMATION Ak OUT UNOk SERwAk LE INPUTS

The following tables include quantitative information about the Duke Energy RegistrantsUderivatives classified as Level 3.

	cune 30, 2018						
InKestment Type	Fair value (in millions)	valuation Tezhnique	UnobserKable Input	Range			
Du7e Energy Ohio							
Financial Transmission Rights (FTRs)	6	9	RTO auction pricing	FTR price z per megawatt-hour (MWh)	6	0.: \$ - 6	3.32
Du7e Energy Indiana							
FTRs		44	RTO auction pricing	FTR price z per MWh	(2.31)	-	11.01
Piedmont							
Natural gas contracts		(150)	Discounted cash flow	Forward natural gas curves z price per million British thermal unit (MMVtu)	1.88	-	3.42
Du7e Energy							
Total Level 3 derivatives	6	(9\$)					

	December 31, 201\$							
InKestment Type	Fair value (in millions)	valuation Tezhnique	UnobserKable Input	Range				
Du7e Energy Ohio								
FTRs	Q	1	RTO auction pricing	FTR price z per MWh	Q	0.07	-	Q 1.41
Du7e Energy Indiana								
FTRs		27	RTO auction pricing	FTR price z per MWh	(0.77)	-		7.44
Piedmont								
Natural gas contracts		(142)	Discounted cash flow	Forward natural gas curves z price per MMVtu	2.10	-		2.88
Du7e Energy								
Total Level 3 derivatives	Q	(114)						

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OTHER FAIR VALUE DISCLOSURES

The fair value and book value of long-term debt, including current maturities, is summarized in the following table. Estimates determined are not necessarily indicative of amounts that could have been settled in current markets. Fair value of long-term debt uses Level 2 measurements.

(in millions)	June 30, 2018				December 31, 2017			
		Book value		Fair value		Book value		Fair value
Duke Energy ^(a)	6	52,115	6	52,115	Q	52,279	Q	55,331
Duke Energy Carolinas		10,394		11,028		10,103		11,372
Progress Energy		18,194		19,355		17,837		20,000
Duke Energy Progress		\$,358		\$,525		7,357		7,992
Duke Energy Florida		\$,452		\$,945		7,095		7,953
Duke Energy Ohio		2,011		2,112		2,067		2,249
Duke Energy Indiana		3,882		4,223		3,783		4,464
Piedmont		2,035		2,085		2,037		2,209

(a) Book value of long-term debt includes \$1.7 billion as of June 30, 2018, and December 31, 2017, of unamortized debt discount and premium, net in purchase accounting adjustments related to the mergers with Progress Energy and Piedmont that are excluded from fair value of long-term debt.

At both June 30, 2018, and December 31, 2017, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper, and nonrecourse notes payable of 'IEs are not materially different from their carrying amounts because of the short-term nature of these instruments and because the stated rates approximate market rates.

12. VARIABLE INTEREST ENTITIES

A 'IE is an entity that is evaluated for consolidation using more than a simple analysis of voting control. The analysis to determine whether an entity is a 'IE considers contracts with an entity, credit support for an entity, the adequacy of the equity investment of an entity and the relationship of voting power to the amount of equity invested in an entity. This analysis is performed either upon the creation of a legal entity or upon the occurrence of an event requiring re-evaluation, such as a significant change in an entity's assets or activities. A qualitative analysis of control determines the party that consolidates a 'IE. This assessment is based on (i) what party has the power to direct the activities of the 'IE that most significantly impact its economic performance and (ii) what party has rights to receive benefits or is obligated to absorb losses that could potentially be significant to the 'IE. The analysis of the party that consolidates a 'IE is a continual reassessment.

CONSOLIDATED VIEs

The obligations of the consolidated 'IEs discussed in the following paragraphs are nonrecourse to the Duke Energy registrants. The registrants have no requirement to provide liquidity to, purchase assets of or guarantee performance of these 'IEs unless noted in the following paragraphs.

No financial support was provided to any of the consolidated 'IEs during the six months ended June 30, 2018, and the year ended December 31, 2017, or is expected to be provided in the future, that was not previously contractually required.

Receivables Financing VDERF / DEPR / DEFR

Duke Energy Receivables Finance Company, LLC (DERF), Duke Energy Progress Receivables, LLC (DEPR) and Duke Energy Florida Receivables, LLC (DEFR) are bankruptcy remote, special purpose subsidiaries of Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, respectively. DERF, DEPR and DEFR are wholly owned limited liability companies with separate legal existence from their parent companies, and their assets are not generally available to creditors of their parent companies. On a revolving basis, DERF, DEPR and DEFR buy certain accounts receivable arising from the sale of electricity and related services from their parent companies.

DERF, DEPR and DEFR borrow amounts under credit facilities to buy these receivables. Borrowing availability from the credit facilities is limited to the amount of qualified receivables purchased. The sole source of funds to satisfy the related debt obligations is cash collections from the receivables. Amounts borrowed under the credit facilities are reflected on the Condensed Consolidated Balance Sheets as Long-Term Debt.

The most significant activity that impacts the economic performance of DERF, DEPR and DEFR are the decisions made to manage delinquent receivables. Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida consolidate DERF, DEPR and DEFR, respectively, as they make those decisions.

Receivables Financing VCRC

CRC is a bankruptcy remote, special purpose entity indirectly owned by Duke Energy. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Ohio and Duke Energy Indiana. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Ohio and Duke Energy Indiana. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables. Amounts borrowed under the credit facility are reflected on Duke Energy's Condensed Consolidated Balance Sheets as Long-Term Debt.

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The proceeds Duke Energy Ohio and Duke Energy Indiana receive from the sale of receivables to CRC are typically 75 percent cash and 25 percent in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Depending on collection experience, additional equity infusions to CRC may be required by Duke Energy to maintain a minimum equity balance of Q3 million.

CRC is considered a ' IE because (i) equity capitaliBation is insufficient to support its operations, (ii) power to direct the activities that most significantly impact the economic performance of the entity are not performed by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy consolidates CRC as it makes these decisions. Neither Duke Energy Ohio nor Duke Energy Indiana consolidate CRC.

RezeiKables Finanizing V Credit Fazilities

The following table summarizes the amounts and expiration dates of the credit facilities and associated restricted receivables described above.

(in millions)	CRC	Du7e Energy		
		Du7e Energy Carolinas	Du7e Energy Progress	Du7e Energy Florida
		DERF	DEPR	DEFR
Expiration date	December 2020	December 2020	February 2021	April 2021
Credit facility amount	Q 325	Q 450	Q 300	Q 225
Amounts borrowed at : une 30, 2018	325	450	300	225
Amounts borrowed at December 31, 2017	325	450	300	225
Restricted Receivables at : une 30, 2018	498	704	568	394
Restricted Receivables at December 31, 2017	545	640	459	317

Nuzlear Asset-RezoKery k onds V DEFPF

Duke Energy Florida Project Finance, LLC (DEFPF) is a bankruptcy remote, wholly owned special purpose subsidiary of Duke Energy Florida. DEFPF was formed in 2016 for the sole purpose of issuing nuclear asset-recovery bonds to finance Duke Energy Florida's unrecovered regulatory asset related to Crystal River ' nit 3.

In : une 2016, DEFPF issued senior secured bonds and used the proceeds to acquire nuclear asset-recovery property from Duke Energy Florida. The nuclear asset-recovery property acquired includes the right to impose, bill, collect and adjust a non-bypassable nuclear asset-recovery charge from all Duke Energy Florida retail customers until the bonds are paid in full and all financing costs have been recovered. The nuclear asset-recovery bonds are secured by the nuclear asset-recovery property, and cash collections from the nuclear asset-recovery charges are the sole source of funds to satisfy the debt obligation. The bondholders have no recourse to Duke Energy Florida.

DEFPF is considered a ' IE primarily because the equity capitaliBation is insufficient to support its operations. Duke Energy Florida has the power to direct the significant activities of the ' IE as described above, and therefore Duke Energy Florida is considered the primary beneficiary and consolidates DEFPF.

The following table summarizes the impact of DEFPF on Duke Energy Florida's Condensed Consolidated Valance Sheets.

(in millions)	cune 30, 2018	Dezember 31, 2015
Receivables of ' IEs	6 \$ Q	4
Regulatory Assets\$Current	51	51
Current Assets\$Other	31	40
Other Noncurrent Assets\$Regulatory assets	1,0\$1	1,091
Current Liabilities\$Other	10	10
Current maturities of long-term debt	53	53
Long-Term Debt	1,13:	1,164

Commerzial Rene' ables

Certain of Duke Energy's renewable energy facilities are ' IEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Assets are restricted and cannot be pledged as collateral or sold to third parties without prior approval of debt holders. The activities that most significantly impact the economic performance of these renewable energy facilities were decisions associated with siting, negotiating PPAs, engineering, procurement and construction and decisions associated with ongoing operations and maintenance-related activities. Duke Energy consolidates the entities as it is responsible for all of these decisions.

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The table below presents material balances reported on Duke Energy's Condensed Consolidated Balance Sheets related to renewables ' IEs.

(in millions)	June 30, 2018		December 31, 2015	
Current Assets\$Other	6	1: 8 Q		174
Property, plant and equipment, cost		4,01\$		3,923
Accumulated depreciation and amortization		(: : 1)		(591)
Other Noncurrent Assets\$Other		25:		50
Current maturities of long-term debt		1\$5		170
Long-Term Debt		1,: 05		1,700
Other Noncurrent Liabilities\$Deferred income taxes		Z		(148)
Other Noncurrent Liabilities\$Other		228		241

NON-CONSOLIDATED wEs

The following tables summarize the impact of non-consolidated ' IEs on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2018									
	Du7e Energy								Du7e	
	Pipeline Investments ^(a)		Commercial Renewables		Other wEs		Total		Energy Ohio	
Receivables from affiliated companies	6	Z 6	Z 6	Z 6	Z 6	Z 6	Z 6	Z 6	58 6	8\$
Investments in equity method unconsolidated affiliates		5: :	192		45		803		Z	Z
Total assets	6	5: : 6	192 6		45 6		803 6		58 6	8\$
Taxes accrued		1	Z		Z		1		Z	Z
Other current liabilities		Z	Z		4		4		Z	Z
Deferred income taxes		10	Z		Z		10		Z	Z
Other noncurrent liabilities		Z	Z		11		11		Z	Z
Total liabilities	6	11 6	Z 6		15 6		2: 6		Z 6	Z
Net assets	6	555 6	192 6		30 6		\$\$\$ 6		58 6	8\$

(a) See Pipeline Investments table below for further details regarding Investments in equity method unconsolidated affiliates.

(in millions)	December 31, 2015									
	Du7e Energy								Du7e	
	Pipeline Investments		Commercial Renewables		Other wEs		Total		Energy Ohio	
Receivables from affiliated companies	Q	• Q	• Q	• Q	• Q	• Q	• Q	• Q	87 Q	106
Investments in equity method unconsolidated affiliates		697		180		42		919	•	•
Other noncurrent assets		17		•		•		17	•	•
Total assets	Q	714 Q		180 Q		42 Q		936 Q	87 Q	106
Taxes accrued		(29)		•		•		(29)	•	•
Other current liabilities		•		•		4		4	•	•
Deferred income taxes		42		•		•		42	•	•
Other noncurrent liabilities		•		•		12		12	•	•
Total liabilities	Q	13 Q		• Q		16 Q		29 Q	• Q	•
Net assets	Q	701 Q		180 Q		26 Q		907 Q	87 Q	106

The Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above except for the power purchase agreement with O' EC, which is discussed below, and various guarantees, some of which are reflected in the table above as Other noncurrent liabilities. For more information on various guarantees, refer to Note 4.

Pipeline Investments

Duke Energy has investments in various joint ventures with pipeline projects currently under construction. These entities are considered ' IEs due to having insufficient equity to finance their own activities without subordinated financial support. Duke Energy does not have the power to direct the activities that most significantly impact the economic performance, the obligation to absorb losses or the right to receive benefits of these ' IEs and therefore does not consolidate these entities.

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The table below presents Duke Energy's ownership interest and investment balances in these joint ventures.

Entity Name	Ownership Interest	Investment Amount (in millions)	
		June 30, 2018	December 31, 2017
ACP	47%	541	397
Sabal Trail ^(a)	7.5%	2	219
Constitution ^(b)	24%	25	81
Total		568	697

- (a) At December 31, 2017, Sabal Trail was considered a 'IE due to having insufficient equity to finance their own activities without subordinated financial support. However, Sabal Trail is now a fully operational, well capitalized entity. As a result, Sabal Trail has sufficient equity to finance its own activities, and therefore, is no longer considered a 'IE. Duke Energy's investment in Sabal Trail was \$10 million at June 30, 2018.
- (b) During the six months ended June 30, 2018, Duke Energy recorded an OTTI of \$5 million related to Constitution within Equity in (losses) earnings of unconsolidated affiliates on Duke Energy's Condensed Consolidated Statements of Income. See Note 3 for additional information.

In 2017, ACP executed a \$3.4 billion revolving credit facility with a stated maturity date of October 2021. Duke Energy entered into a guarantee agreement to support its share of the ACP revolving credit facility. Duke Energy's maximum exposure to loss under the terms of the guarantee is \$12 million, which represents 47 percent of the outstanding borrowings under the credit facility as of June 30, 2018.

Commercial Renewableables

Duke Energy has investments in various renewable energy project entities. Some of these entities are 'IEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Duke Energy does not consolidate these 'IEs because power to direct and control key activities is shared jointly by Duke Energy and other owners.

Other WEs

Duke Energy holds a 50 percent equity interest in Pioneer Transmission, LLC (Pioneer). Pioneer is considered a 'IE due to having insufficient equity to finance its own activities without subordinated financial support. The activities that most significantly impact Pioneer's economic performance are decisions related to the development of new transmission facilities. The power to direct these activities is jointly and equally shared by Duke Energy and the other joint venture partner, American Electric Power; therefore, Duke Energy does not consolidate Pioneer.

OwEC

Duke Energy Ohio's 9 percent ownership interest in O' EC is considered a non-consolidated 'IE due to O' EC having insufficient equity to finance its activities without subordinated financial support. As a counterparty to an inter-company power agreement (ICPA), Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from O' EC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in O' EC's cost of business. On March 31, 2018, FirstEnergy Solutions (FES), a subsidiary of FirstEnergy and an ICPA counterparty with a power participation ratio of 4.85 percent, filed for Chapter 11 bankruptcy which could increase costs allocated to the counterparties. Duke Energy Ohio cannot predict the impact of the bankruptcy filing on its O' EC interests. In addition, certain proposed environmental rulemaking could result in future increased O' EC cost allocations.

CRC

See discussion under Consolidated 'IEs for additional information related to CRC.

Amounts included in Receivables from affiliated companies in the above table for Duke Energy Ohio and Duke Energy Indiana reflect their retained interest in receivables sold to CRC. These subordinated notes held by Duke Energy Ohio and Duke Energy Indiana are stated at fair value. Carrying values of retained interests are determined by allocating carrying value of the receivables between assets sold and interests retained based on relative fair value. The allocated bases of the subordinated notes are not materially different than their face value because (i) the receivables generally turn over in less than two months, (ii) credit losses are reasonably predictable due to the broad customer base and lack of significant concentration and (iii) the equity in CRC is subordinate to all retained interests and thus would absorb losses first. The hypothetical effect on fair value of the retained interests assuming both a 10 percent and a 20 percent unfavorable variation in credit losses or discount rates is not material due to the short turnover of receivables and historically low credit loss history. Interest accrues to Duke Energy Ohio and Duke Energy Indiana on the retained interests using the acceptable yield method. This method generally approximates the stated rate on the notes since the allocated basis and the face value are nearly equivalent. An impairment charge is recorded against the carrying value of both retained interests and purchased beneficial interest whenever it is determined that an OTTI has occurred.

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—ey assumptions used in estimating fair value are detailed in the following table.

	Du7e Energy Ohio		Du7e Energy Indiana	
	2018	201\$	2018	201\$
Anticipated credit loss ratio	0.5%	0.5%	0.3%	0.3%
Discount rate	2.8%	2.1%	2.8%	2.1%
Receivable turnover rate	13.: %	13.5%	10.8%	10.7%

The following table shows the gross and net receivables sold.

(in millions)	Du7e Energy Ohio				Du7e Energy Indiana			
	cune 30, 2018		Dezember 31, 201\$		cune 30, 2018		Dezember 31, 201\$	
Receivables sold	6	22\$ Q	273	6	312 Q	312		
Less\$Retained interests		58	87		8\$	106		
Net receivables sold	6	1: 9 Q	186	6	225 6	20:		

The following table shows sales and cash flows related to receivables sold.

(in millions)	Du7e Energy Ohio								Du7e Energy Indiana							
	Three Months Ended				Siv Months Ended				Three Months Ended				Siv Months Ended			
	cune 30,		cune 30,		cune 30,		cune 30,		cune 30,		cune 30,		cune 30,		cune 30,	
	2018	201\$	2018	201\$	2018	201\$	2018	201\$	2018	201\$	2018	201\$	2018	201\$	2018	201\$
Sales																
Receivables sold	6	4: 1 Q	421	6	1,028 Q	954	6	: 92 Q	663	6	1,38: Q	1,327				
Loss recogniBed on sale		3	3		:	5		4	3		\$	6				
Cash flo' s																
Cash proceeds from receivables sold	6	4: 5 Q	428	6	1,050 Q	987	6	: 8: Q	658	6	1,39\$ Q	1,351				
Collection fees received		1	•		1	•		1	1		1	1				
Return received on retained interests		1	1		3	2		2	1		4	3				

Cash flows from sales of receivables are reflected within Operating Activities on Duke Energy Ohio's and Duke Energy Indiana's Condensed Consolidated Statements of Cash Flows.

Collection fees received in connection with servicing transferred accounts receivable are included in Operation, maintenance and other on Duke Energy Ohio's and Duke Energy Indiana's Condensed Consolidated Statements of Operations and Comprehensive Income. The loss recogniBed on sales of receivables is calculated monthly by multiplying receivables sold during the month by the required discount. The required discount is derived monthly utilizing a three-year weighted average formula that considers charge-off history, late charge history and turnover history on the sold receivables, as well as a component for the time value of money. The discount rate, or component for the time value of money, is the prior month-end LIVOR plus a fixed rate of 1.00 percent.

13. REwENUE

As described in Note 1, Duke Energy adopted Revenue from Contracts with Customers effective : anuary 1, 2018, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. No cumulative effect adjustment was recorded as the vast majority of Duke Energy's revenues are at-will and without a defined contractual term. Additionally, comparative disclosures for 2018 operating results with the previous revenue recognition rules are not applicable as Duke Energy's revenue recognition has not materially changed as a result of the new standard.

Duke Energy recogniBes revenue consistent with amounts billed under tariff offerings or at contractually agreed upon rates based on actual physical delivery of electric or natural gas service, including estimated volumes delivered when billings have not yet occurred. As such, the majority of Duke Energy's revenues have fixed pricing based on the contractual terms of the published tariffs, with variability in expected cash flows attributable to the customer's volumetric demand and ultimate quantities of energy or natural gas supplied and used during the billing period. The stand-alone selling price of related sales are designed to support recovery of prudently incurred costs and an appropriate return on invested assets and are primarily governed by published tariff rates or contractual agreements approved by relevant regulatory bodies. As described in Note 1, certain excise taxes and franchise fees levied by state or local governments are required to be paid even if not collected from the customer. These taxes are recogniBed on a gross basis as part of revenues. Duke Energy elects to account for all other taxes net of revenues.

Performance obligations are satisfied over time as energy or natural gas is delivered and consumed with billings generally occurring monthly and related payments due within 30 days, depending on regulatory requirements. In no event does the timing between payment and delivery of the goods and services exceed one year. ' sing this output method for revenue recognition provides a faithful depiction of the transfer of electric and natural gas service as customers obtain control of the commodity and benefit from its use at delivery. Additionally, Duke Energy has an enforceable right to consideration for energy or natural gas delivered at any discrete point in time, and will recogniBe revenue at an amount that reflects the consideration to which Duke Energy is entitled for the energy or natural gas delivered.

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As described above, the majority of Duke Energy's tariff revenues are at-will and, as such, related contracts with customers have an expected duration of one year or less and will not have future performance obligations for disclosure. Additionally, other long-term revenue streams, including wholesale contracts, generally provide services that are part of a single performance obligation, the delivery of electricity or natural gas. As such, other than material fixed consideration under long-term contracts, related disclosures for future performance obligations are also not applicable.

Duke Energy earns substantially all of its revenues through its reportable segments, Electric ' tilities and Infrastructure, Gas ' tilities and Infrastructure and Commercial Renewables.

Electric Utilities and Infrastructure

Electric ' tilities and Infrastructure earns the majority of its revenues through retail and wholesale electric service through the generation, transmission, distribution and sale of electricity. Duke Energy generally provides retail and wholesale electric service customers with their full electric load requirements or with supplemental load requirements when the customer has other sources of electricity.

Retail electric service is generally marketed throughout Duke Energy's electric service territory through standard service offers. The standard service offers are through tariffs determined by regulators in Duke Energy's regulated service territory. Each tariff, which is assigned to customers based on customer class, has multiple components such as an energy charge, a demand charge, a basic facilities charge and applicable riders. Duke Energy considers each of these components to be aggregated into a single performance obligation for providing electric service, or in the case of distribution only customers in Duke Energy Ohio, for delivering electricity. Electricity is considered a single performance obligation satisfied over time consistent with the series guidance and is provided and consumed over the billing period (generally one month). Retail electric service is typically provided to at-will customers that can cancel service at any time, without a substantive penalty. Additionally, Duke Energy adheres to applicable regulatory requirements in each jurisdiction to ensure the collectability of amounts billed and appropriate mitigating procedures are followed when necessary. As such, revenue from contracts with customers for such contracts is equivalent to the electricity supplied and billed in that period (including unbilled estimates).

Wholesale electric service is generally provided under long-term contracts using cost-based pricing. FERC regulates costs that may be recovered from customers and the amount of return companies are permitted to earn. Wholesale contracts include both energy and demand charges. For full requirements contracts, Duke Energy considers both charges as a single performance obligation for providing integrated electric service. For contracts where energy and demand charges are considered separate performance obligations, energy and demand are each a distinct performance obligation under the series guidance and are satisfied as energy is delivered and stand-ready service is provided on a monthly basis. This service represents consumption over the billing period and revenue is recognized consistent with billings and unbilled estimates, which generally occur monthly. Contractual amounts owed are typically true up annually based upon incurred costs in accordance with FERC published filings and the specific customer's actual peak demand. Estimates of variable consideration related to potential additional billings or refunds owed are updated quarterly.

The majority of wholesale revenues are full requirements contracts where the customers purchase the substantial majority of their energy needs and do not have a fixed quantity of contractually required energy or capacity. As such, related forecasted revenues are considered optional purchases. Supplemental requirements contracts that include contracted blocks of energy and capacity at contractually fixed prices have the following estimated remaining performance obligations\$

		Remaining Performanze Obligations												
(in millions)		2018		2019		2020		2021		2022		Thereafter	Total	
Progress Energy	Q	47	Q	112	Q	121	Q	80	Q	82	Q	81	Q	523
Duke Energy Progress		4		9		9		9		9		18		58
Duke Energy Florida		43		103		112		71		73		63		465
Duke Energy Indiana		4		9		10		5		•		•		28

Revenues for block sales are recognized monthly as energy is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates.

Gas Utilities and Infrastructure

Gas ' tilities and Infrastructure earns its revenue through retail and wholesale natural gas service through the transportation, distribution and sale of natural gas. Duke Energy generally provides retail and wholesale natural gas service customers with all natural gas load requirements. Additionally, while natural gas can be stored, substantially all natural gas provided by Duke Energy is consumed by customers simultaneously with receipt of delivery.

Retail natural gas service is marketed throughout Duke Energy's natural gas service territory using published tariff rates. The tariff rates are established by regulators in Duke Energy's service territories. Each tariff, which is assigned to customers based on customer class, have multiple components, such as a commodity charge, demand charge, customer or monthly charge and transportation costs. Duke Energy considers each of these components to be aggregated into a single performance obligation for providing natural gas service. For contracts where Duke Energy provides all of the customer's natural gas needs, the delivery of natural gas is considered a single performance obligation satisfied over time, and revenue is recognized monthly based on billings and unbilled estimates as service is provided and the commodity is consumed over the billing period. Additionally, natural gas service is typically at-will and customers can cancel service at any time, without a substantive penalty. Duke Energy also adheres to applicable regulatory requirements to ensure the collectability of amounts billed and receivable and appropriate mitigating procedures are followed when necessary.

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Certain long-term individually negotiated contracts exist to provide natural gas service. These contracts are regulated and approved by state commissions. The negotiated contracts have multiple components, including a natural gas and a demand charge, similar to retail natural gas contracts. Duke Energy considers each of these components to be a single performance obligation for providing natural gas service. This service represents consumption over the billing period, generally one month.

Fixed capacity payments under long-term contracts for the Gas segment include minimum margin contracts and supply arrangements with municipalities and power generation facilities. Revenues for related sales are recognized monthly as natural gas is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates. Estimated remaining performance obligations are as follows\$

		Remaining Performanze Obligations												
(in millions)		2018		2019		2020		2021		2022		Thereafter	Total	
Piedmont	Q	36	Q	71	Q	69	Q	65	Q	64	Q	462	Q	767

Commercial Renewableables

Commercial Renewables earns the majority of its revenues through long-term PPAs and generally sells all of its wind and solar facility output, electricity and Renewable Energy Credits (RECs) to customers. The majority of these PPAs have historically been accounted for as leases. For PPAs that are not accounted for as leases, the delivery of electricity and the delivery of RECs are considered separate performance obligations.

The delivery of electricity is a performance obligation satisfied over time and represents generation and consumption of the electricity over the billing period, generally one month. The delivery of RECs is a performance obligation satisfied at a point in time and represents delivery of each REC generated by the wind or solar facility. The majority of self-generated RECs are bundled with energy in Duke Energy's contracts and, as such, related revenues are recognized as energy is generated and delivered as that pattern is consistent with Duke Energy's performance. Commercial Renewables recognizes revenue based on the energy generated and billed for the period, generally one month, at contractual rates (including unbilled estimates) according to the invoice practical expedient. Amounts are typically due within 30 days of invoice.

Other

The remainder of Duke Energy's operations is presented as Other, which does not include material revenues from contracts with customers.

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

Disaggregated Revenues

For the Electric and Gas segments, revenue by customer class is most meaningful to Duke Energy as each respective customer class collectively represents unique customer expectations of service, generally has different energy and demand requirements, and operates under tailored, regulatory approved pricing structures. Additionally, each customer class is impacted differently by weather and a variety of economic factors including the level of population growth, economic investment, employment levels, and regulatory activities in each of Duke Energy's jurisdictions. As such, analyzing revenues disaggregated by customer class allows Duke Energy to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. For the Commercial Renewables segment, the majority of revenues from contracts with customers are from selling all of the unit-contingent output at contractually defined pricing under long-term PPAs with consistent expectations regarding the timing and certainty of cash flows. Disaggregated revenues are presented as follows:

	Three Months Ended June 30, 2018														
(in millions)	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida		Du7e Energy Ohio		Du7e Energy Indiana		Piedmont
Key market or type of customer															
Electric utilities and infrastructure															
Residential	Q	2,185	Q	659	Q	1,099	Q	452	Q	648	Q	181	Q	245	•
General		1,481		501		678		300		377		110		188	•
Industrial		736		286		224		159		66		33		192	•
Wholesale		515		115		322		287		34		2		77	•
Other revenues		194		85		96		47		50		23		20	•
Total Electric 'ilities and Infrastructure revenue from contracts with customers	Q	5,111	Q	1,646	Q	2,419	Q	1,245	Q	1,175	Q	349	Q	722	•
Gas utilities and infrastructure															
Residential	Q	153	Q	•	Q	•	Q	•	Q	•	Q	66	Q	•	87
Commercial		87		•		•		•		•		28		•	59
Industrial		31		•		•		•		•		3		•	28
Power Generation		•		•		•		•		•		•		•	14
Other revenues		23		•		•		•		•		6		•	17
Total Gas 'ilities and Infrastructure revenue from contracts with customers	Q	294	Q	•	Q	•	Q	•	Q	•	Q	103	Q	•	205
Other revenue sources															
Revenue from contracts with customers	Q	47	Q	•	Q	•	Q	•	Q	•	Q	•	Q	•	•
b oEm															
Revenue from contracts with customers	Q	15	Q	•	Q	•	Q	•	Q	•	Q	10	Q	•	•
Total revenue from contracts with customers	Q	5,467	Q	1,646	Q	2,419	Q	1,245	Q	1,175	Q	462	Q	722	205
Other revenue sources (a)	Q	176	Q	26	Q	79	Q	46	Q	28	Q	(3)	Q	16	10
Total revenues	Q	5,643	Q	1,672	Q	2,498	Q	1,291	Q	1,203	Q	459	Q	738	215

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

Siv Months Ended cune 30, 2018														
(in millions)	Du7e		Du7e		Progress		Du7e		Du7e		Du7e		Du7e	
ky mar7et or type of zustomer	Energy		Energy Carolinas		Energy		Progress		Energy Florida		Energy Ohio		Energy Indiana	
Residential	Q	4,535	Q	1,440	Q	2,211	Q	968	Q	1,243	Q	361	Q	523
General		2,856		973		1,309		599		710		206		366
Industrial		1,400		541		432		304		128		63		365
Wholesale		1,148		234		768		684		84		2		145
Other revenues		333		152		225		132		93		37		37
Total Electric ' tilities and Infrastructure revenue from contracts with customers	Q	10,272	Q	3,340	Q	4,945	Q	2,687	Q	2,258	Q	669	Q	1,436
Residential	Q	566	Q	•	Q	•	Q	•	Q	•	Q	177	Q	•
Commercial		288		•		•		•		•		77		•
Industrial		79		•		•		•		•		10		•
Power Generation		•		•		•		•		•		•		•
Other revenues		78		•		•		•		•		12		•
Total Gas ' tilities and Infrastructure revenue from contracts with customers	Q	1,011	Q	•	Q	•	Q	•	Q	•	Q	276	Q	•
Revenue from contracts with customers	Q	80	Q	•	Q	•	Q	•	Q	•	Q	•	Q	•
Revenue from contracts with customers	Q	31	Q	•	Q	•	Q	•	Q	•	Q	24	Q	•
Total Revenue from contracts with customers	Q	11,394	Q	3,340	Q	4,945	Q	2,687	Q	2,258	Q	969	Q	1,436
Other revenue sources ^(a)	Q	384	Q	95	Q	129	Q	64	Q	60	Q	14	Q	33
Total revenues	Q	11,778	Q	3,435	Q	5,074	Q	2,751	Q	2,318	Q	983	Q	1,469

- (a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

IMPACT OF WEATHER AND THE TIMING OF BILLING PERIODS

Revenues and costs are influenced by seasonal weather patterns. Peak sales of electricity occur during the summer and winter months, which results in higher revenue and cash flows during these periods. By contrast, lower sales of electricity occur during the spring and fall, allowing for scheduled plant maintenance. Residential and general service customers are more impacted by weather than industrial customers. Estimated weather impacts are based on actual current period weather compared to normal weather conditions. Normal weather conditions are defined as the long-term average of actual historical weather conditions. Heating-degree days measure the variation in weather based on the extent the average daily temperature falls below a base temperature. Cooling-degree days measure the variation in weather based on the extent the average daily temperature rises above the base temperature. Each degree of temperature below the base temperature counts as one heating-degree day and each degree of temperature above the base temperature counts as one cooling-degree day.

The estimated impact of weather on earnings for Electric ' utilities and Infrastructure is based on the temperature variances from a normal condition and customers' historic usage patterns. The methodology used to estimate the impact of weather does not consider all variables that may impact customer response to weather conditions, such as humidity in the summer or wind chill in the winter. The precision of this estimate may also be impacted by applying long-term weather trends to shorter-term periods.

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

Gas ' tilities and Infrastructure costs and revenues are influenced by seasonal patterns due to peak natural gas sales occurring during the winter months as a result of space heating requirements. Residential customers are the most impacted by weather. There are certain regulatory mechanisms for the North Carolina, South Carolina, Tennessee and Ohio service territories that normaliBe the margins collected from certain customer classes during the winter. In North Carolina, rate design provides protection from both weather and other usage variations such as conservation, while South Carolina and Tennessee revenues are adjusted solely based on weather. Ohio primarily employs a fixed charge each month regardless of the season and usage.

UNKILLED REVENUE

' nbilled revenues are recogniBed by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed. ' nbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes, timing of rendering customer bills and meter reading schedules, and the impact of weather normaliBation or margin decoupling mechanisms.

' nbilled revenues are included within Receivables and Receivables of ' IEs on the Condensed Consolidated Valance Sheets as shown in the following table.

(in millions)		cune 30, 2018	Dezember 31, 2015
Duke Energy	6	8\$: Q	944
Duke Energy Carolinas		315	342
Progress Energy		298	228
Duke Energy Progress		190	143
Duke Energy Florida		10\$	85
Duke Energy Ohio		2	4
Duke Energy Indiana		30	21
Piedmont		5	86

Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail accounts receivable, including receivables for unbilled revenues, to an affiliate, CRC and accounts for the transfers of receivables as sales. Accordingly, the receivables sold are not reflected on the Condensed Consolidated Valance Sheets of Duke Energy Ohio and Duke Energy Indiana. See Note 12 for further information. These receivables for unbilled revenues are shown in the table below.

(in millions)		cune 30, 2018	Dezember 31, 2015
Duke Energy Ohio	6	\$3 Q	104
Duke Energy Indiana		123	132

14. COMMON STOCK

Vasic Earnings Per Share (EPS) is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the diluted weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options and equity forward sale agreements, were exercised or settled. Duke Energy's participating securities are restricted stock units that are entitled to dividends declared on Duke Energy common stock during the restricted stock unit's vesting periods.

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

The following table presents Duke Energy's basic and diluted EPS calculations and reconciles the weighted average number of common shares outstanding to the diluted weighted average number of common shares outstanding.

(in millions, except per-share amounts)	Three Months Ended June 30,				Six Months Ended June 30,			
		2018		2017		2018		2017
Income from continuing operations attributable to Duke Energy common stockholders excluding impact of participating securities	6	504	Q	687	6	1,123	Q	1,402
Weighted average shares outstanding z basic		\$03		700		\$02		700
Equity Forwards		1		•		2		•
Weighted average shares outstanding z diluted		\$04		700		\$02		700
Earnings per share from continuing operations attributable to Duke Energy common stockholders								
Basic	6	0.52	Q	0.98	6	1.10	Q	2.00
Diluted	6	0.52	Q	0.98	6	1.10	Q	2.00
Potentially dilutive items excluded from the calculation ^(a)		2		2		2		2
Dividends declared per common share	6	0.89	Q	0.855	6	1.58	Q	1.71

(a) Performance stock awards were not included in the dilutive securities calculation because the performance measures related to the awards had not been met.

Equity Forwards

On February 20, 2018, Duke Energy filed a prospectus supplement and executed an Equity Distribution Agreement (the EDA) under which it may sell up to \$1 billion of its common stock through an at-the-market (ATM) offering program, including an equity forward sales component. The EDA was entered into with Wells Fargo Securities, LLC, Citigroup Global Markets Inc., and J.P. Morgan Securities LLC (the Agents). Under the terms of the EDA, Duke Energy may issue and sell, through any of the Agents, shares of common stock through September 23, 2019. In June 2018, Duke Energy marketed two separate tranches, each for 1.3 million shares, of common stock. The first tranche was marketed with Wells Fargo Bank at an initial forward price of \$72.02 per share and the second tranche was marketed with Citibank at an initial forward price of \$78.71 per share through equity forward transactions under the ATM program. The Equity Forwards require Duke Energy to either physically settle the transactions by issuing 2.6 million shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements or net settle in whole or in part through the delivery or receipt of cash or shares. The settlement alternative is at Duke Energy's election.

Separately, in March 2018, Duke Energy marketed an equity offering of 21.3 million shares of common stock through an underwriting Agreement with Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Barclays Capital Inc. and Goldman Sachs & Co. LLC, as representatives of several underwriters, Credit Suisse Capital LLC and J.P. Morgan Securities LLC as Forward Sellers, and Credit Suisse Capital LLC and J.P. Morgan Chase National Bank Associate, acting as forward purchasers. In connection with the offering, Duke Energy entered into equity forward sale agreements with Credit Suisse Securities (USA) LLC as Agent for Credit Suisse Capital LLC and J.P. Morgan Chase Bank, National Association. The sale price was \$75 per share less certain net adjustments for an initial forward price of \$74.07 per share. The Equity Forwards require Duke Energy to either physically settle the transactions by issuing 21.3 million shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements, or net settle in whole or in part through the delivery or receipt of cash or shares. The settlement alternative is at Duke Energy's election. In June 2018, Duke Energy physically settled one-half of the equity forwards by delivering approximately 10.6 million shares of common stock in exchange for net cash proceeds of approximately \$81 million.

For contracts that have not been settled, no amounts have or will be recorded in Duke Energy's Condensed Consolidated Financial Statements with respect to the equity or ATM offerings until settlements of the Equity Forwards occur, which is expected by December 31, 2018. If Duke Energy had elected to net share settle these contracts as of June 30, 2018, Duke Energy would have been required to deliver 0.9 million shares. The initial forward sale price will be subject to adjustment on a daily basis based on a floating interest rate factor and will decrease by other fixed amounts specified in the relevant forward sale agreement. Until settlement of the Equity Forwards, earnings per share dilution resulting from the agreements, if any, will be determined under the treasury stock method. Share dilution occurs when the average market price of Duke Energy's stock is higher than the average forward sales price.

15. STOCK-BASED COMPENSATION

For employee awards, equity classified stock-based compensation cost is measured at the service inception date or the grant date, based on the estimated achievement of certain performance metrics or the fair value of the award, and is recognized as expense or capitalized as a component of property, plant and equipment over the requisite service period.

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The following table presents information related to Duke Energy's stock-based compensation.

(in millions)	Three Months Ended				Six Months Ended			
	June 30,				June 30,			
	2018		2017		2018		2017	
Restricted stock unit awards	6	12	Q	12	6	22	Q	20
Performance awards		\$		6		14		13
Pretax stock-based compensation cost	6	19	Q	18	6	3:	Q	33
Stock-based compensation cost capitalized	6	1	Q	•	6	2	Q	1
Stock-based compensation expense	6	18	Q	18	6	34	Q	32
Tax benefit associated with stock-based compensation expense	6	4	Q	7	6	8	Q	12

1: . EMPLOYEE KENEFIT PLANS

DEFINED KENEFIT RETIREMENT PLANS

Duke Energy maintains, and the Subsidiary Registrants participate in, qualified and non-qualified, non-contributory defined benefit retirement plans. Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants. The following table presents contributions made by the Duke Energy Registrants to their qualified defined benefit pension plans during the six months ended : une 30, 2018.

(in millions)	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Indiana	
	Q		Q		Q		Q		Q		Q	
Contributions	Q	141	Q	46	Q	45	Q	25	Q	20	Q	8

Duke Energy did not make any contributions to its qualified defined benefit pension plans during the six months ended : une 30, 2017.

Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Components of Net Periodic Benefit Costs

The tables below present total net periodic benefit costs prior to capitalization of amounts reflected as Net property, plant and equipment on the Condensed Consolidated Balance Sheets. Only the service cost component of net periodic benefit costs is eligible to be capitalized. The remaining non-capitalized portions of net periodic benefit costs are classified as either (1) service cost, which is recorded in Operations, maintenance and other on the Condensed Consolidated Statements of Operations; or as (2) components of non-service cost, which is recorded in Other income and expenses, net on the Condensed Consolidated Statements of Operations. See Note 1 for further information on impacts of the retirement benefits accounting standard adopted by Duke Energy on : anuary 1, 2018.

Pension and other post-retirement benefit costs presented in the tables below for the Subsidiary Registrants are amounts allocated from Duke Energy for the employees of the respective Subsidiary Registrants. The Condensed Consolidated Statements of Operations of the Subsidiary Registrants also include allocated net periodic benefit costs for their proportionate share of pension and post-retirement benefit costs related to employees of the Duke Energy shared services affiliate. --owever, in the tables below these amounts are only presented in the Duke Energy column. For additional information on the corporate governance and shared service expenses allocated from the Duke Energy shared service affiliate, see Note 8.

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QUALIFIED PENSION PLANS

The following tables include the components of net periodic pension costs for qualified pension plans.

(in millions)	Three Months Ended June 30, 2018													
	Du7e		Du7e		Du7e		Du7e		Du7e		Du7e		Du7e	
	Energy	Energy	Carolin	Energy	Progress	Energy	Progress	Energy	Progress	Florida	Energy	Ohio	Energy	Indiana
Service cost	6	45	6	15	6	13	6	8	6	:	6	1	6	3
Interest cost on projected benefit obligation		\$5		18		22		10		12		4		:
Expected return on plan assets		(140)		(3\$)		(43)		(21)		(23)		(\$)		(11)
Amortization of actuarial loss		33		\$		11		5		:		1		2
Amortization of prior service credit		(8)		(2)		(1)		(1)		(1)		Z		Z
Net periodic pension costs	6	5	6	1	6	2	6	1	6	Z	6	(1)	6	Z

(in millions)	Three Months Ended June 30, 201\$													
	Du7e		Du7e		Du7e		Du7e		Du7e		Du7e		Du7e	
	Energy	Energy	Carolin	Energy	Progress	Energy	Progress	Energy	Progress	Florida	Energy	Ohio	Energy	Indiana
Service cost	Q	40	Q	12	Q	12	Q	6	Q	5	Q	1	Q	2
Interest cost on projected benefit obligation		82		20		25		12		13		5		7
Expected return on plan assets		(136)		(36)		(43)		(21)		(21)		(7)		(11)
Amortization of actuarial loss		36		8		14		6		7		1		3
Amortization of prior service credit		(6)		(2)		(1)		•		•		•		•
Other		2		•		1		1		•		•		•
Net periodic pension costs	Q	18	Q	2	Q	8	Q	4	Q	4	Q	•	Q	1

(in millions)	Six Months Ended June 30, 2018													
	Du7e		Du7e		Du7e		Du7e		Du7e		Du7e		Du7e	
	Energy	Energy	Carolin	Energy	Progress	Energy	Progress	Energy	Progress	Florida	Energy	Ohio	Energy	Indiana
Service cost	6	90	6	30	6	2:	6	15	6	11	6	2	6	5
Interest cost on projected benefit obligation		150		3:		4:		21		25		9		12
Expected return on plan assets		(280)		(\$4)		(88)		(42)		(4:)		(14)		(21)
Amortization of actuarial loss		:		14		22		10		12		2		4
Amortization of prior service credit		(1:)		(4)		(2)		(1)		(1)		Z		Z
Net periodic pension costs	Q	10	Q	2	Q	4	Q	3	Q	1	Q	(1)	Q	•

(in millions)	Six Months Ended June 30, 201\$													
	Du7e		Du7e		Du7e		Du7e		Du7e		Du7e		Du7e	
	Energy	Energy	Carolin	Energy	Progress	Energy	Progress	Energy	Progress	Florida	Energy	Ohio	Energy	Indiana
Service cost	Q	80	Q	24	Q	24	Q	12	Q	10	Q	2	Q	4
Interest cost on projected benefit obligation		164		40		50		24		26		10		14
Expected return on plan assets		(272)		(71)		(86)		(42)		(42)		(14)		(22)
Amortization of actuarial loss		72		16		28		12		14		2		6
Amortization of prior service credit		(12)		(4)		(2)		•		•		•		•
Other		4		•		2		1		•		•		•

Net periodic pension costs	Q	36	Q	5	Q	16	Q	7	Q	8	Q	•	Q	2	Q	5
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NON-QUALIFIED PENSION PLANS

The following tables include the components of net periodic pension costs for non-qualified pension plans for registrants with non-qualified pension costs.

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(in millions)	Three Months Ended cune 30, 2018									
	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida	
Service cost	6	1	6	1	6	2	6	2	6	2
Interest cost on projected benefit obligation		3		2		1		1		1
AmortiBation of actuarial loss		2		2		2		2		2
AmortiBation of prior service credit		(1)		2		2		2		2
Net periodic pension costs	6	5	6	1	6	1	6	1	6	1

(in millions)	Three Months Ended cune 30, 201\$									
	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida	
Interest cost on projected benefit obligation	Q	3	Q	1	Q	1	Q	•	Q	•
AmortiBation of actuarial loss		2		•		1		•		•
Net periodic pension costs	Q	5	Q	1	Q	2	Q	•	Q	•

(in millions)	Siv Months Ended cune 30, 2018									
	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida	
Service cost	Q	1	Q	1	Q	•	Q	•	Q	•
Interest cost on projected benefit obligation		6		•		2		1		1
AmortiBation of actuarial loss		4		•		•		•		•
AmortiBation of prior service (credit) cost		(1)		•		1		•		•
Net periodic pension costs	Q	10	Q	1	Q	3	Q	1	Q	1

(in millions)	Siv Months Ended cune 30, 201\$									
	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida	
Interest cost on projected benefit obligation	Q	6	Q	1	Q	2	Q	1	Q	1
AmortiBation of actuarial loss		4		•		2		•		•
Net periodic pension costs	Q	10	Q	1	Q	4	Q	1	Q	1

OTHER POST-RETIREMENT BENEFIT PLANS

Duke Energy provides, and the Subsidiary Registrants participate in, certain health care and life insurance benefits for retired employees on a contributory and non-contributory basis.

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Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

The following tables include the components of net periodic other post-retirement benefit costs.

Three Months Ended June 30, 2018																
(in millions)	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida		Du7e Energy Ohio		Du7e Energy Indiana		Piedmont	
Service cost	6	2	6	1	6	Z	6	Z	6	Z	6	Z	6	Z	6	Z
Interest cost on accumulated post-retirement benefit obligation		\$		1		2		2		2		1		1		Z
Expected return on plan assets		(4)		(2)		Z		Z		Z		Z		Z		Z
Amortization of actuarial loss		2		1		1		Z		Z		Z		1		Z
Amortization of prior service credit		(5)		(1)		(2)		Z		(2)		Z		Z		(1)
Net periodic other post-retirement benefit costs	6	2	6	Z	6	1	6	2	6	Z	6	1	6	2	6	(1)

Three Months Ended June 30, 2015																
(in millions)	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida		Du7e Energy Ohio		Du7e Energy Indiana		Piedmont	
Service cost	Q	1	Q	•	Q	•	Q	•	Q	•	Q	•	Q	•	Q	•
Interest cost on accumulated post-retirement benefit obligation		9		2		3		2		2		•		•		•
Expected return on plan assets		(4)		(2)		•		•		•		•		•		•
Amortization of actuarial loss (gain)		2		(1)		5		3		2		(1)		•		•
Amortization of prior service credit		(29)		(2)		(21)		(13)		(7)		•		•		•
Net periodic other post-retirement benefit costs	Q	(21)	Q	(3)	Q	(13)	Q	(8)	Q	(3)	Q	(1)	Q	•	Q	•

Six Months Ended June 30, 2018																
(in millions)	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida		Du7e Energy Ohio		Du7e Energy Indiana		Piedmont	
Service cost	6	3	6	1	6	Z	6	Z	6	Z	6	Z	6	Z	6	Z
Interest cost on accumulated post-retirement benefit obligation		14		3		:		3		3		1		2		Z
Expected return on plan assets		(:)		(4)		Z		Z		Z		Z		Z		Z
Amortization of actuarial loss		3		1		1		Z		Z		Z		2		Z
Amortization of prior service credit		(10)		(2)		(4)		Z		(3)		Z		Z		(1)
Net periodic other post-retirement benefit costs	6	4	6	(1)	6	3	6	3	6	Z	6	1	6	4	6	(1)

Six Months Ended June 30, 2015																
(in millions)	Du7e Energy		Du7e Energy Carolinas		Progress Energy		Du7e Energy Progress		Du7e Energy Florida		Du7e Energy Ohio		Du7e Energy Indiana		Piedmont	
Service cost	Q	2	Q	•	Q	•	Q	•	Q	•	Q	•	Q	•	Q	•
Interest cost on accumulated post-retirement benefit obligation		18		4		7		4		4		•		•		•
Expected return on plan assets		(7)		(4)		•		•		•		•		•		•
Amortization of actuarial loss (gain)		4		(2)		10		6		4		(1)		•		•
Amortization of prior service credit		(58)		(4)		(42)		(27)		(15)		•		•		•
Net periodic other post-retirement benefit costs	Q	(41)	Q	(6)	Q	(25)	Q	(17)	Q	(7)	Q	(1)	Q	•	Q	•

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PART I

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D' --E ENERGY PROGRESS, LLC z D' --E ENERGY FLORIDA, LLC z D' --E ENERGY OHIO, INC. z D' --E ENERGY INDIANA, LLC z PIEDMONT NAT' RAL GAS
COMPANY, INC.

Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

EMPLOYEE SAVINGS PLAN

Duke Energy sponsors, and the Subsidiary Registrants participate in, an employee savings plan that covers substantially all employees. The following table includes employer contributions made by Duke Energy and expensed by the Subsidiary Registrants.

	Du7e			Du7e			Du7e			Du7e			Du7e									
(in millions)	Energy			Energy Carolinas			Progress Energy			Energy Progress			Energy Florida			Energy Ohio			Energy Indiana			Piedmont
Three Months Ended : une 30,																						
2018	6	48	6	15	6	13	6	9	6	4	6	1	6	2	6	2						
2017	39			13			12			8			4			1			2			1
Six Months Ended : une 30,																						
2018	6	118	6	38	6	32	6	22	6	10	6	2	6	5	6	:						
2017	104			35			30			21			9			2			5			3

1\$. INCOME TAXES

Tax Azt

On December 22, 2017, President Trump signed the Tax Act into law. Among other provisions, the Tax Act lowered the corporate federal income tax rate from 35 percent to 21 percent, limits interest deductions outside of regulated utility operations, requires the normalization of excess deferred taxes associated with property under the average rate assumption method as a prerequisite to qualifying for accelerated depreciation and repealed the federal manufacturing deduction. The Tax Act also repealed the corporate alternative minimum tax (AMT) and stipulates a refund of 50 percent of remaining AMT credit carryforwards (to the extent the credits exceed regular tax for the year) for tax years 2018, 2019 and 2020 with all remaining AMT credits to be refunded in tax year 2021.

At this time, AMT credits that are treated as refundable under the Tax Act are among the certain refundable tax credits that are subject to sequestration. In the first quarter of 2018, the company revised the December 31, 2017, estimate of the income tax effects of the Tax Act and recorded a \$76 million valuation allowance against these AMT credits based on additional interpretative guidance from the Internal Revenue Service related to the Tax Act. See Note 22 to the Consolidated Financial Statements in the Annual Report on Form 10--A for the year ended December 31, 2017, for information on the ' .S. Securities and Exchange Commission staff's guidance on accounting for the Tax Act (Staff Accounting Bulletin No. 118 (SAV 118), Income Tax Accounting Implications of the Tax Cuts and : obs Act).

No provisional adjustments to the estimate of the income tax effects of the Tax Act were recorded for the three months ended : une 30, 2018 in accordance with SAV 118.

EFFECTIVE TAX RATES

The effective tax rates from continuing operations for each of the Duke Energy Registrants are included in the following table.

	Three Months Ended une 30,		Six Months Ended une 30,	
	2018	201\$	2018	201\$
Duke Energy	1: .5%	32.1%	19.9%	32.3%
Duke Energy Carolinas	21.5%	34.7%	21.8%	35.0%
Progress Energy	1\$.3%	33.4%	15.4%	33.7%
Duke Energy Progress	20.1%	31.9%	1: .8%	33.0%
Duke Energy Florida	18.0%	36.8%	1\$.4%	36.7%
Duke Energy Ohio	25.8%	34.8%	1: .0%	35.1%
Duke Energy Indiana	25.8%	39.4%	25.8%	39.4%
Piedmont	2\$.3%	38.5%	23.9%	37.9%

The decrease in the effective tax rate (ETR) for Duke Energy and the Subsidiary Registrants for the three months ended : une 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act. The decrease in the ETR for Duke Energy and the Subsidiary Registrants for the six months ended : une 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of federal and state excess deferred taxes, partially offset by a valuation allowance against AMT credits discussed above.

The decrease in the ETR for Duke Energy Carolinas for the three and six months ended : une 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of state excess deferred taxes.

The decrease in the ETR for Progress Energy for the three and six months ended : une 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of federal and state excess deferred taxes.

PART I

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COMPANY, INC.

Combined Notes to Condensed Consolidated Financial Statements V(Unaudited) V(Continued)

The decrease in the ETR for Duke Energy Progress for the three months ended : une 30, 2018, is primarily due to the lower statutory federal tax rate under the Tax Act. The decrease in the ETR for Duke Energy Progress for the six months ended : une 30, 2018, is primarily due to the lower statutory federal tax rate under the Tax Act and the amortiBation of state excess deferred taxes.

The decrease in the ETR for Duke Energy Florida for the three and six months ended : une 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortiBation of federal excess deferred taxes.

The decrease in the ETR for Duke Energy Ohio for the three months ended : une 30, 2018, is primarily due to the lower statutory federal tax rate under the Tax Act. The decrease in the ETR for Duke Energy Ohio for the six months ended : une 30, 2018, is primarily due to the lower statutory federal tax rate under the Tax Act and an increase in AF' DC equity.

The decrease in the ETR for Duke Energy Indiana for the three and six months ended : une 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act.

The decrease in the ETR for Piedmont for the three and six months ended : une 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act.

18. SUkSEQUENT EwENTS

For information on subsequent events related to regulatory matters and commitments and contingencies see Notes 3 and 4, respectively.

PART I

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Duke Energy Corporation (collectively with its subsidiaries, Duke Energy) and Duke Energy Carolinas, LLC (Duke Energy Carolinas), Progress Energy, Inc. (Progress Energy), Duke Energy Progress, LLC (Duke Energy Progress), Duke Energy Florida, LLC (Duke Energy Florida), Duke Energy Ohio, Inc. (Duke Energy Ohio), Duke Energy Indiana, LLC (Duke Energy Indiana) and Piedmont Natural Gas Company, Inc. (Piedmont) (collectively referred to as the Subsidiary Registrants). However, none of the registrants make any representation as to information related solely to Duke Energy or the Subsidiary Registrants of Duke Energy other than itself.

DUBE ENERGY

Duke Energy is an energy company headquartered in Charlotte, North Carolina. Duke Energy operates in the United States (U.S.) primarily through its wholly owned subsidiaries, Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. When discussing Duke Energy's consolidated financial information, it necessarily includes the results of the Subsidiary Registrants, which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the six months ended June 30, 2018, and with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2017.

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Regulatory Activity

In 2018, Duke Energy advanced regulatory activity underway in multiple jurisdictions, as follows:

Duke Energy Carolinas received an order on its rate case from the North Carolina Utilities Commission (NCUC) on June 22, 2018. Major components of the order included a return on equity of 9.9 percent, recovery of past coal ash remediation costs, recovery of Lee Nuclear Project development costs, and partial clarity on the treatment of federal taxes. On July 27, 2018, the NCUC approved Duke Energy Carolinas' compliance filing. As a result, revised customer rates will become effective on August 1, 2018.

Duke Energy Progress received an order on its rate case from the NCUC on February 23, 2018. Some of the major components of the order are a return on equity of 9.9 percent, recovery of past coal ash remediation costs, recovery of deferred storm costs from 2016, and new rates in effect mid-March 2018.

Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the Public Service Commission of South Carolina (PSCSC) seeking an order to defer certain costs associated with grid reliability, resiliency, and modernization work that is being performed under the PowerForward initiative. Duke Energy Carolinas also petitioned the PSCSC seeking an order to defer certain costs associated with the William States Lee Combined Cycle Facility, the new billing and customer information system and the addition of the Carolinas West Primary Distribution Control Center. Duke Energy Progress also petitioned the PSCSC seeking an order to adopt the new depreciation rates and to defer certain costs associated with the deployment of advanced metering infrastructure, the new billing and customer information system and the costs incurred in connection with the excess return of certain state taxes from North Carolina. These petitions were approved on July 25, 2018.

Duke Energy Florida filed a petition with the Florida Public Service Commission (FPSC) on May 31, 2018, related to approximately \$200 million of customer savings associated with the Federal Tax Cuts and Jobs Act (Tax Act). The tax savings will offset accelerated depreciation of Crystal River Units 4 and 5 and Hurricane Irma storm cost recovery. The petition is subject to review and approval by the FPSC.

Duke Energy Ohio along with the Public Utilities Commission of Ohio (PUCO) Staff and certain intervenors filed a Stipulation and Recommendation (Stipulation) with PUCO on April 13, 2018, and the evidentiary hearing will conclude on August 6, 2018. The Stipulation, subject to approval by the PUCO, is in connection with Duke Energy Ohio's rate case and other regulatory matters.

On July 25, 2018, Duke Energy Ohio filed an application to establish a new rider to implement the benefits of the Tax Act for electric distribution customers. If approved, the new rider will flow through to customers the benefit of the lower statutory federal tax rate since January 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normalization rules will be refunded consistent with federal law and deferred income taxes not subject to normalization rules will be refunded over a 10-year period. An order is expected before the end of the year.

Duke Energy Kentucky received an order on its rate case from the Kentucky Public Service Commission on April 13, 2018. The order granted an annual revenue increase of \$21 million, incorporating customer benefits from the Tax Act as well as rider recovery of environmental costs, including coal ash. Duke Energy Kentucky implemented new base rates on May 1, 2018.

On June 27, 2018, Duke Energy Indiana, the Indiana Office of Utility Consumers Counselor and others filed testimony consistent with their Stipulation and Settlement Agreement in the federal tax proceedings with the Indiana Utility Regulatory Commission (IURC). Major components include riders to reflect the lower federal tax rate as they are filed in 2018, base rates to reflect the lower federal tax rate upon approval, but no later than September 1, 2018, and a timeline for returning federal excess deferred income taxes to customers. The settlement is subject to review and approval by the IURC.

See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information.

PART I

Results of Operations

Non-GAAP Measures

Management's Discussion and Analysis includes financial information prepared in accordance with generally accepted accounting principles (GAAP) in the U.S., as well as certain non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as a supplement to, and not a substitute for, financial measures presented in accordance with GAAP. Non-GAAP measures presented may not be comparable to similarly titled measures used by other companies because other companies may not calculate the measures in the same manner.

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted earnings per share (EPS). Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per-share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance.

Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them with an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting and for reporting financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are Net Income Attributable to Duke Energy Corporation (GAAP Reported Earnings) and Diluted EPS Attributable to Duke Energy Corporation common stockholders (GAAP Reported EPS), respectively.

Special items included in the periods presented include the following items, which management believes do not reflect ongoing costs:

- Costs to Achieve Piedmont Merger represent charges that result from the Piedmont acquisition.
- Regulatory and Legislative Impacts represent charges related to rate case orders, settlements or other actions of regulators or legislative bodies.
- X Sale of Retired Plant represents the loss associated with selling Veckjord Generating Station (Veckjord), a nonregulated generating facility in Ohio.
- X Impairment of Equity Method Investment represents an other-than-temporary impairment (OTTI) of an investment in Constitution Pipeline Company, LLC (Constitution).
- X Impacts of the Tax Act represents an alternative minimum tax (AMT) valuation allowance recognized related to the Tax Act.

Three Months Ended June 30, 2018, as compared to June 30, 2017

GAAP Reported EPS was \$0.71 for the second quarter of 2018 compared to \$0.98 for the second quarter of 2017. The decrease in GAAP Reported EPS was primarily due to regulatory and legislative charges related to the Duke Energy Carolinas North Carolina rate case order and the repeal of the South Carolina Vase Load Review Act, increased operations and maintenance expense primarily from higher storm costs, higher depreciation and amortization expense from growth in rate base, and increased interest expense due to higher outstanding debt and lower tax shield on holding company interest as a result of the Tax Act. These drivers were partially offset by favorable weather and positive net margin contributions from the Duke Energy Progress North Carolina rate case order.

As discussed above, management also evaluates financial performance based on adjusted diluted EPS. Duke Energy's second quarter 2018 adjusted diluted EPS was \$0.93 compared to \$1.01 for the second quarter of 2017. The decrease in adjusted earnings was primarily due to increased operations and maintenance expense primarily from higher storm costs, higher depreciation and amortization expense from growth in rate base, and increased interest expense due to higher outstanding debt and lower tax shield on holding company interest as a result of the Tax Act. These drivers were partially offset by favorable weather and positive net margin contributions from the Duke Energy Progress North Carolina rate case order.

The following table reconciles non-GAAP measures, including adjusted diluted EPS, to their most directly comparable GAAP measures.

(in millions, except per-share amounts)	Three Months Ended June 30,							
	2018				2017			
	Earnings		EPS		Earnings		EPS	
GAAP Reported Earnings	6	500	6	0.51	Q	686	Q	0.98
Adjustments:								
Regulatory and Legislative Impacts ^(a)		13		0.19		•		•
Costs to Achieve Piedmont Merger ^(b)		15		0.02		19		0.03
Discontinued Operations		5		0.01		2		•
Adjusted Earnings	6	528	6	0.93	Q	707	Q	1.01

(a) Net of \$43 million tax benefit.

(b) Net of \$5 million tax benefit in 2018 and \$11 million tax benefit in 2017.

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Six Months Ended June 30, 2018, as compared to June 30, 2017

Duke Energy's GAAP Reported EPS was \$1.59 for the six months ended : une 30, 2018, compared to \$2.00 for the six months ended : une 30, 2017. The decrease in GAAP Reported EPS was driven by regulatory and legislative charges related to the Duke Energy Carolinas North Carolina rate case order and the repeal of the South Carolina Vase Load Review Act, higher depreciation and amortization expense from growth in rate base, and increased interest expense due to higher outstanding debt and lower tax shield on holding company interest as a result of the Tax Act. These drivers were partially offset by favorable weather and positive net margin contributions from the Duke Energy Progress North Carolina rate case order.

As discussed above, management also evaluates financial performance based on adjusted diluted EPS. Duke Energy's adjusted diluted EPS for the six months ended : une 30, 2018, was \$2.22 compared to \$2.05 for the six months ended : une 30, 2017. The increase in adjusted earnings for the six months ended : une 30, 2018, compared to the same period in 2017, was primarily due to favorable weather at Electric ' tilities and Infrastructure.

The following table reconciles non-GAAP measures, including adjusted diluted EPS, to their most directly comparable GAAP measures.

(in millions, except per-share amounts)	Six Months Ended June 30,							
	2018				2017			
	Earnings		EPS		Earnings		EPS	
GAAP Reported Earnings	6	1,120	6	1.59	Q	1,402	Q	2.00
Adjustments								
Regulatory and Legislative Impacts ^(a)		202		0.29		•		•
Sale of Retired Plant ^(b)		82		0.12		•		•
Impacts of the Tax Act (AMT valuation allowance)		\$:		0.11		•		•
Impairment of Equity Method Investment ^(c)		42		0.0:		•		•
Costs to Achieve Piedmont Merger ^(d)		28		0.04		29		0.05
Discontinued Operations		5		0.01		2		•
Adjusted Earnings	6	1,555	6	2.22	Q	1,433	Q	2.05

- (a) Net of \$63 million tax benefit.
- (b) Net of \$25 million tax benefit.
- (c) Net of \$13 million tax benefit.
- (d) Net of \$9 million tax benefit in 2018 and \$17 million tax benefit in 2017.

SEGMENT RESULTS

The remaining information presented in this discussion of results of operations is on a GAAP basis. Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements.

Duke Energy's segment structure includes the following segments: Electric ' tilities and Infrastructure, Gas ' tilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. See Note 2 to the Condensed Consolidated Financial Statements, "Business Segments," for additional information on Duke Energy's segment structure.

Tax Act

On December 22, 2017, President Trump signed the Tax Act into law. Among other provisions, the Tax Act lowered the corporate federal income tax rate from 35 percent to 21 percent, limits interest deductions outside of regulated utility operations, requires the normalization of excess deferred taxes associated with property under the average rate assumption method as a prerequisite to qualifying for accelerated depreciation and repealed the federal manufacturing deduction. The Tax Act also repealed the corporate AMT and stipulates a refund of 50 percent of remaining AMT credit carryforwards (to the extent the credits exceed regular tax for the year) for tax years 2018, 2019 and 2020 with all remaining AMT credits to be refunded in tax year 2021. The Tax Act also could be amended or subject to technical correction, which could change the financial impacts that were recorded since December 31, 2017, or are expected to be recorded in future periods. The Federal Energy Regulatory Commission (FERC) and state utility commissions will determine the regulatory treatment of the impacts of the Tax Act for the Subsidiary Registrants. Duke Energy's segments; future results of operations, financial condition and cash flows could be adversely impacted by the Tax Act, subsequent amendments or corrections, or the actions of the FERC, state utility commissions or credit rating agencies related to the Tax Act. Duke Energy is addressing the rate treatment of the Tax Act by each state utility commission in which the Subsidiary Registrants operate. In : anuary 2018, the Subsidiary Registrants began deferring the estimated ongoing impacts of the Tax Act that are expected to be returned to customers. See Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes," for additional information on the Tax Act.

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Eleztriz Utilities and Infrastructure

(in millions)	Three Months Ended cune 30,						Siv Months Ended cune 30,					
	2018	201\$	variance	2018	201\$	variance	2018	201\$	variance	2018	201\$	variance
Operating ReKenues	6	5,223	Q	5,158	Q	65	6	10,54:	Q	10,105	Q	441
Operating Evpenses												
Fuel used in electric generation and purchased power		1,582		1,549		33		3,2:		3,003		264
Operation, maintenance and other		1,395		1,299		96		2,\$20		2,603		117
Depreciation and amortiBation		838		714		124		1,: \$3		1,451		222
Property and other taxes		2\$9		270		9		553		531		22
Impairment charges		1\$2		2		170		215		2		213
Total operating expenses		4,2: :		3,834		432		8,428		7,590		838
Gains on Sales of Other Assets and Other, net		Z		1		(1)		1		4		(3)
Operating Inzome		95\$		1,325		(368)		2,119		2,519		(400)
Other Inzome and Evpenses		91		110		(19)		1\$9		222		(43)
Interest Evpense		31:		305		11		: 33		620		13
Inzome kefore Inzome Taves		\$32		1,130		(398)		1,: : 5		2,121		(456)
Inzome Tav Evpense		15\$		401		(244)		340		757		(417)
Segment Inzome	6	5\$5	Q	729	Q	(154)	6	1,325	Q	1,364	Q	(39)
Duke Energy Carolinas gigawatt-hours (GWh) sales		22,2\$2		21,243		1,029		44,899		42,024		2,875
Duke Energy Progress GWh sales		15,89:		15,562		334		33,122		31,199		1,923
Duke Energy Florida GWh sales		10,304		10,740		(436)		19,423		19,045		378
Duke Energy Ohio GWh sales		: ,14\$		5,901		246		12,219		11,960		259
Duke Energy Indiana GWh sales		8,301		7,972		329		1: , \$8:		16,180		606
Total Electric ' tilities and Infrastructure GWh sales		: 2,920		61,418		1,502		12: ,449		120,408		6,041
Net proportional megawatt (MW) capacity in operation								49,29\$		48,877		420

Three Months Ended cune 30, 2018, as Compared to cune 30, 201\$

Electric ' tilities and Infrastructure;s results were impacted by charges related to the Duke Energy Carolinas North Carolina rate case order, higher operation and maintenance expenses and increased depreciation and amortiBation, partially offset by favorable weather compared to the prior year and a positive net contribution from the Duke Energy Progress North Carolina rate case. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by\$

- X an Q82 million increase in fuel related revenues due to higher sales volumes and increases in fuel rates billed to customers;
- X an Q81 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year; and
- X a Q43 million increase in retail pricing primarily due to the Duke Energy Progress North Carolina rate case.

Partially offset by\$

- X a Q127 million decrease due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act; and
- X a Q5 million decrease in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by\$

- X a Q170 million increase in impairment charges primarily due to the impacts associated with the Duke Energy Carolinas North Carolina rate case;
- X a Q124 million increase in depreciation and amortiBation expense primarily due to higher amortiBation of deferred coal ash costs, additional plant in service and new depreciation rates per the Duke Energy Progress North Carolina rate case;
- X a Q96 million increase in operation, maintenance and other expense primarily due to higher operational costs that are recoverable in rates and higher storm costs and amortiBations; and
- X a Q83 million increase in fuel used in electric generation and purchased power primarily due to higher sales and higher deferred fuel expenses.

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Other Income and Expenses. The decrease was primarily due to lower allowance for funds used during construction (AFUDC) equity and a decrease in recognition of post-in-service equity returns for projects that had been completed prior to being reflected in customer rates at Duke Energy Carolinas and lower income from non-service components of employee benefit costs in the current year at Duke Energy Progress. For additional information on employee benefit costs, see Note 16 to the Condensed Consolidated Financial Statements, "Employee Benefit Plans."

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act and a decrease in pretax income. The effective tax rates (ETRs) for the three months ended : June 30, 2018, and 2017 were 21.4 percent and 35.5 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of excess deferred taxes. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Six Months Ended June 30, 2018, as Compared to June 30, 2017

Electric Utilities and Infrastructure results were impacted by charges related to the Duke Energy Carolinas and Duke Energy Progress North Carolina rate case orders and higher depreciation and amortization, partially offset by favorable weather compared to the prior year and a positive net contribution from the Duke Energy Progress North Carolina rate case. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- X a Q307 million increase in fuel related revenues due to higher sales volumes and increases in fuel rates billed to customers.
- X a Q255 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year.
- a Q73 million increase in retail pricing primarily due to the Duke Energy Progress North Carolina rate case and Duke Energy Florida base rate adjustments for the Osprey acquisition and the completion of the Gaines Energy Complex Chiller Rate Project.
- a Q24 million increase in weather-normal retail sales volumes.
- X a Q23 million increase in wholesale power revenues, net of sharing and fuel, primarily due to recovery of coal ash costs at Duke Energy Carolinas and Duke Energy Progress, partially offset by customer refunds in the current year related to a FERC order on a complaint filed by the Piedmont Municipal Power Agency (PMPA) at Duke Energy Carolinas.

Partially offset by:

- X a Q258 million decrease due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act.

Operating Expenses. The variance was driven primarily by:

- X a Q264 million increase in fuel used in electric generation and purchased power, due to higher sales and higher deferred fuel expenses.
- a Q222 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs, additional plant in service and new depreciation rates per the Duke Energy Progress North Carolina rate case.
- a Q113 million increase in impairment charges primarily due to the impacts associated with the Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases.
- a Q117 million increase in operation, maintenance and other expense primarily due to impacts associated with the Duke Energy Progress North Carolina rate case and higher storm cost amortization.

Other Income and Expenses. The decrease was primarily due to lower AFUDC equity and lower income from non-service components of employee benefit costs in the current year at Duke Energy Progress. For additional information on employee benefit costs, see Note 16 to the Condensed Consolidated Financial Statements, "Employee Benefit Plans."

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act and a decrease in pretax income. The ETRs for the six months ended : June 30, 2018, and 2017 were 20.4 percent and 35.7 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of excess deferred taxes.

Matters Impacting Future Electric Utilities and Infrastructure Results

On May 18, 2016, the North Carolina Department of Environmental Quality (NCDEH) issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the North Carolina Coal Ash Management Act of 2014 (Coal Ash Act) were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, may be reassessed in the future as low risk pursuant to legislation enacted on July 14, 2016. Electric Utilities and Infrastructure's estimated asset retirement obligations (AROs) related to the closure of North Carolina ash impoundments are based upon the mandated closure method or a probability weighting of potential closure methods for the impoundments that may be reassessed to low risk. As the final risk ranking classifications in North Carolina are delineated, final closure plans and corrective action measures are developed and approved for each site, the closure work progresses and the closure method scope and remedial methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Electric Utilities and Infrastructure's results of operations, financial position and cash flows.

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Duke Energy is a party to multiple lawsuits and could be subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. In addition, the orders issued in the Duke Energy Carolinas and Duke Energy Progress North Carolinas rate cases supporting recovery of past coal ash remediation costs have been appealed by various parties. The outcome of these appeals, lawsuits and potential fines and penalties could have an adverse impact on Electric 'ilities and Infrastructure results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

On : une 22, 2018 Duke Energy Carolinas received an order from the NC' C, which denied the Grid Rider Stipulation and deferral treatment of PowerForward costs. Duke Energy Carolinas may petition for deferral of grid moderniBation costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid moderniBation. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NC' C, Duke Energy Progress may request recovery of certain grid moderniBation costs in future regulatory proceedings. Electric 'ilities and Infrastructure results of operations, financial position and cash flows could be adversely impacted if grid moderniBation costs are not ultimately approved for recovery and br deferral treatment. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On : une 30, 2017, CertainTeed Gypsum NC, Inc. (CertainTeed) filed a declaratory judgment action against Duke Energy Progress in the North Carolina Vusiness Court relating to a gypsum supply agreement. In its complaint, CertainTeed sought an order from the court declaring that the minimum amount of gypsum Duke Energy Progress must provide to CertainTeed under the supply agreement is 50,000 tons per month through 2029. The trial for this matter concluded on : uly 16, 2018. If Duke Energy Progress does not prevail, it will have to either purchase additional gypsum on the open market to fulfill its contractual obligation through 2029 or pay some amount of liquidated damages that could have an adverse impact on Electric 'ilities and Infrastructure results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Florida is constructing the 1,640-MW combined-cycle natural gas plant in Citrus County, Florida, and expects it to be commercially available in 2018. Failure to complete the construction and achieve commercial operations by the end of 2018 or actual costs in excess of the estimated amount not collected from customers could materially impact Electric 'ilities and Infrastructure results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective : anuary 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed for recovery of the storm costs. Storm costs are currently expected to be fully recovered by approximately mid-2021. The evidentiary hearing in this storm cost matter is scheduled for the week of October 15, 2018. An order disallowing recovery of these costs could have an adverse impact on Electric 'ilities and Infrastructure results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On March 2, 2017, Duke Energy Ohio filed an electric distribution base rate application with the P' CO to address recovery of electric distribution system capital investments and any increase in expenditures subsequent to previous rate cases. On April 13, 2018, Duke Energy Ohio filed a Stipulation with the P' CO to resolve issues in the electric distribution base rate case and other regulatory matters. If approved by P' CO, the Stipulation would allow for Duke Energy Ohio to recover gains and losses incurred on and after : anuary 1, 2018, related to O' EC, through the Price StabiliBation Rider. --earings will conclude on August 6, 2018. Electric 'ilities and Infrastructure results of operations, financial position and cash flows could be adversely impacted if the Stipulation is denied by the P' CO. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy RegistrantsAnnual Reports on Form 10--A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

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Gas Utilities and Infrastructure

(in millions)	Three Months Ended June 30,						Six Months Ended June 30,					
	2018		2017		variance		2018		2017		variance	
Operating Revenues	6	318	Q	301	Q	17	6	1,045	Q	971	Q	74
Operating Expenses												
Cost of natural gas		89		76		13		402		334		68
Operation, maintenance and other		103		94		9		211		199		12
Depreciation and amortization		10		57		3		121		114		7
Property and other taxes		2		26		•		55		56		1
Total operating expenses		258		253		25		\$91		703		88
Operating Income		40		48		(8)		254		268		(14)
Other Income and Expenses		22		21		1		(13)		39		(52)
Interest Expense		2		26		•		53		52		1
Income before Income Taxes		3		43		(7)		188		255		(67)
Income Tax Expense		8		16		(8)		44		95		(51)
Segment Income	6	28	Q	27	Q	1	6	144	Q	160	Q	(16)

Piedmont local distribution company (LDC) throughput (dekatherms)	11: 839,922	94,013,754	22,826,208	251,411,341	227,290,541	44,450,800
Duke Energy Midwest LDC throughput (Mcf)	15: 15,050	12,204,767	3,410,283	52,441,115	43,035,766	9,705,349

Three Months Ended June 30, 2018, as Compared to June 30, 2017

Gas Utilities and Infrastructure's results were primarily impacted by favorable weather and volumes, price adjustments and customer growth offset by unfavorable operations, maintenance and other. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven by:

- X a Q13 million increase due to higher natural gas costs passed through to customers from higher volumes sold and higher natural gas prices.
- X a Q9 million increase primarily due to residential and commercial customer revenue, net of natural gas costs passed through to customers, due to customer growth and Integrity Management Rider (IMR) rate adjustments at Piedmont and
- X a Q3 million increase primarily due to favorable weather in the current year and higher volumes in the Midwest.

Partially offset by:

- X a Q9 million decrease due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act.

Operating Expenses. The variance was driven by:

- X a Q13 million increase in cost of natural gas due to higher volumes sold and higher natural gas prices.
- X a Q9 million increase in operations, maintenance and other primarily due to increased gas operations and regulated utilities expenses and
- X a Q3 million increase in depreciation and amortization due to additional plant-in-service.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the three months ended June 30, 2018, and 2017 were 22.2 percent and 37.2 percent, respectively. The decrease in the ETR was primarily due to the lower statutory corporate tax rate under the Tax Act. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Six Months Ended June 30, 2018, as Compared to June 30, 2017

Gas Utilities and Infrastructure's results were primarily impacted by the OTTI recorded on the Constitution investment. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven by:

- X a Q68 million increase due to higher natural gas costs passed through to customers due to higher volumes sold and higher natural gas prices.
- X a Q31 million increase primarily due to residential and commercial customer revenue, net of natural gas costs passed through to customers, due to customer growth, IMR rate adjustments and new power generation customers at Piedmont and

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X a Q10 million increase primarily due to favorable weather in the current year and higher volumes sold in the Midwest.

Partially offset by\$

X a Q88 million decrease due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act.

Operating Expenses. The variance was driven by\$

X a Q68 million increase in cost of natural gas primarily due to higher volumes sold and higher natural gas prices°

X a Q12 million increase in operations, maintenance and other primarily due to increased regulated utilities and gas operations expenses° and

X a Q7 million increase in depreciation and amortiBation due to additional plant-in-service.

Other Income and Expenses. The decrease was primarily due to the OTTI recorded for the investment in Constitution in the current year.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the six months ended : une 30, 2018, and 2017 were 23.4 percent and 37.3 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Gas Utilities and Infrastructure Results

Gas ' tilities and Infrastructure has a 47 percent ownership interest in Atlantic Coast Pipeline, LLC (ACP), which is building an approximately 600-mile interstate natural gas pipeline intended to transport diverse natural gas supplies into southeastern markets. Affected states (West ' irginia, ' irginia and North Carolina) have issued certain necessary permits° the project remains subject to other pending federal and state approvals, which will allow full construction activities to begin. In early 2018, the FERC issued series of Partial Notices to Proceed, which authoriBed the project to begin limited construction-related activities along the pipeline route. The project has a targeted in-service date of late 2019. Due to delays in obtaining the required permits to commence construction and the conditions imposed upon the project by the permits, ACP's project manager estimates the project pipeline development costs will range from Q6.0 billion to Q6.5 billion, excluding financing costs. Project construction activities, schedule and final costs are still subject to uncertainty due to potential additional permitting delays, construction productivity and other conditions and risks that could result in potential higher project costs, a potential delay in the targeted in-service date and potential impairment charges. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Rapidly rising interest rates without timely or adequate updates to the regulated allowed return on equity or failure to achieve the anticipated benefits of the Piedmont merger, including cost savings and growth targets, could significantly impact the estimated fair value of reporting units in Gas ' tilities and Infrastructure. In the event of a significant decline in the estimated fair value of the reporting units, goodwill impairment charges could be recorded. The carrying value of goodwill within Gas ' tilities and Infrastructure was approximately Q1,924 million at : une 30, 2018.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy RegistrantsUAnnual Reports on Form 10—JA for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

PART I

Commercial Renewables

(in millions)	Three Months Ended June 30,						Six Months Ended June 30,					
	2018		2017		variance		2018		2017		variance	
Operating Revenues	6	119	Q	110	Q	9	6	220	Q	238	Q	(18)
Operating Expenses												
Operation, maintenance and other		9		58		11		124		136		(12)
Depreciation and amortization		38		38		•		\$:		77		(1)
Property and other taxes		:		8		(2)		13		17		(4)
Total operating expenses		113		104		9		213		230		(17)
Gains on Sales of Other Assets and Other, net		2		2		(2)		2		4		(4)
Operating Income		:		8		(2)		\$		12		(5)
Other Income and Expenses		18		(1)		19		20		(1)		21
Interest Expense		23		23		•		45		42		3
Income (Loss) before Income Taxes		1		(16)		17		(18)		(31)		13
Income Tax Benefit		(3)		(42)		6		(\$5)		(81)		6
Less—Loss Attributable to Noncontrolling Interests		(1)		•		(1)		(1)		(1)		•
Segment Income	6	38	Q	26	Q	12	6	58	Q	51	Q	7
Renewable plant production, GWh		2,451		2,231		240		4,511		4,516		135
Net proportional MW capacity in operation		2,951		2,908		43		2,951		2,908		43

Three Months Ended June 30, 2018, as Compared to June 30, 2017

Commercial Renewables results were favorably impacted by the bankruptcy court approval of the North Allegheny Windfarm (NAW) and FirstEnergy Solutions (FES) settlement agreement. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase in revenues was primarily due to an increase in the number of engineering, procurement and construction (EPC) agreements at REC Solar, a California-based provider of solar installations owned by Duke Energy.

Operating Expenses. The increase in operation, maintenance and other was primarily due to an increase in the number of EPC agreements at REC Solar and higher solar development spending in the current year.

Other Income and Expenses. The increase in other income and expenses was primarily due to the bankruptcy court approved NAW and FES settlement agreement, which allowed retention of previously collected cash collateral under the purchase power agreements (PPAs) and mark-to-market gains on interest rate swaps.

Income Tax Benefit. The variance was primarily due to a decrease in pretax losses.

Six Months Ended June 30, 2018, as Compared to June 30, 2017

Commercial Renewables results were favorably impacted by the bankruptcy court approval of the NAW and FES settlement agreement. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The decrease was primarily due to a reduction in the number of EPC agreements from REC Solar.

Operating Expenses. The decrease was primarily due to lower operations and maintenance expense from a reduction in the number of EPC agreements at REC Solar and lower property taxes due to non-recurring property tax payments made in the prior year, partially offset by higher solar development spending in the current year.

Other Income and Expenses. The increase in other income was primarily due to the bankruptcy court approved NAW and FES settlement agreement, which allowed retention of previously collected cash collateral under the PPAs and mark-to-market gains on interest rate swaps.

Interest Expense. The variance was primarily due to higher debt outstanding as a result of new project financings.

Income Tax Benefit. The variance was primarily due to a decrease in pretax losses.

Matters Impacting Future Commercial Renewables Results

Changes or variability in assumptions used in calculating the fair value of the Commercial Renewables reporting units for goodwill testing purposes, including but not limited to legislative actions related to tax credit extensions, long-term growth rates and discount rates could significantly impact the estimated fair value of the Commercial Renewables reporting units. In the event of a significant decline in the estimated fair value of the Commercial Renewables reporting units, goodwill or other asset impairment charges could be recorded. The carrying value of goodwill within Commercial Renewables was approximately \$3 million at June 30, 2018.

Persistently low market pricing for wind resources, primarily in the Electric Reliability Council of Texas West market and P: M Interconnection, LLC (P: M) west and the future expiration of tax incentives including investment tax credits and production tax credits could result in adverse impacts to the future results of operations, financial position and cash flows of Commercial Renewables.

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Deterioration in credit quality resulting in bankruptcy of an offtaker of power from contracted wind or solar assets could result in adverse impacts to the future results of operations, financial position and cash flows of Commercial Renewables. On March 31, 2018, FES, a subsidiary of FirstEnergy and counterparty to two PPAs with NAW, filed for Chapter 11 bankruptcy. On June 18, 2018, The United States Bankruptcy Courts Northern District of Ohio Eastern Division approved the Stipulation between FES and NAW. The Stipulation resulted in, among other items, the termination of the two PPAs between FES and NAW, as a result, NAW is subject to market pricing in the PJM west market.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrant's Annual Reports on Form 10-K for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

Other

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	variance	2018	2017	variance
Operating Revenues	6	32	Q	35	Q	(3)
Operating Expenses						
Fuel used in electric generation and purchased power	15	14	1	29	29	•
Operation, maintenance and other	3	19	(16)	•	27	(21)
Depreciation and amortization	3	26	11	\$0	52	18
Property and other taxes	4	4	•	8	7	1
Impairment charges	2	7	(7)	2	7	(7)
Total operating expenses	59	70	(11)	113	122	(9)
Gains (Loss) on Sales of Other Assets and Other, net	2	6	(4)	(99)	11	(110)
Operating Loss	(25)	(29)	4	(145)	(43)	(102)
Other Income and Expenses, net	2	29	(2)	41	50	(9)
Interest Expense	1: 4	139	25	321	273	48
Loss before Income Taxes	(1: 2)	(139)	(23)	(425)	(266)	(159)
Income Tax benefit	(28)	(48)	20	(2\$)	(100)	73
Less—Income Attributable to Noncontrolling Interests	2	3	(1)	4	5	(1)
Net Loss	6	(13:)	Q	(94)	Q	(42)
	6	(402)	Q	(171)	Q	(231)

Three Months Ended June 30, 2018, as Compared to June 30, 2017

Other's higher net loss was driven by increased interest expense and lower income tax benefit. The following is a detailed discussion of the variance drivers by line item.

Interest Expense. The variance was primarily due to an increase in long-term debt as well as higher short-term interest rates.

Income Tax Benefit. The variance was primarily due to the lower statutory corporate federal income tax rate under the Tax Act, partially offset by an increase in pretax losses. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Six Months Ended June 30, 2018, as Compared to June 30, 2017

Other's higher net loss was driven by the loss on sale of the retired Veckjard station, higher interest expense and lower income tax benefit. The following is a detailed discussion of the variance drivers by line item.

Gains (Loss) on Sales of Other Assets and Other, net. The variance was driven by the loss on sale of the retired Veckjard station, a nonregulated facility retired during 2014, including the transfer of coal ash basins and other real property and indemnification from any and all potential future claims related to the property, whether arising under environmental laws or otherwise.

Interest Expense. The variance was primarily due to an increase in long-term debt, as well as higher short-term interest rates.

Income Tax Benefit. The variance was primarily due to the valuation allowance against AMT credits and the lower statutory corporate federal income tax rate under the Tax Act, partially offset by an increase in pretax losses. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Other Results

Included in Other is Duke Energy Ohio's 9 percent ownership interest in the Ohio Valley Electric Corporation (O'VEC), which owns 2,256 MW of coal-fired generation capacity. As a counterparty to an inter-company power agreement (ICPA), Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from O'VEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA, including Duke Energy Ohio, based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuations in power prices and changes in O'VEC's costs of business. On March 31, 2018, FES, a subsidiary of FirstEnergy and an ICPA counterparty with a power participation ratio of 4.85 percent, filed for Chapter 11 bankruptcy.

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which could increase costs allocated to the counterparties. Duke Energy cannot predict the impact of the bankruptcy filing on its O' EC interests. In addition, certain proposed environmental rulemaking costs could result in future increased O' EC cost allocations.

On March 2, 2017, Duke Energy Ohio filed an electric distribution base rate application with the P' CO to address recovery of electric distribution system capital investments and any increase in expenditures subsequent to previous rate cases. On April 13, 2018, Duke Energy Ohio filed a Stipulation with the P' CO to resolve issues in the electric distribution base rate case and other regulatory matters. If approved by P' CO, the Stipulation would allow for Duke Energy Ohio to recover gains and losses incurred on and after : anuary 1, 2018, related to O' EC, through the Price Stabilization Rider and, as a result, Duke Energy Ohio may move its ownership interest to the Electric ' tilities and Infrastructure segment. --earings will conclude on August 6, 2018. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants Annual Reports on Form 10--JA for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

DUBE ENERGY CAROLINAS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the six months ended : une 30, 2018, and 2017 and the Annual Report on Form 10--JA for the year ended December 31, 2017.

Results of Operations

(in millions)	Six Months Ended cune 30,			
	2018		201\$	
				variance
Operating Revenues	6	3,435 Q	3,445 Q	(10)
Operating Expenses				
Fuel used in electric generation and purchased power		880	863	17
Operation, maintenance and other		950	978	(28)
Depreciation and amortization		5: 1	523	38
Property and other taxes		14\$	139	8
Impairment charges		190	•	190
Total operating expenses		2,\$28	2,503	225
Losses on Sales of Other Assets and Other, net		(1)	•	(1)
Operating Inzome		\$0:	942	(236)
Other Inzome and Evpenses, net		\$4	100	(26)
Interest Evpense		21\$	206	11
Inzome k efore Inzome Taves		5: 3	836	(273)
Inzome Tav Evpense		123	293	(170)
Net Inzome	6	440 Q	543 Q	(103)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Inzrease (Dezrease) oter prior year	2018
Residential sales	14.9 %
General service sales	4.5 %
Industrial sales	(1.2)%
Wholesale power sales	14.7 %
: oint dispatch sales	3.9 %
Total sales	6.8 %
Average number of customers	1.5 %

Siv Months Ended cune 30, 2018, as Compared to cune 30, 201\$

Operating Revenues. The variance was driven primarily by\$

- X a Q122 million decrease in retail sales due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act•
- X a Q47 million decrease in rider revenues primarily related to energy efficiency programs• and
- X an Q11 million decrease in wholesale power revenues, net of sharing and fuel, primarily due to wholesale customer refunds in the current year related to a FERC order on a complaint filed by the PMPA, partially offset by higher revenues related to recovery of coal ash costs.

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Partially offset by\$

- X a Q126 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year°
- X a Q29 million increase in fuel related revenues primarily due to higher sales° and
- X a Q23 million increase in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by\$

- X a Q190 million increase in impairment charges, primarily due to the impacts of the North Carolina rate order and charges related to coal ash costs in South Carolina°
- X a Q88 million increase in depreciation and amortiBation primarily due to additional plant in service and higher amortiBation of deferred coal ash costs, partially offset by lower amortiBation of certain regulatory assets° and
- X a Q17 million increase in fuel used in electric generation and purchased power primarily due to higher sales.

Partially offset by\$

- X a Q28 million decrease in operation, maintenance and other expense primarily due to lower energy efficiency program costs.

Other Income and Expenses. The variance was primarily due to lower AF' DC equity and a decrease in recognition of post in-service equity returns for projects that were completed prior to being reflected in customer rates.

Interest Expense. The variance was primarily due to higher debt outstanding.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the six months ended : une 30, 2018, and 2017 were 21.8 percent and 35.0 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and leveliBation for annual amortiBation of state excess deferred taxes. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impazting Future Results

On May 18, 2016, the NCDEH issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, may be reassessed in the future as low risk pursuant to legislation enacted on : uly 14, 2016. Duke Energy CarolinasUestimated AROs related to the closure of North Carolina ash impoundments are based upon the mandated closure method or a probability weighting of potential closure methods for the impoundments that may be reassessed to low risk. As the final risk ranking classifications in North Carolina are delineated, final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy CarolinasUresults of operations, financial position and cash flows.

On : une 22, 2018, Duke Energy Carolinas received an order from the NC' C, which denied the Grid Rider Stipulation and deferral treatment of PowerJForward costs. Duke Energy Carolinas may petition for deferral of grid moderniBation costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid moderniBation. Duke Energy CarolinasUresults of operations, financial position and cash flows could be adversely impacted if grid moderniBation costs are not ultimately approved for recovery and,br deferral treatment. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Duke Energy Carolinas is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. In addition, the order issued in the Duke Energy Carolinas North Carolinas rate cases supporting recovery of past coal ash remediation costs have been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Duke Energy Carolinas; results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

See "Item 7. ManagementU Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy RegistrantsUAnnual Reports on Form 10---A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

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PROGRESS ENERGY

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the six months ended : une 30, 2018, and 2017 and the Annual Report on Form 10--A for the year ended December 31, 2017.

Results of Operations

(in millions)	Six Months Ended une 30,			
	2018	2017	2018	2017
Operating Revenues	6	5,044	Q	5,571
Operating Expenses				
Fuel used in electric generation and purchased power	1,851	1,557		314
Operation, maintenance and other	1,233	1,109		124
Depreciation and amortization	54	624		140
Property and other taxes	254	246		8
Impairment charges	33	2		31
Total operating expenses	4,155	3,538		617
Gains on Sales of Other Assets and Other, net	12	14		(2)
Operating Income	931	1,047		(116)
Other Income and Expenses, net	55	76		1
Interest Expense	412	402		10
Income before Income Taxes	569	721		(125)
Income Tax Expense	92	243		(151)
Net Income	504	478		26
Less--Net Income Attributable to Noncontrolling Interests	4	5		(1)
Net Income Attributable to Parent	6	500	Q	473

Six Months Ended une 30, 2018, as Compared to une 30, 2017

Operating Revenues. The variance was driven primarily by\$

- X a Q335 million increase in fuel related revenues due to higher sales, increases in fuel and capacity rates billed to customers, and increased demand at Duke Energy Florida.
- X an Q36 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year.
- X a Q54 million increase in retail pricing due to the impacts of the Duke Energy Progress North Carolina and South Carolina rate cases.
- a Q50 million increase in wholesale power revenues, net of fuel, primarily due to coal ash recovery in the current year at Duke Energy Progress and
- X a Q29 million increase in :oint Asset Agency Rider revenues primarily due to the implementation of new base rates.

Partially offset by\$

- X a Q65 million decrease in retail sales due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act at Duke Energy Progress.

Operating Expenses. The variance was driven primarily by\$

- X a Q314 million increase in fuel used in electric generation and purchased power primarily due to higher sales, higher deferred fuel and capacity expenses, and increased purchased power, partially offset by lower generation costs at Duke Energy Florida.
- X a Q140 million increase in depreciation and amortization primarily due to higher amortization of deferred coal ash costs and new depreciation rates per the North Carolina rate case at Duke Energy Progress, and accelerated depreciation of Crystal River ' nits 4 and 5 and additional plant in service at Duke Energy Florida.
- X a Q124 million increase in operation, maintenance and other primarily due to storm cost amortization at Duke Energy Florida and impacts associated with the North Carolina rate case at Duke Energy Progress and
- X a Q31 million increase in impairment charges primarily due to the impacts associated with the North Carolina rate case at Duke Energy Progress.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the six months ended : une 30, 2018, and 2017 were 15.4 percent and 33.7 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and levelization for annual amortization of federal and state excess deferred taxes. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

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Matters Impacting Future Results

On May 18, 2016, the NCDEH issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, may be reassessed in the future as low risk pursuant to legislation enacted on July 14, 2016. Progress Energy's estimated AROs related to the closure of North Carolina ash impoundments are based upon the mandated closure method or a probability weighting of potential closure methods for the impoundments that may be reassessed to low risk. As the final risk ranking classifications in North Carolina are delineated, final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Progress Energy's results of operations, financial position and cash flows.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. As noted above, the order issued in the Duke Energy Progress North Carolinas rate cases supporting recovery of past coal ash remediation costs have been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

Duke Energy Carolinas received an order from the NC' C, which denied the Grid Rider Stipulation and deferral treatment of PowerForward costs. The NC' C did allow Duke Energy Carolinas to petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NC' C, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. If the NC' C were to rule similarly, Progress Energy's results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On June 30, 2017, CertainTeed filed a declaratory judgment action against Duke Energy Progress in the North Carolina Business Court relating to a gypsum supply agreement. In its complaint, CertainTeed sought an order from the court declaring that the minimum amount of gypsum Duke Energy Progress must provide to CertainTeed under the supply agreement is 50,000 tons per month through 2029. The trial for this matter concluded on July 16, 2018. If Duke Energy Progress does not prevail, it will have to either purchase additional gypsum on the open market to fulfill its contractual obligation through 2029 or pay some amount of liquidated damages that could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Florida is constructing the 1,640-MW combined-cycle natural gas plant in Citrus County, Florida, and expects it to be commercially available in 2018. Failure to complete the construction and achieve commercial operations by the end of 2018 or actual costs in excess of the estimated amount not collected from customers could materially impact Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 1, 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed for recovery of the storm costs. Storm costs are currently expected to be fully recovered by approximately mid-2021. The evidentiary hearing in this storm cost matter is scheduled for the week of October 15, 2018. An order disallowing recovery of these costs could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

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DUBE ENERGY PROGRESS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the six months ended : une 30, 2018, and 2017 and the Annual Report on Form 10--A for the year ended December 31, 2017.

Results of Operations

(in millions)	Six Months Ended cune 30,					
		2018		201\$		variance
Operating Revenues	6	2,\$51	Q	2,418	Q	333
Operating Evpenses						
Fuel used in electric generation and purchased power		91\$		739		178
Operation, maintenance and other		\$5:		704		52
Depreciation and amortiBation		4\$0		354		116
Property and other taxes		\$5		80		(5)
Impairment charges		33		•		33
Total operating expenses		2,251		1,877		374
Gains on Sales of Other Assets and Other, net		2		3		(1)
Operating Inzome		502		544		(42)
Other Inzome and Evpenses, net		3\$		57		(20)
Interest Evpense		159		152		7
Inzome kefore Inzome Taves		380		449		(69)
Inzome Tav Evpense		: 4		148		(84)
Net Inzome	6	31:	Q	301	Q	15

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales, and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normaliBed.

Inzrease (Dezrease) oKer prior period	2018
Residential sales	14.3 %
General service sales	3.2 %
Industrial sales	(0.3)%
Wholesale power sales	10.9 %
: oint dispatch sales	(9.1)%
Total sales	6.2 %
Average number of customers	1.5 %

Siv Months Ended cune 30, 2018, as Compared to cune 30, 201\$

Operating Revenues. The variance was driven primarily by\$

- X a Q199 million increase in fuel related revenues due to higher retail sales and increases in fuel rates billed to customers°
- X a Q62 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year°
- X a Q54 million increase in retail pricing due to the impacts of the North Carolina and South Carolina rate cases°
- X a Q50 million increase in wholesale power revenues, net of fuel, primarily due to recovery of coal ash costs° and
- X a Q29 million increase in : oint Asset Agency Rider revenues primarily due to the implementation of new base rates.

Partially offset by\$

- X a Q65 million decrease due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act.

Operating Expenses. The variance was driven primarily by\$

- X a Q178 million increase in fuel used in electric generation and purchased power primarily due to higher sales and higher deferred fuel expenses°
- X a Q116 million increase in depreciation and amortiBation primarily due to higher amortiBation of deferred coal ash costs and new depreciation rates per the North Carolina rate case°
- X a Q52 million increase in operation, maintenance and other expense primarily due to higher operational costs that are recoverable in rates and impacts associated with the North Carolina rate case° and

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X a Q83 million increase in impairment charges due to the impacts associated with the North Carolina rate case.

Other Income and Expenses. The variance was primarily driven by lower income from non-service components of employment benefit costs. For additional information on employee benefit costs, see Note 16 to the Condensed Consolidated Financial Statements, "Employee Benefit Plans."

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the six months ended : une 30, 2018, and 2017 were 16.8 percent and 33.0 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and leveliBation for annual amortiBation of state excess deferred taxes. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impazting Future Results

On May 18, 2016, the NCDEH issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, may be reassessed in the future as low risk pursuant to legislation enacted on : uly 14, 2016. Duke Energy ProgressUestimated AROs related to the closure of North Carolina ash impoundments are based upon the mandated closure method or a probability weighting of potential closure methods for the impoundments that may be reassessed to low risk. As the final risk ranking classifications in North Carolina are delineated, final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy ProgressUesults of operations, financial position and cash flows.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. As noted above, the order issued in the Duke Energy Progress North Carolinas rate cases supporting recovery of past coal ash remediation costs have been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Duke Energy Progress; results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

Duke Energy Carolinas received an order from the NC' C, which denied the Grid Rider Stipulation and deferral treatment of PowerForward costs. The NC' C did allow Duke Energy Carolinas to petition for deferral of grid moderniBation costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid moderniBation. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NC' C, Duke Energy Progress may request recovery of certain grid moderniBation costs in future regulatory proceedings. If the NC' C were to rule similarly, Duke Energy ProgressUesults of operations, financial position and cash flows could be adversely impacted if grid moderniBation costs are not ultimately approved for recovery and,br deferral treatment. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On : une 30, 2017, CertainTeed filed a declaratory judgment action against Duke Energy Progress in the North Carolina Vusiness Court relating to a gypsum supply agreement. In its complaint, CertainTeed sought an order from the court declaring that the minimum amount of gypsum Duke Energy Progress must provide to CertainTeed under the supply agreement is 50,000 tons per month through 2029. The trial for this matter concluded on : uly 16, 2018. If Duke Energy Progress does not prevail, it will have to either purchase additional gypsum on the open market to fulfill its contractual obligation through 2029 or pay some amount of liquidated damages that could have an adverse impact on its results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy RegistrantsUAnnual Reports on Form 10—JA for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

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DUBE ENERGY FLORIDA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the six months ended : une 30, 2018, and 2017 and the Annual Report on Form 10--JA for the year ended December 31, 2017.

Results of Operations

(in millions)	Six Months Ended une 30,					
		2018		2017		variance
Operating Revenues	6	2,318	Q	2,150	Q	168
Operating Expenses						
Fuel used in electric generation and purchased power		953		817		136
Operation, maintenance and other		454		403		71
Depreciation and amortization		294		269		25
Property and other taxes		159		166		13
Impairment charges		2		2		(2)
Total operating expenses		1,900		1,657		243
Operating Income		418		493		(75)
Other Income and Expenses, net		45		39		8
Interest Expense		135		140		(3)
Income before Income Taxes		328		392		(64)
Income Tax Expense		55		144		(87)
Net Income	6	251	Q	248	Q	23

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Wholesale power sales include both billed and unbilled sales. Total sales includes billed and unbilled retail sales, and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2018
Residential sales	4.8 %
General service sales	1.2 %
Industrial sales	(0.2)%
Wholesale and other	13.9 %
Total sales	2.0 %
Average number of customers	1.5 %

Six Months Ended une 30, 2018, as Compared to une 30, 2017

Operating Revenues. The variance was driven primarily by\$

- X a Q136 million increase in fuel and capacity revenues primarily due to an increase in fuel and capacity rates billed to retail customers, as well as increased demand and
- X a Q24 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year.

Operating Expenses. The variance was driven primarily by\$

- X a Q136 million increase in fuel used in electric generation and purchased power primarily due to higher deferred fuel and capacity expenses, increased purchased power and increased demand, partially offset by lower generation costs
- X a Q71 million increase in operation, maintenance and other expense primarily due to storm cost amortization
- X a Q25 million increase in depreciation and amortization primarily due to accelerated depreciation of Crystal River Units 4 and 5 and additional plant in service, partially offset by decreased ARO depreciation due to the updated Crystal River Unit 3 nuclear decommissioning cost study and
- X a Q13 million increase in property and other taxes primarily due to higher revenue related taxes.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the six months ended : une 30, 2018, and 2017 were 17.4 percent and 36.7 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and levelization for annual amortization of federal excess deferred taxes. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

Duke Energy Florida is constructing the 1,640-MW combined-cycle natural gas plant in Citrus County, Florida, and expects it to be commercially available in 2018. Failure to complete the construction and achieve commercial operations by the end of 2018 or actual costs in excess of the estimated amount not collected from customers could materially impact Duke Energy Florida's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

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On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective : anuary 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed for recovery of the storm costs. Storm costs are currently expected to be fully recovered by approximately mid-2021. The evidentiary hearing in this storm cost matter is scheduled for the week of October 15, 2018. An order disallowing recovery of these costs could have an adverse impact on Duke Energy Florida's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10--A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

DUBE ENERGY OHIO

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the six months ended : une 30, 2018, and 2017 and the Annual Report on Form 10--A for the year ended December 31, 2017.

Results of Operations

(in millions)	Six Months Ended cune 30,		
	2018	201\$	variance
Operating Revenues			
Regulated electric	6 : 82 Q	665 Q	17
Regulated natural gas	2\$	270	7
Nonregulated electric and other	24	20	4
Total operating revenues	983	955	28
Operating Expenses			
Fuel used in electric generation and purchased power z regulated	185	183	2
Fuel used in electric generation and purchased power z nonregulated	29	29	•
Cost of natural gas	: 9	64	5
Operation, maintenance and other	2: 1	263	(2)
Depreciation and amortiBation	132	130	2
Property and other taxes	145	139	6
Impairment charges	Z	1	(1)
Total operating expenses	821	809	12
Loss on Sales of Other Assets and Other, net	(10:)	•	(106)
Operating Inzome	5:	146	(90)
Other Inzome and Evpenses, net	14	10	4
Interest Evpense	45	45	•
Inzome kefore Inzome Taves	25	111	(86)
Inzome Tav Evpense	4	39	(35)
Net Inzome	6 21 Q	72 Q	(51)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

	Eleztriz	Natural Gas
Inzrease (Dezrease) oter prior year	2018	2018
Residential sales	14.5 %	32.0%
General service sales	3.0 %	29.2%
Industrial sales	(1.6)%	15.3%
Wholesale electric power sales	(70.9)%	n.a
Other natural gas sales	n.a	2.7%
Total sales	2.2 %	22.6%
Average number of customers	0.9 %	0.9%

Siv Months Ended cune 30, 2018, as Compared to cune 30, 201\$

Operating Revenues. The variance was driven primarily by\$

- X a Q28 million increase in electric and natural gas retail sales, net of fuel revenues, due to favorable weather in the current year° and
- X a Q13 million increase in financial transmission rights revenues.

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Partially offset by\$

- X a Q19 million decrease in regulated revenues due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act and
- X a Q5 million decrease in bulk power marketing sales.

Operating Expenses. The variance was driven primarily by\$

- X a Q7 million increase in fuel costs due to higher electric fuel prices and natural gas sales volumes and
- X a Q6 million increase in property and other taxes primarily due to higher property taxes due to higher plant balances.

Other Income and Expenses. The variance was driven primarily by an increase in AF' DC equity due to higher base spending for transmission and fossil plants and an increase due to the impairment of meters in 2017.

Loss on Sales of Other Assets and Other, net. The decrease was driven by the loss on the sale of Veckjard, a nonregulated facility retired during 2014, including the transfer of coal ash basins and other real property and indemnification from any and all potential future claims related to the property, whether arising under environmental laws or otherwise.

Income Tax Expense. The variance was primarily due to a decrease in pretax income and the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the six months ended : une 30, 2018, and 2017 were 16.0 percent and 35.1 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and an increase in AF' DC equity. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

Duke Energy Ohio has a 9 percent ownership interest in O' EC, which owns 2,256 MW of coal-fired generation capacity. As a counterparty to an ICPA, Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from O' EC's power plants through : une 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortiBation and interest expense, are allocated to counterparties to the ICPA, including Duke Energy Ohio, based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuations in power prices and changes in O' EC's costs of business. On March 31, 2018, FES, a subsidiary of FirstEnergy and an ICPA counterparty with a power participation ratio of 4.85 percent, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. Duke Energy Ohio cannot predict the impact of the bankruptcy filing on its O' EC interests. In addition, certain proposed environmental rulemaking costs could result in future increased O' EC cost allocations.

On March 2, 2017, Duke Energy Ohio filed an electric distribution base rate application with the P' CO to address recovery of electric distribution system capital investments and any increase in expenditures subsequent to previous rate cases. On April 13, 2018, Duke Energy Ohio filed a Stipulation with the P' CO to resolve issues in the electric distribution base rate case and other regulatory matters. If approved by P' CO, the Stipulation would allow for Duke Energy Ohio to recover gains and losses incurred on and after : anuary 1, 2018, related to O' EC, through the Price StabililBation Rider. earings will conclude on August 6, 2018. Duke Energy Ohio's results of operations, financial position and cash flows could be adversely impacted if the Stipulation is denied by the P' CO. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10--JA for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

DUBE ENERGY INDIANA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the six months ended : une 30, 2018, and 2017 and the Annual Report on Form 10--JA for the year ended December 31, 2017.

Results of Operations

(in millions)	Six Months Ended une 30,			
	2018	2017	2018	2017
Operating Revenues	6	1,4: 9	Q	1,500
Operating Expenses				
Fuel used in electric generation and purchased power		458		485
Operation, maintenance and other		3\$8		369
Depreciation and amortiBation		25:		216
Property and other taxes		40		37
Total operating expenses		1,132		1,107
Operating Income		33\$		393
Other Income and Expenses, net		13		20
Interest Expense		83		88
Income before Income Taxes		2: \$		325
Income Tax Expense		: 9		128
Net Income	6	198	Q	197

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The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2018
Residential sales	15.8 %
General service sales	2.2 %
Industrial sales	(0.6)%
Wholesale power sales	(1.0)%
Total sales	3.7 %
Average number of customers	1.1 %

Six Months Ended June 30, 2018, as Compared to June 30, 2017

Operating Revenues. The variance was driven primarily by:

- X a \$6 million decrease due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act.
 - X a \$15 million decrease in wholesale power revenues, net of fuel, primarily due to contracts that expired in the prior year and
 - X a \$12 million decrease in fuel revenues primarily due to lower purchased power costs passed through to customers and lower financial transmission rights revenues.
- Partially offset by:
- X a \$82 million increase in rate rider revenues primarily related to the Edwardsport Integrated Gasification Combined Cycle (IGCC) plant and the Transmission, Distribution and Storage System Improvement Charge rider and
 - X a \$22 million increase in electric sales to retail customers due to favorable weather in the current year.

Operating Expenses. The variance was driven primarily by:

- X a \$40 million increase in depreciation and amortization primarily due to additional plant in service and the deferral of certain asset retirement obligations in the prior year and
- X a \$9 million increase in operation, maintenance and other expense primarily due to higher transmission costs, grid improvement and customer related costs.

Partially offset by:

- X a \$27 million decrease in fuel used in electric generation and purchased power primarily due to lower purchased power and fuel prices, partially offset by an increase in internal generation.

Other Income and Expenses. The variance was driven primarily by lower AFJDC equity in the current year.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the six months ended : June 30, 2018, and 2017 were 25.8 percent and 39.4 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

On April 17, 2015, the EPA published in the Federal Register a rule to regulate the disposal of CCR from electric utilities as solid waste. Duke Energy Indiana has interpreted the rule to identify the coal ash basin sites impacted and has assessed the amounts of coal ash subject to the rule and a method of compliance. Duke Energy Indiana's interpretation of the requirements of the CCR rule is subject to potential legal challenges and further regulatory approvals, which could result in additional ash basin closure requirements, higher costs of compliance and greater AROs. Additionally, Duke Energy Indiana has retired facilities that are not subject to the CCR rule. Duke Energy Indiana may incur costs at these facilities to comply with environmental regulations or to mitigate risks associated with on-site storage of coal ash. An order from regulatory authorities disallowing recovery of costs related to closure of ash basins could have an adverse impact on Duke Energy Indiana's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Duke Energy Indiana's costs for the Edwardsport IGCC plant are recovered from retail electric customers via a rider. Duke Energy Indiana files cost updates periodically with the IJC. Duke Energy Indiana's results of operations, financial position and cash flows could be adversely impacted by actions of the IJC related to IGCC costs.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrant's Annual Reports on Form 10-K for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

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Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the six months ended June 30, 2018 and 2017 and the Annual Report on Form 10-K for the year ended December 31, 2017.

Results of Operations

(in millions)	Six Months Ended June 30,					
	2018		2017		variance	
Operating Revenues	6	\$ 8	Q	701	Q	67
Operating Expenses						
Cost of natural gas		333		270		63
Operation, maintenance and other		\$ 1		153		14
Depreciation and amortization		\$8		71		7
Property and other taxes		24		25		(1)
Impairment charges		2		7		(7)
Total operating expenses		\$ 2		526		76
Operating Income		\$ 1		175		(9)
Other Income and Expenses						
Equity in earnings of unconsolidated affiliates		3		5		(2)
Other income and expenses, net		\$		(1)		7
Total other income and expenses		9		4		5
Interest Expense		41		39		2
Income before Income Taxes		134		140		(6)
Income Tax Expense		32		53		(21)
Net Income	6	102	Q	87	Q	15

The following table shows the percent changes in dekatherms delivered and average number of customers. The percentages for all throughput deliveries represent billed and unbilled sales. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2018
Residential deliveries	40.2 %
Commercial deliveries	31.0 %
Industrial deliveries	4.3 %
Power generation deliveries	18.8 %
For resale	26.0 %
Total throughput deliveries	19.6 %
Secondary market volumes	(10.2)%
Average number of customers	1.8 %

Due to the margin decoupling mechanism in North Carolina and weather normalization adjustment (WNA) mechanisms in South Carolina and Tennessee, changes in throughput deliveries do not have a material impact on Piedmont's revenues or earnings. The margin decoupling mechanism adjusts for variations in residential and commercial use per customer, including those due to weather and conservation. The WNA mechanisms mostly offset the impact of weather on bills rendered, but do not ensure precise recovery of approved margin during periods when winter weather is significantly warmer or colder than normal.

Six Months Ended June 30, 2018, as Compared to June 30, 2017

Operating Revenues. The variance was driven primarily by \$

- X a \$63 million increase due to higher natural gas costs passed through to customers due to higher volumes sold and higher natural gas prices and
- X a \$31 million increase primarily due to residential and commercial customer revenue, net of natural gas costs passed through to customers, customer growth, IMR rate adjustments and new power generation customers.

Partially offset by \$

- X a \$27 million decrease due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act.

PART I

Operating Expenses. The variance was driven by\$

- X a Q63 million increase in cost of natural gas due to higher volumes sold and higher natural gas prices°
- X a Q14 million increase in operation, maintenance and other primarily due to increased natural gas operations, shared services, corporate governance and costs to achieve merger expenses° and
- X a Q7 million increase in depreciation and amortiBation due to additional plant in service.

Partially offset by\$

- X a Q7 million decrease due to an impairment of software recorded in the prior year.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the six months ended : une 30, 2018, and 2017 were 23.9 percent and 37.9 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impazting Future Results

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy RegistrantsUAnnual Reports on Form 10—JA for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

LIQUIDITY AND CAPITAL RESOURCES

Sourzes and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. See Duke Energy's Annual Report on Form 10—JA for the year ended December 31, 2017, for a summary and detailed discussion of projected primary sources and uses of cash for 2018 to 2020.

The Subsidiary Registrants generally maintain minimal cash balances and use short-term borrowings to meet their working capital needs and other cash requirements. The Subsidiary Registrants, excluding Progress Energy (Parent), support their short-term borrowing needs through participation with Duke Energy and certain of its other subsidiaries in a money pool arrangement. The companies with short-term funds may provide short-term loans to affiliates participating under this arrangement.

Duke Energy and the Subsidiary Registrants, excluding Progress Energy (Parent), may also use short-term debt, including commercial paper and the money pool, as a bridge to long-term debt financings. The levels of borrowing may vary significantly over the course of the year due to the timing of long-term debt financings and the impact of fluctuations in cash flows from operations. From time to time, Duke Energy's current liabilities may exceed current assets resulting from the use of short-term debt as a funding source to meet scheduled maturities of long-term debt, as well as cash needs, which can fluctuate due to the seasonality of its business.

Equity Issuanze

Refer to Note 14 to the Condensed Consolidated Financial Statements, "Common Stock," for further information regarding Duke Energy's equity issuance.

CREDIT FACILITIES AND REGISTRATION STATEMENTS

Refer to Note 5 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for further information regarding Duke Energy's available credit facilities, including the Master Credit Facility.

Shelf Registration

In September 2016, Duke Energy filed a registration statement (Form S-3) with the ' .S. Securities and Exchange Commission. ' nder this Form S-3, which is uncapped, the Duke Energy Registrants, excluding Progress Energy (Parent), may issue debt and other securities in the future at amounts, prices and with terms to be determined at the time of future offerings. The registration statement also allows for the issuance of common stock by Duke Energy.

In : anuary 2017, Duke Energy amended its Form S-3 to add Piedmont as a registrant and included in the amendment a prospectus for Piedmont under which it may issue debt securities in the same manner as other Duke Energy Registrants.

DEk T MATURITIES

Refer to Note 5 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for further information regarding significant components of Current Maturities of Long-Term Debt on the Condensed Consolidated Valance Sheets.

CASH FLOWS FROM OPERATING ACTIWITIES

Cash flows from operations of Electric ' tilities and Infrastructure and Gas ' tilities and Infrastructure are primarily driven by sales of electricity and natural gas, respectively, and costs of operations. These cash flows from operations are relatively stable and comprise a substantial portion of Duke Energy's operating cash flows. Weather conditions, working capital and commodity price fluctuations, and unanticipated expenses including unplanned plant outages, storms, legal costs and related settlements, and regulatory orders can affect the timing and level of cash flows from operations.

PART I

Duke Energy believes it has sufficient liquidity resources through the commercial paper markets, and ultimately the Master Credit and Revolving Facilities, to support these operations. Cash flows from operations are subject to a number of other factors, including but not limited to regulatory constraints, economic trends and market volatility (see "Item 1A. Risk Factors," in the Duke Energy Registrants' Annual Reports on Form 10--A for the year ended December 31, 2017, for additional information).

Restrictive Debt Covenants

The Duke Energy Registrants' debt and credit agreements contain various financial and other covenants. The Master Credit Facility contains a covenant requiring the debt-to-total capitalization ratio not to exceed 65 percent for all borrowers except Piedmont, and 70 percent for Piedmont. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the agreements or sublimits thereto. As of June 30, 2018, each of the Duke Energy Registrants was in compliance with all covenants related to their debt agreements. In addition, some credit agreements may allow for acceleration of payments or termination of the agreements due to nonpayment or acceleration of other significant indebtedness of the borrower or some of its subsidiaries. None of the debt or credit agreements contain material adverse change clauses.

Credit Ratings

Credit ratings are intended to provide credit lenders a framework for comparing the credit quality of securities and are not a recommendation to buy, sell or hold. The Duke Energy Registrants' credit ratings are dependent on the rating agencies' assessments of their ability to meet their debt principal and interest obligations when they come due. If, as a result of market conditions or other factors, the Duke Energy Registrants are unable to maintain current balance sheet strength or if earnings and cash flow outlook materially deteriorate, credit ratings could be negatively impacted.

Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Services and Fitch Ratings, Inc. provide credit ratings for various Duke Energy Registrants.

On August 1, 2018, Moody's revised its ratings outlook for Duke Energy Corporation and Piedmont from negative to stable and for Duke Energy Ohio from positive to stable. Moody's also revised its ratings as follows: Progress Energy is upgraded from Vaa2 to Vaa1; Piedmont is downgraded from A2 to A3.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

(in millions)	Six Months Ended		
	June 30,		
	2018	2017	
Cash flows provided by (used in):			
Operating activities	6	3,302	Q
Investing activities	(4,455)	(4,344)	
Financing activities	1,255	1,474	
Net decrease in cash, cash equivalents and restricted cash	(8)	(70)	
Cash, cash equivalents and restricted cash at beginning of period	505	541	
Cash, cash equivalents and restricted cash at end of period	6	425	Q

OPERATING CASH FLOWS

The following table summarizes key components of Duke Energy's operating cash flows.

(in millions)	Six Months Ended		
	June 30,		
	2018	2017	
Net income	6	1,124	Q
Non-cash adjustments to net income	3,082	2,434	
Contributions to qualified pension plans	(141)	•	
Payments for asset retirement obligations	(245)	(272)	
Payment for disposal of other assets	(105)	•	
Working capital	(413)	(768)	
Net cash provided by operating activities	6	3,302	Q

The variance was primarily due to:

- X a \$366 million increase in net income after adjustment for non-cash items primarily due to favorable weather in the current period compared to the prior period and increased pricing; and
- X a \$355 million decrease in cash outflows from working capital due primarily to timing of payment of accruals and tax refunds related to federal net operation loss carrybacks.

PART I

Partially offset by\$

X a Q141 million increase in contributions to qualified pension plans and

X a Q105 million payment for disposal of Veckjard.

INVESTING CASH FLOWS

The following table summarizes key components of Duke Energy's investing cash flows.

(in millions)		Six Months Ended	
		June 30,	
		2018	2019
Capital, investment and acquisition expenditures	6	(4,515) Q	(4,218)
Other investing items		(130)	(126)
Net cash used in investing activities	6	(4,645) Q	(4,344)

The variance relates primarily to a Q297 million increase in capital expenditures due to higher overall investments in regulated generation, natural gas and commercial renewables.

FINANCING CASH FLOWS

The following table summarizes key components of Duke Energy's financing cash flows.

(in millions)		Six Months Ended	
		June 30,	
		2018	2019
Issuances of long-term debt, net	6	53\$ Q	1,725
Issuances of common stock		820	•
Notes payable and commercial paper		1,131	981
Dividends paid		(1,199)	(1,200)
Other financing items		(24)	(32)
Net cash provided by financing activities	6	1,205 Q	1,474

The variance was primarily due to\$

X a Q1,188 million decrease in proceeds from net issuances of long-term debt primarily due to a prior year financing of Q577 million in the Commercial Renewables segment and the timing of issuances and redemptions of long-term debt.

Partially offset by\$

X an Q820 million increase in proceeds from the issuance of common stock.

Summary of Significant Debt Issuances

Refer to Note 5 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for further information regarding significant debt issuances.

OTHER MATTERS

Environmental Regulations

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters. These regulations can be changed from time to time and result in new obligations of the Duke Energy Registrants.

The following sections outline various proposed and recently enacted regulations that may impact the Duke Energy Registrants. Refer to Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for further information regarding potential plant retirements and regulatory filings related to the Duke Energy Registrants.

PART I

Coal Combustion Residuals

In April 2015, the EPA published a rule to regulate the disposal of CCR from electric utilities as solid waste. The federal regulation classifies CCR as nonhazardous waste and allows for beneficial use of CCR with some restrictions. The regulation applies to all new and existing landfills, new and existing surface impoundments receiving CCR and existing surface impoundments that are no longer receiving CCR but contain liquid located at stations currently generating electricity (regardless of fuel source). The rule establishes requirements regarding landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring, protection and remedial procedures and other operational and reporting procedures to ensure the safe disposal and management of CCR. Various industry and environmental parties have appealed the EPA's CCR rule in the U.S. Court of Appeals for the District of Columbia (D.C. Circuit Court). On April 18, 2016, the EPA filed a motion with the federal court to settle five issues raised in litigation. On June 14, 2016, the court approved the motion with respect to all of those issues. Duke Energy does not expect a material impact from the settlement or that it will result in additional ARO adjustments. On September 13, 2017, EPA responded to a petition by the Utility Solid Waste Activities Group that the agency would reconsider certain provisions of the final rule, and asked the D.C. Circuit Court to suspend the litigation. The D.C. Circuit Court denied EPA's petition to suspend the litigation and oral argument was held on November 20, 2017. The court has not issued an order in the matter. Duke Energy cannot predict the outcome of the litigation.

On March 15, 2018, EPA published proposed amendments to the federal CCR rule, including revisions that were required as part of a CCR litigation settlement, as well as changes that the agency considers warranted due to the passage of the Water Infrastructure Improvements for the Nation Act, which provides statutory authority for state and federal permit programs. On July 17, 2018, EPA issued a rule finalizing certain, but not all, elements included in the agency's March 15, 2018, proposal. The final rule revises certain closure deadlines and groundwater protection standards in the CCR rule. It does not change the primary requirements for groundwater monitoring, corrective action, inspections and maintenance, and closure, and thus does not materially affect Duke Energy's coal ash basin closure plans or compliance obligations under the CCR rule.

In addition to the requirements of the federal CCR regulation, CCR landfills and surface impoundments will continue to be independently regulated by most states. Cost recovery for future expenditures will be pursued through the normal ratemaking process with federal and state utility commissions and via wholesale contracts, which permit recovery of necessary and prudently incurred costs associated with Duke Energy's regulated operations. For more information, see Note 9, "Asset Retirement Obligations," in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2017.

Coal Ash Management Act of 2014

Asset retirement obligations recorded on the Duke Energy Carolinas and Duke Energy Progress Condensed Consolidated Balance Sheets at June 30, 2018, and December 31, 2017, include the legal obligation for closure of coal ash basins and the disposal of related ash as a result of the Coal Ash Act, the EPA CCR rule and other agreements. The Coal Ash Act requires Duke Energy to undertake dam improvement projects and to provide access to a permanent alternative drinking water source to certain residents within a half-mile of coal ash basin compliance boundaries and to certain other potentially impacted residents. The legislation requires excavation of the Sutton, Riverbend and Dan River basins by August 1, 2019, and Asheville basins by August 1, 2022. Excavation at these sites may include a combination of transfer of coal ash to an engineered landfill or conversion for beneficial use. Basins at the W.F. Lee, Cape Fear and Weatherspoon sites are required to be closed through excavation no later than August 1, 2028. Excavation at these sites can include conversion of the basin to a lined industrial landfill, transfer of ash to an engineered landfill or conversion for beneficial use. The remaining basins are required to be closed no later than December 31, 2024, through conversion to a lined industrial landfill, transfer to an engineered landfill or conversion for beneficial use, unless certain dam improvement projects and alternative drinking water source projects are completed by October 15, 2018. Upon satisfactory completion of these projects, the closure deadline would be extended to December 31, 2029, and could include closure through the combination of a cap system and a groundwater monitoring system.

Additionally, the Coal Ash Act requires the installation and operation of three large-scale coal ash beneficiation projects to produce reprocessed ash for use in the concrete industry. Duke Energy selected the Vuck, W.F. Lee and Cape Fear plants for these projects. Closure at these sites is required to be completed no later than December 31, 2029.

The Coal Ash Act includes a variance procedure for compliance deadlines and other issues surrounding the management of CCR and CCR surface impoundments and prohibits cost recovery in customer rates for unlawful discharge of ash impoundment waters occurring after January 1, 2014. The Coal Ash Act leaves the decision on cost recovery determinations related to closure of ash impoundments to the normal ratemaking processes before utility regulatory commissions. Consistent with the requirements of the Coal Ash Act, Duke Energy has submitted comprehensive site assessments and groundwater corrective plans to NCDEH and will submit to NCDEH site-specific coal ash impoundment closure plans in advance of closure. These plans and all associated permits must be approved by NCDEH before closure work can begin.

For more information, see Note 9, "Asset Retirement Obligations," in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2017.

Clean Water Act 316(b)

The EPA published the final 316(b) cooling water intake structure rule on August 15, 2014, with an effective date of October 14, 2014. The rule applies to 26 of the electric generating facilities the Duke Energy Registrants own and operate. The rule allows for several options to demonstrate compliance and provides flexibility to the state environmental permitting agencies to make determinations on controls, if any, that will be required for cooling water intake structures. Any required intake structure modifications and/or retrofits are expected to be installed in the 2019 to 2023 time frame. Petitions challenging the rule have been filed by several groups. Oral argument was held on September 14, 2017. On July 23, 2018, the U.S. Court of Appeals for the Second Circuit announced their decision to uphold the 316(b) rule. Duke Energy continues to work with the state environmental permitting agency to implement the rule.

PART I

Steam Electric Effluent Limitations Guidelines

On January 4, 2016, the final Steam Electric Effluent Limitations Guidelines (ELG) rule became effective. The rule establishes new requirements for wastewater streams associated with steam electric power generation and includes more stringent controls for any new coal plants that may be built in the future. As originally written, affected facilities were required to comply between 2018 and 2023, depending on the timing of Clean Water Act (CWA) discharge permits. Most of the steam electric generating facilities the Duke Energy Registrants own are affected sources. The Duke Energy Registrants are well-positioned to meet the majority of the requirements of the rule due to current efforts to convert to dry ash handling. Petitions challenging the rule have been filed by several groups. On March 16, 2015, Duke Energy Indiana filed its own legal challenge to the rule with the Seventh Circuit Court of Appeals specific to the ELG rule focused on the limits imposed on IGCC facilities (gasification wastewater). All challenges to the rule were consolidated in the Fifth Circuit Court of Appeals. On August 22, 2017, the Fifth Circuit Court of Appeals granted EPA's Motion to Govern Further Proceedings, thereby severing and suspending the claims related to flue gas desulfurization wastewater, bottom ash transport water and gasification wastewater. Claims regarding gasification wastewater were stayed, pending the issuance of the variance to Duke Energy Indiana. Duke Energy Indiana's federal court challenge to EPA's Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category remains in abeyance. After a long delay, EPA issued a variance for discharges at Edwardsport of wastewater associated with the gasification process. The variance will be incorporated by the state agency into a new wastewater discharge permit. Once the permit has issued and the time limit for a third-party challenge expires, Duke Energy Indiana will voluntarily dismiss the federal court challenge. The litigation will continue as to claims related to other waste streams.

Separate from the litigation, EPA finalized a rule on September 18, 2017, postponing the earliest applicability date for bottom ash transport water and flue gas desulfurization wastewater from 2018 to 2020 and retaining the end applicability date of 2023. Also, as part of the rule, EPA reiterated its intent to conduct a new rulemaking to review the effluent limitation guidelines for bottom ash transport water and flue gas desulfurization wastewater. EPA projects that a new rule on these two issues will be finalized by late 2020.

The Duke Energy Registrants cannot predict the outcome of these matters.

Estimated Cost and Impacts of Rulemakings

Duke Energy will incur capital expenditures to comply with the environmental regulations and rules discussed above. The following table provides five-year estimated costs, excluding AF¹ DC, of new control equipment that may need to be installed on existing power plants primarily to comply with the Coal Ash Act requirements for conversion to dry disposal of bottom ash and fly ash, CWA 316(b) and ELGs through December 31, 2022. The table excludes ash basin closure costs recorded in Asset retirement obligations on the Condensed Consolidated Balance Sheets. For more information related to AROs, see Note 9, "Asset Retirement Obligations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2017.

(in millions)	Estimated Cost	
Duke Energy	6	910
Duke Energy Carolinas		420
Progress Energy		360
Duke Energy Progress		260
Duke Energy Florida		100
Duke Energy Ohio		70
Duke Energy Indiana		60

The Duke Energy Registrants also expect to incur increased fuel, purchased power, operation and maintenance and other expenses, in addition to costs for replacement generation for potential coal-fired power plant retirements, as a result of these regulations. Actual compliance costs incurred may be materially different from these estimates due to reasons such as the timing and requirements of EPA regulations and the resolution of legal challenges to the rules. The Duke Energy Registrants intend to seek rate recovery of necessary and prudently incurred costs associated with regulated operations to comply with these regulations.

Cross-State Air Pollution Rule

On September 7, 2016, EPA finalized a revision to the Cross-State Air Pollution Rule (CSAPR) the revised rule is known as the CSAPR Update Rule. The CSAPR Update Rule reduces the CSAPR Phase 2 state ozone season NO_x emission budgets for 22 eastern states, including Ohio, Kentucky and Indiana. In the final CSAPR Update Rule, the EPA removed Florida, South Carolina and North Carolina from the ozone season NO_x program. Beginning in 2017, Duke Energy Registrants in these states will not be subject to any CSAPR ozone season NO_x emission limitations. For the states that remain in the program, the reduced state ozone season NO_x emission budgets took effect on May 1, 2017. In Kentucky and Indiana, where Duke Energy Registrants own and operate coal-fired electric generating units (EGUs) subject to the final rule requirements, near-term responses include changing unit dispatch to run certain generating units less frequently and/or purchasing NO_x allowances from the trading market. Longer term, upgrading the performance of existing NO_x controls is an option. The Indiana Utility Group and the Indiana Energy Association jointly filed a petition for reconsideration asking that the EPA correct errors it made in calculating the Indiana budget and increase the budget accordingly. EPA has yet to act on the petition. Numerous parties have filed petitions with the D.C. Circuit Court challenging various aspects of the CSAPR Update Rule. Final briefs in the case were due April 9, 2018. Oral argument is scheduled for October 3, 2018. The Duke Energy Registrants cannot predict the outcome of these matters.

PART I

Carbon Pollution Standards for New, Modified and Reconstructed Power Plants

On October 23, 2015, the EPA published a final rule in the Federal Register establishing carbon dioxide (CO₂) emissions limits for new, modified and reconstructed power plants. The requirements for new plants apply to plants that commenced construction after January 8, 2014. The EPA set an emissions standard for coal units of 1,400 pounds of CO₂ per gross MWh, which would require the application of partial carbon capture and storage (CCS) technology for a coal unit to be able to meet the limit. Full-scale CCS is not currently a demonstrated and commercially available technology for coal-fired EGUs, and therefore the final standard effectively prevents the development of new coal-fired generation. The EPA set a final standard of 1,000 pounds of CO₂ per gross MWh for new natural gas combined-cycle units.

On March 28, 2017, President Trump signed an executive order directing EPA to review the rule and determine whether to suspend, revise or rescind it. On the same day, the Department of Justice (DOJ) filed a motion with the D.C. Circuit Court requesting that the court stay the litigation of the rule while it is reviewed by EPA. Subsequent to the DOJ motion, the D.C. Circuit Court canceled oral argument in the case. On August 10, 2017, the court ordered that the litigation be suspended indefinitely. The rule remains in effect pending the outcome of litigation and EPA's review. EPA has not announced a schedule for completing its review. On July 24, 2018, EPA reported to the court that it plans to send a proposed revised rule to the Office of Management and Budget (OMB) for review in August. The Duke Energy Registrants cannot predict the outcome of these matters but do not expect the impacts of the current final standards will be material to Duke Energy's financial position, results of operations or cash flows.

Clean Power Plan

On October 23, 2015, the EPA published in the Federal Register the final Clean Power Plan (CPP) rule to regulate CO₂ emissions from existing fossil fuel-fired EGUs. The CPP established CO₂ emission rates and mass cap goals that apply to existing fossil fuel-fired EGUs. Petitions challenging the rule were filed by numerous groups and on February 9, 2016, the Supreme Court issued a stay of the final CPP rule, halting implementation of the CPP until legal challenges are resolved. States in which the Duke Energy Registrants operate have suspended work on the CPP in response to the stay. Oral arguments before 10 of the 11 judges on the D.C. Circuit Court were heard on September 27, 2016. The court has not issued its opinion in the case.

On March 28, 2017, President Trump signed an executive order directing EPA to review the CPP and determine whether to suspend, revise or rescind the rule. On the same day, the DOJ filed a motion with the D.C. Circuit Court requesting that the court stay the litigation of the rule while it is reviewed by EPA. On April 28, 2017, the court issued an order to suspend the litigation for 60 days. On August 8, 2017, the court, on its own motion, extended the suspension of the litigation for an additional 60 days. On October 16, 2017, EPA issued a Notice of Proposed Rulemaking (NPR) to repeal the CPP based on a change to EPA's legal interpretation of the section of the Clean Air Act on which the CPP was based. The comment period on EPA's NPR ended April 26, 2018. On December 28, 2017, EPA issued an Advance Notice of Proposed Rulemaking (ANPRM) in which it sought public comment on various aspects of a potential CPP replacement rule. The comment period on the ANPRM ended February 26, 2018. On July 9, 2018, EPA sent a proposed CPP replacement rule to the OMB for review after that review is completed, EPA will issue its proposal for public comment. Litigation of the CPP remains on hold in the D.C. Circuit Court and the February 2016 U.S. Supreme Court stay of the CPP remains in effect. The Duke Energy Registrants cannot predict the outcome of these matters.

Section 12: Petitions

On November 16, 2016, the state of Maryland filed a petition with EPA under Section 126 of the Clean Air Act alleging that 19 power plants, including two that Duke Energy Registrants own and operate, contribute to violations of EPA's National Ambient Air Quality Standards (NAAQS) for ozone in the state of Maryland. On March 12, 2018, the state of New York filed a petition with EPA, also under Section 126 of the Clean Air Act alleging that over 60 power plants, including four that Duke Energy Registrants own and operate, contribute to violations of EPA's ozone NAAQS in the state of New York. Both Maryland and New York seek EPA orders requiring the states in which the named power plants operate impose more stringent nitrogen oxide (NO_x) emission limitations on the plants. On June 8, 2018, EPA proposed to deny the Maryland petition. EPA is under court order to take final action on the Maryland petition by September 15, 2018. The impact of these petitions could be more stringent requirements for the operation of NO_x emission controls at these plants. The Duke Energy Registrants cannot predict the outcome of these matters.

Global Climate Change

For other information on global climate change and the potential impacts on Duke Energy, see "Other Matters" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2017.

North Carolina Legislation

For other information on North Carolina legislation and the potential impacts on Duke Energy, see "Other Matters" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2017.

Liquefied Natural Gas Facility

Piedmont Natural Gas plans to build a liquefied natural gas facility in Robeson County, North Carolina. The project is expected to be completed in the summer of 2021 at a cost of \$250 million. Construction will begin in the summer of 2019.

Nuclear Matters

For other information on nuclear matters and the potential impacts on Duke Energy, see "Other Matters" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2017.

PART I

Ne' Azzounting Standards

See Note 1 to the Condensed Consolidated Financial Statements, "OrganiBation and Vasis of Presentation," for a discussion of the impact of new accounting standards.

Off-k-alanze Sheet Arrangements

During the three and six months ended : une 30, 2018, there were no material changes to Duke Energy's off-balance sheet arrangements. See Note 12 to the Condensed Consolidated Financial Statements, "' ariable Interest Entities," for a discussion of off-balance sheet arrangements regarding ACP. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Valance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10—JA for the year ended December 31, 2017.

Contraztual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three and six months ended : une 30, 2018, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Huantitative and Hualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10—JA for the year ended December 31, 2017.

Subsequent EKents

See Note 18 to the Condensed Consolidated Financial Statements, "Subsequent Events," for a discussion of subsequent events.

ITEM 3. QUANTITATIWE AND QUALITATIWE DISCLOSURES Ak OUT MARBET RISB

During the three and six months ended : une 30, 2018, there were no material changes to the Duke Energy Registrants' disclosures about market risk. For an in-depth discussion of the Duke Energy Registrants' market risks, see "Huantitative and Hualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10—JA for the Duke Energy Registrants.

ITEM 4. CONTROLS AND PROCEDURES

Diszlosure Controls and Prozedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Securities Exchange Act of 1934 (Exchange Act) are recorded, processed, summarizBed and reported within the time periods specified by the ' .S. Securities and Exchange Commission rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act are accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

' nder the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of : une 30, 2018, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control oKer Finanzial Reporting

' nder the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended : une 30, 2018, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

PART II. OT-ER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements.

Methyl tertiary butyl ether (MTkE) Litigation

On : une 19, 2014, the Commonwealth of Pennsylvania filed suit against, among others, Duke Energy Merchants, alleging contamination of waters of the state by MTVE from leaking gasoline storage tanks. MTVE is a gasoline additive intended to increase the oxygen level in gasoline and make it burn cleaner. The lawsuit was moved to federal court and consolidated into an existing multidistrict litigation docket of pending MTVE cases. This suit was settled for an immaterial amount in December 2017 and dismissed in : anuary 2018.

In December 2017, the state of Maryland filed a lawsuit in Valtimore City Circuit Court against Duke Energy Merchants and other defendants alleging contamination of its water supplies from MTVE. Duke Energy cannot predict the outcome of this matter.

ITEM 1A. RISB FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in the Duke Energy RegistrantsUAnnual Report on Form 10—JA, which could materially affect the Duke Energy Registrants; financial condition or future results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

PART II

ITEM : . EXHIBITS

Exhibits filed herein are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated. Items constituting management contracts or compensatory plans or arrangements are designated by a double asterisk (**). The Company agrees to furnish upon request to the Commission a copy of any omitted schedules or exhibits upon request on all items designated by a triple asterisk (***).

Exhibit Number		Du7e Energy	Du7e Energy Carolinas	Progress Energy	Du7e Energy Progress	Du7e Energy Florida	Du7e Energy Ohio	Du7e Energy Indiana	Piedmont
*4.1	Nineteenth Supplemental Indenture, dated as of May 16, 2018.	/							
4.2	Fifty-Fifth Supplemental Indenture, dated as of June 1, 2018, (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on June 21, 2018, File No. 1-3274).					/			
*12	Computation of Ratio of Earnings to Fixed Charges z D' -E ENERGY CORPORATION.	/							
*31.1.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	/							
*31.1.2	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		/						
*31.1.3	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			/					
*31.1.4	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				/				
*31.1.5	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					/			
*31.1.6	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						/		
*31.1.7	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.							/	
*31.1.8	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.								/
*31.2.1	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	/							
*31.2.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		/						
*31.2.3	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			/					
*31.2.4	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				/				
*31.2.5	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					/			
*31.2.6	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						/		
*31.2.7	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.							/	
*31.2.8	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.								/

PART II

*32.1.1	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	/								
*32.1.2	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	/								
*32.1.3	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	/								
*32.1.4	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	/								
*32.1.5	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	/								
*32.1.6	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	/								
*32.1.7	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	/								
*32.1.8	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	/								
*32.2.1	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	/								
*32.2.2	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	/								
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*32.2.8	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	/								
*101.INS	/ VRL Instance Document.	/	/	/	/	/	/	/	/	/
*101.SC-	/ VRL Taxonomy Extension Schema Document.	/	/	/	/	/	/	/	/	/
*101.CAL	/ VRL Taxonomy Calculation Linkbase Document.	/	/	/	/	/	/	/	/	/
*101.LAV	/ VRL Taxonomy Label Linkbase Document.	/	/	/	/	/	/	/	/	/
*101.PRE	/ VRL Taxonomy Presentation Linkbase Document.	/	/	/	/	/	/	/	/	/

PART II

*101.DEF	/	VRL Taxonomy Definition Linkbase	/	/	/	/	/	/	/	/	/
		Document.									

The total amount of securities of the registrant or its subsidiaries authoriBed under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10 percent of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the SEC, to furnish copies of any or all of such instruments to it.

PART II

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

D' -E ENERGY CORPORATION
D' -E ENERGY CAROLINAS, LLC
PROGRESS ENERGY, INC.
D' -E ENERGY PROGRESS, LLC
D' -E ENERGY FLORIDA, LLC
D' -E ENERGY O-IO, INC.
D' -E ENERGY INDIANA, LLC
PIEDMONT NAT' RAL GAS COMPANY, INC.

Date\$ August 2, 2018

STEVEN M. YOUNG

Steven M. Young
Executive Vice President and Chief Financial Officer (Principal
Financial Officer)

Date\$ August 2, 2018

DWIGHT L. ACOBS

Dwight L. Acobs
Senior Vice President, Chief Accounting Officer
and Controller
(Principal Accounting Officer)

DUKE ENERGY CORPORATION

TO

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

Trustee and Calculation Agent

Nineteenth Supplemental Indenture Dated as of May 16, 2018

\$500,000,000 FLOATING RATE SENIOR NOTES DUE 2021

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Exhibit A - Form of Floating Rate Senior Note Due 2021

Exhibit B - Certificate of Authentication

¹ This Table of Contents does not constitute part of the Indenture or have any bearing upon the interpretation of any of its terms and provisions.

EXHIBIT 4.1

Exhibit C - Certificate of Transfer

Exhibit D - Schedule of Increases or Decreases in Global Security

OFFICIAL COPY

SEP 13 2021

EXHIBIT 4.1

THIS NINETEENTH SUPPLEMENTAL INDENTURE is made as of the 16th day of May, 2018, by and among **DUKE ENERGY CORPORATION**, a Delaware corporation, having its principal office at 550 South Tryon Street, Charlotte, North Carolina 28202-1803 (the “Corporation”), and **The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.)**, a national banking association, as Trustee (herein called the “Trustee”) and Calculation Agent.

WITNESSETH:

WHEREAS, the Corporation has heretofore entered into an Indenture, dated as of June 3, 2008 (the “Original Indenture”), with The Bank of New York Mellon Trust Company, N.A., as Trustee;

WHEREAS, the Original Indenture is incorporated herein by this reference and the Original Indenture, as it may be amended and supplemented to the date hereof, including by this Nineteenth Supplemental Indenture, is herein called the “Indenture”;

WHEREAS, under the Indenture, a new series of Securities may at any time be established in accordance with the provisions of the Indenture and the terms of such series may be described by a supplemental indenture executed by the Corporation and the Trustee;

WHEREAS, the Corporation hereby proposes to create under the Indenture one additional series of Securities;

WHEREAS, additional Securities of other series hereafter established, except as may be limited in the Indenture as at the time supplemented and modified, may be issued from time to time pursuant to the Indenture as at the time supplemented and modified; and

WHEREAS, all conditions necessary to authorize the execution and delivery of this Nineteenth Supplemental Indenture and to make it a valid and binding obligation of the Corporation have been done or performed.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

FLOATING RATE SENIOR NOTES DUE 2021

Section 1.01. Establishment. There is hereby established a new series of Securities to be issued under the Indenture, to be designated as the Corporation’s Floating Rate Senior Notes due 2021 (the “2021 Notes”).

There are to be authenticated and delivered initially \$500,000,000 principal amount of the 2021 Notes, and no further 2021 Notes shall be authenticated and delivered except as provided by Section 304, 305, 306, 906 or 1106 of the Original Indenture and the last paragraph of Section 301 thereof. The 2021 Notes shall be issued in fully registered form without coupons.

The 2021 Notes shall be in substantially the form set out in Exhibit A hereto, and the form of the Trustee’s Certificate of Authentication for the 2021 Notes shall be in substantially the form set forth in Exhibit B hereto.

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SEP 13 2021

EXHIBIT 4.1

Each 2021 Note shall be dated the date of authentication thereof and shall bear interest from the date of original issuance thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for.

Section 1.02. Definitions. The following defined terms used in this Article I shall, unless the context otherwise requires, have the meanings specified below for purposes of the 2021 Notes. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Original Indenture.

“BBAM” means the display that appears on Bloomberg L.P.’s page “BBAM” or any page as may replace such page on such service (or any successor service) for the purpose of displaying the London Interbank Offered rate for U.S. dollar deposits.

“Business Day” means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business.

“Calculation Agent” means The Bank of New York Mellon Trust Company, N.A., as appointed pursuant to Section 2.01 of this Nineteenth Supplemental Indenture, or its successor appointed by the Corporation pursuant to Article Two hereof, acting as calculation agent.

“Interest Determination Date” means the second London Business Day immediately preceding the first day of the relevant Interest Period.

“Interest Payment Date” means each February 14, May 14, August 14 and November 14 of each year, commencing on August 14, 2018.

“Interest Period” means the period commencing on an Interest Payment Date or the 2021 Notes (or, with respect to the initial Interest Period only, commencing on the Original Issue Date for the 2021 Notes) and ending on the day before the next succeeding Interest Payment Date for the 2021 Notes.

“Legal Holiday” means any day that is a legal holiday in New York, New York.

“LIBOR” means, with respect to any Interest Period, the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Interest Period and ending on the next Interest Payment Date for the 2021 Notes that appears on Bloomberg L.P.’s page “BBAM” and, if such page is not available, from the Reuters LIBOR01 Page as of 11:00 a.m. (London time) on the Interest Determination Date for that Interest Period. If such rate does not appear on BBAM or the Reuters LIBOR01 Page as of 11:00 a.m. (London time) on the Interest Determination Date for that Interest Period, LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for the Interest Period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market, which may include affiliates of one or more initial purchasers of the 2021 Notes, selected by the Corporation, at approximately 11:00 a.m., London time, on the Interest Determination Date for that Interest Period. The Corporation will request the principal London office of each such bank to provide a quotation of its rate to the Calculation Agent. If at least two such quotations are provided, LIBOR with respect to that Interest Period will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR with respect to that Interest Period will be the arithmetic mean of the rates quoted by three major banks in New York City, which may include affiliates of one or more initial purchasers of the 2021 Notes, selected by the Corporation, at approximately 11:00 a.m., New York City time, on the Interest Determination Date for that Interest Period for loans in U.S. dollars to leading European banks for that Interest Period and in a

EXHIBIT 4.1

principal amount of not less than \$1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are quoting as described above, LIBOR for that Interest Period will be the same as LIBOR as determined for the previous Interest Period.

“London Business Day” means a day that is a Business Day and a day on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date are expected to be transacted, in the London interbank market.

“Original Issue Date” means May 16, 2018.

“Regular Record Date” means, with respect to each Interest Payment Date, the close of business on the 15th calendar day prior to such Interest Payment Date (whether or not a Business Day).

“Reuters LIBOR01 Page” means the display designated as Reuters LIBOR01 on the Reuters 3000 Xtra (or such other page as may replace the Reuters LIBOR01 Page on that service, or such other service as may be nominated for the purpose of displaying rates or prices comparable to the London Interbank Offered rate for U.S. dollar deposits by ICE Benchmark Administration Limited (“IBA”) or its successor or such other entity assuming the responsibility of IBA or its successor in calculating the London Interbank Offered rate in the event IBA or its successor no longer does so).

“Stated Maturity” means May 14, 2021.

Section 1.03. Payment of Principal and Interest. The principal of the 2021 Notes shall be due at Stated Maturity. The 2021 Notes shall bear interest from the Original Issue Date or from the most recent Interest Payment Date to which interest has been paid or provided for at the rates set quarterly pursuant to this Section 1.03, payable quarterly in arrears on each Interest Payment Date to the Person or Persons in whose name each 2021 Note is registered on the Regular Record Date for such Interest Payment Date; *provided* that interest payable at the Stated Maturity as provided herein shall be paid to the Person to whom principal is payable. Any such interest that is not so punctually paid or duly provided for shall forthwith cease to be payable to the Holders on such Regular Record Date and may either be paid to the Person or Persons in whose name each 2021 Note 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 (“Special Record Date”), notice whereof shall be given to Holders of each 2021 Note not less than ten (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, if any, on which the 2021 Notes may be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Original Indenture.

Interest on the 2021 Notes shall be computed on the basis of the actual number of days elapsed over a 360-day year. In the event that any Interest Payment Date for the 2021 Notes (other than the Interest Payment Date that is the Stated Maturity) would otherwise be a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day. In the event that the Stated Maturity of the 2021 Notes falls on a day that is not a Business Day, then the payment of principal and interest due on such date shall be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable.

The 2021 Notes will bear interest for each quarterly Interest Period at a per annum rate determined by the Calculation Agent. The interest rate applicable during each quarterly Interest Period will be equal to LIBOR on the Interest Determination Date for such Interest Period plus 50 basis points. Promptly upon such determination, the Calculation Agent will notify the Corporation and the Trustee, if the Trustee is not then serving as the Calculation Agent, of the interest rate for the new Interest Period.

EXHIBIT 4.1

The interest rate determined by the Calculation Agent, absent manifest error, shall be binding and conclusive upon the beneficial owners and holders of the 2021 Notes, the Corporation and the Trustee.

Upon the request of a holder of the 2021 Notes, the Calculation Agent will provide to such holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next Interest Period.

The accrued interest on the 2021 Notes for any period is calculated by multiplying the principal amount of the 2021 Notes by an accrued interest factor. The accrued interest factor is computed by adding the interest factor calculated for each day in the period for which accrued interest is being calculated. The interest factor (expressed as a decimal rounded upwards if necessary) is computed by dividing the interest rate (expressed as a decimal rounded upwards if necessary) applicable to such date by 360.

All percentages resulting from any calculation of the interest rate on the 2021 Notes will be rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 0.567845% (or .00567845) being rounded to 0.56785% (or .0056785) and 0.567844% (or .00567844) being rounded to 0.56784% (or .0056784)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

Payment of principal of and interest on the 2021 Notes shall be made 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. Payments of principal of and interest on 2021 Notes represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security. If any of the 2021 Notes are no longer represented by a Global Security, (i) payments of principal and interest due at the Stated Maturity of such 2021 Notes shall be made at the office of the Paying Agent upon surrender of such 2021 Notes to the Paying Agent and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

Section 1.04. Denominations. The 2021 Notes shall be issued in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof.

Section 1.05. Global Securities. The 2021 Notes shall initially be issued in the form of one or more Global Securities registered in the name of the Depositary (which initially shall be The Depositary Trust Company) or its nominee. The 2021 Notes will be initially issued pursuant to an exemption or exemptions from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). Beneficial interests in the 2021 Notes offered and sold to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in reliance upon Rule 144A under the Securities Act shall be represented by one or more separate Global Securities (each, a "Rule 144A Global Note"). Each Rule 144A Global Note shall bear the non-registration legend in substantially the form set forth in Exhibit A hereto (the "Rule 144A Legend"). Beneficial interests in the 2021 Notes offered and sold to purchasers outside of the United States pursuant to Regulation S under the Securities Act shall be represented by one or more separate Global Securities (each, a "Regulation S Global Note") and shall bear the Regulation S legend in substantially the form set forth in Exhibit A hereto (the "Regulation S Legend").

Except under the limited circumstances described below, 2021 Notes represented by such Global Security or Global Securities shall not be exchangeable for, and shall not otherwise be issuable as, 2021

EXHIBIT 4.1

Notes in definitive form. The Global Securities described in this Article I may not be transferred except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or to a successor Depositary or its nominee. Nothing in the Indenture or the 2021 Notes shall be construed to require the Corporation to register any 2021 Note under the Securities Act, or to make any transfer of such 2021 Note in violation of applicable law.

A Global Security representing the 2021 Notes shall be exchangeable for 2021 Notes registered in the names of persons other than the Depositary or its nominee only if (i) the Depositary notifies the Corporation that it is unwilling or unable to continue as a Depositary for such Global Security and no successor Depositary shall have been appointed by the Corporation within 90 days of receipt by the Corporation of such notification, or if at any time the Depositary ceases to be a clearing agency registered under the Exchange Act at a time when the Depositary is required to be so registered to act as such Depositary and no successor Depositary shall have been appointed by the Corporation within 90 days after it becomes aware of such cessation, (ii) an Event of Default has occurred and is continuing with respect to the 2021 Notes and beneficial owners of a majority in aggregate principal amount of the 2021 Notes represented by Global Securities advise the Depositary to cease acting as Depositary, or (iii) the Corporation in its sole discretion, and subject to the procedures of the Depositary, determines that such Global Security shall be so exchangeable. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for 2021 Notes registered in such names as the Depositary shall direct.

A Rule 144A Global Note may not be transferred on the Security Register except in compliance with the restrictions on transfer contained in the Rule 144A Legend and upon receipt by the Security Registrar of a completed and executed Certificate of Transfer in the form contained in Exhibit C hereto. Prior to the expiration of 40 days beginning on and including the later of (i) the day on which the offering of the 2021 Notes commences and (ii) the Original Issue Date of the 2021 Notes, a Regulation S Global Note may not be transferred on the Security Register except in compliance with the restrictions on transfer contained in the Regulation S Legend and upon receipt by the Security Registrar of a completed and executed Certificate of Transfer in the form contained in Exhibit C hereto.

Any beneficial interest in one of the Global Securities that is transferred to a person who takes delivery in the form of an interest in another Global Security of that series will, upon transfer, cease to be an interest in the initial Global Security of that series and will become an interest in the other Global Security of that series and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Security of that series for as long as it remains such an interest.

Neither the Trustee or the Security Registrar shall have any obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under the Indenture or under applicable law with respect to any transfer of any interest in any Global Security (including any transfers between or among Depositary participants, members or holders of any Global Security) other than, in connection with a registration of transfer of the 2021 Note on the Security Register, to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of the Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof. Transfers of beneficial interests between a Rule 144A Global Note and a Regulation S Global Note, and other transfers relating to beneficial interests in the Global Securities, shall be reflected by endorsements of the Trustee, as custodian for DTC, on the schedule attached to such Rule 144A Global Note and Regulation S Global Note. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of a Regulation S Global Note and a corresponding increase in the principal amount of a Rule 144A Global Note or vice versa, as applicable. Neither the Corporation nor

EXHIBIT 4.1

the Trustee shall have any liability for acts or omissions of any Depositary, for any Depositary records of beneficial interest, for any transactions between the Depositary, any participant member of the Depositary and/or beneficial owner of any interest in any 2021 Notes, or in respect of any transfers effected by the Depositary or by any participant member of the Depositary or any beneficial owner of any interest in any 2021 Notes held through any such participant member of the Depositary.

No service charge shall be made for any registration of transfer or exchange of the 2021 Notes, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Section 1.06. No Redemption. The 2021 Notes are not redeemable prior to maturity and shall not have a sinking fund.

Section 1.07. Paying Agent. The Trustee shall initially serve as Paying Agent with respect to the 2021 Notes, with the Place of Payment initially being the Corporate Trust Office.

Section 1.08. Legends. Each 2021 Note, whether in a global form or in a definitive form, shall bear the Rule 144A Legend, or the Regulation S Legend, as applicable, in substantially the form set forth in Exhibit A hereto.

ARTICLE II

CALCULATION AGENT FOR THE 2021 NOTES

Section 2.01. Appointment. Upon the terms and subject to the conditions contained herein, the Corporation hereby appoints The Bank of New York Mellon Trust Company, N.A. as the Corporation's calculation agent for the 2021 Notes (the "Calculation Agent") and The Bank of New York Mellon Trust Company, N.A. hereby accepts such appointment as the Corporation's agent for the purpose of calculating the applicable interest rates on the 2021 Notes in accordance with the provisions set forth herein..

Section 2.02. Duties and Obligations. The Calculation Agent shall: (a) calculate the applicable interest rates on the 2021 Notes in accordance with the provisions set forth herein, and (b) exercise due care to determine the interest rates on the 2021 Notes and shall communicate the same to the Corporation and the Trustee (if the Trustee is not then serving as the Calculation Agent) as soon as practicable after each determination.

The Calculation Agent will, upon the request of a holder of the 2021 Notes, provide to such Holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next Interest Period (as defined in Section 1.02).

Section 2.03. Terms and Conditions. The Calculation Agent accepts its obligations set forth herein, upon the terms and subject to the conditions hereof, including the following, to all of which the Corporation agrees:

(a) The Calculation Agent shall be entitled to such compensation as may be agreed upon with the Corporation for all services rendered by the Calculation Agent, and the Corporation promises to pay such compensation and to reimburse the Calculation Agent for the reasonable out-of-pocket expenses (including attorneys' fees and expenses) incurred by it in connection with the services rendered by it hereunder upon receipt of such invoices as the Corporation shall reasonably require. The Corporation also agrees to indemnify the Calculation Agent for, and to hold it harmless against, any and all loss, liability,

EXHIBIT 4.1

damage, claim or expense (including the costs and expenses of defending against any claim (regardless of who asserts such claim) of liability) incurred by the Calculation Agent that arises out of or in connection with its accepting appointment as, or acting as, Calculation Agent hereunder, except such as may result from the willful misconduct or gross negligence of the Calculation Agent or any of its agents or employees. Except as provided in the preceding sentence, the Calculation Agent shall incur no liability and shall be indemnified and held harmless by the Corporation for, or in respect of, any actions taken, omitted to be taken or suffered to be taken in good faith by the Calculation Agent in reliance upon (i) the opinion or advice of counsel or (ii) written instructions from the Corporation. The Calculation Agent shall not be liable for any error resulting from the use of or reliance on a source of information used in good faith and with due care to calculate any interest rate hereunder. The provisions of this clause (a) shall survive the payment in full of the 2021 Notes and the resignation or removal of the Calculation Agent.

(b) In acting under this Nineteenth Supplemental Indenture, the Calculation Agent is acting solely as agent of the Corporation and does not assume any obligations to or relationship of agency or trust for or with any of the beneficial owners or holders of the 2021 Notes.

(c) The Calculation Agent shall be protected and shall incur no liability for or in respect of any action taken or omitted to be taken or anything suffered by it in reliance upon the terms of the 2021 Notes or this Nineteenth Supplemental Indenture or any notice, direction, certificate, affidavit, statement or other paper, document or communication reasonably believed by it to be genuine and to have been approved or signed by the proper party or parties.

(d) The Calculation Agent, its officers, directors, employees and shareholders may become the owners or pledgee of, or acquire any interest in, any 2021 Notes, with the same rights that it or they would have if it were not the Calculation Agent, and may engage or be interested in any financial or other transaction with the Corporation as freely as if it were not the Calculation Agent.

(e) Neither the Calculation Agent nor its officers, directors, employees, agents or attorneys shall be liable to the Corporation for any act or omission hereunder, or for any error of judgment made in good faith by it or them, except in the case of its or their willful misconduct or gross negligence.

(f) The Calculation Agent may consult with counsel of its selection and the advice of such counsel or any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(g) The Calculation Agent shall be obligated to perform such duties and only such duties as are herein specifically set forth, and no implied duties or obligations shall be read into this Nineteenth Supplemental Indenture against the Calculation Agent.

(h) Unless herein otherwise specifically provided, any order, certificate, notice, request, direction or other communication from the Corporation made or given by it under any provision of this Nineteenth Supplemental Indenture shall be sufficient if signed by any officer of the Corporation.

(i) The Calculation Agent may perform any duties hereunder either directly or by or through its agents or attorneys, and the Calculation Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(j) The Corporation will not, without first obtaining the prior written consent of the Calculation Agent, make any change to this Nineteenth Supplemental Indenture or the 2021 Notes if such change would materially and adversely affect the Calculation Agent's duties and obligations hereunder or thereunder.

EXHIBIT 4.1

(k) In no event shall the Calculation Agent be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether it has been advised of the likelihood of such loss or damage and regardless of the form of action.

(l) In no event shall the Calculation Agent be responsible or liable for any failure or delay in the performance of its obligations under this Nineteenth Supplemental Indenture arising out of or caused by, directly or indirectly, forces beyond its reasonable control, including without limitation strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software or hardware) services.

(m) Under certain circumstances, the Calculation Agent may be required to determine the interest rates on the 2021 Notes on the basis of quotations received from banks or other financial institutions (the "Reference Banks") selected by the Corporation for the purpose of quoting such rates. The Calculation Agent shall not be responsible to the Corporation or any third party for any failure of the Reference Banks to fulfill their duties or meet their obligations as Reference Banks or as a result of the Calculation Agent having acted (except in the event of gross negligence or willful misconduct) on any quotation or other information given by any Reference Bank which subsequently may be found to be incorrect..

Section 2.04. Qualifications. The Calculation Agent shall be authorized by law to perform all the duties imposed upon it by this Nineteenth Supplemental Indenture, and shall at all times have a capitalization of at least \$50,000,000. The Calculation Agent may not be an affiliate of the Corporation.

Section 2.05. Resignation and Removal. The Calculation Agent may at any time resign as Calculation Agent by giving written notice to the Corporation of such intention on its part, specifying the date on which its desired resignation shall become effective; provided, however, that such date shall never be earlier than 45 days after the receipt of such notice by the Corporation, unless the Corporation otherwise agrees in writing. The Calculation Agent may be removed at any time by the filing with it of any instrument in writing signed on behalf of the Corporation and specifying such removal and the date when it is intended to become effective. Such resignation or removal shall take effect upon the date of the appointment by the Corporation, as hereinafter provided, of a successor Calculation Agent. If within 30 days after notice of resignation or removal has been given, a successor Calculation Agent has not been appointed, the Calculation Agent may, at the expense of the Corporation, petition a court of competent jurisdiction to appoint a successor Calculation Agent. If at any time the Calculation Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Calculation Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency or for any other reason, then a successor Calculation Agent shall as soon as practicable be appointed by the Corporation by an instrument in writing filed with the predecessor Calculation Agent, the successor Calculation Agent and the Trustee. Upon the appointment of a successor Calculation Agent and acceptance by it of such appointment, the Calculation Agent so succeeded shall cease to be such Calculation Agent hereunder. Upon its resignation or removal, the Calculation Agent shall be entitled to the payment by the Corporation of its compensation, if any is owed to it, for services rendered hereunder and to the reimbursement of all reasonable out-of-pocket expenses (including reasonable counsel fees) incurred in connection with the services rendered by it hereunder and to the payment of all other amounts owed to it hereunder.

Section 2.06. Successors. Any successor Calculation Agent appointed hereunder shall execute and deliver to its predecessor, the Corporation and the Trustee an instrument accepting such appointment hereunder, and thereupon such successor Calculation Agent, without any further act, deed or conveyance,

EXHIBIT 4.1

shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of such predecessor with like effect as if originally named as such Calculation Agent hereunder, and such predecessor, upon payment of its charges and disbursements then unpaid, shall thereupon become obliged to transfer and deliver, and such successor Calculation Agent shall be entitled to receive, copies of any relevant records maintained by such predecessor Calculation Agent.

Section 2.07. Trustee Deemed Calculation Agent Upon Certain Circumstances. In the event that the Calculation Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Calculation Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency or for any other reason, and the Corporation shall not have made a timely appointment of a successor Calculation Agent, the Trustee, notwithstanding the provisions of this Article Three, shall be deemed to be the Calculation Agent for all purposes of this Nineteenth Supplemental Indenture until the appointment by the Corporation of the successor Calculation Agent.

Section 2.08. Merger, Conversion, Consolidation, Sale or Transfer. Any corporation into which the Calculation Agent may be merged or converted, or any corporation with which the Calculation Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Calculation Agent shall be a party or to which the Calculation Agent shall sell or otherwise transfer all or substantially all of its corporate trust assets or business shall, to the extent permitted by applicable law, be the successor Calculation Agent under this Nineteenth Supplemental Indenture without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notice of any such merger, conversion or consolidation or sale shall forthwith be given to the Corporation and the Trustee (if the Trustee is not then serving as the Calculation Agent).

Section 2.09. Notice. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Calculation Agent shall be delivered in person, sent by letter or fax or communicated by telephone (subject, in the case of communication by telephone, to confirmation dispatched within 24 hours by letter or by fax) as follows:

The Bank of New York Mellon Trust Company, N.A.
10161 Centurion Parkway N., 2nd Floor
Jacksonville, Florida 32256
Telephone:
Fax: (904) 645-1921

or to any other address of which the Calculation Agent shall have notified the Corporation and the Trustee (if the Trustee is not then serving as the Calculation Agent) in writing as herein provided.

The Calculation Agent agrees to accept and act upon instructions or directions pursuant to this Nineteenth Supplemental Indenture sent by unsecured e-mail, pdf, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Calculation Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Corporation elects to give the Calculation Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Calculation Agent in its discretion elects to act upon such instructions, the Calculation Agent's understanding of such instructions shall be deemed controlling. The Calculation Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Calculation Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Corporation agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Calculation Agent including without

EXHIBIT 4.1

limitation the risk of the Calculation Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 2.10. WAIVER OF JURY TRIAL. EACH OF THE CORPORATION, THE CALCULATION AGENT AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NINETEENTH SUPPLEMENTAL INDENTURE, THE BONDS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 2.11. Patriot Act. In order to comply with laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering and the Customer Identification Program ("CIP") requirements under the USA PATRIOT Act and its implementing regulations, pursuant to which the Calculation Agent must obtain, verify and record information that allows the Calculation Agent to identify customers ("Applicable Law"), the Calculation Agent is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Calculation Agent. Accordingly, the Corporation agrees to provide to the Calculation Agent upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Calculation Agent to comply with Applicable Law, including, but not limited to, information as to name, physical address, tax identification number and other information that will help the Calculation Agent to identify and verify such Corporation such as organizational documents, certificates of good standing, licenses to do business or other pertinent identifying information. The Corporation understands and agrees that the Calculation Agent cannot determine the interest rates on the 2021 Notes unless and until the Calculation Agent verifies the identities of the Corporation in accordance with its CIP.

Section 2.12. Calculation of Interest Rate for First Interest Period. The Calculation Agent, at the request of the Corporation, has determined, prior to the date of execution and delivery of this Nineteenth Supplemental Indenture, the interest rate for the initial Interest Period for the 2021 Notes. In connection with such determination, the Calculation Agent shall be entitled to the same rights, protections, exculpations and immunities otherwise available to it under this Nineteenth Supplemental Indenture.

Section 2.13. FATCA. The Corporation agrees (i) to provide the Trustee with such reasonable tax information as it has in its possession to enable the Trustee to determine whether any payments pursuant to this Supplemental Indenture are subject to the withholding requirements described in Section 1471(b) of the US Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations, or agreements thereunder or official interpretations thereof ("FATCA") and (ii) that the Trustee shall be entitled to make any withholding or deduction from payments under this Supplemental Indenture to the extent necessary to comply with FATCA.

ARTICLE III

MISCELLANEOUS PROVISIONS

Section 3.01. Recitals by the Corporation. The recitals in this Nineteenth Supplemental Indenture are made by the Corporation only and not by the Trustee or the Calculation Agent, and all of the provisions contained in the Original Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of the 2021 Notes and this Nineteenth Supplemental Indenture as fully and with like effect as if set forth herein in full.

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Section 3.02 Ratification and Incorporation of Original Indenture. As supplemented hereby, the Original Indenture is in all respects ratified and confirmed, and the Original Indenture and this Nineteenth Supplemental Indenture shall be read, taken and construed as one and the same instrument.

Section 3.03. Executed in Counterparts. This Nineteenth Supplemental Indenture may be executed in several counterparts, each of which shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

EXHIBIT 4.1

IN WITNESS WHEREOF, each party hereto has caused this instrument to be signed in its name and behalf by its duly authorized officer, all as of the day and year first above written.

Duke Energy Corporation

By: /s/ JOHN L. SULLIVAN, III

Name: John L. Sullivan, III

Title: Assistant Treasurer

The Bank of New York Mellon Trust Company,
N.A., as Trustee and Calculation Agent

By: /s/ R. TARNAS

Name: R. Tarnas

Title: Vice President

[Signature Page to Nineteenth Supplemental Indenture]

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EXHIBIT A

[DEPOSITARY LEGEND]

[UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE Corporation OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY A PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[RULE 144 A LEGEND]

[NEITHER THIS SECURITY NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). EACH HOLDER HEREOF, AND EACH OWNER OF A BENEFICIAL INTEREST HEREIN, BY PURCHASING THIS SECURITY, AGREES FOR THE BENEFIT OF DUKE ENERGY CORPORATION (THE "CORPORATION") THAT THIS SECURITY MAY NOT BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE DATE WHICH IS SIX MONTHS (IF ALL APPLICABLE CONDITIONS TO SUCH RESALE UNDER RULE 144 UNDER THE SECURITIES ACT ("Rule 144A") (OR ANY SUCCESSOR PROVISION THEREOF) ARE SATISFIED) AFTER THE LATER OF THE ORIGINAL ISSUANCE DATE THEREOF, THE ISSUANCE DATE OF ANY SUBSEQUENT ISSUANCE OF ADDITIONAL SECURITIES OF THE SAME SERIES AND THE LAST DATE ON WHICH THE CORPORATION OR ANY AFFILIATE THEREOF WAS THE OWNER OF THIS SECURITY OR THE EXPIRATION OF SUCH SHORTER PERIOD AS MAY BE PRESCRIBED BY SUCH RULE 144 (OR SUCH SUCCESSOR PROVISION) PERMITTING REALES OF THIS SECURITY WITHOUT ANY CONDITIONS (THE "REALE RESTRICTION TERMINATION DATE") OTHER THAN (A)(1) TO THE CORPORATION, (2) IN A TRANSACTION ENTITLED TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT, (3) SO LONG AS THIS SECURITY IS ELIGIBLE FOR REALE PURSUANT TO RULE 144A, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE REALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A (AS INDICATED BY THE BOX CHECKED BY THE TRANSFEROR ON THE CERTIFICATE OF TRANSFER ATTACHED TO THIS SECURITY), (4) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT (AS INDICATED BY THE BOX CHECKED BY THE TRANSFEROR ON THE CERTIFICATE OF TRANSFER ATTACHED TO THIS SECURITY), (5) IN ACCORDANCE WITH ANOTHER APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE CORPORATION), OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE FOREGOING RESTRICTIONS ON REALE WILL NOT APPLY SUBSEQUENT TO THE REALE RESTRICTION TERMINATION DATE. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE CORPORATION THAT IT IS (i) A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A

EXHIBIT 4.1

OR (ii) A NON-U.S. PERSON OUTSIDE THE UNITED STATES WITHIN THE MEANING OF, OR AN ACCOUNT SATISFYING THE REQUIREMENTS OF, PARAGRAPH (k)(2) OF RULE 902 UNDER REGULATION S UNDER THE SECURITIES ACT. THE HOLDER OF THIS SECURITY ACKNOWLEDGES THAT THE CORPORATION RESERVES THE RIGHT PRIOR TO ANY OFFER, SALE OR OTHER TRANSFER (1) PURSUANT TO CLAUSE (A)(2) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS OR OTHER INFORMATION SATISFACTORY TO THE CORPORATION AND (2) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE AS TO COMPLIANCE WITH CERTAIN CONDITIONS TO TRANSFER IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE CORPORATION.]

[REGULATION S LEGEND]

[THE SECURITIES COVERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (I) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (II) OTHERWISE UNTIL 40 DAYS AFTER THE LATER OF THE DATE OF THE COMMENCEMENT OF THE OFFERING OF THE SECURITIES AND THE DATE OF ORIGINAL ISSUANCE OF THE SECURITIES, EXCEPT IN EITHER CASE IN ACCORDANCE WITH REGULATION S OR RULE 144A UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S.]

FORM OF
FLOATING RATE SENIOR NOTE DUE 2021

No. Rule 144A CUSIP No. 26441C BA2
Regulation S CUSIP No. U2648M AE2

DUKE ENERGY CORPORATION
FLOATING RATE SENIOR NOTE DUE 2021

Principal Amount: \$

Regular Record Date: Close of business on the 15th calendar day prior to the relevant Interest Payment Date (whether or not a Business Day)

Original Issue Date: May 16, 2018

Stated Maturity: May 14, 2021

Interest Payment Dates: Quarterly on February 14, May 14, August 14 and November 14 of each year, commencing on August 14, 2018

Interest Rate: Floating per annum rate reset quarterly based on LIBOR plus 50 basis points.

Authorized Denomination: \$2,000 or any integral multiple of \$1,000 in excess thereof

Duke Energy Corporation, a Delaware corporation (the "Corporation", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby

EXHIBIT 4.1

promises to pay to _____, or registered assigns, the principal sum of _____ DOLLARS (\$ _____) on the Stated Maturity shown above and to pay interest thereon from the Original Issue Date shown above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, quarterly in arrears on each Interest Payment Date as specified above, commencing on August 14, 2018 and on the Stated Maturity at the rate per annum described below until the principal hereof is paid or made available for payment and at such rate on any overdue principal and on any overdue installment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date (other than an Interest Payment Date that is the Stated Maturity) will, as provided in the Indenture, be paid to the Person in whose name this Floating Rate Senior Note due 2021 (this "Security") is registered on the Regular Record Date as specified above next preceding such Interest Payment Date; *provided* that any interest payable at Stated Maturity will be paid to the Person to whom principal is payable. Except as otherwise provided in the Indenture, 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 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, if any, on which the Securities shall be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Indenture.

Interest on this Security shall be computed and paid on the actual number of days elapsed over a 360-day year and will accrue from May 16, 2018 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. In the event that any Interest Payment Date (other than the Interest Payment Date that is the Stated Maturity) would otherwise be a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day. In the event that the Stated Maturity falls on a day that is not a Business Day, then the payment of principal and interest due on such date will be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. "Business Day" means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business. "Legal Holiday" means any day that is a legal holiday in New York, New York.

This Security will bear interest for each quarterly Interest Period at a per annum rate determined by the Calculation Agent. The interest rate applicable during each quarterly Interest Period will be equal to LIBOR on the Interest Determination Date for such Interest Period plus 50 basis points. Promptly upon such determination, the Calculation Agent will notify the Corporation and the Trustee, if the Trustee is not then serving as the Calculation Agent, of the interest rate for the new Interest Period. The interest rate determined by the Calculation Agent, absent manifest error, shall be binding and conclusive upon the beneficial owners and holders of this Security, the Corporation and the Trustee.

Upon the request of a holder of this Security, the Calculation Agent will provide to such holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next Interest Period.

The accrued interest on this Security for any period is calculated by multiplying the principal amount of this Security by an accrued interest factor. The accrued interest factor is computed by adding the interest factor calculated for each day in the period for which accrued interest is being calculated. The interest factor (expressed as a decimal rounded upwards if necessary) is computed by dividing the interest rate (expressed as a decimal rounded upwards if necessary) applicable to such date by 360.

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All percentages resulting from any calculation of the interest rate on this Security will be rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 0.567845% (or .00567845) being rounded to 0.56785% (or .0056785) and 0.567844% (or .00567844) being rounded to 0.56784% (or .0056784)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

For purposes of this Security, except as otherwise expressly provided or unless the context otherwise requires:

“BBAM” means the display that appears on Bloomberg L.P.’s page “BBAM” or any page as may replace such page on such service (or any successor service) for the purpose of displaying the London Interbank Offered rate for U.S. dollar deposits.

“Calculation Agent” means The Bank of New York Mellon Trust Company, N.A., as appointed pursuant to Section 2.01 of the Nineteenth Supplemental Indenture, dated as of the date hereof, among the Corporation, the Trustee and the Calculation Agent, or such calculation agent’s successor appointed by the Corporation pursuant to Article Two of such supplemental indenture, acting as calculation agent.

“Interest Determination Date” means the second London Business Day immediately preceding the first day of the relevant Interest Period.

“Interest Period” means the period commencing on an Interest Payment Date for this Security (or, with respect to the initial Interest Period only, commencing on the Original Issue Date for this Security) and ending on the day before the next succeeding Interest Payment Date for this Security.

“LIBOR” means, with respect to any Interest Period, the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Interest Period and ending on the next Interest Payment Date for this Security that appears on Bloomberg L.P.’s page “BBAM” and, if such page is not available, from the Reuters LIBOR01 Page as of 11:00 a.m. (London time) on the Interest Determination Date for that Interest Period. If such rate does not appear on BBAM or the Reuters LIBOR01 Page as of 11:00 a.m. (London time) on the Interest Determination Date for that Interest Period, LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for the Interest Period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market, which may include affiliates of one or more initial purchasers of this Security, selected by the Corporation, at approximately 11:00 a.m., London time, on the Interest Determination Date for that Interest Period. The Corporation will request the principal London office of each such bank to provide a quotation of its rate to the Calculation Agent. If at least two such quotations are provided, LIBOR with respect to that Interest Period will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR with respect to that Interest Period will be the arithmetic mean of the rates quoted by three major banks in New York City, which may include affiliates of one or more initial purchasers of this Security, selected by the Corporation, at approximately 11:00 a.m., New York City time, on the Interest Determination Date for that Interest Period for loans in U.S. dollars to leading European banks for that Interest Period and in a principal amount of not less than \$1,000,000. However, if fewer than three banks selected by the Corporation to provide quotations are quoting as described above, LIBOR for that Interest Period will be the same as LIBOR as determined for the previous Interest Period.

“London Business Day” means a day that is a Business Day and a day on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date are expected to be transacted, in the London interbank market.

EXHIBIT 4.1

“Reuters LIBOR01 Page” means the display designated as Reuters LIBOR01 on the Reuters 3000 Xtra (or such other page as may replace the Reuters LIBOR01 Page on that service, or such other service as may be nominated for the purpose of displaying rates or prices comparable to the London Interbank Offered rate for U.S. dollar deposits by ICE Benchmark Administration Limited (“IBA”) or its successor or such other entity assuming the responsibility of IBA or its successor in calculating the London Interbank Offered rate in the event IBA or its successor no longer does so).

Payment of principal of and interest on the Securities of this series shall be made 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. Payments of principal of and interest on the Securities of this series represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security. If any of the Securities of this series are no longer represented by a Global Security, (i) payments of principal and interest due at the Stated Maturity of such Securities shall be made at the office of the Paying Agent upon surrender of such Securities to the Paying Agent, and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

The Securities of this series are not redeemable prior to maturity.

The Securities of this series shall not have a sinking fund.

The Securities of this series shall constitute the direct unsecured and unsubordinated debt obligations of the Corporation and shall rank equally in priority with the Corporation’s existing and future unsecured and unsubordinated indebtedness.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH ON THE REVERSE HEREOF, WHICH 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 by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

EXHIBIT 4.1

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed as of May 16, 2018.

Duke Energy Corporation

By: _____

Name:

Title:

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EXHIBIT 4.1

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: May 16, 2018

The Bank of New York Mellon Trust Company,
N.A., as Trustee

By: _____

Authorized Signatory

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Step 13 2021

EXHIBIT 4.1

(Reverse Side of Security)

This Floating Rate Senior Note due 2021 is one of a duly authorized issue of Securities of the Corporation (the "Securities"), issued and issuable in one or more series under an Indenture, dated as of June 3, 2008, as supplemented (the "Indenture"), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as Trustee (the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitation of rights, duties and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities issued thereunder and of the terms upon which said Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof as Floating Rate Senior Notes due 2021 initially in the aggregate principal amount of \$500,000,000. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Indenture.

If an Event of Default with respect to the Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders of the Securities of all series affected under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of all series affected thereby (voting as one class). The Indenture contains provisions permitting the Holders of not less than a majority in principal amount of the Outstanding Securities of all series with respect to which a default under the Indenture shall have occurred and be continuing (voting as one class), on behalf of the Holders of the Securities of all such series, to waive, with certain exceptions, such default under the Indenture and its consequences. The Indenture also permits the Holders of not less than a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Corporation with certain provisions of the Indenture affecting such series. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Corporation for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar and duly executed by, the Holder hereof or his attorney duly authorized in writing, together with the completed and executed Certificate of Transfer attached hereto, and thereupon one or more new Securities of this series, of authorized denominations and of like tenor and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such registration of transfer or exchange, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

EXHIBIT 4.1

The Indenture contains provisions for defeasance at any time of the entire indebtedness of the Securities of this series and for covenant defeasance at any time of certain covenants in the Indenture upon compliance with certain conditions set forth in the Indenture.

Prior to due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities of this series are issuable only in registered form without coupons in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to the limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same upon surrender of the Security or Securities to be exchanged at the office or agency of the Corporation.

This Security shall be governed by, and construed in accordance with, the laws of the State of New York.

EXHIBIT 4.1

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common

UNIF GIFT MIN ACT -

Custodian

(Cust)

(Minor)

TEN ENT — as tenants by the entireties

JT TEN — as joint tenants with rights of survivorship and not as tenants in common

under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not on the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s) and transfer(s) unto (please insert Social Security or other identifying number of assignee)

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing agent to transfer said Security on the books of the Corporation, with full power of substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name written upon the face of the within instrument in every particular without alteration or enlargement, or any change whatever.

Signature

Guarantee:

EXHIBIT 4.1

SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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EXHIBIT B CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company,
N.A., as Trustee

By:

Authorized Signatory

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SEP 13 2021

EXHIBIT C CERTIFICATE OF TRANSFER

Re: DUKE ENERGY CORPORATION FLOATING RATE SENIOR NOTE DUE 2021 (the "Securities")

This Certificate relates to \$____principal amount of the Securities held in *____book-entry or *____definitive form by____(the "Transferor").

The Transferor certifies that said beneficial interest in said Security is being resold, pledged or otherwise transferred as follows:*

- 1 ☐ to the Corporation; or
- 2 ☐ pursuant to an exemption from registration provided by Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"); or
- 3 ☐ to a person whom the Transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or other transfer is being made in reliance on Rule 144A under the Securities Act; or
- 4 ☐ pursuant to an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act; or
- 5 ☐ pursuant to another applicable exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel acceptable to the Corporation); or
- 6 ☐ pursuant to an effective registration statement under the Securities Act.

Unless one of the boxes is checked, the Trustee may refuse to register any of the Securities evidenced by this certificate in the name of any person other than the registered holder thereof; provided, however, that if box (2) is checked, the Corporation or the Trustee, prior to registering any such transfer of the Securities, reserves the right to require the delivery of an opinion of counsel, certifications or other information satisfactory to the Corporation and the Trustee.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name written upon the face of the within instrument in every particular without alteration or enlargement, or any change whatever.

Signature

Guarantee: _____

* Fill in blank or check appropriate box, as applicable.

EXHIBIT 4.1

SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

C-2

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Step 13 2021

EXHIBIT D

SCHEDULE I TO GLOBAL SECURITY

The initial amount of the Global Securities evidenced by this certificate is \$___.

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made

Date	Amount of increase in Principal Amount of this Global Security	Amount of decrease in Principal Amount of this Global Security	Principal Amount of this Global Security following each decrease or increase	Signature of authorized signatory of Trustee or Securities Registrar
------	-------------------------------------------------------------------------	-------------------------------------------------------------------------	---------------------------------------------------------------------------------------	-------------------------------------------------------------------------------

D-1

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SEP 13 2021

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES - DUKE ENERGY CORPORATION

The ratio of earnings to fixed charges is calculated using the Securities and Exchange Commission guidelines.

(in millions)	Six Months Ended June 30,		Years Ended December 31,				
	2018		2017	2016	2015	2014	2013
Earnings as defined for fixed charges calculation							
Add:							
Pretax income from continuing operations ^(a)	\$ 8,254	\$, 28, 1	\$ 5,236	\$ 5,251	\$ 5,253	\$ 5,210	
Fixed charges	8,278	12,109	1,270	8,294	8,278	8,263	
Distributed income of equity investees	93	83	50	80	853	804	
Deduct:							
Interest capitalized	9	,	80	86	7	6	
Total earnings	\$ 1,283	\$ 3,259	\$ 9,296	\$ 9,277	\$ 9,253	\$ 9,248	
Fixed charges:							
Interest on debt ² including capitalized portions	\$ 8,211	\$ 1,280	\$ 1,233	\$ 8,255	\$ 8,255	\$ 8,230	
Estimate of interest within rental expense	, 4	808	80	813	856	813	
Total fixed charges	\$ 8,278	\$ 12,109	\$ 1,270	\$ 8,294	\$ 8,278	\$ 8,263	
Ratio of earnings to fixed charges	1.1	1.4	1.7	5.8	5.0	1.6	

(a) Excludes amounts attributable to noncontrolling interests and income or loss from equity investees.

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

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Step 13 2021

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SVF0VOUT TN 0ERTINU 32CNA THE 0OFBOUE0-NXLEY ORT NA C22C

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Puge Ener; y 2ro; ress, LLBk
- b) 3ased on my gnowed; e, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to mage the statements made, in li; ht of the circumstances under which such statements were made, not misleadin; with respect to the period covered 4y this reportk
- T) 3ased on my gnowed; e, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the re; istrant as of, and for, the periods presented in this reportk
- ') (he re; istrant's other certifying; officerAe) and I are responsi4le for esta4lishin; and maintainin; disclosure controls and procedures Aas defined in ERchan; e 5ct – ules 1Ta-1DAe) and 1Dd-1DAe)) and internal control over financial reportin; Aas defined in ERchan; e 5cts – ules 1Taz1DAe) and 1Ddz1DAe)) for the re; istrant and have:
 - a) Pes; ned such disclosure controls and procedures, or caused such disclosure controls and procedures to 4e desi; ned under our supervision, to ensure that material information relatin; to the re; istrant, includin; its consolidated su4sidiaries, is made known to us 4y others within those entities, particularly durin; the period in which this report is 4ein; preparedk
 - 4) Pes; ned such internal control over financial reportin; , or caused such internal control over financial reportin; to 4e desi; ned under our supervision, to provide reasona4le assurance re; ardin; the relia4ility of financial reportin; and the preparation of financial statements for eRternal purposes in accordance with ; enerally accepted accountin; principlesk
 - c) Evaluated the effectiveness of the re; istrant's disclosure controls and procedures and presented in this report our conclusions a4out the effectiveness of the disclosure controls and procedures, as of the end of the period covered 4y this report 4ased on such evaluationkand
 - d) Disclosed in this report any chan; e in the re; istrant's internal control over financial reportin; that occurred durin; the re; istrant's most recent fiscal quarter Athe re; istrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly ligely to materially affect, the re; istrant's internal control over financial reportin; kand
- D) (he re; istrant's other certifying; officerAe) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reportin; , to the re; istrant's auditors and the audit committee of the re; istrant's board of directors Aor persons performin; the equivalent functions):
 - a) 5ll si; nificant deficiencies and material weagnesses in the desi; n or operation of internal control over financial reportin; which are reasona4ly ligely to adversely affect the re; istrant's a4ility to record, process, summari8e and report financial informationkand
 - 4) 5ny fraud, whether or not material, that involves mana; ement or other employees who have a si; nificant role in the re; istrant's internal control over financial reportin; .

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Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLO;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ LYNN J. GCCD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 1, 2021

Lynn J. Good

Chief Executive Officer

OFFICIAL COPY

Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

OFFICIAL COPY

Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC; 2
- B) based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 2
- 4) based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 2
- T) ' he registrant(s) other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures as defined in Exchange Act Rules 14a-1-~~(e)~~ and 1-d-1-~~(e)~~) and internal control over financial reporting as defined in Exchange Act Rules 14a-1-~~(e)~~ and 1-d-1-~~(e)~~) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; 2
 - 3) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; 2
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; 2 and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; 2 and
-) ' he registrant(s) other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 2 and
 - 3) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2021

/s/ ENEO K. YU GOP

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, QCL ;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Chio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ STEVEN K. YCONU

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2018

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.
- k) based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report
- T) based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report
- ') (the registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures as defined in Rule 13a-15 and 13d-15 and internal control over financial reporting as defined in Rule 13a-15 and 13d-15 for the registrant and have:
- a) / designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared
- 4) / designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation
- d) / disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting
- z) (the registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) --If significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information
- 4) --Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/ s/ Steven K. Young, Chief Financial Officer

Steven K. Young

Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chairman, President and Chief Executive Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

August 2, 2018

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 2, 2018

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 2, 2018

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Crogre((" " ") FrDuke Energy Crogre((10on - ord J3,Q for the perio2 en2ing 8une s3" S3Jx" a(file2 with the
Lecuritie(an2 E. change) od d i((ion on the 2ate hereof Rthe rReport10" l" " ynn 8GP oo2") hief E. ecutive Officer of Duke Energy Crogre((" certify" pur(uant to Jx UG G
Lectio Js53" a(a2opte2 pur(uant to Lectio 936 of the Larbane(,O. ley Act of S33S" that:

FJ0 The Report fully cod plie(with the required ent(of Lectio JsFa0or J5F20of the Lecuritie(E. change Act of J9s4; an2

FS0 The inford ation containe2 in the Report fairly pre(ent(" in all d aterial re(pect(" the financial con2ition an2 re(ult(of operation(of Duke Energy Crogre((G

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) hief E. ecutive Officer

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In connection with the Quarterly Report of Duke Energy Clorisa, LL(""Duke Energy Clorisa)Fon Corm 10-Q for the perios ensing dune J0, 3012, a8 files with the Securitie8 ans Exchange (ommi88ion on the sate hereof "the "Report)F, I, Lynn d. Goos, (hief Executive Officer of Duke Energy Clorisa, certify, pur8uant to 12 U.S.(. Section 1J50, a8 asoptes pur8uant to Section 906 of the Sarbane8-Oxley Act of 3003, that:

"1F The Report fully complie8 with the requirement8 of Section 1J"aFor 15"sFof the Securitie8 Exchange Act of 19J4; ans

"3F The information contains in the Report fairly pre8ent8, in all material re8pect8, the financial consition ans re8ult8 of operation8 of Duke Energy Clorisa.

/s/ LYNN d. GOOD

Lynn d. Goos
(hief Executive Officer

Augu8t 3, 3012

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Step 13 2021

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In connection with the Quarterly Report of Duke Energy Chios Inc, L (Duke Energy Chio" on) or F m10Q for the perio- en- ing dune J1s31n2sa8 file- with the Securitie8 an- Exchange . oF i88ion on the - ate hereof Lthe (Report""sIsGynn d, v oo- s. hief ExecutiOe Cfficer of Duke Energy Chioscertifyspur8uant to n2 U,S,. , Section mJ51sa8 a- opte- pur8uant to Section 916 of the Sarbane8Cxley Act of 3113sthat:

LnI The Report fully coF plie8 with the requireF ent8 of Section mJLa" or n5L- " of the Securitie8 Exchange Act of n9J4; an-

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Inc. ("Duke Energy Inc.") on Form 10-Q for the period ended June 30, 2012, filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, YNN d. GOOD, Chief Executive Officer of Duke Energy Inc., certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(c) of the Securities Exchange Act of 1934; and
- (3) The information contained in the Report fairly presents in all material respects the financial condition and results of operations of Duke Energy Inc.

/s/ , YNN d. GOOD

, YNN d. GOOD
Chief Executive Officer

August 3, 2012

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 2, 2018

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In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 2, 2018

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UE1 TIAO 906 AR THE UF CBF OEU-AXLEY F 1 T AR 2002

In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 2, 2018

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"0F The Report fully co1 plies with the require1 ents of xection 02"aFor 05"JFof the xecurities Evchange Act of 0924; anJ

"8F The infor1 ation containeJ in the Report fairly presents, in all 1 aterial respects, the financial conJition anJ results of operations of Duke Energy CrogressY

/s/ xTEPEN . YOUNG

xteKen . YYoung
EvecutiKe Pice CresiJent anJ (hief miniancial Officer

August 8, 8- 0S

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**CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 8310,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Clorisa, LL ("Duke Energy Clorisa") Form 10-Q for the period ending June 30, 2012, and files with the Securities and Exchange Commission on the date hereof ("the Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Clorisa, certify, pursuant to 12 U.S.C. Section 1502, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

"1F The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

"3F The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Clorisa.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 3, 2012

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Step 13 2021

**CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 830, D
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SECTION 6, 1 OF THE SARBANES-OXLEY ACT OF 2, , 2**

In connection with the Quarterly Report of Duke Energy Chio(Inc" ")Duke Energy ChioFrom 1 or0 - dJQ for the perio3 en3ing , une 2d(8d- s(aS file3 with the xecuritieS an3
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In connection with the Quarterly Report of Duke Energy Inc. ("Duke Energy Inc.") on Form 10-Q for the period ending June 30, 2012, filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Inc., certify pursuant to 12 U.S.C. Section 1505(a) and pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(c) of the Securities Exchange Act of 1934; and
- (3) The information contained in the Report fairly presents in all material respects the financial condition and results of operations of Duke Energy Inc.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 3, 2012

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**CERTIFICATION PURSUANT TO
81 U.S.C. SECTION 8350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Piedmont Natural Gas Company, Inc. (the "Company") for the period ending June 30, 2021, I, the undersigned, being a duly qualified officer or director of the Company, certify that I am a duly qualified officer or director of the Company, and I am not aware of any material misstatements or omissions in the foregoing information.

I have read the Report and know the contents thereof. I believe the Report fully complies with the requirements of Section 8350 of the Securities Exchange Act of 1934 and the rules promulgated thereunder.

I believe the information contained in the Report fairly presents in all material respects the financial condition and results of operations of the Company.

GREGORY V. VANCE,

Chief Executive Officer

Vice President and General Counsel

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q


(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification No.
1-32853	 DUKE ENERGY CORPORATION (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218
1-4928	DUKE ENERGY CAROLINAS, LLC (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853 56-0205520	1-3274
1-15929	PROGRESS ENERGY, INC. (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-2155481	1-1232
1-3382	DUKE ENERGY PROGRESS, LLC (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-0165465	1-3543
1-6196	PIEDMONT NATURAL GAS COMPANY, INC. (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120 56-0556998	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Duke Energy Corporation (Duke Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Florida, LLC (Duke Energy Florida)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Progress Energy, Inc. (Progress Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Progress, LLC (Duke Energy Progress)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Duke Energy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Florida	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Carolinas	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Ohio	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Progress Energy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Indiana	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Progress	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Piedmont	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Duke Energy	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Carolinas	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Progress Energy	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Progress	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Florida	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Ohio	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Duke Energy Indiana	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
Piedmont	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Duke Energy	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Florida	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Duke Energy Carolinas	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Ohio	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Progress Energy	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Indiana	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Duke Energy Progress	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Piedmont	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Number of shares of Common stock outstanding at October 31, 2018:

Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	712,877,558

This combined Form 10-Q is filed separately by eight registrants: Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format specified in General Instructions H(2) of Form 10-Q.

Cautionary Statement Regarding Forward-Looking Information

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources;
- The ability to obtain the necessary permits and approvals and to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches and other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- Employee workforce factors, including the potential inability to attract and retain key personnel;
- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);
- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;

- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of new U.S. tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' reports filed with the SEC and available at the SEC's website at sec.gov. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION Condensed Consolidated Statements of Operations (Unaudited)

(in millions, except per-share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating Revenues				
Regulated electric	\$ 6,216	\$ 6,091	\$ 16,678	\$ 16,122
Regulated natural gas	230	247	1,221	1,168
Nonregulated electric and other	182	144	507	476
Total operating revenues	6,628	6,482	18,406	17,766
Operating Expenses				
Fuel used in electric generation and purchased power	1,931	1,863	5,181	4,853
Cost of natural gas	58	68	460	402
Operation, maintenance and other	1,584	1,476	4,592	4,385
Depreciation and amortization	1,039	900	2,979	2,594
Property and other taxes	323	313	954	924
Impairment charges	124	207	339	216
Total operating expenses	5,059	4,827	14,505	13,374
Gains (Losses) on Sales of Other Assets and Other, net	10	6	(87)	24
Operating Income	1,579	1,661	3,814	4,416
Other Income and Expenses				
Equity in earnings of unconsolidated affiliates	37	36	49	101
Other income and expenses, net	131	122	327	358
Total other income and expenses	168	158	376	459
Interest Expense	517	498	1,550	1,475
Income From Continuing Operations Before Income Taxes	1,230	1,321	2,640	3,400
Income Tax Expense From Continuing Operations	168	364	449	1,035
Income From Continuing Operations	1,062	957	2,191	2,365
Income (Loss) From Discontinued Operations, net of tax	4	(2)	(1)	(4)
Net Income	1,066	955	2,190	2,361
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(16)	1	(12)	5
Net Income Attributable to Duke Energy Corporation	\$ 1,082	\$ 954	\$ 2,202	\$ 2,356
Earnings Per Share – Basic and Diluted				
Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.51	\$ 1.36	\$ 3.12	\$ 3.37
Diluted	\$ 1.51	\$ 1.36	\$ 3.11	\$ 3.37
Loss from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ —	\$ —	\$ —	\$ (0.01)
Diluted	\$ —	\$ —	\$ —	\$ (0.01)
Net income attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.51	\$ 1.36	\$ 3.12	\$ 3.36
Diluted	\$ 1.51	\$ 1.36	\$ 3.11	\$ 3.36
Weighted average shares outstanding				
Basic	713	700	705	700
Diluted	714	700	706	700

See Notes to Condensed Consolidated Financial Statements

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net Income	\$ 1,066	\$ 955	\$ 2,190	\$ 2,361
Other Comprehensive Income, net of tax				
Pension and OPEB adjustments	1	—	3	2
Net unrealized (losses) gains on cash flow hedges	(3)	2	10	(2)
Reclassification into earnings from cash flow hedges	6	(2)	5	3
Unrealized (losses) gains on available-for-sale securities	—	2	(5)	10
Other Comprehensive Income, net of tax	4	2	13	13
Comprehensive Income	1,070	957	2,203	2,374
Less: Comprehensive (Loss) Income Attributable to Noncontrolling Interests	(16)	1	(12)	5
Comprehensive Income Attributable to Duke Energy Corporation	\$ 1,086	\$ 956	\$ 2,215	\$ 2,369

**Condensed Consolidated Balance Sheets
(Unaudited)**

--/A

(in millions)	September 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 303	\$ 358
Receivables (net of allowance for doubtful accounts of \$17 at 2018 and \$14 at 2017)	682	779
Receivables of VIEs (net of allowance for doubtful accounts of \$55 at 2018 and \$54 at 2017)	2,397	1,995
Inventory	3,140	3,250
Regulatory assets (includes \$52 at 2018 and \$51 at 2017 related to VIEs)	1,906	1,437
Other	1,092	634
Total current assets	9,520	8,453
Property, Plant and Equipment		
Cost	132,677	127,507
Accumulated depreciation and amortization	(43,200)	(41,537)
Generation facilities to be retired, net	388	421
Net property, plant and equipment	89,865	86,391
Other Noncurrent Assets		
Goodwill	19,303	19,396
Regulatory assets (includes \$1,055 at 2018 and \$1,091 at 2017 related to VIEs)	12,616	12,442
Nuclear decommissioning trust funds	7,421	7,097
Investments in equity method unconsolidated affiliates	1,328	1,175
Other	3,112	2,960
Total other noncurrent assets	43,780	43,070
Total Assets	\$ 143,165	\$ 137,914
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 3,234	\$ 3,043
Notes payable and commercial paper	2,891	2,163
Taxes accrued	674	551
Interest accrued	557	525
Current maturities of long-term debt (includes \$228 at 2018 and \$225 at 2017 related to VIEs)	3,455	3,244
Asset retirement obligations	902	689
Regulatory liabilities	506	402
Other	1,703	1,865
Total current liabilities	13,922	12,482
Long-Term Debt (includes \$4,015 at 2018 and \$4,306 at 2017 related to VIEs)	50,507	49,035
Other Noncurrent Liabilities		
Deferred income taxes	7,765	6,621
Asset retirement obligations	9,354	9,486
Regulatory liabilities	15,587	15,330
Accrued pension and other post-retirement benefit costs	1,001	1,103
Investment tax credits	539	539
Other	1,477	1,581
Total other noncurrent liabilities	35,723	34,660
Commitments and Contingencies		
Equity		
Common stock, \$0.001 par value, 2 billion shares authorized; 713 million shares outstanding at 2018 and 700 million shares outstanding at 2017	1	1
Additional paid-in capital	39,747	38,792
Retained earnings	3,313	3,013
Accumulated other comprehensive loss	(66)	(67)
Total Duke Energy Corporation stockholders' equity	42,995	41,739
Noncontrolling interests	18	(2)
Total equity	43,013	41,737
Total Liabilities and Equity	\$ 143,165	\$ 137,914

**Condensed Consolidated Statements of Cash Flows
(Unaudited)**

--/A

(in millions)	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,190	\$ 2,361
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	3,447	2,990
Equity component of AFUDC	(175)	(175)
Losses (gains) on sales of other assets	87	(28)
Impairment charges	339	216
Deferred income taxes	1,099	1,016
Equity in earnings of unconsolidated affiliates	(49)	(101)
Accrued pension and other post-retirement benefit costs	46	19
Contributions to qualified pension plans	(141)	(8)
Payments for asset retirement obligations	(389)	(420)
Payment for disposal of other assets	(105)	—
Other rate case adjustments	37	—
Provision for rate refunds	375	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	15	4
Receivables	(288)	80
Inventory	104	248
Other current assets	(648)	(210)
Increase (decrease) in		
Accounts payable	389	(554)
Taxes accrued	122	233
Other current liabilities	(180)	(532)
Other assets	(585)	(159)
Other liabilities	(23)	(2)
Net cash provided by operating activities	5,667	4,978
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(6,752)	(5,841)
Contributions to equity method investments	(298)	(370)
Purchases of debt and equity securities	(2,763)	(3,170)
Proceeds from sales and maturities of debt and equity securities	2,718	3,199
Other	(175)	(149)
Net cash used in investing activities	(7,270)	(6,331)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	4,110	5,710
Issuance of common stock	834	—
Payments for the redemption of long-term debt	(2,278)	(2,035)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	243	265
Payments for the redemption of short-term debt with original maturities greater than 90 days	(207)	(237)
Notes payable and commercial paper	638	(647)
Dividends paid	(1,835)	(1,825)
Other	42	8
Net cash provided by financing activities	1,547	1,239
Net decrease in cash, cash equivalents and restricted cash	(56)	(114)
Cash, cash equivalents and restricted cash at beginning of period	505	541
Cash, cash equivalents and restricted cash at end of period	\$ 449	\$ 427
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 1,016	\$ 740
Non-cash dividends	79	—

DUKE ENERGY CORPORATION

**Condensed Consolidated Statements of Changes in Equity
(Unaudited)**

(in millions)	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)			Pension and OPEB Adjustments	Total Duke Energy Corporation Stockholders' Equity	Noncontrolling Interests	Total Equity
					Net Gains (Losses) on Cash Flow Hedges	Net Unrealized (Losses) Gains on Available- for-Sale- Securities					
Balance at December 31, 2016	700	\$ 1	\$ 38,741	\$ 2,384	\$ (20)	\$ (1)	\$ (72)	\$ 41,033	\$ 8	\$41,041	
Net income	—	—	—	2,356	—	—	—	2,356	5	2,361	
Other comprehensive income	—	—	—	—	1	10	2	13	—	13	
Common stock issuances, including dividend reinvestment and employee benefits	—	—	33	—	—	—	—	33	—	33	
Common stock dividends	—	—	—	(1,825)	—	—	—	(1,825)	—	(1,825)	
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	(2)	(2)	
Other ^(a)	—	—	—	21	—	—	—	21	—	21	
Balance at September 30, 2017	700	\$ 1	\$ 38,774	\$ 2,936	\$ (19)	\$ 9	\$ (70)	\$ 41,631	\$ 11	\$41,642	
Balance at December 31, 2017	700	\$ 1	\$ 38,792	\$ 3,013	\$ (10)	\$ 12	\$ (69)	\$ 41,739	\$ (2)	\$41,737	
Net income (loss)	—	—	—	2,202	—	—	—	2,202	(12)	2,190	
Other comprehensive income (loss)	—	—	—	—	15	(5)	3	13	—	13	
Common stock issuances, including dividend reinvestment and employee benefits	13	—	955	—	—	—	—	955	—	955	
Common stock dividends	—	—	—	(1,914)	—	—	—	(1,914)	—	(1,914)	
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	(1)	(1)	
Other ^(b)	—	—	—	12	—	(12)	—	—	33	33	
Balance at September 30, 2018	713	\$ 1	\$ 39,747	\$ 3,313	\$ 5	\$ (5)	\$ (66)	\$ 42,995	\$ 18	\$43,013	

(a) Cumulative-effect adjustment due to implementation of a new accounting standard related to stock-based compensation and the associated income taxes.

(b) Amounts in Retained Earnings and Accumulated Other Comprehensive Loss represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement. See Note 1 for more information. Amount in Noncontrolling Interests relates to tax equity financing activity in the Commercial Renewables segment.

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating Revenues	\$ 2,090	\$ 2,136	\$ 5,525	\$ 5,581
Operating Expenses				
Fuel used in electric generation and purchased power	490	531	1,370	1,394
Operation, maintenance and other	514	494	1,464	1,472
Depreciation and amortization	305	281	866	804
Property and other taxes	67	67	214	206
Impairment charges	1	—	191	—
Total operating expenses	1,377	1,373	4,105	3,876
Losses on Sales of Other Assets and Other, net	—	—	(1)	—
Operating Income	713	763	1,419	1,705
Other Income and Expenses, net	34	40	108	140
Interest Expense	106	108	323	314
Income Before Income Taxes	641	695	1,204	1,531
Income Tax Expense	145	229	268	522
Net Income	\$ 496	\$ 466	\$ 936	\$ 1,009
Other Comprehensive Income, net of tax				
Reclassification into earnings from cash flow hedges	—	—	1	1
Comprehensive Income	\$ 496	\$ 466	\$ 937	\$ 1,010

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 27	\$ 16
Receivables (net of allowance for doubtful accounts of \$2 at 2018 and 2017)	203	200
Receivables of VIEs (net of allowance for doubtful accounts of \$7 at 2018 and 2017)	795	640
Receivables from affiliated companies	158	95
Inventory	976	971
Regulatory assets	435	299
Other	55	19
Total current assets	2,649	2,240
Property, Plant and Equipment		
Cost	44,086	42,939
Accumulated depreciation and amortization	(15,536)	(15,063)
Net property, plant and equipment	28,550	27,876
Other Noncurrent Assets		
Regulatory assets	3,188	2,853
Nuclear decommissioning trust funds	3,943	3,772
Other	1,009	979
Total other noncurrent assets	8,140	7,604
Total Assets	\$ 39,339	\$ 37,720
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 888	\$ 842
Accounts payable to affiliated companies	142	209
Notes payable to affiliated companies	804	104
Taxes accrued	189	234
Interest accrued	141	108
Current maturities of long-term debt	506	1,205
Asset retirement obligations	292	337
Regulatory liabilities	144	126
Other	419	486
Total current liabilities	3,525	3,651
Long-Term Debt	9,589	8,598
Long-Term Debt Payable to Affiliated Companies	300	300
Other Noncurrent Liabilities		
Deferred income taxes	3,639	3,413
Asset retirement obligations	3,420	3,273
Regulatory liabilities	6,480	6,231
Accrued pension and other post-retirement benefit costs	97	95
Investment tax credits	233	232
Other	508	566
Total other noncurrent liabilities	14,377	13,810
Commitments and Contingencies		
Equity		
Member's equity	11,554	11,368
Accumulated other comprehensive loss	(6)	(7)
Total equity	11,548	11,361
Total Liabilities and Equity	\$ 39,339	\$ 37,720

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 936	\$ 1,009
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	1,084	1,051
Equity component of AFUDC	(57)	(79)
Losses on sales of other assets	1	—
Impairment charges	191	—
Deferred income taxes	266	330
Accrued pension and other post-retirement benefit costs	3	—
Contributions to qualified pension plans	(46)	—
Payments for asset retirement obligations	(174)	(201)
Provision for rate refunds	163	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	2	1
Receivables	(154)	(40)
Receivables from affiliated companies	(63)	17
Inventory	(11)	50
Other current assets	(54)	8
Increase (decrease) in		
Accounts payable	69	(78)
Accounts payable to affiliated companies	(67)	(88)
Taxes accrued	(47)	225
Other current liabilities	(129)	(149)
Other assets	18	(18)
Other liabilities	(47)	(26)
Net cash provided by operating activities	1,884	2,012
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,006)	(1,747)
Purchases of debt and equity securities	(1,386)	(1,660)
Proceeds from sales and maturities of debt and equity securities	1,386	1,664
Notes receivable from affiliated companies	—	66
Other	(103)	(58)
Net cash used in investing activities	(2,109)	(1,735)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	991	—
Payments for the redemption of long-term debt	(704)	(115)
Notes payable to affiliated companies	700	468
Distributions to parent	(750)	(625)
Other	(1)	(1)
Net cash provided by (used in) financing activities	236	(273)
Net increase in cash and cash equivalents	11	4
Cash and cash equivalents at beginning of period	16	14
Cash and cash equivalents at end of period	\$ 27	\$ 18
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 299	\$ 292

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Member's Equity	Accumulated Other Comprehensive Loss		Total Equity
		Net Losses on Cash Flow Hedges		
Balance at December 31, 2016	\$ 10,781	\$ (9)	\$	10,772
Net income	1,009	—		1,009
Other comprehensive income	—	1		1
Distributions to parent	(625)	—		(625)
Other	(1)	—		(1)
Balance at September 30, 2017	\$ 11,164	\$ (8)	\$	11,156
Balance at December 31, 2017	\$ 11,368	\$ (7)	\$	11,361
Net income	936	—		936
Other comprehensive income	—	1		1
Distributions to parent	(750)	—		(750)
Balance at September 30, 2018	\$ 11,554	\$ (6)	\$	11,548

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Operating Revenues	\$ 3,045	\$ 2,864	\$ 8,119	\$ 7,435
Operating Expenses				
Fuel used in electric generation and purchased power	1,148	1,031	3,019	2,588
Operation, maintenance and other	680	588	1,913	1,697
Depreciation and amortization	419	334	1,183	958
Property and other taxes	145	140	399	386
Impairment charges	1	135	34	137
Total operating expenses	2,393	2,228	6,548	5,766
Gains on Sales of Other Assets and Other, net	11	5	23	19
Operating Income	663	641	1,594	1,688
Other Income and Expenses, net	51	36	128	112
Interest Expense	214	193	626	595
Income Before Income Taxes	500	484	1,096	1,205
Income Tax Expense	94	141	186	384
Net Income	406	343	910	821
Less: Net Income Attributable to Noncontrolling Interests	2	2	6	7
Net Income Attributable to Parent	\$ 404	\$ 341	\$ 904	\$ 814
Net Income	\$ 406	\$ 343	\$ 910	\$ 821
Other Comprehensive Income, net of tax				
Pension and OPEB adjustments	—	3	2	5
Net unrealized gains (losses) on cash flow hedges	2	(2)	5	4
Unrealized (losses) gains on available-for-sale securities	—	1	(1)	3
Other Comprehensive Income, net of tax	2	2	6	12
Comprehensive Income	408	345	916	833
Less: Comprehensive Income Attributable to Noncontrolling Interests	2	2	6	7
Comprehensive Income Attributable to Parent	\$ 406	\$ 343	\$ 910	\$ 826

PROGRESS ENERGY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 43	\$ 40
Receivables (net of allowance for doubtful accounts of \$5 at 2018 and \$4 at 2017)	131	123
Receivables of VIEs (net of allowance for doubtful accounts of \$8 at 2018 and \$7 at 2017)	1,098	780
Receivables from affiliated companies	15	31
Notes receivable from affiliated companies	445	240
Inventory	1,473	1,592
Regulatory assets (includes \$52 at 2018 and \$51 at 2017 related to VIEs)	1,122	741
Other	256	334
Total current assets	4,583	3,881
Property, Plant and Equipment		
Cost	49,822	47,323
Accumulated depreciation and amortization	(16,652)	(15,857)
Generation facilities to be retired, net	388	421
Net property, plant and equipment	33,558	31,887
Other Noncurrent Assets		
Goodwill	3,655	3,655
Regulatory assets (includes \$1,055 at 2018 and \$1,091 at 2017 related to VIEs)	5,987	6,010
Nuclear decommissioning trust funds	3,477	3,324
Other	1,019	931
Total other noncurrent assets	14,138	13,920
Total Assets	\$ 52,279	\$ 49,688
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 1,301	\$ 1,006
Accounts payable to affiliated companies	327	251
Notes payable to affiliated companies	794	805
Taxes accrued	244	101
Interest accrued	228	212
Current maturities of long-term debt (includes \$53 at 2018 and 2017 related to VIEs)	1,322	771
Asset retirement obligations	475	295
Regulatory liabilities	246	213
Other	672	729
Total current liabilities	5,609	4,383
Long-Term Debt (includes \$1,636 at 2018 and \$1,689 at 2017 related to VIEs)	17,440	16,916
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	3,947	3,502
Asset retirement obligations	4,960	5,119
Regulatory liabilities	5,275	5,306
Accrued pension and other post-retirement benefit costs	513	545
Other	255	302
Total other noncurrent liabilities	14,950	14,774
Commitments and Contingencies		
Equity		
Common stock, \$0.01 par value, 100 shares authorized and outstanding at 2018 and 2017	—	—
Additional paid-in capital	9,143	9,143
Retained earnings	5,009	4,350
Accumulated other comprehensive loss	(24)	(25)
Total Progress Energy, Inc. stockholders' equity	14,128	13,468
Noncontrolling interests	2	(3)
Total equity	14,130	13,465
Total Liabilities and Equity	\$ 52,279	\$ 49,688

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 910	\$ 821
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,458	1,130
Equity component of AFUDC	(80)	(68)
Gains on sales of other assets	(23)	(20)
Impairment charges	34	137
Deferred income taxes	342	651
Accrued pension and other post-retirement benefit costs	18	(9)
Contributions to qualified pension plans	(45)	—
Payments for asset retirement obligations	(164)	(190)
Other rate case adjustments	37	—
Provision for rate refunds	101	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	14	1
Receivables	(316)	(182)
Receivables from affiliated companies	16	102
Inventory	119	126
Other current assets	(156)	(312)
Increase (decrease) in		
Accounts payable	427	(281)
Accounts payable to affiliated companies	76	(59)
Taxes accrued	143	143
Other current liabilities	(28)	(184)
Other assets	(668)	(100)
Other liabilities	(34)	(85)
Net cash provided by operating activities	2,181	1,621
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,689)	(2,419)
Purchases of debt and equity securities	(1,216)	(1,393)
Proceeds from sales and maturities of debt and equity securities	1,225	1,411
Net proceeds from the sales of other assets	20	—
Notes receivable from affiliated companies	(205)	(90)
Other	(142)	(36)
Net cash used in investing activities	(3,007)	(2,527)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,785	1,720
Payments for the redemption of long-term debt	(719)	(611)
Notes payable to affiliated companies	(11)	(129)
Dividends to parent	(250)	(125)
Other	(3)	(3)
Net cash provided by financing activities	802	852
Net decrease in cash, cash equivalents and restricted cash	(24)	(54)
Cash, cash equivalents and restricted cash at beginning of period	87	110
Cash, cash equivalents and restricted cash at end of period	\$ 63	\$ 56
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 441	\$ 174
Equitization of certain notes payable to affiliates	—	1,047
Dividend to parent related to a legal entity restructuring	—	547

See Notes to Condensed Consolidated Financial Statements

PROGRESS ENERGY, INC.

**Condensed Consolidated Statements of Changes in Equity
(Unaudited)**

(in millions)	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)			Total Progress Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
			Net Losses on Cash Flow Hedges	Net Unrealized Gains (losses) on Available-for- Sale Securities	Pension and OPEB Adjustments			
Balance at December 31, 2016	\$ 8,094	\$ 3,764	\$ (23)	\$ 1	\$ (16)	\$ 11,820	\$ (13)	\$ 11,807
Net income	—	814	—	—	—	814	7	821
Other comprehensive income	—	—	4	3	5	12	—	12
Dividends to parent ^(a)	—	(672)	—	—	—	(672)	—	(672)
Equitization of certain notes payable to affiliates	1,047	—	—	—	—	1,047	—	1,047
Other	2	—	—	—	—	2	—	2
Balance at September 30, 2017	\$ 9,143	\$ 3,906	\$ (19)	\$ 4	\$ (11)	\$ 13,023	\$ (6)	\$ 13,017
Balance at December 31, 2017	\$ 9,143	\$ 4,350	\$ (18)	\$ 5	\$ (12)	\$ 13,468	\$ (3)	\$ 13,465
Net income	—	904	—	—	—	904	6	910
Other comprehensive income (loss)	—	—	5	(1)	2	6	—	6
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Dividends to parent	—	(250)	—	—	—	(250)	—	(250)
Other ^(b)	—	5	—	(5)	—	—	—	—
Balance at September 30, 2018	\$ 9,143	\$ 5,009	\$ (13)	\$ (1)	\$ (10)	\$ 14,128	\$ 2	\$ 14,130

(a) Includes a \$547 million non-cash dividend related to a legal entity restructuring.

(b) Amounts in Retained Earnings and Accumulated Other Comprehensive Loss represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement. See Note 1 for more information.

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating Revenues	\$ 1,582	\$ 1,460	\$ 4,333	\$ 3,878
Operating Expenses				
Fuel used in electric generation and purchased power	535	475	1,452	1,214
Operation, maintenance and other	431	365	1,187	1,069
Depreciation and amortization	253	182	723	536
Property and other taxes	40	40	115	120
Impairment charges	—	—	33	—
Total operating expenses	1,259	1,062	3,510	2,939
Gains on Sales of Other Assets and Other, net	7	—	9	3
Operating Income	330	398	832	942
Other Income and Expenses, net	24	27	61	84
Interest Expense	82	65	241	217
Income Before Income Taxes	272	360	652	809
Income Tax Expense	56	114	120	262
Net Income and Comprehensive Income	\$ 216	\$ 246	\$ 532	\$ 547

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 17	\$ 20
Receivables (net of allowance for doubtful accounts of \$2 at 2018 and \$1 at 2017)	34	56
Receivables of VIEs (net of allowance for doubtful accounts of \$5 at 2018 and 2017)	635	459
Receivables from affiliated companies	6	3
Notes receivable from affiliated companies	52	—
Inventory	956	1,017
Regulatory assets	677	352
Other	112	97
Total current assets	2,489	2,004
Property, Plant and Equipment		
Cost	31,091	29,583
Accumulated depreciation and amortization	(11,484)	(10,903)
Generation facilities to be retired, net	388	421
Net property, plant and equipment	19,995	19,101
Other Noncurrent Assets		
Regulatory assets	3,822	3,507
Nuclear decommissioning trust funds	2,744	2,588
Other	653	599
Total other noncurrent assets	7,219	6,694
Total Assets	\$ 29,703	\$ 27,799
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 808	\$ 402
Accounts payable to affiliated companies	252	179
Notes payable to affiliated companies	—	240
Taxes accrued	92	64
Interest accrued	100	102
Current maturities of long-term debt	603	3
Asset retirement obligations	470	295
Regulatory liabilities	162	139
Other	353	376
Total current liabilities	2,840	1,800
Long-Term Debt	7,401	7,204
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	2,076	1,883
Asset retirement obligations	4,371	4,378
Regulatory liabilities	4,128	3,999
Accrued pension and other post-retirement benefit costs	240	248
Investment tax credits	143	143
Other	48	45
Total other noncurrent liabilities	11,006	10,696
Commitments and Contingencies		
Equity		
Member's Equity	8,306	7,949
Total Liabilities and Equity	\$ 29,703	\$ 27,799

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 532	\$ 547
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	869	691
Equity component of AFUDC	(41)	(35)
Gains on sales of other assets	(9)	(4)
Impairment charges	33	—
Deferred income taxes	187	287
Accrued pension and other post-retirement benefit costs	11	(15)
Contributions to qualified pension plans	(25)	—
Payments for asset retirement obligations	(133)	(149)
Other rate case adjustments	37	—
Provision for rate refunds	101	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	3	(2)
Receivables	(154)	(47)
Receivables from affiliated companies	(3)	(3)
Inventory	62	52
Other current assets	(239)	(34)
Increase (decrease) in		
Accounts payable	325	(286)
Accounts payable to affiliated companies	73	(20)
Taxes accrued	28	33
Other current liabilities	(27)	(139)
Other assets	(358)	(49)
Other liabilities	11	(9)
Net cash provided by operating activities	1,283	818
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,526)	(1,247)
Purchases of debt and equity securities	(831)	(995)
Proceeds from sales and maturities of debt and equity securities	807	974
Net proceeds from the sales of other assets	20	—
Notes receivable from affiliated companies	(52)	64
Other	(82)	(26)
Net cash used in investing activities	(1,664)	(1,230)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	796	812
Payments for the redemption of long-term debt	(2)	(270)
Notes payable to affiliated companies	(240)	—
Distributions to parent	(175)	(125)
Other	(1)	(1)
Net cash provided by financing activities	378	416
Net (decrease) increase in cash and cash equivalents	(3)	4
Cash and cash equivalents at beginning of period	20	11
Cash and cash equivalents at end of period	\$ 17	\$ 15
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 261	\$ 116

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Member's Equity
Balance at December 31, 2016	\$ 7,358
Net income	547
Distributions to parent	(125)
Balance at September 30, 2017	\$ 7,780
Balance at December 31, 2017	\$ 7,949
Net income	532
Distributions to parent	(175)
Balance at September 30, 2018	\$ 8,306

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Operating Revenues	\$ 1,462	\$ 1,401	\$ 3,780	\$ 3,551
Operating Expenses				
Fuel used in electric generation and purchased power	614	557	1,567	1,374
Operation, maintenance and other	245	220	719	623
Depreciation and amortization	166	154	460	423
Property and other taxes	105	99	284	265
Impairment charges	1	135	1	137
Total operating expenses	1,131	1,165	3,031	2,822
Operating Income	331	236	749	729
Other Income and Expenses, net	28	19	75	58
Interest Expense	73	71	210	211
Income Before Income Taxes	286	184	614	576
Income Tax Expense	43	64	100	208
Net Income	\$ 243	\$ 120	\$ 514	\$ 368
Other Comprehensive (Loss) Income, net of tax				
Unrealized (losses) gains on available-for-sale securities	—	1	(1)	3
Comprehensive Income	\$ 243	\$ 121	\$ 513	\$ 371

DUKE ENERGY FLORIDA, LLC

**Condensed Consolidated Balance Sheets
(Unaudited)**

(in millions)	September 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 20	\$ 13
Receivables (net of allowance for doubtful accounts of \$3 at 2018 and 2017)	95	65
Receivables of VIEs (net of allowance for doubtful accounts of \$3 at 2018 and \$2 at 2017)	463	321
Receivables from affiliated companies	20	2
Notes receivable from affiliated companies	393	313
Inventory	517	574
Regulatory assets (includes \$52 at 2018 and \$51 at 2017 related to VIEs)	445	389
Other (includes \$14 at 2018 and \$40 at 2017 related to VIEs)	27	86
Total current assets	1,980	1,763
Property, Plant and Equipment		
Cost	18,722	17,730
Accumulated depreciation and amortization	(5,161)	(4,947)
Net property, plant and equipment	13,561	12,783
Other Noncurrent Assets		
Regulatory assets (includes \$1,055 at 2018 and \$1,091 at 2017 related to VIEs)	2,165	2,503
Nuclear decommissioning trust funds	734	736
Other	315	284
Total other noncurrent assets	3,214	3,523
Total Assets	\$ 18,755	\$ 18,069
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 492	\$ 602
Accounts payable to affiliated companies	83	74
Taxes accrued	232	34
Interest accrued	74	56
Current maturities of long-term debt (includes \$53 at 2018 and 2017 related to VIEs)	269	768
Asset retirement obligations	4	—
Regulatory liabilities	84	74
Other	315	334
Total current liabilities	1,553	1,942
Long-Term Debt (includes \$1,336 at 2018 and \$1,389 at 2017 related to VIEs)	7,102	6,327
Other Noncurrent Liabilities		
Deferred income taxes	2,012	1,761
Asset retirement obligations	589	742
Regulatory liabilities	1,146	1,307
Accrued pension and other post-retirement benefit costs	241	264
Other	56	108
Total other noncurrent liabilities	4,044	4,182
Commitments and Contingencies		
Equity		
Member's equity	6,058	5,614
Accumulated other comprehensive (loss) income	(2)	4
Total equity	6,056	5,618
Total Liabilities and Equity	\$ 18,755	\$ 18,069

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 514	\$ 368
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	581	431
Equity component of AFUDC	(40)	(33)
Impairment charges	1	137
Deferred income taxes	169	366
Accrued pension and other post-retirement benefit costs	4	3
Contributions to qualified pension plans	(20)	—
Payments for asset retirement obligations	(31)	(41)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	7	3
Receivables	(163)	(140)
Receivables from affiliated companies	(18)	1
Inventory	57	74
Other current assets	51	(195)
Increase (decrease) in		
Accounts payable	101	6
Accounts payable to affiliated companies	9	(35)
Taxes accrued	198	109
Other current liabilities	1	(45)
Other assets	(308)	(35)
Other liabilities	(58)	(71)
Net cash provided by operating activities	1,055	903
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,162)	(1,172)
Purchases of debt and equity securities	(385)	(398)
Proceeds from sales and maturities of debt and equity securities	418	437
Notes receivable from affiliated companies	(80)	(70)
Other	(61)	(10)
Net cash used in investing activities	(1,270)	(1,213)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	989	908
Payments for the redemption of long-term debt	(717)	(341)
Notes payable to affiliated companies	—	(297)
Distributions to parent	(75)	—
Other	(1)	(1)
Net cash provided by financing activities	196	269
Net decrease in cash, cash equivalents and restricted cash	(19)	(41)
Cash, cash equivalents and restricted cash at beginning of period	53	69
Cash, cash equivalents and restricted cash at end of period	\$ 34	\$ 28
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 180	\$ 102

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Member's Equity	Accumulated Other Comprehensive Income (Loss)		Total Equity
		Net Unrealized Gains (Losses) on Available-for-Sale Securities		
Balance at December 31, 2016	\$ 4,899	\$ 1	\$	4,900
Net income	368	—		368
Other comprehensive income	—	3		3
Other	3	—		3
Balance at September 30, 2017	\$ 5,270	\$ 4	\$	5,274
Balance at December 31, 2017	\$ 5,614	\$ 4	\$	5,618
Net income	514	—		514
Other comprehensive loss	—	(1)		(1)
Distributions to parent	(75)	—		(75)
Other ^(a)	5	(5)		—
Balance at September 30, 2018	\$ 6,058	\$ (2)	\$	6,056

- (a) Amounts in Member's Equity and Accumulated Other Comprehensive Income (Loss) represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement. See Note 1 for more information.

DUKE ENERGY OHIO, INC.

**Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)**

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating Revenues				
Regulated electric	\$ 373	\$ 371	\$ 1,055	\$ 1,036
Regulated natural gas	84	90	361	360
Nonregulated electric and other	12	10	36	30
Total operating revenues	469	471	1,452	1,426
Operating Expenses				
Fuel used in electric generation and purchased power – regulated	99	100	284	283
Fuel used in electric generation and purchased power – nonregulated	14	13	43	42
Cost of natural gas	4	5	73	69
Operation, maintenance and other	76	125	337	388
Depreciation and amortization	64	63	196	193
Property and other taxes	73	65	218	204
Impairment charges	—	—	—	1
Total operating expenses	330	371	1,151	1,180
Gains (Losses) on Sales of Other Assets and Other, net	—	1	(106)	1
Operating Income	139	101	195	247
Other Income and Expenses, net	3	5	17	15
Interest Expense	23	22	68	67
Income From Continuing Operations Before Income Taxes	119	84	144	195
Income Tax Expense From Continuing Operations	19	28	23	67
Income From Continuing Operations	100	56	121	128
Loss From Discontinued Operations, net of tax	—	(1)	—	(1)
Net Income and Comprehensive Income	\$ 100	\$ 55	\$ 121	\$ 127

DUKE ENERGY OHIO, INC.

**Condensed Consolidated Balance Sheets
(Unaudited)**

(in millions)	September 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7	\$ 12
Receivables (net of allowance for doubtful accounts of \$3 at 2018 and 2017)	112	68
Receivables from affiliated companies	71	133
Notes receivable from affiliated companies	—	14
Inventory	135	133
Regulatory assets	41	49
Other	28	39
Total current assets	394	448
Property, Plant and Equipment		
Cost	9,176	8,732
Accumulated depreciation and amortization	(2,683)	(2,691)
Net property, plant and equipment	6,493	6,041
Other Noncurrent Assets		
Goodwill	920	920
Regulatory assets	427	445
Other	62	21
Total other noncurrent assets	1,409	1,386
Total Assets	\$ 8,296	\$ 7,875
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 251	\$ 313
Accounts payable to affiliated companies	54	62
Notes payable to affiliated companies	268	29
Taxes accrued	159	190
Interest accrued	34	21
Current maturities of long-term debt	452	3
Asset retirement obligations	7	3
Regulatory liabilities	57	36
Other	67	71
Total current liabilities	1,349	728
Long-Term Debt	1,589	2,039
Long-Term Debt Payable to Affiliated Companies	25	25
Other Noncurrent Liabilities		
Deferred income taxes	790	781
Asset retirement obligations	91	81
Regulatory liabilities	865	891
Accrued pension and other post-retirement benefit costs	84	59
Other	113	108
Total other noncurrent liabilities	1,943	1,920
Commitments and Contingencies		
Equity		
Common stock, \$8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2018 and 2017	762	762
Additional paid-in capital	2,776	2,670
Accumulated deficit	(148)	(269)
Total equity	3,390	3,163
Total Liabilities and Equity	\$ 8,296	\$ 7,875

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 121	\$ 127
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	199	196
Equity component of AFUDC	(10)	(8)
Losses (gains) on sales of other assets	106	(1)
Impairment charges	—	1
Deferred income taxes	9	70
Accrued pension and other post-retirement benefit costs	3	3
Contributions to qualified pension plans	—	(4)
Payments for asset retirement obligations	(3)	(4)
Provision for rate refunds	23	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	1
Receivables	(44)	3
Receivables from affiliated companies	62	48
Inventory	(2)	1
Other current assets	12	(8)
Increase (decrease) in		
Accounts payable	(47)	(48)
Accounts payable to affiliated companies	(8)	(4)
Taxes accrued	(31)	(21)
Other current liabilities	19	(6)
Other assets	3	(13)
Other liabilities	(17)	(2)
Net cash provided by operating activities	395	331
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(588)	(457)
Cost of removal, net of salvage	(63)	(25)
Notes receivable from affiliated companies	14	7
Other	1	—
Net cash used in investing activities	(636)	(475)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	182
Payments for the redemption of long-term debt	(3)	(2)
Notes payable to affiliated companies	239	(16)
Dividends to parent	—	(25)
Other	—	(1)
Net cash provided by financing activities	236	138
Net decrease in cash and cash equivalents	(5)	(6)
Cash and cash equivalents at beginning of period	12	13
Cash and cash equivalents at end of period	\$ 7	\$ 7
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 83	\$ 65
Non-cash equity contribution from parent	106	—

See Notes to Condensed Consolidated Financial Statements

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Equity
Balance at December 31, 2016	\$ 762	\$ 2,695	\$ (461)	\$ 2,996
Net income	—	—	127	127
Dividends to parent	—	(25)	—	(25)
Balance at September 30, 2017	\$ 762	\$ 2,670	\$ (334)	\$ 3,098
Balance at December 31, 2017	\$ 762	\$ 2,670	\$ (269)	\$ 3,163
Net income	—	—	121	121
Contribution from parent ^(a)	—	106	—	106
Balance at September 30, 2018	\$ 762	\$ 2,776	\$ (148)	\$ 3,390

(a) Represents a non-cash settlement through equity of an intercompany payable from Duke Energy Ohio to its parent.

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating Revenues	\$ 819	\$ 802	\$ 2,288	\$ 2,302
Operating Expenses				
Fuel used in electric generation and purchased power	272	259	730	744
Operation, maintenance and other	198	177	576	546
Depreciation and amortization	130	120	386	336
Property and other taxes	16	19	56	56
Impairment charges	30	—	30	—
Total operating expenses	646	575	1,778	1,682
Gains on Sale of Other Assets and Other, net	—	1	—	1
Operating Income	173	228	510	621
Other Income and Expenses, net	23	12	36	32
Interest Expense	42	44	125	132
Income Before Income Taxes	154	196	421	521
Income Tax Expense	35	75	104	203
Net Income and Comprehensive Income	\$ 119	\$ 121	\$ 317	\$ 318

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 17	\$ 9
Receivables (net of allowance for doubtful accounts of \$2 at 2018 and 2017)	56	57
Receivables from affiliated companies	98	125
Inventory	434	450
Regulatory assets	190	165
Other	64	30
Total current assets	859	836
Property, Plant and Equipment		
Cost	15,298	14,948
Accumulated depreciation and amortization	(4,831)	(4,662)
Net property, plant and equipment	10,467	10,286
Other Noncurrent Assets		
Regulatory assets	950	978
Other	233	189
Total other noncurrent assets	1,183	1,167
Total Assets	\$ 12,509	\$ 12,289
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 177	\$ 196
Accounts payable to affiliated companies	72	78
Notes payable to affiliated companies	201	161
Taxes accrued	44	95
Interest accrued	54	57
Current maturities of long-term debt	62	3
Asset retirement obligations	128	54
Regulatory liabilities	25	24
Other	109	104
Total current liabilities	872	772
Long-Term Debt	3,571	3,630
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	988	925
Asset retirement obligations	616	727
Regulatory liabilities	1,761	1,723
Accrued pension and other post-retirement benefit costs	110	76
Investment tax credits	147	147
Other	31	18
Total other noncurrent liabilities	3,653	3,616
Commitments and Contingencies		
Equity		
Member's Equity	4,263	4,121
Total Liabilities and Equity	\$ 12,509	\$ 12,289

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 317	\$ 318
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	388	339
Equity component of AFUDC	(28)	(20)
Gain on sale of other assets and other, net	—	(1)
Impairment charges	30	—
Deferred income taxes	94	101
Accrued pension and other post-retirement benefit costs	5	4
Contributions to qualified pension plans	(8)	—
Payments for asset retirement obligations	(49)	(26)
Provision for rate refunds	58	—
(Increase) decrease in		
Receivables	1	53
Receivables from affiliated companies	27	31
Inventory	16	54
Other current assets	(59)	18
Increase (decrease) in		
Accounts payable	28	(71)
Accounts payable to affiliated companies	(6)	(1)
Taxes accrued	(51)	115
Other current liabilities	6	(18)
Other assets	29	(24)
Other liabilities	(13)	32
Net cash provided by operating activities	785	904
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(619)	(603)
Purchases of debt and equity securities	(42)	(15)
Proceeds from sales and maturities of debt and equity securities	18	6
Notes receivable from affiliated companies	—	57
Other	3	(40)
Net cash used in investing activities	(640)	(595)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for the redemption of long-term debt	(1)	(3)
Notes payable to affiliated companies	40	—
Distributions to parent	(175)	(300)
Other	(1)	(1)
Net cash used in financing activities	(137)	(304)
Net increase in cash and cash equivalents	8	5
Cash and cash equivalents at beginning of period	9	17
Cash and cash equivalents at end of period	\$ 17	\$ 22
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 71	\$ 101

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Member's Equity
Balance at December 31, 2016	\$ 4,067
Net income	318
Distributions to parent	(300)
Balance at September 30, 2017	\$ 4,085
Balance at December 31, 2017	\$ 4,121
Net income	317
Distributions to parent	(175)
Balance at September 30, 2018	\$ 4,263

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Operating Revenues	\$ 172	\$ 183	\$ 940	\$ 884
Operating Expenses				
Cost of natural gas	54	63	387	333
Operation, maintenance and other	85	73	252	226
Depreciation and amortization	40	38	118	109
Property and other taxes	12	13	36	38
Impairment charges	—	—	—	7
Total operating expenses	191	187	793	713
Operating (Loss) Income	(19)	(4)	147	171
Other Income and Expenses				
Equity in earnings of unconsolidated affiliates	3	3	6	8
Other income and expenses, net	3	—	9	(1)
Total other income and expenses	6	3	15	7
Interest Expense	19	20	60	59
(Loss) Income Before Income Taxes	(32)	(21)	102	119
Income Tax (Benefit) Expense	(11)	(10)	21	43
Net (Loss) Income and Comprehensive (Loss) Income	\$ (21)	\$ (11)	\$ 81	\$ 76

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6	\$ 19
Receivables (net of allowance for doubtful accounts of \$1 at 2018 and \$2 at 2017)	83	275
Receivables from affiliated companies	10	7
Notes receivable from affiliated companies	11	—
Inventory	51	66
Regulatory assets	38	95
Other	48	52
Total current assets	247	514
Property, Plant and Equipment		
Cost	7,265	6,725
Accumulated depreciation and amortization	(1,553)	(1,479)
Net property, plant and equipment	5,712	5,246
Other Noncurrent Assets		
Goodwill	49	49
Regulatory assets	305	283
Investments in equity method unconsolidated affiliates	63	61
Other	65	65
Total other noncurrent assets	482	458
Total Assets	\$ 6,441	\$ 6,218
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 131	\$ 125
Accounts payable to affiliated companies	27	13
Notes payable to affiliated companies	—	364
Taxes accrued	31	19
Interest accrued	25	31
Current maturities of long-term debt	350	250
Regulatory liabilities	34	3
Other	51	69
Total current liabilities	649	874
Long-Term Debt	1,788	1,787
Other Noncurrent Liabilities		
Deferred income taxes	586	564
Asset retirement obligations	15	15
Regulatory liabilities	1,171	1,141
Accrued pension and other post-retirement benefit costs	3	5
Other	186	170
Total other noncurrent liabilities	1,961	1,895
Commitments and Contingencies		
Equity		
Common stock, no par value: 100 shares authorized and outstanding at 2018 and 2017	1,160	860
Retained earnings	883	802
Total equity	2,043	1,662
Total Liabilities and Equity	\$ 6,441	\$ 6,218

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended	
	September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 81	\$ 76
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	120	112
Impairment charges	—	7
Deferred income taxes	2	127
Equity in earnings from unconsolidated affiliates	(6)	(8)
Accrued pension and other post-retirement benefit costs	(3)	9
Provision for rate refunds	31	—
(Increase) decrease in		
Receivables	192	157
Receivables from affiliated companies	(3)	(1)
Inventory	16	13
Other current assets	58	(129)
Increase (decrease) in		
Accounts payable	(48)	(52)
Accounts payable to affiliated companies	14	(1)
Taxes accrued	11	(37)
Other current liabilities	8	(21)
Other assets	(4)	(9)
Other liabilities	(5)	(7)
Net cash provided by operating activities	464	236
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(497)	(407)
Cost of removal, net of salvage	(8)	—
Contributions to equity method investments	—	(12)
Notes receivable from affiliated companies	(11)	—
Other	3	2
Net cash used in investing activities	(513)	(417)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	100	250
Payments for the redemption of long-term debt	—	(35)
Notes payable and commercial paper	—	(330)
Notes payable to affiliated companies	(364)	284
Capital contributions from parent	300	—
Other	—	(1)
Net cash provided by financing activities	36	168
Net decrease in cash and cash equivalents	(13)	(13)
Cash and cash equivalents at beginning of period	19	25
Cash and cash equivalents at end of period	\$ 6	\$ 12
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 89	\$ 47
Transfer of ownership interest of certain equity method investees to parent	—	149

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Common Stock	Retained Earnings	Total Equity
Balance at December 31, 2016	\$ 860	\$ 812	\$ 1,672
Net income	—	76	76
Transfer of ownership interest of certain equity method investees to parent	—	(149)	(149)
Balance at September 30, 2017	\$ 860	\$ 739	\$ 1,599
Balance at December 31, 2017	\$ 860	\$ 802	\$ 1,662
Net income	—	81	81
Contribution from parent	300	—	300
Balance at September 30, 2018	\$ 1,160	\$ 883	\$ 2,043

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited)

Index to Combined Notes to Condensed Consolidated Financial Statements

The unaudited notes to the Condensed Consolidated Financial Statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

Registrant	Applicable Notes																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Duke Energy Corporation	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Duke Energy Carolinas, LLC	•	•	•	•	•	•		•	•	•	•	•	•			•	•	•
Progress Energy, Inc.	•	•	•	•	•	•	•	•	•	•	•	•	•			•	•	•
Duke Energy Progress, LLC	•	•	•	•	•	•		•	•	•	•	•	•			•	•	•
Duke Energy Florida, LLC	•	•	•	•	•	•		•	•	•	•	•	•			•	•	•
Duke Energy Ohio, Inc.	•	•	•	•	•	•	•	•	•		•	•	•			•	•	•
Duke Energy Indiana, LLC	•	•	•	•	•	•		•	•	•	•	•	•			•	•	•
Piedmont Natural Gas Company, Inc.	•	•	•	•	•	•	•	•	•		•		•			•	•	•

Tables within the notes may not sum across due to (i) Progress Energy's consolidation of Duke Energy Progress, Duke Energy Florida and other subsidiaries that are not registrants and (ii) subsidiaries that are not registrants but included in the consolidated Duke Energy balances.

1. ORGANIZATION AND BASIS OF PRESENTATION

NATURE OF OPERATIONS AND BASIS OF CONSOLIDATION

Duke Energy Corporation (collectively with its subsidiaries, Duke Energy) is an energy company headquartered in Charlotte, North Carolina, subject to regulation by the Federal Energy Regulatory Commission (FERC). Duke Energy operates in the United States (U.S.) primarily through its direct and indirect subsidiaries. Certain Duke Energy subsidiaries are also subsidiary registrants, including Duke Energy Carolinas, LLC (Duke Energy Carolinas); Progress Energy, Inc. (Progress Energy); Duke Energy Progress, LLC (Duke Energy Progress); Duke Energy Florida, LLC (Duke Energy Florida); Duke Energy Ohio, Inc. (Duke Energy Ohio), Duke Energy Indiana, LLC (Duke Energy Indiana) and Piedmont Natural Gas Company, Inc. (Piedmont). When discussing Duke Energy's consolidated financial information, it necessarily includes the results of its separate subsidiary registrants (collectively referred to as the Subsidiary Registrants), which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries where the respective Duke Energy Registrants have control. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities. Substantially all of the Subsidiary Registrants' operations qualify for regulatory accounting.

Duke Energy Carolinas is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina. Duke Energy Carolinas is subject to the regulatory provisions of the North Carolina Utilities Commission (NCUC), Public Service Commission of South Carolina (PSCSC), U.S. Nuclear Regulatory Commission (NRC) and FERC.

Progress Energy is a public utility holding company headquartered in Raleigh, North Carolina, subject to regulation by FERC. Progress Energy conducts operations through its wholly owned subsidiaries, Duke Energy Progress and Duke Energy Florida.

Duke Energy Progress is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina. Duke Energy Progress is subject to the regulatory provisions of the NCUC, PSCSC, NRC and FERC.

Duke Energy Florida is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Florida. Duke Energy Florida is subject to the regulatory provisions of the Florida Public Service Commission (FPSC), NRC and FERC.

Duke Energy Ohio is a regulated public utility primarily engaged in the transmission and distribution of electricity in portions of Ohio and Kentucky, the generation and sale of electricity in portions of Kentucky and the transportation and sale of natural gas in portions of Ohio and Kentucky. Duke Energy Ohio conducts competitive auctions for retail electricity supply in Ohio whereby the energy price is recovered from retail customers and recorded in Operating Revenues on the Condensed Consolidated Statements of Operations and Comprehensive Income. Operations in Kentucky are conducted through its wholly owned subsidiary, Duke Energy Kentucky, Inc. (Duke Energy Kentucky). References herein to Duke Energy Ohio collectively include Duke Energy Ohio and its subsidiaries, unless otherwise noted. Duke Energy Ohio is subject to the regulatory provisions of the Public Utilities Commission of Ohio (PUCO), Kentucky Public Service Commission (KPSC) and FERC.

Duke Energy Indiana is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Indiana. Duke Energy Indiana is subject to the regulatory provisions of the Indiana Utility Regulatory Commission (IURC) and FERC.

Piedmont is a regulated public utility primarily engaged in the distribution of natural gas in portions of North Carolina, South Carolina and Tennessee. Piedmont is subject to the regulatory provisions of the NCUC, PSCSC, Tennessee Public Utility Commission (TPUC) and FERC.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the U.S. (GAAP) for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for annual financial statements. Since the interim Condensed Consolidated Financial Statements and Notes do not include all information and notes required by GAAP in the U.S. for annual financial statements, the Condensed Consolidated Financial Statements and other information included in this quarterly report should be read in conjunction with the Consolidated Financial Statements and Notes in the Duke Energy Registrants' combined Annual Report on Form 10-K/A for the year ended December 31, 2017.

The information in these combined notes relates to each of the Duke Energy Registrants as noted in the Index to Combined Notes to Condensed Consolidated Financial Statements. However, none of the registrants make any representations as to information related solely to Duke Energy or the subsidiaries of Duke Energy other than itself.

These Condensed Consolidated Financial Statements, in the opinion of the respective companies' management, reflect all normal recurring adjustments necessary to fairly present the financial position and results of operations of each of the Duke Energy Registrants. Amounts reported in Duke Energy's interim Condensed Consolidated Statements of Operations and each of the Subsidiary Registrants' interim Condensed Consolidated Statements of Operations and Comprehensive Income are not necessarily indicative of amounts expected for the respective annual periods due to effects of seasonal temperature variations on energy consumption, regulatory rulings, timing of maintenance on electric generating units, changes in mark-to-market valuations, changing commodity prices and other factors.

In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Certain prior year amounts have been reclassified to conform to the current year presentation.

REVENUE

Duke Energy recognizes revenue as customers obtain control of promised goods and services in an amount that reflects consideration expected in exchange for those goods or services. Generally, the delivery of electricity and natural gas results in the transfer of control to customers at the time the commodity is delivered and the amount of revenue recognized is equal to the amount billed to each customer, including estimated volumes delivered when billings have not yet occurred. See Note 13 for further information.

OTHER CURRENT ASSETS

Duke Energy recorded a receivable related to the Tax Act in Other within Current Assets in September 2018. As a result, Income taxes receivable exceeds five percent of Total current assets on the Duke Energy Condensed Consolidated Balance Sheets and is \$655 million and \$260 million as of September 30, 2018, and December 31, 2017, respectively. See Note 17 for further information.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Duke Energy, Progress Energy and Duke Energy Florida have restricted cash balances related primarily to collateral assets, escrow deposits and variable interest entities (VIEs). See Note 12 for additional information. Restricted cash amounts are included in Other within Current Assets and Other Noncurrent Assets. The following table presents the components of cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets.

	September 30, 2018			December 31, 2017		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	\$ 303	\$ 43	\$ 20	\$ 358	\$ 40	\$ 13
Other	139	14	14	138	40	40
Other Noncurrent Assets						
Other	7	6	—	9	7	—
Total cash, cash equivalents and restricted cash	\$ 449	\$ 63	\$ 34	\$ 505	\$ 87	\$ 53

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

INVENTORY

Inventory is used for operations and is recorded primarily using the average cost method. Inventory related to regulated operations is valued at historical cost. Inventory related to nonregulated operations is valued at the lower of cost or market. Materials and supplies are recorded as inventory when purchased and subsequently charged to expense or capitalized to property, plant and equipment when installed. Inventory, including excess or obsolete inventory, is written-down to the lower of cost or market value. Once inventory has been written-down, it creates a new cost basis for the inventory that is not subsequently written-up. Provisions for inventory write-offs were not material at September 30, 2018, and December 31, 2017. The components of inventory are presented in the tables below.

(in millions)	September 30, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,283	\$ 758	\$ 1,071	\$ 748	\$ 323	\$ 87	\$ 294	\$ 1
Coal	515	176	187	99	88	14	138	—
Natural gas, oil and other fuel	342	42	215	109	106	34	2	50
Total inventory	\$ 3,140	\$ 976	\$ 1,473	\$ 956	\$ 517	\$ 135	\$ 434	\$ 51

(in millions)	December 31, 2017							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,293	\$ 744	\$ 1,118	\$ 774	\$ 343	\$ 82	\$ 309	\$ 2
Coal	603	192	255	139	116	17	139	—
Natural gas, oil and other fuel	354	35	219	104	115	34	2	64
Total inventory	\$ 3,250	\$ 971	\$ 1,592	\$ 1,017	\$ 574	\$ 133	\$ 450	\$ 66

EXCISE TAXES

Certain excise taxes levied by state or local governments are required to be paid even if not collected from the customer. These taxes are recognized on a gross basis. Otherwise, excise taxes are accounted for on a net basis.

Excise taxes accounted for on a gross basis within both Operating Revenues and Property and other taxes on the Condensed Consolidated Statements of Operations were as follows.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Duke Energy	\$ 114	\$ 107	\$ 308	\$ 289
Duke Energy Carolinas	10	9	27	27
Progress Energy	71	67	181	168
Duke Energy Progress	5	5	15	14
Duke Energy Florida	66	62	166	154
Duke Energy Ohio	26	24	81	75
Duke Energy Indiana	6	6	17	16
Piedmont	1	1	2	3

NEW ACCOUNTING STANDARDS

The new accounting standards adopted for 2018 and 2017 had no material impact on the presentation or results of operations, cash flows or financial position of the Duke Energy Registrants. While immaterial, adoption of the following accounting standards had the most significant impact on the Duke Energy results of operations, cash flows and financial position for the nine months ended September 30, 2018.

Revenue from Contracts with Customers. In May 2014, the Financial Accounting Standards Board (FASB) issued revised accounting guidance for revenue recognition from contracts with customers. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected in exchange for those goods or services. The amendments also required disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The majority of Duke Energy's revenue is in scope of the new guidance. Other revenue arrangements, such as alternative revenue programs and certain purchase power agreements (PPAs) and lighting agreements accounted for as leases, are excluded from the scope of this guidance and, therefore, are accounted for and evaluated for separate presentation and disclosure under other relevant accounting guidance.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Duke Energy elected the modified retrospective method of adoption effective January 1, 2018. Under the modified retrospective method of adoption, prior year reported results are not restated. Adoption of this standard did not result in a material change in the timing or pattern of revenue recognition and a cumulative-effect adjustment was not recorded at January 1, 2018. Duke Energy utilized certain practical expedients including applying this guidance to open contracts at the date of adoption, expensing costs to obtain a contract where the amortization period of the asset would have been one year or less, ignoring the effects of a significant financing when the period between transfer of the good or service and payment is one year or less and recognizing revenues for certain contracts under the invoice practical expedient, which allows revenue recognition to be consistent with invoiced amounts (including unbilled estimates) provided certain criteria are met, including consideration of whether the invoiced amounts reasonably represent the value provided to customers.

In preparation for adoption, Duke Energy identified material revenue streams and reviewed representative contracts and tariffs, including those associated with certain long-term customer contracts such as wholesale contracts, PPAs and other customer arrangements. Duke Energy also monitored the activities of the power and utilities industry revenue recognition task force and has reviewed published positions on specific industry issues to evaluate the impact, if any, on Duke Energy's specific contracts and conclusions.

Duke Energy applied the available practical expedient to portfolios of tariffs and contracts with similar characteristics. The vast majority of sales, including energy provided to retail customers, are from tariff offerings that provide natural gas or electricity without a defined contractual term ("at-will"). In most circumstances, revenue from contracts with customers is equivalent to the electricity or natural gas supplied and billed in that period (including unbilled estimates). As such, adoption of the new rules did not result in a shift in the timing or pattern of revenue recognition for such sales. While there have been changes to the captions and descriptions of revenues in Duke Energy's financial statements, the most significant impact as a result of adopting the standard are additional disclosures around the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. See Note 13 for further information.

Financial Instruments Classification and Measurement. On January 1, 2018, Duke Energy adopted FASB guidance, which revised the classification and measurement of certain financial instruments. The adopted guidance changes the presentation of realized and unrealized gains and losses in certain equity securities that were previously recorded in accumulated other comprehensive income (AOCI). These gains and losses are now recorded in net income. An entity's equity investments that are accounted for under the equity method of accounting are not included within the scope of the new guidance. This guidance had a minimal impact on the Duke Energy Registrant's Condensed Consolidated Statements of Operations and Comprehensive Income as changes in the fair value of most of the Duke Energy Registrants' equity securities are deferred as regulatory assets or liabilities pursuant to accounting guidance for regulated operations. The resulting adjustment of unrealized gains and losses in AOCI to retained earnings was immaterial. The primary impact to Duke Energy as a result of implementing this guidance is adding disclosure requirements to present separately the financial assets and financial liabilities by measurement category and form of financial asset. See Notes 10 and 11 for further information.

Statement of Cash Flows. In November 2016, the FASB issued revised accounting guidance to reduce diversity in practice for the presentation and classification of restricted cash on the Condensed Consolidated Statements of Cash Flows. Under the updated guidance, restricted cash and restricted cash equivalents are included within beginning-of-period and end-of-period cash and cash equivalents on the Condensed Consolidated Statements of Cash Flows. Duke Energy adopted this guidance on January 1, 2018. The guidance has been applied using a retrospective transition method to each period presented. The adoption by Duke Energy of the revised guidance resulted in a change to the amount of Cash, cash equivalents and restricted cash explained when reconciling the beginning-of-period and end-of-period total amounts shown on the Condensed Consolidated Statements of Cash Flows. In addition, a reconciliation has been provided of Cash, cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets that sums to the total of the same such amounts in the Condensed Consolidated Statements of Cash Flows. Prior to adoption, the Duke Energy Registrants reflected changes in noncurrent restricted cash within Cash Flows from Investing Activities and changes in current restricted cash within Cash Flows from Operating Activities on the Condensed Consolidated Statements of Cash Flows.

In August 2016, the FASB issued accounting guidance addressing diversity in practice for eight separate cash flow issues. The guidance requires entities to classify distributions received from equity method investees using either the cumulative earnings approach or the nature of the distribution approach. Duke Energy adopted this guidance on January 1, 2018, and elected the nature of distribution approach. This approach requires all distributions received to be categorized based on legal documentation describing the nature of the activities generating the distribution. Cash inflows resulting in a return on investment (surplus) will be reflected in Cash Flows from Operating Activities on the Condensed Consolidated Statements of Cash Flows, whereas cash inflows resulting in a return of investment (capital) will be reflected in Cash Flows from Investing Activities on the Condensed Consolidated Statements of Cash Flows. The guidance has been applied using the retrospective transition method to each period presented. There are no changes to the Condensed Consolidated Statements of Cash Flows for the periods presented as a result of this accounting change.

Retirement Benefits. In March 2017, the FASB issued revised accounting guidance for the presentation of net periodic costs related to benefit plans. Previous guidance required the aggregation of all the components of net periodic costs on the Condensed Consolidated Statement of Operations and did not require the disclosure of the location of net periodic costs on the Condensed Consolidated Statement of Operations. Under the amended guidance, the service cost component of net periodic costs is included within Operating Income within the same line as other compensation expenses. All other components of net periodic costs are outside of Operating Income. In addition, the updated guidance permits only the service cost component of net periodic costs to be capitalized to Inventory or Property, Plant and Equipment. This represents a change from previous guidance, which permitted all components of net periodic costs to be eligible for capitalization.

Duke Energy adopted this guidance on January 1, 2018. Under previous guidance, Duke Energy presented the total non-capitalized net periodic costs within Operation, maintenance and other on the Condensed Consolidated Statements of Operations. The adoption of this guidance resulted in a retrospective change to reclassify the presentation of the non-service cost (benefit) components of net periodic costs to Other income and expenses. Duke Energy utilized the practical expedient for retrospective presentation. The change in components of net periodic costs eligible for capitalization is applicable prospectively. Since Duke Energy's service cost component is greater than the total net periodic costs, the change results in increased capitalization of net periodic costs, higher Operation, maintenance and other and higher Other income and expenses. The resulting prospective impact to Duke Energy is an immaterial increase in Net Income. See Note 15 for further information.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

For Duke Energy, the retrospective change resulted in higher Operation, maintenance and other and higher Other income and expenses, net, of \$156 million, \$131 million and \$96 million for the years ended December 31, 2017, 2016 and 2015, respectively. There was no change to Net Income for these prior periods.

The following new Accounting Standards Updates (ASUs) have been issued, but have not yet been adopted by Duke Energy, as of September 30, 2018.

Leases. In February 2016, the FASB issued revised accounting guidance for leases. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases on the balance sheet.

For Duke Energy, this guidance is effective for interim and annual periods beginning January 1, 2019. The guidance will be applied using a modified retrospective approach. Upon adoption, agreements considered leases for the use of certain aircraft, space on communication towers, industrial equipment, fleet vehicles, fuel transportation (barges and railcars), land and office space will be recognized on the balance sheet. Duke Energy expects to elect certain of the following practical expedients upon adoption:

Practical Expedient	Description	Election
Package of transition practical expedients (for leases commenced prior to adoption date and must be adopted as a package)	Do not need to 1) reassess whether any expired or existing contracts are/or contain leases, 2) reassess the lease classification for any expired or existing leases and 3) reassess initial direct costs for any existing leases.	Duke Energy plans to elect this practical expedient.
Short-term lease expedient (elect by class of underlying asset)	Elect as an accounting policy to not apply the recognition requirements to short-term leases by asset class.	Duke Energy plans to elect this practical expedient for all asset classes.
Lease and non-lease components (elect by class of underlying asset)	Elect as an accounting policy to not separate non-lease components from lease components and instead account for each lease and associated non-lease component as a single lease component by asset class.	Duke Energy is currently assessing the election of this practical expedient.
Hindsight expedient (when determining lease term)	Elect to use hindsight to determine the lease term.	Duke Energy plans to elect this practical expedient.
Existing and expired land easements not previously accounted for as leases	Elect to not evaluate existing or expired easements under the new guidance and carry forward current accounting treatment.	Duke Energy plans to elect this practical expedient.
Comparative reporting requirements for initial adoption	Elect to apply transition requirements at adoption date, recognize cumulative effect adjustment to retained earnings in period of adoption and not apply ASC 842 to comparative periods, including disclosures.	Duke Energy plans to elect this practical expedient.
Lessor expedient (elect by class of underlying asset)	Elect as an accounting policy to aggregate non-lease components with the related lease component when specified conditions are met by asset class. Account for the combined component based on its predominant characteristic (revenue or operating lease).	Duke Energy is currently assessing the election of this practical expedient.

Duke Energy is currently evaluating the financial statement impact of adopting this standard and is continuing to monitor industry implementation issues, including leases within asset retirement obligations, pipeline laterals and renewable energy PPAs. In arrangements where Duke Energy is the lessee, it expects an increase in assets and liabilities on its balance sheet along with the addition of required disclosures of key lease information. However, the ultimate lessee impact of the new standard has not yet been determined. Duke Energy does not expect a material change to its financial statements from adoption of the new standard for contracts where it is the lessor. System enhancements, including additional processes and controls, will be required to facilitate the identification, tracking and reporting of potential leases based upon requirements of the new lease standard. Duke Energy is implementing a third-party software tool to help with the adoption and ongoing accounting under the new standard.

2. BUSINESS SEGMENTS

Operating segments are determined based on information used by the chief operating decision-maker in deciding how to allocate resources and evaluate the performance of the business. Duke Energy evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income includes intercompany revenues and expenses that are eliminated on the Condensed Consolidated Financial Statements. Certain governance costs are allocated to each segment. In addition, direct interest expense and income taxes are included in segment income.

Duke Energy

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

The Electric Utilities and Infrastructure segment includes Duke Energy's regulated electric utilities in the Carolinas, Florida and the Midwest. The regulated electric utilities conduct operations through the Subsidiary Registrants that are substantially all regulated and, accordingly, qualify for regulatory accounting treatment. Electric Utilities and Infrastructure also includes Duke Energy's electric transmission infrastructure investments.

The Gas Utilities and Infrastructure segment includes Piedmont, Duke Energy's natural gas local distribution companies in Ohio and Kentucky, and Duke Energy's natural gas storage and midstream pipeline investments. Gas Utilities and Infrastructure's operations are substantially all regulated and, accordingly, qualify for regulatory accounting treatment.

Commercial Renewables is primarily comprised of nonregulated utility scale wind and solar generation assets located throughout the U.S.

The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of interest expense on holding company debt, unallocated corporate costs and Duke Energy's wholly owned captive insurance company, Bison Insurance Company Limited (Bison). Other also includes Duke Energy's 17.5 percent interest in National Methanol Company (NMC), a large regional producer of methyl tertiary butyl ether located in Saudi Arabia. The investment in NMC is accounted for under the equity method of accounting.

Business segment information is presented in the following tables. Segment assets presented exclude intercompany assets.

Three Months Ended September 30, 2018							
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Consolidated
Unaffiliated revenues	\$ 6,253	\$ 232	\$ 127	\$ 6,612	\$ 16	\$ —	\$ 6,628
Intersegment revenues	7	24	—	31	18	(49)	—
Total revenues	\$ 6,260	\$ 256	\$ 127	\$ 6,643	\$ 34	\$ (49)	\$ 6,628
Segment income (loss) ^{(a)(b)(c)}	\$ 1,167	\$ 17	\$ (62)	\$ 1,122	\$ (44)	\$ —	\$ 1,078
Add back noncontrolling interests							(16)
Income from discontinued operations, net of tax							4
Net income							\$ 1,066
Segment assets	\$ 123,847	\$ 11,806	\$ 4,212	\$ 139,865	\$ 3,115	\$ 185	\$ 143,165

Three Months Ended September 30, 2017							
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Consolidated
Unaffiliated revenues	\$ 6,122	\$ 249	\$ 95	\$ 6,466	\$ 16	\$ —	\$ 6,482
Intersegment revenues	7	23	—	30	19	(49)	—
Total revenues	\$ 6,129	\$ 272	\$ 95	\$ 6,496	\$ 35	\$ (49)	\$ 6,482
Segment income (loss) ^{(b)(d)(e)}	\$ 1,020	\$ 19	\$ (49)	\$ 990	\$ (34)	\$ —	\$ 956
Add back noncontrolling interests							1
Loss from discontinued operations, net of tax							(2)
Net income							\$ 955

- (a) All segments include adjustments to the December 31, 2017 estimate of the income tax effects of the Tax Act. See Note 17 for additional information.
- (b) Other includes costs to achieve the Piedmont acquisition.
- (c) Commercial Renewables includes an impairment charge related to goodwill. See Note 7 for additional information.
- (d) Electric Utilities and Infrastructure includes an impairment charge related to the unrecovered Levy Nuclear Project costs at Duke Energy Florida.
- (e) Commercial Renewables includes impairment charges related to certain wind projects.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

(in millions)	Nine Months Ended September 30, 2018						
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Consolidated
Unaffiliated revenues	\$ 16,783	\$ 1,229	\$ 347	\$ 18,359	\$ 47	\$ —	\$ 18,406
Intersegment revenues	23	72	—	95	54	(149)	—
Total revenues	\$ 16,806	\$ 1,301	\$ 347	\$ 18,454	\$ 101	\$ (149)	\$ 18,406
Segment income (loss) ^{(a)(b)(c)(d)(e)(f)}	\$ 2,492	\$ 161	\$ (4)	\$ 2,649	\$ (446)	\$ —	\$ 2,203
Add back noncontrolling interests							(12)
Loss from discontinued operations, net of tax							(1)
Net income							\$ 2,190

(in millions)	Nine Months Ended September 30, 2017						
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Consolidated
Unaffiliated revenues	\$ 16,211	\$ 1,175	\$ 333	\$ 17,719	\$ 47	\$ —	\$ 17,766
Intersegment revenues	23	68	—	91	56	(147)	—
Total revenues	\$ 16,234	\$ 1,243	\$ 333	\$ 17,810	\$ 103	\$ (147)	\$ 17,766
Segment income (loss) ^{(c)(g)(h)}	\$ 2,384	\$ 179	\$ 2	\$ 2,565	\$ (205)	\$ —	\$ 2,360
Add back noncontrolling interests							5
Loss from discontinued operations, net of tax							(4)
Net income							\$ 2,361

- (a) All segments include adjustments to the December 31, 2017 estimate of the income tax effects of the Tax Act. See Note 17 for additional information.
- (b) Electric Utilities and Infrastructure includes regulatory and legislative impairment charges related to rate case orders, settlements or other actions of regulators or legislative bodies. See Note 3 for additional information.
- (c) Other includes costs to achieve the Piedmont acquisition.
- (d) Gas Utilities and Infrastructure includes an impairment of the investment in Constitution Pipeline Company, LLC (Constitution). See Note 3 for additional information.
- (e) Other includes the loss on the sale of the retired Beckjord Generating Station (Beckjord) described below and a valuation allowance recorded against the alternative minimum tax credits subject to sequestration. See Note 17 for additional information on the valuation allowance.
- (f) Commercial Renewables includes an impairment charge related to goodwill. See Note 7 for additional information.
- (g) Electric Utilities and Infrastructure includes an impairment charge related to the unrecovered Levy Nuclear Project costs at Duke Energy Florida.
- (h) Commercial Renewables includes impairment charges related to certain wind projects.

In February 2018, Duke Energy sold Beckjord, a nonregulated facility retired during 2014, and recorded a pretax loss of \$106 million within Gains (Losses) on Sales of Other Assets and Other, net and \$1 million within Operation, maintenance and other on Duke Energy's Condensed Consolidated Statements of Operations for the nine months ended September 30, 2018. The sale included the transfer of coal ash basins and other real property and indemnification from any and all potential future claims related to the property, whether arising under environmental laws or otherwise.

Duke Energy Ohio

Duke Energy Ohio has two reportable operating segments, Electric Utilities and Infrastructure and Gas Utilities and Infrastructure.

Electric Utilities and Infrastructure transmits and distributes electricity in portions of Ohio and generates, distributes and sells electricity in portions of Northern Kentucky. Gas Utilities and Infrastructure transports and sells natural gas in portions of Ohio and Northern Kentucky. Both reportable operating segments conduct operations primarily through Duke Energy Ohio and its wholly owned subsidiary, Duke Energy Kentucky.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

The remainder of Duke Energy Ohio's operations is presented as Other, which is primarily comprised of governance costs allocated by its parent, Duke Energy, and revenues and expenses related to Duke Energy Ohio's contractual arrangement to buy power from the Ohio Valley Electric Corporation's (OVEC) power plants. See Note 8 for additional information on related party transactions.

Three Months Ended September 30, 2018						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Eliminations	Consolidated
Total revenues	\$ 373	\$ 84	\$ 457	\$ 12	\$ —	\$ 469
Segment income/Net income	\$ 85	\$ 12	\$ 97	\$ 3	\$ —	\$ 100
Segment assets	\$ 5,484	\$ 2,775	\$ 8,259	\$ 39	\$ (2)	\$ 8,296

Three Months Ended September 30, 2017						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other		Consolidated
Total revenues	\$ 371	\$ 90	\$ 461	\$ 10	\$	471
Segment income (loss)	\$ 50	\$ 14	\$ 64	\$ (8)	\$	56
Loss from discontinued operations, net of tax						(1)
Net income					\$	55

Nine Months Ended September 30, 2018						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other		Consolidated
Total revenues	\$ 1,055	\$ 361	\$ 1,416	\$ 36	\$	1,452
Segment income (loss)/Net income ^(a)	\$ 157	\$ 64	\$ 221	\$ (100)	\$	121

Nine Months Ended September 30, 2017						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other		Consolidated
Total revenues	\$ 1,036	\$ 360	\$ 1,396	\$ 30	\$	1,426
Segment income (loss)	\$ 96	\$ 56	\$ 152	\$ (24)	\$	128
Loss from discontinued operations, net of tax						(1)
Net income					\$	127

(a) Other includes the loss on the sale of Beckjord.

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Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

The NCUC, PSCSC, FPSC, IURC, PUCO, TPUC and KPSC approve rates for retail electric and natural gas services within their states. The FERC approves rates for electric sales to wholesale customers served under cost-based rates (excluding Ohio and Indiana), as well as sales of transmission service. The FERC also regulates certification and siting of new interstate natural gas pipeline projects.

Duke Energy Carolinas and Duke Energy Progress

Grid Improvement – South Carolina

On June 22, 2018, Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the PSCSC seeking an accounting order authorizing deferral of certain costs incurred in connection with grid reliability, resiliency and modernization work that is being performed under the companies' grid improvement initiative. On October 3, 2018, the PSCSC granted Duke Energy Carolinas' and Duke Energy Progress' joint petition.

Hurricane Florence Storm Damage

In September 2018, Hurricane Florence made landfall and inflicted severe damage to the Duke Energy Carolinas and Duke Energy Progress territories in North Carolina and South Carolina. Approximately 1.8 million customers were impacted. The companies incurred approximately \$455 million in operation and maintenance expenses (\$35 million and \$420 million for Duke Energy Carolinas and Duke Energy Progress, respectively,) and approximately \$85 million in capital costs (\$10 million and \$75 million for Duke Energy Carolinas and Duke Energy Progress, respectively,) which are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of September 30, 2018, resulting from the hurricane restoration efforts. Most of the operation and maintenance expenses are deferred in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of September 30, 2018. The balance of operation and maintenance expenses are included in Operation, maintenance and other on the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2018.

Given the magnitude of the storm, Duke Energy Progress intends to request approval in North Carolina and South Carolina to defer the incremental costs incurred to a regulatory asset for recovery in the next base rate case. These requests are expected to be filed during the fourth quarter of 2018.

Duke Energy Carolinas

2017 North Carolina Rate Case

On August 25, 2017, Duke Energy Carolinas filed an application with the NCUC for a rate increase for retail customers of approximately \$647 million, which represented an approximate 13.6 percent increase in annual base revenues. The rate increase was driven by capital investments subsequent to the previous base rate case, including the William States Lee Combined Cycle Facility discussed below, grid improvement projects, advanced metering infrastructure (AMI), investments in customer service technologies, costs of complying with coal combustion residuals (CCR) regulations and the North Carolina Coal Ash Management Act of 2014 (Coal Ash Act) and recovery of costs related to licensing and development of the William States Lee III Nuclear Station (Lee Nuclear Station) discussed below.

On February 28, 2018, Duke Energy Carolinas and the North Carolina Public Staff (Public Staff) filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9 percent and a capital structure of 52 percent equity and 48 percent debt. As a result of the settlement, Duke Energy Carolinas recorded a pretax charge of approximately \$4 million to Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

On June 1, 2018, Duke Energy Carolinas and certain intervenors filed a Pilot Grid Rider Agreement and Stipulation (Grid Rider Stipulation) in which the parties agreed to the proposal Duke Energy Carolinas introduced in a post-hearing brief on April 27, 2018, along with additional commitments by Duke Energy Carolinas. Also on June 1, 2018, Duke Energy Carolinas and the Commercial Group filed a Partial Stipulation and Settlement Agreement to be considered in conjunction with the Stipulation.

Components of the Grid Rider Stipulation included:

- Duke Energy Carolinas would recover grid improvement costs through a pilot, three-year Grid Rider except for costs related to targeted undergrounding of power lines, cable and conduit replacement, and power pole replacement;
- Excluded costs were to be deferred with a return until Duke Energy Carolinas' next base rate case proceeding; and
- Costs incurred during the three-year pilot, both rider recoverable and deferred, were subject to a 4.5 percent cumulative cap of total annual electric service revenue.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

On June 22, 2018, the NCUC issued an order approving the Stipulation of Partial Settlement and requiring a revenue reduction. The order also included the following material components not covered in the Stipulation:

- Recovery of \$554 million of deferred coal ash basin closure costs over a five-year period with a return at Duke Energy Carolinas' weighted average cost of capital (WACC);
- Assessment of a \$70 million management penalty ratably over a five-year period by reducing the annual recovery of the deferred coal ash costs;
- Denial of Duke Energy Carolinas' request for recovery of future estimated ongoing annual coal ash costs of \$201 million with approval to defer such costs with a return at Duke Energy Carolinas' WACC, to be considered for recovery in the next rate case;
- Inclusion in rates of costs related to the Lee Combined Cycle Facility, two new solar facilities, and AMI deployment as requested;
- Recovery of Lee Nuclear Station licensing and development cost of \$347 million over a 12-year period, but denial of a return on the deferred balance of costs;
- Reduction in revenue related to lower income tax expense resulting from the Federal Tax Cuts and Jobs Act (Tax Act), and a requirement to maintain all excess deferred income tax (EDIT) resulting from the Tax Act in a regulatory liability account pending flow back to customers as approved by the commission at the earlier of three years or Duke Energy Carolinas' next general rate case proceeding; and
- Denial of the proposed Grid Rider Stipulation related to grid improvement costs and denial of deferral accounting treatment of the costs at this time. Duke Energy Carolinas may petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization.

As a result of the Order, Duke Energy Carolinas recorded a pretax charge of approximately \$150 million to Impairment charges and Operation, maintenance and other on the Condensed Consolidated Statements of Operations. The charge is primarily related to the denial of a return on the Lee Nuclear Project and for previously recognized return impacted by the coal ash management penalty described above. On July 27, 2018, NCUC approved Duke Energy Carolinas' compliance filing. As a result, revised customer rates were effective on August 1, 2018.

On July 20, 2018, the North Carolina Attorney General filed a Notice of Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction issued by the NCUC. The Attorney General contends the commission's order should be reversed and remanded, as it is in excess of the commission's statutory authority; affected by errors of law; unsupported by competent, material and substantial evidence in view of the entire record as submitted; and arbitrary or capricious. The Sierra Club, North Carolina Sustainable Energy Association, North Carolina Justice Center, North Carolina Housing Coalition, Natural Resource Defense Council and Southern Alliance for Clean Energy have also filed Notices of Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction. On August 8, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction issued by the NCUC. The Public Staff contends the commission's order should be reversed and remanded, as it is affected by errors of law, and is unsupported by substantial evidence with regard to the commission's failure to consider substantial evidence of coal ash related environmental violations. The briefing will likely be delayed until the second quarter of 2019. Duke Energy Carolinas cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On October 8, 2018, Duke Energy Carolinas filed a notice with the PSCSC of the company's intent to file a base rate adjustment application no earlier than 30 days from the notice submittal date.

FERC Formula Rate Matter

On July 31, 2017, Piedmont Municipal Power Agency (PMPA) filed a complaint with FERC against Duke Energy Carolinas alleging that Duke Energy Carolinas misapplied the formula rate under the PPA between the parties by including in its rates amortization expense associated with regulatory assets and recorded in a certain account without FERC approval. On February 15, 2018, FERC issued an order ruling in favor of PMPA and ordered Duke Energy Carolinas to refund to PMPA all amounts improperly collected under the PPA. Duke Energy Carolinas has issued to PMPA and similarly situated wholesale customers refunds of approximately \$25 million. FERC also set the matter for settlement and hearing. PMPA and other customers filed a protest to Duke Energy Carolinas' refund report claiming that the refunds are inadequate in that (1) Duke Energy Carolinas invoked the limitations periods in the contracts to limit the time period for which the refunds were paid and the customers disagree that this limitation applies, and (2) Duke Energy Carolinas refunded only amounts recovered through a certain account and the customers have asserted that the order applies to all regulatory assets. On July 3, 2018, FERC issued an order accepting Duke Energy Carolinas' refund report and ruling that these two claims are outside the scope of FERC's February order. Duke Energy Carolinas will file revised formula rates as well as settlement agreements which are subject to FERC approval. Duke Energy Carolinas cannot predict the outcome of this matter.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

William States Lee Combined Cycle Facility

On April 9, 2014, the PSCSC granted Duke Energy Carolinas and North Carolina Electric Membership Corporation (NCEMC) a Certificate of Environmental Compatibility and Public Convenience and Necessity for the construction and operation of a 750-megawatt (MW) combined-cycle natural gas-fired generating plant at Duke Energy Carolinas' existing William States Lee Generating Station in Anderson, South Carolina. Duke Energy Carolinas began construction in July 2015 and its share of the cost to build the facility was approximately \$650 million, including allowance for funds used during construction (AFUDC). Approximately \$600 million is being recovered through base rate or deferral filings in North Carolina and South Carolina. The remaining amount will be included in future rate filings. The project commenced commercial operation on April 5, 2018. NCEMC owns approximately 13 percent of the project.

Lee Nuclear Station

In December 2007, Duke Energy Carolinas applied to the NRC for combined operating licenses (COLs) for two Westinghouse Electric Company (Westinghouse) AP1000 reactors for the proposed William States Lee III Nuclear Station to be located at a site in Cherokee County, South Carolina. The NCUC and PSCSC concurred with the prudence of Duke Energy Carolinas incurring certain project development and preconstruction costs through several separately issued orders, although full cost recovery is not guaranteed. In December 2016, the NRC issued a COL for each reactor. Duke Energy Carolinas is not required to build the nuclear reactors as a result of the COLs being issued.

The Duke Energy Carolinas rate case filing discussed above included a request to cancel the development of the Lee Nuclear Station project, recover incurred licensing and development costs and maintain the license issued by the NRC as an option for potential future development. The cancellation request was due to the Westinghouse bankruptcy filing and other market activity. The NCUC Order issued on June 22, 2018, approved the cancellation of the Lee Nuclear Project, allowed Duke Energy Carolinas to continue to maintain the COLs, provided for recovery of the North Carolina retail allocation of project development costs, including AFUDC accrued through December 31, 2017, over 12 years and disallowed any return on the unamortized balance during the 12-year recovery period.

Given the recent repeal of certain sections of the Base Load Review Act in South Carolina combined with the cancellation of the project, Duke Energy Carolinas determined that it was no longer probable it would be allowed a return on its share of project development costs attributable to South Carolina. As a result, Duke Energy Carolinas recorded a pretax impairment in the second quarter of \$29 million within Impairment charges on the Condensed Consolidated Statements of Operations and Comprehensive Income.

South Carolina Petition

On June 22, 2018, Duke Energy Carolinas filed a petition with the PSCSC requesting an accounting order to defer certain costs incurred in connection with the addition of the William States Lee Combined Cycle Facility, the ongoing deployment of Duke Energy Carolinas new billing and Customer Information System and the addition of the Carolinas West Primary Distribution Control Center. This request totaling approximately \$33 million was approved on July 25, 2018.

Sale of Hydroelectric (Hydro) Plants

In May 2018, Duke Energy Carolinas entered an agreement for the sale of five hydro plants with a combined 18.7-MW generation capacity in the Western Carolinas region to Northbrook Energy. The completion of the transaction is subject to approval from FERC, as well as other state regulatory agencies and is contingent upon regulatory approval from the NCUC and PSCSC to defer the total estimated loss on the sale of approximately \$40 million. On July 5, 2018, Duke Energy Carolinas filed with NCUC for approval of the sale of the five hydro plants to Northbrook, to transfer the Certificates of Public Convenience and Necessity (CPCN) for the four North Carolina hydro plants and to establish a regulatory asset for the North Carolina retail portion of the difference between sales proceeds and net book value. On September 4, 2018, the Public Staff filed comments supporting the CPCN transfer with conditions, specifically that the commission direct Duke Energy Carolinas and the Public Staff to further evaluate the reasonableness of Duke Energy Carolinas' expenditures at the facilities in the 36 months leading up to the agreement for the sale for consideration in the next rate case. On September 18, 2018, Duke Energy Carolinas filed reply comments opposing this condition. The Public Staff also recommended that the amortization period for the regulatory asset start in the month in which the asset transfer is completed, rather than be delayed until the next rate case. On August 28, 2018, Duke Energy Carolinas filed with PSCSC its Application for Approval of Transfer and Sale of Hydroelectric Generation Facilities, Acceptance for Filing of a Power Purchase Agreement and an Accounting Order to Establish a Regulatory Asset. On September 10, 2018, the South Carolina Office of Regulatory Staff (ORS) provided a letter to the commission stating its position on the application and on September 18, 2018, Duke Energy Carolinas requested this matter be carried over to allow Duke Energy Carolinas time to discuss certain accounting issues with the ORS. On October 9, 2018, Duke Energy Carolinas filed a Notice of Application for Transfer of Licenses with the FERC, which provides 30 days to file comments and motions to intervene.

If commission approvals are not received, Duke Energy Carolinas can cancel the sales agreement and retain the hydro facilities. If commission approvals are received, the closing is expected to occur during the first quarter of 2019. After closing, Duke Energy Carolinas will purchase all the capacity and energy generated by these facilities at the avoided cost for five years through power purchase agreements. Duke Energy Carolinas cannot predict the outcome of this matter.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Duke Energy Progress

2017 North Carolina Rate Case

On June 1, 2017, Duke Energy Progress filed an application with the NCUC for a rate increase for retail customers of approximately \$477 million, which represented an approximate 14.9 percent increase in annual base revenues. Subsequent to the filing, Duke Energy Progress adjusted the requested amount to \$420 million, representing an approximate 13 percent increase. The rate increase is driven by capital investments subsequent to the previous base rate case, costs of complying with CCR regulations and the Coal Ash Act, costs relating to storm recovery, investments in customer service technologies and recovery of costs associated with renewable purchased power.

On December 16, 2016, Duke Energy Progress filed a petition with the NCUC requesting an accounting order to defer certain costs incurred in connection with response to Hurricane Matthew and other significant storms in 2016. The final estimate of incremental operation and maintenance and capital costs of \$116 million was filed with the NCUC in September 2017. On July 10, 2017, the NCUC consolidated Duke Energy Progress' storm deferral request into the Duke Energy Progress rate case docket for decision.

On November 22, 2017, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9 percent and a capital structure of 52 percent equity and 48 percent debt. As a result of the settlement, in 2017 Duke Energy Progress recorded pretax charges totaling approximately \$25 million to Impairment charges and Operation, maintenance and other on the Condensed Consolidated Statements of Operations, principally related to disallowances from rate base of certain projects at the Mayo and Sutton plants. On February 23, 2018, the NCUC issued an order approving the stipulation. The order also included the following material components not covered in the stipulation:

- Recovery of the remaining \$234 million of deferred coal ash basin closure costs over a five-year period with a return at Duke Energy Progress' WACC, excluding \$9.5 million of retail deferred coal ash basin costs related to ash hauling at Duke Energy Progress' Asheville Plant;
- Assessment of a \$30 million management penalty ratably over a five-year period by reducing the annual recovery of the deferred coal ash costs;
- Denial of Duke Energy Progress' request for recovery of future estimated ongoing annual coal ash costs of \$129 million with approval to defer such costs with a return at Duke Energy Progress' WACC, to be considered for recovery in the next rate case; and
- Approval to recover \$51 million of the approximately \$80 million deferred storm costs over a five-year period with amortization beginning in October 2016. The order did not allow the deferral of the associated capital costs or a return on the deferred balance during the deferral period.

The order also impacted certain amounts that were similarly recorded on Duke Energy Carolinas' Condensed Consolidated Balance Sheets. As a result of the order, Duke Energy Progress and Duke Energy Carolinas recorded pretax charges of \$68 million and \$14 million, respectively, in the first quarter of 2018 to Impairment charges, Operation, maintenance and other and Interest Expense on the Condensed Consolidated Statements of Operations. These charges primarily related to the coal ash basin disallowance and previously recognized return impacted by the coal ash management penalty and deferred storm cost adjustments. Revised customer rates became effective on March 16, 2018.

On May 15, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court from the February 23, 2018, Order Accepting Stipulation, Deciding Contested Issues and Granting Partial Rate Increase issued by the NCUC. The Public Staff contend the commission's order should be reversed and remanded, as it is affected by errors of law, and is unsupported by competent, material and substantial evidence in view of the entire record as submitted. The North Carolina Attorney General and Sierra Club have also filed Notices of Appeal to the North Carolina Supreme Court from the February 23, 2018, Order Accepting Stipulation, Deciding Contested Issues and Granting Partial Rate Increase. The briefing will likely be delayed until the second quarter of 2019. Duke Energy Progress cannot predict the outcome of this matter.

2016 South Carolina Rate Case

In December 2016, the PSCSC approved a rate case settlement agreement among the ORS, intervenors and Duke Energy Progress. Terms of the settlement agreement included an approximate \$56 million increase in revenues over a two-year period. An increase of approximately \$38 million in revenues was effective January 1, 2017, and an additional increase of approximately \$18.5 million in revenues was effective January 1, 2018. Duke Energy Progress amortized approximately \$18.5 million from the cost of removal reserve in 2017. Other settlement terms included a rate of return on equity of 10.1 percent, recovery of coal ash costs incurred from January 1, 2015, through June 30, 2016, over a 15-year period and ongoing deferral of allocated ash basin closure costs from July 1, 2016, until the next base rate case. The settlement also provides that Duke Energy Progress will not seek an increase in rates in South Carolina to occur prior to 2019, with limited exceptions.

2018 South Carolina Rate Case

On October 8, 2018, Duke Energy Progress filed a notice with the PSCSC of the company's intent to file a base rate adjustment application no earlier than 30 days from the notice submittal date.

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Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Western Carolinas Modernization Plan

On November 4, 2015, Duke Energy Progress announced a Western Carolinas Modernization Plan, which included retirement of the existing Asheville coal-fired plant, the construction of two 280-MW combined-cycle natural gas plants having dual-fuel capability, with the option to build a third natural gas simple cycle unit in 2023 based upon the outcome of initiatives to reduce the region's power demand. The plan also included upgrades to existing transmission lines and substations, installation of solar generation and a pilot battery storage project. These investments will be made within the next seven years. Duke Energy Progress is also working with the local natural gas distribution company to upgrade an existing natural gas pipeline to serve the natural gas plant.

On March 28, 2016, the NCUC issued an order approving a CPCN for the new combined-cycle natural gas plants, but denying the CPCN for the contingent simple cycle unit without prejudice to Duke Energy Progress to refile for approval in the future. On March 28, 2018, Duke Energy Progress filed an annual progress report for the construction of the combined-cycle plants with the NCUC, with an estimated cost of \$893 million. Site preparation activities for the combined-cycle plants are complete and construction of these plants began in 2017, with an expected in-service date in late 2019. Duke Energy Progress plans to file for future approvals related to the proposed solar generation and pilot battery storage project.

The carrying value of the 376-MW Asheville coal-fired plant, including associated ash basin closure costs, of \$352 million and \$385 million is included in Generation facilities to be retired, net on Duke Energy Progress' Condensed Consolidated Balance Sheets as of September 30, 2018, and December 31, 2017, respectively. Duke Energy Progress' request for a regulatory asset at the time of retirement with amortization over a 10-year period was approved by the NCUC on February 23, 2018.

Shearon Harris Nuclear Plant Expansion

In 2006, Duke Energy Progress selected a site at Harris to evaluate for possible future nuclear expansion. On February 19, 2008, Duke Energy Progress filed its COL application with the NRC for two Westinghouse AP1000 reactors at Harris, which the NRC docketed for review. On May 2, 2013, Duke Energy Progress filed a letter with the NRC requesting the NRC to suspend its review activities associated with the COL at the Harris site. The NCUC and PSCSC approved deferral of retail costs. Total deferred costs were approximately \$47 million as of December 31, 2017, and are recorded in Regulatory assets on Duke Energy Progress' Condensed Consolidated Balance Sheets. On November 17, 2016, the FERC approved Duke Energy Progress' rate recovery request filing for the wholesale ratepayers' share of the abandonment costs, including a debt-only return to be recovered through revised formula rates and amortized over a 15-year period beginning May 1, 2014. As part of the settlement agreement for the 2017 North Carolina Rate Case discussed above, Duke Energy Progress will amortize the regulatory asset over an eight-year period. NCUC approved the settlement on February 23, 2018.

South Carolina Petitions

On June 22, 2018, Duke Energy Progress filed a petition with the PSCSC seeking an accounting order authorizing Duke Energy Progress to adopt new depreciation rates, effective March 16, 2018, that reflect the results of Duke Energy Progress' most recent depreciation study. Also on June 22, 2018, Duke Energy Progress filed a petition with the PSCSC requesting an accounting order to defer certain costs incurred in connection with the deployment of AML, the ongoing deployment of Duke Energy Progress' new billing and Customer Information System, new depreciation rates and costs incurred in connection with the return of certain excess deferred state income taxes from North Carolina. These requests totaling approximately \$20 million were approved on July 25, 2018.

FERC Form 1 Reporting Matter

On October 18, 2017, Fayetteville Public Works Commission (FPWC) filed with FERC a complaint against Duke Energy Progress. In the complaint, FPWC alleges that Duke Energy Progress' change in its method of reporting materials and supplies inventory on FERC Form 1 for 2015 constituted a change in accounting practice that Duke Energy Progress was not permitted to implement without first obtaining FERC approval. On April 23, 2018, FERC issued an order finding that Duke Energy Progress' new reporting methodology was not proper and required Duke Energy Progress to revise its FERC Form 1s beginning in 2014 and to issue refunds to formula rate customers. Duke Energy Progress estimates that these refunds will total approximately \$14 million. On May 23, 2018, Duke Energy Progress filed a request for rehearing alleging that FERC's order is incorrect. Duke Energy Progress revised its FERC Form 1 filings in June 2018. On August 31, 2018, Duke Energy Progress filed with FERC a refund report memorializing its payment of refunds to FPWC. Duke Energy Progress cannot predict the outcome of this matter.

Tax Act

As ordered by the NCUC on October 5, 2018, Duke Energy Progress filed a proposal on October 25, 2018, to adjust rates to reflect the reduction in federal corporate income tax rate from 35 to 21 percent for taxable years beginning after December 31, 2017, as outlined in the Tax Act. Duke Energy Progress proposes that this rate decrement be effective for service rendered on and after December 1, 2018. The Public Staff is requested to file comments on the proposal no later than November 14, 2018, and other parties may also file comments on the proposals no later than November 14, 2018. Duke Energy Progress cannot predict the outcome of this matter.

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Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Duke Energy Florida

Storm Restoration Cost Recovery

In September 2017, Duke Energy Florida's service territory suffered significant damage from Hurricane Irma, resulting in approximately 1.3 million customers experiencing outages. In the fourth quarter of 2017, Duke Energy Florida also incurred preparation costs related to Hurricane Nate. On December 28, 2017, Duke Energy Florida filed a petition with the FPSC to recover incremental storm restoration costs for hurricanes Irma and Nate and to replenish the storm reserve. On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. Storm costs are currently expected to be fully recovered by approximately mid-2021. On May 31, 2018, Duke Energy Florida filed a petition for approval of actual storm restoration costs and associated recovery process related to Hurricanes Irma and Nate. The petition is seeking the approval for the recovery in the amount of \$510 million in actual recoverable storm restoration costs, including the replenishment of Duke Energy Florida's storm reserve of \$132 million, and the process for recovering these recoverable storm costs. On August 20, 2018, the FPSC approved Duke Energy Florida's unopposed Motion for Continuance filed August 17, 2018, to allow for an evidentiary hearing in this matter. The commission has scheduled the hearing to begin on May 21, 2019. At September 30, 2018, Duke Energy Florida's Condensed Consolidated Balance Sheets included approximately \$258 million of recoverable costs under the FPSC's storm rule in Regulatory assets within Current Assets and Other Noncurrent Assets related to storm recovery. Duke Energy Florida cannot predict the outcome of this matter.

Tax Act

Pursuant to Duke Energy Florida's 2017 Revised and Restated Settlement Agreement, on May 31, 2018, Duke Energy Florida filed a petition related to the Tax Act, which included annual tax savings of \$84 million and annual amortization of EDIT of \$67 million for a total of \$151 million. The pretax revenue requirement impact is \$201 million, of which \$50 million will be offset with accelerated depreciation of Crystal River 4 and 5 coal units and \$151 million will be offset by Hurricane Irma storm cost recovery as explained in the Storm Restoration Cost Recovery section above. The petition is subject to review and approval by the FPSC. Duke Energy Florida cannot predict the outcome of this matter.

Citrus County Combined Cycle Facility

On October 2, 2014, the FPSC granted Duke Energy Florida a Determination of Need for the construction of a 1,640-MW combined-cycle natural gas plant in Citrus County, Florida. On May 5, 2015, the Florida Department of Environmental Protection approved Duke Energy Florida's Site Certification Application. The project has received all required permits and approvals and construction began in October 2015. The facility is expected to be commercially available by the end of 2018 at an estimated cost of \$1.5 billion, including AFUDC. Actual costs are expected to exceed this estimate by an immaterial amount after recoveries; therefore, an impairment is not expected. On April 2, 2018, Duke Energy Florida filed a petition seeking approval to include in base rates the revenue requirements associated with the new facility. The annual retail revenue requirement is approximately \$200 million. On July 10, 2018, the FPSC voted to approve Duke Energy Florida's request to include the revenue requirements for the new Citrus County combined-cycle units in base rates. The first 820-MW power block came on line on October 26, 2018, and the rate increase for this unit will be effective in December 2018. The second 820-MW power block remains on track to start serving customers in December 2018. The rate increase for the second unit is expected to take place in January 2019. The plant will receive natural gas from the Sabal Trail pipeline discussed below.

Solar Base Rate Adjustment

On July 31, 2018, Duke Energy Florida petitioned the FPSC to include in base rates the revenue requirements for its first two solar generation projects, the Hamilton Project and the Columbia Project, as authorized by the 2017 Second Revised and Restated Stipulation and Settlement Agreement. The annual retail revenue requirement for the Hamilton Project is \$15.2 million and the increase would take effect with the first billing cycle in January 2019. The Columbia Project has a projected annual revenue requirement of \$14 million and a projected in-service date in early 2020; the associated rate increase would take place with the first month's billing cycle after the Columbia Project goes into service. At its October 30, 2018, Agenda Conference, the FPSC approved the rate increase related to the Hamilton Project to go into effect beginning with the first billing cycle in January 2019 under its file and suspend authority. Rates are subject to true up pending the outcome of the final hearing, which is scheduled to take place on April 2, 2019.

Duke Energy Ohio

2017 Electric Security Plan Filing

On June 1, 2017, Duke Energy Ohio filed with the PUCO a request for a standard service offer in the form of an electric security plan (ESP). If approved by the PUCO, the term of the ESP would be from June 1, 2018, to May 31, 2025. Terms of the ESP include continuation of market-based customer rates through competitive procurement processes for generation, continuation and expansion of existing rider mechanisms and proposed new rider mechanisms relating to regulatory mandates, costs incurred to enhance the customer experience and transform the grid and a service reliability rider for vegetation management. On February 15, 2018, the procedural schedule was suspended to facilitate ongoing settlement discussions. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the PUCO, including, but not limited to, its Electric Base Rate Case. Additionally, on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation and Recommendation (Stipulation) with the PUCO resolving certain issues in this proceeding. The Stipulation establishes a regulatory model for the next seven years via the approval of the ESP and continues the current model for procuring supply for non-shopping customers, including recovery mechanisms. The Stipulation is subject to the review and approval of PUCO. An evidentiary hearing to review the Stipulation and other issues in the cases concluded on August 6, 2018. Initial briefs were filed on September 11, 2018. Reply briefs were filed October 2, 2018. Duke Energy Ohio cannot predict the outcome of this matter.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Electric Base Rate Case

Duke Energy Ohio filed with the PUCO an electric distribution base rate case application and supporting testimony in March 2017. Duke Energy Ohio has requested an estimated annual increase of approximately \$15 million and a return on equity of 10.4 percent. The application also includes requests to continue certain current riders and establish new riders. On September 26, 2017, the PUCO staff filed a report recommending a revenue decrease between approximately \$18 million and \$29 million and a return on equity between 9.22 percent and 10.24 percent. On February 15, 2018, the procedural schedule was suspended to facilitate ongoing settlement discussions. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the PUCO. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed the Stipulation with the PUCO resolving numerous issues including those in this base rate proceeding. Major components of the Stipulation related to the base distribution rate case include a \$19 million decrease in annual base distribution revenue with a return on equity unchanged from the current rate of 9.84 percent based upon a capital structure of 50.75 percent equity and 49.25 percent debt. Upon approval of new rates, Duke Energy Ohio's rider for recovering its initial SmartGrid implementation ends as these costs will be recovered through base rates. The Stipulation also renews 14 existing riders, some of which were included in the company's ESP, and adds two new riders including the Enhanced Service Reliability Rider to recover vegetation management costs not included in base rates, up to \$10 million per year (operation and maintenance only) and the PowerForward Rider to recover costs incurred to enhance the customer experience and further transform the grid (operation and maintenance and capital). The Stipulation is subject to the review and approval of the PUCO. An evidentiary hearing to review the Stipulation and other issues in the cases concluded on August 6, 2018. Initial briefs were filed on September 11, 2018. Reply briefs were filed October 2, 2018. In addition to the changes in revenue attributable to the Stipulation, Duke Energy Ohio's capital-related riders, including the Distribution Capital Investments Rider, began to reflect the lower federal income tax rate associated with the Tax Act with updates to customers' bills beginning April 1, 2018. This change reduces electric revenue by approximately \$20 million on an annualized basis. Duke Energy Ohio cannot predict the outcome of this matter.

Ohio Valley Electric Corporation

On March 31, 2017, Duke Energy Ohio filed for approval to adjust its existing price stabilization rider (Rider PSR), which is currently set at zero dollars, to pass through net costs related to its contractual entitlement to capacity and energy from the generating assets owned by OVEC. Duke Energy Ohio is seeking deferral authority for net costs incurred from April 1, 2017, until the new rates under Rider PSR are put into effect. Various intervenors have filed motions to dismiss or stay the proceeding and Duke Energy Ohio has opposed these filings. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the PUCO. Also on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation with the PUCO resolving numerous issues including those related to Rider PSR. The Stipulation, if approved, would activate Rider PSR for recovery of net costs incurred since January 1, 2018. The Stipulation is subject to the review and approval of PUCO. An evidentiary hearing to review the Stipulation and other issues in the cases concluded on August 6, 2018. Initial briefs were filed on September 11, 2018. Reply briefs were filed October 2, 2018. See Note 12 for additional discussion of Duke Energy Ohio's ownership interest in OVEC. Duke Energy Ohio cannot predict the outcome of this matter.

Tax Act – Ohio

On July 25, 2018, Duke Energy Ohio filed an application to establish a new rider to implement the benefits of the Tax Act for electric distribution customers. Duke Energy Ohio requested commission approval to implement the rider effective October 1, 2018, as a credit to all distribution customers based upon a percent reduction to Duke Energy Ohio's distribution rates. The new rider will flow through to customers the benefit of the lower statutory federal tax rate from 35 to 21 percent since January 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normalization rules will be refunded consistent with federal law and deferred income taxes not subject to normalization rules will be refunded over a 10-year period. An order is expected during the fourth quarter of 2018. Duke Energy Ohio's transmission rates reflect lower federal income tax but guidance from FERC on amortization of both protected and unprotected transmission-related EDITs is still pending. On October 24, 2018, the PUCO issued a Finding and Order that, among other things, directed all rate-regulated utilities file an application not for an increase in rates to reflect the impact of the Tax Act on their current rates by January 1, 2019, unless otherwise exempted or directed by the PUCO. Duke Energy Ohio's July 25, 2018, filing for electric distribution operations is consistent with the commission's October 24, 2018, Finding and Order and no further action is needed. Options for Duke Energy Ohio gas customers are still being evaluated. Duke Energy Ohio cannot predict the outcome of this matter.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)***Energy Efficiency Cost Recovery***

On March 28, 2014, Duke Energy Ohio filed an application for recovery of program costs, lost distribution revenue and performance incentives related to its energy efficiency and peak demand reduction programs. These programs are undertaken to comply with environmental mandates set forth in Ohio law. The PUCO approved Duke Energy Ohio's application but found that Duke Energy Ohio was not permitted to use banked energy savings from previous years in order to calculate the amount of allowed incentive. This conclusion represented a change to the cost recovery mechanism that had been agreed upon by intervenors and approved by the PUCO in previous cases. The PUCO granted the applications for rehearing filed by Duke Energy Ohio and an intervenor. On January 6, 2016, Duke Energy Ohio and the PUCO Staff entered into a stipulation, pending the PUCO's approval, to resolve issues related to performance incentives and the PUCO Staff audit of 2013 costs, among other issues. In December 2015, based upon the stipulation, Duke Energy Ohio re-established approximately \$20 million of the revenues that had been previously reversed. On October 26, 2016, the PUCO issued an order approving the stipulation without modification. In December 2016, the PUCO granted the intervenors request for rehearing for the purpose of further review. Duke Energy Ohio cannot predict the outcome of this matter.

On June 15, 2016, Duke Energy Ohio filed an application for approval of a three-year energy efficiency and peak demand reduction portfolio of programs. A stipulation and modified stipulation were filed on December 22, 2016, and January 27, 2017, respectively. Under the terms of the stipulations, which included support for deferral authority of all costs and a cap on shared savings incentives, Duke Energy Ohio has offered its energy efficiency and peak demand reduction programs throughout 2017. On February 3, 2017, Duke Energy Ohio filed for deferral authority of its costs incurred in 2017 in respect of its proposed energy efficiency and peak demand reduction portfolio. On September 27, 2017, the PUCO issued an order approving a modified stipulation. The modifications impose an annual cap of approximately \$38 million on program costs and shared savings incentives combined, but allowed for Duke Energy Ohio to file for a waiver of costs in excess of the cap in 2017. The PUCO approved the waiver request up to a total cost of \$56 million. On November 21, 2017, the PUCO granted Duke Energy Ohio's and intervenor's applications for rehearing of the September 27, 2017, order. On January 10, 2018, the PUCO denied the Ohio Consumers' Counsel's application for rehearing of the PUCO order granting Duke Energy Ohio's waiver request; however, a decision on Duke Energy Ohio's application for rehearing remains pending. Duke Energy Ohio cannot predict the outcome of this matter.

2014 Electric Security Plan

In April 2015, the PUCO modified and approved Duke Energy Ohio's proposed ESP, with a three-year term and an effective date of June 1, 2015. The PUCO approved a competitive procurement process for SSO load, a distribution capital investment rider (Rider DCI) and a tracking mechanism for incremental distribution expenses caused by major storms. The PUCO also approved a placeholder tariff for a price stabilization rider, but denied Duke Energy Ohio's specific request to include Duke Energy Ohio's entitlement to generation from OVEC in the rider at this time; however, the order allows Duke Energy Ohio to submit additional information to request recovery in the future. On May 4, 2015, Duke Energy Ohio filed an application for rehearing requesting the PUCO to modify or amend certain aspects of the order. On May 28, 2015, the PUCO granted all applications for rehearing filed in the case for future consideration. On March 21, 2018, the PUCO issued an order denying Duke Energy Ohio's issues on rehearing. On April 20, 2018, Duke Energy Ohio filed a second application for rehearing based upon the commission's March 21, 2018, Order. On May 16, 2018, the commission issued its third Entry on Rehearing granting in part, and denying in part, Duke Energy Ohio's rehearing request.

On March 9, 2018, Duke Energy Ohio filed a motion to extend its then-current ESP, including all terms and conditions thereof, pending approval of a new ESP. On May 30, 2018, the PUCO granted the request, with modification. Specifically, the PUCO did not extend the cap applicable to Rider DCI beyond July 31, 2018. Duke Energy Ohio sought rehearing of this finding. On July 25, 2018, the PUCO granted the request and allowed a continuing cap on recovery under Rider DCI. On August 24, 2018, OMA and OCC filed an Application for Rehearing of the commission's decision. Duke Energy Ohio filed a Memorandum Contra OCC's request for rehearing of the commission's continuation of Rider DCI on September 4, 2018. On September 19, 2018, the PUCO issued an Order granting rehearing on the matter for further consideration. Duke Energy Ohio cannot predict the outcome of this matter.

On May 21, 2018, the Ohio Manufacturers' Association (OMA) filed a notice of appeal of PUCO's approval of Duke Energy Ohio's ESP with the Ohio Supreme Court, challenging PUCO's approval of Duke Energy Ohio's Price Stability Rider as a placeholder and its Rider DCI to recover incremental revenue requirement for distribution capital since Duke Energy Ohio's last base rate case. On July 16, 2018, the Office of the Ohio Consumers' Counsel (OCC) filed its own appeal of Duke Energy Ohio's ESP with the Ohio Supreme Court raising similar issues to that of the OMA. Duke Energy Ohio's Application for Rehearing was granted on July 25, 2018. Duke Energy Ohio filed a Motion to Intervene in the two Ohio Supreme Court appeals. OMA's Supreme Court brief was filed on August 20, 2018. PUCO submitted its brief on October 26, 2018, and Duke Energy Ohio filed its brief on October 29, 2018. Duke Energy Ohio cannot predict the outcome of this matter.

Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. Duke Energy Ohio estimates the pipeline development costs and construction activities will range from \$163 million to \$245 million in direct costs (excluding overheads and AFUDC). Project construction activities, schedule and final costs are still subject to uncertainty due to potential additional permitting delays, construction productivity and other conditions and risks, which could result in additional project cost availability and a potential delay in the targeted in-service date. On January 20, 2017, Duke Energy Ohio filed an amended application with the Ohio Power Siting Board (OPSB) for approval of one of two proposed routes. A public hearing was held on June 15, 2017, and an adjudicatory hearing was scheduled to begin September 11, 2017. On August 24, 2017, an Attorney Examiner granted a request made by Duke Energy Ohio to delay the procedural schedule while it works through various issues related to the pipeline route. In April 2018, Duke Energy Ohio filed a motion with OPSB to establish a procedural schedule and filed supplemental information supporting its application. If approved, construction of the pipeline extension is expected to be completed before the 2021/2022 winter season. Duke Energy Ohio cannot predict the outcome of this matter.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Duke Energy Kentucky Electric Rate Case

On September 1, 2017, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately \$49 million, which represents an approximate 15 percent increase on the average customer bill. Subsequent to the filing, Duke Energy Kentucky adjusted the requested amount to \$30.1 million, in part to reflect the benefits of the Tax Act, representing an approximate 9 percent increase on the average customer bill. The rate increase is driven by increased investment in utility plant, increased operations and maintenance expenses, and recovery of regulatory assets. The application also includes requests to implement an Environmental Surcharge Mechanism to recover environmental costs not recovered in base rates, to establish a Distribution Capital Investment Rider to recover incremental costs of specific programs, to establish a FERC Transmission Cost Reconciliation Rider to recover escalating transmission costs and to modify existing Profit Sharing Mechanism to increase customers' share of proceeds from the benefits of owning generation and to mitigate shareholder risks associated with that generation. An evidentiary hearing concluded on March 8, 2018, and the KPSC issued an order on April 13, 2018. Major components of the Order include approval of an \$8.4 million increase in base rates with a return on equity at 9.725 percent based upon a capital structure of 49 percent equity on a total allocable capitalization of approximately \$650 million. The Order approved the Environmental Surcharge Mechanism Rider and in June 2018 recovery began of capital-related environmental costs, including costs related to ash and ash disposal, and environmental operation and maintenance expenses formerly recovered in base rates, including expenses for environmental reagents and emission allowances. The incremental revenue from this rider will be approximately \$13 million on an annualized basis. The order settles all issues associated with the Tax Act as it relates to the electric business by lowering the income tax component of the revenue requirement and refunding protected EDIT under allowable normalization rules and unprotected EDIT over 10 years. The Order denied requests to implement riders for certain transmission costs and distribution capital investments. Duke Energy Kentucky implemented new base rates on May 1, 2018. On May 3, 2018, Duke Energy Kentucky filed an application for rehearing on certain aspects of the order; on May 23, 2018, the KPSC granted a rehearing. On October 2, 2018, the KPSC issued its rehearing order correcting certain findings in its initial order and making additional changes that are immaterial to the company's earnings. Duke Energy Kentucky does not plan any further appeals.

Duke Energy Kentucky Natural Gas Base Rate Case

On August 31, 2018, Duke Energy Kentucky filed an application with the KPSC requesting an increase in natural gas base rates of approximately \$10.5 million, an approximate 11.1 percent average increase across all customer classes. The increase is net of approximately \$5.2 million in annual savings as a result of the Tax Act. The drivers for this case are capital invested since the Duke Energy Kentucky's last rate case in 2009. Duke Energy Kentucky is also seeking implementation of a Weather Normalization Adjustment Mechanism, amortization of regulatory assets and to implement the impacts of the Tax Act, prospectively. The KPSC accepted Duke Energy Kentucky's filing as of September 10, 2018, as meeting all filing requirements and issued its first round of discovery. A procedural schedule was set. A hearing is set to commence on February 5, 2019. A ruling is expected in late first quarter 2019. Duke Energy Kentucky cannot predict the outcome of this matter.

FERC 494 Refund of Regional Transmission Enhancement Projects

FERC Order No. 494 Settlement Agreement (FERC 494 Settlement Agreement) was entered into by most of the PJM Interconnection, LLC (PJM) transmission owners, including Duke Energy Ohio and Duke Energy Kentucky, and the PJM state regulatory commissions approximately two years ago and was planned to be effective on January 1, 2016; however, it was not approved by FERC until May 31, 2018. The FERC 494 Settlement Agreement was due to the Seventh Circuit Court of Appeals finding that FERC had failed to adequately justify the costs that the customers in the western part of PJM were being charged for high voltage transmission projects, or Regional Transmission Expansion Plan (RTEP) projects (500 kV and above) built in the east. These costs were being allocated to all PJM customers on a load-ratio share basis but the court determined that these costs were not justifiable to customers in the west, including Duke Energy Ohio and Duke Energy Kentucky, that did not benefit from the RTEP projects. Costs for the periods 2012 through 2015 are expected to be refunded to Duke Energy Ohio and Duke Energy Kentucky on a monthly basis through December 2025. The refund amount for similar costs incurred beginning in 2016 through June 30, 2018, prior to the change in cost allocation by PJM was determined in the third quarter of 2018 and these amounts will be refunded over a 12-month period beginning in July 2018. These refunds, totaling approximately \$47 million for Duke Energy Ohio and Duke Energy Kentucky, have been recorded to Operation, maintenance and other on the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2018.

Duke Energy Indiana

FERC Transmission Return on Equity Complaint

Customer groups have filed with the FERC complaints against Midcontinent Independent System Operator, Inc. (MISO) and its transmission-owning members, including Duke Energy Indiana, alleging, among other things, that the current base rate of return on equity earned by MISO transmission owners of 12.38 percent is unjust and unreasonable. The complaints claim, among other things, that the current base rate of return on equity earned by MISO transmission owners should be reduced to 8.67 percent. On January 5, 2015, the FERC issued an order accepting the MISO transmission owners' adder of 0.50 percent to the base rate of return on equity based on participation in an RTO subject to it being applied to a return on equity that is shown to be just and reasonable in the pending return on equity complaints. On December 22, 2015, the presiding FERC ALJ in the first complaint issued an Initial Decision in which the base rate of return on equity was set at 10.32 percent. On September 28, 2016, the Initial Decision in the first complaint was affirmed by FERC, but is subject to rehearing requests. On June 30, 2016, the presiding FERC ALJ in the second complaint issued an Initial Decision setting the base rate of return on equity at 9.70 percent. The Initial Decision in the second complaint is pending FERC review. On April 14, 2017, the U.S. Court of Appeals for the District of Columbia Circuit, in *Emera Maine v. FERC*, reversed and remanded certain aspects of the methodology employed by FERC to establish rates of return on equity. On October 16, 2018, FERC issued an order in response to the Emera remand proceeding proposing a new method for determining whether an existing return on equity is unjust and unreasonable, and a new process for determining a just and reasonable return on equity. The parties involved in the Emera proceeding are directed to file briefs by December 15, 2018. Duke Energy Indiana is in discussions with the other MISO Transmission Owners to determine strategy in light of this order. This decision may affect the outcome of the complaints against Duke Energy Indiana. Duke Energy Indiana currently believes these matters will not have a material impact on its results of operations, cash flows and financial position.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Benton County Wind Farm Dispute

On December 16, 2013, Benton County Wind Farm LLC (BCWF) filed a lawsuit against Duke Energy Indiana seeking damages for past generation losses alleging Duke Energy Indiana violated its obligations under a 2006 PPA by refusing to offer electricity to the market at negative prices. Damage claims continue to increase during times that BCWF is not dispatched. Under 2013 revised MISO market rules, Duke Energy Indiana is required to make a price offer to MISO for the power it proposes to sell into MISO markets and MISO determines whether BCWF is dispatched. Because market prices would have been negative due to increased market participation, Duke Energy Indiana determined it would not bid at negative prices in order to balance customer needs against BCWF's need to run. BCWF contends Duke Energy Indiana must bid at the lowest negative price to ensure dispatch, while Duke Energy Indiana contends it is not obligated to bid at any particular price, that it cannot ensure dispatch with any bid and that it has reasonably balanced the parties' interests. On July 6, 2015, the U.S. District Court for the Southern District of Indiana entered judgment against BCWF on all claims. BCWF appealed the decision and on December 9, 2016, the appeals court ruled in favor of BCWF. Duke Energy Indiana recorded an obligation and a regulatory asset related to the settlement amount in fourth quarter 2016. On June 30, 2017, the parties finalized a settlement agreement. Terms of the settlement included Duke Energy Indiana paying \$29 million for back damages. Additionally, the parties agreed on the method by which the contract will be bid into the market in the future. The settlement amount was paid in June 2017. The IURC issued an order on September 27, 2017, approving recovery of the settlement amount through Duke Energy Indiana's fuel clause. The IURC order has been appealed to the Indiana Court of Appeals. On May 21, 2018, the Indiana Court of Appeals upheld the commission's decision. The appellants have requested rehearing at the Indiana Court of Appeals. The Indiana Court of Appeals denied the request for rehearing. The appellants have requested transfer to the Indiana Supreme Court, including briefs in support from environmental groups. Duke Energy Indiana cannot predict the outcome of this matter.

Edwardsport Integrated Gasification Combined Cycle Plant

On September 20, 2018, Duke Energy Indiana, the Indiana Office of Utility Consumer Counselor (OUCC), the Duke Industrial Group and Nucor Steel – Indiana entered into a settlement agreement to resolve integrated gasification combined cycle (IGCC) ratemaking issues for calendar years 2018 and 2019. The agreement will remain in effect until new rates are established in Duke Energy Indiana's next base rate case, which is expected to be filed in mid-2019 with rates effective in mid-2020. It addresses the pending Edwardsport filing at the commission and eliminates the need for future filings until the overall rate case. This settlement includes caps on Duke Energy Indiana's retail operating expenses for 2018 and 2019, reduces Duke Energy Indiana's regulatory asset by \$30 million (with a corresponding reduction of the amount of amortization of the regulatory asset included in rates by \$10 million annually beginning with the implementation of final IGCC 17 rates), and provides funding for low-income assistance and clean energy projects. Duke Energy Indiana recognized pretax impairment and related charges of \$32 million in the third quarter of 2018. The settlement is subject to IURC approval. An evidentiary hearing is scheduled for December 2018. Duke Energy Indiana cannot predict the outcome of this matter.

Tax Act

On June 27, 2018, Duke Energy Indiana, the Indiana Office of Utility Consumer Counselor, the Indiana Industrial Group and Nucor Steel – Indiana filed testimony consistent with their Stipulation and Settlement Agreement (Settlement Agreement) in the federal tax act proceeding with the IURC. The Settlement Agreement outlines how Duke Energy Indiana will implement the impacts of the Tax Act. Material components of the Settlement Agreement were as follows:

- Riders to reflect the change in the statutory federal tax rate from 35 to 21 percent as they are filed in 2018;
- Base rates to reflect the change in the statutory federal tax rate from 35 to 21 percent upon IURC approval, but no later than September 1, 2018;
- Duke Energy Indiana to continue to defer protected federal EDIT until January 1, 2020, at which time it will be returned to customers according to the Average Rate Assumption Method (ARAM) required by the Internal Revenue Service over approximately 26 years; and
- Duke Energy Indiana to begin returning unprotected federal EDIT upon IURC approval, over 10 years. In order to mitigate the negative impacts to cash flow and credit metrics, the Settlement Agreement allows Duke Energy Indiana to return \$7 million per year over the first five years, with a step up to \$35 million per year in the following five years.

The settlement was subject to the review and approval of the IURC. An evidentiary hearing was held on July 13, 2018. On August 22, 2018, the IURC approved the settlement and rates have been adjusted effective September 1, 2018.

Piedmont

South Carolina Rate Stabilization Adjustment Filing

On June 15, 2018, Piedmont filed with the PSCSC under the South Carolina Rate Stabilization Act its quarterly monitoring report for the 12-month period ending March 31, 2018. The filing included a revenue deficiency calculation and tariff rates in order to permit Piedmont the opportunity to earn the rate of return on common equity established in its last general rate case. The filing also incorporated the impacts of the Tax Act by lowering the income tax component of the revenue requirement, refunding protected EDIT under allowable normalization rules, unprotected EDIT and amounts over collected from the customers from January 1, 2018, through the end of the review period for this proceeding. A settlement agreement reached between Piedmont and ORS was filed with the PSCSC on September 14, 2018, and approved by the PSCSC on October 3, 2018. Terms of the settlement include implementation of rates for the 12-month period beginning November 2018 with a return on equity of 10.2 percent.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

North Carolina Integrity Management Rider Filing

In October 2018, Piedmont filed a petition under the Integrity Management Rider (IMR) mechanism to collect an additional \$9.5 million in annual revenues effective December 2018 based on the eligible capital investments closed to integrity and safety projects over the six-month period ended September 30, 2018. Piedmont cannot predict the outcome of this matter.

In May 2018, Piedmont filed, and the NCUC approved, a petition under the IMR mechanism to update rates, effective June 2018, based on the eligible capital investments closed to integrity and safety projects over the six-month period ending March 31, 2018, and the decrease in the corporate federal income tax rate effective January 1, 2018. The combined effect of the update was a reduction to annual revenues of approximately \$5.7 million.

OTHER REGULATORY MATTERS

Progress Energy Merger FERC Mitigation

Since December 2014, the FERC Office of Enforcement has conducted an investigation of Duke Energy's market power filings in its application for approval of the Progress Energy merger submitted in 2012. On June 8, 2018, the FERC issued an order approving a settlement agreement under which Duke Energy paid a penalty of \$3.5 million. The FERC Office of Enforcement stated in its conclusion that Duke Energy violated FERC regulations by failing to fully and accurately describe certain specific matters in its market power filings. Duke neither admitted nor denied the alleged violations.

Atlantic Coast Pipeline, LLC

On September 2, 2014, Duke Energy, Dominion Resources (Dominion), Piedmont and Southern Company Gas announced the formation of Atlantic Coast Pipeline, LLC (ACP) to build and own the proposed Atlantic Coast Pipeline (ACP pipeline), an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. The ACP pipeline is designed to meet, in part, the needs identified by Duke Energy Carolinas, Duke Energy Progress and Piedmont. Dominion will build and operate the ACP pipeline and holds a leading ownership percentage in ACP of 48 percent. Duke Energy owns a 47 percent interest, which is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment. Southern Company Gas maintains a 5 percent interest. See Note 12 for additional information related to Duke Energy's ownership interest. Duke Energy Carolinas, Duke Energy Progress and Piedmont, among others, will be customers of the pipeline. Purchases will be made under several 20-year supply contracts, subject to state regulatory approval.

In 2018, the FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route, including supply header and compressors. On May 11, 2018, and October 19, 2018, FERC issued Notices to Proceed allowing full construction activities in all areas of West Virginia except in the Monongahela National Forest. On July 24, 2018, FERC issued a Notice to Proceed allowing full construction activities along the project route in North Carolina. On October 19, 2018, the conditions to effectiveness of the Virginia 401 water quality certification were satisfied. Immediately following receipt of the Virginia 401 certification, ACP filed a request for FERC to issue a Notice to Proceed with full construction activities in Virginia, receipt of which is expected shortly. We appreciate the professional and collaborative process the permitting agencies have pursued to ensure that this critical energy infrastructure project will meet the stringent environmental standards required by law and regulation.

ACP is the subject of challenges in state and federal courts and agencies, including, among others, challenges of the project's incidental take statement (ITS), crossings of the Blue Ridge Parkway, the Appalachian Trail, and the Monongahela and George Washington National Forests, the project's U.S. Army Corps of Engineers (USACE) 404 permit, the Virginia conditional 401 water quality certification, the FERC Environmental Impact Statement order and the FERC order approving the Certificate of Public Convenience and Necessity. Each of these challenges alleges non-compliance on the part of federal and state permitting authorities and adverse ecological consequences if the project is permitted to proceed. ACP is vigorously defending these challenges and coordinating with the federal and state authorities which are the direct parties to the challenges. Since July 2018, notable developments in these challenges include a stay issued by the U.S. Court of Appeals for the Fourth Circuit (Fourth Circuit) on construction activities through the Monongahela and George Washington National Forests, a reissuance of the project's ITS and Blue Ridge Parkway right-of-way and renewed challenges of these reissued permits and the USACE's lifting of its administrative stay of ACP's Huntington District 404 permit.

The FERC Stop Work Order following the Fourth Circuit's vacatur of the project's ITS and Blue Ridge Parkway right-of-way, together with delays in obtaining permits necessary for construction have impacted the cost and schedule for the project. As a result, project cost estimates have increased from a range of \$6.0 billion to \$6.5 billion to a range of \$6.5 billion to \$7.0 billion, excluding financing costs. ACP is pursuing a phased in-service approach with customers whereby it maintains a late 2019 in-service date for key segments of the project to meet peak winter demand in critically constrained regions served by the project. ACP will be pursuing a mid-2020 in-service date for the remaining segments. Abnormal weather, work delays (including delays due to judicial or regulatory action) and other conditions may result in cost or schedule modifications in the future.

Sabal Trail Transmission, LLC

On May 4, 2015, Duke Energy acquired a 7.5 percent ownership interest in Sabal Trail, which is accounted for as an equity method investment, from Spectra Energy Partners, LP, a master limited partnership, formed by Enbridge Inc. (formerly Spectra Energy Corp.). Spectra Energy Partners, LP holds a 50 percent ownership interest in Sabal Trail and NextEra Energy has a 42.5 percent ownership interest. Sabal Trail is a joint venture to construct a 515-mile natural gas pipeline (Sabal Trail pipeline) to transport natural gas to Florida. Total estimated project costs are approximately \$3.2 billion. The Sabal Trail pipeline traverses Alabama, Georgia and Florida. The primary customers of the Sabal Trail pipeline, Duke Energy Florida and Florida Power & Light Company (FP&L), have each contracted to buy pipeline capacity for 25-year initial terms. See Note 12 for additional information related to Duke Energy's ownership interest.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

On February 3, 2016, the FERC issued an order granting the request for a CPCN to construct and operate the pipeline. The Sabal Trail pipeline received other required regulatory approvals and the Phase 1 mainline was placed in service in July 2017. On October 12, 2017, Sabal Trail filed a request with FERC to place in service a lateral line to Duke Energy Florida's Citrus County Combined Cycle Facility. This request is required to support commissioning and testing activities at the facility. On March 16, 2018, FERC approved the Citrus lateral and it was placed in service.

On September 21, 2016, intervenors filed an appeal of FERC's CPCN orders to the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit Court of Appeals). On August 22, 2017, the appeals court ruled against FERC in the case for failing to include enough information on the impact of greenhouse-gas emissions carried by the pipeline, vacated the CPCN order and remanded the case to FERC. In response to the August 2017 court decision, the FERC issued a draft Supplemental Environmental Impact Statement (SEIS) on September 27, 2017. On October 6, 2017, FERC and a group of industry intervenors, including Sabal Trail and Duke Energy Florida, filed separate petitions with the D.C. Circuit Court of Appeals requesting rehearing regarding the court's decision to vacate the CPCN order. On January 31, 2018, the D.C. Circuit Court of Appeals denied the requests for rehearing. On February 2, 2018, Sabal Trail filed a request with FERC for expedited issuance of its order on remand and reissuance of the CPCN. In the alternative, the pipeline requested that FERC issue a temporary emergency CPCN to allow for continued operations. On February 5, 2018, FERC issued the final SEIS. On February 6, 2018, FERC and the intervenors in this case each filed motions for stay with the D.C. Circuit Court to stay the court's mandate. On March 7, 2018, the D.C. Circuit Court of Appeals granted FERC and Sabal Trail's stay request. On March 14, 2018, FERC issued its final order on remand, which recertified the project. On August 10, 2018, FERC denied requests for rehearing of the final order on remand.

Constitution Pipeline Company, LLC

Duke Energy owns a 24 percent ownership interest in Constitution, which is accounted for as an equity method investment. Constitution is a natural gas pipeline project slated to transport natural gas supplies from the Marcellus supply region in northern Pennsylvania to major northeastern markets. The pipeline will be constructed and operated by Williams Partners L.P., which has a 41 percent ownership share. The remaining interest is held by Cabot Oil and Gas Corporation and WGL Holdings, Inc. Before the permitting delays discussed below, Duke Energy's total anticipated contributions were approximately \$229 million. As a result of the permitting delays and project uncertainty, total anticipated contributions by Duke Energy can no longer be reasonably estimated. Since April 2016, with the actions of the New York State Department of Environmental Conservation (NYSDEC), Constitution stopped construction and discontinued capitalization of future development costs until the project's uncertainty is resolved.

In December 2014, Constitution received approval from the FERC to construct and operate the proposed pipeline. However, on April 22, 2016, the NYSDEC denied Constitution's application for a necessary water quality certification for the New York portion of the Constitution pipeline. Constitution filed legal actions in the U.S. Court of Appeals for the Second Circuit (U.S. Court of Appeals) challenging the legality and appropriateness of the NYSDEC's decision and on August 18, 2017, the petition was denied in part and dismissed in part. In September 2017, Constitution filed a petition for a rehearing of portions of the decision unrelated to the water quality certification, which was denied by the U.S. Court of Appeals. In January 2018, Constitution petitioned the Supreme Court of the United States to review the U.S. Court of Appeals decision, and on April 30, 2018, the Supreme Court denied Constitution's petition. In October 2017, Constitution filed a petition for declaratory order requesting FERC to find that the NYSDEC waived its rights to issue a Section 401 water quality certification by not acting on Constitution's application within a reasonable period of time as required by statute. This petition was based on precedent established by another pipeline's successful petition with FERC following a District of Columbia Circuit Court ruling. On January 11, 2018, FERC denied Constitution's petition. In February 2018, Constitution filed a rehearing request with FERC of its finding that the NYSDEC did not waive the Section 401 certification requirement. On July 19, 2018, FERC denied Constitution's rehearing request. Constitution is currently unable to approximate an in-service date for the project due to the NYSDEC's denial of the water quality certification. The Constitution partners remain committed to the project and are evaluating next steps to move the project forward. On June 25, 2018, Constitution filed with FERC a Request for Extension of Time until December 2, 2020, for construction of the project. Duke Energy cannot predict the outcome of this matter.

During the nine months ended September 30, 2018, Duke Energy recorded an other-than-temporary impairment (OTTI) of \$55 million within Equity in earnings of unconsolidated affiliates on Duke Energy's Condensed Consolidated Statements of Operations. The charge represents the excess carrying value over the estimated fair value of the project, which was based on a Level 3 Fair Value measurement that was determined from the income approach using discounted cash flows. The impairment was primarily due to the recent actions taken by the courts and regulators to uphold the NYSDEC's denial of the certification and uncertainty associated with the remaining legal and regulatory challenges.

See Note 12 for additional information related to ownership interest and carrying value of the investment.

Potential Coal Plant Retirements

The Subsidiary Registrants periodically file Integrated Resource Plans (IRP) with their state regulatory commissions. The IRPs provide a view of forecasted energy needs over a long term (10 to 20 years) and options being considered to meet those needs. IRPs filed by the Subsidiary Registrants included planning assumptions to potentially retire certain coal-fired generating facilities in North Carolina, Florida and Indiana earlier than their current estimated useful lives primarily because facilities do not have the requisite emission control equipment to meet U.S. Environmental Protection Agency (EPA) regulations recently approved or proposed.

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Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement due to a lack of requisite environmental control equipment. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of September 30, 2018, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net Book Value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-3 ^(a)	585	\$ 132
Progress Energy and Duke Energy Florida		
Crystal River Units 1 and 2 ^(b)	766	100
Duke Energy Indiana		
Gallagher Units 2 and 4 ^(c)	280	123
Total Duke Energy	1,631	\$ 355

- (a) Duke Energy Carolinas will retire Allen Steam Station Units 1 through 3 by December 31, 2024, as part of the resolution of a lawsuit involving alleged New Source Review violations.
- (b) Duke Energy Florida expects to retire these coal units by the end of 2018 to comply with environmental regulations.
- (c) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher Units 2 and 4 by December 31, 2022, as part of the 2016 settlement of Edwardsport IGCC matters.

Refer to the "Western Carolinas Modernization Plan" discussion above for details of Duke Energy Progress' planned retirements.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters. These regulations can be changed from time to time, imposing new obligations on the Duke Energy Registrants. The following environmental matters impact all of the Duke Energy Registrants.

Remediation Activities

In addition to asset retirement obligations (ARO) recorded as a result of various environmental regulations, the Duke Energy Registrants are responsible for environmental remediation at various sites. These include certain properties that are part of ongoing operations and sites formerly owned or used by Duke Energy entities. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site conditions and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, the Duke Energy Registrants could potentially be held responsible for environmental impacts caused by other potentially responsible parties and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined at all sites. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other on the Condensed Consolidated Statements of Operations unless regulatory recovery of the costs is deemed probable.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

The following tables contain information regarding reserves for probable and estimable costs related to the various environmental sites. These reserves are recorded in Accounts Payable within Current Liabilities and Other within Other Noncurrent Liabilities on the Condensed Consolidated Balance Sheets.

(in millions)	Nine Months Ended September 30, 2018							
	Duke Energy	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
	Duke Energy	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at beginning of period	\$ 81	\$ 10	\$ 15	\$ 3	\$ 12	\$ 47	\$ 5	\$ 2
Provisions/adjustments	7	3	2	3	(1)	3	1	—
Cash reductions	(20)	(2)	(5)	(1)	(4)	(12)	(1)	—
Balance at end of period	\$ 68	\$ 11	\$ 12	\$ 5	\$ 7	\$ 38	\$ 5	\$ 2

(in millions)	Nine Months Ended September 30, 2017							
	Duke Energy	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
	Duke Energy	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at beginning of period	\$ 98	\$ 10	\$ 18	\$ 3	\$ 14	\$ 59	\$ 10	\$ 1
Provisions/adjustments	(1)	2	1	—	1	(3)	(2)	1
Cash reductions	(13)	(2)	(3)	—	(3)	(7)	(1)	—
Balance at end of period	\$ 84	\$ 10	\$ 16	\$ 3	\$ 12	\$ 49	\$ 7	\$ 2

Additional losses in excess of recorded reserves that could be incurred for the stages of investigation, remediation and monitoring for environmental sites that have been evaluated at this time are not material except as presented in the table below.

(in millions)	
Duke Energy	\$ 57
Duke Energy Carolinas	17
Duke Energy Ohio	30
Piedmont	2

LITIGATION**Duke Energy Carolinas and Duke Energy Progress****Coal Ash Insurance Coverage Litigation**

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Superior Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. The parties are engaged in discovery. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

NCDEQ State Enforcement Actions

In the first quarter of 2013, the Southern Environmental Law Center (SELC) sent notices of intent to sue Duke Energy Carolinas and Duke Energy Progress related to alleged Clean Water Act (CWA) violations from coal ash basins at two of their coal-fired power plants in North Carolina. The NCDEQ filed enforcement actions against Duke Energy Carolinas and Duke Energy Progress alleging violations of water discharge permits and North Carolina groundwater standards. The cases have been consolidated and are being heard before a single judge in the North Carolina Superior Court.

On August 16, 2013, the NCDEQ filed an enforcement action against Duke Energy Carolinas and Duke Energy Progress related to their remaining plants in North Carolina, alleging violations of the CWA and violations of the North Carolina groundwater standards. Both of these cases have been assigned to the judge handling the enforcement actions discussed above. SELC is representing several environmental groups who have been permitted to intervene in these cases.

The court issued orders in 2016 granting Motions for Partial Summary Judgment for seven of the 14 North Carolina plants named in the enforcement actions. On February 13, 2017, the court issued an order denying motions for partial summary judgment brought by both the environmental groups and Duke Energy Carolinas and Duke Energy Progress for the remaining seven plants. On March 15, 2017, Duke Energy Carolinas and Duke Energy Progress filed a Notice of Appeal with the North Carolina Court of Appeals to challenge the trial court's order. The parties were unable to reach an agreement at mediation in April 2017 and submitted briefs to the trial court on remaining issues to be tried. On August 1, 2018, the Court of Appeals dismissed the appeal and the matter is proceeding before the trial court. No trial date has been scheduled. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Federal Citizens Suits

On June 13, 2016, the Roanoke River Basin Association (RRBA) filed a federal citizen suit in the Middle District of North Carolina alleging unpermitted discharges to surface water and groundwater violations at the Mayo Plant. On August 19, 2016, Duke Energy Progress filed a Motion to Dismiss. On April 26, 2017, the court entered an order dismissing four of the claims in the federal citizen suit. Two claims relating to alleged violations of National Pollutant Discharge Elimination System (NPDES) permit provisions survived the motion to dismiss, and Duke Energy Progress filed its response on May 10, 2017. Duke Energy Progress and RRBA each filed motions for summary judgment on March 23, 2018. The court has not yet ruled on these motions.

On May 16, 2017, RRBA filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina, which asserts two claims relating to alleged violations of NPDES permit provisions at the Roxboro Plant and one claim relating to the use of nearby water bodies. Duke Energy Progress and RRBA each filed motions for summary judgment on April 17, 2018, and the court has not yet ruled on these motions.

On May 8, 2018, on motion from Duke Energy Progress, the court ordered trial in both of the above matters to be consolidated. Trial is currently scheduled for July 15, 2019.

On June 20, 2017, RRBA filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina challenging the closure plans at the Mayo Plant under the EPA CCR Rule. Duke Energy Progress filed a motion to dismiss, which was granted by the court on March 30, 2018. RRBA had until April 30, 2018, to file an appeal to the Fourth Circuit but did not do so.

On August 2, 2017, RRBA filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina challenging the closure plans at the Roxboro Plant under the EPA CCR Rule. Duke Energy Progress filed a motion to dismiss on October 2, 2017, which was granted by the court on May 29, 2018. RRBA had until June 28, 2018, to file an appeal to the Fourth Circuit but did not do so.

On December 5, 2017, various parties filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina for alleged violations at Duke Energy Carolinas' Belews Creek Steam Station (Belews Creek) under the CWA. Duke Energy Carolinas filed a motion to dismiss on February 5, 2018, and on August 13, 2018, the court issued an order denying Duke Energy Carolinas' motion to dismiss. Duke Energy Carolinas' answer to the complaint was filed on August 27, 2018. On October 10, 2018, Duke Energy Carolinas filed Motions to Dismiss for lack of standing, Motion for Judgment on the Pleadings and Motion to Stay Discovery. A hearing on the motion to stay is scheduled for December 12, 2018, and a scheduling conference has been set for January 2019.

Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of these matters.

Groundwater Contamination Claims

Beginning in May 2015, a number of residents living in the vicinity of the North Carolina facilities with ash basins received letters from the NCDEQ advising them not to drink water from the private wells on their land tested by the NCDEQ as the samples were found to have certain substances at levels higher than the criteria set by the North Carolina Department of Health and Human Services (DHHS). Results of Comprehensive Site Assessments testing performed by Duke Energy under the Coal Ash Act have been consistent with historical data provided to state regulators over many years. The DHHS and NCDEQ sent follow-up letters on October 15, 2015, to residents near coal ash basins who had their wells tested, stating that private well samplings at a considerable distance from coal ash basins, as well as some municipal water supplies, contain similar levels of vanadium and hexavalent chromium, which led investigators to believe these constituents are naturally occurring. In March 2016, DHHS rescinded the advisories.

Duke Energy Carolinas and Duke Energy Progress have received formal demand letters from residents near Duke Energy Carolinas' and Duke Energy Progress' coal ash basins. The residents claim damages for nuisance and diminution in property value, among other things. The parties held three days of mediation discussions that ended at an impasse. On January 6, 2017, Duke Energy Carolinas and Duke Energy Progress received the plaintiffs' notice of their intent to file suits should the matter not settle. The NCDEQ preliminarily approved Duke Energy's permanent water solution plans on January 13, 2017, and as a result shortly thereafter, Duke Energy issued a press release, providing additional details regarding the homeowner compensation package. This package consists of three components: (i) a \$5,000 goodwill payment to each eligible well owner to support the transition to a new water supply, (ii) where a public water supply is available and selected by the eligible well owner, a stipend to cover 25 years of water bills and (iii) the Property Value Protection Plan. The Property Value Protection Plan is a program offered by Duke Energy designed to guarantee eligible plant neighbors the fair market value of their residential property should they decide to sell their property during the time that the plan is offered. Settlement payments are being made, and, as of September 30, 2018, Duke Energy Carolinas and Duke Energy Progress have remaining reserves of \$4 million and \$2 million, respectively.

On August 23, 2017, a class-action suit was filed in Wake County Superior Court, North Carolina, against Duke Energy Carolinas and Duke Energy Progress on behalf of certain property owners living near coal ash impoundments at Allen, Asheville, Belews Creek, Buck, Cliffside, Lee, Marshall, Mayo and Roxboro. The class is defined as those who are "well-eligible" under the Coal Ash Act or those to whom Duke Energy has promised a permanent replacement water supply and seeks declaratory and injunctive relief, along with compensatory damages. Plaintiffs allege that Duke Energy's improper maintenance of coal ash impoundments caused harm, particularly through groundwater contamination. Despite NCDEQ's preliminary approval, Plaintiffs contend that Duke Energy's proposed permanent water solutions plan fails to comply with the Coal Ash Act. On September 28, 2017, Duke Energy Carolinas and Duke Energy Progress filed a Motion to Dismiss and Motion to Strike the class designation. The parties entered into a Settlement Agreement on January 24, 2018, which resulted in the dismissal of the underlying class action on January 25, 2018.

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Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

On September 14, 2017, a complaint was filed against Duke Energy Progress in New Hanover County Superior Court by a group of homeowners residing approximately 1 mile from Duke Energy Progress' Sutton Steam Plant (Sutton). The homeowners allege that coal ash constituents have been migrating from ash impoundments at Sutton into their groundwater for decades and that in 2015, Duke Energy Progress discovered these releases of coal ash, but failed to notify any officials or neighbors and failed to take remedial action. The homeowners claim unspecified physical and mental injuries as a result of consuming their well water and seek actual damages for personal injury, medical monitoring and punitive damages. On March 6, 2018, Plaintiffs' counsel voluntarily dismissed the action without prejudice.

It is not possible to estimate the maximum exposure of loss, if any, that may occur in connection with future claims that might be made by these residents.

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of September 30, 2018, there were 160 asserted claims for non-malignant cases with cumulative relief sought of up to \$43 million, and 63 asserted claims for malignant cases with cumulative relief sought of up to \$19 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recognized asbestos-related reserves of \$461 million at September 30, 2018, and \$489 million at December 31, 2017. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon the minimum amount of the range of loss for current and future asbestos claims through 2037, are recorded on an undiscounted basis and incorporate anticipated inflation. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2037 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas' cumulative payments began to exceed the self-insurance retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is \$764 million in excess of the self-insured retention. Receivables for insurance recoveries were \$553 million at September 30, 2018, and \$585 million at December 31, 2017. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

Duke Energy Progress and Duke Energy Florida

Spent Nuclear Fuel Matters

On October 16, 2014, Duke Energy Progress and Duke Energy Florida sued the U.S. in the U.S. Court of Federal Claims. The lawsuit claimed the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserted damages for the cost of on-site storage. Duke Energy Progress and Duke Energy Florida asserted damages for the period January 1, 2011, through December 31, 2013, of \$48 million and \$25 million, respectively. On November 17, 2017, the court awarded Duke Energy Progress and Duke Energy Florida \$48 million and \$21 million, respectively, subject to appeal. No appeals were filed and Duke Energy Progress and Duke Energy Florida recognized the recoveries in the first quarter of 2018. Claims for all periods through 2013 have been resolved. On June 22, 2018, Duke Energy Progress and Duke Energy Florida filed a complaint for damages incurred for 2014 through first quarter 2018.

Duke Energy Progress

Gypsum Supply Agreement Matter

On June 30, 2017, CertainTeed Gypsum NC, Inc. (CertainTeed) filed a declaratory judgment action against Duke Energy Progress in the North Carolina Business Court relating to a gypsum supply agreement. In its complaint, CertainTeed sought an order from the court declaring that the minimum amount of gypsum Duke Energy Progress must provide to CertainTeed under the supply agreement is 50,000 tons per month through 2029. Subsequently, CertainTeed also sought a preliminary injunction requiring Duke Energy Progress to provide 50,000 tons of gypsum per month through the trial date. The parties reached an agreement under which Duke Energy Progress delivered 50,000 tons of gypsum per month through August 2018. Trial in this matter was completed on July 16, 2018. On August 29, 2018, the court issued an order and opinion finding that Duke Energy Progress is required to supply 50,000 tons of gypsum/month, but that CertainTeed's sole remedy for Duke Energy Progress' long-term discontinuance under the agreement is liquidated damages. This ruling effectively limits CertainTeed's remedies in the event that Duke Energy Progress elects to permanently discontinue gypsum supply at the Roxboro plant. The estimated maximum amount that would be owed under the liquidated damages provision is approximately \$90 million. Both CertainTeed and Duke Energy Progress have filed cross-appeals, as they explore a possible resolution. Duke Energy Progress cannot predict the outcome of this matter.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Duke Energy Florida

Class Action Lawsuit

On February 22, 2016, a lawsuit was filed in the U.S. District Court for the Southern District of Florida on behalf of a putative class of Duke Energy Florida and FP&L's customers in Florida. The suit alleges the state of Florida's nuclear power plant cost recovery statutes (NCRS) are unconstitutional and pre-empted by federal law. Plaintiffs claim they are entitled to repayment of all money paid by customers of Duke Energy Florida and FP&L as a result of the NCRS, as well as an injunction against any future charges under those statutes. The constitutionality of the NCRS has been challenged unsuccessfully in a number of prior cases on alternative grounds. Duke Energy Florida and FP&L filed motions to dismiss the complaint on May 5, 2016. On September 21, 2016, the court granted the motions to dismiss with prejudice. Plaintiffs filed a motion for reconsideration, which was denied. On January 4, 2017, plaintiffs filed a notice of appeal to the Eleventh Circuit U.S. Court of Appeals (Eleventh Circuit). On July 11, 2018, the Eleventh Circuit affirmed the U.S. District Court's dismissal of the lawsuit. The deadline to file a petition for cert was October 9, 2018, and no petition was filed; therefore, the dismissal of the lawsuit is final.

Westinghouse Contract Litigation

On March 28, 2014, Duke Energy Florida filed a lawsuit against Westinghouse in the U.S. District Court for the Western District of North Carolina. The lawsuit sought recovery of \$54 million in milestone payments in excess of work performed under an Engineering, Procurement and Construction agreement (EPC) for Levy as well as a determination by the court of the amounts due to Westinghouse as a result of the termination of an EPC contract. Duke Energy Florida recognized an exit obligation as a result of the termination of the EPC. On March 31, 2014, Westinghouse filed a separate lawsuit against Duke Energy Florida in U.S. District Court for the Western District of Pennsylvania alleging damages under the same EPC contract in excess of \$510 million for engineering and design work, costs to end supplier contracts and an alleged termination fee. On June 9, 2014, the judge in the North Carolina case ruled that the litigation would proceed in the Western District of North Carolina.

On July 11, 2016, Duke Energy Florida and Westinghouse filed separate Motions for Summary Judgment. On September 29, 2016, the court issued its ruling, granting Westinghouse a \$30 million termination fee claim and dismissing Duke Energy Florida's \$54 million refund claim. Westinghouse's claim for termination costs continued to trial. Following a trial on the matter, the court issued an order in December 2016 denying Westinghouse's claim for termination costs and reaffirming its earlier ruling in favor of Westinghouse on the \$30 million termination fee. Judgment was entered against Duke Energy Florida in the amount of approximately \$34 million, which includes prejudgment interest. Westinghouse appealed the trial court's order to the Fourth Circuit and Duke Energy Florida cross-appealed.

On March 29, 2017, Westinghouse filed Chapter 11 bankruptcy in the Southern District of New York, which automatically stayed the appeal. On May 23, 2017, the bankruptcy court entered an order lifting the stay with respect to the appeal. Briefing of the appeal concluded on October 20, 2017. Westinghouse and Duke Energy Florida executed a settlement agreement resolving this matter on April 5, 2018. The bankruptcy court approved the settlement and Duke Energy Florida paid approximately \$34 million to Westinghouse in July 2018 pursuant to this agreement. At the request of the parties, the Fourth Circuit has dismissed the appeal.

MGP Cost Recovery Action

On December 30, 2011, Duke Energy Florida filed a lawsuit against FirstEnergy Corp. (FirstEnergy) to recover investigation and remediation costs incurred by Duke Energy Florida in connection with the restoration of two former MGP sites in Florida. Duke Energy Florida alleged that FirstEnergy, as the successor to Associated Gas & Electric Co., owes past and future contribution and response costs of up to \$43 million for the investigation and remediation of MGP sites. On December 6, 2016, the trial court entered judgment against Duke Energy Florida in the case. In January 2017, Duke Energy Florida appealed the decision to the U.S. Court of Appeals for the Sixth Circuit, which affirmed the trial court's ruling on April 10, 2018. The dismissal of the lawsuit is therefore final.

Other Litigation and Legal Proceedings

The Duke Energy Registrants are involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. The Duke Energy Registrants believe the final disposition of these proceedings will not have a material effect on their results of operations, cash flows or financial position.

The table below presents recorded reserves based on management's best estimate of probable loss for legal matters, excluding asbestos-related reserves and the exit obligation related to the termination of an EPC contract discussed above. Reserves are classified on the Condensed Consolidated Balance Sheets in Other within Other Noncurrent Liabilities and Accounts payable and Other within Current Liabilities. The reasonably possible range of loss in excess of recorded reserves is not material, other than as described above.

(in millions)	September 30, 2018	December 31, 2017
Reserves for Legal Matters		
Duke Energy	\$ 63	\$ 88
Duke Energy Carolinas	11	30
Progress Energy	50	55
Duke Energy Progress	11	13
Duke Energy Florida	23	24
Piedmont	1	2

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

OTHER COMMITMENTS AND CONTINGENCIES

General

As part of their normal business, the Duke Energy Registrants are party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. These guarantees involve elements of performance and credit risk, which are not fully recognized on the Condensed Consolidated Balance Sheets and have unlimited maximum potential payments. However, the Duke Energy Registrants do not believe these guarantees will have a material effect on their results of operations, cash flows or financial position.

In addition, the Duke Energy Registrants enter into various fixed-price, noncancelable commitments to purchase or sell power or natural gas, take-or-pay arrangements, transportation, or throughput agreements and other contracts that may or may not be recognized on their respective Condensed Consolidated Balance Sheets. Some of these arrangements may be recognized at fair value on their respective Condensed Consolidated Balance Sheets if such contracts meet the definition of a derivative and the normal purchase/normal sale (NPNS) exception does not apply. In most cases, the Duke Energy Registrants' purchase obligation contracts contain provisions for price adjustments, minimum purchase levels and other financial commitments.

5. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

The following table summarizes significant debt issuances (in millions).

Issuance Date	Maturity Date	Interest Rate	Nine Months Ended September 30, 2018					
			Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	
Unsecured Debt								
March 2018 ^(a)	April 2025	3.950%	\$ 250	\$ 250	\$ —	\$ —	\$ —	
May 2018 ^(b)	May 2021	2.819%	500	500	—	—	—	
September 2018 ^(c)	September 2078	5.625%	500	500	—	—	—	
First Mortgage Bonds								
March 2018 ^(d)	March 2023	3.050%	500	—	500	—	—	
March 2018 ^(d)	March 2048	3.950%	500	—	500	—	—	
June 2018 ^(e)	July 2028	3.800%	600	—	—	—	600	
June 2018 ^(e)	July 2048	4.200%	400	—	—	—	400	
August 2018 ^(f)	September 2023	3.375%	300	—	—	300	—	
August 2018 ^(f)	September 2028	3.700%	500	—	—	500	—	
Total issuances			\$ 4,050	\$ 1,250	\$ 1,000	\$ 800	\$ 1,000	

(a) Debt issued to pay down short-term debt.

(b) Debt issued to pay down short-term debt. Debt issuance has a floating interest rate.

(c) Callable after September 2023 at par. Debt issued to pay down short-term debt and for general corporate purposes.

(d) Debt issued to repay at maturity a \$300 million first mortgage bond due April 2018, pay down intercompany short-term debt and for general corporate purposes.

(e) Debt issued to repay a portion of intercompany short-term debt under money-pool borrowing arrangement and for general corporate purposes.

(f) Debt issued to repay short-term debt and for general corporate purposes.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)**CURRENT MATURITIES OF LONG-TERM DEBT**

The following table shows the significant components of Current Maturities of Long-Term Debt on the Condensed Consolidated Balance Sheets. The Duke Energy Registrants currently anticipate satisfying these obligations with cash on hand and proceeds from additional borrowings.

(in millions)	Maturity Date	Interest Rate	September 30, 2018
Unsecured Debt			
Progress Energy	March 2019	7.050%	\$ 450
Duke Energy (Parent)	September 2019	5.050%	500
Piedmont	September 2019	2.848% ^(b)	350
First Mortgage Bonds			
Duke Energy Carolinas	November 2018	7.000%	500
Duke Energy Progress	January 2019	5.300%	600
Duke Energy Ohio	April 2019	5.450%	450
Other^(a)			605
Current maturities of long-term debt			\$ 3,455

(a) Includes capital lease obligations, amortizing debt and small bullet maturities.

(b) Debt issuance has a floating interest rate.

AVAILABLE CREDIT FACILITIES**Master Credit Facility**

In January 2018, Duke Energy extended the termination date of substantially all of its existing \$8 billion Master Credit Facility capacity from March 16, 2022, to March 16, 2023. In May 2018, Duke Energy completed the extension process with 100 percent of all commitments to the Master Credit Facility extending to March 16, 2023. The Duke Energy Registrants, excluding Progress Energy (Parent), have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder. Duke Energy Carolinas and Duke Energy Progress are also required to each maintain \$250 million of available capacity under the Master Credit Facility as security to meet obligations under plea agreements reached with the U.S. Department of Justice in 2015 related to violations at North Carolina facilities with ash basins. The table below includes the current borrowing sublimits and available capacity under the Master Credit Facility.

(in millions)	September 30, 2018							
	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Facility size ^(a)	\$ 8,000	\$ 2,650	\$ 1,750	\$ 1,400	\$ 650	\$ 450	\$ 600	\$ 500
Reduction to backstop issuances								
Commercial paper ^(b)	(2,519)	(988)	(872)	(150)	—	(216)	(293)	—
Outstanding letters of credit	(55)	(47)	(4)	(2)	—	—	—	(2)
Tax-exempt bonds	(81)	—	—	—	—	—	(81)	—
Coal ash set-aside	(500)	—	(250)	(250)	—	—	—	—
Available capacity under the Master Credit Facility	\$ 4,845	\$ 1,615	\$ 624	\$ 998	\$ 650	\$ 234	\$ 226	\$ 498

(a) Represents the sublimit of each borrower.

(b) Duke Energy issued \$625 million of commercial paper and loaned the proceeds through the money pool to Duke Energy Carolinas, Duke Energy Progress, Duke Energy Ohio and Duke Energy Indiana. The balances are classified as Long-Term Debt Payable to Affiliated Companies on the Condensed Consolidated Balance Sheets.

Three-Year Revolving Credit Facility

Duke Energy (Parent) has a \$1.0 billion revolving credit facility (the Three Year Revolver) through June 2020. As of September 30, 2018, \$500 million has been drawn under the Three Year Revolver. This balance is classified as Long-Term Debt on Duke Energy's Condensed Consolidated Balance Sheets. Any undrawn commitments can be drawn and borrowings can be prepaid, at any time throughout the term of the facility. The terms and conditions of the Three Year Revolver are generally consistent with those governing Duke Energy's Master Credit Facility.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Piedmont Term Loan Facility

In September 2018, Piedmont executed an amendment to its existing senior unsecured term loan (the Piedmont Term Loan). The amendment increased commitments from \$250 million to \$350 million and extended the maturity date to September 2019. As of September 30, 2018, the entire \$350 million has been drawn under the Piedmont Term Loan. The balance is classified as Current maturities of long-term debt on Piedmont's Condensed Consolidated Balance Sheets.

6. ASSET RETIREMENT OBLIGATIONS

The Duke Energy Registrants record AROs when there is a legal obligation to incur retirement costs associated with the retirement of a long-lived asset and the obligation can be reasonably estimated. The following table presents the AROs recorded on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Decommissioning of Nuclear Power Facilities ^(a)	\$ 5,367	\$ 2,031	\$ 3,181	\$ 2,650	\$ 531	\$ —	\$ —	\$ —
Closure of Ash Impoundments	4,575	1,623	2,175	2,154	20	52	725	—
Other	314	58	79	37	42	46	19	15
Total ARO	\$10,256	\$ 3,712	\$ 5,435	\$ 4,841	\$ 593	\$ 98	\$ 744	\$ 15
Less: current portion	902	292	475	470	4	7	128	—
Total noncurrent ARO	\$ 9,354	\$ 3,420	\$ 4,960	\$ 4,371	\$ 589	\$ 91	\$ 616	\$ 15

(a) Duke Energy amount includes purchase accounting adjustments related to the merger with Progress Energy.

ARO Liability Rollforward

Actual closure costs incurred could be materially different from current estimates that form the basis of the recorded AROs. The following table presents the change in liability associated with AROs for the Duke Energy Registrants.

(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at December 31, 2017 ^(a)	\$ 10,175	\$ 3,610	\$ 5,414	\$ 4,673	\$ 742	\$ 84	\$ 781	\$ 15
Accretion expense ^(b)	319	133	168	145	23	3	22	—
Liabilities settled ^(c)	(431)	(198)	(186)	(155)	(31)	(5)	(42)	—
Liabilities incurred in the current year	34	8	—	—	—	—	25	—
Revisions in estimates of cash flows ^(d)	159	159	39	178	(141)	16	(42)	—
Balance at September 30, 2018	\$ 10,256	\$ 3,712	\$ 5,435	\$ 4,841	\$ 593	\$ 98	\$ 744	\$ 15

- (a) Primarily relates to decommissioning nuclear power facilities, closure of ash impoundments, asbestos removal, closure of landfills at fossil generation facilities, retirement of natural gas mains and removal of renewable energy generation assets.
- (b) For the nine months ended September 30, 2018, substantially all accretion expense relates to Duke Energy's regulated operations and has been deferred in accordance with regulatory accounting treatment.
- (c) Primarily relates to ash impoundment closures and nuclear decommissioning of Crystal River Unit 3.
- (d) Primarily relates to increases in groundwater monitoring estimates for closure of ash impoundments, partially offset by modifications to the timing of expected cash flows and a reduction for nuclear decommissioning at Crystal River Unit 3 compared to original estimates.

Asset retirement costs associated with the AROs for operating plants and retired plants are included in Net property, plant and equipment and Regulatory assets within Other Noncurrent Assets, respectively, on the Condensed Consolidated Balance Sheets.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

7. GOODWILL

Duke Energy

The following table presents the goodwill by reportable operating segment included on Duke Energy's Condensed Consolidated Balance Sheets at September 30, 2018, and December 31, 2017.

(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total
Goodwill balance at December 31, 2017	\$ 17,379	\$ 1,924	\$ 122	\$ 19,425
Accumulated impairment charges	—	—	(29)	(29)
Goodwill balance at December 31, 2017, adjusted for accumulated impairment charges	\$ 17,379	\$ 1,924	\$ 93	\$ 19,396
Goodwill balance at September 30, 2018	\$ 17,379	\$ 1,924	\$ 122	\$ 19,425
Accumulated impairment charges	—	—	(122)	(122)
Goodwill balance at September 30, 2018, adjusted for accumulated impairment charges	\$ 17,379	\$ 1,924	\$ —	\$ 19,303

Duke Energy Ohio

Duke Energy Ohio's Goodwill balance of \$920 million, allocated \$596 million to Electric Utilities and Infrastructure and \$324 million to Gas Utilities and Infrastructure, is presented net of accumulated impairment charges of \$216 million on the Condensed Consolidated Balance Sheets at September 30, 2018, and December 31, 2017.

Progress Energy

Progress Energy's Goodwill is included in the Electric Utilities and Infrastructure operating segment and there are no accumulated impairment charges.

Piedmont

Piedmont's Goodwill is included in the Gas Utilities and Infrastructure operating segment and there are no accumulated impairment charges.

Impairment Testing

Duke Energy, Progress Energy, Duke Energy Ohio and Piedmont are required to perform an annual goodwill impairment test as of the same date each year and, accordingly, perform their annual impairment testing of goodwill as of August 31. Duke Energy, Progress Energy, Duke Energy Ohio and Piedmont update their test between annual tests if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying value.

In the third quarter of 2018, based on the results of the annual quantitative goodwill impairment test, management determined that the fair value of the Commercial Renewables reporting unit was below its respective carrying value, including goodwill. Determination of the Commercial Renewables reporting unit fair value was based on an income approach, which estimates the fair value based on discounted future cash flows. The fair value of the Commercial Renewables reporting unit is impacted by several factors, including forecasted tax credit utilization, the cost of capital, current and forecasted solar and wind volumes, and legislative developments. Certain assumptions used in determining the fair value of the reporting unit in the 2018 impairment test changed from those used in the 2017 annual impairment test including the cost of capital as a result of rising interest rates and the timing of tax credit utilization due to the Tax Act and IRS (Internal Revenue Service) clarification on bonus depreciation in August 2018. Based on the quantitative impairment test, the estimated fair value of the Commercial Renewables reporting unit was below its carrying value by an immaterial amount but still more than the goodwill balance assigned to the reporting unit. As such, the entire remaining goodwill balance of approximately \$93 million was impaired during the third quarter of 2018.

The fair value of all other reporting units for Duke Energy, Progress Energy, Duke Energy Ohio and Piedmont exceeded their respective carrying values at the date of the annual impairment analysis. As such, no other impairment charges were recorded in the third quarter of 2018.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)**8. RELATED PARTY TRANSACTIONS**

The Subsidiary Registrants engage in related party transactions in accordance with applicable state and federal commission regulations. Refer to the Condensed Consolidated Balance Sheets of the Subsidiary Registrants for balances due to or due from related parties. Material amounts related to transactions with related parties included on the Condensed Consolidated Statements of Operations and Comprehensive Income are presented in the following table.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Duke Energy Carolinas				
Corporate governance and shared service expenses ^(a)	\$ 214	\$ 206	\$ 647	\$ 645
Indemnification coverages ^(b)	6	5	17	17
JDA revenue ^(c)	13	9	66	42
JDA expense ^(c)	61	39	134	91
Intercompany natural gas purchases ^(d)	3	3	11	5
Progress Energy				
Corporate governance and shared service expenses ^(a)	\$ 216	\$ 207	\$ 613	\$ 555
Indemnification coverages ^(b)	8	10	25	29
JDA revenue ^(c)	61	39	134	91
JDA expense ^(c)	13	9	66	42
Intercompany natural gas purchases ^(d)	20	19	58	57
Duke Energy Progress				
Corporate governance and shared service expenses ^(a)	\$ 138	\$ 112	\$ 382	\$ 321
Indemnification coverages ^(b)	3	4	9	11
JDA revenue ^(c)	61	39	134	91
JDA expense ^(c)	13	9	66	42
Intercompany natural gas purchases ^(d)	20	19	58	57
Duke Energy Florida				
Corporate governance and shared service expenses ^(a)	\$ 78	\$ 95	\$ 231	\$ 234
Indemnification coverages ^(b)	5	6	16	18
Duke Energy Ohio				
Corporate governance and shared service expenses ^(a)	\$ 85	\$ 90	\$ 264	\$ 275
Indemnification coverages ^(b)	1	1	3	3
Duke Energy Indiana				
Corporate governance and shared service expenses ^(a)	\$ 105	\$ 94	\$ 302	\$ 281
Indemnification coverages ^(b)	2	2	6	6
Piedmont				
Corporate governance and shared service expenses ^(a)	\$ 39	\$ 11	\$ 115	\$ 25
Indemnification coverages ^(b)	1	1	2	2
Intercompany natural gas sales ^(d)	23	22	69	62

- (a) The Subsidiary Registrants are charged their proportionate share of corporate governance and other shared services costs, primarily related to human resources, employee benefits, information technology, legal and accounting fees, as well as other third-party costs. These amounts are primarily recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (b) The Subsidiary Registrants incur expenses related to certain indemnification coverages through Bison, Duke Energy's wholly owned captive insurance subsidiary. These expenses are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (c) Duke Energy Carolinas and Duke Energy Progress participate in a Joint Dispatch Agreement (JDA), which allows the collective dispatch of power plants between the service territories to reduce customer rates. Revenues from the sale of power and expenses from the purchase of power pursuant to the JDA are recorded in Operating Revenues and Fuel used in electric generation and purchased power, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (d) Piedmont provides long-term natural gas delivery service to certain Duke Energy Carolinas and Duke Energy Progress natural gas-fired generation facilities. Piedmont records the sales in Operating revenues, and Duke Energy Carolinas and Duke Energy Progress record the related purchases as a component of Fuel used in electric generation and purchased power on their respective Condensed Consolidated Statements of Operations and Comprehensive Income. These intercompany revenues and expenses are eliminated in consolidation.

In addition to the amounts presented above, the Subsidiary Registrants have other affiliate transactions, including rental of office space, participation in a money pool arrangement, other operational transactions and their proportionate share of certain charged expenses. These transactions of the Subsidiary Registrants were not material for the three and nine months ended September 30, 2018, and 2017.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

As discussed in Note 12, certain trade receivables have been sold by Duke Energy Ohio and Duke Energy Indiana to Cinergy Receivables Company LLC (CRC), an indirect subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but also include a subordinated note from CRC for a portion of the purchase price.

Equity Method Investments

Piedmont has related party transactions as a customer of its equity method investments in natural gas storage and transportation facilities. The following table presents expenses for the three and nine months ended September 30, 2018, and 2017, which are included in Cost of natural gas on Piedmont's Condensed Consolidated Statements of Operations and Comprehensive Income.

(in millions)	Type of expense	Three Months Ended September 30,		Nine Months Ended September 30,	
		2018	2017	2018	2017
Cardinal	Transportation Costs	\$ 2	\$ 2	\$ 5	\$ 6
Pine Needle	Natural Gas Storage Costs	2	2	6	6
Hardy Storage	Natural Gas Storage Costs	2	2	7	7
Total		\$ 6	\$ 6	\$ 18	\$ 19

Piedmont had accounts payable to its equity method investments of \$2 million at September 30, 2018, and December 31, 2017, related to these transactions. These amounts are included in Accounts payable on the Condensed Consolidated Balance Sheets.

Intercompany Income Taxes

Duke Energy and the Subsidiary Registrants file a consolidated federal income tax return and other state and jurisdictional returns. The Subsidiary Registrants have a tax sharing agreement with Duke Energy for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts the Subsidiary Registrants would incur as separate C-Corporations. The following table includes the balance of intercompany income tax receivables and payables for the Subsidiary Registrants.

(in millions)	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
September 30, 2018							
Intercompany income tax receivable	\$ 32	\$ 196	\$ 80	\$ —	\$ —	\$ 22	\$ 11
Intercompany income tax payable	—	—	—	77	9	—	—
December 31, 2017							
Intercompany income tax receivable	\$ —	\$ 168	\$ —	\$ 44	\$ 22	\$ —	\$ 7
Intercompany income tax payable	44	—	21	—	—	35	—

9. DERIVATIVES AND HEDGING

The Duke Energy Registrants use commodity and interest rate contracts to manage commodity price risk and interest rate risk. The primary use of commodity derivatives is to hedge the generation portfolio against changes in the prices of electricity and natural gas. Piedmont enters into natural gas supply contracts to provide diversification, reliability and natural gas cost benefits to its customers. Interest rate swaps are used to manage interest rate risk associated with borrowings.

All derivative instruments not identified as NPNS are recorded at fair value as assets or liabilities on the Condensed Consolidated Balance Sheets. Cash collateral related to derivative instruments executed under master netting arrangements is offset against the collateralized derivatives on the Condensed Consolidated Balance Sheets. The cash impacts of settled derivatives are recorded as operating activities on the Condensed Consolidated Statements of Cash Flows.

INTEREST RATE RISK

The Duke Energy Registrants are exposed to changes in interest rates as a result of their issuance or anticipated issuance of variable-rate and fixed-rate debt and commercial paper. Interest rate risk is managed by limiting variable-rate exposures to a percentage of total debt and by monitoring changes in interest rates. To manage risk associated with changes in interest rates, the Duke Energy Registrants may enter into interest rate swaps, U.S. Treasury lock agreements and other financial contracts. In anticipation of certain fixed-rate debt issuances, a series of forward-starting interest rate swaps or Treasury locks may be executed to lock in components of current market interest rates. These instruments are later terminated prior to or upon the issuance of the corresponding debt.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Cash Flow Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of AOCI for the three and nine months ended September 30, 2018, and 2017 were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables business.

Undesignated Contracts

Undesignated contracts primarily include contracts not designated as a hedge because they are accounted for under regulatory accounting or contracts that do not qualify for hedge accounting.

Duke Energy's interest rate swaps for its regulated operations employ regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the swaps are deferred as regulatory liabilities or regulatory assets, respectively. Regulatory assets and liabilities are amortized consistent with the treatment of the related costs in the ratemaking process. The accrual of interest on the swaps is recorded as Interest Expense on the Duke Energy Registrant's Condensed Consolidated Statements of Operations and Comprehensive Income.

The following table shows notional amounts of outstanding derivatives related to interest rate risk.

September 30, 2018						
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges	\$ 411	\$ —	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	1,127	400	500	250	250	27
Total notional amount ^(a)	\$ 1,538	\$ 400	\$ 500	\$ 250	\$ 250	\$ 27

December 31, 2017						
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges ^(a)	\$ 660	\$ —	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	927	400	500	250	250	27
Total notional amount	\$ 1,587	\$ 400	\$ 500	\$ 250	\$ 250	\$ 27

(a) Duke Energy includes amounts related to consolidated VIEs of \$411 million in cash flow hedges and \$200 million in undesignated contracts as of September 30, 2018, and \$660 million in cash flow hedges as of December 31, 2017.

COMMODITY PRICE RISK

The Duke Energy Registrants are exposed to the impact of changes in the prices of electricity purchased and sold in bulk power markets and coal and natural gas purchases, including Piedmont's natural gas supply contracts. Exposure to commodity price risk is influenced by a number of factors including the term of contracts, the liquidity of markets and delivery locations. For the Subsidiary Registrants, bulk power electricity and coal and natural gas purchases flow through fuel adjustment clauses, formula-based contracts or other cost-sharing mechanisms. Differences between the costs included in rates and the incurred costs, including undesignated derivative contracts, are largely deferred as regulatory assets or regulatory liabilities. Piedmont policies allow for the use of financial instruments to hedge commodity price risks. The strategy and objective of these hedging programs are to use the financial instruments to reduce natural gas costs volatility for customers.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Volumes

The tables below include volumes of outstanding commodity derivatives. Amounts disclosed represent the absolute value of notional volumes of commodity contracts excluding NPNS. The Duke Energy Registrants have netted contractual amounts where offsetting purchase and sale contracts exist with identical delivery locations and times of delivery. Where all commodity positions are perfectly offset, no quantities are shown.

September 30, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	Piedmont
Electricity (gigawatt-hours)	170	—	—	—	—	170	—
Natural gas (millions of dekatherms)	744	119	167	158	9	1	457

December 31, 2017							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	Piedmont
Electricity (gigawatt-hours)	34	—	—	—	—	34	—
Natural gas (millions of dekatherms)	770	105	183	133	50	2	480

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

LOCATION AND FAIR VALUE OF DERIVATIVE ASSETS AND LIABILITIES RECOGNIZED ON THE CONDENSED CONSOLIDATED BALANCE SHEETS

The following tables show the fair value and balance sheet location of derivative instruments. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

Derivative Assets		September 30, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 46	\$ 2	\$ 3	\$ 2	\$ 1	\$ 8	\$ 29	\$ 4	
Noncurrent	1	—	—	—	—	—	—	—	
Total Derivative Assets – Commodity Contracts	\$ 47	\$ 2	\$ 3	\$ 2	\$ 1	\$ 8	\$ 29	\$ 4	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 6	\$ 5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	6	—	—	—	—	—	—	—	
<i>Not Designated as Hedging Instruments</i>									
Current	1	—	—	—	—	—	—	—	
Noncurrent	17	—	—	—	—	—	—	—	
Total Derivative Assets – Interest Rate Contracts	\$ 30	\$ 5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Total Derivative Assets	\$ 77	\$ 7	\$ 3	\$ 2	\$ 1	\$ 8	\$ 29	\$ 4	

Derivative Liabilities		September 30, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 26	\$ 14	\$ 5	\$ 5	\$ —	\$ —	\$ —	\$ 7	
Noncurrent	177	14	17	8	—	—	—	146	
Total Derivative Liabilities – Commodity Contracts	\$ 203	\$ 28	\$ 22	\$ 13	\$ —	\$ —	\$ —	\$ 153	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
<i>Not Designated as Hedging Instruments</i>									
Current	7	—	6	3	3	1	—	—	
Noncurrent	13	—	9	8	2	3	—	—	
Total Derivative Liabilities – Interest Rate Contracts	\$ 22	\$ —	\$ 15	\$ 11	\$ 5	\$ 4	\$ —	\$ —	
Total Derivative Liabilities	\$ 225	\$ 28	\$ 37	\$ 24	\$ 5	\$ 4	\$ —	\$ 153	

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Derivative Assets		December 31, 2017							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 34	\$ 2	\$ 2	\$ 1	\$ 1	\$ 1	\$ 27	\$ 2	
Noncurrent	1	—	1	1	—	—	—	—	
Total Derivative Assets – Commodity Contracts	\$ 35	\$ 2	\$ 3	\$ 2	\$ 1	\$ 1	\$ 27	\$ 2	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	15	—	—	—	—	—	—	—	
Total Derivative Assets – Interest Rate Contracts	\$ 16	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Total Derivative Assets	\$ 51	\$ 2	\$ 3	\$ 2	\$ 1	\$ 1	\$ 27	\$ 2	

Derivative Liabilities		December 31, 2017							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 36	\$ 6	\$ 18	\$ 8	\$ 10	\$ —	\$ —	\$ 11	
Noncurrent	146	4	10	4	—	—	—	131	
Total Derivative Liabilities – Commodity Contracts	\$ 182	\$ 10	\$ 28	\$ 12	\$ 10	\$ —	\$ —	\$ 142	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 29	\$ 25	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	6	—	—	—	—	—	—	—	
<i>Not Designated as Hedging Instruments</i>									
Current	1	—	1	—	—	1	—	—	
Noncurrent	12	—	7	6	2	4	—	—	
Total Derivative Liabilities – Interest Rate Contracts	\$ 48	\$ 25	\$ 8	\$ 6	\$ 2	\$ 5	\$ —	\$ —	
Total Derivative Liabilities	\$ 230	\$ 35	\$ 36	\$ 18	\$ 12	\$ 5	\$ —	\$ 142	

OFFSETTING ASSETS AND LIABILITIES

The following tables present the line items on the Condensed Consolidated Balance Sheets where derivatives are reported. Substantially all of Duke Energy's outstanding derivative contracts are subject to enforceable master netting arrangements. The gross amounts offset in the tables below show the effect of these netting arrangements on financial position, and include collateral posted to offset the net position. The amounts shown are calculated by counterparty. Accounts receivable or accounts payable may also be available to offset exposures in the event of bankruptcy. These amounts are not included in the tables below.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Derivative Assets		September 30, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Current									
Gross amounts recognized	\$ 53	\$ 7	\$ 3	\$ 2	\$ 1	\$ 8	\$ 29	\$ 4	
Gross amounts offset	(4)	(2)	(2)	(2)	—	—	—	—	
Net amounts presented in Current Assets: Other	\$ 49	\$ 5	\$ 1	\$ —	\$ 1	\$ 8	\$ 29	\$ 4	
Noncurrent									
Gross amounts recognized	\$ 24	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Gross amounts offset	(1)	—	—	—	—	—	—	—	
Net amounts presented in Other Noncurrent Assets: Other	\$ 23	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Derivative Liabilities		September 30, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Current									
Gross amounts recognized	\$ 35	\$ 14	\$ 11	\$ 8	\$ 3	\$ 1	\$ —	\$ 7	
Gross amounts offset	(4)	(2)	(2)	(2)	—	—	—	—	
Net amounts presented in Current Liabilities: Other	\$ 31	\$ 12	\$ 9	\$ 6	\$ 3	\$ 1	\$ —	\$ 7	
Noncurrent									
Gross amounts recognized	\$ 190	\$ 14	\$ 26	\$ 16	\$ 2	\$ 3	\$ —	\$ 146	
Gross amounts offset	(1)	—	(1)	(1)	—	—	—	—	
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 189	\$ 14	\$ 25	\$ 15	\$ 2	\$ 3	\$ —	\$ 146	
Derivative Assets		December 31, 2017							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Current									
Gross amounts recognized	\$ 35	\$ 2	\$ 2	\$ 1	\$ 1	\$ 1	\$ 27	\$ 2	
Gross amounts offset	—	—	—	—	—	—	—	—	
Net amounts presented in Current Assets: Other	\$ 35	\$ 2	\$ 2	\$ 1	\$ 1	\$ 1	\$ 27	\$ 2	
Noncurrent									
Gross amounts recognized	\$ 16	\$ —	\$ 1	\$ 1	\$ —	\$ —	\$ —	\$ —	
Gross amounts offset	—	—	—	—	—	—	—	—	
Net amounts presented in Other Noncurrent Assets: Other	\$ 16	\$ —	\$ 1	\$ 1	\$ —	\$ —	\$ —	\$ —	

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Derivative Liabilities (in millions)	December 31, 2017							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Current								
Gross amounts recognized	\$ 66	\$ 31	\$ 19	\$ 8	\$ 10	\$ 1	\$ —	\$ 11
Gross amounts offset	(3)	(2)	(2)	(2)	—	—	—	—
Net amounts presented in Current Liabilities: Other	\$ 63	\$ 29	\$ 17	\$ 6	\$ 10	\$ 1	\$ —	\$ 11
Noncurrent								
Gross amounts recognized	\$ 164	\$ 4	\$ 17	\$ 10	\$ 2	\$ 4	\$ —	\$ 131
Gross amounts offset	(1)	—	(1)	(1)	—	—	—	—
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 163	\$ 4	\$ 16	\$ 9	\$ 2	\$ 4	\$ —	\$ 131

OBJECTIVE CREDIT CONTINGENT FEATURES

Certain derivative contracts contain objective credit contingent features. These features include the requirement to post cash collateral or letters of credit if specific events occur, such as a credit rating downgrade below investment grade. The following tables show information with respect to derivative contracts that are in a net liability position and contain objective credit-risk-related payment provisions.

(in millions)	September 30, 2018				
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida
Aggregate fair value of derivatives in a net liability position	\$ 48	\$ 26	\$ 23	\$ 22	\$ —
Fair value of collateral already posted	—	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	48	26	23	22	—

(in millions)	December 31, 2017				
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida
Aggregate fair value of derivatives in a net liability position	\$ 59	\$ 35	\$ 25	\$ 15	\$ 10
Fair value of collateral already posted	—	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	59	35	25	15	10

The Duke Energy Registrants have elected to offset cash collateral and fair values of derivatives. For amounts to be netted, the derivative and cash collateral must be executed with the same counterparty under the same master netting arrangement.

10. INVESTMENTS IN DEBT AND EQUITY SECURITIES

Duke Energy's investments in debt and equity securities are primarily comprised of investments held in (i) the nuclear decommissioning trust funds (NDTF) at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, (ii) grantor trusts at Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana related to Other Post-Retirement Benefit Obligations (OPEB) plans and (iii) Bison. The Duke Energy Registrants classify investments in debt securities as available-for-sale (AFS) and investments in equity securities as fair value through net income (FV-NI).

For investments in debt securities classified as AFS, the unrealized gains and losses are included in other comprehensive income until realized, at which time, they are reported through net income. For investments in equity securities classified as FV-NI, both realized and unrealized gains and losses are reported through net income. Substantially all of Duke Energy's investments in debt and equity securities qualify for regulatory accounting, and accordingly, all associated realized and unrealized gains and losses on these investments are deferred as a regulatory asset or liability.

Duke Energy classifies the majority of investments in debt and equity securities as long term, unless otherwise noted.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)**Investment Trusts**

The investments within the NDTF investments and the Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana grantor trusts (Investment Trusts) are managed by independent investment managers with discretion to buy, sell and invest pursuant to the objectives set forth by the trust agreements. The Duke Energy Registrants have limited oversight of the day-to-day management of these investments. As a result, the ability to hold investments in unrealized loss positions is outside the control of the Duke Energy Registrants. Accordingly, all unrealized losses associated with debt securities within the Investment Trusts are considered OTTIs and are recognized immediately and deferred to regulatory accounts where appropriate.

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment is other-than-temporarily impaired. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value should be considered other-than-temporary. If an OTTI exists, the unrealized credit loss is included in earnings. There were no material credit losses as of September 30, 2018, and December 31, 2017.

Other Investments amounts are recorded in Other within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

DUKE ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 75	\$ —	\$ —	\$ 115
Equity securities	3,117	48	5,272	2,805	27	4,914
Corporate debt securities	5	10	595	17	2	570
Municipal bonds	—	7	346	4	3	344
U.S. government bonds	5	25	974	11	7	1,027
Other debt securities	—	3	141	—	1	118
Total NDTF Investments	\$ 3,127	\$ 93	\$ 7,403	\$ 2,837	\$ 40	\$ 7,088
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 21	\$ —	\$ —	\$ 15
Equity securities	51	—	115	59	—	123
Corporate debt securities	—	1	64	1	—	57
Municipal bonds	1	1	85	2	1	83
U.S. government bonds	—	1	59	—	—	41
Other debt securities	—	1	43	—	1	44
Total Other Investments	\$ 52	\$ 4	\$ 387	\$ 62	\$ 2	\$ 363
Total Investments	\$ 3,179	\$ 97	\$ 7,790	\$ 2,899	\$ 42	\$ 7,451

- (a) Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	September 30, 2018
Due in one year or less	\$ 100
Due after one through five years	492
Due after five through 10 years	561
Due after 10 years	1,154
Total	\$ 2,307

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2018, and from sales of AFS securities for the three and nine months ended September 30, 2017, were as follows.

(in millions)	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
FV-NI:		
Realized gains	\$ 19	\$ 85
Realized losses	16	60
AFS:		
Realized gains	4	14
Realized losses	7	32

(in millions)	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Realized gains	\$ 37	\$ 170
Realized losses	25	124

DUKE ENERGY CAROLINAS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 18	\$ —	\$ —	\$ 32
Equity securities	1,692	29	2,890	1,531	12	2,692
Corporate debt securities	2	7	372	9	2	359
Municipal bonds	—	2	80	—	1	60
U.S. government bonds	1	14	439	3	4	503
Other debt securities	—	3	137	—	1	112
Total NDTF Investments	\$ 1,695	\$ 55	\$ 3,936	\$ 1,543	\$ 20	\$ 3,758

- (a) Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	September 30, 2018
Due in one year or less	\$ 12
Due after one through five years	161
Due after five through 10 years	289
Due after 10 years	566
Total	\$ 1,028

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2018, and from sales of AFS securities for the three and nine months ended September 30, 2017, were as follows.

(in millions)	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
FV-NI:		
Realized gains	\$ 11	\$ 47
Realized losses	8	30
AFS:		
Realized gains	4	13
Realized losses	6	24

(in millions)	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Realized gains	\$ 20	\$ 110
Realized losses	13	76

PROGRESS ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 57	\$ —	\$ —	\$ 83
Equity securities	1,425	19	2,382	1,274	15	2,222
Corporate debt securities	3	3	223	8	—	211
Municipal bonds	—	5	266	4	2	284
U.S. government bonds	4	11	535	8	3	524
Other debt securities	—	—	4	—	—	6
Total NDTF Investments	\$ 1,432	\$ 38	\$ 3,467	\$ 1,294	\$ 20	\$ 3,330
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 18	\$ —	\$ —	\$ 12
Municipal bonds	1	—	48	2	—	47
Total Other Investments	\$ 1	\$ —	\$ 66	\$ 2	\$ —	\$ 59
Total Investments	\$ 1,433	\$ 38	\$ 3,533	\$ 1,296	\$ 20	\$ 3,389

- (a) Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	September 30, 2018
Due in one year or less	\$ 83
Due after one through five years	268
Due after five through 10 years	217
Due after 10 years	508
Total	\$ 1,076

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2018, and from sales of AFS securities for the three and nine months ended September 30, 2017, were as follows.

(in millions)	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
FV-NI:		
Realized gains	\$ 8	\$ 38
Realized losses	8	30
AFS:		
Realized gains	—	1
Realized losses	1	8

(in millions)	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Realized gains	\$ 16	\$ 58
Realized losses	12	47

DUKE ENERGY PROGRESS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 42	\$ —	\$ —	\$ 50
Equity securities	1,101	14	1,913	980	12	1,795
Corporate debt securities	2	2	162	6	—	149
Municipal bonds	—	5	265	4	2	283
U.S. government bonds	3	8	352	5	2	310
Other debt securities	—	—	2	—	—	4
Total NDTF Investments	\$ 1,106	\$ 29	\$ 2,736	\$ 995	\$ 16	\$ 2,591
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 8	\$ —	\$ —	\$ 1
Total Other Investments	\$ —	\$ —	\$ 8	\$ —	\$ —	\$ 1
Total Investments	\$ 1,106	\$ 29	\$ 2,744	\$ 995	\$ 16	\$ 2,592

- (a) Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	September 30, 2018
Due in one year or less	\$ 40
Due after one through five years	200
Due after five through 10 years	156
Due after 10 years	385
Total	\$ 781

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2018, and from sales of AFS securities for the three and nine months ended September 30, 2017, were as follows.

(in millions)	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
FV-NI:		
Realized gains	\$ 7	\$ 32
Realized losses	7	27
AFS:		
Realized gains	—	1
Realized losses	1	6

(in millions)	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Realized gains	\$ 14	\$ 49
Realized losses	11	41

DUKE ENERGY FLORIDA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 15	\$ —	\$ —	\$ 33
Equity securities	324	5	469	294	3	427
Corporate debt securities	1	1	61	2	—	62
Municipal bonds	—	—	1	—	—	1
U.S. government bonds	1	3	183	3	1	214
Other debt securities	—	—	2	—	—	2
Total NDTF Investments^(b)	\$ 326	\$ 9	\$ 731	\$ 299	\$ 4	\$ 739
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Municipal bonds	1	—	48	2	—	47
Total Other Investments	\$ 1	\$ —	\$ 48	\$ 2	\$ —	\$ 48
Total Investments	\$ 327	\$ 9	\$ 779	\$ 301	\$ 4	\$ 787

(a) Where regulatory accounting is applied, realized and unrealized gains and losses are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

(b) During the nine months ended September 30, 2018, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of the Crystal River Unit 3 nuclear plant.

The table below summarizes the maturity date for debt securities.

(in millions)	September 30, 2018
Due in one year or less	\$ 43
Due after one through five years	68
Due after five through 10 years	61
Due after 10 years	123
Total	\$ 295

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2018, and from sales of AFS securities for the three and nine months ended September 30, 2017, were as follows.

(in millions)	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
FV-NI:		
Realized gains	\$ 1	\$ 6
Realized losses	1	3
AFS:		
Realized gains	—	—
Realized losses	—	2

(in millions)	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Realized gains	\$ 2	\$ 9
Realized losses	1	6

DUKE ENERGY INDIANA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are measured at FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2018 ^(a)			December 31, 2017		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Investments						
Equity securities	\$ 40	\$ —	\$ 78	\$ 49	\$ —	\$ 97
Corporate debt securities	—	—	8	—	—	3
Municipal bonds	—	1	32	—	1	28
Total Investments	\$ 40	\$ 1	\$ 118	\$ 49	\$ 1	\$ 128

- (a) Realized and unrealized gains and losses where regulatory accounting is applied are deferred as regulatory assets or liabilities, and there is no impact to net income or other comprehensive income until the gain or loss is amortized or collected.

The table below summarizes the maturity date for debt securities.

(in millions)	September 30, 2018
Due in one year or less	\$ 2
Due after one through five years	20
Due after five through 10 years	5
Due after 10 years	13
Total	\$ 40

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2018, and from sales of AFS securities for the three and nine months ended September 30, 2017, were insignificant.

11. FAIR VALUE MEASUREMENTS

Fair value is the exchange price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The fair value definition focuses on an exit price versus the acquisition cost. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, corroborated by market data or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Fair value measurements are classified in three levels based on the fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date. An active market is one in which transactions for an asset or liability occur with sufficient frequency and volume to provide ongoing pricing information.

Level 2 – A fair value measurement utilizing inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly, for an asset or liability. Inputs include (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for identical or similar assets or liabilities in markets that are not active and (iii) inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities and credit spreads. A Level 2 measurement cannot have more than an insignificant portion of its valuation based on unobservable inputs. Instruments in this category include non-exchange-traded derivatives, such as over-the-counter forwards, swaps and options; certain marketable debt securities; and financial instruments traded in less-than-active markets.

Level 3 – Any fair value measurement that includes unobservable inputs for more than an insignificant portion of the valuation. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 measurements may include longer-term instruments that extend into periods in which observable inputs are not available.

Not Categorized – Certain investments are not categorized within the Fair Value hierarchy. These investments are measured at fair value using the net asset value (NAV) per share practical expedient. The NAV is derived based on the investment cost, less any impairment, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

Fair value accounting guidance permits entities to elect to measure certain financial instruments that are not required to be accounted for at fair value, such as equity method investments or the company's own debt, at fair value. The Duke Energy Registrants have not elected to record any of these items at fair value.

Transfers between levels represent assets or liabilities that were previously (i) categorized at a higher level for which the inputs to the estimate became less observable or (ii) classified at a lower level for which the inputs became more observable during the period. The Duke Energy Registrant's policy is to recognize transfers between levels of the fair value hierarchy at the end of the period. There were no transfers between levels during the three and nine months ended September 30, 2018, and 2017.

Valuation methods of the primary fair value measurements disclosed below are as follows.

Investments in equity securities

The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market as of the last business day of the quarter. Principal active markets for equity prices include published exchanges such as New York Stock Exchange and Nasdaq Stock Market. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market. There was no after-hours market activity that was required to be reflected in the reported fair value measurements.

Investments in debt securities

Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. If the market for a particular fixed-income security is relatively inactive or illiquid, the measurement is Level 3.

Commodity derivatives

Commodity derivatives with clearinghouses are classified as Level 1. Other commodity derivatives, including Piedmont's natural gas supply contracts, are primarily valued using internally developed discounted cash flow models that incorporate forward price, adjustments for liquidity (bid-ask spread) and credit or non-performance risk (after reflecting credit enhancements such as collateral), and are discounted to present value. Pricing inputs are derived from published exchange transaction prices and other observable data sources. In the absence of an active market, the last available price may be used. If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. In isolation, increases (decreases) in natural gas forward prices result in favorable (unfavorable) fair value adjustments for natural gas purchase contracts; and increases (decreases) in electricity forward prices result in unfavorable (favorable) fair value adjustments for electricity sales contracts. Duke Energy regularly evaluates and validates pricing inputs used to estimate the fair value of natural gas commodity contracts by a market participant price verification procedure. This procedure provides a comparison of internal forward commodity curves to market participant generated curves.

Interest rate derivatives

Most over-the-counter interest rate contract derivatives are valued using financial models that utilize observable inputs for similar instruments and are classified as Level 2. Inputs include forward interest rate curves, notional amounts, interest rates and credit quality of the counterparties.

Other fair value considerations

See Note 11 in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017, for a discussion of the valuation of goodwill and intangible assets.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

DUKE ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets. Derivative amounts in the tables below for all Duke Energy Registrants exclude cash collateral, which is disclosed in Note 9. See Note 10 for additional information related to investments by major security type for the Duke Energy Registrants.

September 30, 2018					
(in millions)	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	\$ 5,272	\$ 5,203	\$ —	\$ —	\$ 69
NDTF debt securities	2,131	510	1,621	—	—
Other equity securities	115	115	—	—	—
Other debt securities	272	78	194	—	—
Derivative assets	77	4	36	37	—
Total assets	7,867	5,910	1,851	37	69
Derivative liabilities	(225)	—	(72)	(153)	—
Net assets (liabilities)	\$ 7,642	\$ 5,910	\$ 1,779	\$ (116)	\$ 69

December 31, 2017					
(in millions)	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	\$ 4,914	\$ 4,840	\$ —	\$ —	\$ 74
NDTF debt securities	2,174	635	1,539	—	—
Other equity securities	123	123	—	—	—
Other debt securities	241	57	184	—	—
Derivative assets	51	3	20	28	—
Total assets	7,503	5,658	1,743	28	74
Derivative liabilities	(230)	(2)	(86)	(142)	—
Net assets (liabilities)	\$ 7,273	\$ 5,656	\$ 1,657	\$ (114)	\$ 74

The following tables provide reconciliations of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements. Amounts included in earnings for derivatives are primarily included in Cost of natural gas on the Duke Energy Registrants' Condensed Consolidated Statements of Operations and Comprehensive Income. Amounts included in changes of net assets on the Duke Energy Registrants' Condensed Consolidated Balance Sheets are included in regulatory assets or liabilities. All derivative assets and liabilities are presented on a net basis.

(in millions)	Three Months Ended September 30, 2018			Three Months Ended September 30, 2017		
	Investments	Derivatives (net)	Total	Investments	Derivatives (net)	Total
Balance at beginning of period	\$ —	\$ (97)	\$ (97)	\$ —	\$ (91)	\$ (91)
Purchases, sales, issuances and settlements:						
Settlements	—	(14)	(14)	—	(12)	(12)
Total (losses) gains included on the Condensed Consolidated Balance Sheet	—	(5)	(5)	—	10	10
Balance at end of period	\$ —	\$ (116)	\$ (116)	\$ —	\$ (93)	\$ (93)

(in millions)	Nine Months Ended September 30, 2018			Nine Months Ended September 30, 2017		
	Investments	Derivatives (net)	Total	Investments	Derivatives (net)	Total
Balance at beginning of period	\$ —	\$ (114)	\$ (114)	\$ 5	\$ (166)	\$ (161)
Total pretax realized or unrealized gains included in comprehensive income	—	—	—	1	—	1
Purchases, sales, issuances and settlements:						
Purchases	—	56	56	—	55	55
Sales	—	—	—	(6)	—	(6)
Settlements	—	(43)	(43)	—	(30)	(30)
Total (losses) gains included on the Condensed Consolidated Balance Sheet	—	(15)	(15)	—	48	48
Balance at end of period	\$ —	\$ (116)	\$ (116)	\$ —	\$ (93)	\$ (93)

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)**DUKE ENERGY CAROLINAS**

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2018			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF equity securities	\$ 2,890	\$ 2,821	\$ —	\$ 69
NDTF debt securities	1,046	122	924	—
Derivative assets	7	—	7	—
Total assets	3,943	2,943	931	69
Derivative liabilities	(28)	—	(28)	—
Net assets	\$ 3,915	\$ 2,943	\$ 903	\$ 69

(in millions)	December 31, 2017			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF equity securities	\$ 2,692	\$ 2,618	\$ —	\$ 74
NDTF debt securities	1,066	204	862	—
Derivative assets	2	—	2	—
Total assets	3,760	2,822	864	74
Derivative liabilities	(35)	(1)	(34)	—
Net assets	\$ 3,725	\$ 2,821	\$ 830	\$ 74

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Investments			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Balance at beginning of period	\$ —	\$ —	\$ —	\$ 3
Total pretax realized or unrealized gains included in comprehensive income	—	—	—	1
Purchases, sales, issuances and settlements:				
Sales	—	—	—	(4)
Balance at end of period	\$ —	\$ —	\$ —	\$ —

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

PROGRESS ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2018			December 31, 2017		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 2,382	\$ 2,382	\$ —	\$ 2,222	\$ 2,222	\$ —
NDTF debt securities	1,085	388	697	1,108	431	677
Other debt securities	66	18	48	59	12	47
Derivative assets	3	—	3	3	1	2
Total assets	3,536	2,788	748	3,392	2,666	726
Derivative liabilities	(37)	—	(37)	(36)	(1)	(35)
Net assets	\$ 3,499	\$ 2,788	\$ 711	\$ 3,356	\$ 2,665	\$ 691

DUKE ENERGY PROGRESS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2018			December 31, 2017		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 1,913	\$ 1,913	\$ —	\$ 1,795	\$ 1,795	\$ —
NDTF debt securities	823	254	569	796	243	553
Other debt securities	8	8	—	1	1	—
Derivative assets	2	—	2	2	1	1
Total assets	2,746	2,175	571	2,594	2,040	554
Derivative liabilities	(24)	—	(24)	(18)	(1)	(17)
Net assets	\$ 2,722	\$ 2,175	\$ 547	\$ 2,576	\$ 2,039	\$ 537

DUKE ENERGY FLORIDA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2018			December 31, 2017		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 469	\$ 469	\$ —	\$ 427	\$ 427	\$ —
NDTF debt securities	262	134	128	312	188	124
Other debt securities	48	—	48	48	1	47
Derivative assets	1	—	1	1	—	1
Total assets	780	603	177	788	616	172
Derivative liabilities	(5)	—	(5)	(12)	—	(12)
Net assets	\$ 775	\$ 603	\$ 172	\$ 776	\$ 616	\$ 160

DUKE ENERGY OHIO

The following table provides recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2018			December 31, 2017		
	Total Fair Value	Level 2	Level 3	Total Fair Value	Level 2	Level 3
Derivative assets	\$ 8	\$ —	\$ 8	\$ 1	\$ —	\$ 1
Derivative liabilities	(4)	(4)	—	(5)	(5)	—
Net assets (liabilities)	\$ 4	\$ (4)	\$ 8	\$ (4)	\$ (5)	\$ 1

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Balance at beginning of period	\$ 9	\$ 3	\$ 1	\$ 5
Purchases, sales, issuances and settlements:				
Purchases	—	—	7	3
Settlements	(1)	(1)	(2)	(3)
Total gains (losses) included on the Condensed Consolidated Balance Sheet	—	—	2	(3)
Balance at end of period	\$ 8	\$ 2	\$ 8	\$ 2

DUKE ENERGY INDIANA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2018				December 31, 2017			
	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	\$ 78	\$ 78	\$ —	\$ —	\$ 97	\$ 97	\$ —	\$ —
Other debt securities	40	—	40	—	31	—	31	—
Derivative assets	29	—	—	29	27	—	—	27
Total assets	\$ 147	\$ 78	\$ 40	\$ 29	\$ 155	\$ 97	\$ 31	\$ 27

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Balance at beginning of period	\$ 44	\$ 51	\$ 27	\$ 16
Purchases, sales, issuances and settlements:				
Purchases	—	—	49	52
Settlements	(13)	(11)	(41)	(27)
Total losses included on the Condensed Consolidated Balance Sheet	(2)	(12)	(6)	(13)
Balance at end of period	\$ 29	\$ 28	\$ 29	\$ 28

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Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

PIEDMONT

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2018		
	Total Fair Value	Level 1	Level 3
Derivative assets	\$ 4	\$ 4	\$ —
Derivative liabilities	(153)	—	(153)
Net (liabilities) assets	\$ (149)	\$ 4	\$ (153)

(in millions)	December 31, 2017		
	Total Fair Value	Level 1	Level 3
Other debt securities	\$ 1	\$ 1	\$ —
Derivative assets	2	2	—
Total assets	3	3	—
Derivative liabilities	(142)	—	(142)
Net (liabilities) assets	\$ (139)	\$ 3	\$ (142)

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Balance at beginning of period	\$ (150)	\$ (145)	\$ (142)	\$ (187)
Total (losses) gains and settlements	(3)	22	(11)	64
Balance at end of period	\$ (153)	\$ (123)	\$ (153)	\$ (123)

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

QUANTITATIVE INFORMATION ABOUT UNOBSERVABLE INPUTS

The following tables include quantitative information about the Duke Energy Registrants' derivatives classified as Level 3.

September 30, 2018				
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range
Duke Energy Ohio				
Financial Transmission Rights (FTRs)	\$ 8	RTO auction pricing	FTR price – per megawatt-hour (MWh)	\$ 1.03 - \$ 4.10
Duke Energy Indiana				
FTRs	29	RTO auction pricing	FTR price – per MWh	(2.32) - 8.11
Piedmont				
Natural gas contracts	(153)	Discounted cash flow	Forward natural gas curves – price per million British thermal unit (MMBtu)	1.74 - 3.41
Duke Energy				
Total Level 3 derivatives	\$ (116)			

December 31, 2017				
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range
Duke Energy Ohio				
FTRs	\$ 1	RTO auction pricing	FTR price – per MWh	\$ 0.07 - \$ 1.41
Duke Energy Indiana				
FTRs	27	RTO auction pricing	FTR price – per MWh	(0.77) - 7.44
Piedmont				
Natural gas contracts	(142)	Discounted cash flow	Forward natural gas curves – price per MMBtu	2.10 - 2.88
Duke Energy				
Total Level 3 derivatives	\$ (114)			

OTHER FAIR VALUE DISCLOSURES

The fair value and book value of long-term debt, including current maturities, is summarized in the following table. Estimates determined are not necessarily indicative of amounts that could have been settled in current markets. Fair value of long-term debt uses Level 2 measurements.

(in millions)	September 30, 2018		December 31, 2017	
	Book Value	Fair Value	Book Value	Fair Value
Duke Energy ^(a)	\$ 53,962	\$ 53,949	\$ 52,279	\$ 55,331
Duke Energy Carolinas	10,395	10,887	10,103	11,372
Progress Energy	18,912	19,825	17,837	20,000
Duke Energy Progress	8,154	8,231	7,357	7,992
Duke Energy Florida	7,371	7,749	7,095	7,953
Duke Energy Ohio	2,066	2,136	2,067	2,249
Duke Energy Indiana	3,783	4,178	3,783	4,464
Piedmont	2,138	2,175	2,037	2,209

- (a) Book value of long-term debt includes \$1.6 billion as of September 30, 2018, and \$1.7 billion as of December 31, 2017, of unamortized debt discount and premium, net in purchase accounting adjustments related to the mergers with Progress Energy and Piedmont that are excluded from fair value of long-term debt.

At both September 30, 2018, and December 31, 2017, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper, and nonrecourse notes payable of VIEs are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)**12. VARIABLE INTEREST ENTITIES**

A VIE is an entity that is evaluated for consolidation using more than a simple analysis of voting control. The analysis to determine whether an entity is a VIE considers contracts with an entity, credit support for an entity, the adequacy of the equity investment of an entity and the relationship of voting power to the amount of equity invested in an entity. This analysis is performed either upon the creation of a legal entity or upon the occurrence of an event requiring re-evaluation, such as a significant change in an entity's assets or activities. A qualitative analysis of control determines the party that consolidates a VIE. This assessment is based on (i) what party has the power to direct the activities of the VIE that most significantly impact its economic performance and (ii) what party has rights to receive benefits or is obligated to absorb losses that could potentially be significant to the VIE. The analysis of the party that consolidates a VIE is a continual reassessment.

CONSOLIDATED VIEs

The obligations of the consolidated VIEs discussed in the following paragraphs are nonrecourse to the Duke Energy registrants. The registrants have no requirement to provide liquidity to, purchase assets of or guarantee performance of these VIEs unless noted in the following paragraphs.

No financial support was provided to any of the consolidated VIEs during the nine months ended September 30, 2018, and the year ended December 31, 2017, or is expected to be provided in the future, that was not previously contractually required.

Receivables Financing – DERF / DEPR / DEFR

Duke Energy Receivables Finance Company, LLC (DERF), Duke Energy Progress Receivables, LLC (DEPR) and Duke Energy Florida Receivables, LLC (DEFR) are bankruptcy remote, special purpose subsidiaries of Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, respectively. DERF, DEPR and DEFR are wholly owned limited liability companies with separate legal existence from their parent companies, and their assets are not generally available to creditors of their parent companies. On a revolving basis, DERF, DEPR and DEFR buy certain accounts receivable arising from the sale of electricity and related services from their parent companies.

DERF, DEPR and DEFR borrow amounts under credit facilities to buy these receivables. Borrowing availability from the credit facilities is limited to the amount of qualified receivables purchased. The sole source of funds to satisfy the related debt obligations is cash collections from the receivables. Amounts borrowed under the credit facilities are reflected on the Condensed Consolidated Balance Sheets as Long-Term Debt.

The most significant activity that impacts the economic performance of DERF, DEPR and DEFR are the decisions made to manage delinquent receivables. Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida consolidate DERF, DEPR and DEFR, respectively, as they make those decisions.

Receivables Financing – CRC

CRC is a bankruptcy remote, special purpose entity indirectly owned by Duke Energy. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Ohio and Duke Energy Indiana. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Ohio and Duke Energy Indiana. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables. Amounts borrowed under the credit facility are reflected on Duke Energy's Condensed Consolidated Balance Sheets as Long-Term Debt.

The proceeds Duke Energy Ohio and Duke Energy Indiana receive from the sale of receivables to CRC are typically 75 percent cash and 25 percent in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Depending on collection experience, additional equity infusions to CRC may be required by Duke Energy to maintain a minimum equity balance of \$3 million.

CRC is considered a VIE because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact the economic performance of the entity are not performed by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy consolidates CRC as it makes these decisions. Neither Duke Energy Ohio nor Duke Energy Indiana consolidate CRC.

Receivables Financing – Credit Facilities

The following table summarizes the amounts and expiration dates of the credit facilities and associated restricted receivables described above.

(in millions)	CRC	Duke Energy			
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	
		DERF	DEPR	DEFR	
Expiration date	December 2020	December 2020	February 2021	April 2021	
Credit facility amount	\$ 325	\$ 450	\$ 300	\$ 225	
Amounts borrowed at September 30, 2018	325	450	300	225	
Amounts borrowed at December 31, 2017	325	450	300	225	
Restricted Receivables at September 30, 2018	504	795	635	456	
Restricted Receivables at December 31, 2017	545	640	459	317	

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)**Nuclear Asset-Recovery Bonds – DEFPF**

Duke Energy Florida Project Finance, LLC (DEFPF) is a bankruptcy remote, wholly owned special purpose subsidiary of Duke Energy Florida. DEFPF was formed in 2016 for the sole purpose of issuing nuclear asset-recovery bonds to finance Duke Energy Florida's unrecovered regulatory asset related to Crystal River Unit 3.

In June 2016, DEFPF issued senior secured bonds and used the proceeds to acquire nuclear asset-recovery property from Duke Energy Florida. The nuclear asset-recovery property acquired includes the right to impose, bill, collect and adjust a non-bypassable nuclear asset-recovery charge from all Duke Energy Florida retail customers until the bonds are paid in full and all financing costs have been recovered. The nuclear asset-recovery bonds are secured by the nuclear asset-recovery property, and cash collections from the nuclear asset-recovery charges are the sole source of funds to satisfy the debt obligation. The bondholders have no recourse to Duke Energy Florida.

DEFPF is considered a VIE primarily because the equity capitalization is insufficient to support its operations. Duke Energy Florida has the power to direct the significant activities of the VIE as described above, and therefore Duke Energy Florida is considered the primary beneficiary and consolidates DEFPF.

The following table summarizes the impact of DEFPF on Duke Energy Florida's Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2018	December 31, 2017
Receivables of VIEs	\$ 7	\$ 4
Regulatory Assets: Current	52	51
Current Assets: Other	14	40
Other Noncurrent Assets: Regulatory assets	1,055	1,091
Current Liabilities: Other	3	10
Current maturities of long-term debt	53	53
Long-Term Debt	1,111	1,164

Commercial Renewables

Certain of Duke Energy's renewable energy facilities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Assets are restricted and cannot be pledged as collateral or sold to third parties without prior approval of debt holders. The activities that most significantly impact the economic performance of these renewable energy facilities were decisions associated with siting, negotiating PPAs, engineering, procurement and construction and decisions associated with ongoing operations and maintenance-related activities. Duke Energy consolidates the entities as it is responsible for all of these decisions.

The table below presents material balances reported on Duke Energy's Condensed Consolidated Balance Sheets related to renewables VIEs.

(in millions)	September 30, 2018	December 31, 2017
Current Assets: Other	\$ 203	\$ 174
Property, plant and equipment, cost	4,025	3,923
Accumulated depreciation and amortization	(695)	(591)
Other Noncurrent Assets: Other	268	50
Current maturities of long-term debt	175	170
Long-Term Debt	1,604	1,700
Other Noncurrent Liabilities: Deferred income taxes	—	(148)
Other Noncurrent Liabilities: Other	225	241

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

NON-CONSOLIDATED VIEs

The following tables summarize the impact of non-consolidated VIEs on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2018					
	Duke Energy				Duke Energy	Duke Energy
	Pipeline Investments ^(a)	Commercial Renewables	Other VIEs	Total	Ohio	Indiana
Receivables from affiliated companies	\$ —	\$ —	\$ —	\$ —	\$ 56	\$ 94
Investments in equity method unconsolidated affiliates	729	190	47	966	—	—
Total assets	\$ 729	\$ 190	\$ 47	\$ 966	\$ 56	\$ 94
Other current liabilities	—	—	3	3	—	—
Deferred income taxes	14	—	—	14	—	—
Other noncurrent liabilities	—	—	11	11	—	—
Total liabilities	\$ 14	\$ —	\$ 14	\$ 28	\$ —	\$ —
Net assets	\$ 715	\$ 190	\$ 33	\$ 938	\$ 56	\$ 94

(a) See Pipeline Investments table below for further details regarding Investments in equity method unconsolidated affiliates.

(in millions)	December 31, 2017					
	Duke Energy				Duke Energy	Duke Energy
	Pipeline Investments	Commercial Renewables	Other VIEs	Total	Ohio	Indiana
Receivables from affiliated companies	\$ —	\$ —	\$ —	\$ —	\$ 87	\$ 106
Investments in equity method unconsolidated affiliates	697	180	42	919	—	—
Other noncurrent assets	17	—	—	17	—	—
Total assets	\$ 714	\$ 180	\$ 42	\$ 936	\$ 87	\$ 106
Taxes accrued	(29)	—	—	(29)	—	—
Other current liabilities	—	—	4	4	—	—
Deferred income taxes	42	—	—	42	—	—
Other noncurrent liabilities	—	—	12	12	—	—
Total liabilities	\$ 13	\$ —	\$ 16	\$ 29	\$ —	\$ —
Net assets	\$ 701	\$ 180	\$ 26	\$ 907	\$ 87	\$ 106

The Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above except for the power purchase agreement with OVEC, which is discussed below, and various guarantees, some of which are reflected in the table above as Other noncurrent liabilities. For more information on various guarantees, refer to Note 4.

Pipeline Investments

Duke Energy has investments in various joint ventures with pipeline projects currently under construction. These entities are considered VIEs due to having insufficient equity to finance their own activities without subordinated financial support. Duke Energy does not have the power to direct the activities that most significantly impact the economic performance, the obligation to absorb losses or the right to receive benefits of these VIEs and therefore does not consolidate these entities.

The table below presents Duke Energy's ownership interest and investment balances in these joint ventures.

Entity Name	Ownership Interest	VIE Investment Amount (in millions)	
		September 30, 2018	December 31, 2017
ACP	47%	\$ 704	\$ 397
Sabal Trail ^(a)	7.5%	—	219
Constitution ^(b)	24%	25	81
Total		\$ 729	\$ 697

(a) At December 31, 2017, Sabal Trail was considered a VIE due to having insufficient equity to finance their own activities without subordinated financial support. However, Sabal Trail is now a fully operational, well capitalized entity. As a result, Sabal Trail has sufficient equity to finance its own activities, and therefore, is no longer considered a VIE. Duke Energy's investment in Sabal Trail was \$112 million at September 30, 2018.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

- (b) During the nine months ended September 30, 2018, Duke Energy recorded an OTTI of \$55 million related to Constitution within Equity in earnings of unconsolidated affiliates on Duke Energy's Condensed Consolidated Statements of Income. See Note 3 for additional information.

In 2017, ACP executed a \$3.4 billion revolving credit facility with a stated maturity date of October 2021. Duke Energy entered into a guarantee agreement to support its share of the ACP revolving credit facility. Duke Energy's maximum exposure to loss under the terms of the guarantee is \$486 million, which represents 47 percent of the outstanding borrowings under the credit facility as of September 30, 2018.

Commercial Renewables

Duke Energy has investments in various renewable energy project entities. Some of these entities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Duke Energy does not consolidate these VIEs because power to direct and control key activities is shared jointly by Duke Energy and other owners.

Other VIEs

Duke Energy holds a 50 percent equity interest in Pioneer Transmission, LLC (Pioneer). Pioneer is considered a VIE due to having insufficient equity to finance its own activities without subordinated financial support. The activities that most significantly impact Pioneer's economic performance are decisions related to the development of new transmission facilities. The power to direct these activities is jointly and equally shared by Duke Energy and the other joint venture partner, American Electric Power; therefore, Duke Energy does not consolidate Pioneer.

OVEC

Duke Energy Ohio's 9 percent ownership interest in OVEC is considered a non-consolidated VIE due to OVEC having insufficient equity to finance its activities without subordinated financial support. As a counterparty to an inter-company power agreement (ICPA), Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in OVEC's cost of business. On March 31, 2018, FirstEnergy Solutions (FES), a subsidiary of FirstEnergy and an ICPA counterparty with a power participation ratio of 4.85 percent, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. Duke Energy Ohio cannot predict the impact of the bankruptcy filing on its OVEC interests. In addition, certain proposed environmental rulemaking could result in future increased OVEC cost allocations.

CRC

See discussion under Consolidated VIEs for additional information related to CRC.

Amounts included in Receivables from affiliated companies in the above table for Duke Energy Ohio and Duke Energy Indiana reflect their retained interest in receivables sold to CRC. These subordinated notes held by Duke Energy Ohio and Duke Energy Indiana are stated at fair value. Carrying values of retained interests are determined by allocating carrying value of the receivables between assets sold and interests retained based on relative fair value. The allocated bases of the subordinated notes are not materially different than their face value because (i) the receivables generally turn over in less than two months, (ii) credit losses are reasonably predictable due to the broad customer base and lack of significant concentration and (iii) the equity in CRC is subordinate to all retained interests and thus would absorb losses first. The hypothetical effect on fair value of the retained interests assuming both a 10 percent and a 20 percent unfavorable variation in credit losses or discount rates is not material due to the short turnover of receivables and historically low credit loss history. Interest accrues to Duke Energy Ohio and Duke Energy Indiana on the retained interests using the acceptable yield method. This method generally approximates the stated rate on the notes since the allocated basis and the face value are nearly equivalent. An impairment charge is recorded against the carrying value of both retained interests and purchased beneficial interest whenever it is determined that an OTTI has occurred.

Key assumptions used in estimating fair value are detailed in the following table.

	Duke Energy Ohio		Duke Energy Indiana	
	2018	2017	2018	2017
Anticipated credit loss ratio	0.5%	0.5%	0.3%	0.3%
Discount rate	2.9%	2.1%	2.9%	2.1%
Receivable turnover rate	13.6%	13.5%	10.9%	10.7%

The following table shows the gross and net receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Receivables sold	\$ 218	\$ 273	\$ 326	\$ 312
Less: Retained interests	56	87	94	106
Net receivables sold	\$ 162	\$ 186	\$ 232	\$ 206

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

The following table shows sales and cash flows related to receivables sold.

(in millions)	Duke Energy Ohio				Duke Energy Indiana			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	September 30,		September 30,		September 30,		September 30,	
	2018	2017	2018	2017	2018	2017	2018	2017
Sales								
Receivables sold	\$ 450	\$ 438	\$ 1,478	\$ 1,392	\$ 754	\$ 720	\$ 2,140	\$ 2,047
Loss recognized on sale	4	2	10	7	5	3	12	9
Cash flows								
Cash proceeds from receivables sold	\$ 449	\$ 434	\$ 1,499	\$ 1,421	\$ 743	\$ 713	\$ 2,140	\$ 2,064
Collection fees received	—	1	1	1	—	—	1	1
Return received on retained interests	2	—	5	2	3	2	7	5

Cash flows from sales of receivables are reflected within Operating Activities on Duke Energy Ohio's and Duke Energy Indiana's Condensed Consolidated Statements of Cash Flows.

Collection fees received in connection with servicing transferred accounts receivable are included in Operation, maintenance and other on Duke Energy Ohio's and Duke Energy Indiana's Condensed Consolidated Statements of Operations and Comprehensive Income. The loss recognized on sales of receivables is calculated monthly by multiplying receivables sold during the month by the required discount. The required discount is derived monthly utilizing a three-year weighted average formula that considers charge-off history, late charge history and turnover history on the sold receivables, as well as a component for the time value of money. The discount rate, or component for the time value of money, is the prior month-end LIBOR plus a fixed rate of 1.00 percent.

13. REVENUE

As described in Note 1, Duke Energy adopted Revenue from Contracts with Customers effective January 1, 2018, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. No cumulative effect adjustment was recorded as the vast majority of Duke Energy's revenues are at-will and without a defined contractual term. Additionally, comparative disclosures for 2018 operating results with the previous revenue recognition rules are not applicable as Duke Energy's revenue recognition has not materially changed as a result of the new standard.

Duke Energy recognizes revenue consistent with amounts billed under tariff offerings or at contractually agreed upon rates based on actual physical delivery of electric or natural gas service, including estimated volumes delivered when billings have not yet occurred. As such, the majority of Duke Energy's revenues have fixed pricing based on the contractual terms of the published tariffs, with variability in expected cash flows attributable to the customer's volumetric demand and ultimate quantities of energy or natural gas supplied and used during the billing period. The stand-alone selling price of related sales are designed to support recovery of prudently incurred costs and an appropriate return on invested assets and are primarily governed by published tariff rates or contractual agreements approved by relevant regulatory bodies. As described in Note 1, certain excise taxes and franchise fees levied by state or local governments are required to be paid even if not collected from the customer. These taxes are recognized on a gross basis as part of revenues. Duke Energy elects to account for all other taxes net of revenues.

Performance obligations are satisfied over time as energy or natural gas is delivered and consumed with billings generally occurring monthly and related payments due within 30 days, depending on regulatory requirements. In no event does the timing between payment and delivery of the goods and services exceed one year. Using this output method for revenue recognition provides a faithful depiction of the transfer of electric and natural gas service as customers obtain control of the commodity and benefit from its use at delivery. Additionally, Duke Energy has an enforceable right to consideration for energy or natural gas delivered at any discrete point in time, and will recognize revenue at an amount that reflects the consideration to which Duke Energy is entitled for the energy or natural gas delivered.

As described above, the majority of Duke Energy's tariff revenues are at-will and, as such, related contracts with customers have an expected duration of one year or less and will not have future performance obligations for disclosure. Additionally, other long-term revenue streams, including wholesale contracts, generally provide services that are part of a single performance obligation, the delivery of electricity or natural gas. As such, other than material fixed consideration under long-term contracts, related disclosures for future performance obligations are also not applicable.

Duke Energy earns substantially all of its revenues through its reportable segments, Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Electric Utilities and Infrastructure

Electric Utilities and Infrastructure earns the majority of its revenues through retail and wholesale electric service through the generation, transmission, distribution and sale of electricity. Duke Energy generally provides retail and wholesale electric service customers with their full electric load requirements or with supplemental load requirements when the customer has other sources of electricity.

Retail electric service is generally marketed throughout Duke Energy's electric service territory through standard service offers. The standard service offers are through tariffs determined by regulators in Duke Energy's regulated service territory. Each tariff, which is assigned to customers based on customer class, has multiple components such as an energy charge, a demand charge, a basic facilities charge and applicable riders. Duke Energy considers each of these components to be aggregated into a single performance obligation for providing electric service, or in the case of distribution only customers in Duke Energy Ohio, for delivering electricity. Electricity is considered a single performance obligation satisfied over time consistent with the series guidance and is provided and consumed over the billing period (generally one month). Retail electric service is typically provided to at-will customers that can cancel service at any time, without a substantive penalty. Additionally, Duke Energy adheres to applicable regulatory requirements in each jurisdiction to ensure the collectability of amounts billed and appropriate mitigating procedures are followed when necessary. As such, revenue from contracts with customers for such contracts is equivalent to the electricity supplied and billed in that period (including unbilled estimates).

Wholesale electric service is generally provided under long-term contracts using cost-based pricing. FERC regulates costs that may be recovered from customers and the amount of return companies are permitted to earn. Wholesale contracts include both energy and demand charges. For full requirements contracts, Duke Energy considers both charges as a single performance obligation for providing integrated electric service. For contracts where energy and demand charges are considered separate performance obligations, energy and demand are each a distinct performance obligation under the series guidance and are satisfied as energy is delivered and stand-ready service is provided on a monthly basis. This service represents consumption over the billing period and revenue is recognized consistent with billings and unbilled estimates, which generally occur monthly. Contractual amounts owed are typically trued up annually based upon incurred costs in accordance with FERC published filings and the specific customer's actual peak demand. Estimates of variable consideration related to potential additional billings or refunds owed are updated quarterly.

The majority of wholesale revenues are full requirements contracts where the customers purchase the substantial majority of their energy needs and do not have a fixed quantity of contractually required energy or capacity. As such, related forecasted revenues are considered optional purchases. Supplemental requirements contracts that include contracted blocks of energy and capacity at contractually fixed prices have the following estimated remaining performance obligations:

(in millions)	Remaining Performance Obligations						
	2018	2019	2020	2021	2022	Thereafter	Total
Progress Energy	\$ 24	\$ 112	\$ 121	\$ 80	\$ 82	\$ 81	500
Duke Energy Progress	2	9	9	9	9	18	56
Duke Energy Florida	22	103	112	71	73	63	444
Duke Energy Indiana	2	9	10	5	—	—	26

Revenues for block sales are recognized monthly as energy is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates.

Gas Utilities and Infrastructure

Gas Utilities and Infrastructure earns its revenue through retail and wholesale natural gas service through the transportation, distribution and sale of natural gas. Duke Energy generally provides retail and wholesale natural gas service customers with all natural gas load requirements. Additionally, while natural gas can be stored, substantially all natural gas provided by Duke Energy is consumed by customers simultaneously with receipt of delivery.

Retail natural gas service is marketed throughout Duke Energy's natural gas service territory using published tariff rates. The tariff rates are established by regulators in Duke Energy's service territories. Each tariff, which is assigned to customers based on customer class, have multiple components, such as a commodity charge, demand charge, customer or monthly charge and transportation costs. Duke Energy considers each of these components to be aggregated into a single performance obligation for providing natural gas service. For contracts where Duke Energy provides all of the customer's natural gas needs, the delivery of natural gas is considered a single performance obligation satisfied over time, and revenue is recognized monthly based on billings and unbilled estimates as service is provided and the commodity is consumed over the billing period. Additionally, natural gas service is typically at-will and customers can cancel service at any time, without a substantive penalty. Duke Energy also adheres to applicable regulatory requirements to ensure the collectability of amounts billed and receivable and appropriate mitigating procedures are followed when necessary.

Certain long-term individually negotiated contracts exist to provide natural gas service. These contracts are regulated and approved by state commissions. The negotiated contracts have multiple components, including a natural gas and a demand charge, similar to retail natural gas contracts. Duke Energy considers each of these components to be a single performance obligation for providing natural gas service. This service represents consumption over the billing period, generally one month.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Fixed capacity payments under long-term contracts for the Gas segment include minimum margin contracts and supply arrangements with municipalities and power generation facilities. Revenues for related sales are recognized monthly as natural gas is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates. Estimated remaining performance obligations are as follows:

(in millions)	Remaining Performance Obligations						Total
	2018	2019	2020	2021	2022	Thereafter	
Piedmont	\$ 18	\$ 71	\$ 70	\$ 65	\$ 64	\$ 462	\$ 750

Commercial Renewables

Commercial Renewables earns the majority of its revenues through long-term PPAs and generally sells all of its wind and solar facility output, electricity and Renewable Energy Credits (RECs) to customers. The majority of these PPAs have historically been accounted for as leases. For PPAs that are not accounted for as leases, the delivery of electricity and the delivery of RECs are considered separate performance obligations.

The delivery of electricity is a performance obligation satisfied over time and represents generation and consumption of the electricity over the billing period, generally one month. The delivery of RECs is a performance obligation satisfied at a point in time and represents delivery of each REC generated by the wind or solar facility. The majority of self-generated RECs are bundled with energy in Duke Energy's contracts and, as such, related revenues are recognized as energy is generated and delivered as that pattern is consistent with Duke Energy's performance. Commercial Renewables recognizes revenue based on the energy generated and billed for the period, generally one month, at contractual rates (including unbilled estimates) according to the invoice practical expedient. Amounts are typically due within 30 days of invoice.

Other

The remainder of Duke Energy's operations is presented as Other, which does not include material revenues from contracts with customers.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Disaggregated Revenues

For the Electric and Gas segments, revenue by customer class is most meaningful to Duke Energy as each respective customer class collectively represents unique customer expectations of service, generally has different energy and demand requirements, and operates under tailored, regulatory approved pricing structures. Additionally, each customer class is impacted differently by weather and a variety of economic factors including the level of population growth, economic investment, employment levels, and regulatory activities in each of Duke Energy's jurisdictions. As such, analyzing revenues disaggregated by customer class allows Duke Energy to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. For the Commercial Renewables segment, the majority of revenues from contracts with customers are from selling all of the unit-contingent output at contractually defined pricing under long-term PPAs with consistent expectations regarding the timing and certainty of cash flows. Disaggregated revenues are presented as follows:

(in millions) By market or type of customer	Three Months Ended September 30, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
<i>Electric Utilities and Infrastructure</i>								
Residential	\$ 2,729	\$ 823	\$ 1,425	\$ 572	\$ 853	\$ 203	\$ 279	\$ —
General	1,763	635	800	373	427	112	218	—
Industrial	835	352	246	177	69	33	202	—
Wholesale	589	132	372	335	37	3	81	—
Other revenues	225	109	134	90	44	20	29	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 6,141	\$ 2,051	\$ 2,977	\$ 1,547	\$ 1,430	\$ 371	\$ 809	\$ —
<i>Gas Utilities and Infrastructure</i>								
Residential	\$ 116	\$ —	\$ —	\$ —	\$ —	\$ 59	\$ —	\$ 57
Commercial	66	—	—	—	—	20	—	46
Industrial	28	—	—	—	—	3	—	24
Power Generation	—	—	—	—	—	—	—	13
Other revenues	23	—	—	—	—	1	—	22
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 233	\$ —	\$ —	\$ —	\$ —	\$ 83	\$ —	\$ 162
<i>Commercial Renewables</i>								
Revenue from contracts with customers	\$ 61	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>								
Revenue from contracts with customers	\$ 16	\$ —	\$ —	\$ —	\$ —	\$ 12	\$ —	\$ —
Total revenue from contracts with customers	\$ 6,451	\$ 2,051	\$ 2,977	\$ 1,547	\$ 1,430	\$ 466	\$ 809	\$ 162
Other revenue sources ^(a)	\$ 177	\$ 39	\$ 68	\$ 35	\$ 32	\$ 3	\$ 10	\$ 10
Total revenues	\$ 6,628	\$ 2,090	\$ 3,045	\$ 1,582	\$ 1,462	\$ 469	\$ 819	\$ 172

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Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

(in millions)	Nine Months Ended September 30, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
By market or type of customer	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
Residential	\$ 7,264	\$ 2,263	\$ 3,636	\$ 1,540	\$ 2,096	\$ 564	\$ 802	\$ —
General	4,619	1,608	2,109	972	1,137	318	584	—
Industrial	2,235	893	678	481	197	96	567	—
Wholesale	1,737	366	1,140	1,019	121	5	226	—
Other revenues	558	261	359	222	137	57	66	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 16,413	\$ 5,391	\$ 7,922	\$ 4,234	\$ 3,688	\$ 1,040	\$ 2,245	\$ —
Gas Utilities and Infrastructure								
Residential	\$ 682	\$ —	\$ —	\$ —	\$ —	\$ 236	\$ —	\$ 446
Commercial	354	—	—	—	—	97	—	257
Industrial	107	—	—	—	—	13	—	93
Power Generation	—	—	—	—	—	—	—	40
Other revenues	101	—	—	—	—	13	—	88
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 1,244	\$ —	\$ —	\$ —	\$ —	\$ 359	\$ —	\$ 924
Commercial Renewables								
Revenue from contracts with customers	\$ 141	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other								
Revenue from contracts with customers	\$ 47	\$ —	\$ —	\$ —	\$ —	\$ 36	\$ —	\$ —
Total Revenue from contracts with customers	\$ 17,845	\$ 5,391	\$ 7,922	\$ 4,234	\$ 3,688	\$ 1,435	\$ 2,245	\$ 924
Other revenue sources ^(a)	\$ 561	\$ 134	\$ 197	\$ 99	\$ 92	\$ 17	\$ 43	\$ 16
Total revenues	\$ 18,406	\$ 5,525	\$ 8,119	\$ 4,333	\$ 3,780	\$ 1,452	\$ 2,288	\$ 940

- (a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

IMPACT OF WEATHER AND THE TIMING OF BILLING PERIODS

Revenues and costs are influenced by seasonal weather patterns. Peak sales of electricity occur during the summer and winter months, which results in higher revenue and cash flows during these periods. By contrast, lower sales of electricity occur during the spring and fall, allowing for scheduled plant maintenance. Residential and general service customers are more impacted by weather than industrial customers. Estimated weather impacts are based on actual current period weather compared to normal weather conditions. Normal weather conditions are defined as the long-term average of actual historical weather conditions. Heating-degree days measure the variation in weather based on the extent the average daily temperature falls below a base temperature. Cooling-degree days measure the variation in weather based on the extent the average daily temperature rises above the base temperature. Each degree of temperature below the base temperature counts as one heating-degree day and each degree of temperature above the base temperature counts as one cooling-degree day.

The estimated impact of weather on earnings for Electric Utilities and Infrastructure is based on the temperature variances from a normal condition and customers' historic usage patterns. The methodology used to estimate the impact of weather does not consider all variables that may impact customer response to weather conditions, such as humidity in the summer or wind chill in the winter. The precision of this estimate may also be impacted by applying long-term weather trends to shorter-term periods.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

Gas Utilities and Infrastructure's costs and revenues are influenced by seasonal patterns due to peak natural gas sales occurring during the winter months as a result of space heating requirements. Residential customers are the most impacted by weather. There are certain regulatory mechanisms for the North Carolina, South Carolina, Tennessee and Ohio service territories that normalize the margins collected from certain customer classes during the winter. In North Carolina, rate design provides protection from both weather and other usage variations such as conservation, while South Carolina and Tennessee revenues are adjusted solely based on weather. Ohio primarily employs a fixed charge each month regardless of the season and usage.

UNBILLED REVENUE

Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes, timing of rendering customer bills and meter reading schedules, and the impact of weather normalization or margin decoupling mechanisms.

Unbilled revenues are included within Receivables and Receivables of VIEs on the Condensed Consolidated Balance Sheets as shown in the following table.

(in millions)	September 30, 2018	December 31, 2017
Duke Energy	\$ 802	\$ 944
Duke Energy Carolinas	278	342
Progress Energy	283	228
Duke Energy Progress	163	143
Duke Energy Florida	120	85
Duke Energy Ohio	2	4
Duke Energy Indiana	25	21
Piedmont	3	86

Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail accounts receivable, including receivables for unbilled revenues, to an affiliate, CRC and accounts for the transfers of receivables as sales. Accordingly, the receivables sold are not reflected on the Condensed Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana. See Note 12 for further information. These receivables for unbilled revenues are shown in the table below.

(in millions)	September 30, 2018	December 31, 2017
Duke Energy Ohio	\$ 68	\$ 104
Duke Energy Indiana	121	132

14. COMMON STOCK

Basic Earnings Per Share (EPS) is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the diluted weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options and equity forward sale agreements, were exercised or settled. Duke Energy's participating securities are restricted stock units that are entitled to dividends declared on Duke Energy common stock during the restricted stock unit's vesting periods.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

The following table presents Duke Energy's basic and diluted EPS calculations and reconciles the weighted average number of common shares outstanding to the diluted weighted average number of common shares outstanding.

(in millions, except per-share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Income from continuing operations attributable to Duke Energy common stockholders excluding impact of participating securities	\$ 1,077	\$ 954	\$ 2,199	\$ 2,356
Weighted average shares outstanding – basic	713	700	705	700
Equity Forwards	1	—	1	—
Weighted average shares outstanding – diluted	714	700	706	700
Earnings per share from continuing operations attributable to Duke Energy common stockholders				
Basic	\$ 1.51	\$ 1.36	\$ 3.12	\$ 3.37
Diluted	\$ 1.51	\$ 1.36	\$ 3.11	\$ 3.37
Potentially dilutive items excluded from the calculation ^(a)	2	2	2	2
Dividends declared per common share	\$ 0.9275	\$ 0.89	\$ 2.7075	\$ 2.60

- (a) Performance stock awards were not included in the dilutive securities calculation because the performance measures related to the awards had not been met.

Equity Issuance

On February 20, 2018, Duke Energy filed a prospectus supplement and executed an Equity Distribution Agreement (the EDA) under which it may sell up to \$1 billion of its common stock through an at-the-market (ATM) offering program, including an equity forward sales component. The EDA was entered into with Wells Fargo Securities, LLC, Citigroup Global Markets Inc., and J.P. Morgan Securities LLC (the Agents). Under the terms of the EDA, Duke Energy may issue and sell, through any of the Agents, shares of common stock through September 23, 2019. In June 2018, Duke Energy marketed two separate tranches, each for 1.3 million shares, of common stock. The first tranche was marketed with Wells Fargo Bank at an initial forward price of \$72.02 per share and the second tranche was marketed with Citibank at an initial forward price of \$78.71 per share through equity forward transactions under the ATM program. The Equity Forwards require Duke Energy to either physically settle the transactions by issuing 2.6 million shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements or net settle in whole or in part through the delivery or receipt of cash or shares. The settlement alternative is at Duke Energy's election.

Separately, in March 2018, Duke Energy marketed an equity offering of 21.3 million shares of common stock through an Underwriting Agreement with Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Barclays Capital Inc. and Goldman Sachs & Co. LLC, as representatives of several underwriters, Credit Suisse Capital LLC and J.P. Morgan Securities LLC as Forward Sellers, and Credit Suisse Capital LLC and JPMorgan Chase National Bank Associate, acting as forward purchasers. In connection with the offering, Duke Energy entered into equity forward sale agreements with Credit Suisse Securities (USA) LLC as Agent for Credit Suisse Capital LLC and J.P. Morgan Chase Bank, National Association. The sale price was \$75 per share less certain net adjustments for an initial forward price of \$74.07 per share. The Equity Forwards require Duke Energy to either physically settle the transactions by issuing 21.3 million shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements, or net settle in whole or in part through the delivery or receipt of cash or shares. The settlement alternative is at Duke Energy's election. In June 2018, Duke Energy physically settled one-half of the equity forwards by delivering approximately 10.6 million shares of common stock in exchange for net cash proceeds of approximately \$781 million.

For contracts that have not been settled, no amounts have or will be recorded in Duke Energy's Condensed Consolidated Financial Statements with respect to the equity or ATM offerings until settlements of the Equity Forwards occur, which is expected by December 31, 2018. If Duke Energy had elected to net share settle these contracts as of September 30, 2018, Duke Energy would have been required to deliver 1.1 million shares. The initial forward sale price will be subject to adjustment on a daily basis based on a floating interest rate factor and will decrease by other fixed amounts specified in the relevant forward sale agreement. Until settlement of the Equity Forwards, earnings per share dilution resulting from the agreements, if any, will be determined under the treasury stock method. Share dilution occurs when the average market price of Duke Energy's stock is higher than the average forward sales price.

For the nine months ended September 30, 2018, Duke Energy has issued 1.7 million shares through its Dividend Reinvestment Program (DRIP) with an increase in additional paid-in capital of approximately \$134 million.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

15. STOCK-BASED COMPENSATION

Stock-based compensation awarded to employees or outside directors is measured at the service inception date or grant date. The fair value of the award is expensed or capitalized over the requisite service period. For awards with performance conditions, the probability of vesting is assessed at each reporting period and compensation cost is adjusted based upon that assessment.

The following table presents information related to Duke Energy's stock-based compensation.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Restricted stock unit awards	\$ 10	\$ 10	\$ 32	\$ 30
Performance awards	13	7	27	20
Pretax stock-based compensation cost	\$ 23	\$ 17	\$ 59	\$ 50
Stock-based compensation cost capitalized	\$ 1	\$ 1	\$ 3	\$ 2
Stock-based compensation expense	\$ 22	\$ 16	\$ 56	\$ 48
Tax benefit associated with stock-based compensation expense	\$ 5	\$ 6	\$ 13	\$ 18

16. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy maintains, and the Subsidiary Registrants participate in, qualified and non-qualified, non-contributory defined benefit retirement plans. Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants. The following table presents contributions made by the Duke Energy Registrants to their qualified defined benefit pension plans during the nine months ended September 30, 2018.

(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana
Contributions	\$ 141	\$ 46	\$ 45	\$ 25	\$ 20	\$ 8

Duke Energy and Duke Energy Ohio made contributions of \$8 million and \$4 million, respectively, to their qualified defined benefit pension plans during the nine months ended September 30, 2017.

Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Components of Net Periodic Benefit Costs

The tables below present total net periodic benefit costs prior to capitalization of amounts reflected as Net property, plant and equipment on the Condensed Consolidated Balance Sheets. Only the service cost component of net periodic benefit costs is eligible to be capitalized. The remaining non-capitalized portions of net periodic benefit costs are classified as either: (1) service cost, which is recorded in Operations, maintenance and other on the Condensed Consolidated Statements of Operations; or as (2) components of non-service cost, which is recorded in Other income and expenses, net on the Condensed Consolidated Statements of Operations. See Note 1 for further information on impacts of the retirement benefits accounting standard adopted by Duke Energy on January 1, 2018.

Pension and other post-retirement benefit costs presented in the tables below for the Subsidiary Registrants are amounts allocated from Duke Energy for the employees of the respective Subsidiary Registrants. The Condensed Consolidated Statements of Operations of the Subsidiary Registrants also include allocated net periodic benefit costs for their proportionate share of pension and post-retirement benefit costs related to employees of the Duke Energy shared services affiliate. However, in the tables below these amounts are only presented in the Duke Energy column. For additional information on the corporate governance and shared service expenses allocated from the Duke Energy shared service affiliate, see Note 8.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

QUALIFIED PENSION PLANS

The following tables include the components of net periodic pension costs for qualified pension plans.

(in millions)	Three Months Ended September 30, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 47	\$ 15	\$ 13	\$ 7	\$ 5	\$ 2	\$ 2	\$ 2
Interest cost on projected benefit obligation	74	18	24	10	13	4	6	3
Expected return on plan assets	(140)	(37)	(45)	(21)	(23)	(7)	(10)	(6)
Amortization of actuarial loss	33	7	11	6	6	1	2	3
Amortization of prior service credit	(8)	(2)	(1)	—	—	—	—	(3)
Net periodic pension costs	\$ 6	\$ 1	\$ 2	\$ 2	\$ 1	\$ —	\$ —	\$ (1)

(in millions)	Three Months Ended September 30, 2017							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 40	\$ 12	\$ 12	\$ 6	\$ 5	\$ 1	\$ 2	\$ 3
Interest cost on projected benefit obligation	82	20	25	12	13	4	7	3
Expected return on plan assets	(136)	(35)	(43)	(21)	(21)	(7)	(11)	(6)
Amortization of actuarial loss	36	8	14	6	7	1	3	3
Amortization of prior service credit	(6)	(2)	(1)	—	—	—	—	(1)
Other	2	—	1	—	—	—	—	—
Net periodic pension costs	\$ 18	\$ 3	\$ 8	\$ 3	\$ 4	\$ (1)	\$ 1	\$ 2

(in millions)	Nine Months Ended September 30, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 137	\$ 45	\$ 39	\$ 22	\$ 16	\$ 4	\$ 7	\$ 6
Interest cost on projected benefit obligation	224	54	70	31	38	13	18	9
Expected return on plan assets	(420)	(111)	(133)	(63)	(69)	(21)	(31)	(18)
Amortization of actuarial loss	99	21	33	16	18	3	6	9
Amortization of prior service credit	(24)	(6)	(3)	(1)	(1)	—	—	(9)
Net periodic pension costs	\$ 16	\$ 3	\$ 6	\$ 5	\$ 2	\$ (1)	\$ —	\$ (3)

(in millions)	Nine Months Ended September 30, 2017							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 120	\$ 36	\$ 36	\$ 18	\$ 15	\$ 3	\$ 6	\$ 9
Interest cost on projected benefit obligation	246	60	75	36	39	14	21	9
Expected return on plan assets	(408)	(106)	(129)	(63)	(63)	(21)	(33)	(18)
Amortization of actuarial loss	108	24	42	18	21	3	9	9
Amortization of prior service credit	(18)	(6)	(3)	—	—	—	—	(3)
Other	6	—	3	1	—	—	—	1
Net periodic pension costs	\$ 54	\$ 8	\$ 24	\$ 10	\$ 12	\$ (1)	\$ 3	\$ 7

NON-QUALIFIED PENSION PLANS

The following tables include the components of net periodic pension costs for non-qualified pension plans for registrants with non-qualified pension costs.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

(in millions)	Three Months Ended September 30, 2018				
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida
Interest cost on projected benefit obligation	\$ 3	\$ —	\$ 1	\$ —	\$ —
Amortization of actuarial loss	2	—	—	—	—
Net periodic pension costs	\$ 5	\$ —	\$ 1	\$ —	\$ —

(in millions)	Three Months Ended September 30, 2017				
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida
Interest cost on projected benefit obligation	\$ 4	\$ —	\$ 1	\$ 1	\$ 1
Amortization of actuarial loss	2	—	1	—	—
Net periodic pension costs	\$ 6	\$ —	\$ 2	\$ 1	\$ 1

(in millions)	Nine Months Ended September 30, 2018				
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida
Service cost	\$ 1	\$ 1	\$ —	\$ —	\$ —
Interest cost on projected benefit obligation	9	—	3	1	1
Amortization of actuarial loss	6	—	—	—	—
Amortization of prior service (credit) cost	(1)	—	1	—	—
Net periodic pension costs	\$ 15	\$ 1	\$ 4	\$ 1	\$ 1

(in millions)	Nine Months Ended September 30, 2017				
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida
Interest cost on projected benefit obligation	\$ 10	\$ 1	\$ 3	\$ 2	\$ 2
Amortization of actuarial loss	6	—	3	—	—
Net periodic pension costs	\$ 16	\$ 1	\$ 6	\$ 2	\$ 2

OTHER POST-RETIREMENT BENEFIT PLANS

Duke Energy provides, and the Subsidiary Registrants participate in, certain health care and life insurance benefits for retired employees on a contributory and non-contributory basis.

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Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)

The following tables include the components of net periodic other post-retirement benefit costs.

(in millions)	Three Months Ended September 30, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest cost on accumulated post-retirement benefit obligation	7	2	3	2	1	—	1	—
Expected return on plan assets	(4)	(2)	—	—	—	—	—	—
Amortization of actuarial loss	2	1	—	—	—	—	1	—
Amortization of prior service credit	(5)	(1)	(2)	—	(1)	—	—	—
Net periodic other post-retirement benefit costs	\$ 2	\$ —	\$ 1	\$ 2	\$ —	\$ —	\$ 2	\$ —

(in millions)	Three Months Ended September 30, 2017							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest cost on accumulated post-retirement benefit obligation	9	2	4	2	2	—	1	—
Expected return on plan assets	(3)	(2)	—	—	—	—	—	—
Amortization of actuarial loss	2	—	5	3	2	—	—	—
Amortization of prior service credit	(29)	(2)	(21)	(14)	(8)	—	—	—
Net periodic other post-retirement benefit costs	\$ (20)	\$ (2)	\$ (12)	\$ (9)	\$ (4)	\$ —	\$ 1	\$ —

(in millions)	Nine Months Ended September 30, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 5	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest cost on accumulated post-retirement benefit obligation	21	5	9	5	4	1	3	—
Expected return on plan assets	(10)	(6)	—	—	—	—	—	—
Amortization of actuarial loss	5	2	1	—	—	—	3	—
Amortization of prior service credit	(15)	(3)	(6)	—	(4)	—	—	(1)
Net periodic other post-retirement benefit costs	\$ 6	\$ (1)	\$ 4	\$ 5	\$ —	\$ 1	\$ 6	\$ (1)

(in millions)	Nine Months Ended September 30, 2017							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 3	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest cost on accumulated post-retirement benefit obligation	27	6	11	6	6	—	1	—
Expected return on plan assets	(10)	(6)	—	—	—	—	—	—
Amortization of actuarial loss (gain)	6	(2)	15	9	6	(1)	—	—
Amortization of prior service credit	(87)	(6)	(63)	(41)	(23)	—	—	—
Net periodic other post-retirement benefit costs	\$ (61)	\$ (8)	\$ (37)	\$ (26)	\$ (11)	\$ (1)	\$ 1	\$ —

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)**EMPLOYEE SAVINGS PLAN**

Duke Energy sponsors, and the Subsidiary Registrants participate in, an employee savings plan that covers substantially all employees. The following table includes employer contributions made by Duke Energy and expensed by the Subsidiary Registrants.

(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Three Months Ended September 30,								
2018	\$ 49	\$ 15	\$ 13	\$ 9	\$ 4	\$ —	\$ 3	\$ 4
2017	43	14	12	9	4	1	2	2
Nine Months Ended September 30,								
2018	\$ 167	\$ 53	\$ 45	\$ 31	\$ 14	\$ 2	\$ 8	\$ 10
2017	147	49	42	30	13	3	7	5

17. INCOME TAXES**Tax Act**

On December 22, 2017, President Trump signed the Tax Act into law. Among other provisions, the Tax Act lowered the corporate federal income tax rate from 35 to 21 percent, limits interest deductions outside of regulated utility operations, requires the normalization of excess deferred taxes associated with property under ARAM as a prerequisite to qualifying for accelerated depreciation and repealed the federal manufacturing deduction. The Tax Act also repealed the corporate alternative minimum tax (AMT) and stipulates a refund of 50 percent of remaining AMT credit carryforwards (to the extent the credits exceed regular tax for the year) for tax years 2018, 2019 and 2020 with all remaining AMT credits to be refunded in tax year 2021. During the three months ended September 30, 2018, the company reclassified \$573 million which is 50 percent of the remaining estimated AMT credit carryforwards from noncurrent deferred tax liability to a current federal income tax receivable as a result of the Tax Act. The company reclassified the estimated AMT credit carryforwards during the three months ended September 30, 2018, since the company expects to receive it as a refund from the IRS in the three months ended September 30, 2019, based on the expected filing of Duke Energy's 2018 income tax return in the second quarter of 2019.

At this time AMT credits, which are among the certain tax credits treated as refundable under the Tax Act, are subject to sequestration. In the first quarter of 2018, the company revised the December 31, 2017, estimate of the income tax effects of the Tax Act and recorded a \$76 million valuation allowance against these AMT credits based on additional interpretative guidance from the Internal Revenue Service related to the Tax Act. See Note 22 to the Consolidated Financial Statements in the Annual Report on Form 10-K/A for the year ended December 31, 2017, for information on the U.S. Securities and Exchange Commission staff's guidance on accounting for the Tax Act (Staff Accounting Bulletin No. 118 (SAB 118), Income Tax Accounting Implications of the Tax Cuts and Jobs Act).

During the three months ended September 30, 2018, the company revised the December 31, 2017 estimate of the income tax effects of the Tax Act, in accordance with SAB 118, by recording a \$3 million benefit for the remeasurement of its deferred tax assets and deferred tax liabilities primarily related to the guidance on bonus depreciation issued by the Internal Revenue Service in August of 2018 affecting the computation of the company's 2017 Federal income tax liability. The majority of Duke Energy's operations are regulated and it is expected that the Subsidiary Registrants will ultimately pass on the savings associated with the amount representing the remeasurement of deferred tax balances related to regulated operations to customers. For Duke Energy's regulated operations, where the reduction is expected to be returned to customers in future rates, the remeasurement has been deferred as a regulatory liability. For the three months ended September 30, 2018, Duke Energy recorded a regulatory liability of \$57 million, representing the revaluation of those deferred tax balances. The Subsidiary Registrants continue to respond to requests from regulators in various jurisdictions to determine the timing and magnitude of savings they will pass on to customers.

For the nine months ended September 30, 2018, the company has revised the December 31, 2017, estimates of the income tax effects of the Tax Act, in accordance with SAB 118, by recording an expense of \$73 million. Additional tax returns will be filed in the quarter ending December 31, 2018, and Duke Energy expects to make refinements of estimates recorded in the three months ending September 30, 2018. These refinements are not expected to be material to the financial statements. Duke Energy anticipates finalizing and recording any resulting adjustments within the measurement period allowed, which will be no later than the quarter ending December 31, 2018.

Combined Notes to Condensed Consolidated Financial Statements – (Unaudited) – (Continued)**EFFECTIVE TAX RATES**

The effective tax rates from continuing operations for each of the Duke Energy Registrants are included in the following table.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Duke Energy	13.7%	27.6%	17.0%	30.4%
Duke Energy Carolinas	22.6%	32.9%	22.3%	34.1%
Progress Energy	18.8%	29.1%	17.0%	31.9%
Duke Energy Progress	20.6%	31.7%	18.4%	32.4%
Duke Energy Florida	15.0%	34.8%	16.3%	36.1%
Duke Energy Ohio	16.0%	33.3%	16.0%	34.4%
Duke Energy Indiana	22.7%	38.3%	24.7%	39.0%
Piedmont	34.4%	47.6%	20.6%	36.1%

The decrease in the effective tax rate (ETR) for Duke Energy and the Subsidiary Registrants for the three months ended September 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act. The decrease in the ETR for Duke Energy and the Subsidiary Registrants for the nine months ended September 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of federal and state excess deferred taxes, partially offset by a valuation allowance against AMT credits discussed above.

The decrease in the ETR for Duke Energy Carolinas for the three and nine months ended September 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and amortization of state excess deferred taxes partially offset by favorable tax return true ups in the prior year.

The decrease in the ETR for Progress Energy for the three and nine months ended September 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of federal and state excess deferred taxes.

The decrease in the ETR for Duke Energy Progress for the three and nine months ended September 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and amortization of state excess deferred taxes.

The decrease in the ETR for Duke Energy Florida for the three and nine months ended September 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of federal excess deferred taxes.

The decrease in the ETR for Duke Energy Ohio for the three and nine months ended September 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of federal excess deferred taxes.

The decrease in the ETR for Duke Energy Indiana for the three and nine months ended September 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act.

The decrease in the ETR for Piedmont for the three months ended September 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act partially offset by favorable research credits in relation to pretax losses. The decrease in the ETR for Piedmont for the nine months ended September 30, 2018, is primarily due to the lower statutory federal corporate tax rate under the Tax Act.

18. SUBSEQUENT EVENTS

For information on subsequent events related to regulatory matters and commitments and contingencies see Notes 3 and 4, respectively.

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 4 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused significant damage and more than a million power outages within the service territories of Duke Energy Florida, Duke Energy Carolinas and Duke Energy Progress. Duke Energy has not completed the final accumulation of total estimated storm restoration costs incurred; however, the preliminary estimate is approximately \$235 million of operation and maintenance expenses and approximately \$185 million in capital costs. Given the magnitude of the storm, Duke Energy Carolinas and Duke Energy Progress intend to request approval to defer the incremental costs incurred to a regulatory asset for recovery in the next base rate cases, and Duke Energy Florida will recover these storm costs consistent with the provisions in its 2017 Second Revised and Restated Settlement Agreement.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Duke Energy Corporation (collectively with its subsidiaries, Duke Energy) and Duke Energy Carolinas, LLC (Duke Energy Carolinas), Progress Energy, Inc. (Progress Energy), Duke Energy Progress, LLC (Duke Energy Progress), Duke Energy Florida, LLC (Duke Energy Florida), Duke Energy Ohio, Inc. (Duke Energy Ohio), Duke Energy Indiana, LLC (Duke Energy Indiana) and Piedmont Natural Gas Company, Inc. (Piedmont) (collectively referred to as the Subsidiary Registrants). However, none of the registrants make any representation as to information related solely to Duke Energy or the Subsidiary Registrants of Duke Energy other than itself.

DUKE ENERGY

Duke Energy is an energy company headquartered in Charlotte, North Carolina. Duke Energy operates in the United States (U.S.) primarily through its wholly owned subsidiaries, Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. When discussing Duke Energy's consolidated financial information, it necessarily includes the results of the Subsidiary Registrants, which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2018, and with Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

Executive Overview

Hurricane Florence

In the third quarter of 2018, Hurricane Florence caused historic flooding, extensive damage and widespread power outages within the Duke Energy Progress and Duke Energy Carolinas service territories. Approximately 1.8 million customers were impacted. Current estimated restoration costs are approximately \$540 million. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Hurricane Michael

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 4 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused significant damage and more than a million power outages within the service territories of Duke Energy Florida, Duke Energy Carolinas and Duke Energy Progress. Duke Energy has not completed the final accumulation of total estimated storm restoration costs incurred; however, the preliminary estimate is approximately \$235 million of operation and maintenance expenses and approximately \$185 million in capital costs. Given the magnitude of the storm, Duke Energy Carolinas and Duke Energy Progress intend to request approval to defer the incremental costs incurred to a regulatory asset for recovery in the next base rate cases, and Duke Energy Florida will recover these storm costs consistent with the provisions in its 2017 Second Revised and Restated Settlement Agreement.

Regulatory Activity

In 2018, Duke Energy advanced regulatory activity underway in multiple jurisdictions, as follows:

Duke Energy Carolinas received an order on its rate case from the North Carolina Utilities Commission (NCUC) on June 22, 2018. Major components of the order included: a return on equity of 9.9 percent, recovery of past coal ash remediation costs, recovery of Lee Nuclear Project development costs, and partial clarity on the treatment of recent federal tax reform legislation. On July 27, 2018, the NCUC approved Duke Energy Carolinas' compliance filing. As a result, revised customer rates were effective on August 1, 2018.

Duke Energy Progress received an order on its rate case from the NCUC on February 23, 2018. Major components of the order included: a return on equity of 9.9 percent; recovery of past coal ash remediation costs; recovery of deferred storm costs from 2016; and new rates in effect mid-March 2018.

Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the Public Service Commission of South Carolina (PSCSC) seeking an order to defer certain costs associated with grid reliability, resiliency, and modernization work that is being performed under the grid improvement initiative. On October 3, 2018, the PSCSC granted Duke Energy Carolinas' and Duke Energy Progress' joint petition.

Duke Energy Carolinas also petitioned the PSCSC seeking an order to defer certain costs associated with the William States Lee Combined Cycle Facility, the new billing and customer information system and the addition of the Carolinas West Primary Distribution Control Center. Duke Energy Progress also petitioned the PSCSC seeking an order to adopt the new depreciation rates and to defer certain costs associated with the deployment of advanced metering infrastructure, the new billing and customer information system and the costs incurred in connection with the return of certain excess deferred state income taxes from North Carolina. These petitions were approved on July 25, 2018.

Duke Energy Florida filed a petition with the Florida Public Service Commission (FPSC) on May 31, 2018, related to approximately \$200 million of customer savings associated with the Federal Tax Cuts and Jobs Act (Tax Act). The tax savings will offset accelerated depreciation of Crystal River Units 4 and 5 and Hurricane Irma storm cost recovery. The petition is subject to review and approval by the FPSC.

Duke Energy Ohio along with the Public Utilities Commission of Ohio (PUCO) Staff and certain intervenors filed a Stipulation and Recommendation (Stipulation) with PUCO on April 13, 2018, and the evidentiary hearing concluded on August 6, 2018. The Stipulation, subject to approval by the PUCO, is in connection with Duke Energy Ohio's electric rate case and other regulatory matters.

On July 25, 2018, Duke Energy Ohio filed an application to establish a new rider to implement the benefits of the Tax Act for electric distribution customers. If approved, the new rider will flow through to customers the benefit of the lower statutory federal tax rate since January 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normalization rules will be refunded consistent with federal law and deferred income taxes not subject to normalization rules will be refunded over a 10-year period. An order is expected before the end of the year. Duke Energy Ohio's transmission rates reflect lower federal

income tax but guidance from FERC on amortization of both protected and unprotected transmission-related EDITs is still pending. On October 24, 2018, the PUCO issued a Finding and Order that, among other things, directed all rate-regulated utilities file an application not for an increase in rates to reflect the impact of the Tax Act on their current rates by January 1, 2019, unless otherwise exempted or directed by the PUCO. Duke Energy Ohio's July 25, 2018, filing for electric distribution operations is consistent with the commission's October 24, 2018, Finding and Order and no further action is needed. Options for Duke Energy Ohio gas customers are still being evaluated.

Duke Energy Kentucky received an order on its electric rate case from the Kentucky Public Service Commission (KPSC) on April 13, 2018. The order granted an annual revenue increase of \$21 million, incorporating customer benefits from the Tax Act as well as rider recovery of environmental costs, including coal ash. Duke Energy Kentucky implemented new base rates on May 1, 2018.

On August 31, 2018, Duke Energy Kentucky filed an application with the KPSC requesting an increase in gas base rates of approximately \$10.5 million. The KPSC accepted the filing as of September 10, 2018, and a procedural schedule was set.

On June 27, 2018, Duke Energy Indiana, the Indiana Office of Utility Consumers Counselor and others filed testimony consistent with their Stipulation and Settlement Agreement in the federal tax proceedings with the Indiana Utility Regulatory Commission (IURC). Major components include riders to reflect the lower federal tax rate as they are filed in 2018, base rates to reflect the lower federal tax rate upon approval, but no later than September 1, 2018, and a timeline for returning federal excess deferred income taxes to customers. On August 22, 2018, the IURC approved the settlement and rates have been adjusted effective September 1, 2018.

See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information.

Results of Operations

Non-GAAP Measures

Management's Discussion and Analysis includes financial information prepared in accordance with generally accepted accounting principles (GAAP) in the U.S., as well as certain non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as a supplement to, and not a substitute for, financial measures presented in accordance with GAAP. Non-GAAP measures presented may not be comparable to similarly titled measures used by other companies because other companies may not calculate the measures in the same manner.

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted earnings per share (EPS). Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per-share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance.

Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them with an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting and for reporting financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are Net Income Attributable to Duke Energy Corporation (GAAP Reported Earnings) and Diluted EPS Attributable to Duke Energy Corporation common stockholders (GAAP Reported EPS), respectively.

Special items included in the periods presented include the following items, which management believes do not reflect ongoing costs:

- Costs to Achieve Piedmont Merger represents charges that result from the Piedmont acquisition.
- Regulatory and Legislative Impacts represents charges related to rate case orders, settlements or other actions of regulators or legislative bodies.
- Sale of Retired Plant represents the loss associated with selling Beckjord Generating Station (Beckjord), a nonregulated generating facility in Ohio.
- Impairment Charges represents an other-than-temporary impairment (OTTI) of an investment in Constitution Pipeline Company, LLC (Constitution) and Commercial Renewables impairments.
- Impacts of the Tax Act represents an alternative minimum tax (AMT) valuation allowance recognized and a true up of prior year tax estimates related to the Tax Act.

Three Months Ended September 30, 2018, as compared to September 30, 2017

GAAP Reported EPS was \$1.51 for the third quarter of 2018 compared to \$1.36 for the third quarter of 2017. The increase in GAAP Reported EPS was primarily due to favorable weather-normal retail sales volumes, higher income tax benefits, a FERC approved settlement refund of certain transmission costs previously billed by PJM Interconnection, LLC (PJM), and lower regulatory settlement charges compared to the prior year. These drivers were partially offset by increased operations and maintenance expense primarily related to Hurricane Florence and share dilution.

As discussed above, management also evaluates financial performance based on adjusted diluted EPS. Duke Energy's third quarter 2018 adjusted diluted EPS was \$1.65 compared to \$1.59 for the third quarter of 2017. The increase in adjusted earnings was primarily due to favorable weather-normal retail sales volumes, higher income tax benefits, and a FERC approved settlement refund of certain transmission costs previously billed by PJM Interconnection, LLC (PJM). These drivers were partially offset by increased operations and maintenance expense primarily related to Hurricane Florence and share dilution.

The following table reconciles non-GAAP measures, including adjusted diluted EPS, to their most directly comparable GAAP measures.

(in millions, except per-share amounts)	Three Months Ended September 30,			
	2018		2017	
	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	\$ 1,082	\$ 1.51	\$ 954	\$ 1.36
Adjustments:				
Impairment Charges ^(a)	91	0.12	56	0.08
Costs to Achieve Piedmont Merger ^(b)	13	0.02	14	0.03
Impacts of the Tax Act ^(c)	(3)	—	—	—
Florida Settlement ^(d)	—	—	84	0.12
Discontinued Operations	(4)	—	2	—
Adjusted Earnings/Adjusted Diluted EPS	\$ 1,179	\$ 1.65	\$ 1,110	\$ 1.59

- (a) Net of \$2 million Noncontrolling Interests in 2018 and \$28 million tax benefit in 2017.
(b) Net of \$3 million tax benefit in 2018 and \$9 million tax benefit in 2017.
(c) Represents a true up of prior year tax estimates related to the Tax Act.
(d) Net of \$51 million tax benefit in 2017.

Nine Months Ended September 30, 2018, as compared to September 30, 2017

Duke Energy's GAAP Reported EPS was \$3.11 for the nine months ended September 30, 2018, compared to \$3.36 for the nine months ended September 30, 2017. The decrease in GAAP Reported EPS was driven by regulatory and legislative charges related to the Duke Energy Carolinas North Carolina rate case order and the repeal of the South Carolina Base Load Review Act, a goodwill impairment at Commercial Renewables, and higher depreciation expense due to growing asset base. These drivers were partially offset by favorable weather at Electric Utilities and Infrastructure and higher income tax benefits.

As discussed above, management also evaluates financial performance based on adjusted diluted EPS. Duke Energy's adjusted diluted EPS for the nine months ended September 30, 2018, was \$3.87 compared to \$3.63 for the nine months ended September 30, 2017. The increase in adjusted earnings for the nine months ended September 30, 2018, compared to the same period in 2017, was primarily due to favorable weather at Electric Utilities and Infrastructure and higher income tax benefits partially offset by higher depreciation expense due to growing asset base.

The following table reconciles non-GAAP measures, including adjusted diluted EPS, to their most directly comparable GAAP measures.

(in millions, except per-share amounts)	Nine Months Ended September 30,			
	2018		2017	
	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	\$ 2,202	\$ 3.11	\$ 2,356	\$ 3.36
Adjustments:				
Regulatory and Legislative Impacts ^(a)	202	0.29	—	—
Impairment Charges ^(b)	133	0.19	56	0.08
Sale of Retired Plant ^(c)	82	0.12	—	—
Impacts of the Tax Act ^(d)	73	0.10	—	—
Costs to Achieve Piedmont Merger ^(e)	41	0.06	43	0.06
Florida Settlement ^(f)	—	—	84	0.12
Discontinued Operations	1	—	4	0.01
Adjusted Earnings/Adjusted Diluted EPS	\$ 2,734	\$ 3.87	\$ 2,543	\$ 3.63

(a) Net of \$63 million tax benefit.

(b) Net of \$13 million tax benefit and \$2 million Noncontrolling Interest in 2018 and \$28 million tax benefit in 2017.

(c) Net of \$25 million tax benefit.

(d) Represents a recognition of AMT valuation allowance and true up of prior year tax estimates related to the Tax Act.

(e) Net of \$12 million tax benefit in 2018 and \$26 million tax benefit in 2017.

(f) Net of \$51 million tax benefit in 2017.

SEGMENT RESULTS

The remaining information presented in this discussion of results of operations is on a GAAP basis. Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements.

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. See Note 2 to the Condensed Consolidated Financial Statements, "Business Segments," for additional information on Duke Energy's segment structure.

Tax Act

On December 22, 2017, President Trump signed the Tax Act into law. Among other provisions, the Tax Act lowered the corporate federal income tax rate from 35 to 21 percent, limits interest deductions outside of regulated utility operations, requires the normalization of excess deferred taxes associated with property under the average rate assumption method as a prerequisite to qualifying for accelerated depreciation and repealed the federal manufacturing deduction. The Tax Act also repealed the corporate AMT and stipulates a refund of 50 percent of remaining AMT credit carryforwards (to the extent the credits exceed regular tax for the year) for tax years 2018, 2019 and 2020 with all remaining AMT credits to be refunded in tax year 2021. The Tax Act also could be amended or subject to technical correction, which could change the financial impacts that were recorded since December 31, 2017, or are expected to be recorded in future periods. The Federal Energy Regulatory Commission (FERC) and state utility commissions will determine the regulatory treatment of the impacts of the Tax Act for the Subsidiary Registrants. Duke Energy's segments' future results of operations, financial condition and cash flows could be adversely impacted by the Tax Act, subsequent amendments or corrections, or the actions of the FERC, state utility commissions or credit rating agencies related to the Tax Act. Duke Energy is addressing the rate treatment of the Tax Act by each state utility commission in which the Subsidiary Registrants operate. In January 2018, the Subsidiary Registrants began deferring the estimated ongoing impacts of the Tax Act that are expected to be returned to customers. See Notes 3 and 17 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Income Taxes," respectively, for additional information on the Tax Act.

Electric Utilities and Infrastructure

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Variance	2018	2017	Variance
Operating Revenues	\$ 6,260	\$ 6,129	\$ 131	\$ 16,806	\$ 16,234	\$ 572
Operating Expenses						
Fuel used in electric generation and purchased power	1,935	1,872	63	5,202	4,875	327
Operation, maintenance and other	1,431	1,332	99	4,151	3,935	216
Depreciation and amortization	897	777	120	2,570	2,228	342
Property and other taxes	289	277	12	842	808	34
Impairment charges	31	132	(101)	246	134	112
Total operating expenses	4,583	4,390	193	13,011	11,980	1,031
Gains on Sales of Other Assets and Other, net	8	—	8	9	4	5
Operating Income	1,685	1,739	(54)	3,804	4,258	(454)
Other Income and Expenses, net	107	102	5	286	324	(38)
Interest Expense	322	305	17	955	925	30
Income Before Income Taxes	1,470	1,536	(66)	3,135	3,657	(522)
Income Tax Expense	303	516	(213)	643	1,273	(630)
Segment Income	\$ 1,167	\$ 1,020	\$ 147	\$ 2,492	\$ 2,384	\$ 108
Duke Energy Carolinas gigawatt-hours (GWh) sales	25,607	24,135	1,472	70,506	66,159	4,347
Duke Energy Progress GWh sales	19,625	18,827	798	52,747	50,026	2,721
Duke Energy Florida GWh sales	12,375	12,132	243	31,798	31,177	621
Duke Energy Ohio GWh sales	6,964	6,672	292	19,183	18,632	551
Duke Energy Indiana GWh sales	9,114	8,795	319	25,900	24,975	925
Total Electric Utilities and Infrastructure GWh sales	73,685	70,561	3,124	200,134	190,969	9,165
Net proportional megawatt (MW) capacity in operation				48,757	48,909	(152)

Three Months Ended September 30, 2018, as Compared to September 30, 2017

Electric Utilities and Infrastructure's results were impacted by favorable weather-normal retail sales volumes, favorable weather in the current year, a positive net contribution from the Duke Energy Progress and Duke Energy Carolinas North Carolina rate cases, a FERC approved settlement refund of certain transmission costs previously billed by PJM, lower income tax expense and lower regulatory charges compared to the prior year related to the unrecovered Levy Nuclear Project costs at Duke Energy Florida.

These drivers were partially offset by higher operation and maintenance expenses primarily due to the impacts of Hurricane Florence and increased depreciation and amortization. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$90 million increase in fuel related revenues due to higher sales volumes and increases in fuel rates billed to customers;
- a \$54 million increase in weather-normal retail sales volumes;
- a \$59 million increase in retail pricing primarily due to the Duke Energy Progress and Duke Energy Carolinas North Carolina rate cases;
- a \$38 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year; and
- a \$23 million increase in Joint Asset Agency Rider (JAAR) revenues at Duke Energy Progress in conjunction with implementation of new base rates.

Partially offset by:

- a \$143 million decrease in retail revenues associated with the lower statutory federal corporate tax rate under the Tax Act.

Operating Expenses. The variance was driven primarily by:

- a \$120 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs, additional plant in service and new depreciation rates associated with the Duke Energy Progress and Duke Energy Carolinas North Carolina rate cases;
- a \$99 million increase in operation, maintenance and other expense primarily due to higher storm costs due to Hurricane Florence and higher operational costs that are recoverable in rates, partially offset by a FERC approved settlement refund of certain transmission costs previously billed by PJM; and

- a \$63 million increase in fuel used in electric generation and purchased power primarily due to higher sales and higher deferred fuel expenses.

Partially offset by:

- a \$101 million decrease in impairment charges primarily due to the write-off of remaining unrecovered Levy Nuclear Project costs in 2017.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act and a decrease in pretax income. The effective tax rates (ETRs) for the three months ended September 30, 2018, and 2017 were 20.6 percent and 33.6 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of excess deferred taxes partially offset by favorable tax return true ups in the prior year. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Nine Months Ended September 30, 2018, as Compared to September 30, 2017

Electric Utilities and Infrastructure's results were impacted by favorable weather in the current year and a positive net contribution from the Duke Energy Progress and Duke Energy Carolinas North Carolina rate cases, partially offset by higher legislative and regulatory charges compared to the prior year. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$398 million increase in fuel related revenues due to higher sales volumes, changes in generation mix and increases in fuel rates billed to customers;
- a \$288 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year;
- a \$125 million increase in retail pricing primarily due to the Duke Energy Progress and Duke Energy Carolinas North Carolina rate cases and Duke Energy Florida base rate adjustments for the Osprey acquisition and the completion of the Hines Energy Complex Chiller Uprate Project;
- an \$80 million increase in weather-normal retail sales volumes; and
- a \$52 million increase in JAAR revenues at Duke Energy Progress in conjunction with implementation of new base rates.

Partially offset by:

- a \$401 million decrease in retail revenues associated with the lower statutory federal corporate tax rate under the Tax Act.

Operating Expenses. The variance was driven primarily by:

- a \$342 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs, additional plant in service and new depreciation rates per the Duke Energy Progress and Duke Energy Carolinas North Carolina rate cases;
- a \$327 million increase in fuel used in electric generation and purchased power, due to higher sales and higher deferred fuel expenses;
- a \$216 million increase in operation, maintenance and other expense primarily due to impacts associated with the Duke Energy Progress North Carolina rate case, the impacts of Hurricane Florence and higher storm cost amortization at Duke Energy Florida, partially offset by a FERC approved settlement refund of certain transmission costs previously billed by PJM; and
- a \$112 million increase in impairment charges primarily due to the impacts associated with the Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases, offset by the write-off of remaining unrecovered Levy Nuclear project costs at Duke Energy Florida in the prior year.

Other Income and Expenses, net. The decrease was primarily due to lower post in-service equity returns for projects that had been completed prior to being reflected in customer rates at Duke Energy Carolinas and lower income from non-service components of employee benefit costs in the current year at Duke Energy Progress. For additional information on employee benefit costs, see Note 16 to the Condensed Consolidated Financial Statements, "Employee Benefit Plans."

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act and a decrease in pretax income. The ETRs for the nine months ended September 30, 2018, and 2017 were 20.5 percent and 34.8 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of excess deferred taxes partially offset by favorable tax return true ups in the prior year.

Matters Impacting Future Electric Utilities and Infrastructure Results

On May 18, 2016, the North Carolina Department of Environmental Quality (NCDEQ) issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the North Carolina Coal Ash Management Act of 2014 (Coal Ash Act) were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, may be reassessed in the future as low risk pursuant to legislation enacted on July 14, 2016. Electric Utilities and Infrastructure's estimated asset retirement obligations (AROs) related to the closure of North Carolina ash impoundments are based upon the mandated closure method or a probability weighting of potential closure methods for the impoundments that may be reassessed to low risk. On October 12, 2018, NCDEQ announced that Duke Energy had satisfied the permanent replacement water supply requirements by the October 15, 2018, deadline set out in the Coal Ash Management Act. However, NCDEQ has not yet issued final classifications for these impoundments. As the final risk ranking classifications in North Carolina are delineated, final closure plans and corrective action measures are developed and approved for each site, the closure work progresses and the closure method scope and remedial methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Electric Utilities and Infrastructure's results of operations, financial position and cash flows.

Duke Energy is a party to multiple lawsuits and could be subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. In addition, the orders issued in the Duke Energy Carolinas and Duke Energy Progress North Carolinas rate cases supporting recovery of past coal ash remediation costs have been appealed by various parties. The outcome of these appeals, lawsuits and potential fines and penalties could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas may petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NCUC, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On June 30, 2017, CertainTeed Gypsum NC, Inc. (CertainTeed) filed a declaratory judgment action against Duke Energy Progress in the North Carolina Business Court relating to a gypsum supply agreement. In its complaint, CertainTeed sought an order from the court declaring that the minimum amount of gypsum Duke Energy Progress must provide to CertainTeed under the supply agreement is 50,000 tons per month through 2029. The trial for this matter concluded on July 16, 2018. On August 29, 2018, the court issued an order and opinion finding that Duke Energy Progress is required to supply 50,000 tons of gypsum per month, but that CertainTeed's sole remedy for Duke Energy Progress' long-term discontinuance under the agreement is liquidated damages. The estimated maximum amount that would be owed under the liquidated damages provision is approximately \$90 million. Both CertainTeed and Duke Energy Progress have filed cross-appeals. The outcome of the cross-appeals could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

In the third quarter of 2018, Hurricane Florence caused historic flooding, extensive damage and widespread power outages within the Duke Energy Progress and Duke Energy Carolinas service territories. Approximately 1.8 million customers were impacted. Current estimated restoration costs are approximately \$540 million. Most of the operation and maintenance expenses are deferred as of September 30, 2018. Given the magnitude of the storm, Duke Energy Progress intends to request approval in North Carolina and South Carolina to defer the incremental costs incurred to a regulatory asset for recovery in the next base rate case. These requests are expected to be filed during the fourth quarter of 2018. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Electric Utilities and Infrastructure's financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 4 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused significant damage and more than a million power outages within the service territories of Duke Energy Florida, Duke Energy Carolinas and Duke Energy Progress. Duke Energy has not completed the final accumulation of total estimated storm restoration costs incurred; however, the preliminary estimate is approximately \$235 million of operation and maintenance expenses and approximately \$185 million in capital costs. Given the magnitude of the storm, Duke Energy Carolinas and Duke Energy Progress intend to request approval to defer the incremental costs incurred to a regulatory asset for recovery in the next base rate cases, and Duke Energy Florida will recover these storm costs consistent with the provisions in its 2017 Second Revised and Restated Settlement Agreement. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows.

Duke Energy Florida is constructing the 1,640-MW combined-cycle natural gas plant in Citrus County, Florida, and expects it to be commercially available in 2018. Actual costs are expected to exceed estimated costs by an immaterial amount after recoveries; therefore, an impairment is not expected. Failure to complete the construction and achieve commercial operations by the end of 2018 or failure to obtain recoveries from customers or vendors could materially impact Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed for recovery of the storm costs. Storm costs are currently expected to be fully recovered by approximately mid-2021. The commission has scheduled the hearing to begin on May 21, 2019. An order disallowing recovery of these costs could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

In March 2017, Duke Energy Ohio filed an electric distribution base rate application with the PUCO to address recovery of electric distribution system capital investments and any increase in expenditures subsequent to previous rate cases. On April 13, 2018, Duke Energy Ohio filed a Stipulation with the PUCO to resolve issues in the electric distribution base rate case and other regulatory matters. If approved by PUCO, the Stipulation would allow for Duke Energy Ohio to recover gains and losses incurred on and after January 1, 2018, related to the Ohio Valley Electric Corporation (OVEC), through the Price Stabilization Rider. Hearings concluded on August 6, 2018. Initial briefs were filed on September 11, 2018, and reply briefs on October 2, 2018. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if the Stipulation is denied by the PUCO. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

Gas Utilities and Infrastructure

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Variance	2018	2017	Variance
Operating Revenues	\$ 256	\$ 272	\$ (16)	\$ 1,301	\$ 1,243	\$ 58
Operating Expenses						
Cost of natural gas	58	68	(10)	460	402	58
Operation, maintenance and other	101	94	7	312	293	19
Depreciation and amortization	61	57	4	182	171	11
Property and other taxes	24	25	(1)	81	81	—
Total operating expenses	244	244	—	1,035	947	88
Operating Income	12	28	(16)	266	296	(30)
Other Income and Expenses, net	29	23	6	16	62	(46)
Interest Expense	25	26	(1)	78	78	—
Income Before Income Taxes	16	25	(9)	204	280	(76)
Income Tax (Benefit) Expense	(1)	6	(7)	43	101	(58)
Segment Income	\$ 17	\$ 19	\$ (2)	\$ 161	\$ 179	\$ (18)
Piedmont local distribution company (LDC) throughput (dekatherms)	135,403,188	107,490,775	27,912,413	407,144,529	334,781,316	72,363,213
Duke Energy Midwest LDC throughput (Mcf)	9,370,743	9,904,644	(533,901)	62,111,858	52,940,410	9,171,448

Three Months Ended September 30, 2018, as Compared to September 30, 2017

Gas Utilities and Infrastructure's results were primarily impacted by lower revenues. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven by:

- an \$11 million decrease due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act; and
- a \$10 million decrease primarily due to lower natural gas costs passed through to customers from lower retail volumes sold, partially offset by higher natural gas prices.

Partially offset by:

- a \$6 million increase primarily due to residential and commercial customer revenue, net of natural gas costs passed through to customers, due to customer growth and Integrity Management Rider (IMR) rate adjustments at Piedmont.

Operating Expenses. The variance was driven by:

- a \$10 million decrease in cost of natural gas primarily due to lower retail volumes sold, partially offset by slightly higher natural gas prices.

Partially offset by:

- a \$7 million increase in operations, maintenance and other primarily due to increased shared services and customer operations expense.

Other Income and Expenses, net. The increase was primarily due to higher income from non-service components of employee benefit costs in the current year. For additional information on employee benefit costs, see Note 16 to the Condensed Consolidated Financial Statements, "Employee Benefit Plans."

Income Tax (Benefit) Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the three months ended September 30, 2018, and 2017 were (6.3) percent and 24.0 percent, respectively. The decrease in the ETR was primarily due to the lower statutory corporate tax rate under the Tax Act and research credits. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Nine Months Ended September 30, 2018, as Compared to September 30, 2017

Gas Utilities and Infrastructure's results were primarily impacted by the OTTI recorded on the Constitution investment; partially offset by favorable price adjustments and customer growth. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven by:

- a \$58 million increase primarily due to higher natural gas costs passed through to customers due to higher retail volumes sold and higher natural gas prices;
- a \$37 million increase primarily due to residential and commercial customer revenue, net of natural gas costs passed through to customers, due to customer growth and IMR rate adjustments and new power generation customers at Piedmont; and
- a \$10 million increase primarily due to favorable weather in the current year and higher volumes sold in the Midwest.

Partially offset by:

- a \$49 million decrease due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act.

Operating Expenses. The variance was driven by:

- a \$58 million increase in cost of natural gas primarily due to higher retail volumes sold and higher natural gas prices;
- a \$19 million increase in operations, maintenance and other primarily due to increased shared services and gas operations expense; and
- an \$11 million increase in depreciation and amortization due to additional plant in service.

Other Income and Expenses, net. The decrease was primarily due to the OTTI recorded for the investment in Constitution in the current year, partially offset by higher income from non-service components of employee benefit costs in the current year. For additional information on employee benefit costs, see Note 16 to the Condensed Consolidated Financial Statements, "Employee Benefit Plans."

Income Tax (Benefit) Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the nine months ended September 30, 2018, and 2017 were 21.1 percent and 36.1 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act.

Matters Impacting Future Gas Utilities and Infrastructure Results

Gas Utilities and Infrastructure has a 47 percent ownership interest in Atlantic Coast Pipeline, LLC (ACP), which is building an approximately 600-mile interstate natural gas pipeline intended to transport diverse natural gas supplies into southeastern markets. Affected states (West Virginia, Virginia and North Carolina) have issued certain necessary permits; the project remains subject to other pending federal and state approvals, which will allow full construction activities to begin. In 2018, FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route. Project cost estimates have increased from a range of \$6.0 billion to \$6.5 billion to a range of \$6.5 billion to \$7.0 billion, excluding financing costs. The project has a targeted in-service date of late 2019 for key portions of the project, with the remaining segments targeted to be in-service in mid-2020. Project construction activities, schedule and final costs are subject to uncertainty due to abnormal weather, work delays (including delays due to judicial or regulatory action) and other conditions and risks that could result in potential higher project costs, a potential delay in the targeted in-service dates and potential impairment charges. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

Commercial Renewables

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Variance	2018	2017	Variance
Operating Revenues	\$ 127	\$ 95	\$ 32	\$ 347	\$ 333	\$ 14
Operating Expenses						
Operation, maintenance and other	85	55	30	209	191	18
Depreciation and amortization	40	39	1	116	116	—
Property and other taxes	6	9	(3)	19	26	(7)
Impairment charges	93	76	17	93	76	17
Total operating expenses	224	179	45	437	409	28
Gains on Sales of Other Assets and Other, net	—	1	(1)	—	5	(5)
Operating Loss	(97)	(83)	(14)	(90)	(71)	(19)
Other Income and Expenses, net	2	(11)	13	22	(12)	34
Interest Expense	21	22	(1)	66	64	2
Loss Before Income Taxes	(116)	(116)	—	(134)	(147)	13
Income Tax Benefit	(37)	(65)	28	(112)	(146)	34
Less: Loss Attributable to Noncontrolling Interests	(17)	(2)	(15)	(18)	(3)	(15)
Segment (Loss) Income	\$ (62)	\$ (49)	\$ (13)	\$ (4)	\$ 2	\$ (6)
Renewable plant production, GWh	1,897	1,760	137	6,548	6,276	272
Net proportional MW capacity in operation				2,976	2,908	68

Three Months Ended September 30, 2018, as Compared to September 30, 2017

Commercial Renewables' results were unfavorably impacted by the higher tax benefit in 2017 from cost and property, plant and equipment impairments, partially offset by the minority interest loss associated with a third-party tax equity partnership arrangement. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase in revenues was primarily due to an increase in the number of Engineering, Procurement and Construction (EPC) agreements at REC Solar, a California based provider of solar installations.

Operating Expenses. The increase was primarily due to an increase in the number of EPC agreements at REC Solar, higher development expenses and higher goodwill impairment charges in the current year.

Other Income and Expenses, net. The favorable variance in other income and expenses was primarily a result of the impairment of certain cost investments in the prior year.

Income Tax Benefit. The lower tax benefits in 2018 were due to the lower statutory federal corporate tax rate under the Tax Act and higher tax benefit in 2017 from cost and property, plant and equipment impairments.

Loss Attributable to Noncontrolling Interests. The variance is primarily attributable to the entering into a third-party tax equity partnership arrangement during the third quarter.

Nine Months Ended September 30, 2018, as Compared to September 30, 2017

Commercial Renewables' results were unfavorably impacted by the higher tax benefit in 2017 from cost and property, plant and equipment impairments, primarily offset by the entering into a third-party tax equity partnership arrangement, the bankruptcy court approval of the North Allegheny Wind, LLC (NAW) and FirstEnergy Solutions (FES) settlement agreement and the minority interest loss associated with a third-party tax equity partnership arrangement. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase in revenues was primarily due to an increase in the number of EPC agreements at REC Solar and favorable solar portfolio revenue.

Operating Expenses. The increase was primarily due to higher development expenses and goodwill impairment charges in the current year, partially offset by lower property taxes due to non-recurring property tax payments made in the prior year.

Other Income and Expenses, net. The favorable variance in other income and expenses was primarily due to the bankruptcy court approved NAW and FES settlement agreement, which allowed retention of previously collected cash collateral under the Purchase Power Agreements (PPAs), mark-to-market gains on interest rate swaps, the impairment of certain cost investments in the prior year and lower equity losses in the current year.

Income Tax Benefit. The lower tax benefits in 2018 were due to the lower statutory federal corporate tax rate under the Tax Act and higher tax benefit in 2017 from cost and property, plant and equipment impairments.

Loss Attributable to Noncontrolling Interests. The variance is primarily attributable to the entering into a third-party tax equity partnership arrangement.

Matters Impacting Future Commercial Renewables Results

Persistently low market pricing for wind resources, primarily in the Electric Reliability Council of Texas West market and PJM west and the future expiration of tax incentives including investment tax credits and production tax credits could result in adverse impacts to the future results of operations, financial position and cash flows of Commercial Renewables.

Deterioration in credit quality resulting in bankruptcy of an offtaker of power from contracted wind or solar assets could result in adverse impacts to the future results of operations, financial position and cash flows of Commercial Renewables. On March 31, 2018, FES, a subsidiary of FirstEnergy and counterparty to two PPAs with NAW, filed for Chapter 11 bankruptcy. On June 18, 2018, The United States Bankruptcy Court's Northern District of Ohio Eastern Division approved the Stipulation between FES and NAW. The Stipulation resulted in, among other items, the termination of the two PPAs between FES and NAW, as a result, NAW is subject to market pricing in the PJM west market.

On September 26, 2018, Duke Energy announced it is seeking a minority investor for the commercial renewables business. Duke Energy will continue to develop projects, grow its portfolio and manage its renewables assets. Duke Energy Renewable Services, an operations and maintenance business for third-party customers, and REC Solar are not included in the potential transaction. A sale of a minority interest is dependent on a number of factors and cannot be predicted at this time.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

Other

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Variance	2018	2017	Variance
Operating Revenues	\$ 34	\$ 35	\$ (1)	\$ 101	\$ 103	\$ (2)
Operating Expenses						
Fuel used in electric generation and purchased power	14	13	1	43	42	1
Operation, maintenance and other	(8)	20	(28)	(2)	47	(49)
Depreciation and amortization	43	27	16	113	79	34
Property and other taxes	5	3	2	13	10	3
Impairment charges	—	—	—	—	7	(7)
Total operating expenses	54	63	(9)	167	185	(18)
Gains (Losses) on Sales of Other Assets and Other, net	3	4	(1)	(96)	15	(111)
Operating Loss	(17)	(24)	7	(162)	(67)	(95)
Other Income and Expenses, net	40	50	(10)	81	100	(19)
Interest Expense	163	150	13	484	423	61
Loss Before Income Taxes	(140)	(124)	(16)	(565)	(390)	(175)
Income Tax Benefit	(98)	(93)	(5)	(125)	(193)	68
Less: Income Attributable to Noncontrolling Interests	2	3	(1)	6	8	(2)
Net Loss	\$ (44)	\$ (34)	\$ (10)	\$ (446)	\$ (205)	\$ (241)

Three Months Ended September 30, 2018, as Compared to September 30, 2017

Other's higher net loss was primarily driven by insurance proceeds received in the prior year. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The variance was primarily driven by the reclassification of certain immaterial current year costs to the Electric Utilities and Infrastructure segment.

Other Income and Expenses, net. The variance was primarily due to insurance proceeds received in the prior year resulting from settlement of the shareholder litigation related to the Progress Energy merger.

Interest Expense. The variance was primarily due to an increase in long-term debt as well as higher interest rates on short-term debt.

Income Tax Benefit. The variance was primarily driven by an increase in pretax losses and favorable tax return true ups, partially offset by the lower statutory corporate federal income tax rate under the Tax Act. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Nine Months Ended September 30, 2018, as Compared to September 30, 2017

Other's higher net loss was driven by the loss on sale of the retired Beckjord station, higher interest expense and lower tax benefit due to the Tax Act. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The variance was primarily driven by the reclassification of certain immaterial current year costs to the Electric Utilities and Infrastructure segment.

Other Income and Expenses, net. The variance was primarily due to insurance proceeds received in the prior year resulting from settlement of the shareholder litigation related to the Progress Energy merger.

Gains (Losses) on Sales of Other Assets and Other, net. The variance was driven by the loss on sale of the retired Beckjord station, a nonregulated facility retired during 2014, including the transfer of coal ash basins and other real property and indemnification from all potential future claims related to the property, whether arising under environmental laws or otherwise.

Interest Expense. The variance was primarily due to an increase in long-term debt as well as higher interest rates on short-term debt.

Income Tax Benefit. The variance was primarily due to the valuation allowance against AMT credits and the lower statutory corporate federal income tax rate under the Tax Act, partially offset by an increase in pretax losses. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Other Results

Included in Other is Duke Energy Ohio's 9 percent ownership interest in the OVEC, which owns 2,256 MW of coal-fired generation capacity. As a counterparty to an inter-company power agreement (ICPA), Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA, including Duke Energy Ohio, based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuations in power prices and changes in OVEC's costs of business. On March 31, 2018, FES, a subsidiary of FirstEnergy and an ICPA counterparty with a power participation ratio of 4.85 percent, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. Duke Energy cannot predict the impact of the bankruptcy filing on its OVEC interests. In addition, certain proposed environmental rulemaking costs could result in future increased OVEC cost allocations.

In March 2017, Duke Energy Ohio filed an electric distribution base rate application with the PUCO to address recovery of electric distribution system capital investments and any increase in expenditures subsequent to previous rate cases. On April 13, 2018, Duke Energy Ohio filed a Stipulation with the PUCO to resolve issues in the electric distribution base rate case and other regulatory matters. If approved by PUCO, the Stipulation would allow for Duke Energy Ohio to recover gains and losses incurred on and after January 1, 2018, related to OVEC, through the Price Stabilization Rider and, as a result, Duke Energy Ohio may move its ownership interest to the Electric Utilities and Infrastructure segment. Hearings concluded on August 6, 2018. Initial briefs were filed on September 11, 2018, and reply briefs on October 2, 2018. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

DUKE ENERGY CAROLINAS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2018	2017	Variance
Operating Revenues	\$ 5,525	\$ 5,581	\$ (56)
Operating Expenses			
Fuel used in electric generation and purchased power	1,370	1,394	(24)
Operation, maintenance and other	1,464	1,472	(8)
Depreciation and amortization	866	804	62
Property and other taxes	214	206	8
Impairment charges	191	—	191
Total operating expenses	4,105	3,876	229
Losses on Sales of Other Assets and Other, net	(1)	—	(1)
Operating Income	1,419	1,705	(286)
Other Income and Expenses, net	108	140	(32)
Interest Expense	323	314	9
Income Before Income Taxes	1,204	1,531	(327)
Income Tax Expense	268	522	(254)
Net Income	\$ 936	\$ 1,009	\$ (73)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2018
Residential sales	12.3%
General service sales	6.1%
Industrial sales	2.2%
Wholesale power sales	13.5%
Joint dispatch sales	7.4%
Total sales	6.6%
Average number of customers	1.4%

Nine Months Ended September 30, 2018, as Compared to September 30, 2017

Operating Revenues. The variance was driven primarily by:

- a \$197 million decrease in retail sales due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act;
- a \$48 million decrease in rider revenues primarily related to energy efficiency programs; and
- a \$25 million decrease in wholesale power revenues, net of sharing and fuel, primarily due to wholesale customer refunds in the current year related to a FERC order on a complaint filed by Piedmont Municipal Power Agency (PMPA), partially offset by higher revenues related to recovery of coal ash costs.

Partially offset by:

- a \$141 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year;
- a \$39 million increase in weather-normal retail sales volumes; and
- a \$29 million increase in retail pricing due to the impacts of the North Carolina rate case.

Operating Expenses. The variance was driven primarily by:

- a \$191 million increase in impairment charges, primarily due to the impacts of the North Carolina rate order and charges related to coal ash costs in South Carolina; and
- a \$62 million increase in depreciation and amortization primarily due to additional plant in service and higher amortization of deferred coal ash costs, partially offset by lower amortization of certain regulatory assets.

Partially offset by:

- a \$24 million decrease in fuel used in electric generation and purchased power primarily due to decreased coal ash beneficial reuse costs, partially offset by higher sales volumes.

Other Income and Expenses. The variance was primarily due to lower AFUDC equity and a decrease in recognition of post in-service equity returns for projects that were completed prior to being reflected in customer rates.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the nine months ended September 30, 2018, and 2017 were 22.3 percent and 34.1 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of state excess deferred taxes partially offset by favorable tax return true ups in the prior year. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, may be reassessed in the future as low risk pursuant to legislation enacted on July 14, 2016. Duke Energy Carolinas' estimated AROs related to the closure of North Carolina ash impoundments are based upon the mandated closure method or a probability weighting of potential closure methods for the impoundments that may be reassessed to low risk. On October 12, 2018, NCDEQ announced that Duke Energy had satisfied the permanent replacement water supply requirements by the October 15, 2018, deadline set out in the Coal Ash Management Act. However, NCDEQ has not yet issued final classifications for these impoundments. As the final risk ranking classifications in North Carolina are delineated, final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy Carolinas' results of operations, financial position and cash flows.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas may petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 4 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused damage within the service territory of Duke Energy Carolinas. Duke Energy Carolinas has not completed the final accumulation of total estimated storm restoration costs incurred; however, the preliminary estimate is approximately \$70 million of operation and maintenance expenses. Given the magnitude of the storm, Duke Energy Carolinas intends to request approval to defer the incremental costs incurred to a regulatory asset for recovery in the next base rate case. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Carolinas' financial position, results of operations and cash flows.

Duke Energy Carolinas is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. In addition, the order issued in the Duke Energy Carolinas North Carolinas rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

PROGRESS ENERGY

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2018	2017	Variance
Operating Revenues	\$ 8,119	\$ 7,435	\$ 684
Operating Expenses			
Fuel used in electric generation and purchased power	3,019	2,588	431
Operation, maintenance and other	1,913	1,697	216
Depreciation and amortization	1,183	958	225
Property and other taxes	399	386	13
Impairment charges	34	137	(103)
Total operating expenses	6,548	5,766	782
Gains on Sales of Other Assets and Other, net	23	19	4
Operating Income	1,594	1,688	(94)
Other Income and Expenses, net	128	112	16
Interest Expense	626	595	31
Income Before Income Taxes	1,096	1,205	(109)
Income Tax Expense	186	384	(198)
Net Income	910	821	89
Less: Net Income Attributable to Noncontrolling Interests	6	7	(1)
Net Income Attributable to Parent	\$ 904	\$ 814	\$ 90

Nine Months Ended September 30, 2018, as Compared to September 30, 2017

Operating Revenues. The variance was driven primarily by:

- a \$467 million increase in fuel related revenues due to higher sales volumes, increases in fuel and capacity rates billed to customers and increased demand at Duke Energy Florida;
- a \$103 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year and impacts of lost revenue resulting from Hurricane Irma in the prior year at Duke Energy Florida;
- an \$89 million increase in JAAR revenues, primarily due to the implementation of new base rates and weather normalized volumes at Duke Energy Progress;
- a \$79 million increase in retail pricing due to the impacts of the Duke Energy Progress North Carolina and South Carolina rate cases; and

- a \$73 million increase in wholesale power revenues, net of fuel, primarily due to the recovery of coal ash costs and higher peak demand at Duke Energy Progress.

Partially offset by:

- a \$98 million decrease in retail sales due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act at Duke Energy Progress; and
- a \$35 million decrease in rider revenues in conjunction with implementation of new base rate and impacts of Hurricane Florence at Duke Energy Progress.

Operating Expenses. The variance was driven primarily by:

- a \$431 million increase in fuel used in electric generation and purchased power primarily due to higher sales, higher deferred fuel and capacity expenses, and increased purchased power;
- a \$225 million increase in depreciation and amortization primarily due to higher amortization of deferred coal ash costs and new depreciation rates associated with the North Carolina rate case at Duke Energy Progress, and accelerated depreciation of Crystal River Units 4 and 5 and additional plant in service at Duke Energy Florida;
- a \$216 million increase in operation, maintenance and other primarily due to impacts associated with the North Carolina rate case at Duke Energy Progress and storm cost amortization at Duke Energy Florida; and
- a \$13 million increase in property and other taxes primarily due to higher revenue related taxes.

Partially offset by:

- a \$103 million decrease in impairment charges primarily due to the write-off of remaining unrecovered Levy Nuclear Project costs in the prior year at Duke Energy Florida.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the nine months ended September 30, 2018, and 2017 were 17.0 percent and 31.9 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and levelization for annual amortization of federal and state excess deferred taxes. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, may be reassessed in the future as low risk pursuant to legislation enacted on July 14, 2016. Progress Energy's estimated AROs related to the closure of North Carolina ash impoundments are based upon the mandated closure method or a probability weighting of potential closure methods for the impoundments that may be reassessed to low risk. On October 12, 2018, NCDEQ announced that Duke Energy had satisfied the permanent replacement water supply requirements by the October 15, 2018, deadline set out in the Coal Ash Management Act. However, NCDEQ has not yet issued final classifications for these impoundments. As the final risk ranking classifications in North Carolina are delineated, final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Progress Energy's results of operations, financial position and cash flows.

In the third quarter of 2018, Hurricane Florence caused historic flooding, extensive damage and widespread power outages within the Duke Energy Progress service territory. Current estimated restoration costs are approximately \$420 million of operations and maintenance expense and approximately \$75 million in capital costs. Most of the operation and maintenance expenses are deferred as of September 30, 2018. Given the magnitude of the storm, Duke Energy Progress intends to request approval to defer the incremental costs incurred to a regulatory asset for recovery in the next base rate case. The request is expected to be filed during the fourth quarter of 2018. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Progress Energy's financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 4 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused significant damage within the service territories of Duke Energy Florida and Duke Energy Progress. Progress Energy has not completed the final accumulation of total estimated storm restoration costs incurred; however, the preliminary estimate is approximately \$165 million of operation and maintenance expenses and approximately \$175 million of capital costs. Given the magnitude of the storm, Duke Energy Progress intends to request approval to defer the incremental costs incurred to a regulatory asset for recovery in the next base rate case, and Duke Energy Florida will recover these storm costs consistent with the provisions in its 2017 Second Revised and Restated Settlement Agreement. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Progress Energy's financial position, results of operations and cash flows.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. As noted above, the order issued in the Duke Energy Progress North Carolinas rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. The NCUC did allow Duke Energy Carolinas to petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NCUC, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. If the NCUC were to rule similarly, Progress Energy's results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On June 30, 2017, CertainTeed filed a declaratory judgment action against Duke Energy Progress in the North Carolina Business Court relating to a gypsum supply agreement. In its complaint, CertainTeed sought an order from the court declaring that the minimum amount of gypsum Duke Energy Progress must provide to CertainTeed under the supply agreement is 50,000 tons per month through 2029. The trial for this matter concluded on July 16, 2018. On August 29, 2018, the court issued an order and opinion finding that Duke Energy Progress is required to supply 50,000 tons of gypsum per month, but that CertainTeed's sole remedy for Duke Energy Progress' long-term discontinuance under the agreement is liquidated damages. The estimated maximum amount that would be owed under the liquidated damages provision is approximately \$90 million. Both CertainTeed and Duke Energy Progress have filed cross-appeals. The outcome of the cross-appeals could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Florida is constructing the 1,640-MW combined-cycle natural gas plant in Citrus County, Florida, and expects it to be commercially available in 2018. Actual costs are expected to exceed estimated costs by an immaterial amount after recoveries; therefore, an impairment is not expected. Failure to complete the construction and achieve commercial operations by the end of 2018 or failure to obtain recoveries from customers or vendors could materially impact Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed for recovery of the storm costs. Storm costs are currently expected to be fully recovered by approximately mid-2021. The commission has scheduled the hearing to begin on May 21, 2019. An order disallowing recovery of these costs could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

DUKE ENERGY PROGRESS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2018	2017	Variance
Operating Revenues	\$ 4,333	\$ 3,878	\$ 455
Operating Expenses			
Fuel used in electric generation and purchased power	1,452	1,214	238
Operation, maintenance and other	1,187	1,069	118
Depreciation and amortization	723	536	187
Property and other taxes	115	120	(5)
Impairment charges	33	—	33
Total operating expenses	3,510	2,939	571
Gains on Sales of Other Assets and Other, net	9	3	6
Operating Income	832	942	(110)
Other Income and Expenses, net	61	84	(23)
Interest Expense	241	217	24
Income Before Income Taxes	652	809	(157)
Income Tax Expense	120	262	(142)
Net Income	\$ 532	\$ 547	\$ (15)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales, and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2018
Residential sales	10.1%
General service sales	2.1%
Industrial sales	0.7%
Wholesale power sales	7.2%
Joint dispatch sales	2.9%
Total sales	5.4%
Average number of customers	1.6%

Nine Months Ended September 30, 2018, as Compared to September 30, 2017

Operating Revenues. The variance was driven primarily by:

- a \$268 million increase in fuel related revenues due to higher retail sales and changes in generation mix;
- a \$79 million increase in pricing due to the impacts of the North Carolina and South Carolina rate cases;
- a \$73 million increase in wholesale power revenues, net of fuel, primarily due to recovery of coal ash costs and higher peak demand;
- a \$72 million increase in retail sales due to favorable weather conditions;
- a \$52 million increase in JAAR revenues in conjunction with implementation of new base rates; and
- a \$37 million increase in weather normalized volumes.

Partially offset by:

- a \$98 million decrease in retail sales due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act;
- a \$25 million decrease in certain rider revenues in conjunction with implementation of new base rates; and
- a \$10 million decrease in revenues due to the impacts of Hurricane Florence.

Operating Expenses. The variance was driven primarily by:

- a \$238 million increase in fuel used in electric generation and purchased power primarily due higher retail sales and changes in generation mix;
- a \$187 million increase in depreciation and amortization primarily due to higher amortization of deferred coal ash costs and new depreciation rates per the North Carolina rate case;
- a \$118 million increase in operation, maintenance and other expense primarily due to higher storm contingency costs, impacts associated with the North Carolina rate case and higher operational costs that are recoverable in rates; and
- a \$33 million increase in impairment charges associated with the North Carolina rate case.

Other Income and Expenses. The variance was primarily driven by lower income from non-service components of employment benefit costs. For additional information on employee benefit costs, see Note 16 to the Condensed Consolidated Financial Statements, "Employee Benefit Plans."

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the nine months ended September 30, 2018, and 2017 were 18.4 percent and 32.4 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of state excess deferred taxes. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, may be reassessed in the future as low risk pursuant to legislation enacted on July 14, 2016. Duke Energy Progress' estimated AROs related to the closure of North Carolina ash impoundments are based upon the mandated closure method or a probability weighting of potential closure methods for the impoundments that may be reassessed to low risk. On October 12, 2018, NCDEQ announced that Duke Energy had satisfied the permanent replacement water supply requirements by the October 15, 2018, deadline set out in the Coal Ash Management Act. However, NCDEQ has not yet issued final classifications for these impoundments. As the final risk ranking classifications in North Carolina are delineated, final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy Progress' results of operations, financial position and cash flows.

In the third quarter of 2018, Hurricane Florence caused historic flooding, extensive damage and widespread power outages within the Duke Energy Progress service territory. Current estimated restoration costs are approximately \$420 million of operations and maintenance expense and approximately \$75 million in capital costs. Most of the operation and maintenance expenses are deferred as of September 30, 2018. Given the magnitude of the storm, Duke Energy Progress intends to request approval to defer the incremental costs incurred to a regulatory asset for recovery in the next base rate case. The request is expected to be filed during the fourth quarter of 2018. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Progress' financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 4 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused damage within the service territory of Duke Energy Progress. Duke Energy Progress has not completed the final accumulation of total estimated storm restoration costs incurred; however, the preliminary estimate is approximately \$25 million of operation and maintenance expenses. Given the magnitude of the storm, Duke Energy Progress intends to request approval to defer the incremental costs incurred to a regulatory asset for recovery in the next base rate case. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Progress' financial position, results of operations and cash flows.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. As noted above, the order issued in the Duke Energy Progress North Carolinas rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. The NCUC did allow Duke Energy Carolinas to petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NCUC, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. If the NCUC were to rule similarly, Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On June 30, 2017, CertainTeed filed a declaratory judgment action against Duke Energy Progress in the North Carolina Business Court relating to a gypsum supply agreement. In its complaint, CertainTeed sought an order from the court declaring that the minimum amount of gypsum Duke Energy Progress must provide to CertainTeed under the supply agreement is 50,000 tons per month through 2029. The trial for this matter concluded on July 16, 2018. On August 29, 2018, the court issued an order and opinion finding that Duke Energy Progress is required to supply 50,000 tons of gypsum per month, but that CertainTeed's sole remedy for Duke Energy Progress' long-term discontinuance under the agreement is liquidated damages. The estimated maximum amount that would be owed under the liquidated damages provision is approximately \$90 million. Both CertainTeed and Duke Energy Progress have filed cross-appeals. The outcome of the cross-appeals could have an adverse impact on Duke Energy's Progress results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

DUKE ENERGY FLORIDA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2018	2017	Variance
Operating Revenues	\$ 3,780	\$ 3,551	\$ 229
Operating Expenses			
Fuel used in electric generation and purchased power	1,567	1,374	193
Operation, maintenance and other	719	623	96
Depreciation and amortization	460	423	37
Property and other taxes	284	265	19
Impairment charges	1	137	(136)
Total operating expenses	3,031	2,822	209
Operating Income	749	729	20
Other Income and Expenses, net	75	58	17
Interest Expense	210	211	(1)
Income Before Income Taxes	614	576	38
Income Tax Expense	100	208	(108)
Net Income	\$ 514	\$ 368	\$ 146

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Wholesale power sales include both billed and unbilled sales. Total sales includes billed and unbilled retail sales, and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2018
Residential sales	2.7%
General service sales	1.1%
Industrial sales	0.2%
Wholesale and other	4.4%
Total sales	2.0%
Average number of customers	1.6%

Nine Months Ended September 30, 2018, as Compared to September 30, 2017

Operating Revenues. The variance was driven primarily by:

- a \$199 million increase in fuel and capacity revenues primarily due to an increase in fuel and capacity rates billed to retail customers, as well as increased demand; and
- a \$31 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year and impacts of lost revenue resulting from Hurricane Irma in the prior year.

Operating Expenses. The variance was driven primarily by:

- a \$193 million increase in fuel used in electric generation and purchased power primarily due to higher deferred fuel and capacity expenses, increased purchased power and increased demand;
- a \$96 million increase in operations, maintenance and other expense primarily due to storm cost amortizations, partially offset by lower storm restoration costs in the current year;
- a \$37 million increase in depreciation and amortization primarily due to accelerated depreciation of Crystal River Units 4 and 5 and additional plant in service, partially offset by decreased ARO depreciation due to the updated Crystal River Unit 3 nuclear decommissioning cost study; and
- a \$19 million increase in property and other taxes primarily due to higher revenue related taxes.

Partially offset by:

- a \$136 million decrease in impairment charges primarily due to the write-off of remaining unrecovered Levy Nuclear Project costs in the prior year.

Other Income and Expenses. The variance was driven primarily by higher AFUDC equity return on the Citrus County Combined Cycle project in the current year.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the nine months ended September 30, 2018, and 2017 were 16.3 percent and 36.1 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of federal excess deferred taxes. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

Duke Energy Florida is constructing the 1,640-MW combined-cycle natural gas plant in Citrus County, Florida, and expects it to be commercially available in 2018. Actual costs are expected to exceed estimated costs by an immaterial amount after recoveries; therefore, an impairment is not expected. Failure to complete the construction and achieve commercial operations by the end of 2018 or failure to obtain recoveries from customers or vendors could materially impact Duke Energy Florida's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed for recovery of the storm costs. Storm costs are currently expected to be fully recovered by approximately mid-2021. The commission has scheduled the hearing to begin on May 21, 2019. An order disallowing recovery of these costs could have an adverse impact on Duke Energy Florida's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 4 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused significant damage within the service territory of Duke Energy Florida. Duke Energy Florida has not completed the final accumulation of total estimated storm restoration costs incurred; however, the preliminary estimate is approximately \$140 million of operation and maintenance expenses and approximately \$175 million in capital costs. Given the magnitude of the storm, Duke Energy Florida will recover these storm costs consistent with the provisions in its 2017 Second Revised and Restated Settlement Agreement. An order from regulatory authorities disallowing the future recovery of storm restoration costs could have an adverse impact on Duke Energy Florida's financial position, results of operations and cash flows.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

DUKE ENERGY OHIO

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2018	2017	Variance
Operating Revenues			
Regulated electric	\$ 1,055	\$ 1,036	\$ 19
Regulated natural gas	361	360	1
Nonregulated electric and other	36	30	6
Total operating revenues	1,452	1,426	26
Operating Expenses			
Fuel used in electric generation and purchased power – regulated	284	283	1
Fuel used in electric generation and purchased power – nonregulated	43	42	1
Cost of natural gas	73	69	4
Operation, maintenance and other	337	388	(51)
Depreciation and amortization	196	193	3
Property and other taxes	218	204	14
Impairment charges	—	1	(1)
Total operating expenses	1,151	1,180	(29)
(Losses) Gains on Sales of Other Assets and Other, net	(106)	1	(107)
Operating Income	195	247	(52)
Other Income and Expenses, net	17	15	2
Interest Expense	68	67	1
Income From Continuing Operations Before Income Taxes	144	195	(51)
Income Tax Expense From Continuing Operations	23	67	(44)
Income From Continuing Operations	121	128	(7)
Loss From Discontinued Operations, net of tax	—	(1)	1
Net Income	\$ 121	\$ 127	\$ (6)

The following table shows the percent changes in GWh sales of electricity, dekatherms of natural gas delivered and average number of electric and natural gas customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

	Electric	Natural Gas
Increase (Decrease) over prior year	2018	2018
Residential sales	13.4%	28.6%
General service sales	3.6%	24.7%
Industrial sales	(1.0)%	9.6%
Wholesale electric power sales	(58.3)%	n/a
Other natural gas sales	n/a	0.3%
Total sales	3.0%	17.3%
Average number of customers	0.8%	0.8%

Nine Months Ended September 30, 2018, as Compared to September 30, 2017

Operating Revenues. The variance was driven primarily by:

- a \$39 million increase in electric and natural gas retail sales, net of fuel revenues, due to favorable weather in the current year;
- a \$16 million increase in financial transmission rights revenues;
- a \$5 million increase in other revenues related to OVEC;
- a \$5 million increase in fuel revenues due to higher natural gas costs; and
- a \$4 million increase in rider revenue primarily due to increased rates.

Partially offset by:

- a \$38 million decrease in regulated revenues due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act; and
- a \$5 million decrease in bulk power marketing sales.

Operating Expenses. The variance was driven primarily by:

- a \$51 million decrease in operations, maintenance and other expense primarily due to the FERC approved settlement refund of certain transmission costs previously billed by PJM.

Partially offset by:

- a \$14 million increase in property and other taxes primarily due to higher property taxes due to higher plant balances; and
- a \$6 million increase in fuel costs primarily due to increased natural gas sales volumes.

Other Income and Expenses. The variance was driven primarily by an increase in AFUDC equity due to higher base spending for transmission and fossil plants and an increase due to the impairment of meters in 2017.

Gains (Losses) on Sales of Other Assets and Other, net. The decrease was driven by the loss on the sale of Beckjord, a nonregulated facility retired during 2014, including the transfer of coal ash basins and other real property and indemnification from any and all potential future claims related to the property, whether arising under environmental laws or otherwise.

Income Tax Expense. The variance was primarily due to a decrease in pretax income and the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the nine months ended September 30, 2018, and 2017 were 16.0 percent and 34.4 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act and the amortization of federal excess deferred taxes. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

Duke Energy Ohio has a 9 percent ownership interest in OVEC, which owns 2,256 MW of coal-fired generation capacity. As a counterparty to an ICPA, Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA, including Duke Energy Ohio, based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuations in power prices and changes in OVEC's costs of business. On March 31, 2018, FES, a subsidiary of FirstEnergy and an ICPA counterparty with a power participation ratio of 4.85 percent, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. Duke Energy Ohio cannot predict the impact of the bankruptcy filing on its OVEC interests. In addition, certain proposed environmental rulemaking costs could result in future increased OVEC cost allocations.

In March 2017, Duke Energy Ohio filed an electric distribution base rate application with the PUCO to address recovery of electric distribution system capital investments and any increase in expenditures subsequent to previous rate cases. On April 13, 2018, Duke Energy Ohio filed a Stipulation with the PUCO to resolve issues in the electric distribution base rate case and other regulatory matters. If approved by PUCO, the Stipulation would allow for Duke Energy Ohio to recover gains and losses incurred on and after January 1, 2018, related to OVEC, through the Price Stabilization Rider. Hearings concluded on August 6, 2018. Initial briefs were filed on September 11, 2018, and reply briefs on October 2, 2018. Duke Energy Ohio's results of operations, financial position and cash flows could be adversely impacted if the Stipulation is denied by the PUCO. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

DUKE ENERGY INDIANA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2018	2017	Variance
Operating Revenues	\$ 2,288	\$ 2,302	\$ (14)
Operating Expenses			
Fuel used in electric generation and purchased power	730	744	(14)
Operation, maintenance and other	576	546	30
Depreciation and amortization	386	336	50
Property and other taxes	56	56	—
Impairment charges	30	—	30
Total operating expenses	1,778	1,682	96
Gains on Sales of Other Assets and Other, net	—	1	(1)
Operating Income	510	621	(111)
Other Income and Expenses, net	36	32	4
Interest Expense	125	132	(7)
Income Before Income Taxes	421	521	(100)
Income Tax Expense	104	203	(99)
Net Income	\$ 317	\$ 318	\$ (1)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2018
Residential sales	14.0%
General service sales	3.1%
Industrial sales	0.4%
Wholesale power sales	(0.9)%
Total sales	3.7%
Average number of customers	1.2%

Nine Months Ended September 30, 2018, as Compared to September 30, 2017

Operating Revenues. The variance was driven primarily by:

- an \$83 million decrease due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act; and
- a \$22 million decrease in wholesale power revenues, net of fuel, primarily due to contracts that expired in the prior year.

Partially offset by:

- a \$53 million increase in rate rider revenues primarily related to the Edwardsport Integrated Gasification Combined Cycle (IGCC) plant and the Transmission, Distribution and Storage System Improvement Charge rider;
- a \$24 million increase in electric sales to retail customers due to favorable weather in the current year;
- a \$7 million increase in weather-normal sales volumes to retail customers in the current year; and
- a \$6 million increase in fuel and other revenues primarily due to higher Midcontinent Independent System Operator rider revenue, partially offset by a decrease in retail and wholesale fuel revenues.

Operating Expenses. The variance was driven primarily by:

- a \$50 million increase in depreciation and amortization primarily due to additional plant in service and the deferral of certain asset retirement obligations in the prior year;
- a \$30 million increase in operation, maintenance and other expense primarily due to higher amortizations of previously deferred expenses, higher transmission and customer related costs; and
- a \$30 million increase in impairment charges primarily due to the reduction of a regulatory asset pertaining to the Edwardsport IGCC settlement agreement.

Partially offset by:

- a \$14 million decrease in fuel used in electric generation and purchased power primarily due to the net benefit to expense of lower purchased power and an increase in internal generation, and lower fuel prices.

Other Income and Expenses. The increase was primarily due to higher AFUDC equity resulting from recognition of the equity portion of rider specific post-in-service carrying costs under the tax settlement approved by the IURC.

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the nine months ended September 30, 2018, and 2017 were 24.7 percent and 39.0 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

On April 17, 2015, the U.S. Environmental Protection Agency (EPA) published in the Federal Register a rule to regulate the disposal of Coal Combustion Residuals (CCR) from electric utilities as solid waste. Duke Energy Indiana has interpreted the rule to identify the coal ash basin sites impacted and has assessed the amounts of coal ash subject to the rule and a method of compliance. Duke Energy Indiana's interpretation of the requirements of the CCR rule is subject to potential legal challenges and further regulatory approvals, which could result in additional ash basin closure requirements, higher costs of compliance and greater AROs. Additionally, Duke Energy Indiana has retired facilities that are not subject to the CCR rule. Duke Energy Indiana may incur costs at these facilities to comply with environmental regulations or to mitigate risks associated with on-site storage of coal ash. An order from regulatory authorities disallowing recovery of costs related to closure of ash basins could have an adverse impact on Duke Energy Indiana's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

PIEDMONT

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2018, and 2017 and the Annual Report on Form 10-K/A for the year ended December 31, 2017.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2018	2017	Variance
Operating Revenues	\$ 940	\$ 884	\$ 56
Operating Expenses			
Cost of natural gas	387	333	54
Operation, maintenance and other	252	226	26
Depreciation and amortization	118	109	9
Property and other taxes	36	38	(2)
Impairment charges	—	7	(7)
Total operating expenses	793	713	80
Operating Income	147	171	(24)
Other Income and Expenses			
Equity in earnings of unconsolidated affiliates	6	8	(2)
Other income and expenses, net	9	(1)	10
Total other income and expenses	15	7	8
Interest Expense	60	59	1
Income Before Income Taxes	102	119	(17)
Income Tax Expense	21	43	(22)
Net Income	\$ 81	\$ 76	\$ 5

The following table shows the percent changes in dekatherms delivered and average number of customers. The percentages for all throughput deliveries represent billed and unbilled sales. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2018
Residential deliveries	34.2%
Commercial deliveries	20.1%
Industrial deliveries	3.3%
Power generation deliveries	25.9%
For resale	21.8%
Total throughput deliveries	21.6%
Secondary market volumes	(9.8)%
Average number of customers	1.5%

Due to the margin decoupling mechanism in North Carolina and weather normalization adjustment (WNA) mechanisms in South Carolina and Tennessee, changes in throughput deliveries do not have a material impact on Piedmont's revenues or earnings. The margin decoupling mechanism adjusts for variations in residential and commercial use per customer, including those due to weather and conservation. The WNA mechanisms mostly offset the impact of weather on bills rendered, but do not ensure precise recovery of approved margin during periods when winter weather is significantly warmer or colder than normal.

Nine Months Ended September 30, 2018, as Compared to September 30, 2017

Operating Revenues. The variance was driven primarily by:

- a \$54 million increase primarily due to higher natural gas costs passed through to customers due to higher retail volumes sold and higher natural gas prices; and
- a \$37 million increase primarily due to residential and commercial customer revenue, net of natural gas costs passed through to customers, due to customer growth and IMR rate adjustments; and new power generation customers.

Partially offset by:

- a \$34 million decrease due to revenues subject to refund to customers associated with the lower statutory federal corporate tax rate under the Tax Act.

Operating Expenses. The variance was driven by:

- a \$54 million increase in cost of natural gas primarily due to higher retail volumes sold and higher natural gas prices;
- a \$26 million increase in operation, maintenance and other primarily due to increased shared services, costs to achieve merger expenses and natural gas operations; and
- a \$9 million increase in depreciation and amortization due to additional plant in service.

Partially offset by:

- a \$7 million decrease due to an impairment of software recorded in the prior year.

Other Income and Expense. The increase was primarily due to higher income from non-service components of employee benefit costs in the current year. For additional information on employee benefit costs, see Note 16 to the Condensed Consolidated Financial Statements, "Employee Benefit Plans."

Income Tax Expense. The variance was primarily due to the lower statutory federal corporate tax rate under the Tax Act. The ETRs for the nine months ended September 30, 2018, and 2017 were 20.6 percent and 36.1 percent, respectively. The decrease in the ETR was primarily due to the lower statutory federal corporate tax rate under the Tax Act. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impacting Future Results

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. See Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017, for a summary and detailed discussion of projected primary sources and uses of cash for 2018 to 2020.

The Subsidiary Registrants generally maintain minimal cash balances and use short-term borrowings to meet their working capital needs and other cash requirements. The Subsidiary Registrants, excluding Progress Energy (Parent), support their short-term borrowing needs through participation with Duke Energy and certain of its other subsidiaries in a money pool arrangement. The companies with short-term funds may provide short-term loans to affiliates participating under this arrangement.

Duke Energy and the Subsidiary Registrants, excluding Progress Energy (Parent), may also use short-term debt, including commercial paper and the money pool, as a bridge to long-term debt financings. The levels of borrowing may vary significantly over the course of the year due to the timing of long-term debt financings and the impact of fluctuations in cash flows from operations. From time to time, Duke Energy's current liabilities may exceed current assets resulting from the use of short-term debt as a funding source to meet scheduled maturities of long-term debt, as well as cash needs, which can fluctuate due to the seasonality of its business.

Equity Issuance

Refer to Note 14 to the Condensed Consolidated Financial Statements, "Common Stock," for further information regarding Duke Energy's equity issuance.

CREDIT FACILITIES AND REGISTRATION STATEMENTS

Refer to Note 5 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for further information regarding Duke Energy's available credit facilities, including the Master Credit Facility.

Shelf Registration

In September 2016, Duke Energy filed a registration statement (Form S-3) with the U.S. Securities and Exchange Commission. Under this Form S-3, which is uncapped, the Duke Energy Registrants, excluding Progress Energy (Parent), may issue debt and other securities in the future at amounts, prices and with terms to be determined at the time of future offerings. The registration statement also allows for the issuance of common stock by Duke Energy.

In January 2017, Duke Energy amended its Form S-3 to add Piedmont as a registrant and included in the amendment a prospectus for Piedmont under which it may issue debt securities in the same manner as other Duke Energy Registrants.

DEBT MATURITIES

Refer to Note 5 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for further information regarding significant components of Current Maturities of Long-Term Debt on the Condensed Consolidated Balance Sheets.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operations of Electric Utilities and Infrastructure and Gas Utilities and Infrastructure are primarily driven by sales of electricity and natural gas, respectively, and costs of operations. These cash flows from operations are relatively stable and comprise a substantial portion of Duke Energy's operating cash flows. Weather conditions, working capital and commodity price fluctuations, and unanticipated expenses including unplanned plant outages, storms, legal costs and related settlements, and regulatory orders can affect the timing and level of cash flows from operations.

Duke Energy believes it has sufficient liquidity resources through the commercial paper markets, and ultimately the Master Credit and Revolving Facilities, to support these operations, including storm restoration costs from Hurricanes Florence and Michael. Cash flows from operations are subject to a number of other factors, including but not limited to regulatory constraints, economic trends and market volatility (see "Item 1A. Risk Factors," in the Duke Energy Registrants' Annual Reports on Form 10-K/A for the year ended December 31, 2017, for additional information).

Restrictive Debt Covenants

The Duke Energy Registrants' debt and credit agreements contain various financial and other covenants. The Master Credit Facility contains a covenant requiring the debt-to-total capitalization ratio not to exceed 65 percent for all borrowers except Piedmont, and 70 percent for Piedmont. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the agreements or sublimits thereto. As of September 30, 2018, each of the Duke Energy Registrants was in compliance with all covenants related to their debt agreements. In addition, some credit agreements may allow for acceleration of payments or termination of the agreements due to nonpayment or acceleration of other significant indebtedness of the borrower or some of its subsidiaries. None of the debt or credit agreements contain material adverse change clauses.

Credit Ratings

Credit ratings are intended to provide credit lenders a framework for comparing the credit quality of securities and are not a recommendation to buy, sell or hold. The Duke Energy Registrants' credit ratings are dependent on the rating agencies' assessments of their ability to meet their debt principal and interest obligations when they come due. If, as a result of market conditions or other factors, the Duke Energy Registrants are unable to maintain current balance sheet strength or if earnings and cash flow outlook materially deteriorate, credit ratings could be negatively impacted.

Moody's Investors Service, Inc. (Moody's), Standard & Poor's Rating Services and Fitch Ratings, Inc. provide credit ratings for various Duke Energy Registrants.

On August 1, 2018, Moody's revised its ratings outlook for Duke Energy Corporation and Piedmont from negative to stable and for Duke Energy Ohio from positive to stable. Moody's also revised its ratings as follows: Progress Energy is upgraded from Baa2 to Baa1; Piedmont is downgraded from A2 to A3. On September 6, 2018, Fitch revised its ratings outlook for Duke Energy Corporation from negative to stable.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

(in millions)	Nine Months Ended	
	September 30,	
	2018	2017
Cash flows provided by (used in):		
Operating activities	\$ 5,667	\$ 4,978
Investing activities	(7,270)	(6,331)
Financing activities	1,547	1,239
Net decrease in cash, cash equivalents and restricted cash	(56)	(114)
Cash, cash equivalents and restricted cash at beginning of period	505	541
Cash, cash equivalents and restricted cash at end of period	\$ 449	\$ 427

OPERATING CASH FLOWS

The following table summarizes key components of Duke Energy's operating cash flows.

(in millions)	Nine Months Ended September 30,		
	2018	2017	Variance
Net income	\$ 2,190	\$ 2,361	\$ (171)
Non-cash adjustments to net income	5,206	3,937	1,269
Contributions to qualified pension plans	(141)	(8)	(133)
Payments for asset retirement obligations	(389)	(420)	31
Payment for disposal of other assets	(105)	—	(105)
Working capital	(1,094)	(892)	(202)
Net cash provided by operating activities	\$ 5,667	\$ 4,978	\$ 689

The variance was primarily due to:

- a \$1,098 million increase in net income after adjustment for non-cash items primarily due to favorable weather and increased pricing and volumes in the current period.

Partially offset by:

- a \$133 million increase in contributions to qualified pension plans; and
- a \$105 million payment for disposal of Beckjord.

INVESTING CASH FLOWS

The following table summarizes key components of Duke Energy's investing cash flows.

(in millions)	Nine Months Ended September 30,		
	2018	2017	Variance
Capital, investment and acquisition expenditures	\$ (7,050)	\$ (6,211)	\$ (839)
Other investing items	(220)	(120)	(100)
Net cash used in investing activities	\$ (7,270)	\$ (6,331)	\$ (939)

The variance relates primarily to an increase in capital expenditures due to higher overall investments in regulated generation, natural gas and commercial renewables.

FINANCING CASH FLOWS

The following table summarizes key components of Duke Energy's financing cash flows.

(in millions)	Nine Months Ended September 30,		
	2018	2017	Variance
Issuances of long-term debt, net	\$ 1,832	\$ 3,675	\$ (1,843)
Issuances of common stock	834	—	834
Notes payable and commercial paper	674	(619)	1,293
Dividends paid	(1,835)	(1,825)	(10)
Other financing items	42	8	34
Net cash provided by financing activities	\$ 1,547	\$ 1,239	\$ 308

The variance was primarily due to:

- an \$834 million increase in proceeds from the issuance of common stock; and
- a \$1,293 million increase in net proceeds from issuances of notes payable and commercial paper primarily due to increased capital expenditures and the timing of debt and common stock issuances.

Partially offset by:

- a \$1,843 million decrease in proceeds from net issuances of long-term debt primarily due to prior year financings of \$820 million in the Commercial Renewables segment and the timing of issuances and redemptions of long-term debt.

Summary of Significant Debt Issuances

Refer to Note 5 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for further information regarding significant debt issuances.

OTHER MATTERS

Environmental Regulations

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters. These regulations can be changed from time to time and result in new obligations of the Duke Energy Registrants.

The following sections outline various proposed and recently enacted statutes and regulations that may impact the Duke Energy Registrants. Refer to Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for further information regarding potential plant retirements and regulatory filings related to the Duke Energy Registrants.

Coal Combustion Residuals

In April 2015, the EPA published a rule to regulate the disposal of CCR from electric utilities as solid waste. The federal regulation classifies CCR as nonhazardous waste and allows for beneficial use of CCR with some restrictions. The regulation applies to all new and existing landfills, new and existing surface impoundments receiving CCR and existing surface impoundments that are no longer receiving CCR but contain liquid located at stations currently generating electricity (regardless of fuel source). The rule establishes requirements regarding landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring, protection and remedial procedures and other operational and reporting procedures to ensure the safe disposal and management of CCR. Various industry and environmental parties have appealed the EPA's CCR rule in the U.S. Court of Appeals for the District of Columbia (D.C. Circuit Court). On April 18, 2016, the EPA filed a motion with the federal court to settle five issues raised in litigation. On June 14, 2016, the court approved the motion with respect to all of those issues. Duke Energy does not expect a material impact from the settlement or that it will result in additional ARO adjustments. On September 13, 2017, EPA responded to a petition by the Utility Solid Waste Activities Group that the agency would reconsider certain provisions of the final rule, and asked the D.C. Circuit Court to suspend the litigation. The D.C. Circuit Court denied EPA's petition to suspend the litigation and oral argument was held on November 20, 2017. On August 21, 2018, the D.C. Circuit issued its decision in the CCR rule litigation denying relief for industry petitioners' remaining claims and ruling in favor of environmental petitioners on a number of their challenges, including the regulation of inactive CCR surface impoundments at retired plants and the continued operation of unlined impoundments.

On March 15, 2018, EPA published proposed amendments to the federal CCR rule, including revisions that were required as part of a CCR litigation settlement, as well as changes that the agency considers warranted due to the passage of the Water Infrastructure Improvements for the Nation Act, which provides statutory authority for state and federal permit programs. On July 17, 2018, EPA issued a rule finalizing certain, but not all, elements included in the agency's March 15, 2018, proposal. The final rule revises certain closure deadlines and groundwater protection standards in the CCR rule. It does not change the primary requirements for groundwater monitoring, corrective action, inspections and maintenance, and closure, and thus does not materially affect Duke Energy's coal ash basin closure plans or compliance obligations under the CCR rule.

In addition to the requirements of the federal CCR regulation, CCR landfills and surface impoundments will continue to be independently regulated by most states. Cost recovery for future expenditures will be pursued through the normal ratemaking process with federal and state utility commissions and via wholesale contracts, which permit recovery of necessary and prudently incurred costs associated with Duke Energy's regulated operations. For more information, see Note 9, "Asset Retirement Obligations," in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

Coal Ash Management Act of 2014

Asset retirement obligations recorded on the Duke Energy Carolinas and Duke Energy Progress Condensed Consolidated Balance Sheets at September 30, 2018, and December 31, 2017, include the legal obligation for closure of coal ash basins and the disposal of related ash as a result of the Coal Ash Act, the EPA CCR rule and other agreements. The Coal Ash Act requires Duke Energy to undertake dam improvement projects and to provide access to a permanent alternative drinking water source to certain residents within a half-mile of coal ash basin compliance boundaries and to certain other potentially impacted residents. The legislation requires excavation of the Sutton, Riverbend and Dan River basins by August 1, 2019, and Asheville basins by August 1, 2022. Excavation at these sites may include a combination of transfer of coal ash to an engineered landfill or conversion for beneficial use. Basins at the H.F. Lee, Cape Fear and Weatherspoon sites are required to be closed through excavation no later than August 1, 2028. Excavation at these sites can include conversion of the basin to a lined industrial landfill, transfer of ash to an engineered landfill or conversion for beneficial use. The remaining basins are required to be closed no later than December 31, 2024, through conversion to a lined industrial landfill, transfer to an engineered landfill or conversion for beneficial use, unless certain dam improvement projects and alternative drinking water source projects are completed by October 15, 2018. Upon satisfactory completion of these projects, the closure deadline would be extended to December 31, 2029, and could include closure through the combination of a cap system and a groundwater monitoring. On October 12, 2018, NCDEQ announced that Duke Energy had satisfied the permanent replacement water supply requirements by the October 15, 2018, deadline set out in the Coal Ash Management Act. NCDEQ has until November 14, 2018, to issue final basin classifications.

Additionally, the Coal Ash Act requires the installation and operation of three large-scale coal ash beneficiation projects to produce reprocessed ash for use in the concrete industry. Duke Energy selected the Buck, H.F. Lee and Cape Fear plants for these projects. Closure at these sites is required to be completed no later than December 31, 2029.

The Coal Ash Act includes a variance procedure for compliance deadlines and other issues surrounding the management of CCR and CCR surface impoundments and prohibits cost recovery in customer rates for unlawful discharge of ash impoundment waters occurring after January 1, 2014. The Coal Ash Act leaves the decision on cost recovery determinations related to closure of ash impoundments to the normal ratemaking processes before utility regulatory commissions. Consistent with the requirements of the Coal Ash Act, Duke Energy has submitted comprehensive site assessments and groundwater corrective plans to NCDEQ and will submit to NCDEQ site-specific coal ash impoundment closure plans in advance of closure. NCDEQ requested that Duke Energy submit options analyses, groundwater modeling and net environmental benefits analyses for six sites potentially eligible for closure by cap in place by November 15, 2018. These plans and all associated permits must be approved by NCDEQ before closure work can begin.

For more information, see Note 9, "Asset Retirement Obligations," in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

Clean Water Act 316(b)

The EPA published the final 316(b) cooling water intake structure rule on August 15, 2014, with an effective date of October 14, 2014. The rule applies to 26 of the electric generating facilities the Duke Energy Registrants own and operate. The rule allows for several options to demonstrate compliance and provides flexibility to the state environmental permitting agencies to make determinations on controls, if any, that will be required for cooling water intake structures. Any required intake structure modifications and/or retrofits are expected to be installed in the 2019 to 2023 time frame. Petitions challenging the rule have been filed by several groups. Oral argument was held on September 14, 2017. On July 23, 2018, the U.S. Court of Appeals for the Second Circuit announced their decision to uphold the 316(b) rule. Duke Energy continues to work with the state environmental permitting agency to implement the rule.

Steam Electric Effluent Limitations Guidelines

On January 4, 2016, the final Steam Electric Effluent Limitations Guidelines (ELG) rule became effective. The rule establishes new requirements for wastewater streams associated with steam electric power generation and includes more stringent controls for any new coal plants that may be built in the future. As originally written, affected facilities were required to comply between 2018 and 2023, depending on the timing of Clean Water Act (CWA) discharge permits. Most of the steam electric generating facilities the Duke Energy Registrants own are affected sources. The Duke Energy Registrants are well-positioned to meet the majority of the requirements of the rule due to current efforts to convert to dry ash handling. Petitions challenging the rule have been filed by several groups. On March 16, 2015, Duke Energy Indiana filed its own legal challenge to the rule with the Seventh Circuit Court of Appeals specific to the ELG rule focused on the limits imposed on IGCC facilities (gasification wastewater). All challenges to the rule were consolidated in the Fifth Circuit Court of Appeals. On August 22, 2017, the Fifth Circuit Court of Appeals granted EPA's Motion to Govern Further Proceedings, thereby severing and suspending the claims related to flue gas desulfurization wastewater, bottom ash transport water and gasification wastewater. Claims regarding gasification wastewater were stayed, pending the issuance of the variance to Duke Energy Indiana. Duke Energy Indiana's federal court challenge to EPA's Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category remains in abeyance. After a long delay, EPA issued a variance for discharges at Edwardsport of wastewater associated with the gasification process. The variance was incorporated by the state agency into a revised wastewater discharge permit, and Duke Energy Indiana has voluntarily dismissed the federal court challenge. The litigation will continue as to claims related to other waste streams.

Separate from the litigation, EPA finalized a rule on September 18, 2017, postponing the earliest applicability date for bottom ash transport water and flue gas desulfurization wastewater from 2018 to 2020 and retaining the end applicability date of 2023. Also, as part of the rule, EPA reiterated its intent to conduct a new rulemaking to review the effluent limitation guidelines for bottom ash transport water and flue gas desulfurization wastewater. EPA projects that a new rule on these two issues will be finalized by the end of 2019.

The Duke Energy Registrants cannot predict the outcome of these matters.

Estimated Cost and Impacts of Rulemakings

Duke Energy will incur capital expenditures to comply with the environmental regulations and rules discussed above. The following table provides five-year estimated costs, excluding AFUDC, of new control equipment that may need to be installed on existing power plants primarily to comply with the Coal Ash Act requirements for conversion to dry disposal of bottom ash and fly ash, CWA 316(b) and ELGs through December 31, 2022. The table excludes ash basin closure costs recorded in Asset retirement obligations on the Condensed Consolidated Balance Sheets. For more information related to AROs, see Note 9, "Asset Retirement Obligations" in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

(in millions)	Estimated Cost
Duke Energy	\$ 950
Duke Energy Carolinas	440
Progress Energy	370
Duke Energy Progress	270
Duke Energy Florida	100
Duke Energy Ohio	90
Duke Energy Indiana	50

The Duke Energy Registrants also expect to incur increased fuel, purchased power, operation and maintenance and other expenses, in addition to costs for replacement generation for potential coal-fired power plant retirements, as a result of these regulations. Actual compliance costs incurred may be materially different from these estimates due to reasons such as the timing and requirements of EPA regulations and the resolution of legal challenges to the rules. The Duke Energy Registrants intend to seek rate recovery of necessary and prudently incurred costs associated with regulated operations to comply with these regulations.

Cross-State Air Pollution Rule

On September 7, 2016, EPA finalized a revision to the Cross-State Air Pollution Rule (CSAPR); the revised rule is known as the CSAPR Update Rule. The CSAPR Update Rule reduces the CSAPR Phase 2 state ozone season NO_x emission budgets for 22 eastern states, including Ohio, Kentucky and Indiana. In the final CSAPR Update Rule, the EPA removed Florida, South Carolina and North Carolina from the ozone season NO_x program. Beginning in 2017, Duke Energy Registrants in these states will not be subject to any CSAPR ozone season NO_x emission limitations. For the states that remain in the program, the reduced state ozone season NO_x emission budgets took effect on May 1, 2017. In Kentucky and Indiana, where Duke Energy Registrants own and operate coal-fired electric generating units (EGUs) subject to the final rule requirements, near-term responses include changing unit dispatch to run certain generating units less frequently and/or purchasing NO_x allowances from the trading market. Longer term, upgrading the performance of existing NO_x controls is an option. The Indiana Utility Group and the Indiana Energy Association jointly filed a petition for reconsideration asking that the EPA correct errors it made in calculating the Indiana budget and increase the budget accordingly. EPA has yet to act on the petition. Numerous parties have filed petitions with the D.C. Circuit Court challenging various aspects of the CSAPR Update Rule. Final briefs in the case were due April 9, 2018. Oral argument was heard on October 3, 2018. The Duke Energy Registrants cannot predict the outcome of these matters.

Carbon Pollution Standards for New, Modified and Reconstructed Power Plants

On October 23, 2015, EPA published a final rule in the Federal Register establishing carbon dioxide (CO₂) emissions limits for new, modified and reconstructed power plants. The requirements for new plants apply to plants that commenced construction after January 8, 2014. EPA set an emissions standard for coal units of 1,400 pounds of CO₂ per gross MWh, which would require the application of partial carbon capture and storage (CCS) technology for a coal unit to be able to meet the limit. Utility-scale CCS is not currently a demonstrated and commercially available technology for coal-fired EGUs, and therefore the final standard effectively prevents the development of new coal-fired generation. EPA set a final standard of 1,000 pounds of CO₂ per gross MWh for new natural gas combined-cycle units.

On March 28, 2017, President Trump signed an executive order directing EPA to review the rule and determine whether to suspend, revise or rescind it. On the same day, the Department of Justice (DOJ) filed a motion with the D.C. Circuit Court requesting that the court stay the litigation of the rule while it is reviewed by EPA. Subsequent to the DOJ motion, the D.C. Circuit Court canceled oral argument in the case. On August 10, 2017, the court ordered that the litigation be suspended indefinitely. The rule remains in effect pending the outcome of litigation and EPA's review. On July 24, 2018, EPA reported to the court that it plans to send a proposed revised rule to the Office of Management and Budget (OMB) for review. EPA has stated that it expects to release the proposed rule in November. The Duke Energy Registrants cannot predict the outcome of these matters but do not expect the impacts of the current final standards will be material to Duke Energy's financial position, results of operations or cash flows.

Clean Power Plan

On October 23, 2015, the EPA published in the Federal Register the final Clean Power Plan (CPP) rule to regulate CO₂ emissions from existing fossil fuel-fired EGUs. The CPP established CO₂ emission rates and mass cap goals that apply to existing fossil fuel-fired EGUs. Petitions challenging the rule were filed by numerous groups and on February 9, 2016, the Supreme Court issued a stay of the final CPP rule, halting implementation of the CPP until legal challenges are resolved. States in which the Duke Energy Registrants operate have suspended work on the CPP in response to the stay. Oral arguments before 10 of the 11 judges on the D.C. Circuit Court were heard on September 27, 2016. The court has not issued its opinion in the case.

On March 28, 2017, President Trump signed an executive order directing EPA to review the CPP and determine whether to suspend, revise or rescind the rule. On the same day, the DOJ filed a motion with the D.C. Circuit Court requesting that the court stay the litigation of the rule while it is reviewed by EPA. On April 28, 2017, the court issued an order to suspend the litigation for 60 days and required EPA to file status reports with the court every 30 days. The court has issued subsequent orders, most recently on June 26, 2018, maintaining the case in abeyance. On October 16, 2017, EPA issued a Notice of Proposed Rulemaking (NPRM) to repeal the CPP based on a change to EPA's legal interpretation of the section of the Clean Air Act on which the CPP was based. The comment period on EPA's NPRM ended April 26, 2018. On December 28, 2017, EPA issued an Advance Notice of Proposed Rulemaking (ANPRM) in which it sought public comment on various aspects of a potential CPP replacement rule. The comment period on the ANPRM ended February 26, 2018. On August 31, 2018, EPA published a proposed rule to replace the CPP, the Affordable Clean Energy (ACE) rule. The proposed ACE rule is based on an "inside the fence" approach under which states develop CO₂ reduction plans based on efficiency (heat rate) improvements at coal-fired power plants. The rule proposes a list of "candidate technologies" from which the states develop unit-specific emission standards. State compliance plans will be due three years after the rule is finalized. The proposal also revises EPA's New Source Review (NSR) permitting program to remove impediments to the kinds of efficiency improvements the ACE rule would require. The Duke Energy Registrants cannot predict the outcome of these matters.

Section 126 Petitions

On November 16, 2016, the state of Maryland filed a petition with EPA under Section 126 of the Clean Air Act alleging that 19 power plants, including two that Duke Energy Registrants own and operate, contribute to violations of EPA's National Ambient Air Quality Standards (NAAQS) for ozone in the state of Maryland. On March 12, 2018, the state of New York filed a petition with EPA, also under Section 126 of the Clean Air Act alleging that over 60 power plants, including four that Duke Energy Registrants own and operate, contribute to violations of EPA's ozone NAAQS in the state of New York. Both Maryland and New York seek EPA orders requiring the states in which the named power plants operate impose more stringent nitrogen oxide (NO_x) emission limitations on the plants. On October 5, 2018, EPA published a final rule denying the Maryland petition. That same day, Maryland appealed EPA's denial of their Section 126 petition. Duke Energy has three units named in the petition. Any other petition to challenge this final rule must be filed within 60 days from EPA's denial. The impact of these petitions could be more stringent requirements for the operation of NO_x emission controls at these plants. The Duke Energy Registrants cannot predict the outcome of these matters.

Global Climate Change

For other information on global climate change and the potential impacts on Duke Energy, see "Other Matters" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

North Carolina Legislation

For other information on North Carolina legislation and the potential impacts on Duke Energy, see "Other Matters" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

Liquefied Natural Gas Facility

Piedmont Natural Gas plans to build a liquefied natural gas facility in Robeson County, North Carolina. The project is expected to be completed in the summer of 2021 at a cost of \$250 million. Construction will begin in the summer of 2019.

Nuclear Matters

For other information on nuclear matters and the potential impacts on Duke Energy, see "Other Matters" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

New Accounting Standards

See Note 1 to the Condensed Consolidated Financial Statements, "Organization and Basis of Presentation," for a discussion of the impact of new accounting standards.

Off-Balance Sheet Arrangements

During the three and nine months ended September 30, 2018, there were no material changes to Duke Energy's off-balance sheet arrangements. See Note 12 to the Condensed Consolidated Financial Statements, "Variable Interest Entities," for a discussion of off-balance sheet arrangements regarding ACP. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Balance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

Contractual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three and nine months ended September 30, 2018, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K/A for the year ended December 31, 2017.

Subsequent Events

See Note 18 to the Condensed Consolidated Financial Statements, "Subsequent Events," for a discussion of subsequent events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the three and nine months ended September 30, 2018, there were no material changes to the Duke Energy Registrants' disclosures about market risk. For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K/A for the Duke Energy Registrants.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Securities Exchange Act of 1934 (Exchange Act) are recorded, processed, summarized and reported within the time periods specified by the U.S. Securities and Exchange Commission rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act are accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2018, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

On August 2, 2018, Duke Energy and Ernst and Young LLP (EY) announced a strategic tax relationship which resulted in approximately 45 tax team employees joining EY as part of an outsourced arrangement for managed tax services. In connection with this new strategic relationship, management will continue to enhance the design and documentation of our internal control processes to ensure suitable controls over financial reporting. During the three months ended September 30, 2018, except as noted above, there were no changes in Duke Energy's internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements.

Methyl tertiary butyl ether (MTBE) Litigation

On June 19, 2014, the Commonwealth of Pennsylvania filed suit against, among others, Duke Energy Merchants, alleging contamination of waters of the state by MTBE from leaking gasoline storage tanks. MTBE is a gasoline additive intended to increase the oxygen level in gasoline and make it burn cleaner. The lawsuit was moved to federal court and consolidated into an existing multidistrict litigation docket of pending MTBE cases. This suit was settled for an immaterial amount in December 2017 and dismissed in January 2018.

In December 2017, the state of Maryland filed a lawsuit in Baltimore City Circuit Court against Duke Energy Merchants and other defendants alleging contamination of its water supplies from MTBE. The case was removed to the U.S. District Court in Baltimore. Duke Energy cannot predict the outcome of this matter.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in the Duke Energy Registrants' Annual Report on Form 10-K/A, which could materially affect the Duke Energy Registrants' financial condition or future results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

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ITEM 6. EXHIBITS

Exhibits filed herein are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated. Items constituting management contracts or compensatory plans or arrangements are designated by a double asterisk (**). The company agrees to furnish upon request to the commission a copy of any omitted schedules or exhibits upon request on all items designated by a triple asterisk (***).

Exhibit Number		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
4.1	Twentieth Supplemental Indenture (incorporated by reference to Exhibit 4.2 to Registrant's Registration Statement on Form 8-A filed on September 17, 2018, File no. 001-32853).	X							
*10.1	Amendment No. 1 to the Term Loan Credit Agreement, dated as of September 13, 2018, among Piedmont Natural Gas Company, Inc., the lenders listed therein, U.S. Bank National Association, as Administrative Agent, and PNC Bank, National Association, Bank of New York Mellon and KeyBank, National Association, as Co-Documentation Agents.	X							
*12	Computation of Ratio of Earnings to Fixed Charges – DUKE ENERGY CORPORATION.	X							
*31.1.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X							
*31.1.2	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X						
*31.1.3	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X					
*31.1.4	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X				
*31.1.5	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X			
*31.1.6	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X		
*31.1.7	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.							X	
*31.1.8	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.								X
*31.2.1	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X							
*31.2.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X						
*31.2.3	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X					
*31.2.4	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X				
*31.2.5	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X			
*31.2.6	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X		

*31.2.7	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.								X	
*31.2.8	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.									X
*32.1.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X								
*32.1.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X							
*32.1.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X						
*32.1.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X					
*32.1.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X				
*32.1.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X			
*32.1.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X		
*32.1.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*32.2.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X								
*32.2.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X							
*32.2.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X						
*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X					
*32.2.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X				
*32.2.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X			
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X		
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*101.INS	XBRL Instance Document.	X	X	X	X	X	X	X	X	X
*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X	X

*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X

The total amount of securities of the registrant or its subsidiaries authorized under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10 percent of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the SEC, to furnish copies of any or all of such instruments to it.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION
DUKE ENERGY CAROLINAS, LLC
PROGRESS ENERGY, INC.
DUKE ENERGY PROGRESS, LLC
DUKE ENERGY FLORIDA, LLC
DUKE ENERGY OHIO, INC.
DUKE ENERGY INDIANA, LLC
PIEDMONT NATURAL GAS COMPANY, INC.

Date: November 2, 2018

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: November 2, 2018

/s/ DWIGHT L. JACOBS

Dwight L. Jacobs
Senior Vice President, Chief Accounting Officer
and Controller
(Principal Accounting Officer)

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number Registrant, State of Incorporation or Organization,
Address of Principal Executive Offices and Telephone Number IRS Employer Identification No.



1-32853

DUKE ENERGY CORPORATION
(a Delaware corporation)
550 South Tryon Street
Charlotte, North Carolina 28202-1803
704-382-3853

20-2777218

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number	Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number
1-4928	DUKE ENERGY CAROLINAS, LLC (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853 56-0205520	1-3274	DUKE ENERGY FLORIDA, LLC (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853 59-0247770
1-15929	PROGRESS ENERGY, INC. (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-2155481	1-1232	DUKE ENERGY OHIO, INC. (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853 31-0240030
1-3382	DUKE ENERGY PROGRESS, LLC (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-0165465	1-3543	DUKE ENERGY INDIANA, LLC (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853 35-0594457
1-6196	PIEDMONT NATURAL GAS COMPANY, INC. (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120 56-0556998		

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Duke Energy Corporation (Duke Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Florida, LLC (Duke Energy Florida)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Progress Energy, Inc. (Progress Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Progress, LLC (Duke Energy Progress)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Duke Energy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Florida	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Carolinas	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Ohio	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Progress Energy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Indiana	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Progress	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Piedmont	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Duke Energy	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Carolinas	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Progress Energy	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Progress	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Florida	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Ohio	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Indiana	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Piedmont	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Duke Energy	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Florida	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Duke Energy Carolinas	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Ohio	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Progress Energy	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Indiana	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Duke Energy Progress	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Piedmont	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

<u>Registrant</u>	<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Duke Energy	Common Stock, \$0.001 par value	DUK	New York Stock Exchange LLC
Duke Energy	5.125% Junior Subordinated Debentures due January 15, 2073	DUKH	New York Stock Exchange LLC
Duke Energy	5.625% Junior Subordinated Debentures due September 15, 2078	DUKB	New York Stock Exchange LLC
Duke Energy	Depository Shares, each representing a 1/1,000th interest in a share of 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share	DUK PR A	New York Stock Exchange LLC

Number of shares of Common stock outstanding at April 30, 2019:

<u>Registrant</u>	<u>Description</u>	<u>Shares</u>
Duke Energy	Common stock, \$0.001 par value	728,046,950

This combined Form 10-Q is filed separately by eight registrants: Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format specified in General Instructions H(2) of Form 10-Q.

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FORWARD LOOKING STATEMENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources;
- The ability to obtain the necessary permits and approvals and to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, operational accidents, information technology failures or other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- Employee workforce factors, including the potential inability to attract and retain key personnel;
- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);

FORWARD LOOKING STATEMENTS

- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of U.S. tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy, including enhancing existing technology systems.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' reports filed with the SEC and available at the SEC's website at sec.gov. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

GLOSSARY OF TERMS

Glossary of Terms

The following terms or acronyms used in this Form 10-Q are defined below:

Term or Acronym	Definition
2013 Settlement	Revised and Restated Stipulation and Settlement Agreement approved in November 2013 among Duke Energy Florida, the Florida OPC and other customer advocates
2017 Settlement	Second Revised and Restated Settlement Agreement in 2017 among Duke Energy Florida, the Florida OPC and other customer advocates, which replaces and supplants the 2013 Settlement
ACP	Atlantic Coast Pipeline, LLC, a limited liability company owned by Dominion, Duke Energy and Southern Company Gas
ACP pipeline	The approximately 600-mile proposed interstate natural gas pipeline
AFS	Available for Sale
AFUDC	Allowance for funds used during construction
the Agents	Wells Fargo Securities, LLC, Citigroup Global Market Inc., J.P. Morgan Securities, LLC
AMI	Advanced Metering Infrastructure
AMT	Alternative Minimum Tax
AOCI	Accumulated Other Comprehensive Income (Loss)
ARO	Asset retirement obligations
ATM	At-the-market
Beckjord	Beckjord Generating Station
Belews Creek	Belews Creek Steam Station
Bison	Bison Insurance Company Limited
Cardinal	Cardinal Pipeline Company, LLC
CC	Combined Cycle
CCR	Coal Combustion Residuals
Citrus County CC	Citrus County Combined Cycle Facility
Coal Ash Act	North Carolina Coal Ash Management Act of 2014
the Company	Duke Energy Corporation and its subsidiaries
Constitution	Constitution Pipeline Company, LLC
CPCN	Certificate of Public Convenience and Necessity
CRC	Cinergy Receivables Company LLC
Crystal River Unit 3	Crystal River Unit 3 Nuclear Plant
CWA	Clean Water Act
D.C. Circuit Court	U.S. Court of Appeals for the District of Columbia Circuit
DEFPF	Duke Energy Florida Project Finance, LLC
DEFR	Duke Energy Florida Receivables, LLC
DEPR	Duke Energy Progress Receivables, LLC
DERF	Duke Energy Receivables Finance Company, LLC
DRIP	Dividend Reinvestment Program
Duke Energy	Duke Energy Corporation (collectively with its subsidiaries)
Duke Energy Ohio	Duke Energy Ohio, Inc.
Duke Energy Progress	Duke Energy Progress, LLC
Duke Energy Carolinas	Duke Energy Carolinas, LLC

GLOSSARY OF TERMS

Duke Energy Indiana	Duke Energy Indiana, LLC
Duke Energy Kentucky	Duke Energy Kentucky, Inc.
Duke Energy Registrants	Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the EDA	Equity Distribution Agreement
EDIT	Excess deferred income tax
EPA	U.S. Environmental Protection Agency
EPC	Engineering, Procurement and Construction agreement
EPS	Earnings Per Share
ESP	Electric Security Plan
ETR	Effective tax rate
Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FES	FirstEnergy Solutions Corp.
Fluor	Fluor Enterprises, Inc.
FPSC	Florida Public Service Commission
FTR	Financial transmission rights
FV-NI	Fair value through net income
GAAP	Generally accepted accounting principles in the U.S.
GAAP Reported Earnings	Net Income Attributable to Duke Energy Corporation
GAAP Reported EPS	Diluted EPS Attributable to Duke Energy Corporation common stockholders
GWh	Gigawatt-hours
Hardy Storage	Hardy Storage Company, LLC
ICPA	Inter-Company Power Agreement
IGCC	Integrated Gasification Combined Cycle
IMR	Integrity Management Rider
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
Investment Trusts	NDTF investments and grantor trusts of Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana
IURC	Indiana Utility Regulatory Commission
JAAR	Joint Asset Agency Rider
JDA	Joint Dispatch Agreement
KPSC	Kentucky Public Service Commission
Lee Nuclear Station	William States Lee III Nuclear Station
MGP	Manufactured gas plant
MISO	Midcontinent Independent System Operator, Inc.
MMBtu	Million British Thermal Unit
MW	Megawatt
MWh	Megawatt-hour

NAV

Net asset value

--/A

GLOSSARY OF TERMS

NCDEQ	North Carolina Department of Environmental Quality (formerly the North Carolina Department of Environment and Natural Resources)
NCUC	North Carolina Utilities Commission
NDTF	Nuclear decommissioning trust funds
NMC	National Methanol Company
NPDES	National Pollutant Discharge Elimination System
NPNS	Normal purchase/normal sale
NRC	U.S. Nuclear Regulatory Commission
OPEB	Other Post-Retirement Benefit Obligations
ORS	South Carolina Office of Regulatory Staff
OTTI	Other-than-temporary impairment
OVEC	Ohio Valley Electric Corporation
Piedmont	Piedmont Natural Gas Company, Inc.
Piedmont Term Loan	Term loan facility with commitments totaling \$350M entered in June 2017
Pine Needle	Pine Needle LNG Company, LLC
Pioneer	Pioneer Transmission, LLC
PJM	PJM Interconnection, LLC
PMPA	Piedmont Municipal Power Agency
PPAs	Purchase Power Agreements
Progress Energy	Progress Energy, Inc.
PSCSC	Public Service Commission of South Carolina
PUCO	Public Utilities Commission of Ohio
REC	Renewable Energy Certificate
REC Solar	REC Solar Corp.
ROU assets	Right-of-use assets
RRBA	Roanoke River Basin Association
SELC	Southern Environmental Law Center
Subsidiary Registrants	Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the Tax Act	Tax Cuts and Jobs Act
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TPUC	Tennessee Public Utility Commission
U.S.	United States
VIE	Variable Interest Entity
WNA	Weather normalization adjustment
W.S. Lee CC	William States Lee Combined Cycle Facility

FINANCIAL STATEMENTS

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

(in millions, except per-share amounts)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues		
Regulated electric	\$ 5,285	\$ 5,284
Regulated natural gas	728	700
Nonregulated electric and other	150	151
Total operating revenues	6,163	6,135
Operating Expenses		
Fuel used in electric generation and purchased power	1,609	1,676
Cost of natural gas	327	313
Operation, maintenance and other	1,419	1,464
Depreciation and amortization	1,089	967
Property and other taxes	343	316
Impairment charges	—	43
Total operating expenses	4,787	4,779
Losses on Sales of Other Assets and Other, net	(3)	(100)
Operating Income	1,373	1,256
Other Income and Expenses		
Equity in earnings (losses) of unconsolidated affiliates	43	(24)
Other income and expenses, net	115	86
Total other income and expenses	158	62
Interest Expense	543	515
Income Before Income Taxes	988	803
Income Tax Expense	95	181
Net Income	893	622
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(7)	2
Net Income Attributable to Duke Energy Corporation	\$ 900	\$ 620
Earnings Per Share – Basic and Diluted		
Net income attributable to Duke Energy Corporation common stockholders		
Basic and Diluted	\$ 1.24	\$ 0.88
Weighted average shares outstanding		
Basic and Diluted	727	701

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Net Income	\$ 893	\$ 622
Other Comprehensive Income, net of tax		
Pension and OPEB adjustments	—	1
Net unrealized (losses) gains on cash flow hedges	(17)	12
Reclassification into earnings from cash flow hedges	1	1
Unrealized gains (losses) on available-for-sale securities	4	(3)
Other Comprehensive (Loss) Income, net of tax	(12)	11
Comprehensive Income	881	633
Less: Comprehensive (Loss) Income Attributable to Noncontrolling Interests	(7)	2
Comprehensive Income Attributable to Duke Energy Corporation	\$ 888	\$ 631

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 377	\$ 442
Receivables (net of allowance for doubtful accounts of \$19 at 2019 and \$16 at 2018)	775	962
Receivables of VIEs (net of allowance for doubtful accounts of \$56 at 2019 and \$55 at 2018)	1,981	2,172
Inventory	3,102	3,084
Regulatory assets (includes \$52 at 2019 and 2018 related to VIEs)	1,957	2,005
Other (includes \$152 at 2019 and \$162 at 2018 related to VIEs)	976	1,049
Total current assets	9,168	9,714
Property, Plant and Equipment		
Cost	139,377	134,458
Accumulated depreciation and amortization	(43,992)	(43,126)
Generation facilities to be retired, net	336	362
Net property, plant and equipment	95,721	91,694
Operating Lease Right-of-Use Assets, net	1,698	—
Other Noncurrent Assets		
Goodwill	19,303	19,303
Regulatory assets (includes \$1,032 at 2019 and \$1,041 at 2018 related to VIEs)	13,301	13,617
Nuclear decommissioning trust funds	7,374	6,720
Investments in equity method unconsolidated affiliates	1,602	1,409
Other (includes \$280 at 2019 and \$261 at 2018 related to VIEs)	2,969	2,935
Total other noncurrent assets	44,549	43,984
Total Assets	\$ 151,136	\$ 145,392
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 2,538	\$ 3,487
Notes payable and commercial paper	3,029	3,410
Taxes accrued	470	577
Interest accrued	544	559
Current maturities of long-term debt (includes \$227 at 2019 and 2018 related to VIEs)	2,501	3,406
Asset retirement obligations	779	919
Regulatory liabilities	611	598
Other	1,810	2,085
Total current liabilities	12,282	15,041
Long-Term Debt (includes \$4,065 at 2019 and \$3,998 at 2018 related to VIEs)	53,681	51,123
Operating Lease Liabilities	1,488	—
Other Noncurrent Liabilities		
Deferred income taxes	8,040	7,806
Asset retirement obligations	12,256	9,548
Regulatory liabilities	15,212	14,834
Accrued pension and other post-retirement benefit costs	974	988
Investment tax credits	571	568
Other (includes \$212 at 2019 and 2018 related to VIEs)	1,587	1,650
Total other noncurrent liabilities	38,640	35,394
Commitments and Contingencies		
Equity		
Preferred stock, \$0.001 par value, 40 million depositary shares authorized and outstanding at 2019	974	—
Common stock, \$0.001 par value, 2 billion shares authorized; 728 million shares outstanding at 2019 and 727 million shares outstanding at 2018	1	1
Additional paid-in capital	40,823	40,795
Retained earnings	3,360	3,113

Accumulated other comprehensive loss	(128)	(92)
Total Duke Energy Corporation stockholders' equity	45,030	43,817
Noncontrolling interests	15	17
Total equity	45,045	43,834
Total Liabilities and Equity	\$ 151,136	\$ 145,392

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 893	\$ 622
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,238	1,089
Equity component of AFUDC	(31)	(55)
Losses on sales of other assets	3	100
Impairment charges	—	43
Deferred income taxes	97	199
Equity in (earnings) losses of unconsolidated affiliates	(43)	24
Accrued pension and other post-retirement benefit costs	2	15
Contributions to qualified pension plans	—	(141)
Payments for asset retirement obligations	(152)	(122)
Payment for disposal of other assets	—	(105)
Other rate case adjustments	—	37
Provision for rate refunds	35	158
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	10	4
Receivables	388	64
Inventory	(31)	101
Other current assets	98	27
Increase (decrease) in		
Accounts payable	(636)	(327)
Taxes accrued	(107)	(107)
Other current liabilities	(407)	(171)
Other assets	(158)	(59)
Other liabilities	40	(5)
Net cash provided by operating activities	1,239	1,391
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,536)	(2,087)
Contributions to equity method investments	(94)	(74)
Purchases of debt and equity securities	(860)	(958)
Proceeds from sales and maturities of debt and equity securities	851	930
Other	(74)	(75)
Net cash used in investing activities	(2,713)	(2,264)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	2,737	1,240
Issuance of preferred stock	974	—
Issuance of common stock	13	21
Payments for the redemption of long-term debt	(1,201)	(487)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	135	135
Payments for the redemption of short-term debt with original maturities greater than 90 days	(239)	(50)
Notes payable and commercial paper	(304)	706
Dividends paid	(649)	(599)
Other	(33)	(19)
Net cash provided by financing activities	1,433	947
Net (decrease) increase in cash, cash equivalents and restricted cash	(41)	74
Cash, cash equivalents and restricted cash at beginning of period	591	505
Cash, cash equivalents and restricted cash at end of period	\$ 550	\$ 579

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Supplemental Disclosures:

Significant non-cash transactions:

Accrued capital expenditures	\$	811	\$	799
Non-cash dividends		27		26

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Accumulated Other Comprehensive (Loss) Income										
						Net Unrealized (Losses) Gains		Pension and OPEB		Total Duke Energy	
	Preferred Stock	Common Stock	Common Stock	Paid-in Capital	Retained Earnings	Net Gains (Losses) on Cash Flow Hedges	Net Gains (Losses) on Available- for-Sale- Securities	Adjustments	Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2017	\$ —	700	\$ 1	\$ 38,792	\$ 3,013	\$ (10)	\$ 12	\$ (69)	\$ 41,739	\$ (2)	\$ 41,737
Net income	—	—	—	—	620	—	—	—	620	2	622
Other comprehensive income (loss)	—	—	—	—	—	13	(3)	1	11	—	11
Common stock issuances, including dividend reinvestment and employee benefits	—	1	—	47	—	—	—	—	47	—	47
Common stock dividends	—	—	—	—	(625)	—	—	—	(625)	—	(625)
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(1)	(1)
Other ^(a)	—	—	—	—	13	—	(13)	—	—	7	7
Balance at March 31, 2018	\$ —	701	\$ 1	\$ 38,839	\$ 3,021	\$ 3	\$ (4)	\$ (68)	\$ 41,792	\$ 6	\$ 41,798
Balance at December 31, 2018	\$ —	727	\$ 1	\$ 40,795	\$ 3,113	\$ (14)	\$ (3)	\$ (75)	\$ 43,817	\$ 17	\$ 43,834
Net income (loss)	—	—	—	—	900	—	—	—	900	(7)	893
Other comprehensive (loss) income	—	—	—	—	—	(16)	4	—	(12)	—	(12)
Preferred stock issuances, net of issuance costs ^(b)	974	—	—	—	—	—	—	—	974	—	974
Common stock issuances, including dividend reinvestment and employee benefits	—	1	—	28	—	—	—	—	28	—	28
Common stock dividends	—	—	—	—	(676)	—	—	—	(676)	—	(676)
Other ^(c)	—	—	—	—	23	(6)	(1)	(17)	(1)	5	4
Balance at March 31, 2019	\$ 974	728	\$ 1	\$ 40,823	\$ 3,360	\$ (36)	\$ —	\$ (92)	\$ 45,030	\$ 15	\$ 45,045

- (a) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement.
- (b) Duke Energy issued 40 million depositary shares of preferred stock in the first quarter of 2019.
- (c) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income as a result of the adoption of Accounting Standards Update 2018-02: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues	\$ 1,744	\$ 1,763
Operating Expenses		
Fuel used in electric generation and purchased power	472	473
Operation, maintenance and other	440	451
Depreciation and amortization	317	272
Property and other taxes	80	72
Impairment charges	—	13
Total operating expenses	1,309	1,281
Operating Income	435	482
Other Income and Expenses, net	31	39
Interest Expense	110	107
Income Before Income Taxes	356	414
Income Tax Expense	63	91
Net Income	\$ 293	\$ 323
Other Comprehensive Income, net of tax		
Reclassification into earnings from cash flow hedges	—	1
Comprehensive Income	\$ 293	\$ 324

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ —	\$ 33
Receivables (net of allowance for doubtful accounts of \$2 at 2019 and 2018)	166	219
Receivables of VIEs (net of allowance for doubtful accounts of \$7 at 2019 and 2018)	630	699
Receivables from affiliated companies	88	182
Inventory	1,007	948
Regulatory assets	560	520
Other	31	72
Total current assets	2,482	2,673
Property, Plant and Equipment		
Cost	46,929	44,741
Accumulated depreciation and amortization	(15,899)	(15,496)
Net property, plant and equipment	31,030	29,245
Operating Lease Right-of-Use Assets, net	146	—
Other Noncurrent Assets		
Regulatory assets	3,429	3,457
Nuclear decommissioning trust funds	3,913	3,558
Other	1,027	1,027
Total other noncurrent assets	8,369	8,042
Total Assets	\$ 42,027	\$ 39,960
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 643	\$ 988
Accounts payable to affiliated companies	248	230
Notes payable to affiliated companies	745	439
Taxes accrued	80	171
Interest accrued	134	102
Current maturities of long-term debt	7	6
Asset retirement obligations	209	290
Regulatory liabilities	200	199
Other	415	571
Total current liabilities	2,681	2,996
Long-Term Debt	10,658	10,633
Long-Term Debt Payable to Affiliated Companies	300	300
Operating Lease Liabilities	123	—
Other Noncurrent Liabilities		
Deferred income taxes	3,769	3,689
Asset retirement obligations	5,219	3,659
Regulatory liabilities	6,325	5,999
Accrued pension and other post-retirement benefit costs	97	99
Investment tax credits	235	231
Other	645	671
Total other noncurrent liabilities	16,290	14,348
Commitments and Contingencies		
Equity		
Member's equity	11,982	11,689
Accumulated other comprehensive loss	(7)	(6)
Total equity	11,975	11,683
Total Liabilities and Equity	\$ 42,027	\$ 39,960

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 293	\$ 323
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	388	347
Equity component of AFUDC	(9)	(21)
Impairment charges	—	13
Deferred income taxes	64	80
Accrued pension and other post-retirement benefit costs	(2)	1
Contributions to qualified pension plans	—	(46)
Payments for asset retirement obligations	(65)	(55)
Provision for rate refunds	19	61
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	1	—
Receivables	124	19
Receivables from affiliated companies	94	(11)
Inventory	(59)	(9)
Other current assets	(35)	(144)
Increase (decrease) in		
Accounts payable	(266)	(76)
Accounts payable to affiliated companies	18	50
Taxes accrued	(91)	(129)
Other current liabilities	(70)	(23)
Other assets	(29)	12
Other liabilities	(7)	(43)
Net cash provided by operating activities	368	349
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(721)	(621)
Purchases of debt and equity securities	(405)	(494)
Proceeds from sales and maturities of debt and equity securities	405	494
Other	(9)	(21)
Net cash used in investing activities	(730)	(642)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	25	991
Payments for the redemption of long-term debt	(1)	(401)
Notes payable to affiliated companies	306	(59)
Distributions to parent	—	(250)
Other	(1)	(1)
Net cash provided by financing activities	329	280
Net decrease in cash and cash equivalents	(33)	(13)
Cash and cash equivalents at beginning of period	33	16
Cash and cash equivalents at end of period	\$ —	\$ 3
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 221	\$ 267

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

			Accumulated Other Comprehensive Loss		
(in millions)	Member's Equity		Net Losses on Cash Flow Hedges		Total Equity
Balance at December 31, 2017	\$ 11,368	\$	(7)	\$	11,361
Net income	323		—		323
Other comprehensive income	—		1		1
Distributions to parent	(250)		—		(250)
Balance at March 31, 2018	\$ 11,441	\$	(6)	\$	11,435
Balance at December 31, 2018	\$ 11,689	\$	(6)	\$	11,683
Net income	293		—		293
Other	—		(1)		(1)
Balance at March 31, 2019	\$ 11,982	\$	(7)	\$	11,975

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues	\$ 2,572	\$ 2,576
Operating Expenses		
Fuel used in electric generation and purchased power	925	976
Operation, maintenance and other	567	623
Depreciation and amortization	455	384
Property and other taxes	137	123
Impairment charges	—	29
Total operating expenses	2,084	2,135
Gains on Sales of Other Assets and Other, net	—	6
Operating Income	488	447
Other Income and Expenses, net	31	35
Interest Expense	219	209
Income Before Income Taxes	300	273
Income Tax Expense	52	36
Net Income	248	237
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(1)	2
Net Income Attributable to Parent	\$ 249	\$ 235
Net Income	\$ 248	\$ 237
Other Comprehensive Income, net of tax		
Pension and OPEB adjustments	1	—
Net unrealized gains (losses) on cash flow hedges	2	2
Other Comprehensive Income, net of tax	3	2
Comprehensive Income	251	239
Less: Comprehensive Income Attributable to Noncontrolling Interests	(1)	2
Comprehensive Income Attributable to Parent	\$ 252	\$ 237

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 45	\$ 67
Receivables (net of allowance for doubtful accounts of \$5 at 2019 and 2018)	128	220
Receivables of VIEs (net of allowance for doubtful accounts of \$8 at 2019 and 2018)	817	909
Receivables from affiliated companies	46	168
Notes receivable from affiliated companies	31	—
Inventory	1,464	1,459
Regulatory assets (includes \$52 at 2019 and 2018 related to VIEs)	1,076	1,137
Other (includes \$12 at 2019 and \$39 at 2018 related to VIEs)	143	125
Total current assets	3,750	4,085
Property, Plant and Equipment		
Cost	52,309	50,260
Accumulated depreciation and amortization	(16,646)	(16,398)
Generation facilities to be retired, net	336	362
Net property, plant and equipment	35,999	34,224
Operating Lease Right-of-Use Assets, net	835	—
Other Noncurrent Assets		
Goodwill	3,655	3,655
Regulatory assets (includes \$1,032 at 2019 and \$1,041 at 2018 related to VIEs)	6,358	6,564
Nuclear decommissioning trust funds	3,461	3,162
Other	1,029	974
Total other noncurrent assets	14,503	14,355
Total Assets	\$ 55,087	\$ 52,664
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 781	\$ 1,172
Accounts payable to affiliated companies	266	360
Notes payable to affiliated companies	1,605	1,235
Taxes accrued	135	109
Interest accrued	213	246
Current maturities of long-term debt (includes \$54 at 2019 and \$53 at 2018 related to VIEs)	825	1,672
Asset retirement obligations	456	514
Regulatory liabilities	259	280
Other	778	821
Total current liabilities	5,318	6,409
Long-Term Debt (includes \$1,657 at 2019 and \$1,636 at 2018 related to VIEs)	18,276	17,089
Long-Term Debt Payable to Affiliated Companies	150	150
Operating Lease Liabilities	748	—
Other Noncurrent Liabilities		
Deferred income taxes	4,064	3,941
Asset retirement obligations	6,050	4,897
Regulatory liabilities	5,116	5,049
Accrued pension and other post-retirement benefit costs	516	521
Other	341	351
Total other noncurrent liabilities	16,087	14,759
Commitments and Contingencies		
Equity		
Common stock, \$0.01 par value, 100 shares authorized and outstanding at 2019 and 2018	—	—
Additional paid-in capital	9,143	9,143

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Retained earnings	5,386	5,131
Accumulated other comprehensive loss	(23)	(20)
Total Progress Energy, Inc. stockholders' equity	14,506	14,254
Noncontrolling interests	2	3
Total equity	14,508	14,257
Total Liabilities and Equity	\$ 55,087	\$ 52,664

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 248	\$ 237
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	546	439
Equity component of AFUDC	(15)	(26)
Gains on sales of other assets	—	(6)
Impairment charges	—	29
Deferred income taxes	82	71
Accrued pension and other post-retirement benefit costs	4	6
Contributions to qualified pension plans	—	(45)
Payments for asset retirement obligations	(75)	(55)
Other rate case adjustments	—	37
Provision for rate refunds	6	33
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	1	4
Receivables	187	(33)
Receivables from affiliated companies	122	29
Inventory	(18)	55
Other current assets	35	(60)
Increase (decrease) in		
Accounts payable	(196)	(53)
Accounts payable to affiliated companies	(94)	33
Taxes accrued	26	8
Other current liabilities	(196)	(82)
Other assets	(112)	(86)
Other liabilities	(10)	(8)
Net cash provided by operating activities	541	527
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,012)	(762)
Purchases of debt and equity securities	(409)	(406)
Proceeds from sales and maturities of debt and equity securities	405	411
Notes receivable from affiliated companies	(31)	127
Other	(45)	(40)
Net cash used in investing activities	(1,092)	(670)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,295	—
Payments for the redemption of long-term debt	(1,132)	(80)
Notes payable to affiliated companies	370	177
Other	1	(2)
Net cash provided by financing activities	534	95
Net decrease in cash, cash equivalents and restricted cash	(17)	(48)
Cash, cash equivalents and restricted cash at beginning of period	112	87
Cash, cash equivalents and restricted cash at end of period	\$ 95	\$ 39
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 310	\$ 316

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Accumulated Other Comprehensive (Loss) Income							
	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flow Hedges	Net Unrealized Gains (losses) on Available-for- Sale Securities	Pension and OPEB Adjustments	Total Progress		
						Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2017	\$ 9,143	\$ 4,350	\$ (18)	\$ 5	\$ (12)	\$ 13,468	\$ (3)	\$13,465
Net income	—	235	—	—	—	235	2	237
Other comprehensive income	—	—	2	—	—	2	—	2
Other ^(a)	(1)	6	—	(6)	—	(1)	—	(1)
Balance at March 31, 2018	\$ 9,142	\$ 4,591	\$ (16)	\$ (1)	\$ (12)	\$ 13,704	\$ (1)	\$13,703
Balance at December 31, 2018	\$ 9,143	\$ 5,131	\$ (12)	\$ (1)	\$ (7)	\$ 14,254	\$ 3	\$14,257
Net income	—	249	—	—	—	249	(1)	248
Other comprehensive income	—	—	2	—	1	3	—	3
Other ^(b)	—	6	(4)	—	(2)	—	—	—
Balance at March 31, 2019	\$ 9,143	\$ 5,386	\$ (14)	\$ (1)	\$ (8)	\$ 14,506	\$ 2	\$14,508

- (a) Amounts in Retained Earnings and Accumulated Other Comprehensive Loss represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement.
- (b) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income as a result of the adoption of Accounting Standards Update 2018-02: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues	\$ 1,484	\$ 1,460
Operating Expenses		
Fuel used in electric generation and purchased power	515	509
Operation, maintenance and other	335	381
Depreciation and amortization	290	235
Property and other taxes	44	35
Impairment charges	—	32
Total operating expenses	1,184	1,192
Gains on Sales of Other Assets and Other, net	—	1
Operating Income	300	269
Other Income and Expenses, net	24	18
Interest Expense	77	81
Income Before Income Taxes	247	206
Income Tax Expense	44	29
Net Income and Comprehensive Income	\$ 203	\$ 177

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 30	\$ 23
Receivables (net of allowance for doubtful accounts of \$2 at 2019 and 2018)	42	75
Receivables of VIEs (net of allowance for doubtful accounts of \$5 at 2019 and 2018)	495	547
Receivables from affiliated companies	28	23
Notes receivable from affiliated companies	38	—
Inventory	959	954
Regulatory assets	622	703
Other	45	62
Total current assets	2,259	2,387
Property, Plant and Equipment		
Cost	33,188	31,459
Accumulated depreciation and amortization	(11,635)	(11,423)
Generation facilities to be retired, net	336	362
Net property, plant and equipment	21,889	20,398
Operating Lease Right-of-Use Assets, net	388	—
Other Noncurrent Assets		
Regulatory assets	4,041	4,111
Nuclear decommissioning trust funds	2,744	2,503
Other	627	612
Total other noncurrent assets	7,412	7,226
Total Assets	\$ 31,948	\$ 30,011
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 363	\$ 660
Accounts payable to affiliated companies	221	278
Notes payable to affiliated companies	—	294
Taxes accrued	49	53
Interest accrued	87	116
Current maturities of long-term debt	5	603
Asset retirement obligations	452	509
Regulatory liabilities	176	178
Other	346	408
Total current liabilities	1,699	3,099
Long-Term Debt	8,893	7,451
Long-Term Debt Payable to Affiliated Companies	150	150
Operating Lease Liabilities	361	—
Other Noncurrent Liabilities		
Deferred income taxes	2,172	2,119
Asset retirement obligations	5,471	4,311
Regulatory liabilities	4,093	3,955
Accrued pension and other post-retirement benefit costs	235	237
Investment tax credits	141	142
Other	89	106
Total other noncurrent liabilities	12,201	10,870
Commitments and Contingencies		
Equity		
Member's Equity	8,644	8,441
Total Liabilities and Equity	\$ 31,948	\$ 30,011

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 203	\$ 177
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	336	284
Equity component of AFUDC	(14)	(14)
Gains on sales of other assets	—	(1)
Impairment charges	—	32
Deferred income taxes	33	42
Accrued pension and other post-retirement benefit costs	—	4
Contributions to qualified pension plans	—	(25)
Payments for asset retirement obligations	(68)	(44)
Other rate case adjustments	—	37
Provision for rate refunds	6	33
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(3)	2
Receivables	87	(31)
Receivables from affiliated companies	(5)	(2)
Inventory	(5)	15
Other current assets	96	(88)
Increase (decrease) in		
Accounts payable	(196)	(39)
Accounts payable to affiliated companies	(57)	29
Taxes accrued	(4)	(28)
Other current liabilities	(109)	(64)
Other assets	(45)	18
Other liabilities	(9)	(5)
Net cash provided by operating activities	246	332
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(548)	(424)
Purchases of debt and equity securities	(315)	(284)
Proceeds from sales and maturities of debt and equity securities	308	281
Notes receivable from affiliated companies	(38)	—
Other	(20)	(30)
Net cash used in investing activities	(613)	(457)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,270	—
Payments for the redemption of long-term debt	(601)	—
Notes payable to affiliated companies	(294)	114
Other	(1)	(1)
Net cash provided by financing activities	374	113
Net increase (decrease) in cash and cash equivalents	7	(12)
Cash and cash equivalents at beginning of period	23	20
Cash and cash equivalents at end of period	\$ 30	\$ 8
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 117	\$ 137

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Member's Equity
Balance at December 31, 2017	\$ 7,949
Net income	177
Balance at March 31, 2018	\$ 8,126
Balance at December 31, 2018	\$ 8,441
Net income	203
Balance at March 31, 2019	\$ 8,644

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues	\$ 1,086	\$ 1,115
Operating Expenses		
Fuel used in electric generation and purchased power	410	467
Operation, maintenance and other	230	237
Depreciation and amortization	165	150
Property and other taxes	93	88
Total operating expenses	898	942
Operating Income	188	173
Other Income and Expenses, net	13	21
Interest Expense	82	71
Income Before Income Taxes	119	123
Income Tax Expense	23	20
Net Income	\$ 96	\$ 103
Other Comprehensive Income, net of tax		
Unrealized gains on available-for-sale securities	1	—
Other Comprehensive Income, net of tax	\$ 1	\$ —
Comprehensive Income	\$ 97	\$ 103

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 8	\$ 36
Receivables (net of allowance for doubtful accounts of \$3 at 2019 and 2018)	85	143
Receivables of VIEs (net of allowance for doubtful accounts of \$3 at 2019 and 2018)	322	362
Receivables from affiliated companies	34	28
Inventory	505	504
Regulatory assets (includes \$52 at 2019 and 2018 related to VIEs)	454	434
Other (includes \$12 at 2019 and \$39 at 2018 related to VIEs)	55	46
Total current assets	1,463	1,553
Property, Plant and Equipment		
Cost	19,111	18,792
Accumulated depreciation and amortization	(5,003)	(4,968)
Net property, plant and equipment	14,108	13,824
Operating Lease Right-of-Use Assets, net	447	—
Other Noncurrent Assets		
Regulatory assets (includes \$1,032 at 2019 and \$1,041 at 2018 related to VIEs)	2,316	2,454
Nuclear decommissioning trust funds	717	659
Other	318	311
Total other noncurrent assets	3,351	3,424
Total Assets	\$ 19,369	\$ 18,801
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 417	\$ 511
Accounts payable to affiliated companies	29	91
Notes payable to affiliated companies	399	108
Taxes accrued	94	74
Interest accrued	74	75
Current maturities of long-term debt (includes \$54 at 2019 and \$53 at 2018 related to VIEs)	470	270
Asset retirement obligations	4	5
Regulatory liabilities	83	102
Other	426	406
Total current liabilities	1,996	1,642
Long-Term Debt (includes \$1,332 at 2019 and \$1,336 at 2018 related to VIEs)	6,795	7,051
Operating Lease Liabilities	387	—
Other Noncurrent Liabilities		
Deferred income taxes	2,051	1,986
Asset retirement obligations	579	586
Regulatory liabilities	1,023	1,094
Accrued pension and other post-retirement benefit costs	251	254
Other	95	93
Total other noncurrent liabilities	3,999	4,013
Commitments and Contingencies		
Equity		
Member's equity	6,193	6,097
Accumulated other comprehensive loss	(1)	(2)
Total equity	6,192	6,095
Total Liabilities and Equity	\$ 19,369	\$ 18,801

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 96	\$ 103
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	207	152
Equity component of AFUDC	(1)	(12)
Deferred income taxes	45	29
Accrued pension and other post-retirement benefit costs	3	1
Contributions to qualified pension plans	—	(20)
Payments for asset retirement obligations	(7)	(11)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	2	2
Receivables	55	(2)
Receivables from affiliated companies	(6)	—
Inventory	(13)	39
Other current assets	(35)	42
Increase (decrease) in		
Accounts payable	—	(13)
Accounts payable to affiliated companies	(62)	8
Taxes accrued	20	38
Other current liabilities	(84)	(17)
Other assets	(66)	(107)
Other liabilities	(1)	(5)
Net cash provided by operating activities	153	227
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(422)	(338)
Purchases of debt and equity securities	(95)	(122)
Proceeds from sales and maturities of debt and equity securities	97	129
Notes receivable from affiliated companies	—	160
Other	(25)	(10)
Net cash used in investing activities	(445)	(181)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	25	—
Payments for the redemption of long-term debt	(81)	(80)
Notes payable to affiliated companies	291	—
Other	2	—
Net cash provided by (used in) financing activities	237	(80)
Net decrease in cash, cash equivalents and restricted cash	(55)	(34)
Cash, cash equivalents and restricted cash at beginning of period	75	53
Cash, cash equivalents and restricted cash at end of period	\$ 20	\$ 19
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 193	\$ 179

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

			Accumulated Other Comprehensive Income (Loss)		
			Net Unrealized Gains (Losses) on Available-for-Sale Securities		Total Equity
(in millions)	Member's Equity				
Balance at December 31, 2017	\$ 5,614	\$	4	\$	5,618
Net income	103		—		103
Other ^(a)	6		(6)		—
Balance at March 31, 2018	\$ 5,723	\$	(2)	\$	5,721
Balance at December 31, 2018	\$ 6,097	\$	(2)	\$	6,095
Net income	96		—		96
Other comprehensive income	—		1		1
Balance at March 31, 2019	\$ 6,193	\$	(1)	\$	6,192

(a) Amounts in Member's Equity and Accumulated Other Comprehensive Income (Loss) represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement.

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues		
Regulated electric	\$ 355	\$ 336
Regulated natural gas	176	174
Nonregulated electric and other	—	14
Total operating revenues	531	524
Operating Expenses		
Fuel used in electric generation and purchased power – regulated	93	92
Fuel used in electric generation and purchased power – nonregulated	—	15
Cost of natural gas	54	54
Operation, maintenance and other	132	131
Depreciation and amortization	64	70
Property and other taxes	84	77
Total operating expenses	427	439
Losses on Sales of Other Assets and Other, net	—	(106)
Operating Income (Loss)	104	(21)
Other Income and Expenses, net	9	6
Interest Expense	30	22
Income (Loss) Before Income Taxes	83	(37)
Income Tax Expense (Benefit)	14	(12)
Net Income (Loss) and Comprehensive Income	\$ 69	\$ (25)

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 17	\$ 21
Receivables (net of allowance for doubtful accounts of \$3 at 2019 and \$2 at 2018)	99	102
Receivables from affiliated companies	79	114
Notes receivable from affiliated companies	463	—
Inventory	111	126
Regulatory assets	59	33
Other	25	24
Total current assets	853	420
Property, Plant and Equipment		
Cost	9,542	9,360
Accumulated depreciation and amortization	(2,739)	(2,717)
Net property, plant and equipment	6,803	6,643
Operating Lease Right-of-Use Assets, net	22	—
Other Noncurrent Assets		
Goodwill	920	920
Regulatory assets	501	531
Other	45	41
Total other noncurrent assets	1,466	1,492
Total Assets	\$ 9,144	\$ 8,555
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 288	\$ 316
Accounts payable to affiliated companies	70	78
Notes payable to affiliated companies	38	274
Taxes accrued	157	202
Interest accrued	43	22
Current maturities of long-term debt	551	551
Asset retirement obligations	6	6
Regulatory liabilities	51	57
Other	69	74
Total current liabilities	1,273	1,580
Long-Term Debt	2,384	1,589
Long-Term Debt Payable to Affiliated Companies	25	25
Operating Lease Liabilities	21	—
Other Noncurrent Liabilities		
Deferred income taxes	842	817
Asset retirement obligations	87	87
Regulatory liabilities	839	840
Accrued pension and other post-retirement benefit costs	80	79
Other	79	93
Total other noncurrent liabilities	1,927	1,916
Commitments and Contingencies		
Equity		
Common stock, \$8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2019 and 2018	762	762
Additional paid-in capital	2,776	2,776
Accumulated deficit	(24)	(93)
Total equity	3,514	3,445
Total Liabilities and Equity	\$ 9,144	\$ 8,555

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FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 69	\$ (25)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	65	71
Equity component of AFUDC	(3)	(4)
Losses on sales of other assets	—	106
Deferred income taxes	20	(15)
Accrued pension and other post-retirement benefit costs	—	1
Payments for asset retirement obligations	(1)	(1)
Provision for rate refunds	4	16
(Increase) decrease in		
Receivables	5	(1)
Receivables from affiliated companies	35	56
Inventory	15	25
Other current assets	(6)	19
Increase (decrease) in		
Accounts payable	(5)	(27)
Accounts payable to affiliated companies	(8)	(95)
Taxes accrued	(45)	(45)
Other current liabilities	14	20
Other assets	(10)	—
Other liabilities	(4)	(13)
Net cash provided by operating activities	145	88
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(233)	(188)
Notes receivable from affiliated companies	(463)	14
Other	(11)	(14)
Net cash used in investing activities	(707)	(188)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	794	—
Notes payable to affiliated companies	(236)	101
Other	—	(1)
Net cash provided by financing activities	558	100
Net decrease in cash and cash equivalents	(4)	—
Cash and cash equivalents at beginning of period	21	12
Cash and cash equivalents at end of period	\$ 17	\$ 12
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 68	\$ 64

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Common		Additional		Accumulated		Total
(in millions)	Stock		Paid-in		Deficit		Equity
Balance at December 31, 2017	\$	762	\$	2,670	\$	(269)	\$ 3,163
Net loss		—		—		(25)	(25)
Balance at March 31, 2018	\$	762	\$	2,670	\$	(294)	\$ 3,138
Balance at December 31, 2018	\$	762	\$	2,776	\$	(93)	\$ 3,445
Net income		—		—		69	69
Balance at March 31, 2019	\$	762	\$	2,776	\$	(24)	\$ 3,514

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues	\$ 768	\$ 731
Operating Expenses		
Fuel used in electric generation and purchased power	257	232
Operation, maintenance and other	189	181
Depreciation and amortization	131	130
Property and other taxes	19	20
Total operating expenses	596	563
Losses on Sales of Other Assets and Other, net	(3)	—
Operating Income	169	168
Other Income and Expenses, net	19	7
Interest Expense	43	40
Income Before Income Taxes	145	135
Income Tax Expense	35	35
Net Income and Comprehensive Income	\$ 110	\$ 100

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 20	\$ 24
Receivables (net of allowance for doubtful accounts of \$2 at 2019 and 2018)	50	52
Receivables from affiliated companies	102	122
Inventory	435	422
Regulatory assets	151	175
Other	23	35
Total current assets	781	830
Property, Plant and Equipment		
Cost	15,633	15,443
Accumulated depreciation and amortization	(5,021)	(4,914)
Net property, plant and equipment	10,612	10,529
Operating Lease Right-of-Use Assets, net	61	—
Other Noncurrent Assets		
Regulatory assets	981	982
Other	201	194
Total other noncurrent assets	1,182	1,176
Total Assets	\$ 12,636	\$ 12,535
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 198	\$ 200
Accounts payable to affiliated companies	72	83
Notes payable to affiliated companies	136	167
Taxes accrued	63	43
Interest accrued	53	58
Current maturities of long-term debt	3	63
Asset retirement obligations	108	109
Regulatory liabilities	27	25
Other	92	107
Total current liabilities	752	855
Long-Term Debt	3,569	3,569
Long-Term Debt Payable to Affiliated Companies	150	150
Operating Lease Liabilities	57	—
Other Noncurrent Liabilities		
Deferred income taxes	1,050	1,009
Asset retirement obligations	611	613
Regulatory liabilities	1,709	1,722
Accrued pension and other post-retirement benefit costs	113	115
Investment tax credits	147	147
Other	29	16
Total other noncurrent liabilities	3,659	3,622
Commitments and Contingencies		
Equity		
Member's Equity	4,449	4,339
Total Liabilities and Equity	\$ 12,636	\$ 12,535

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 110	\$ 100
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	132	131
Equity component of AFUDC	(4)	(4)
Losses on sale of other assets	3	—
Deferred income taxes	28	17
Accrued pension and other post-retirement benefit costs	1	2
Contributions to qualified pension plans	—	(8)
Payments for asset retirement obligations	(11)	(11)
Provision for rate refunds	—	26
(Increase) decrease in		
Receivables	4	—
Receivables from affiliated companies	20	26
Inventory	(13)	(3)
Other current assets	19	(23)
Increase (decrease) in		
Accounts payable	8	21
Accounts payable to affiliated companies	(11)	(5)
Taxes accrued	20	(1)
Other current liabilities	(15)	(10)
Other assets	12	(1)
Other liabilities	5	—
Net cash provided by operating activities	308	257
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(208)	(231)
Purchases of debt and equity securities	(6)	(6)
Proceeds from sales and maturities of debt and equity securities	4	3
Other	(11)	(4)
Net cash used in investing activities	(221)	(238)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for the redemption of long-term debt	(60)	(12)
Notes payable to affiliated companies	(31)	—
Other	—	(1)
Net cash used in financing activities	(91)	(13)
Net (decrease) increase in cash and cash equivalents	(4)	6
Cash and cash equivalents at beginning of period	24	9
Cash and cash equivalents at end of period	\$ 20	\$ 15
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 76	\$ 64

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Member's	
(in millions)	Equity	
Balance at December 31, 2017	\$	4,121
Net income		100
Balance at March 31, 2018	\$	4,221
Balance at December 31, 2018	\$	4,339
Net income		110
Balance at March 31, 2019	\$	4,449

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues	\$ 579	\$ 553
Operating Expenses		
Cost of natural gas	273	259
Operation, maintenance and other	80	82
Depreciation and amortization	42	39
Property and other taxes	12	12
Total operating expenses	407	392
Operating Income	172	161
Other Income and Expenses		
Equity in earnings of unconsolidated affiliates	2	2
Other income and expenses, net	4	3
Total other income and expenses	6	5
Interest Expense	22	21
Income Before Income Taxes	156	145
Income Tax Expense	34	35
Net Income and Comprehensive Income	\$ 122	\$ 110

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2019		December 31, 2018	
ASSETS				
Current Assets				
Receivables (net of allowance for doubtful accounts of \$4 at 2019 and \$2 at 2018)	\$	241	\$	266
Receivables from affiliated companies		10		22
Inventory		25		70
Regulatory assets		28		54
Other		19		19
Total current assets		323		431
Property, Plant and Equipment				
Cost		7,676		7,486
Accumulated depreciation and amortization		(1,587)		(1,575)
Net property, plant and equipment		6,089		5,911
Operating Lease Right-of-Use Assets, net		27		—
Other Noncurrent Assets				
Goodwill		49		49
Regulatory assets		289		303
Investments in equity method unconsolidated affiliates		64		64
Other		51		52
Total other noncurrent assets		453		468
Total Assets	\$	6,892	\$	6,810
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	\$	161	\$	203
Accounts payable to affiliated companies		34		38
Notes payable to affiliated companies		201		198
Taxes accrued		35		84
Interest accrued		25		31
Current maturities of long-term debt		350		350
Regulatory liabilities		75		37
Other		49		58
Total current liabilities		930		999
Long-Term Debt		1,788		1,788
Operating Lease Liabilities		26		—
Other Noncurrent Liabilities				
Deferred income taxes		575		551
Asset retirement obligations		19		19
Regulatory liabilities		1,179		1,181
Accrued pension and other post-retirement benefit costs		4		4
Other		158		177
Total other noncurrent liabilities		1,935		1,932
Commitments and Contingencies				
Equity				
Common stock, no par value: 100 shares authorized and outstanding at 2019 and 2018		1,160		1,160
Retained earnings		1,053		931
Total equity		2,213		2,091
Total Liabilities and Equity	\$	6,892	\$	6,810

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 122	\$ 110
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	42	39
Deferred income taxes	23	(7)
Equity in earnings from unconsolidated affiliates	(2)	(2)
Accrued pension and other post-retirement benefit costs	(2)	(1)
Provision for rate refunds	7	23
(Increase) decrease in		
Receivables	27	22
Receivables from affiliated companies	12	—
Inventory	45	37
Other current assets	22	79
Increase (decrease) in		
Accounts payable	(44)	(15)
Accounts payable to affiliated companies	(4)	19
Taxes accrued	(49)	46
Other current liabilities	15	18
Other assets	(1)	4
Other liabilities	(5)	(1)
Net cash provided by operating activities	208	371
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(209)	(121)
Other	(2)	—
Net cash used in investing activities	(211)	(121)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable to affiliated companies	3	(257)
Net cash provided by (used in) financing activities	3	(257)
Net decrease in cash and cash equivalents	—	(7)
Cash and cash equivalents at beginning of period	—	19
Cash and cash equivalents at end of period	\$ —	\$ 12
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 92	\$ 52

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Common Stock	Retained Earnings	Total Equity
Balance at December 31, 2017	\$ 860	\$ 802	\$ 1,662
Net income	—	110	110
Balance at March 31, 2018	\$ 860	\$ 912	\$ 1,772
Balance at December 31, 2018	\$ 1,160	\$ 931	\$ 2,091
Net income	—	122	122
Balance at March 31, 2019	\$ 1,160	\$ 1,053	\$ 2,213

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Index to Combined Notes to Condensed Consolidated Financial Statements

The unaudited notes to the Condensed Consolidated Financial Statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

Registrant	Applicable Notes																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Duke Energy
Duke Energy Carolinas
Progress Energy
Duke Energy Progress
Duke Energy Florida
Duke Energy Ohio
Duke Energy Indiana
Piedmont

Tables within the notes may not sum across due to (i) Progress Energy's consolidation of Duke Energy Progress, Duke Energy Florida and other subsidiaries that are not registrants and (ii) subsidiaries that are not registrants but included in the consolidated Duke Energy balances.

1. ORGANIZATION AND BASIS OF PRESENTATION

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2018.

The information in these combined notes relates to each of the Duke Energy Registrants as noted in the Index to Combined Notes to Condensed Consolidated Financial Statements. However, none of the registrants make any representations as to information related solely to Duke Energy or the subsidiaries of Duke Energy other than itself.

These Condensed Consolidated Financial Statements, in the opinion of the respective companies' management, reflect all normal recurring adjustments necessary to fairly present the financial position and results of operations of each of the Duke Energy Registrants. Amounts reported in Duke Energy's interim Condensed Consolidated Statements of Operations and each of the Subsidiary Registrants' interim Condensed Consolidated Statements of Operations and Comprehensive Income are not necessarily indicative of amounts expected for the respective annual periods due to effects of seasonal temperature variations on energy consumption, regulatory rulings, timing of maintenance on electric generating units, changes in mark-to-market valuations, changing commodity prices and other factors.

In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

BASIS OF CONSOLIDATION

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries or VIEs where the respective Duke Energy Registrants have control. See Note 13 for additional information on VIEs. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities.

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Duke Energy, Progress Energy and Duke Energy Florida have restricted cash balances related primarily to collateral assets, escrow deposits and VIEs. See Note 13 for additional information. Restricted cash amounts are included in Other within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets. The following table presents the components of cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets.

	March 31, 2019			December 31, 2018		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	\$ 377	\$ 45	\$ 8	\$ 442	\$ 67	\$ 36
Other	134	12	12	141	39	39
Other Noncurrent Assets						
Other	39	38	—	8	6	—
Total cash, cash equivalents and restricted cash	\$ 550	\$ 95	\$ 20	\$ 591	\$ 112	\$ 75

INVENTORY

Provisions for inventory write-offs were not material at March 31, 2019, and December 31, 2018. The components of inventory are presented in the tables below.

(in millions)	March 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,231	\$ 738	\$ 1,033	\$ 720	\$ 313	\$ 79	\$ 321	\$ 2
Coal	572	228	218	127	91	13	113	—
Natural gas, oil and other fuel	299	41	213	112	101	19	1	23
Total inventory	\$ 3,102	\$ 1,007	\$ 1,464	\$ 959	\$ 505	\$ 111	\$ 435	\$ 25

(in millions)	December 31, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,238	\$ 731	\$ 1,049	\$ 734	\$ 315	\$ 84	\$ 312	\$ 2
Coal	491	175	192	106	86	14	109	—
Natural gas, oil and other fuel	355	42	218	114	103	28	1	68
Total inventory	\$ 3,084	\$ 948	\$ 1,459	\$ 954	\$ 504	\$ 126	\$ 422	\$ 70

NEW ACCOUNTING STANDARDS

Except as noted below, the new accounting standards adopted for 2018 and 2019 had no material impact on the presentation or results of operations, cash flows or financial position of the Duke Energy Registrants.

Leases. In February 2016, the FASB issued revised accounting guidance for leases. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases on the balance sheet. This resulted in a material impact on the presentation for the statement of financial position of the Duke Energy Registrants for the period ended March 31, 2019, and an immaterial impact to the Duke Energy results of operations and cash flows for the three months ended March 31, 2019.

Duke Energy elected the modified retrospective method of adoption effective January 1, 2019. Under the modified retrospective method of adoption, prior year reported results are not restated. For adoption, Duke Energy has elected to apply the following practical expedients:

FINANCIAL STATEMENTS ORGANIZATION AND BASIS OF PRESENTATION

Practical Expedient	Description
Package of transition practical expedients (for leases commenced prior to adoption date and must be adopted as a package)	Do not need to 1) reassess whether any expired or existing contracts are/or contain leases, 2) reassess the lease classification for any expired or existing leases and 3) reassess initial direct costs for any existing leases.
Short-term lease expedient (elect by class of underlying asset)	Elect as an accounting policy to not apply the recognition requirements to short-term leases by asset class.
Lease and non-lease components (elect by class of underlying asset)	Elect as an accounting policy to not separate non-lease components from lease components and instead account for each lease and associated non-lease component as a single lease component by asset class.
Hindsight expedient (when determining lease term)	Elect to use hindsight to determine the lease term.
Existing and expired land easements not previously accounted for as leases	Elect to not evaluate existing or expired easements under the new guidance and carry forward current accounting treatment.
Comparative reporting requirements for initial adoption	Elect to apply transition requirements at adoption date, recognize cumulative effect adjustment to retained earnings in period of adoption and not apply the new requirements to comparative periods, including disclosures.
Lessor expedient (elect by class of underlying asset)	Elect as an accounting policy to aggregate non-lease components with the related lease component when specified conditions are met by asset class. Account for the combined component based on its predominant characteristic (revenue or operating lease).

Duke Energy evaluated the financial statement impact of adopting the standard and monitored industry implementation issues. Under agreements considered leases, where Duke Energy is the lessee, for the use of certain aircraft, space on communication towers, industrial equipment, fleet vehicles, fuel transportation (barges and railcars), land, office space and PPAs are now recognized on the balance sheet. The Duke Energy Registrants did not have a material change to the financial statements from the adoption of the new standard for contracts where it is the lessor. See Note 5 for further information.

No new accounting standards that have been issued but not yet adopted are expected to have a material impact on the Duke Energy Registrants as of March 31, 2019.

2. BUSINESS SEGMENTS

Duke Energy

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment includes Duke Energy's regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment includes Piedmont, Duke Energy's natural gas local distribution companies in Ohio and Kentucky, and Duke Energy's natural gas storage and midstream pipeline investments.

The Commercial Renewables segment is primarily comprised of nonregulated utility-scale wind and solar generation assets located throughout the U.S. On April 24, 2019, Duke Energy executed an agreement to sell a minority interest in a portion of certain renewable assets. The portion of Duke Energy's commercial renewables energy portfolio to be sold includes 49 percent of 37 operating wind, solar and battery storage assets and 33 percent of 11 operating solar assets across the U.S. The sale will result in pretax proceeds to Duke Energy of \$415 million. Duke Energy will retain control of these assets, and, therefore, no gain or loss is expected to be recognized in the Condensed Consolidated Statements of Operations upon closing of the transaction. The sale is subject to customary closing conditions, including approvals from the FERC, the Public Utility Commission of Texas and the Committee on Foreign Investment in the U.S. The transaction is expected to close in the second half of 2019.

The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of interest expense on holding company debt, unallocated corporate costs, Duke Energy's wholly owned captive insurance company, Bison, and Duke Energy's interest in NMC.

Business segment information is presented in the following tables. Segment assets presented exclude intercompany assets.

	Three Months Ended March 31, 2019													
	Electric Utilities and Infrastructure		Gas Utilities and Infrastructure		Total Reportable Segments		Other	Eliminations	Total					
(in millions)														
Unaffiliated revenues	\$	5,321	\$	732	\$	106	\$	6,159	\$	4	\$	—	\$	6,163
Intersegment revenues		8		24		—		32		17		(49)		—
Total revenues	\$	5,329	\$	756	\$	106	\$	6,191	\$	21	\$	(49)	\$	6,163
Segment income (loss)	\$	750	\$	226	\$	13	\$	989	\$	(89)	\$	—	\$	900
Add back noncontrolling interest component														(7)
Net income													\$	893
Segment assets	\$	130,406	\$	12,639	\$	4,378	\$	147,423	\$	3,536	\$	177	\$	151,136

FINANCIAL STATEMENTS

BUSINESS SEGMENTS

Three Months Ended March 31, 2018								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total	
Unaffiliated revenues	\$ 5,315	\$ 702	\$ 101	\$ 6,118	\$ 17	\$ —	\$	6,135
Intersegment revenues	8	25	—	33	18	(51)		—
Total revenues	\$ 5,323	\$ 727	\$ 101	\$ 6,151	\$ 35	\$ (51)	\$	6,135
Segment income (loss) ^{(a)(b)(c)}	\$ 750	\$ 116	\$ 20	\$ 886	\$ (266)	\$ —	\$	620
Add back noncontrolling interest component								2
Net income							\$	622

- (a) Electric Utilities and Infrastructure includes regulatory and legislative impairment charges related to rate case orders, settlements or other actions of regulators or legislative bodies. See Note 3 for additional information.
- (b) Gas Utilities and Infrastructure includes an impairment of the investment in Constitution. See Note 3 for additional information.
- (c) Other includes the loss on the sale of Beckjord described below, costs to achieve the Piedmont acquisition and a valuation allowance recorded against the AMT credits.

In February 2018, Duke Energy sold Beckjord, a nonregulated facility retired during 2014, and recorded a pretax loss of \$106 million within Losses on Sales of Other Assets and Other, net and \$1 million within Operation, maintenance and other on Duke Energy's Condensed Consolidated Statements of Operations for the three months ended March 31, 2018. The sale included the transfer of coal ash basins and other real property and indemnification from any and all potential future claims related to the property, whether arising under environmental laws or otherwise.

Duke Energy Ohio

Duke Energy Ohio has two reportable segments, Electric Utilities and Infrastructure and Gas Utilities and Infrastructure. The remainder of Duke Energy Ohio's operations is presented as Other.

Three Months Ended March 31, 2019								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Eliminations	Total		
Total revenues	\$ 355	\$ 176	\$ 531	\$ —	\$ —	\$		531
Segment income/Net (loss) income	\$ 36	\$ 35	\$ 71	\$ (2)	\$ —	\$		69
Segment assets	\$ 6,058	\$ 3,051	\$ 9,109	\$ 37	\$ (2)	\$		9,144

Three Months Ended March 31, 2018								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Total			
Total revenues	\$ 336	\$ 174	\$ 510	\$ 14	\$			524
Segment income/Net loss ^(a)	\$ 33	\$ 34	\$ 67	\$ (92)	\$			(25)

- (a) Other includes the loss on the sale of Beckjord described above.

FINANCIAL STATEMENTS

REGULATORY MATTERS

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

The NCUC, PSCSC, FPSC, IURC, PUCO, TPUC and KPSC approve rates for retail electric and natural gas services within their states. The FERC approves rates for electric sales to wholesale customers served under cost-based rates (excluding Ohio and Indiana), as well as sales of transmission service. The FERC also regulates certification and siting of new interstate natural gas pipeline projects.

Duke Energy Carolinas and Duke Energy Progress

Hurricane Florence, Hurricane Michael and Winter Storm Diego Deferral Filings

On December 21, 2018, Duke Energy Carolinas and Duke Energy Progress filed with the NCUC petitions for approval to defer the incremental costs incurred in connection with the response to Hurricane Florence, Hurricane Michael and Winter Storm Diego to a regulatory asset for recovery in the next base rate case. The NCUC issued an order requesting comments on the deferral positions. On March 5, 2019, the North Carolina Public Staff (Public Staff) filed comments. On April 2, 2019, Duke Energy Carolinas and Duke Energy Progress filed reply comments, which included revised estimates of approximately \$553 million in incremental operation and maintenance expenses (\$171 million and \$382 million for Duke Energy Carolinas and Duke Energy Progress, respectively.) and approximately \$96 million in capital costs (\$20 million and \$76 million for Duke Energy Carolinas and Duke Energy Progress, respectively). Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter. Duke Energy Progress filed a similar request with the PSCSC on January 11, 2019, which also included a request for the continuation of prior deferrals requested for ice storms and Hurricane Matthew, and on January 30, 2019, the PSCSC issued a directive approving the deferral request.

Duke Energy Carolinas

2017 North Carolina Rate Case

On August 25, 2017, Duke Energy Carolinas filed an application with the NCUC for a rate increase for retail customers of approximately \$647 million, which represented an approximate 13.6 percent increase in annual base revenues. The rate increase was driven by capital investments subsequent to the previous base rate case, including the W.S. Lee CC, grid improvement projects, AMI, investments in customer service technologies, costs of complying with CCR regulations and the Coal Ash Act and recovery of costs related to licensing and development of the Lee Nuclear Station.

On February 28, 2018, Duke Energy Carolinas and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9 percent and a capital structure of 52 percent equity and 48 percent debt. As a result of the settlement, Duke Energy Carolinas recorded a pretax charge of approximately \$4 million in the first quarter of 2018 to Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

On June 22, 2018, the NCUC issued an order approving the Stipulation of Partial Settlement and requiring a revenue reduction. As a result, revised customer rates were effective on August 1, 2018.

On July 20, 2018, the North Carolina Attorney General filed a Notice of Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction issued by the NCUC. The Attorney General contends the commission's order should be reversed and remanded, as it is in excess of the commission's statutory authority; affected by errors of law; unsupported by competent, material and substantial evidence in view of the entire record as submitted; and arbitrary or capricious. The Sierra Club, North Carolina Sustainable Energy Association, North Carolina Justice Center, North Carolina Housing Coalition, Natural Resource Defense Council and Southern Alliance for Clean Energy also filed Notices of Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction. On August 8, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction issued by the NCUC. The Public Staff contends the commission's order should be reversed and remanded, as it is affected by errors of law, and is unsupported by substantial evidence with regard to the commission's failure to consider substantial evidence of coal ash related environmental violations. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Carolinas and Duke Energy Progress appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. On November 29, 2018, the North Carolina Supreme Court adopted a schedule for briefing set forth in the motion to consolidate the Duke Energy Carolinas and Duke Energy Progress appeals. On March 14, 2019, the North Carolina Attorney General's Office filed a motion for extension of time to file its brief. On March 18, 2019, the North Carolina Supreme Court granted the North Carolina Attorney General's motion, and the Appellant's brief was filed on April 26, 2019. The Appellee response briefs are due on August 24, 2019. Duke Energy Carolinas cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Carolinas filed an application with the PSCSC for a rate increase for retail customers of approximately \$168 million, which represents an approximate 10.0 percent increase in retail revenues. The rate increase is driven by capital investments and environmental compliance progress made by Duke Energy Carolinas since its previous rate case, including the further implementation of Duke Energy Carolinas' generation modernization program, which consists of retiring, replacing and upgrading generation plants, investments in customer service technologies and continued investments in base work to maintain its transmission and distribution systems. The request included net tax benefits resulting from the Tax Act of \$66 million to reflect the change in ongoing tax expense, primarily from the reduction in the federal income tax rate from 35 to 21 percent. The request also included \$46 million to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change and benefits of \$17 million from a reduction in North Carolina state income taxes allocable to South Carolina (EDIT Rider).

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Duke Energy Carolinas also requested approval of its proposed Grid Improvement Plan (GIP), adjustments to its Prepaid Advantage Program and a variety of accounting orders related to ongoing costs for environmental compliance, including recovery over a five-year period of \$242 million of deferred coal ash related compliance costs, grid investments between rate changes, incremental depreciation expense, a result of new depreciation rates from the depreciation study approved in the 2017 North Carolina Rate Case above, and the balance of development costs associated with the cancellation of the Lee Nuclear Project. Finally, Duke Energy Carolinas sought approval to establish a reserve and accrual for end-of-life nuclear costs for nuclear fuel and materials and supplies. On March 8, 2019, the ORS moved to establish a new and separate hearing docket to review and consider the GIP proposed by Duke Energy Carolinas. Subsequently, on March 12, 2019, the ORS and Duke Energy Carolinas executed a Stipulation resolving the ORS's motion. The Stipulation provides that costs incurred after January 1, 2019, for the GIP will be deferred with a return, subject to evaluation in a future rate proceeding, and that Duke Energy Carolinas will refile for consideration of the GIP in a new docket for resolution by January 1, 2020. The Stipulation was approved by the PSCSC's hearing officer on March 13, 2019. An evidentiary hearing began on March 21, 2019, and concluded March 27, 2019.

On May 1, 2019, the PSCSC issued a Commission Directive on Duke Energy Carolinas' application for a retail rate increase. The Directive granted, among other things: a retail rate increase of \$107 million, excluding the EDIT Rider; a return on equity of 9.5 percent; and a capital structure of 53 percent equity and 47 percent debt. The Directive denied the recovery of coal ash costs of approximately \$115 million. Based upon legal analysis and Duke Energy Carolinas' intention to file a Petition for Rehearing with the PSCSC, Duke Energy Carolinas has not recorded an adjustment for its deferred coal ash costs. The Directive also denied recovery of a return on pre-construction costs associated with the canceled Lee Nuclear Project. Duke Energy Carolinas is evaluating the financial statement impacts of this Directive and will record associated one-time costs when the final order is issued. Except for the coal ash matter, the financial statement impacts of this Directive are not material. An order and revised customer rates are expected by mid-2019. Duke Energy Carolinas cannot predict the outcome of this matter.

FERC Formula Rate Matter

On July 31, 2017, PMPA filed a complaint with FERC alleging that Duke Energy Carolinas misapplied the formula rate under the PPA between the parties by including in its rates amortization expense associated with regulatory assets and recorded in a certain account without FERC approval. On February 15, 2018, FERC issued an order ruling in favor of PMPA and ordered Duke Energy Carolinas to refund to PMPA all amounts improperly collected under the PPA. Duke Energy Carolinas has issued to PMPA and similarly situated wholesale customers refunds of approximately \$25 million. FERC also set the matter for settlement and hearing. PMPA and other customers filed a protest to Duke Energy Carolinas' refund report claiming that the refunds are inadequate in that (1) Duke Energy Carolinas invoked the limitations periods in the contracts to limit the time period for which the refunds were paid and the customers disagree that this limitation applies, and (2) Duke Energy Carolinas refunded only amounts recovered through a certain account and the customers have asserted that the order applies to all regulatory assets. On July 3, 2018, FERC issued an order accepting Duke Energy Carolinas' refund report and ruling that these two claims are outside the scope of FERC's February order. The settlement agreements and revised formula rates for all parties to the proceeding were filed on December 28, 2018. On April 2, 2019, FERC issued an order approving the settlement agreement as filed. Duke Energy Carolinas is working with wholesale customers that did not intervene in this case to implement the same settlement terms.

Sale of Hydroelectric (Hydro) Plants

In May 2018, Duke Energy Carolinas entered an agreement for the sale of five hydro plants with a combined 18.7-MW generation capacity in the Western Carolinas region to Northbrook Energy. The completion of the transaction is subject to approval from FERC for the four FERC-licensed plants, as well as other state regulatory agencies and is contingent upon regulatory approval from the NCUC and PSCSC to defer the total estimated loss on the sale of approximately \$40 million. On July 5, 2018, Duke Energy Carolinas filed with NCUC for approval of the sale of the five hydro plants to Northbrook, to transfer the CPCNs for the four North Carolina hydro plants and to establish a regulatory asset for the North Carolina retail portion of the difference between sales proceeds and net book value. On September 4, 2018, the Public Staff filed comments supporting the CPCN transfer with conditions. On September 18, 2018, Duke Energy Carolinas filed reply comments opposing the Public Staff's proposed conditions. On November 29, 2018, the NCUC issued a procedural order and held an evidentiary hearing on this matter on February 5, 2019. On March 27, 2019, Duke Energy Carolinas and the Public Staff filed proposed orders with the NCUC. On August 28, 2018, Duke Energy Carolinas filed with PSCSC its Application for Approval of Transfer and Sale of Hydroelectric Generation Facilities, Acceptance for Filing of a Power Purchase Agreement and an Accounting Order to Establish a Regulatory Asset. On September 10, 2018, the ORS provided a letter to the commission stating its position on the application and on September 18, 2018, Duke Energy Carolinas requested this matter be carried over to allow Duke Energy Carolinas time to discuss certain accounting issues with the ORS. On August 9, 2018, Duke Energy Carolinas and Northbrook filed a joint Application for Transfer of Licenses with the FERC. On December 27, 2018, the FERC issued its Order Approving Transfer of Licenses ("Order") for the four FERC-licensed hydro plants. On January 18, 2019, Duke Energy Carolinas and Northbrook Carolina Hydro II, LLC requested a six-month extension of time to comply with the requirement of the Order that Northbrook submit to FERC certified copies of all instruments of conveyance and signed acceptance sheets within 60 days of the date of the Order, given that compliance by the deadline set in the Order was not possible because the conveyance of the projects is contingent on the receipt of state regulatory approvals, which were not anticipated to be issued by February 25, 2019. On February 14, 2019, FERC issued an Order Granting Extensions of Time until August 26, 2019, to comply with the requirements of the Order.

If commission approvals are not received, Duke Energy Carolinas can cancel the sales agreement and retain the hydro facilities. If commission approvals are received, the closing is expected to occur in 2019. After closing, Duke Energy Carolinas will purchase all the capacity and energy generated by these facilities at the avoided cost for five years through power purchase agreements. Duke Energy Carolinas cannot predict the outcome of this matter.

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Duke Energy Progress

2017 North Carolina Rate Case

On June 1, 2017, Duke Energy Progress filed an application with the NCUC for a rate increase for retail customers of approximately \$477 million, which represented an approximate 14.9 percent increase in annual base revenues. Subsequent to the filing, Duke Energy Progress adjusted the requested amount to \$420 million, representing an approximate 13 percent increase. The rate increase was driven by capital investments subsequent to the previous base rate case, costs of complying with CCR regulations and the Coal Ash Act, costs relating to storm recovery, investments in customer service technologies and recovery of costs associated with renewable purchased power.

On November 22, 2017, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9 percent and a capital structure of 52 percent equity and 48 percent debt. On February 23, 2018, the NCUC issued an order approving the stipulation.

The order also impacted certain amounts that were similarly recorded on Duke Energy Carolinas' Condensed Consolidated Balance Sheets. As a result of the order, Duke Energy Progress and Duke Energy Carolinas recorded pretax charges of \$68 million and \$14 million, respectively, in the first quarter of 2018 to Impairment charges, Operation, maintenance and other and Interest Expense on the Condensed Consolidated Statements of Operations. Revised customer rates became effective on March 16, 2018.

On May 15, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court from the February 23, 2018, Order Accepting Stipulation, Deciding Contested Issues and Granting Partial Rate Increase issued by the NCUC. The Public Staff contend the commission's order should be reversed and remanded, as it is affected by errors of law, and is unsupported by competent, material and substantial evidence in view of the entire record as submitted. The North Carolina Attorney General and Sierra Club also filed Notices of Appeal to the North Carolina Supreme Court from the February 23, 2018, Order Accepting Stipulation, Deciding Contested Issues and Granting Partial Rate Increase. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Progress and Duke Energy Carolinas appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. On November 29, 2018, the North Carolina Supreme Court adopted a schedule for briefing set forth in the motion to consolidate the Duke Energy Progress and Duke Energy Carolinas appeals. On March 14, 2019, the North Carolina Attorney General's Office filed a motion for extension of time to file its brief. On March 18, 2019, the North Carolina Supreme Court granted the North Carolina Attorney General's motion, and the Appellant's brief was filed on April 26, 2019. The Appellee response briefs are due on August 24, 2019. Duke Energy Progress cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Progress filed an application with the PSCSC for a rate increase for retail customers of approximately \$59 million, which represents an approximate 10.3 percent increase in annual base revenues. The rate increase is driven by capital investments and environmental compliance progress made by Duke Energy Progress since its previous rate case, including the further implementation of Duke Energy Progress' generation modernization program, which consists of retiring, replacing and upgrading generation plants, investments in customer service technologies and continued investments in base work to maintain its transmission and distribution systems. The request included a decrease resulting from the Tax Act of \$17 million to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35 to 21 percent. The request also included \$10 million to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change (EDIT Rider) and a \$12 million increase due to the expiration of EDITs related to reductions in North Carolina state income taxes allocable to South Carolina.

Duke Energy Progress also requested approval of its proposed GIP, approval of a Prepaid Advantage Program and a variety of accounting orders related to ongoing costs for environmental compliance, including recovery over a five-year period of \$51 million of deferred coal ash related compliance costs, AML deployment, grid investments between rate changes and regulatory asset treatment related to the retirement of a generating plant located in Asheville, North Carolina. Finally, Duke Energy Progress sought approval to establish a reserve and accrual for end-of-life nuclear costs for materials and supplies and nuclear fuel. On March 8, 2019, the ORS moved to establish a new and separate hearing docket to review and consider the GIP proposed by Duke Energy Progress. Subsequently, on March 12, 2019, the ORS and Duke Energy Carolinas executed a Stipulation resolving the ORS's motion, and Duke Energy Progress agreed to the Stipulation, as did other parties in the rate case. The Stipulation provides that costs incurred after January 1, 2019, for the GIP will be deferred with a return, with all costs subject to evaluation in a future rate proceeding, and that Duke Energy Progress will refile for consideration of the GIP in a new docket for resolution by January 1, 2020. The Stipulation was approved by the PSCSC's hearing officer on March 13, 2019. An evidentiary hearing began on April 11, 2019, and concluded on April 17, 2019.

On May 8, 2019, the PSCSC issued a Commission Directive on Duke Energy Progress' application for a retail rate increase. The Directive granted, among other things: a retail rate increase of \$41 million, excluding the EDIT Rider; a return on equity of 9.5 percent and a capital structure of 53 percent equity and 47 percent debt. The Directive denied the recovery of coal ash costs of approximately \$65 million. Based upon legal analysis and Duke Energy Progress' intention to file a Petition for Rehearing with the PSCSC, Duke Energy Progress has not recorded an adjustment for its deferred coal ash costs. Duke Energy Progress is evaluating the financial statement impacts of this Directive and will record associated one-time costs when the final order is issued. Except for the coal ash matter, the financial statement impacts of this Directive are not material. An order and revised customer rates are expected by mid-2019. Duke Energy Progress cannot predict the outcome of this matter.

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Western Carolinas Modernization Plan

On November 4, 2015, Duke Energy Progress announced a Western Carolinas Modernization Plan, which included retirement of the existing Asheville coal-fired plant, the construction of two 280-MW combined-cycle natural gas plants having dual-fuel capability, with the option to build a third natural gas simple cycle unit in 2023 based upon the outcome of initiatives to reduce the region's power demand. The plan also included upgrades to existing transmission lines and substations, installation of solar generation and a pilot battery storage project. These investments will be made within the next seven years. Duke Energy Progress worked with the local natural gas distribution company to upgrade an existing natural gas pipeline to serve the natural gas plant. The lease became effective on March 2, 2019.

On March 28, 2016, the NCUC issued an order approving a CPCN for the new combined-cycle natural gas plants, but denying the CPCN for the contingent simple cycle unit without prejudice to Duke Energy Progress to refile for approval in the future. On March 28, 2018, Duke Energy Progress filed an annual progress report for the construction of the combined-cycle plants with the NCUC, with an estimated cost of \$893 million. Site preparation activities for the combined-cycle plants are complete and construction of these plants began in 2017, with an expected in-service date in late 2019.

On October 8, 2018, Duke Energy Progress filed an application with the NCUC for a CPCN to construct the Hot Springs Microgrid Solar and Battery Storage Facility. On November 30, 2018, the NCUC issued an order scheduling hearings, requiring filing of testimony, establishing discovery guidelines and requiring public notice. On February 7, 2019, Duke Energy Progress made a joint filing with the Public Staff, which accepted the Public Staff's proposed conditions and requested that the NCUC cancel the evidentiary hearing. On February 19, 2019, the NCUC granted the request to cancel the hearing. On March 22, 2019, Duke Energy Progress and the Public Staff filed a Joint Proposed Order now pending before the NCUC. Duke Energy Progress cannot predict the outcome of this matter.

The carrying value of the 376-MW Asheville coal-fired plant, including associated ash basin closure costs, of \$302 million and \$327 million is included in Generation facilities to be retired, net on Duke Energy Progress' Condensed Consolidated Balance Sheets as of March 31, 2019, and December 31, 2018, respectively. Duke Energy Progress' request for a regulatory asset at the time of retirement with amortization over a 10-year period was approved by the NCUC on February 23, 2018.

Duke Energy Florida

Storm Restoration Cost Recovery

In September 2017, Duke Energy Florida's service territory suffered significant damage from Hurricane Irma, resulting in approximately 1 million customers experiencing outages. In the fourth quarter of 2017, Duke Energy Florida also incurred preparation costs related to Hurricane Nate. On December 28, 2017, Duke Energy Florida filed a petition with the FPSC to recover incremental storm restoration costs for Hurricane Irma and Hurricane Nate and to replenish the storm reserve. On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. Storm costs are currently expected to be fully recovered by approximately mid-2021. On May 31, 2018, Duke Energy Florida filed a petition for approval of actual storm restoration costs and associated recovery process related to Hurricane Irma and Hurricane Nate. The petition sought the approval for the recovery in the amount of \$510 million in actual recoverable storm restoration costs, including the replenishment of Duke Energy Florida's storm reserve of \$132 million, and the process for recovering these recoverable storm costs. On August 20, 2018, the FPSC approved Duke Energy Florida's unopposed Motion for Continuance filed August 17, 2018, to allow for an evidentiary hearing in this matter. On January 28, 2019, Duke Energy Florida made a supplemental filing to reduce the total storm cost recovery from \$510 million to \$508 million. On April 3, 2019, the FPSC issued an Order abating all remaining filing dates. On April 9, 2019, Duke Energy Florida filed an unopposed motion to approve a settlement agreement resolving all outstanding issues in this docket. The FPSC has scheduled the hearing to begin on May 21, 2019, to consider the Storm Cost Settlement Agreement filed with the FPSC. If approved, the Storm Cost Settlement Agreement would obligate Duke Energy Florida to capitalize \$18 million of storm costs and remove \$6 million of operating and maintenance expense, thereby reducing the requested storm cost recovery amount by \$24 million. Duke Energy Florida will also implement process changes with respect to storm cost restoration. At March 31, 2019, and December 31, 2018, Duke Energy Florida's Condensed Consolidated Balance Sheets included approximately \$157 million and \$217 million, respectively, of recoverable costs under the FPSC's storm rule in Regulatory assets within Current Assets and Other Noncurrent Assets related to storm recovery for Hurricane Irma and Hurricane Nate. Duke Energy Florida cannot predict the outcome of this matter.

In October 2018, Duke Energy Florida's service territory suffered damage when Hurricane Michael made landfall as a strong Category 5 hurricane with maximum sustained winds of 160 mph. The storm caused catastrophic damage from wind and storm surge, particularly from Panama City Beach to Mexico Beach, resulting in widespread outages and significant damage to transmission and distribution facilities across the central Florida Panhandle. In response to Hurricane Michael, Duke Energy Florida restored service to approximately 72,000 customers. Total current estimated incremental operation and maintenance and capital costs are \$360 million. Approximately \$70 million and \$35 million of the costs are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of March 31, 2019, and December 31, 2018, respectively. Approximately \$213 million and \$165 million of costs represent recoverable costs under the FPSC's storm rule and Duke Energy Florida's Open Access Transmission Tariff formula rates and are included in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of March 31, 2019, and December 31, 2018, respectively. Additional costs could be incurred in 2019 related to this fourth quarter 2018 storm.

Duke Energy Florida filed a petition with the FPSC on April 30, 2019, to recover incremental storm restoration costs for Hurricane Michael. The estimated recovery amount is approximately \$221 million to be recovered over a 12-month period beginning in July 2019, subject to true up through the Storm Surcharge consistent with the provisions of the 2017 Settlement. Concurrently, Duke Energy Florida filed for approval a stipulation that would apply tax savings resulting from the Tax Act toward storm costs in lieu of implementing a storm surcharge. Storm costs are currently expected to be fully recovered by approximately year-end 2021. Duke Energy Florida cannot predict the outcome of this matter.

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Tax Act

Pursuant to Duke Energy Florida's 2017 Settlement, on May 31, 2018, Duke Energy Florida filed a petition related to the Tax Act, which included revenue requirement impacts of annual tax savings of \$134 million and estimated annual amortization of EDIT of \$67 million for a total of \$201 million. Of this amount, \$50 million would be offset by accelerated depreciation of Crystal River 4 and 5 coal units and an estimated \$151 million would be offset by Hurricane Irma storm cost recovery as explained in the Storm Restoration Cost Recovery section above. On December 27, 2018, Duke Energy Florida filed actual EDIT balances and amortization based on its 2017 filed tax return. This increased the revenue requirement impact of the amortization of EDIT by \$4 million, from \$67 million to \$71 million, which increased the total storm amortization from \$151 million to \$155 million. On January 8, 2019, the FPSC approved a joint motion by Duke Energy Florida and the Office of Public Counsel resolving all stipulated positions. As part of that stipulation, Duke Energy Florida agreed to seek a Private Letter Ruling (PLR) from the IRS on its treatment of cost of removal (COR) as mostly protected by tax normalization rules. If the IRS rules that COR is not protected by tax normalization rules, then Duke Energy Florida will make a final adjustment to the amortization of EDIT and an adjustment to the storm recovery amount retroactive to January 2018. The IRS has communicated that it will not issue individual PLRs on the treatment of COR. Rather, the IRS is drafting a notice that will request comments on a number of issues, including COR, and the IRS plans to issue industrywide guidance on those issues. Duke Energy Florida cannot predict the outcome of this matter.

Solar Base Rate Adjustment

On July 31, 2018, Duke Energy Florida petitioned the FPSC to include in base rates the revenue requirements for its first two solar generation projects, the Hamilton Project and the Columbia Project, as authorized by the 2017 Settlement. The Hamilton Project, which was placed into service on December 22, 2018, has an annual retail revenue requirement of \$15 million and the increase was effective in January 2019. The Columbia Project has a projected annual revenue requirement of \$14 million and a projected in-service date in early 2020; the associated rate increase would take place with the first month's billing cycle after the Columbia Project goes into service. At its October 30, 2018, Agenda Conference, the FPSC approved the rate increase related to the Hamilton Project to go into effect beginning with the first billing cycle in January 2019 under its file and suspend authority. On April 2, 2019, the commission approved both solar projects as filed.

On March 25, 2019, Duke Energy Florida petitioned the FPSC to include in base rates the revenue requirements for its next wave of solar generation projects, the Trenton, Lake Placid and DeBary Solar Projects, as authorized by the 2017 Settlement. The annual retail revenue requirement for the Trenton and Lake Placid Projects is \$13 million and \$8 million, respectively, with projected in-service dates in the fourth quarter of 2019. The DeBary Project has a projected annual revenue requirement of \$11 million and a projected in-service date in the first quarter of 2020. The associated rate increase would take place with the first month's billing cycle after each solar generation project goes into service. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Ohio

Tax Act – Ohio

On July 25, 2018, Duke Energy Ohio filed an application to establish a new rider to implement the benefits of the Tax Act for electric distribution customers. The new rider will flow through to customers the benefit of the lower statutory federal tax rate from 35 to 21 percent since January 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normalization rules will be refunded consistent with federal law and deferred income taxes not subject to normalization rules will be refunded over a 10-year period. Duke Energy Ohio's transmission rates reflect lower federal income tax but guidance from FERC on amortization of both protected and unprotected transmission-related EDITs is still pending. On October 24, 2018, the PUCO issued a Finding and Order that, among other things, directed all utilities over which the commission has rate-making authority to file an application to pass the benefits of the Tax Act to customers by January 1, 2019, unless otherwise exempted or directed by the PUCO. Duke Energy Ohio's July 25, 2018, filing for electric distribution operations is consistent with the commission's October 24, 2018, Finding and Order and no further action is needed. On February 20, 2019, the PUCO approved the application without material modification. Rates became effective March 1, 2019.

On December 21, 2018, Duke Energy Ohio filed an application to change its base rates and establish a new rider to implement the benefits of the Tax Act for natural gas customers. Duke Energy Ohio requested commission approval to implement the changes and rider effective April 1, 2019. The new rider will flow through to customers the benefit of the lower statutory federal tax rate from 35 to 21 percent since January 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normalization rules will be refunded consistent with federal law and deferred income taxes not subject to normalization rules will be refunded over a 10-year period. The PUCO has not yet ruled on the application for changes for natural gas customers. Duke Energy Ohio cannot predict the outcome of this matter.

Energy Efficiency Cost Recovery

On March 28, 2014, Duke Energy Ohio filed an application for recovery of program costs, lost distribution revenue and performance incentives related to its energy efficiency and peak demand reduction programs. These programs are undertaken to comply with environmental mandates set forth in Ohio law. The PUCO approved Duke Energy Ohio's application but found that Duke Energy Ohio was not permitted to use banked energy savings from previous years in order to calculate the amount of allowed incentive. This conclusion represented a change to the cost recovery mechanism that had been agreed upon by intervenors and approved by the PUCO in previous cases. The PUCO granted the applications for rehearing filed by Duke Energy Ohio and an intervenor. On January 6, 2016, Duke Energy Ohio and the PUCO Staff entered into a stipulation, pending the PUCO's approval, to resolve issues related to performance incentives and the PUCO Staff audit of 2013 costs, among other issues. In December 2015, based upon the stipulation, Duke Energy Ohio re-established approximately \$20 million of the revenues that had been previously reversed. On October 26, 2016, the PUCO issued an order approving the stipulation without modification. In December 2016, the PUCO granted the intervenors request for rehearing for the purpose of further review. On April 10, 2019, the PUCO issued an Entry on Rehearing denying the rehearing applications.

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On June 15, 2016, Duke Energy Ohio filed an application for approval of a three-year energy efficiency and peak demand reduction portfolio of programs. A stipulation and modified stipulation were filed on December 22, 2016, and January 27, 2017, respectively. Under the terms of the stipulations, which included support for deferral authority of all costs and a cap on shared savings incentives, Duke Energy Ohio has offered its energy efficiency and peak demand reduction programs throughout 2017. On February 3, 2017, Duke Energy Ohio filed for deferral authority of its costs incurred in 2017 in respect of its proposed energy efficiency and peak demand reduction portfolio. On September 27, 2017, the PUCO issued an order approving a modified stipulation. The modifications impose an annual cap of approximately \$38 million on program costs and shared savings incentives combined, but allowed for Duke Energy Ohio to file for a waiver of costs in excess of the cap in 2017. The PUCO approved the waiver request for 2017 up to a total cost of \$56 million. On November 21, 2017, the PUCO granted Duke Energy Ohio's and intervenor's applications for rehearing of the September 27, 2017, order. On January 10, 2018, the PUCO denied the Ohio Consumers' Counsel's application for rehearing of the PUCO order granting Duke Energy Ohio's waiver request; however, a decision on Duke Energy Ohio's application for rehearing remains pending. Duke Energy Ohio cannot predict the outcome of this matter.

2014 Electric Security Plan

In April 2015, the PUCO modified and approved Duke Energy Ohio's proposed ESP, with a three-year term and an effective date of June 1, 2015. The PUCO approved a competitive procurement process for SSO load, a distribution capital investment rider (Rider DCI) and a tracking mechanism for incremental distribution expenses caused by major storms. The PUCO also approved a placeholder tariff for a price stabilization rider, but denied Duke Energy Ohio's specific request to include Duke Energy Ohio's entitlement to generation from OVEC in the rider at this time; however, the order allows Duke Energy Ohio to submit additional information to request recovery in the future. On May 4, 2015, Duke Energy Ohio filed an application for rehearing requesting the PUCO to modify or amend certain aspects of the order. On May 28, 2015, the PUCO granted all applications for rehearing filed in the case for future consideration. On March 21, 2018, the PUCO issued an order denying Duke Energy Ohio's issues on rehearing. On April 20, 2018, Duke Energy Ohio filed a second application for rehearing based upon the commission's March 21, 2018, Order. On May 16, 2018, the commission issued its third Entry on Rehearing granting in part, and denying in part, Duke Energy Ohio's rehearing request.

On March 9, 2018, Duke Energy Ohio filed a motion to extend its then-current ESP, including all terms and conditions thereof, pending approval of a new ESP. On May 30, 2018, the PUCO granted the request, with modification. Specifically, the PUCO did not extend the cap applicable to Rider DCI beyond July 31, 2018. Duke Energy Ohio sought rehearing of this finding. On July 25, 2018, the PUCO granted the request and allowed a continuing cap on recovery under Rider DCI. On August 24, 2018, the Ohio Manufacturers' Association (OMA) and the Office of the Ohio Consumers' Counsel (OCC) filed an Application for Rehearing of the commission's decision. Duke Energy Ohio filed a Memorandum Contra OCC's request for rehearing of the commission's continuation of Rider DCI on September 4, 2018. On September 19, 2018, the PUCO issued an Order granting rehearing on the matter for further consideration. On April 3, 2019, the PUCO issued its Fourth Entry on Rehearing denying the rehearing of OCC and OMA and upholding its decision to continue Rider DCI. Further applications for rehearing or notices of appeal are due in 60 days. Duke Energy Ohio cannot predict the outcome of this matter.

On May 21, 2018, the OMA filed a notice of appeal of PUCO's approval of Duke Energy Ohio's ESP with the Ohio Supreme Court, challenging PUCO's approval of Duke Energy Ohio's Price Stability Rider as a placeholder and its Rider DCI to recover incremental revenue requirement for distribution capital since Duke Energy Ohio's last base rate case. On July 16, 2018, the OCC filed its own appeal of Duke Energy Ohio's ESP with the Ohio Supreme Court raising similar issues to that of the OMA. Duke Energy Ohio filed a Motion to Intervene in the two Ohio Supreme Court appeals. OMA's Supreme Court brief was filed on August 20, 2018. PUCO submitted its brief on October 26, 2018, and Duke Energy Ohio filed its brief on October 29, 2018. The OCC's Supreme Court brief was filed on October 15, 2018. Duke Energy Ohio filed its brief on December 20, 2018. The PUCO submitted its brief on December 21, 2018. The Ohio Supreme Court issued an order on March 13, 2019, for the appellants to show cause why the appeals should not be dismissed as moot in light of the commission's approval of Duke Energy Ohio's current ESP. OCC and OMA made the requested filings on March 20, 2019, and Duke Energy Ohio filed its response on March 27, 2019. On May 8, 2019, the Ohio Supreme Court dismissed the appeals as moot.

Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. Duke Energy Ohio currently estimates the pipeline development costs and construction activities will range from \$163 million to \$245 million in direct costs (excluding overheads and AFUDC). On January 20, 2017, Duke Energy Ohio filed an amended application with the Ohio Power Siting Board (OPSB) for approval of one of two proposed routes. A public hearing was held on June 15, 2017. In April 2018, Duke Energy Ohio filed a motion with OPSB to establish a procedural schedule and filed supplemental information supporting its application. On December 18, 2018, the OPSB established a procedural schedule that included a local public hearing on March 21, 2019. An evidentiary hearing began on April 9, 2019, and concluded on April 11, 2019. Briefs are due May 13, 2019, with reply briefs due June 10, 2019. If approved, construction of the pipeline extension is expected to be completed before the 2021/2022 winter season. Duke Energy Ohio cannot predict the outcome of this matter.

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2012 Natural Gas Rate Case/MGP Cost Recovery

As part of its 2012 natural gas base rate case, Duke Energy Ohio has approval to defer and recover costs related to environmental remediation at two sites (East End and West End) that housed former MGP operations. Duke Energy Ohio has made annual applications for recovery of these deferred costs. Duke Energy Ohio is currently recovering approximately \$55 million in environmental remediation costs between 2009 through 2012 through a separate rider, Rider MGP. Duke Energy Ohio has made annual applications with the PUCO to recover its incremental remediation costs consistent with the PUCO's directive in Duke Energy Ohio's 2012 natural gas rate case. To date, the PUCO has not ruled on Duke Energy Ohio's annual applications for the calendar years 2013 through 2017. On September 28, 2018, the staff of the PUCO issued a report recommending a disallowance of approximately \$12 million of the \$26 million in MGP remediation costs incurred between 2013 through 2017 that staff believes are not eligible for recovery. Staff interprets the PUCO's 2012 Order granting Duke Energy Ohio recovery of MGP remediation as limiting the recovery to work directly on the East End and West End sites. On October 30, 2018, Duke Energy Ohio filed reply comments objecting to the staff's recommendations and explaining, among other things, the obligation Duke Energy Ohio has under Ohio law to remediate all areas impacted by the former MGPs and not just physical property that housed the former plants and equipment. To date, the PUCO has not issued a procedural schedule and has not ruled on Duke Energy Ohio's applications. On March 29, 2019, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2018. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky Natural Gas Base Rate Case

On August 31, 2018, Duke Energy Kentucky filed an application with the KPSC requesting an increase in natural gas base rates of approximately \$11 million, an approximate 11.1 percent average increase across all customer classes. The increase was net of approximately \$5 million in annual savings as a result of the Tax Act. The drivers for this case are capital invested since Duke Energy Kentucky's last rate case in 2009. Duke Energy Kentucky also sought implementation of a Weather Normalization Adjustment Mechanism, amortization of regulatory assets and to implement the impacts of the Tax Act, prospectively. On January 30, 2019, Duke Energy Kentucky entered into a settlement agreement with the Attorney General of Kentucky, the only intervenor in the case. The settlement provided for an approximate \$7 million increase in natural gas base revenue and approval of the proposed Weather Normalization Mechanism. A hearing was held on February 5, 2019. The commission issued its Order approving the settlement without material modification on March 27, 2019.

Duke Energy Indiana

FERC Transmission Return on Equity Complaint

Customer groups have filed with the FERC complaints against MISO and its transmission-owning members, including Duke Energy Indiana, alleging, among other things, that the current base rate of return on equity earned by MISO transmission owners of 12.38 percent is unjust and unreasonable. The complaints claim, among other things, that the current base rate of return on equity earned by MISO transmission owners should be reduced to 8.67 percent. On January 5, 2015, the FERC issued an order accepting the MISO transmission owners' adder of 0.50 percent to the base rate of return on equity based on participation in an RTO subject to it being applied to a return on equity that is shown to be just and reasonable in the pending return on equity complaints. On December 22, 2015, the presiding FERC ALJ in the first complaint issued an Initial Decision in which the base rate of return on equity was set at 10.32 percent. On September 28, 2016, the Initial Decision in the first complaint was affirmed by FERC, but is subject to rehearing requests. On June 30, 2016, the presiding FERC ALJ in the second complaint issued an Initial Decision setting the base rate of return on equity at 9.70 percent. The Initial Decision in the second complaint is pending FERC review. On April 14, 2017, the D.C. Circuit Court, in *Emera Maine v. FERC*, reversed and remanded certain aspects of the methodology employed by FERC to establish rates of return on equity. On October 16, 2018, FERC issued an order in response to the Emera remand proceeding proposing a new method for determining whether an existing return on equity is unjust and unreasonable, and a new process for determining a just and reasonable return on equity. On November 14, 2018, FERC directed parties to the MISO complaints to file briefs on how the new process for determining return on equity proposed in the Emera proceeding should be applied to the complaints involving the MISO transmission owners' return on equity. Initial briefs were filed on February 13, 2019, and reply briefs were filed April 10, 2019. Duke Energy Indiana currently believes these matters will not have a material impact on its results of operations, cash flows and financial position.

Edwardsport Integrated Gasification Combined Cycle Plant

On September 20, 2018, Duke Energy Indiana, the Indiana Office of Utility Consumer Counselor, the Duke Industrial Group and Nucor Steel – Indiana entered into a settlement agreement to resolve IGCC ratemaking issues for calendar years 2018 and 2019. The agreement will remain in effect until new rates are established in Duke Energy Indiana's next base rate case, which is expected to be filed in mid-2019 with rates effective in mid-2020. It addressed the pending Edwardsport filing at the commission and eliminated the need for future filings until the overall rate case. The settlement is subject to IURC approval. An evidentiary hearing was held in December 2018, and an IURC Order is expected in May 2019. Duke Energy Indiana cannot predict the outcome of this matter.

Piedmont

Tennessee Integrity Management Rider Filing

In November 2018, Piedmont filed a petition with the TPUC under the IMR mechanism to collect an additional \$3 million in annual revenues, effective January 2019, based on the eligible capital investments closed to integrity and safety projects over the 12-month period ending October 31, 2018. A hearing on the matter was held on March 11, 2019, and a decision is expected in May 2019.

FINANCIAL STATEMENTS

REGULATORY MATTERS

2019 North Carolina Rate Case

On April 1, 2019, Piedmont filed an application with the NCUC, its first general rate case in North Carolina in six years, for a rate increase for retail customers of approximately \$83 million, which represents an approximate 9 percent increase in retail revenues. The rate increase is driven by significant infrastructure upgrade investments (plant additions) since the last general rate case, offset by savings that customers will begin receiving due to federal and state tax reform. Approximately half of the plant additions being rolled into rate base are categories of plant investment not covered under the IMR mechanism, which was originally approved as part of the 2013 North Carolina Rate Case. Piedmont anticipates the NCUC will schedule the evidentiary hearing for late summer/early fall 2019, which would enable the rate change arising from this proceeding to take effect by the end of 2019. Piedmont cannot predict the outcome of this matter.

OTHER REGULATORY MATTERS

Atlantic Coast Pipeline, LLC

On September 2, 2014, Duke Energy, Dominion Resources (Dominion), Piedmont and Southern Company Gas announced the formation of Atlantic Coast Pipeline, LLC (ACP) to build and own the proposed Atlantic Coast Pipeline (ACP pipeline), an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. The ACP pipeline is designed to meet, in part, the needs identified by Duke Energy Carolinas, Duke Energy Progress and Piedmont. Dominion will be responsible for building and operating the ACP pipeline and holds a leading ownership percentage in ACP of 48 percent. Duke Energy owns a 47 percent interest, which is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment. Southern Company Gas maintains a 5 percent interest. See Note 13 for additional information related to Duke Energy's ownership interest. Duke Energy Carolinas, Duke Energy Progress and Piedmont, among others, will be customers of the pipeline. Purchases will be made under several 20-year supply contracts, subject to state regulatory approval.

In 2018, the FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route, including supply header and compressors. On May 11, 2018, and October 19, 2018, FERC issued Notices to Proceed allowing full construction activities in all areas of West Virginia except in the Monongahela National Forest. On July 24, 2018, FERC issued a Notice to Proceed allowing full construction activities along the project route in North Carolina. On October 19, 2018, the conditions to effectiveness of the Virginia 401 water quality certification were satisfied. Immediately following receipt of the Virginia 401 certification, ACP filed a request for FERC to issue a Notice to Proceed with full construction activities in Virginia. We appreciate the professional and collaborative process by the permitting agencies designed to ensure that this critical energy infrastructure project will meet the stringent environmental standards required by law and regulation.

ACP is the subject of challenges in state and federal courts and agencies, including, among others, challenges of the project's incidental take statement (ITS), crossings of the Blue Ridge Parkway, the Appalachian Trail, and the Monongahela and George Washington National Forests, the project's U.S. Army Corps of Engineers (USACE) 404 permit, the Virginia conditional 401 water quality certification, the FERC Environmental Impact Statement order and the FERC order approving the Certificate of Public Convenience and Necessity. Each of these challenges alleges non-compliance on the part of federal and state permitting authorities and adverse ecological consequences if the project is permitted to proceed. Since December 2018, notable developments in these challenges include a stay issued by the U.S. Court of Appeals for the Fourth Circuit (Fourth Circuit) of the project's biological opinion and ITS (which stay has halted most project construction activity), a Fourth Circuit decision vacating the project's permits to cross the Monongahela and George Washington National Forests and the Appalachian Trail, the Fourth Circuit's remand to USACE of ACP's Huntington District 404 verification and the Fourth Circuit's remand to the National Park Service of the ACP's Blue Ridge Parkway right-of-way. ACP is vigorously defending these challenges and coordinating with the federal and state authorities which are the direct parties to the challenges. ACP and federal agencies are coordinating on a potential appeal of the Fourth Circuit's recent ruling vacating the project's permit to cross the Appalachian Trail. ACP is also evaluating possible legislative and administrative remedies. On May 9, 2019, ACP, the U.S. Fish and Wildlife Service and the Department of Justice will present arguments before the Fourth Circuit supporting the project's stayed biological opinion and ITS.

The delays resulting from the legal challenges described above have impacted the cost and schedule for the project. As a result, project cost estimates have increased to \$7.0 billion to \$7.8 billion, excluding financing costs. ACP expects to achieve a late 2020 in-service date for key segments of the project, while it expects the remainder to extend into 2021. Abnormal weather, work delays (including delays due to judicial or regulatory action) and other conditions may result in cost or schedule modifications in the future.

Constitution Pipeline Company, LLC

Duke Energy owns a 24 percent ownership interest in Constitution, which is accounted for as an equity method investment. Constitution is a natural gas pipeline project slated to transport natural gas supplies from the Marcellus supply region in northern Pennsylvania to major northeastern markets. The pipeline will be constructed and operated by Williams Partners L.P., which has a 41 percent ownership share. The remaining interest is held by Cabot Oil and Gas Corporation and WGL Holdings, Inc. Before the permitting delays discussed below, Duke Energy's total anticipated contributions were approximately \$229 million. As a result of the permitting delays and project uncertainty, total anticipated contributions by Duke Energy can no longer be reasonably estimated. Since April 2016, with the actions of the New York State Department of Environmental Conservation (NYSDEC), Constitution stopped construction and discontinued capitalization of future development costs until the project's uncertainty is resolved.

In December 2014, Constitution received approval from the FERC to construct and operate the proposed pipeline. However, on April 22, 2016, the NYSDEC denied Constitution's application for a necessary water quality certification for the New York portion of the Constitution pipeline. Constitution filed a series of legal actions challenging the legality and appropriateness of the NYSDEC's decision, culminating in an appeal to the Supreme Court of the United States, which appeal was denied on April 30, 2018. In addition, in October 2017, Constitution filed a petition for declaratory order requesting FERC to find that the NYSDEC waived its rights to issue a Section 401 water quality certification by not acting on Constitution's application within a reasonable period of time as required by statute, which petition was denied on January 11, 2018.

FINANCIAL STATEMENTS

REGULATORY MATTERS

On January 25, 2019, the D.C. Circuit Court rendered a decision in *Hoopa Valley Tribe v. FERC* that withdrawal and resubmission of an application for a Section 401 water quality certification constituted a waiver by the relevant state agency when such withdrawals and resubmissions were intended to extend the one-year limit on accepting or rejecting such an application. As Constitution had made similar arguments in its 2018 petition to FERC for a declaratory order, on April 1, 2019, Constitution filed a new petition for declaratory order requesting FERC find a waiver on the part of NYSDEC in accordance with the D.C. Circuit Court's newly established precedent. On May 1, 2019, Constitution filed its response to supplemental pleadings filed by NYSDEC and others in this proceeding. A FERC response is expected later this year.

Constitution is currently unable to approximate an in-service date for the project due to the NYSDEC's denial of the water quality certification. The Constitution partners remain committed to the project and are evaluating next steps to move the project forward. On June 25, 2018, Constitution filed with FERC a Request for Extension of Time until December 2, 2020, for construction of the project. On November 5, 2018, FERC issued an Order Granting Extension of Time.

During the three months ended March 31, 2018, Duke Energy recorded an OTTI of \$55 million within Equity in (losses) earnings of unconsolidated affiliates on Duke Energy's Condensed Consolidated Statements of Income. The charge represented the excess carrying value over the estimated fair value of the project, which was based on a Level 3 Fair Value measurement that was determined from the income approach using discounted cash flows. The impairment was primarily due to actions taken by the courts and regulators to uphold the NYSDEC's denial of the certification and uncertainty associated with the remaining legal and regulatory challenges.

See Note 13 for additional information related to ownership interest and carrying value of the investment.

Potential Coal Plant Retirements

The Subsidiary Registrants periodically file IRPs with their state regulatory commissions. The IRPs provide a view of forecasted energy needs over a long term (10 to 20 years) and options being considered to meet those needs. IRPs filed by the Subsidiary Registrants included planning assumptions to potentially retire certain coal-fired generating facilities in North Carolina and Indiana earlier than their current estimated useful lives primarily because facilities do not have the requisite emission control equipment to meet regulatory requirements expected to apply in the near future. Duke Energy continues to evaluate the potential need to retire these coal-fired generating facilities earlier than the current estimated useful lives and plans to seek regulatory recovery for amounts that would not be otherwise recovered when any of these assets are retired.

The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement due to a lack of requisite environmental control equipment. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of March 31, 2019, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net Book Value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-3 ^(a)	585	\$ 159
Duke Energy Indiana		
Gallagher Units 2 and 4 ^(b)	280	120
Total Duke Energy	865	\$ 279

- (a) Duke Energy Carolinas will retire Allen Steam Station Units 1 through 3 by December 31, 2024, as part of the resolution of a lawsuit involving alleged New Source Review violations.
- (b) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher Units 2 and 4 by December 31, 2022, as part of the 2016 settlement of Edwardsport IGCC matters.

Refer to the "Western Carolinas Modernization Plan" discussion above for details of Duke Energy Progress' planned retirements.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters. These regulations can be changed from time to time, imposing new obligations on the Duke Energy Registrants. The following environmental matters impact all of the Duke Energy Registrants.

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

Remediation Activities

In addition to AROs recorded as a result of various environmental regulations, the Duke Energy Registrants are responsible for environmental remediation at various sites. These include certain properties that are part of ongoing operations and sites formerly owned or used by Duke Energy entities. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site conditions and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, the Duke Energy Registrants could potentially be held responsible for environmental impacts caused by other potentially responsible parties and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined at all sites. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other on the Condensed Consolidated Statements of Operations unless regulatory recovery of the costs is deemed probable.

The following tables contain information regarding reserves for probable and estimable costs related to the various environmental sites. These reserves are recorded in Accounts Payable within Current Liabilities and Other within Other Noncurrent Liabilities on the Condensed Consolidated Balance Sheets.

Three Months Ended March 31, 2019								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at beginning of period	\$ 77	\$ 11	\$ 11	\$ 4	\$ 6	\$ 48	\$ 5	\$ 2
Provisions/adjustments	(2)	2	2	1	2	(6)	—	—
Cash reductions	(8)	—	—	—	—	(8)	—	—
Balance at end of period	\$ 67	\$ 13	\$ 13	\$ 5	\$ 8	\$ 34	\$ 5	\$ 2

Three Months Ended March 31, 2018								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at beginning of period	\$ 81	\$ 10	\$ 15	\$ 3	\$ 12	\$ 47	\$ 5	\$ 2
Provisions/adjustments	4	1	3	1	1	—	1	—
Cash reductions	(5)	—	(2)	(1)	(1)	(3)	—	—
Balance at end of period	\$ 80	\$ 11	\$ 16	\$ 3	\$ 12	\$ 44	\$ 6	\$ 2

Additional losses in excess of recorded reserves that could be incurred for the stages of investigation, remediation and monitoring for environmental sites that have been evaluated at this time are not material except as presented in the table below.

(in millions)	
Duke Energy	\$ 45
Duke Energy Carolinas	12
Duke Energy Ohio	22
Piedmont	2

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

LITIGATION

Duke Energy Carolinas and Duke Energy Progress

NCDEQ Closure Litigation

The Coal Ash Act requires CCR surface impoundments in North Carolina to be closed, with the closure method and timing based on a risk ranking classification determined by legislation or state regulators. The NCDEQ previously classified the impoundments at Allen, Belews Creek, Rogers, Marshall, Mayo and Roxboro as low risk and Duke Energy expected to close those sites through a combination of a cap system and a groundwater monitoring system. However, on April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas and Duke Energy Progress to excavate all remaining coal ash impoundments at these facilities. On April 26, 2019, Duke Energy Carolinas and Duke Energy Progress filed Petitions for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's determination that all ash basins must be excavated. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Coal Ash Insurance Coverage Litigation

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Superior Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. On January 23, 2019, the court granted the parties' joint motion for a four-month stay of the proceedings, until June 3, 2019, to allow the parties to discuss potential resolution. If the case is not fully resolved at that time, litigation will resume. The trial remains scheduled for August 2020. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

NCDEQ State Enforcement Actions

In the first quarter of 2013, the SELC sent notices of intent to sue Duke Energy Carolinas and Duke Energy Progress related to alleged CWA violations from coal ash basins at two of their coal-fired power plants in North Carolina. The NCDEQ filed enforcement actions against Duke Energy Carolinas and Duke Energy Progress alleging violations of water discharge permits and North Carolina groundwater standards. The cases have been consolidated and are being heard before a single judge in the North Carolina Superior Court.

On August 16, 2013, the NCDEQ filed an enforcement action against Duke Energy Carolinas and Duke Energy Progress related to their remaining plants in North Carolina, alleging violations of the CWA and violations of the North Carolina groundwater standards. Both of these cases have been assigned to the judge handling the enforcement actions discussed above. SELC is representing several environmental groups who have been permitted to intervene in these cases.

The court issued orders in 2016 granting Motions for Partial Summary Judgment for seven of the 14 North Carolina plants named in the enforcement actions. On February 13, 2017, the court issued an order denying motions for partial summary judgment brought by both the environmental groups and Duke Energy Carolinas and Duke Energy Progress for the remaining seven plants. On March 15, 2017, Duke Energy Carolinas and Duke Energy Progress filed a Notice of Appeal with the North Carolina Court of Appeals to challenge the trial court's order. The parties were unable to reach an agreement at mediation in April 2017 and submitted briefs to the trial court on remaining issues to be tried. On August 1, 2018, the Court of Appeals dismissed the appeal and the matter is proceeding before the trial court. In light of the NCDEQ's determination that all ash basins must be excavated, on April 29, 2019, the court decided to stay any activity in the case until August 2019, at which time the court will hold another status conference. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Federal Citizens Suits

On June 13, 2016, the RRBA filed a federal citizen suit in the Middle District of North Carolina alleging unpermitted discharges to surface water and groundwater violations at the Mayo Plant. On August 19, 2016, Duke Energy Progress filed a Motion to Dismiss. On April 26, 2017, the court entered an order dismissing four of the claims in the federal citizen suit. Two claims relating to alleged violations of NPDES permit provisions survived the motion to dismiss, and Duke Energy Progress filed its response on May 10, 2017. Duke Energy Progress and RRBA each filed motions for summary judgment on March 23, 2018. The court has not yet ruled on these motions.

On May 16, 2017, RRBA filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina, which asserts two claims relating to alleged violations of NPDES permit provisions at the Roxboro Plant and one claim relating to the use of nearby water bodies. Duke Energy Progress and RRBA each filed motions for summary judgment on April 17, 2018, and the court has not yet ruled on these motions.

On May 8, 2018, on motion from Duke Energy Progress, the court ordered trial in both of the above matters to be consolidated. On April 5, 2019, Duke Energy Progress filed a motion to stay the case following the NCDEQ's determination that all ash basins must be excavated. On April 19, 2019, the court entered an order staying the case through August 7, 2019, at which time the court will hold a status conference.

On December 5, 2017, various parties filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina for alleged violations at Duke Energy Carolinas' Belews Creek under the CWA. Duke Energy Carolinas' answer to the complaint was filed on August 27, 2018. On October 10, 2018, Duke Energy Carolinas filed Motions to Dismiss for lack of standing, Motion for Judgment on the Pleadings and Motion to Stay Discovery. On January 9, 2019, the court entered an order denying Duke Energy Carolinas' motion to stay discovery. There has been no ruling on the other pending motions. On April 5, 2019, Duke Energy Carolinas filed a motion to stay the case following the NCDEQ's determination that all ash basins must be excavated. On April 19, 2019, the court entered an order staying the case through August 7, 2019, at which time the court will hold a status conference.

Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of these matters.

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of March 31, 2019, there were 139 asserted claims for non-malignant cases with cumulative relief sought of up to \$34 million, and 57 asserted claims for malignant cases with cumulative relief sought of up to \$18 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recognized asbestos-related reserves of \$617 million at March 31, 2019, and \$630 million at December 31, 2018. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon Duke Energy Carolinas' best estimate for current and future asbestos claims through 2038 and are recorded on an undiscounted basis. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2038 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas' cumulative payments began to exceed the self-insured retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is \$764 million in excess of the self-insured retention. Receivables for insurance recoveries were \$739 million at March 31, 2019, and December 31, 2018. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

Duke Energy Progress and Duke Energy Florida

Spent Nuclear Fuel Matters

On October 16, 2014, Duke Energy Progress and Duke Energy Florida sued the U.S. in the U.S. Court of Federal Claims. The lawsuit claimed the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserted damages for the cost of on-site storage. On June 22, 2018, Duke Energy Progress and Duke Energy Florida filed a complaint for damages incurred for 2014 through first quarter 2018.

Duke Energy Florida

Fluor Contract Litigation

On January 29, 2019, Fluor filed a breach of contract lawsuit in the U.S. District Court for the Middle District of Florida against Duke Energy Florida related to an EPC agreement for the combined-cycle natural gas plant in Citrus County, Florida. Fluor filed an amended complaint on February 13, 2019. Fluor's multicount complaint seeks civil, statutory and contractual remedies related to Duke Energy Florida's \$67 million draw in early 2019, on Fluor's letter of credit and offset of invoiced amounts. Duke Energy Florida moved to dismiss all counts of Fluor's amended complaint, and on April 16, 2019, the court dismissed Fluor's complaint without prejudice. On April 26, 2019, Fluor filed a second amended complaint. Duke Energy Florida is attempting to recover from Fluor \$110 million in additional costs incurred by Duke Energy Florida. Duke Energy Florida cannot predict the outcome of this matter.

Other Litigation and Legal Proceedings

The Duke Energy Registrants are involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. The Duke Energy Registrants believe the final disposition of these proceedings will not have a material effect on their results of operations, cash flows or financial position.

The table below presents recorded reserves based on management's best estimate of probable loss for legal matters, excluding asbestos-related reserves discussed above. Reserves are classified on the Condensed Consolidated Balance Sheets in Other within Other Noncurrent Liabilities and Other within Current Liabilities. The reasonably possible range of loss in excess of recorded reserves is not material, other than as described above.

(in millions)	March 31, 2019		December 31, 2018	
Reserves for Legal Matters				
Duke Energy	\$	66	\$	65
Duke Energy Carolinas		8		9
Progress Energy		57		54
Duke Energy Progress		15		12
Duke Energy Florida		24		24
Piedmont		1		1

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

OTHER COMMITMENTS AND CONTINGENCIES

General

As part of their normal business, the Duke Energy Registrants are party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. These guarantees involve elements of performance and credit risk, which are not fully recognized on the Condensed Consolidated Balance Sheets and have unlimited maximum potential payments. However, the Duke Energy Registrants do not believe these guarantees will have a material effect on their results of operations, cash flows or financial position.

In addition, the Duke Energy Registrants enter into various fixed-price, noncancelable commitments to purchase or sell power or natural gas, take-or-pay arrangements, transportation, or throughput agreements and other contracts that may or may not be recognized on their respective Condensed Consolidated Balance Sheets. Some of these arrangements may be recognized at fair value on their respective Condensed Consolidated Balance Sheets if such contracts meet the definition of a derivative and the NPNS exception does not apply. In most cases, the Duke Energy Registrants' purchase obligation contracts contain provisions for price adjustments, minimum purchase levels and other financial commitments.

5. LEASES

As described in Note 1, Duke Energy adopted the revised accounting guidance for Leases effective January 1, 2019, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. Adoption of the new standard resulted in the recording of ROU assets and operating lease liabilities as follows:

(in millions)	As of January 1, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
ROU assets	\$ 1,750	\$ 153	\$ 863	\$ 407	\$ 456	\$ 23	\$ 61	\$ 26
Operating lease liabilities – current	205	28	96	35	61	1	4	4
Operating lease liabilities – noncurrent	1,504	127	766	371	395	22	58	25

As part of its operations, Duke Energy leases certain aircraft, space on communication towers, industrial equipment, fleet vehicles, fuel transportation (barges and railcars), land and office space under various terms and expiration dates. Additionally, Duke Energy Carolinas, Duke Energy Progress and Duke Energy Indiana have finance leases related to firm natural gas pipeline transportation capacity. Duke Energy Progress and Duke Energy Florida have entered into certain PPAs, which are classified as finance and operating leases.

Duke Energy has certain lease agreements, which include variable lease payments that are based on the usage of an asset. These variable lease payments are not included in the measurement of the ROU assets or operating lease liabilities on the Condensed Consolidated Financial Statements.

Certain Duke Energy lease agreements include options for renewal and early termination. The intent to renew a lease varies depending on the lease type and asset. Renewal options that are reasonably certain to be exercised are included in the lease measurements. The decision to terminate a lease early is dependent on various economic factors. No termination options have been included in any of the lease measurements.

Duke Energy operates various renewable energy projects and sells the generated output to utilities, electric cooperatives, municipalities and commercial and industrial customers through long-term PPAs. In certain situations, these PPAs and the associated renewable energy projects qualify as operating leases. Rental income from these leases is accounted for as Nonregulated electric and other revenues in the Condensed Consolidated Statements of Operations. There are no minimum lease payments as all payments are contingent based on actual electricity generated by the renewable energy projects. Contingent lease payments were \$64 million for the three months ended March 31, 2019. As of March 31, 2019, renewable energy projects owned by Duke Energy and accounted for as operating leases had a cost basis of \$3,345 million and accumulated depreciation of \$631 million. These assets are principally classified as nonregulated electric generation and transmission assets.

FINANCIAL STATEMENTS LEASES

The following table presents the components of lease expense.

(in millions)	Three Months Ended March 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Operating lease expense ^(a)	\$ 72	\$ 12	\$ 42	\$ 19	\$ 23	\$ 3	\$ 5	\$ 1
Short-term lease expense ^(a)	7	2	3	1	2	—	1	—
Variable lease expense ^(a)	11	8	2	1	1	—	—	—
Finance lease expense								
Amortization of leased assets ^(b)	27	1	3	1	2	—	—	—
Interest on lease liabilities ^(c)	17	4	6	4	2	—	—	—
Total finance lease expense	44	5	9	5	4	—	—	—
Total lease expense	\$ 134	\$ 27	\$ 56	\$ 26	\$ 30	\$ 3	\$ 6	\$ 1

- (a) Included in Operations, maintenance and other or, for barges and railcars, Fuel used in electric generation and purchased power on the Condensed Consolidated Statements of Operations.
(b) Included in Depreciation and amortization on the Condensed Consolidated Statements of Operations.
(c) Included in Interest Expense on the Condensed Consolidated Statements of Operations.

The following table presents rental expense for operating leases, as reported under the old lease standard. These amounts are included in Operation, maintenance and other and Fuel used in electric generation and purchased power on the Condensed Consolidated Statements of Operations.

(in millions)	Year Ended December 31, 2018
Duke Energy	\$ 268
Duke Energy Carolinas	49
Progress Energy	143
Duke Energy Progress	75
Duke Energy Florida	68
Duke Energy Ohio	13
Duke Energy Indiana	21
Piedmont	11

The following table presents operating lease maturities and a reconciliation of the undiscounted cash flows to operating lease liabilities.

(in millions)	Twelve months ended March 31,							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
2020	\$ 271	\$ 32	\$ 125	\$ 47	\$ 78	\$ 2	\$ 6	\$ 5
2021	238	29	112	46	66	2	5	5
2022	192	19	90	35	55	2	4	5
2023	180	19	89	34	55	2	4	5
2024	169	16	89	35	54	2	4	5
Thereafter	1,057	66	530	309	221	22	67	9
Total operating lease payments	2,107	181	1,035	506	529	32	90	34
Less: present value discount	(436)	(32)	(198)	(118)	(80)	(10)	(29)	(4)
Total operating lease liabilities ^(a)	\$ 1,671	\$ 149	\$ 837	\$ 388	\$ 449	\$ 22	\$ 61	\$ 30

- (a) Certain operating lease payments include renewal options that are reasonably certain to be exercised.

FINANCIAL STATEMENTS

LEASES

The following table presents future minimum lease payments under operating leases, which at inception had a non-cancelable term of more than one year, as reported under the old lease standard.

(in millions)	December 31, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
2019	\$ 239	\$ 33	\$ 97	\$ 49	\$ 48	\$ 2	\$ 6	\$ 5
2020	219	29	90	46	44	2	5	5
2021	186	19	79	37	42	2	4	5
2022	170	19	76	34	42	2	4	5
2023	160	17	77	35	42	2	5	6
Thereafter	1,017	68	455	314	141	23	66	11
Total	\$ 1,991	\$ 185	\$ 874	\$ 515	\$ 359	\$ 33	\$ 90	\$ 37

The following table presents finance lease maturities and a reconciliation of the undiscounted cash flows to finance lease liabilities.

(in millions)	Twelve months ended March 31,							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	
2020	\$ 185	\$ 19	\$ 69	\$ 44	\$ 25	\$ 1	\$ 1	
2021	191	18	69	44	25	—	1	
2022	194	14	69	44	25	—	1	
2023	179	14	69	44	25	—	1	
2024	180	14	69	44	25	—	1	
Thereafter	889	195	573	558	15	—	28	
Total finance lease payments	1,818	274	918	778	140	1	33	
Less: amount representing interest	(729)	(166)	(495)	(467)	(28)	—	(23)	
Total finance lease liabilities	\$ 1,089	\$ 108	\$ 423	\$ 311	\$ 112	\$ 1	\$ 10	

The following table presents future minimum lease payments under finance leases, as reported under the old lease standard.

(in millions)	December 31, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	
2019	\$ 170	\$ 20	\$ 45	\$ 20	\$ 25	\$ 2	\$ 1	
2020	174	20	46	21	25	—	1	
2021	177	15	45	20	25	—	1	
2022	165	15	45	21	24	—	1	
2023	165	15	45	21	24	—	1	
Thereafter	577	204	230	209	21	—	27	
Minimum annual payments	1,428	289	456	312	144	2	32	
Less: amount representing interest	(487)	(180)	(205)	(175)	(30)	—	(22)	
Total	\$ 941	\$ 109	\$ 251	\$ 137	\$ 114	\$ 2	\$ 10	

FINANCIAL STATEMENTS LEASES

The following tables contain additional information related to leases.

		March 31, 2019								
(in millions)	Classification	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Assets										
Operating	Operating Lease ROU Assets, net	\$ 1,698	\$ 146	\$ 835	\$ 388	\$ 447	\$ 22	\$ 61	\$ 27	
Finance	Net property, plant and equipment	1,081	122	428	310	118	—	10	—	
Total lease assets		\$ 2,779	\$ 268	\$ 1,263	\$ 698	\$ 565	\$ 22	\$ 71	\$ 27	
Liabilities										
Current										
Operating	Other current liabilities	\$ 183	\$ 26	\$ 89	\$ 27	\$ 62	\$ 1	\$ 4	\$ 4	
Finance	Current maturities of long-term debt	121	6	23	6	17	1	—	—	
Noncurrent										
Operating	Operating Lease Liabilities	1,488	123	748	361	387	21	57	26	
Finance	Long-Term Debt	968	102	400	305	95	—	10	—	
Total lease liabilities		\$ 2,760	\$ 257	\$ 1,260	\$ 699	\$ 561	\$ 23	\$ 71	\$ 30	

	Three Months Ended March 31, 2019									
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont		
Cash paid for amounts included in the measurement of lease liabilities ^(a)										
Operating cash flows from operating leases	\$ 67	\$ 6	\$ 31	\$ 14	\$ 17	\$ 1	\$ 2	\$ 2		
Operating cash flows from finance leases	17	4	6	4	2	—	—	—		
Financing cash flows from finance leases	27	1	3	1	2	—	—	—		
Lease assets obtained in exchange for new lease liabilities (non-cash)										
Finance	\$ 175	\$ —	\$ 175	\$ 175	\$ —	\$ —	\$ —	\$ —		
Operating ^(b)	7	—	—	—	—	—	—	—		

- (a) No amounts were classified as investing cash flows from operating leases for the three months ended March 31, 2019.
(b) Does not include ROU assets recorded as a result of the adoption of the new lease standard.

FINANCIAL STATEMENTS LEASES

March 31, 2019								
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Weighted-average remaining lease term (years)								
Operating leases	11	9	11	13	9	18	19	7
Finance leases	13	19	16	18	11	—	27	—
Weighted-average discount rate^(a)								
Operating leases	3.9%	3.7%	3.8%	3.9%	3.7%	4.2%	4.1%	3.6%
Finance leases	6.9%	12.9%	11.4%	12.5%	8.3%	3.3%	11.7%	—%

- (a) The discount rate is calculated using the rate implicit in a lease if it is readily determinable. Generally, the rate used by the lessor is not provided to Duke Energy and in these cases the incremental borrowing rate is used. Duke Energy will typically use its fully collateralized incremental borrowing rate as of the commencement date to calculate and record the lease. The incremental borrowing rate is influenced by the lessee's credit rating and lease term and as such may differ for individual leases, embedded leases or portfolios of leased assets.

6. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

The following table summarizes significant debt issuances (in millions).

Issuance Date	Maturity Date	Interest Rate	Three Months Ended March 31, 2019			
			Duke Energy	Duke Energy (Parent)	Duke Energy Progress	Duke Energy Ohio
Unsecured Debt						
March 2019 ^(a)	March 2022	3.251% ^(b)	\$ 300	\$ 300	\$ —	\$ —
March 2019 ^(a)	March 2022	3.227%	300	300	—	—
First Mortgage Bonds						
January 2019 ^(c)	February 2029	3.650%	400	—	—	400
January 2019 ^(c)	February 2049	4.300%	400	—	—	400
March 2019 ^(d)	March 2029	3.450%	600	—	600	—
Total issuances			\$ 2,000	\$ 600	\$ 600	\$ 800

- (a) Debt issued to pay down short-term debt and for general corporate purposes.
(b) Debt issuance has a floating interest rate.
(c) Debt issued to repay at maturity \$450 million first mortgage bonds due April 2019, pay down short-term debt and for general corporate purposes.
(d) Debt issued to fund eligible green energy projects in the Carolinas.

FINANCIAL STATEMENTS DEBT AND CREDIT FACILITIES

CURRENT MATURITIES OF LONG-TERM DEBT

The following table shows the significant components of Current Maturities of Long-Term Debt on the Condensed Consolidated Balance Sheets. The Duke Energy Registrants currently anticipate satisfying these obligations with cash on hand and proceeds from additional borrowings.

(in millions)	Maturity Date	Interest Rate	March 31, 2019
Unsecured Debt			
Duke Energy (Parent)	September 2019	5.050%	\$ 500
Piedmont	September 2019	3.181% ^(b)	350
Duke Energy Kentucky	October 2019	4.650%	100
Progress Energy	December 2019	4.875%	350
First Mortgage Bonds			
Duke Energy Ohio	April 2019	5.450%	450
Duke Energy Florida	January 2020	1.850%	250
Other^(a)			501
Current maturities of long-term debt		\$	2,501

(a) Includes finance lease obligations, amortizing debt and small bullet maturities.

(b) Amount drawn under the Piedmont senior unsecured term loan facility has a floating interest rate.

AVAILABLE CREDIT FACILITIES

Master Credit Facility

In March 2019, Duke Energy amended its existing \$8 billion Master Credit Facility to extend the termination date to March 2024. The Duke Energy Registrants, excluding Progress Energy (Parent), have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder. Duke Energy Carolinas and Duke Energy Progress are also required to each maintain \$250 million of available capacity under the Master Credit Facility as security to meet obligations under plea agreements reached with the U.S. Department of Justice in 2015 related to violations at North Carolina facilities with ash basins. The table below includes the current borrowing sublimits and available capacity under the Master Credit Facility.

(in millions)	March 31, 2019							
	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Facility size ^(a)	\$ 8,000	\$ 2,650	\$ 1,750	\$ 1,400	\$ 650	\$ 450	\$ 600	\$ 500
Reduction to backstop issuances								
Commercial paper ^(b)	(2,657)	(884)	(859)	(150)	(299)	(62)	(252)	(151)
Outstanding letters of credit	(53)	(45)	(4)	(2)	—	—	—	(2)
Tax-exempt bonds	(81)	—	—	—	—	—	(81)	—
Coal ash set-aside	(500)	—	(250)	(250)	—	—	—	—
Available capacity under the Master Credit Facility	\$ 4,709	\$ 1,721	\$ 637	\$ 998	\$ 351	\$ 388	\$ 267	\$ 347

(a) Represents the sublimit of each borrower.

(b) Duke Energy issued \$625 million of commercial paper and loaned the proceeds through the money pool to Duke Energy Carolinas, Duke Energy Progress, Duke Energy Ohio and Duke Energy Indiana. The balances are classified as Long-Term Debt Payable to Affiliated Companies on the Condensed Consolidated Balance Sheets.

Other Credit Facilities

(in millions)	March 31, 2019	
	Facility size	Amount Drawn
Duke Energy (Parent) Three-Year Revolving Credit Facility	\$ 1,000	\$ 500
Duke Energy Progress Term Loan Facility ^(a)	700	700
Piedmont Term Loan Facility	350	350

(a) \$650 million was drawn under the term loan in January and February 2019.

FINANCIAL STATEMENTS

ASSET RETIREMENT OBLIGATIONS

7. ASSET RETIREMENT OBLIGATIONS

The Duke Energy Registrants record AROs when there is a legal obligation to incur retirement costs associated with the retirement of a long-lived asset and the obligation can be reasonably estimated. Actual closure costs incurred could be materially different from current estimates that form the basis of the recorded AROs.

The following table presents the AROs recorded on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Decommissioning of nuclear power facilities ^(a)	\$ 5,753	\$ 2,368	\$ 3,239	\$ 2,709	\$ 530	\$ —	\$ —	\$ —
Closure of ash impoundments	6,961	3,013	3,197	3,177	20	52	699	—
Other	321	47	70	37	33	41	20	19
Total ARO	\$ 13,035	\$ 5,428	\$ 6,506	\$ 5,923	\$ 583	\$ 93	\$ 719	\$ 19
Less: current portion	779	209	456	452	4	6	108	—
Total noncurrent ARO	\$ 12,256	\$ 5,219	\$ 6,050	\$ 5,471	\$ 579	\$ 87	\$ 611	\$ 19

(a) Duke Energy amount includes purchase accounting adjustments related to the merger with Progress Energy.

ARO Liability Rollforward

The following table presents the change in liability associated with AROs for the Duke Energy Registrants.

(in millions)	March 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at December 31, 2018 ^(a)	\$ 10,467	\$ 3,949	\$ 5,411	\$ 4,820	\$ 591	\$ 93	\$ 722	\$ 19
Accretion expense ^(b)	110	48	57	50	7	1	7	—
Liabilities settled ^(c)	(184)	(76)	(97)	(82)	(15)	(1)	(10)	—
Revisions in estimates of cash flows ^(d)	2,642	1,507	1,135	1,135	—	—	—	—
Balance at March 31, 2019	\$ 13,035	\$ 5,428	\$ 6,506	\$ 5,923	\$ 583	\$ 93	\$ 719	\$ 19

- (a) Primarily relates to decommissioning nuclear power facilities, closure of ash impoundments, asbestos removal, closure of landfills at fossil generation facilities, retirement of natural gas mains and removal of renewable energy generation assets.
- (b) For the three months ended March 31, 2019, substantially all accretion expense relates to Duke Energy's regulated operations and has been deferred in accordance with regulatory accounting treatment.
- (c) Primarily relates to ash impoundment closures.
- (d) Relates to increases in closure estimates for certain ash impoundments as a result of the NCDEQ's determination that all ash basins must be excavated. See Note 4 for more information. The incremental amount recorded represents the discounted cash flows for estimated closure costs based upon the probability weightings of the potential closure methods as evaluated on a site-by-site basis.

Asset retirement costs associated with the AROs for operating plants and retired plants are included in Net property, plant and equipment and Regulatory assets within Other Noncurrent Assets, respectively, on the Condensed Consolidated Balance Sheets.

Nuclear Decommissioning Trust Funds

Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida each maintain NDTFs that are intended to pay for the decommissioning costs of their respective nuclear power plants. The following table presents the fair value of NDTF assets legally restricted for purposes of settling AROs associated with nuclear decommissioning. Duke Energy Florida is actively decommissioning Crystal River Unit 3 and was granted an exemption from the NRC, which allows for use of the NDTF for all aspects of nuclear decommissioning. The entire balance of Duke Energy Florida's NDTF may be applied toward license termination, spent fuel and site restoration costs incurred to decommission Crystal River Unit 3 and is excluded from the table below. See Note 12 for additional information related to the fair value of the Duke Energy Registrants' NDTFs.

(in millions)	March 31, 2019	December 31, 2018
Duke Energy	\$ 6,102	\$ 5,579
Duke Energy Carolinas	3,443	3,133
Duke Energy Progress	2,659	2,446

FINANCIAL STATEMENTS

GOODWILL

8. GOODWILL

Duke Energy

The following table presents the goodwill by reportable segment included on Duke Energy's Condensed Consolidated Balance Sheets at March 31, 2019, and December 31, 2018.

(in millions)	Electric Utilities and Infrastructure		Gas Utilities and Infrastructure		Commercial Renewables		Total
Goodwill balance	\$	17,379	\$	1,924	\$	122	\$ 19,425
Accumulated impairment charges		—		—		(122)	(122)
Goodwill, adjusted for accumulated impairment charges	\$	17,379	\$	1,924	\$	—	\$ 19,303

Duke Energy Ohio

Duke Energy Ohio's Goodwill balance of \$920 million, allocated \$596 million to Electric Utilities and Infrastructure and \$324 million to Gas Utilities and Infrastructure, is presented net of accumulated impairment charges of \$216 million on the Condensed Consolidated Balance Sheets at March 31, 2019, and December 31, 2018.

Progress Energy

Progress Energy's Goodwill is included in the Electric Utilities and Infrastructure segment and there are no accumulated impairment charges.

Piedmont

Piedmont's Goodwill is included in the Gas Utilities and Infrastructure segment and there are no accumulated impairment charges.

FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

9. RELATED PARTY TRANSACTIONS

The Subsidiary Registrants engage in related party transactions in accordance with applicable state and federal commission regulations. Refer to the Condensed Consolidated Balance Sheets of the Subsidiary Registrants for balances due to or due from related parties. Material amounts related to transactions with related parties included on the Condensed Consolidated Statements of Operations and Comprehensive Income are presented in the following table.

(in millions)	Three Months Ended March 31,	
	2019	2018
Duke Energy Carolinas		
Corporate governance and shared service expenses ^(a)	\$ 212	\$ 220
Indemnification coverages ^(b)	5	6
JDA revenue ^(c)	23	34
JDA expense ^(c)	93	54
Intercompany natural gas purchases ^(d)	4	4
Progress Energy		
Corporate governance and shared service expenses ^(a)	\$ 176	\$ 191
Indemnification coverages ^(b)	9	8
JDA revenue ^(c)	93	54
JDA expense ^(c)	23	34
Intercompany natural gas purchases ^(d)	19	19
Duke Energy Progress		
Corporate governance and shared service expenses ^(a)	\$ 106	\$ 118
Indemnification coverages ^(b)	4	3
JDA revenue ^(c)	93	54
JDA expense ^(c)	23	34
Intercompany natural gas purchases ^(d)	19	19
Duke Energy Florida		
Corporate governance and shared service expenses ^(a)	\$ 70	\$ 73
Indemnification coverages ^(b)	5	5
Duke Energy Ohio		
Corporate governance and shared service expenses ^(a)	\$ 85	\$ 89
Indemnification coverages ^(b)	1	1
Duke Energy Indiana		
Corporate governance and shared service expenses ^(a)	\$ 97	\$ 101
Indemnification coverages ^(b)	2	2
Piedmont		
Corporate governance and shared service expenses ^(a)	\$ 32	\$ 36
Indemnification coverages ^(b)	1	1
Intercompany natural gas sales ^(d)	23	23
Natural gas storage and transportation costs ^(e)	5	6

- (a) The Subsidiary Registrants are charged their proportionate share of corporate governance and other shared services costs, primarily related to human resources, employee benefits, information technology, legal and accounting fees, as well as other third-party costs. These amounts are primarily recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (b) The Subsidiary Registrants incur expenses related to certain indemnification coverages through Bison, Duke Energy's wholly owned captive insurance subsidiary. These expenses are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (c) Duke Energy Carolinas and Duke Energy Progress participate in a JDA, which allows the collective dispatch of power plants between the service territories to reduce customer rates. Revenues from the sale of power and expenses from the purchase of power pursuant to the JDA are recorded in Operating Revenues and Fuel used in electric generation and purchased power, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (d) Piedmont provides long-term natural gas delivery service to certain Duke Energy Carolinas and Duke Energy Progress natural gas-fired generation facilities. Piedmont records the sales in Operating revenues, and Duke Energy Carolinas and Duke Energy Progress record the related purchases as a component of Fuel used in electric generation and purchased power on their respective Condensed Consolidated Statements of Operations and Comprehensive Income.
- (e) Piedmont has related party transactions as a customer of its equity method investments in Pine Needle, Hardy Storage, and Cardinal natural gas storage and transportation facilities. These expenses are included in Cost of natural gas on Piedmont's Condensed Consolidated Statements of Operations and Comprehensive Income.

FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

In addition to the amounts presented above, the Subsidiary Registrants have other affiliate transactions, including rental of office space, participation in a money pool arrangement, other operational transactions and their proportionate share of certain charged expenses. These transactions of the Subsidiary Registrants are incurred in the ordinary course of business and are eliminated in consolidation.

As discussed in Note 13, certain trade receivables have been sold by Duke Energy Ohio and Duke Energy Indiana to CRC, an affiliate formed by a subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price.

Intercompany Income Taxes

Duke Energy and the Subsidiary Registrants file a consolidated federal income tax return and other state and jurisdictional returns. The Subsidiary Registrants have a tax sharing agreement with Duke Energy for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts the Subsidiary Registrants would incur as separate C-Corporations. The following table includes the balance of intercompany income tax receivables and payables for the Subsidiary Registrants.

(in millions)	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
March 31, 2019							
Intercompany income tax receivable	\$ 1	\$ 65	\$ —	\$ 22	\$ 6	\$ —	\$ —
Intercompany income tax payable	—	—	11	—	—	7	7
December 31, 2018							
Intercompany income tax receivable	\$ 52	\$ 47	\$ 29	\$ —	\$ —	\$ 8	\$ —
Intercompany income tax payable	—	—	—	16	3	—	45

10. DERIVATIVES AND HEDGING

The Duke Energy Registrants use commodity and interest rate contracts to manage commodity price risk and interest rate risk. The primary use of commodity derivatives is to hedge the generation portfolio against changes in the prices of electricity and natural gas. Piedmont enters into natural gas supply contracts to provide diversification, reliability and natural gas cost benefits to its customers. Interest rate derivatives are used to manage interest rate risk associated with borrowings.

All derivative instruments not identified as NPNS are recorded at fair value as assets or liabilities on the Condensed Consolidated Balance Sheets. Cash collateral related to derivative instruments executed under master netting arrangements is offset against the collateralized derivatives on the Condensed Consolidated Balance Sheets. The cash impacts of settled derivatives are recorded as operating activities on the Condensed Consolidated Statements of Cash Flows.

INTEREST RATE RISK

The Duke Energy Registrants are exposed to changes in interest rates as a result of their issuance or anticipated issuance of variable-rate and fixed-rate debt and commercial paper. Interest rate risk is managed by limiting variable-rate exposures to a percentage of total debt and by monitoring changes in interest rates. To manage risk associated with changes in interest rates, the Duke Energy Registrants may enter into interest rate swaps, U.S. Treasury lock agreements and other financial contracts. In anticipation of certain fixed-rate debt issuances, a series of forward-starting interest rate swaps or Treasury locks may be executed to lock in components of current market interest rates. These instruments are later terminated prior to or upon the issuance of the corresponding debt.

Cash Flow Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of AOCI for the three months ended March 31, 2019, and 2018 were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables business and forward-starting interest rate swaps not accounted for under regulatory accounting.

Undesignated Contracts

Undesignated contracts primarily include contracts not designated as a hedge because they are accounted for under regulatory accounting or contracts that do not qualify for hedge accounting.

Duke Energy's interest rate swaps for its regulated operations employ regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the swaps are deferred as regulatory liabilities or regulatory assets, respectively. Regulatory assets and liabilities are amortized consistent with the treatment of the related costs in the ratemaking process. The accrual of interest on the swaps is recorded as Interest Expense on the Duke Energy Registrant's Condensed Consolidated Statements of Operations and Comprehensive Income.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

The following table shows notional amounts of outstanding derivatives related to interest rate risk.

March 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	
Cash flow hedges	\$ 923	\$ —	\$ —	\$ —	\$ —	\$ —	
Undesignated contracts	1,321	300	800	250	550	27	
Total notional amount ^(a)	\$ 2,244	\$ 300	\$ 800	\$ 250	\$ 550	\$ 27	

December 31, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	
Cash flow hedges	\$ 923	\$ —	\$ —	\$ —	\$ —	\$ —	
Undesignated contracts	1,721	300	1,200	650	550	27	
Total notional amount ^(a)	\$ 2,644	\$ 300	\$ 1,200	\$ 650	\$ 550	\$ 27	

(a) Duke Energy includes amounts related to consolidated VIEs of \$422 million in cash flow hedges and \$194 million in undesignated contracts as of March 31, 2019, and December 31, 2018.

COMMODITY PRICE RISK

The Duke Energy Registrants are exposed to the impact of changes in the prices of electricity purchased and sold in bulk power markets and coal and natural gas purchases, including Piedmont's natural gas supply contracts. Exposure to commodity price risk is influenced by a number of factors including the term of contracts, the liquidity of markets and delivery locations. For the Subsidiary Registrants, bulk power electricity and coal and natural gas purchases flow through fuel adjustment clauses, formula-based contracts or other cost-sharing mechanisms. Differences between the costs included in rates and the incurred costs, including undesignated derivative contracts, are largely deferred as regulatory assets or regulatory liabilities. Piedmont policies allow for the use of financial instruments to hedge commodity price risks. The strategy and objective of these hedging programs are to use the financial instruments to reduce natural gas costs volatility for customers.

Volumes

The tables below include volumes of outstanding commodity derivatives. Amounts disclosed represent the absolute value of notional volumes of commodity contracts excluding NPNS. The Duke Energy Registrants have netted contractual amounts where offsetting purchase and sale contracts exist with identical delivery locations and times of delivery. Where all commodity positions are perfectly offset, no quantities are shown.

March 31, 2019								
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electricity (GWh)	6,196	—	—	—	—	829	5,367	—
Natural gas (millions of dekatherms)	742	128	174	174	—	—	1	439

December 31, 2018								
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electricity (GWh)	15,286	—	—	—	—	1,786	13,500	—
Natural gas (millions of dekatherms)	739	121	169	166	3	—	1	448

FINANCIAL STATEMENTS DERIVATIVES AND HEDGING

LOCATION AND FAIR VALUE OF DERIVATIVE ASSETS AND LIABILITIES RECOGNIZED ON THE CONDENSED CONSOLIDATED BALANCE SHEETS

The following tables show the fair value and balance sheet location of derivative instruments. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

Derivative Assets		March 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 16	\$ 3	\$ 5	\$ 5	\$ —	\$ 1	\$ 5	\$ 2	
Noncurrent	6	2	3	3	—	—	—	—	
Total Derivative Assets – Commodity Contracts	\$ 22	\$ 5	\$ 8	\$ 8	\$ —	\$ 1	\$ 5	\$ 2	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	2	—	—	—	—	—	—	—	
<i>Not Designated as Hedging Instruments</i>									
Current	1	—	—	—	—	—	—	—	
Noncurrent	9	—	—	—	—	—	—	—	
Total Derivative Assets – Interest Rate Contracts	\$ 13	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Total Derivative Assets	\$ 35	\$ 5	\$ 8	\$ 8	\$ —	\$ 1	\$ 5	\$ 2	
Derivative Liabilities		March 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 21	\$ 12	\$ 3	\$ 3	\$ —	\$ —	\$ —	\$ 6	
Noncurrent	140	5	19	4	—	—	—	115	
Total Derivative Liabilities – Commodity Contracts	\$ 161	\$ 17	\$ 22	\$ 7	\$ —	\$ —	\$ —	\$ 121	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 25	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	9	—	—	—	—	—	—	—	
<i>Not Designated as Hedging Instruments</i>									
Current	42	22	19	3	17	1	—	—	
Noncurrent	7	—	3	2	1	4	—	—	
Total Derivative Liabilities – Interest Rate Contracts	\$ 83	\$ 22	\$ 22	\$ 5	\$ 18	\$ 5	\$ —	\$ —	
Total Derivative Liabilities	\$ 244	\$ 39	\$ 44	\$ 12	\$ 18	\$ 5	\$ —	\$ 121	

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Derivative Assets				December 31, 2018												
	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont	
(in millions)																
Commodity Contracts																
Not Designated as Hedging Instruments																
Current	\$	35	\$	2	\$	2	\$	2	\$	—	\$	6	\$	23	\$	3
Noncurrent		4		1		2		2		—		—		—		—
Total Derivative Assets – Commodity Contracts	\$	39	\$	3	\$	4	\$	4	\$	—	\$	6	\$	23	\$	3
Interest Rate Contracts																
Designated as Hedging Instruments																
Current	\$	1	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Noncurrent		3		—		—		—		—		—		—		—
Not Designated as Hedging Instruments																
Current		2		—		—		—		—		—		—		—
Noncurrent		12		—		—		—		—		—		—		—
Total Derivative Assets – Interest Rate Contracts	\$	18	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Total Derivative Assets	\$	57	\$	3	\$	4	\$	4	\$	—	\$	6	\$	23	\$	3

Derivative Liabilities				December 31, 2018												
	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont	
(in millions)																
Commodity Contracts																
Not Designated as Hedging Instruments																
Current	\$	33	\$	14	\$	10	\$	5	\$	6	\$	—	\$	—	\$	8
Noncurrent		158		10		15		6		—		—		—		133
Total Derivative Liabilities – Commodity Contracts	\$	191	\$	24	\$	25	\$	11	\$	6	\$	—	\$	—	\$	141
Interest Rate Contracts																
Designated as Hedging Instruments																
Current	\$	12	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Noncurrent		6		—		—		—		—		—		—		—
Not Designated as Hedging Instruments																
Current		23		9		13		11		2		1		—		—
Noncurrent		10		—		6		5		1		4		—		—
Total Derivative Liabilities – Interest Rate Contracts	\$	51	\$	9	\$	19	\$	16	\$	3	\$	5	\$	—	\$	—
Total Derivative Liabilities	\$	242	\$	33	\$	44	\$	27	\$	9	\$	5	\$	—	\$	141

OFFSETTING ASSETS AND LIABILITIES

The following tables present the line items on the Condensed Consolidated Balance Sheets where derivatives are reported. Substantially all of Duke Energy's outstanding derivative contracts are subject to enforceable master netting arrangements. The gross amounts offset in the tables below show the effect of these netting arrangements on financial position, and include collateral posted to offset the net position. The amounts shown are calculated by counterparty. Accounts receivable or accounts payable may also be available to offset exposures in the event of bankruptcy. These amounts are not included in the tables below.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Derivative Assets				March 31, 2019												
	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont	
(in millions)																
Current																
Gross amounts recognized	\$	18	\$	3	\$	5	\$	5	\$	—	\$	1	\$	5	\$	2
Gross amounts offset		(4)		(2)		(1)		(1)		—		—		—		—
Net amounts presented in Current Assets: Other	\$	14	\$	1	\$	4	\$	4	\$	—	\$	1	\$	5	\$	2
Noncurrent																
Gross amounts recognized	\$	17	\$	2	\$	3	\$	3	\$	—	\$	—	\$	—	\$	—
Gross amounts offset		(3)		(1)		(2)		(2)		—		—		—		—
Net amounts presented in Other Noncurrent Assets: Other	\$	14	\$	1	\$	1	\$	1	\$	—	\$	—	\$	—	\$	—
Derivative Liabilities				March 31, 2019												
	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont	
(in millions)																
Current																
Gross amounts recognized	\$	88	\$	34	\$	22	\$	6	\$	17	\$	1	\$	—	\$	6
Gross amounts offset		(4)		(2)		(2)		(2)		—		—		—		—
Net amounts presented in Current Liabilities: Other	\$	84	\$	32	\$	20	\$	4	\$	17	\$	1	\$	—	\$	6
Noncurrent																
Gross amounts recognized	\$	156	\$	5	\$	22	\$	6	\$	1	\$	4	\$	—	\$	115
Gross amounts offset		(3)		(1)		(2)		(2)		—		—		—		—
Net amounts presented in Other Noncurrent Liabilities: Other	\$	153	\$	4	\$	20	\$	4	\$	1	\$	4	\$	—	\$	115
Derivative Assets				December 31, 2018												
	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont	
(in millions)																
Current																
Gross amounts recognized	\$	38	\$	2	\$	2	\$	2	\$	—	\$	6	\$	23	\$	3
Gross amounts offset		(3)		(2)		(2)		(2)		—		—		—		—
Net amounts presented in Current Assets: Other	\$	35	\$	—	\$	—	\$	—	\$	—	\$	6	\$	23	\$	3
Noncurrent																
Gross amounts recognized	\$	19	\$	1	\$	2	\$	2	\$	—	\$	—	\$	—	\$	—
Gross amounts offset		(3)		(1)		(2)		(2)		—		—		—		—
Net amounts presented in Other Noncurrent Assets: Other	\$	16	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—

FINANCIAL STATEMENTS DERIVATIVES AND HEDGING

Derivative Liabilities				December 31, 2018												
(in millions)	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont	
Current																
Gross amounts recognized	\$	68	\$	23	\$	23	\$	16	\$	8	\$	1	\$	—	\$	8
Gross amounts offset		(4)		(2)		(2)		(2)		—		—		—		—
Net amounts presented in Current Liabilities: Other	\$	64	\$	21	\$	21	\$	14	\$	8	\$	1	\$	—	\$	8
Noncurrent																
Gross amounts recognized	\$	174	\$	10	\$	21	\$	11	\$	1	\$	4	\$	—	\$	133
Gross amounts offset		(3)		(1)		(2)		(2)		—		—		—		—
Net amounts presented in Other Noncurrent Liabilities: Other	\$	171	\$	9	\$	19	\$	9	\$	1	\$	4	\$	—	\$	133

OBJECTIVE CREDIT CONTINGENT FEATURES

Certain derivative contracts contain objective credit contingent features. These features include the requirement to post cash collateral or letters of credit if specific events occur, such as a credit rating downgrade below investment grade. The following tables show information with respect to derivative contracts that are in a net liability position and contain objective credit-risk-related payment provisions.

					March 31, 2019			
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress				
Aggregate fair value of derivatives in a net liability position	\$ 25	\$ 14	\$ 11	\$ 11				
Fair value of collateral already posted	—	—	—	—				
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	25	14	11	11				

					December 31, 2018			
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress				
Aggregate fair value of derivatives in a net liability position	\$ 44	\$ 19	\$ 25	\$ 25				
Fair value of collateral already posted	—	—	—	—				
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	44	19	25	25				

The Duke Energy Registrants have elected to offset cash collateral and fair values of derivatives. For amounts to be netted, the derivative and cash collateral must be executed with the same counterparty under the same master netting arrangement.

11. INVESTMENTS IN DEBT AND EQUITY SECURITIES

Duke Energy's investments in debt and equity securities are primarily comprised of investments held in (i) the NDTF at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, (ii) the grantor trusts at Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana related to OPEB plans and (iii) Bison. The Duke Energy Registrants classify investments in debt securities as AFS and investments in equity securities as FV-NI.

For investments in debt securities classified as AFS, the unrealized gains and losses are included in other comprehensive income until realized, at which time, they are reported through net income. For investments in equity securities classified as FV-NI, both realized and unrealized gains and losses are reported through net income. Substantially all of Duke Energy's investments in debt and equity securities qualify for regulatory accounting, and accordingly, all associated realized and unrealized gains and losses on these investments are deferred as a regulatory asset or liability.

Duke Energy classifies the majority of investments in debt and equity securities as long term, unless otherwise noted.

Investment Trusts

The investments within the Investment Trusts are managed by independent investment managers with discretion to buy, sell and invest pursuant to the objectives set forth by the trust agreements. The Duke Energy Registrants have limited oversight of the day-to-day management of these investments. As a result, the ability to hold investments in unrealized loss positions is outside the control of the Duke Energy Registrants. Accordingly, all unrealized losses associated with debt securities within the Investment Trusts are considered OTTI and are recognized immediately and deferred to regulatory accounts where appropriate.

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment is other-than-temporarily impaired. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value should be considered other-than-temporary. If an OTTI exists, the unrealized credit loss is included in earnings. There were no material credit losses as of March 31, 2019, and December 31, 2018.

Other Investments amounts are recorded in Other within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

DUKE ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 114	\$ —	\$ —	\$ 88
Equity securities	2,923	65	5,061	2,402	95	4,475
Corporate debt securities	17	2	624	4	13	566
Municipal bonds	5	1	317	1	4	353
U.S. government bonds	25	5	1,102	14	12	1,076
Other debt securities	1	1	145	—	2	148
Total NDTF Investments	\$ 2,971	\$ 74	\$ 7,363	\$ 2,421	\$ 126	\$ 6,706
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 51	\$ —	\$ —	\$ 22
Equity securities	47	—	112	36	1	99
Corporate debt securities	1	—	57	—	2	60
Municipal bonds	2	1	89	—	1	85
U.S. government bonds	1	—	52	1	—	45
Other debt securities	—	1	61	—	1	58
Total Other Investments	\$ 51	\$ 2	\$ 422	\$ 37	\$ 5	\$ 369
Total Investments	\$ 3,022	\$ 76	\$ 7,785	\$ 2,458	\$ 131	\$ 7,075

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2019, and 2018, were as follows.

(in millions)	Three Months Ended	
	March 31, 2019	March 31, 2018
FV-NI:		
Realized gains	\$ 35	\$ 19
Realized losses	30	13
AFS:		
Realized gains	10	5
Realized losses	11	13

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY CAROLINAS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2019			December 31, 2018		
	Gross	Gross	Estimated	Gross	Gross	Estimated
	Unrealized	Unrealized		Unrealized	Unrealized	
	Holding	Holding	Fair	Holding	Holding	Fair
	Gains	Losses	Value	Gains	Losses	Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 57	\$ —	\$ —	\$ 29
Equity securities	1,593	37	2,791	1,309	54	2,484
Corporate debt securities	9	2	354	2	9	341
Municipal bonds	1	—	62	—	1	81
U.S. government bonds	11	3	509	5	8	475
Other debt securities	1	1	140	—	2	143
Total NDTF Investments	\$ 1,615	\$ 43	\$ 3,913	\$ 1,316	\$ 74	\$ 3,553

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2019, and 2018, were as follows.

(in millions)	Three Months Ended	
	March 31, 2019	March 31, 2018
FV-NI:		
Realized gains	\$ 23	\$ 10
Realized losses	21	5
AFS:		
Realized gains	9	5
Realized losses	10	10

PROGRESS ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2019			December 31, 2018		
	Gross	Gross	Estimated	Gross	Gross	Estimated
	Unrealized	Unrealized		Unrealized	Unrealized	
	Holding	Holding	Fair	Holding	Holding	Fair
	Gains	Losses	Value	Gains	Losses	Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 57	\$ —	\$ —	\$ 59
Equity securities	1,330	28	2,270	1,093	41	1,991
Corporate debt securities	8	—	270	2	4	225
Municipal bonds	4	1	255	1	3	272
U.S. government bonds	14	2	593	9	4	601
Other debt securities	—	—	5	—	—	5
Total NDTF Investments	\$ 1,356	\$ 31	\$ 3,450	\$ 1,105	\$ 52	\$ 3,153
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 47	\$ —	\$ —	\$ 17
Municipal bonds	2	—	49	—	—	47
Total Other Investments	\$ 2	\$ —	\$ 96	\$ —	\$ —	\$ 64
Total Investments	\$ 1,358	\$ 31	\$ 3,546	\$ 1,105	\$ 52	\$ 3,217

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2019, and 2018, were as follows.

(in millions)	Three Months Ended	
	March 31, 2019	March 31, 2018
FV-NI:		
Realized gains	\$ 12	\$ 9
Realized losses	9	8
AFS:		
Realized gains	1	—
Realized losses	1	3

DUKE ENERGY PROGRESS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 43	\$ —	\$ —	\$ 46
Equity securities	1,022	20	1,812	833	30	1,588
Corporate debt securities	6	—	204	2	3	171
Municipal bonds	4	1	254	1	3	271
U.S. government bonds	10	1	422	6	3	415
Other debt securities	—	—	3	—	—	3
Total NDTF Investments	\$ 1,042	\$ 22	\$ 2,738	\$ 842	\$ 39	\$ 2,494
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 3	\$ —	\$ —	\$ 6
Total Other Investments	\$ —	\$ —	\$ 3	\$ —	\$ —	\$ 6
Total Investments	\$ 1,042	\$ 22	\$ 2,741	\$ 842	\$ 39	\$ 2,500

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2019, and 2018, were as follows.

(in millions)	Three Months Ended	
	March 31, 2019	March 31, 2018
FV-NI:		
Realized gains	\$ 10	\$ 8
Realized losses	8	8
AFS:		
Realized gains	1	—
Realized losses	1	2

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY FLORIDA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 14	\$ —	\$ —	\$ 13
Equity securities	308	8	458	260	11	403
Corporate debt securities	2	—	66	—	1	54
Municipal bonds	—	—	1	—	—	1
U.S. government bonds	4	1	171	3	1	186
Other debt securities	—	—	2	—	—	2
Total NDTF Investments^(a)	\$ 314	\$ 9	\$ 712	\$ 263	\$ 13	\$ 659
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 1
Municipal bonds	2	—	49	—	—	47
Total Other Investments	\$ 2	\$ —	\$ 50	\$ —	\$ —	\$ 48
Total Investments	\$ 316	\$ 9	\$ 762	\$ 263	\$ 13	\$ 707

(a) During the three months ended March 31, 2019, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of the Crystal River Unit 3 nuclear plant.

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2019, and 2018, were as follows.

(in millions)	Three Months Ended	
	March 31, 2019	March 31, 2018
FV-NI:		
Realized gains	\$ 2	\$ 1
Realized losses	1	—
AFS:		
Realized losses	—	1

DUKE ENERGY INDIANA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are measured at FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Investments						
Equity securities	\$ 37	\$ —	\$ 76	\$ 29	\$ —	\$ 67
Corporate debt securities	—	—	7	—	—	8
Municipal bonds	—	1	34	—	1	33
U.S. government bonds	—	—	1	—	—	—
Total Investments	\$ 37	\$ 1	\$ 118	\$ 29	\$ 1	\$ 108

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2019, and 2018, were insignificant.

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DEBT SECURITY MATURITIES

The table below summarizes the maturity date for debt securities.

March 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	
Due in one year or less	\$ 74	\$ 9	\$ 41	\$ 21	\$ 20	\$ 4	
Due after one through five years	537	153	341	251	90	17	
Due after five through 10 years	577	287	245	196	49	4	
Due after 10 years	1,259	616	545	415	130	17	
Total	\$ 2,447	\$ 1,065	\$ 1,172	\$ 883	\$ 289	\$ 42	

12. FAIR VALUE MEASUREMENTS

Fair value is the exchange price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The fair value definition focuses on an exit price versus the acquisition cost. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, corroborated by market data or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

Fair value measurements are classified in three levels based on the fair value hierarchy as defined by GAAP. Certain investments are not categorized within the fair value hierarchy. These investments are measured at fair value using the NAV per share practical expedient. The NAV is derived based on the investment cost, less any impairment, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

Fair value accounting guidance permits entities to elect to measure certain financial instruments that are not required to be accounted for at fair value, such as equity method investments or the company's own debt, at fair value. The Duke Energy Registrants have not elected to record any of these items at fair value.

Transfers between levels represent assets or liabilities that were previously (i) categorized at a higher level for which the inputs to the estimate became less observable or (ii) classified at a lower level for which the inputs became more observable during the period. The Duke Energy Registrant's policy is to recognize transfers between levels of the fair value hierarchy at the end of the period. There were no transfers between levels during the three months ended March 31, 2019, and 2018.

Valuation methods of the primary fair value measurements disclosed below are as follows.

Investments in equity securities

The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market as of the last business day of the quarter. Principal active markets for equity prices include published exchanges such as the New York Stock Exchange and Nasdaq Stock Market. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market. There was no after-hours market activity that was required to be reflected in the reported fair value measurements.

Investments in debt securities

Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. If the market for a particular fixed-income security is relatively inactive or illiquid, the measurement is Level 3.

Commodity derivatives

Commodity derivatives with clearinghouses are classified as Level 1. Other commodity derivatives, including Piedmont's natural gas supply contracts, are primarily valued using internally developed discounted cash flow models that incorporate forward price, adjustments for liquidity (bid-ask spread) and credit or non-performance risk (after reflecting credit enhancements such as collateral), and are discounted to present value. Pricing inputs are derived from published exchange transaction prices and other observable data sources. In the absence of an active market, the last available price may be used. If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. In isolation, increases (decreases) in natural gas forward prices result in favorable (unfavorable) fair value adjustments for natural gas purchase contracts; and increases (decreases) in electricity forward prices result in unfavorable (favorable) fair value adjustments for electricity sales contracts. Duke Energy regularly evaluates and validates pricing inputs used to estimate the fair value of natural gas commodity contracts by a market participant price verification procedure. This procedure provides a comparison of internal forward commodity curves to market participant generated curves.

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

Interest rate derivatives

Most over-the-counter interest rate contract derivatives are valued using financial models that utilize observable inputs for similar instruments and are classified as Level 2. Inputs include forward interest rate curves, notional amounts, interest rates and credit quality of the counterparties.

Other fair value considerations

See Note 11 in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018, for a discussion of the valuation of goodwill and intangible assets.

DUKE ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets. Derivative amounts in the tables below for all Duke Energy Registrants exclude cash collateral, which is disclosed in Note 10. See Note 11 for additional information related to investments by major security type for the Duke Energy Registrants.

(in millions)	March 31, 2019				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	\$ 5,061	\$ 4,998	\$ —	\$ —	63
NDTF debt securities	2,302	630	1,672	—	—
Other equity securities	112	112	—	—	—
Other debt securities	310	103	207	—	—
Derivative assets	35	2	27	6	—
Total assets	7,820	5,845	1,906	6	63
Derivative liabilities	(244)	(23)	(100)	(121)	—
Net assets (liabilities)	\$ 7,576	\$ 5,822	\$ 1,806	\$ (115)	63

(in millions)	December 31, 2018				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	\$ 4,475	\$ 4,410	\$ —	\$ —	65
NDTF debt securities	2,231	576	1,655	—	—
Other equity securities	99	99	—	—	—
Other debt securities	270	67	203	—	—
Derivative assets	57	4	25	28	—
Total assets	7,132	5,156	1,883	28	65
Derivative liabilities	(242)	(11)	(90)	(141)	—
Net assets (liabilities)	\$ 6,890	\$ 5,145	\$ 1,793	\$ (113)	65

The following tables provide reconciliations of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2019	2018
Balance at beginning of period	\$ (113)	\$ (114)
Purchases, sales, issuances and settlements:		
Settlements	(12)	(14)
Total gains included on the Condensed Consolidated Balance Sheet	10	4
Balance at end of period	\$ (115)	\$ (124)

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY CAROLINAS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2019			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF equity securities	\$ 2,791	\$ 2,728	\$ —	\$ 63
NDTF debt securities	1,122	212	910	—
Derivative assets	5	—	5	—
Total assets	3,918	2,940	915	63
Derivative liabilities	(39)	—	(39)	—
Net assets	\$ 3,879	\$ 2,940	\$ 876	\$ 63

(in millions)	December 31, 2018			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF equity securities	\$ 2,484	\$ 2,419	\$ —	\$ 65
NDTF debt securities	1,069	149	920	—
Derivative assets	3	—	3	—
Total assets	3,556	2,568	923	65
Derivative liabilities	(33)	—	(33)	—
Net assets	\$ 3,523	\$ 2,568	\$ 890	\$ 65

PROGRESS ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2019			December 31, 2018		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 2,270	\$ 2,270	\$ —	\$ 1,991	\$ 1,991	\$ —
NDTF debt securities	1,180	418	762	1,162	427	735
Other debt securities	96	47	49	64	17	47
Derivative assets	8	—	8	4	—	4
Total assets	3,554	2,735	819	3,221	2,435	786
Derivative liabilities	(44)	—	(44)	(44)	—	(44)
Net assets	\$ 3,510	\$ 2,735	\$ 775	\$ 3,177	\$ 2,435	\$ 742

DUKE ENERGY PROGRESS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2019			December 31, 2018		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 1,812	\$ 1,812	\$ —	\$ 1,588	\$ 1,588	\$ —
NDTF debt securities	926	298	628	906	294	612
Other debt securities	3	3	—	6	6	—
Derivative assets	8	—	8	4	—	4
Total assets	2,749	2,113	636	2,504	1,888	616
Derivative liabilities	(12)	—	(12)	(27)	—	(27)
Net assets	\$ 2,737	\$ 2,113	\$ 624	\$ 2,477	\$ 1,888	\$ 589

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY FLORIDA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2019			December 31, 2018		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 458	\$ 458	\$ —	\$ 403	\$ 403	\$ —
NDTF debt securities	254	120	134	256	133	123
Other debt securities	50	1	49	48	1	47
Total assets	762	579	183	707	537	170
Derivative liabilities	(18)	—	(18)	(9)	—	(9)
Net assets	\$ 744	\$ 579	\$ 165	\$ 698	\$ 537	\$ 161

DUKE ENERGY OHIO

The recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets were not material for the three months ended March 31, 2019, and 2018.

DUKE ENERGY INDIANA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2019				December 31, 2018			
	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	\$ 76	\$ 76	\$ —	\$ —	\$ 67	\$ 67	\$ —	\$ —
Other debt securities	42	—	42	—	41	—	41	—
Derivative assets	5	—	—	5	23	1	—	22
Total assets	\$ 123	\$ 76	\$ 42	\$ 5	\$ 131	\$ 68	\$ 41	\$ 22

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2019	2018
Balance at beginning of period	\$ 22	\$ 27
Purchases, sales, issuances and settlements:		
Settlements	(10)	(14)
Total losses included on the Condensed Consolidated Balance Sheet	(7)	(6)
Balance at end of period	\$ 5	\$ 7

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

PIEDMONT

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2019			December 31, 2018		
	Total Fair Value	Level 1	Level 3	Total Fair Value	Level 1	Level 3
Derivative assets	\$ 2	\$ 2	\$ —	\$ 3	\$ 3	\$ —
Derivative liabilities	(121)	—	(121)	(141)	—	(141)
Net (liabilities) assets	\$ (119)	\$ 2	\$ (121)	\$ (138)	\$ 3	\$ (141)

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2019	2018
Balance at beginning of period	\$ (141)	\$ (142)
Total gains and settlements	20	10
Balance at end of period	\$ (121)	\$ (132)

QUANTITATIVE INFORMATION ABOUT UNOBSERVABLE INPUTS

The following tables include quantitative information about the Duke Energy Registrants' derivatives classified as Level 3.

March 31, 2019				
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range
Duke Energy Ohio				
FTRs	\$ 1	RTO auction pricing	FTR price – per MWh	\$ 0.17 - \$ 2.40
Duke Energy Indiana				
FTRs	5	RTO auction pricing	FTR price – per MWh	(0.42) - 7.85
Piedmont				
Natural gas contracts	(121)	Discounted cash flow	Forward natural gas curves – price per MMBtu	2.03 - 3.15
Duke Energy				
Total Level 3 derivatives	\$ (115)			
December 31, 2018				
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range
Duke Energy Ohio				
FTRs	\$ 6	RTO auction pricing	FTR price – per MWh	\$ 1.19 - \$ 4.59
Duke Energy Indiana				
FTRs	22	RTO auction pricing	FTR price – per MWh	(2.07) - 8.27
Piedmont				
Natural gas contracts	(141)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.87 - 2.95
Duke Energy				
Total Level 3 derivatives	\$ (113)			

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

OTHER FAIR VALUE DISCLOSURES

The fair value and book value of long-term debt, including current maturities, is summarized in the following table. Estimates determined are not necessarily indicative of amounts that could have been settled in current markets. Fair value of long-term debt uses Level 2 measurements.

(in millions)	March 31, 2019		December 31, 2018	
	Book Value	Fair Value	Book Value	Fair Value
Duke Energy ^(a)	\$ 56,182	\$ 58,242	\$ 54,529	\$ 54,534
Duke Energy Carolinas	10,965	11,951	10,939	11,471
Progress Energy	19,251	20,942	18,911	19,885
Duke Energy Progress	9,048	9,469	8,204	8,300
Duke Energy Florida	7,265	8,000	7,321	7,742
Duke Energy Ohio	2,960	3,149	2,165	2,239
Duke Energy Indiana	3,722	4,242	3,782	4,158
Piedmont	2,138	2,243	2,138	2,180

(a) Book value of long-term debt includes \$1.5 billion as of March 31, 2019, and \$1.6 billion as of December 31, 2018, of unamortized debt discount and premium, net in purchase accounting adjustments related to the mergers with Progress Energy and Piedmont that are excluded from fair value of long-term debt.

At both March 31, 2019, and December 31, 2018, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper, and nonrecourse notes payable of VIEs are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

13. VARIABLE INTEREST ENTITIES

CONSOLIDATED VIEs

The obligations of the consolidated VIEs discussed in the following paragraphs are nonrecourse to the Duke Energy registrants. The registrants have no requirement to provide liquidity to, purchase assets of or guarantee performance of these VIEs unless noted in the following paragraphs.

No financial support was provided to any of the consolidated VIEs during the three months ended March 31, 2019, and the year ended December 31, 2018, or is expected to be provided in the future that was not previously contractually required.

Receivables Financing – DERF / DEPR / DEFR

DERF, DEPR and DEFR are bankruptcy remote, special purpose subsidiaries of Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, respectively. DERF, DEPR and DEFR are wholly owned limited liability companies with separate legal existence from their parent companies, and their assets are not generally available to creditors of their parent companies. On a revolving basis, DERF, DEPR and DEFR buy certain accounts receivable arising from the sale of electricity and related services from their parent companies.

DERF, DEPR and DEFR borrow amounts under credit facilities to buy these receivables. Borrowing availability from the credit facilities is limited to the amount of qualified receivables purchased. The sole source of funds to satisfy the related debt obligations is cash collections from the receivables. Amounts borrowed under the credit facilities are reflected on the Condensed Consolidated Balance Sheets as Long-Term Debt.

The most significant activity that impacts the economic performance of DERF, DEPR and DEFR are the decisions made to manage delinquent receivables. Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida are considered primary beneficiaries and consolidate DERF, DEPR and DEFR, respectively, as they make those decisions.

Receivables Financing – CRC

CRC is a bankruptcy remote, special purpose entity indirectly owned by Duke Energy. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Ohio and Duke Energy Indiana. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Ohio and Duke Energy Indiana. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables. Amounts borrowed under the credit facility are reflected on Duke Energy's Condensed Consolidated Balance Sheets as Long-Term Debt.

The proceeds Duke Energy Ohio and Duke Energy Indiana receive from the sale of receivables to CRC are approximately 75 percent cash and 25 percent in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Depending on collection experience, additional equity infusions to CRC may be required by Duke Energy to maintain a minimum equity balance of \$3 million.

CRC is considered a VIE because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact the economic performance of the entity are not performed by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy is considered the primary beneficiary and consolidates CRC as it makes these decisions. Neither Duke Energy Ohio nor Duke Energy Indiana consolidate CRC.

FINANCIAL STATEMENTS VARIABLE INTEREST ENTITIES

Receivables Financing – Credit Facilities

The following table summarizes the amounts and expiration dates of the credit facilities and associated restricted receivables described above.

(in millions)	Duke Energy			
	CRC	Duke Energy	Duke Energy	Duke Energy
		Carolinas	Progress	Florida
		DERF	DEPR	DEFR
Expiration date	December 2020	December 2020	February 2021	April 2021
Credit facility amount	\$ 350	\$ 475	\$ 325	\$ 250
Amounts borrowed at March 31, 2019	350	475	325	250
Amounts borrowed at December 31, 2018	325	450	300	225
Restricted Receivables at March 31, 2019	534	630	495	317
Restricted Receivables at December 31, 2018	564	699	547	357

Nuclear Asset-Recovery Bonds – DEFPF

DEFPF is a bankruptcy remote, wholly owned special purpose subsidiary of Duke Energy Florida. DEFPF was formed in 2016 for the sole purpose of issuing nuclear asset-recovery bonds to finance Duke Energy Florida's unrecovered regulatory asset related to Crystal River Unit 3.

In June 2016, DEFPF issued senior secured bonds and used the proceeds to acquire nuclear asset-recovery property from Duke Energy Florida. The nuclear asset-recovery property acquired includes the right to impose, bill, collect and adjust a non-bypassable nuclear asset-recovery charge from all Duke Energy Florida retail customers until the bonds are paid in full and all financing costs have been recovered. The nuclear asset-recovery bonds are secured by the nuclear asset-recovery property, and cash collections from the nuclear asset-recovery charges are the sole source of funds to satisfy the debt obligation. The bondholders have no recourse to Duke Energy Florida.

DEFPF is considered a VIE primarily because the equity capitalization is insufficient to support its operations. Duke Energy Florida has the power to direct the significant activities of the VIE as described above, and therefore Duke Energy Florida is considered the primary beneficiary and consolidates DEFPF.

The following table summarizes the impact of DEFPF on Duke Energy Florida's Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2019	December 31, 2018
Receivables of VIEs	\$ 5	\$ 5
Regulatory Assets: Current	52	52
Current Assets: Other	12	39
Other Noncurrent Assets: Regulatory assets	1,032	1,041
Current Liabilities: Other	2	10
Current maturities of long-term debt	54	53
Long-Term Debt	1,082	1,111

Commercial Renewables

Certain of Duke Energy's renewable energy facilities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Assets are restricted and cannot be pledged as collateral or sold to third parties without prior approval of debt holders. Additionally, Duke Energy has VIEs associated with tax equity arrangements entered into with third-party investors in order to finance the cost of solar energy systems eligible for tax credits. The activities that most significantly impacted the economic performance of these renewable energy facilities were decisions associated with siting, negotiating PPAs and EPC agreements, and decisions associated with ongoing operations and maintenance-related activities. Duke Energy is considered the primary beneficiary and consolidates the entities as it is responsible for all of these decisions.

The table below presents material balances reported on Duke Energy's Condensed Consolidated Balance Sheets related to renewables VIEs.

(in millions)	March 31, 2019	December 31, 2018
Current Assets: Other	\$ 140	\$ 123
Property, plant and equipment, cost	4,018	4,007
Accumulated depreciation and amortization	(733)	(698)
Other Noncurrent Assets: Other	280	261
Current maturities of long-term debt	173	174
Long-Term Debt	1,583	1,587
Other Noncurrent Liabilities: Asset Retirement Obligations	107	106
Other Noncurrent Liabilities: Other	212	212

FINANCIAL STATEMENTS VARIABLE INTEREST ENTITIES

NON-CONSOLIDATED VIEs

The following tables summarize the impact of non-consolidated VIEs on the Condensed Consolidated Balance Sheets.

	March 31, 2019									
	Duke Energy								Duke	Duke
	Pipeline		Commercial		Other		Total	Energy	Energy	
(in millions)	Investments		Renewables		VIEs			Ohio	Indiana	
Receivables from affiliated companies	\$	—	\$	—	\$	—	\$	67	\$	89
Investments in equity method unconsolidated affiliates		998		187		50	1,235	—		—
Total assets	\$	998	\$	187	\$	50	\$	67	\$	89
Taxes accrued		(1)		—		—	(1)	—		—
Other current liabilities		—		—		2	2	—		—
Deferred income taxes		40		—		—	40	—		—
Other noncurrent liabilities		—		—		11	11	—		—
Total liabilities	\$	39	\$	—	\$	13	\$	—	\$	—
Net assets	\$	959	\$	187	\$	37	\$	67	\$	89

	December 31, 2018									
	Duke Energy								Duke	Duke
	Pipeline		Commercial		Other		Total	Energy	Energy	
(in millions)	Investments		Renewables		VIEs			Ohio	Indiana	
Receivables from affiliated companies	\$	—	\$	—	\$	—	\$	93	\$	118
Investments in equity method unconsolidated affiliates		822		190		48	1,060	—		—
Total assets	\$	822	\$	190	\$	48	\$	93	\$	118
Taxes accrued		(1)		—		—	(1)	—		—
Other current liabilities		—		—		4	4	—		—
Deferred income taxes		21		—		—	21	—		—
Other noncurrent liabilities		—		—		12	12	—		—
Total liabilities	\$	20	\$	—	\$	16	\$	—	\$	—
Net assets	\$	802	\$	190	\$	32	\$	93	\$	118

The Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above except for the power purchase agreement with OVEC, which is discussed below, and various guarantees, including Duke Energy's guarantee agreement to support its share of the ACP revolving credit facility. Duke Energy's maximum exposure to loss under the terms of the guarantee is \$737 million, which represents 47 percent of the outstanding borrowings under the credit facility as of March 31, 2019. For more information on various guarantees, refer to Note 4.

Pipeline Investments

Duke Energy has investments in various joint ventures with pipeline projects currently under construction. These entities are considered VIEs due to having insufficient equity to finance their own activities without subordinated financial support. Duke Energy does not have the power to direct the activities that most significantly impact the economic performance, the obligation to absorb losses or the right to receive benefits of these VIEs and therefore does not consolidate these entities.

FINANCIAL STATEMENTS VARIABLE INTEREST ENTITIES

The table below presents Duke Energy's ownership interest and investment balances in these joint ventures.

Entity Name	Ownership Interest	VIE Investment Amount (in millions)	
		March 31, 2019	December 31, 2018
ACP ^(a)	47%	\$ 973	\$ 797
Constitution	24%	25	25
Total		\$ 998	\$ 822

(a) Duke Energy evaluated this investment for impairment as of March 31, 2019, and December 31, 2018, and determined that fair value approximated carrying value and therefore no impairment was necessary.

Commercial Renewables

Duke Energy has investments in various renewable energy project entities. Some of these entities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Duke Energy does not consolidate these VIEs because power to direct and control key activities is shared jointly by Duke Energy and other owners.

Pioneer

Duke Energy holds a 50 percent equity interest in Pioneer. Pioneer is considered a VIE due to having insufficient equity to finance its own activities without subordinated financial support. The activities that most significantly impact Pioneer's economic performance are decisions related to the development of new transmission facilities. The power to direct these activities is jointly and equally shared by Duke Energy and the other joint venture partner, American Electric Power; therefore, Duke Energy does not consolidate Pioneer.

OVEC

Duke Energy Ohio's 9 percent ownership interest in OVEC is considered a non-consolidated VIE due to OVEC having insufficient equity to finance its activities without subordinated financial support. The activities that most significantly impact OVEC's economic performance include fuel strategy and supply activities and decisions associated with ongoing operations and maintenance-related activities. Duke Energy Ohio does not have the unilateral power to direct these activities, and therefore, does not consolidate OVEC.

As a counterparty to an ICPA, Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in OVEC's cost of business. On March 31, 2018, FES, a subsidiary of FirstEnergy and an ICPA counterparty with a power participation ratio of 4.85 percent, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. Duke Energy Ohio cannot predict the impact of the bankruptcy filing on its OVEC interests. In addition, certain proposed environmental rulemaking could result in future increased OVEC cost allocations.

CRC

See discussion under Consolidated VIEs for additional information related to CRC.

Amounts included in Receivables from affiliated companies in the above table for Duke Energy Ohio and Duke Energy Indiana reflect their retained interest in receivables sold to CRC. These subordinated notes held by Duke Energy Ohio and Duke Energy Indiana are stated at fair value.

The following table shows the gross and net receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Receivables sold	\$ 253	\$ 269	\$ 322	\$ 336
Less: Retained interests	67	93	89	118
Net receivables sold	\$ 186	\$ 176	\$ 233	\$ 218

FINANCIAL STATEMENTS VARIABLE INTEREST ENTITIES

The following table shows sales and cash flows related to receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	Three Months Ended		Three Months Ended	
	March 31,		March 31,	
	2019	2018	2019	2018
Sales				
Receivables sold	\$ 575	\$ 567	\$ 734	\$ 694
Loss recognized on sale	4	3	5	3
Cash flows				
Cash proceeds from receivables sold	\$ 597	\$ 585	\$ 758	\$ 711
Return received on retained interests	2	2	3	2

Cash flows from sales of receivables are reflected within Operating Activities on Duke Energy Ohio's and Duke Energy Indiana's Condensed Consolidated Statements of Cash Flows.

14. REVENUE

Duke Energy earns substantially all of its revenues through its reportable segments, Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

Electric Utilities and Infrastructure

Electric Utilities and Infrastructure earns the majority of its revenues through retail and wholesale electric service through the generation, transmission, distribution and sale of electricity. Duke Energy generally provides retail and wholesale electric service customers with their full electric load requirements or with supplemental load requirements when the customer has other sources of electricity.

The majority of wholesale revenues are full requirements contracts where the customers purchase the substantial majority of their energy needs and do not have a fixed quantity of contractually required energy or capacity. As such, related forecasted revenues are considered optional purchases. Supplemental requirements contracts that include contracted blocks of energy and capacity at contractually fixed prices have the following estimated remaining performance obligations:

(in millions)	Remaining Performance Obligations						Total
	2019	2020	2021	2022	2023	Thereafter	
Progress Energy	\$ 86	\$ 121	\$ 87	\$ 82	\$ 39	\$ 42	457
Duke Energy Progress	7	9	9	9	9	9	52
Duke Energy Florida	79	112	78	73	30	33	405
Duke Energy Indiana	7	10	5	—	—	—	22

Revenues for block sales are recognized monthly as energy is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates.

Gas Utilities and Infrastructure

Gas Utilities and Infrastructure earns its revenues through retail and wholesale natural gas service through the transportation, distribution and sale of natural gas. Duke Energy generally provides retail and wholesale natural gas service customers with all natural gas load requirements. Additionally, while natural gas can be stored, substantially all natural gas provided by Duke Energy is consumed by customers simultaneously with receipt of delivery.

Fixed capacity payments under long-term contracts for the Gas Utilities and Infrastructure segment include minimum margin contracts and supply arrangements with municipalities and power generation facilities. Revenues for related sales are recognized monthly as natural gas is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates. Estimated remaining performance obligations are as follows:

(in millions)	Remaining Performance Obligations						Total
	2019	2020	2021	2022	2023	Thereafter	
Piedmont	\$ 53	\$ 69	\$ 65	\$ 64	\$ 61	\$ 431	743

Commercial Renewables

Commercial Renewables earns the majority of its revenues through long-term PPAs and generally sells all of its wind and solar facility output, electricity and RECs to customers. The majority of these PPAs have historically been accounted for as leases. For PPAs that are not accounted for as leases, the delivery of electricity and the delivery of RECs are considered separate performance obligations.

FINANCIAL STATEMENTS

REVENUE

Other

The remainder of Duke Energy's operations is presented as Other, which does not include material revenues from contracts with customers.

Disaggregated Revenues

Disaggregated revenues are presented as follows:

(in millions) By market or type of customer	Three Months Ended March 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
<i>Electric Utilities and Infrastructure</i>								
Residential	\$ 2,370	\$ 760	\$ 1,114	\$ 536	\$ 578	\$ 189	\$ 306	\$ —
General	1,427	496	632	306	326	103	197	—
Industrial	711	266	222	161	61	33	190	—
Wholesale	541	119	353	315	38	14	54	—
Other revenues	172	78	172	125	47	16	17	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 5,221	\$ 1,719	\$ 2,493	\$ 1,443	\$ 1,050	\$ 355	\$ 764	\$ —
<i>Gas Utilities and Infrastructure</i>								
Residential	\$ 414	\$ —	\$ —	\$ —	\$ —	\$ 112	\$ —	\$ 302
Commercial	206	—	—	—	—	49	—	157
Industrial	48	—	—	—	—	7	—	42
Power Generation	—	—	—	—	—	—	—	13
Other revenues	63	—	—	—	—	8	—	56
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 731	\$ —	\$ —	\$ —	\$ —	\$ 176	\$ —	\$ 570
<i>Commercial Renewables</i>								
Revenue from contracts with customers	\$ 42	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>								
Revenue from contracts with customers	\$ 4	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total revenue from contracts with customers	\$ 5,998	\$ 1,719	\$ 2,493	\$ 1,443	\$ 1,050	\$ 531	\$ 764	\$ 570
Other revenue sources ^(a)	\$ 165	\$ 25	\$ 79	\$ 41	\$ 36	\$ —	\$ 4	\$ 9
Total revenues	\$ 6,163	\$ 1,744	\$ 2,572	\$ 1,484	\$ 1,086	\$ 531	\$ 768	\$ 579

FINANCIAL STATEMENTS REVENUE

Three Months Ended March 31, 2018										
(in millions)	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida	
By market or type of customer	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida	
<i>Electric Utilities and Infrastructure</i>										
Residential	\$	2,350	\$	781	\$	1,112	\$	516	\$	595
General		1,375		472		631		299		333
Industrial		664		255		208		145		62
Wholesale		633		119		446		397		50
Other revenues		139		67		129		85		43
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$	5,161	\$	1,694	\$	2,526	\$	1,442	\$	1,083
<i>Gas Utilities and Infrastructure</i>										
Residential	\$	413	\$	—	\$	—	\$	—	\$	111
Commercial		201		—		—		—		49
Industrial		48		—		—		—		7
Power Generation		—		—		—		—		—
Other revenues		55		—		—		—		6
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$	717	\$	—	\$	—	\$	—	\$	173
<i>Commercial Renewables</i>										
Revenue from contracts with customers	\$	33	\$	—	\$	—	\$	—	\$	—
<i>Other</i>										
Revenue from contracts with customers	\$	17	\$	—	\$	—	\$	—	\$	14
Total revenue from contracts with customers	\$	5,928	\$	1,694	\$	2,526	\$	1,442	\$	1,083
Other revenue sources ^(a)	\$	207	\$	69	\$	50	\$	18	\$	32
Total revenues	\$	6,135	\$	1,763	\$	2,576	\$	1,460	\$	1,115

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

UNBILLED REVENUE

Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes, timing of rendering customer bills and meter reading schedules, and the impact of weather normalization or margin decoupling mechanisms.

Unbilled revenues are included within Receivables and Receivables of VIEs on the Condensed Consolidated Balance Sheets as shown in the following table.

(in millions)	March 31, 2019		December 31, 2018	
Duke Energy	\$	733	\$	896
Duke Energy Carolinas		281		313
Progress Energy		193		244
Duke Energy Progress		108		148
Duke Energy Florida		85		96
Duke Energy Ohio		1		2
Duke Energy Indiana		18		23
Piedmont		38		73

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REVENUE

Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail accounts receivable, including receivables for unbilled revenues, to an affiliate, CRC, and account for the transfers of receivables as sales. Accordingly, the receivables sold are not reflected on the Condensed Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana. See Note 13 for further information. These receivables for unbilled revenues are shown in the table below.

(in millions)	March 31, 2019		December 31, 2018	
Duke Energy Ohio	\$	62	\$	86
Duke Energy Indiana		109		128

15. STOCKHOLDERS' EQUITY

Basic EPS is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the diluted weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options and equity forward sale agreements, were exercised or settled. Duke Energy's participating securities are restricted stock units that are entitled to dividends declared on Duke Energy common stock during the restricted stock unit's vesting periods.

The following table presents Duke Energy's basic and diluted EPS calculations, the weighted average number of common shares outstanding and common share dividends declared.

(in millions, except per-share amounts)	Three Months Ended March 31,			
	2019		2018	
Income from continuing operations attributable to Duke Energy common stockholders excluding impact of participating securities	\$	898	\$	619
Weighted average shares outstanding – basic and diluted		727		701
Earnings per share from continuing operations attributable to Duke Energy common stockholders				
Basic and Diluted	\$	1.24	\$	0.88
Potentially dilutive items excluded from the calculation ^(a)		2		2
Dividends declared per common share	\$	0.9275	\$	0.89

(a) Performance stock awards were not included in the dilutive securities calculation because the performance measures related to the awards had not been met.

Common Stock

On February 20, 2018, Duke Energy filed a prospectus supplement and executed an EDA under which it may sell up to \$1 billion of its common stock through an ATM offering program, including an equity forward sales component. The EDA was entered into with the Agents. Under the terms of the EDA, Duke Energy may issue and sell, through any of the Agents, shares of common stock through September 23, 2019.

In June 2018, Duke Energy marketed two separate tranches, each for 1.3 million shares, of common stock through equity forward transactions under the ATM program. In December 2018, Duke Energy physically settled these equity forwards by delivering 2.6 million shares of common stock in exchange for net proceeds of approximately \$195 million.

Separately, in March 2018, Duke Energy marketed an equity offering of 21.3 million shares of common stock through an Underwriting Agreement. In connection with the offering, Duke Energy entered into equity forward sale agreements. The equity forwards required Duke Energy to either physically settle the transactions by issuing 21.3 million shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements, or net settle in whole or in part through the delivery or receipt of cash or shares. In June 2018, Duke Energy physically settled one-half of the equity forwards by delivering approximately 10.6 million shares of common stock in exchange for net cash proceeds of approximately \$781 million. In December 2018, Duke Energy physically settled the remaining equity forward by delivering 10.6 million shares of common stock in exchange for net cash proceeds of approximately \$766 million.

In 2018, Duke Energy also issued 2.2 million shares through its DRIP with an increase in additional paid-in capital of approximately \$174 million.

In March and April 2019, Duke Energy marketed two separate tranches, each for 1.1 million shares, of common stock through equity forward transactions under the ATM program. The first tranche had an initial forward price of \$89.83 per share and the second tranche had an initial forward price of \$88.82 per share. The equity forwards require Duke Energy to either physically settle the transaction by issuing shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements or net settle in whole or in part through the delivery or receipt of cash or shares. The settlement alternative is at Duke Energy's election. No amounts have or will be recorded in Duke Energy's Condensed Consolidated Financial Statements with respect to these ATM offerings until settlements of the equity forwards occur, which is expected by December 31, 2019. The initial forward sale price will be subject to adjustment on a daily basis based on a floating interest rate factor and will decrease by other fixed amounts specified in the relevant forward sale agreements. Until settlement of the equity forwards, earnings per share dilution resulting from the agreements, if any, will be determined under the treasury stock method.

FINANCIAL STATEMENTS

STOCKHOLDERS' EQUITY

Preferred Stock

On March 29, 2019, Duke Energy completed the issuance of 40 million depositary shares, each representing 1/1,000th share of its Series A Cumulative Redeemable Perpetual Preferred Stock, at a price of \$25 per depositary share. The transaction resulted in net proceeds of \$974 million after issuance costs and the proceeds are being used for general corporate purposes and to reduce short-term debt. The preferred stock has a \$25 liquidation preference per depositary share and earns dividends on a cumulative basis at a rate of 5.75 percent per annum. Dividends are payable quarterly in arrears on the 16th day of March, June, September and December, beginning on June 16, 2019. Dividends issued on its preferred stock are subject to approval by the Duke Energy Board of Directors. However, the deferral of dividend payments on the preferred stock prohibits the declaration of common stock dividends. Dividends declared on preferred stock will be recorded on the income statement as a reduction of net income to arrive at net income attributable to Duke Energy common stockholders. Dividends accumulated on preferred stock will be a reduction to net income used in the calculation of basic and diluted EPS.

The Series A Preferred Stock ranks, with respect to dividends and distributions upon liquidation or dissolution:

- senior to Common Stock and to each other class or series of capital stock established after the original issue date of the Series A Preferred Stock that is expressly made subordinated to the Series A Preferred Stock;
- on a parity with any class or series of capital stock established after the original issue date of the Series A Preferred Stock that is not expressly made senior or subordinated to the Series A Preferred Stock;
- junior to any class or series of capital stock established after the original issue date of the Series A Preferred Stock that is expressly made senior to the Series A Preferred Stock;
- junior to all of existing and future indebtedness (including indebtedness outstanding under Duke Energy's credit facilities, unsecured senior notes, junior subordinated debentures and commercial paper) and other liabilities with respect to assets available to satisfy claims against Duke Energy; and
- structurally subordinated to existing and future indebtedness and other liabilities of Duke Energy's subsidiaries and future preferred stock of subsidiaries.

The preferred stock has no maturity or mandatory redemption date, is not redeemable at the option of the holders and includes separate call options. The first call option allows Duke Energy to call the preferred stock at a redemption price of \$25.50 per depositary share prior to June 15, 2024, in whole but not in part, at any time within 120 days after a ratings event where a rating agency amends, clarifies or changes the criteria it uses to assign equity credit for securities such as the preferred stock. The second call option allows Duke Energy to call the preferred stock, in whole or in part, at any time, on or after June 15, 2024, at a redemption price of \$25 per depositary share. Duke Energy is also required to redeem all accumulated and unpaid dividends if either call option is exercised.

Holders of the preferred stock have no voting rights with respect to matters that generally require the approval of voting stockholders. The limited voting rights of holders of preferred stock include the right to vote as a single class on certain matters that may affect the preference or special rights of the preferred stock, except in the instance that Duke Energy elects to defer the payment of dividends for a total of six quarterly full dividend periods. If dividends are deferred for a cumulative total of six quarterly full dividend periods, whether or not for consecutive dividend periods, holders of the preferred stock have the right to nominate two additional Board members to the Duke Energy Board of Directors.

16. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy and certain subsidiaries maintain, and the Subsidiary Registrants participate in, qualified and non-qualified, non-contributory defined benefit retirement plans. Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants.

FINANCIAL STATEMENTS

EMPLOYEE BENEFIT PLANS

QUALIFIED PENSION PLANS

The following tables include the components of net periodic pension costs for qualified pension plans.

Three Months Ended March 31, 2019								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 37	\$ 12	\$ 11	\$ 6	\$ 4	\$ 1	\$ 2	\$ 1
Interest cost on projected benefit obligation	83	20	26	12	14	5	6	3
Expected return on plan assets	(143)	(38)	(44)	(23)	(22)	(8)	(11)	(5)
Amortization of actuarial loss	24	6	9	3	6	1	2	2
Amortization of prior service credit	(8)	(2)	(1)	—	—	—	—	(3)
Net periodic pension costs	\$ (7)	\$ (2)	\$ 1	\$ (2)	\$ 2	\$ (1)	\$ (1)	\$ (2)

Three Months Ended March 31, 2018								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 45	\$ 15	\$ 13	\$ 7	\$ 5	\$ 1	\$ 2	\$ 2
Interest cost on projected benefit obligation	75	18	24	11	13	5	6	3
Expected return on plan assets	(140)	(37)	(45)	(21)	(23)	(7)	(10)	(6)
Amortization of actuarial loss	33	7	11	5	6	1	2	3
Amortization of prior service credit	(8)	(2)	(1)	—	—	—	—	(3)
Net periodic pension costs	\$ 5	\$ 1	\$ 2	\$ 2	\$ 1	\$ —	\$ —	\$ (1)

NON-QUALIFIED PENSION PLANS

Net periodic pension costs for non-qualified pension plans were not material for the three months ended March 31, 2019, and 2018.

OTHER POST-RETIREMENT BENEFIT PLANS

Net periodic costs for other post-retirement benefit plans were not material for the three months ended March 31, 2019, and 2018.

17. INCOME TAXES

EFFECTIVE TAX RATES

The effective tax rates from continuing operations for each of the Duke Energy Registrants are included in the following table.

	Three Months Ended March 31,	
	2019	2018
Duke Energy	9.6%	22.5%
Duke Energy Carolinas	17.7%	22.0%
Progress Energy	17.3%	13.2%
Duke Energy Progress	17.8%	14.1%
Duke Energy Florida	19.3%	16.3%
Duke Energy Ohio	16.9%	32.4%
Duke Energy Indiana	24.1%	25.9%
Piedmont	21.8%	24.1%

The decrease in the ETR for Duke Energy is primarily due to a one-time valuation allowance charge in the prior year, an adjustment related to the income tax recognition for equity method investments recorded in the first quarter of 2019 and the amortization of excess deferred taxes. This adjustment was immaterial and relates to prior years.

The decrease in the ETR for Duke Energy Carolinas is primarily due to the amortization of excess deferred taxes.

The increase in the ETR for Progress Energy is primarily due to a reduction in AFUDC equity and lower amortization of excess deferred taxes in the current year.

The increase in the ETR for Duke Energy Progress is primarily due to lower amortization of excess deferred taxes in the current year.

FINANCIAL STATEMENTS

INCOME TAXES

The increase in the ETR for Duke Energy Florida is primarily due to a reduction in AFUDC equity in the current year.

The decrease in the ETR for Duke Energy Ohio is primarily due to the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Indiana is primarily due to the amortization of excess deferred taxes.

The decrease in the ETR for Piedmont is primarily due to the amortization of excess deferred taxes.

18. SUBSEQUENT EVENTS

For information on subsequent events related to the Commercial Renewables segment, regulatory matters, commitments and contingencies and stockholders' equity, see Notes 2, 3, 4 and 15, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Duke Energy and Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. However, none of the registrants make any representation as to information related solely to Duke Energy or the Subsidiary Registrants of Duke Energy other than itself.

DUKE ENERGY

Duke Energy is an energy company headquartered in Charlotte, North Carolina. Duke Energy operates in the U.S. primarily through its wholly owned subsidiaries, Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. When discussing Duke Energy's consolidated financial information, it necessarily includes the results of the Subsidiary Registrants, which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

Executive Overview

NCDEQ Coal Ash Evaluation

On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas and Duke Energy Progress to excavate all remaining coal ash impoundments at the Allen, Belews Creek, Rogers, Marshall, Mayo and Roxboro facilities in North Carolina. Duke Energy is making strong progress to permanently close every ash basin in North Carolina in ways that fully protect people and the environment, while keeping costs down as much as possible for customers. With respect to the final six sites, which NCDEQ has ruled as low risk, science and engineering support a variety of closure methods including capping in place and hybrid cap-in-place as appropriate solutions that protect public health and the environment. These closure options are also consistent with how hundreds of other basins around the country are expected to be closed. Because the process by which NCDEQ arrived at its excavation decision lacked full consideration of the science and engineering, Duke Energy Carolinas and Duke Energy Progress filed Petitions for Contested Case Hearings in the Office of Administrative Hearings on April 26, 2019, to challenge NCDEQ's determination that all ash basins must be excavated.

Duke Energy estimates the undiscounted, unadjusted cost to close the remaining impoundments by excavation, as outlined in the NCDEQ closure determination, will be approximately \$4 billion to \$5 billion more than the prior project cost estimate of \$5.6 billion in the aggregate for the closure for all Duke Energy Carolinas and Duke Energy Progress impoundments. Excavation would likely extend beyond the required federal and state deadlines for impoundment closure. Duke Energy intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. For more information, see Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements.

Regulatory Activity

In 2019, Duke Energy advanced regulatory activity underway in multiple jurisdictions as follows:

- New base rates were implemented in the Duke Energy Ohio Electric Base Rate Case on January 2, 2019.
- On January 11, 2019, Duke Energy Progress filed a request with the PSCSC, which included a request for the continuation of prior deferrals requested for ice storms and hurricanes Florence, Michael and Matthew. The request was approved on January 30, 2019.
- On January 30, 2019, Duke Energy Kentucky entered into a settlement agreement with the Attorney General of Kentucky related to the Natural Gas Base Rate Case. The settlement provides for an approximate \$7 million increase in natural gas base revenue and approval of the proposed Weather Normalization Mechanism. The KPSC issued its Order approving the settlement without material modification on March 27, 2019.
- The evidentiary hearing on the Duke Energy Carolinas 2018 South Carolina Rate Case concluded on March 27, 2019. A PSCSC Commission Directive was issued on May 1, 2019. A final order and revised customer rates are expected by mid-2019.
- On April 1, 2019, Piedmont filed an application with the NCUC, its first general rate case in North Carolina in six years. Piedmont expects new rates arising from this proceeding to take effect by the end of 2019.
- The evidentiary hearing on the Duke Energy Progress 2018 South Carolina Rate Case concluded on April 17, 2019. A PSCSC Commission Directive was issued on May 8, 2019. A final order and revised customer rates are expected by mid-2019.
- Duke Energy Florida continues to make progress on storm cost recovery related to hurricanes Irma, Nate, and Michael. The FPSC has scheduled the hearing for Hurricane Irma and Hurricane Nate costs on May 21, 2019, to consider the Storm Cost Settlement Agreement filed with the FPSC. Duke Energy Florida filed a separate petition with the FPSC on April 30, 2019, to recover incremental storm restoration costs for Hurricane Michael and to apply tax savings resulting from the Tax Act toward storm costs in lieu of implementing a storm surcharge. Storm costs are currently expected to be fully recovered by approximately year-end 2021.

See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information.

Results of Operations

Non-GAAP Measures

Management's Discussion and Analysis includes financial information prepared in accordance with GAAP in the U.S., as well as certain non-GAAP financial measures such as adjusted earnings and adjusted earnings per share discussed below. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as a supplement to, and not a substitute for, financial measures presented in accordance with GAAP. Non-GAAP measures presented may not be comparable to similarly titled measures used by other companies because other companies may not calculate the measures in the same manner.

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted EPS. Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy in dollar and per-share amounts, adjusted for the dollar and per-share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are GAAP Reported Earnings and GAAP Reported EPS, respectively.

Special items for the three months ended March 31, 2018 included the following items:

- Costs to Achieve Piedmont Merger represents charges that result from the Piedmont acquisition.
- Regulatory Settlements represents charges related to rate case orders, settlements or other actions of regulators.
- Sale of Retired Plant represents the loss associated with selling Beckjord, a nonregulated generating facility in Ohio.
- Impairment of Equity Method Investment represents an OTTI of an investment in Constitution.
- Impacts of the Tax Act represents an AMT valuation allowance recognized related to the Tax Act.

Three Months Ended March 31, 2019, as compared to March 31, 2018

GAAP Reported EPS was \$1.24 for the first quarter of 2019 compared to \$0.88 for the first quarter of 2018. The increase in GAAP Reported EPS was primarily due to prior year regulatory settlements, impairments charges, an AMT valuation allowance and a loss on sale of a retired plant.

As discussed above, management also evaluates financial performance based on adjusted diluted EPS. Duke Energy's first quarter 2019 adjusted diluted EPS was \$1.24 compared to \$1.28 for the first quarter of 2018. The decrease in adjusted earnings was primarily due to unfavorable weather and volumes, higher depreciation and interest expenses and share dilution from equity issuances, partially offset by positive rate case impacts and an adjustment related to the income tax recognition for equity method investments. This adjustment was immaterial and relates to prior years.

The following table reconciles non-GAAP measures, including adjusted diluted EPS, to their most directly comparable GAAP measures.

(in millions, except per-share amounts)	Three Months Ended March 31,					
	2019			2018		
	Earnings		EPS	Earnings		EPS
GAAP Reported Earnings/GAAP Reported EPS	\$	900	\$ 1.24	\$	620	\$ 0.88
Adjustments:						
Costs to Achieve Piedmont Merger ^(a)		—	—		13	0.02
Regulatory Settlements ^(b)		—	—		66	0.09
Sale of Retired Plant ^(c)		—	—		82	0.12
Impairment of Equity Method Investment ^(d)		—	—		42	0.06
Impacts of the Tax Act (AMT valuation allowance)		—	—		76	0.11
Adjusted Earnings/Adjusted Diluted EPS	\$	900	\$ 1.24	\$	899	\$ 1.28

- (a) Net of \$4 million tax benefit.
(b) Net of \$20 million tax benefit.
(c) Net of \$25 million tax benefit.
(d) Net of \$13 million tax benefit.

SEGMENT RESULTS

The remaining information presented in this discussion of results of operations is on a GAAP basis. Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements.

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. See Note 2 to the Condensed Consolidated Financial Statements, "Business Segments," for additional information on Duke Energy's segment structure.

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SEGMENT RESULTS - ELECTRIC UTILITIES AND INFRASTRUCTURE

Electric Utilities and Infrastructure

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 5,329	\$ 5,323	\$ 6
Operating Expenses			
Fuel used in electric generation and purchased power	1,630	1,685	(55)
Operation, maintenance and other	1,282	1,325	(43)
Depreciation and amortization	947	835	112
Property and other taxes	301	274	27
Impairment charges	—	43	(43)
Total operating expenses	4,160	4,162	(2)
(Losses) Gains on Sales of Other Assets and Other, net	(3)	1	(4)
Operating Income	1,166	1,162	4
Other Income and Expenses, net	91	88	3
Interest Expense	338	317	21
Income Before Income Taxes	919	933	(14)
Income Tax Expense	169	183	(14)
Segment Income	\$ 750	\$ 750	\$ —
Duke Energy Carolinas GWh sales	21,828	22,627	(799)
Duke Energy Progress GWh sales	16,348	17,226	(878)
Duke Energy Florida GWh sales	8,321	9,119	(798)
Duke Energy Ohio GWh sales	6,164	6,072	92
Duke Energy Indiana GWh sales	8,033	8,485	(452)
Total Electric Utilities and Infrastructure GWh sales	60,694	63,529	(2,835)
Net proportional MW capacity in operation	49,725	48,831	894

Three Months Ended March 31, 2019, as compared to March 31, 2018

Electric Utilities and Infrastructure's results were impacted by a positive contribution from the 2018 Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases, Duke Energy Florida's base rate adjustments due to the Citrus County CC being placed in service, lower operation, maintenance and other expense and lower income tax expense.

These drivers were offset by unfavorable weather in the current year, unfavorable weather-normal retail sales volumes, higher depreciation from a growing asset base and higher interest expense. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$177 million increase in retail pricing primarily due to the prior year Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases and Duke Energy Florida's base rate adjustments related to generation assets being placed into service.

Partially offset by:

- a \$66 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year;
- a \$58 million decrease in fuel related revenues due primarily to lower sales volumes and decreases in fuel rates billed to customers; and
- a \$30 million decrease in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by:

- a \$55 million decrease in fuel used in electric generation and purchased power primarily due to lower purchased power and lower deferred fuel and capacity expenses;
- a \$43 million decrease in operation, maintenance and other expense primarily due to prior year impacts associated with the North Carolina rate cases; and
- a \$43 million decrease in impairment charges primarily due to prior year impacts associated with the Duke Energy Progress North Carolina rate case.

Partially offset by:

- a \$112 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs, additional plant in service and new depreciation rates associated with the prior year Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases; and
- a \$27 million increase in property and other taxes primarily due to higher property taxes for additional plant in service in the current year and a favorable sales and use tax credit in the prior year at Duke Energy Progress.

Interest Expense. The variance was driven primarily by higher debt outstanding in the current year and AFUDC debt return ending in the fourth quarter of 2018 on the Citrus County CC at Duke Energy Florida.

Income Tax Expense. The variance was primarily due to lower pretax income and amortization of excess deferred taxes. The ETRs for the three months ended March 31, 2019, and 2018 were 18.4 percent and 19.6 percent, respectively. The decrease in the ETR was primarily due to the amortization of excess deferred taxes partially offset by lower AFUDC equity in the current year.

Matters Impacting Future Electric Utilities and Infrastructure Results

On May 1, 2019, and May 8, 2019, Duke Energy Carolinas and Duke Energy Progress, respectively, received a Commission Directive from the PSCSC granting the companies' requests for retail rate increases but denying recovery of certain coal ash costs. Duke Energy Carolinas and Duke Energy Progress intend to file a Petition for Rehearing with the PSCSC. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, were eligible for reassessment as low risk pursuant to legislation enacted on July 14, 2016. On November 14, 2018, NCDEQ issued final low-risk classifications for these impoundments, indicating that Duke Energy Carolinas and Duke Energy Progress have satisfied the permanent replacement water supply and certain dam improvement requirements set out in the Coal Ash Management Act. On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas and Duke Energy Progress to excavate all remaining coal ash impoundments in North Carolina, even though they had been deemed low risk. On April 26, 2019, Duke Energy Carolinas and Duke Energy Progress filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's determination that all ash basins must be excavated. Duke Energy Carolinas and Duke Energy Progress intend to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy is a party to multiple lawsuits and could be subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. In addition, the orders issued in the Duke Energy Carolinas and Duke Energy Progress North Carolinas rate cases supporting recovery of past coal ash remediation costs have been appealed by various parties. The outcome of these appeals, lawsuits and potential fines and penalties could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas may petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NCUC, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territories of Duke Energy Carolinas and Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Carolinas and Duke Energy Progress filed with the NCUC petitions for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. Duke Energy Progress filed a similar request with the PSCSC on January 11, 2019, which also included a request for the continuation of prior deferrals requested for other storms, and on January 30, 2019, the PSCSC issued a directive approving the deferral request. Duke Energy Florida filed a petition on April 30, 2019, with the FPSC to recover incremental storm costs consistent with the provisions in its 2017 Settlement. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

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SEGMENT RESULTS - ELECTRIC UTILITIES AND INFRASTRUCTURE

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed for recovery of the storm costs relating to Hurricane Irma and Hurricane Nate, as well as the replenishment of Duke Energy Florida's storm reserve. Storm costs are currently expected to be fully recovered by approximately mid-2021. On April 9, 2019, Duke Energy Florida filed an unopposed motion to approve a settlement resolving all outstanding issues related to the May 31, 2018 filing. The commission has scheduled a hearing to begin on May 21, 2019, to consider this Storm Cost Agreement. An order disallowing recovery of these costs could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

Gas Utilities and Infrastructure

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 756	\$ 727	\$ 29
Operating Expenses			
Cost of natural gas	327	313	14
Operation, maintenance and other	110	108	2
Depreciation and amortization	65	61	4
Property and other taxes	33	31	2
Total operating expenses	535	513	22
Operating Income	221	214	7
Other Income and Expenses, net	40	(35)	75
Interest Expense	30	27	3
Income Before Income Taxes	231	152	79
Income Tax Expense	5	36	(31)
Segment Income	\$ 226	\$ 116	\$ 110
Piedmont LDC throughput (dekatherms)	151,665,924	154,901,379	(3,235,455)
Duke Energy Midwest LDC throughput (Mcf)	38,538,272	37,126,065	1,412,207

Three Months Ended March 31, 2019, as compared to March 31, 2018

Gas Utilities and Infrastructure's results were primarily impacted by the prior year OTTI recorded on the Constitution investment and an adjustment related to the income tax recognition for equity method investments. This adjustment was immaterial and relates to prior years. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven by:

- a \$14 million increase primarily due to higher natural gas prices associated with off-system sales;
- a \$7 million increase primarily due to NCUC approval related to tax reform accounting from fixed rate contracts;
- a \$5 million increase primarily due to North Carolina and Tennessee IMR increases; and
- a \$4 million increase due to customer growth.

Operating Expenses. The variance was driven by:

- a \$14 million increase in cost of natural gas primarily due to the impact of higher natural gas prices on off-system sales and unbilled revenue; and
- a \$4 million increase in depreciation and amortization expense primarily due to additional plant in service.

Other Income and Expenses, net. The increase was primarily due to the prior year OTTI recorded on the Constitution investment and higher earnings from ACP in the current year.

Income Tax Expense. The variance was primarily due to an adjustment related to the income tax recognition for equity method investments, partially offset by an increase in pretax income. This adjustment was immaterial and relates to prior years. The ETRs for the three months ended March 31, 2019, and 2018 were 2.2 percent and 23.7 percent, respectively. The decrease in the ETR was primarily due to an adjustment related to the income tax recognition for equity method investments that was recorded during the first quarter of 2019. This adjustment was immaterial and relates to prior years.

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SEGMENT RESULTS - GAS UTILITIES AND INFRASTRUCTURE

Matters Impacting Future Gas Utilities and Infrastructure Results

Gas Utilities and Infrastructure has a 47 percent ownership interest in ACP, which is building an approximately 600-mile interstate natural gas pipeline intended to transport diverse natural gas supplies into southeastern markets. Affected states (West Virginia, Virginia and North Carolina) have issued certain necessary permits; the project remains subject to other pending federal and state approvals, which will allow full construction activities to begin. In 2018, FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route. Project cost estimates are a range of \$7.0 billion to \$7.8 billion, excluding financing costs. ACP expects to achieve a late 2020 in-service date for key segments of the project, while it expects a remainder to extend into 2021. Project construction activities, schedule and final costs are subject to uncertainty due to abnormal weather, work delays (including delays due to judicial or regulatory action) and other conditions and risks that could result in potential higher project costs, a potential delay in the targeted in-service dates, permanent or temporary suspension of AFUDC and potential impairment charges. ACP and Duke Energy will continue to consider their options with respect to the foregoing in light of their existing contractual and legal obligations. See Notes 3 and 13 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Variable Interest Entities," respectively, for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

Commercial Renewables

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 106	\$ 101	\$ 5
Operating Expenses			
Operation, maintenance and other	66	55	11
Depreciation and amortization	40	38	2
Property and other taxes	6	7	(1)
Total operating expenses	112	100	12
Operating (Loss) Income	(6)	1	(7)
Other Income and Expenses, net	(2)	2	(4)
Interest Expense	21	22	(1)
Loss Before Income Taxes	(29)	(19)	(10)
Income Tax Benefit	(35)	(39)	4
Less: Loss Attributable to Noncontrolling Interests	(7)	—	(7)
Segment Income	\$ 13	\$ 20	\$ (7)
Renewable plant production, GWh	2,068	2,180	(112)
Net proportional MW capacity in operation ^(a)	2,996	2,943	53

(a) Certain projects are included in tax-equity structures where investors have differing interests in the project's economic attributes. In 2019, 100 percent of the tax-equity project's capacity is included in the table above.

Three Months Ended March 31, 2019, as compared to March 31, 2018

Commercial Renewables' results were unfavorably impacted by lower wind production and higher operating expenses, partially offset by results from tax-equity structures. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase is primarily due to an increase in the number of EPC agreements at REC Solar, offset by unfavorable wind portfolio revenue due to low winds.

Operating Expenses. The increase was primarily due to an increase in the number of EPC agreements at REC Solar and higher operating expenses in the solar portfolio.

Other Income and Expenses, net. The decrease is due to mark-to-market losses in the solar portfolio.

Income Tax Benefit. The variance was primarily due to a reduction in production tax credits generated in the current year.

Loss Attributable to Noncontrolling Interests. The increase is driven by the new tax equity structures entered into during 2018.

Matters Impacting Future Commercial Renewables Results

Persistently low market pricing for wind resources, primarily in the Electric Reliability Council of Texas West and PJM West markets, persistently low renewable resources and the future expiration of tax incentives including investment tax credits and production tax credits could result in adverse impacts to the future results of operations, financial position and cash flows of Commercial Renewables.

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SEGMENT RESULTS - COMMERCIAL RENEWABLES

On April 24, 2019, Duke Energy executed an agreement to sell a minority interest in a portion of certain renewable assets. The portion of Duke Energy's commercial renewables energy portfolio to be sold includes 49 percent of 37 operating wind, solar and battery storage assets and 33 percent of 11 operating solar assets across the U.S. Duke Energy Renewable Services, an operations and maintenance business for third-party customers, and REC Solar are not included in the potential transaction. The sale will result in pretax proceeds to Duke Energy of \$415 million. Duke Energy will retain control of these assets, and, therefore, no gain or loss is expected to be recognized in the Condensed Consolidated Statements of Operations upon closing of the transaction. Duke Energy will also retain the majority of the remaining tax benefits from the projects. Duke Energy will continue to develop projects, grow its portfolio and manage its renewables assets. The sale is subject to customary closing conditions, including approvals from the FERC, the Public Utility Commission of Texas and the Committee on Foreign Investment in the U.S. The transaction is expected to close in the second half of 2019.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

Other

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 21	\$ 35	\$ (14)
Operating Expenses	28	54	(26)
Losses on Sales of Other Assets and Other, net	—	(101)	101
Operating Loss	(7)	(120)	113
Other Income and Expenses, net	44	14	30
Interest Expense	171	157	14
Loss Before Income Taxes	(134)	(263)	129
Income Tax (Benefit) Expense	(45)	1	(46)
Less: Income Attributable to Noncontrolling Interests	—	2	(2)
Net Loss	\$ (89)	\$ (266)	\$ 177

Three Months Ended March 31, 2019, as compared to March 31, 2018

The variance was driven by the prior year loss on sale of the retired Beckjord station and lower income taxes due to a 2018 adjustment to record a valuation allowance. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. Lower operating revenues were due to amounts in the prior year related to Duke Energy Ohio's entitlement of capacity and energy from OVEC's power plants. In the current year, the revenues and expenses for OVEC are reflected in the Electric Utilities and Infrastructure segment due to the 2018 PUCO Order that approved Duke Energy to recover or credit amounts through Rider PSR. These amounts are deemed immaterial. Therefore, the prior period amounts were not restated.

Operating Expenses. Lower operating expenses were due to the absence in the current year of transaction and integration costs associated with the Piedmont acquisition and OVEC fuel expense.

Losses on Sales of Other Assets and Other, net. The variance was driven by the prior year loss on sale of the retired Beckjord station, a nonregulated facility retired during 2014, including the transfer of coal ash basins and other real property and indemnification from all potential future claims related to the property, whether arising under environmental laws or otherwise.

Other Income and Expenses, net. The variance was primarily due to higher returns on investments that fund certain employee benefit obligations.

Interest Expense. The variance was primarily due to higher short-term interest rates and an increase in outstanding debt.

Income Tax (Benefit) Expense. The variance was primarily driven by the prior year valuation allowance against AMT credits partially offset by a lower pretax loss in the current year.

DUKE ENERGY CAROLINAS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 1,744	\$ 1,763	\$ (19)
Operating Expenses			
Fuel used in electric generation and purchased power	472	473	(1)
Operation, maintenance and other	440	451	(11)
Depreciation and amortization	317	272	45
Property and other taxes	80	72	8
Impairment charges	—	13	(13)
Total operating expenses	1,309	1,281	28
Operating Income	435	482	(47)
Other Income and Expenses, net	31	39	(8)
Interest Expense	110	107	3
Income Before Income Taxes	356	414	(58)
Income Tax Expense	63	91	(28)
Net Income	\$ 293	\$ 323	\$ (30)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2019
Residential sales	(6.4)%
General service sales	(1.8)%
Industrial sales	(1.0)%
Wholesale power sales	(16.8)%
Joint dispatch sales	31.4 %
Total sales	(3.5)%
Average number of customers	2.0 %

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$32 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year;
- a \$25 million decrease in rider revenues primarily related to energy efficiency programs; and
- a \$14 million decrease in weather-normal retail sales volumes.

Partially offset by:

- a \$51 million increase in retail pricing due to the impacts of the prior year North Carolina rate case.

Operating Expenses. The variance was driven primarily by:

- a \$45 million increase in depreciation and amortization expense primarily due to additional plant in service, new depreciation rates associated with the prior year North Carolina rate case and higher amortization of deferred coal ash costs associated with the prior year North Carolina rate case.

Partially offset by:

- a \$13 million decrease in impairment charges related to prior year coal ash costs in South Carolina.

Other Income and Expenses, net. The variance was primarily due to lower AFUDC equity related to W.S. Lee CC.

Income Tax Expense. The variance was primarily due to a decrease in pretax income and the amortization of excess deferred taxes. The ETRs for the three months ended

March 31, 2019, and 2018 were 17.7 percent and 22.0 percent, respectively. The decrease in the ETR was primarily due to the amortization of excess deferred taxes.

Matters Impacting Future Results

On May 1, 2019, Duke Energy Carolinas received a Commission Directive from the PSCSC granting its request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Carolinas intends to file a Petition for Rehearing with the PSCSC. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, were eligible for reassessment as low risk pursuant to legislation enacted on July 14, 2016. On November 14, 2018, NCDEQ issued final low-risk classifications for these impoundments, indicating that Duke Energy Carolinas had satisfied the permanent replacement water supply and certain dam improvement requirements set out in the Coal Ash Management Act. On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas to excavate all remaining coal ash impoundments in North Carolina. On April 26, 2019, Duke Energy Carolinas filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's determination that all ash basins must be excavated. Duke Energy Carolinas intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy Carolinas' results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Carolinas is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. In addition, the order issued in the Duke Energy Carolinas North Carolinas rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas may petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Carolinas' service territory was impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Carolinas filed with the NCUC a petition for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

MD&A PROGRESS ENERGY

PROGRESS ENERGY

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 2,572	\$ 2,576	\$ (4)
Operating Expenses			
Fuel used in electric generation and purchased power	925	976	(51)
Operation, maintenance and other	567	623	(56)
Depreciation and amortization	455	384	71
Property and other taxes	137	123	14
Impairment charges	—	29	(29)
Total operating expenses	2,084	2,135	(51)
Gains on Sales of Other Assets and Other, net	—	6	(6)
Operating Income	488	447	41
Other Income and Expenses, net	31	35	(4)
Interest Expense	219	209	10
Income Before Income Taxes	300	273	27
Income Tax Expense	52	36	16
Net Income	248	237	11
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(1)	2	(3)
Net Income Attributable to Parent	\$ 249	\$ 235	\$ 14

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$51 million decrease in fuel and capacity revenues primarily due to a decrease in demand and a decrease in fuel and capacity rates billed to customers at Duke Energy Florida;
- a \$36 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year; and
- a \$14 million decrease in weather-normal retail sales volumes.

Partially offset by:

- a \$111 million increase in retail pricing primarily due to the impacts of the prior year Duke Energy Progress North Carolina rate case, Duke Energy Florida's base rate adjustments related to the Citrus County CC being placed into service and annual increases from the 2017 Settlement Agreement.

Operating Expenses. The variance was driven primarily by:

- a \$56 million decrease in operation, maintenance and other expense primarily due to prior year impacts associated with the Duke Energy Progress North Carolina rate case, lower outage costs at Duke Energy Progress and lower employee benefit costs at Duke Energy Progress and Duke Energy Florida;
- a \$51 million decrease in fuel used in electric generation and purchased power primarily due to lower purchased power and lower deferred fuel and capacity expenses; and
- a \$29 million decrease in impairment charges primarily due to prior year impacts associated with the Duke Energy Progress North Carolina rate case.

Partially offset by:

- a \$71 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs, new depreciation rates associated with the prior year Duke Energy Progress North Carolina rate case and Citrus County CC being placed in service and other additional plant in service at Duke Energy Florida; and
- a \$14 million increase in property and other taxes primarily due to higher property taxes due to additional plant in service at Duke Energy Florida in the current year and a favorable sales and use tax credit in the prior year at Duke Energy Progress.

Interest Expense. The variance was driven primarily by AFUDC debt return ending in the fourth quarter of 2018 on the Citrus County CC at Duke Energy Florida.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income and lower AFUDC equity in the current year. The ETRs for the three months ended March 31, 2019, and 2018 were 17.3 percent and 13.2 percent, respectively. The increase in the ETR was primarily due to lower AFUDC equity and amortization of excess deferred taxes in the current year.

Matters Impacting Future Results

On May 8, 2019, Duke Energy Progress received a Commission Directive from the PSCSC granting its request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Progress intends to file a Petition for Rehearing with the PSCSC. Progress Energy's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, were eligible for reassessment as low risk pursuant to legislation enacted on July 14, 2016. On November 14, 2018, NCDEQ issued final low-risk classifications for these impoundments, indicating that Duke Energy Progress had satisfied the permanent replacement water supply and certain dam improvement requirements set out in the Coal Ash Management Act. On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Progress to excavate all remaining coal ash impoundments in North Carolina. On April 26, 2019, Duke Energy Progress filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's determination that all ash basins must be excavated. Duke Energy Progress intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Progress Energy's results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. As noted above, the order issued in the Duke Energy Progress North Carolinas rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. The NCUC did allow Duke Energy Carolinas to petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NCUC, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. If the NCUC were to rule similarly, Progress Energy's results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territory of Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Progress filed with the NCUC a petition for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. Duke Energy Progress filed a similar request with the PSCSC on January 11, 2019, which also included a request for the continuation of prior deferrals requested for other storms, and on January 30, 2019, the PSCSC issued a directive approving the deferral request. Duke Energy Florida anticipates filed a petition on April 30, 2019, with the FPSC to recover incremental storm costs consistent with the provisions in its 2017 Settlement. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed for recovery of the storm costs relating to Hurricane Irma and Hurricane Nate, as well as the replenishment of Duke Energy Florida's storm reserve. Storm costs are currently expected to be fully recovered by approximately mid-2021. On April 9, 2019, Duke Energy Florida filed an unopposed motion to approve a settlement resolving all outstanding issues related to the May 31, 2018 filing. The commission has scheduled a hearing to begin on May 21, 2019, to consider this Storm Cost Settlement Agreement. An order disallowing recovery of these costs could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

MD&A DUKE ENERGY PROGRESS

DUKE ENERGY PROGRESS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 1,484	\$ 1,460	\$ 24
Operating Expenses			
Fuel used in electric generation and purchased power	515	509	6
Operation, maintenance and other	335	381	(46)
Depreciation and amortization	290	235	55
Property and other taxes	44	35	9
Impairment charges	—	32	(32)
Total operating expenses	1,184	1,192	(8)
Gains on Sales of Other Assets and Other, net	—	1	(1)
Operating Income	300	269	31
Other Income and Expenses, net	24	18	6
Interest Expense	77	81	(4)
Income Before Income Taxes	247	206	41
Income Tax Expense	44	29	15
Net Income	\$ 203	\$ 177	\$ 26

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2019
Residential sales	(10.9)%
General service sales	(5.2)%
Industrial sales	2.6 %
Wholesale power sales	(9.7)%
Joint dispatch sales	10.6 %
Total sales	(5.1)%
Average number of customers	1.3 %

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$54 million increase in pricing from impacts of the prior year North Carolina rate case; and
- a \$15 million increase in JAAR revenues in conjunction with implementation of new base rates.

Partially offset by:

- a \$19 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year;
- a \$16 million decrease in wholesale power revenues, net of fuel revenues, primarily due to lower peak demand; and
- a \$14 million decrease in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by:

- a \$46 million decrease in operation, maintenance and other expense primarily due to prior year impacts associated with the North Carolina rate case and lower employee benefit and outage costs; and
- a \$32 million decrease in impairment charges due to prior year impacts associated with the North Carolina rate case.

Partially offset by:

- a \$55 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs and new depreciation rates associated with the prior year North Carolina rate case; and
- a \$9 million increase in property and other taxes primarily due to a favorable sales and use tax credit in the prior year.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income. The ETRs for the three months ended March 31, 2019, and 2018 were 17.8 percent and 14.1 percent, respectively. The increase in the ETR was primarily due to lower amortization of excess deferred taxes in the current year.

Matters Impacting Future Results

On May 8, 2019, Duke Energy Progress received a Commission Directive from the PSCSC granting its request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Progress intends to file a Petition for Rehearing with the PSCSC. Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, were eligible for reassessment as low risk pursuant to legislation enacted on July 14, 2016. On November 14, 2018, NCDEQ issued final low-risk classifications for these impoundments, indicating that Duke Energy Progress had satisfied the permanent replacement water supply and certain dam improvement requirements set out in the Coal Ash Management Act. On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Progress to excavate all remaining coal ash impoundments in North Carolina. On April 26, 2019, Duke Energy Progress filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's determination that all ash basins must be excavated. Duke Energy Progress intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy Progress' results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. As noted above, the order issued in the Duke Energy Progress North Carolinas rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. The NCUC did allow Duke Energy Carolinas to petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NCUC, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. If the NCUC were to rule similarly, Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Progress' service territory was impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Progress filed with the NCUC a petition for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. Duke Energy Progress filed a similar request with the PSCSC on January 11, 2019, which also included a request for the continuation of prior deferrals requested for other storms, and on January 30, 2019, the PSCSC issued a directive approving the deferral request. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

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DUKE ENERGY FLORIDA

DUKE ENERGY FLORIDA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 1,086	\$ 1,115	\$ (29)
Operating Expenses			
Fuel used in electric generation and purchased power	410	467	(57)
Operation, maintenance and other	230	237	(7)
Depreciation and amortization	165	150	15
Property and other taxes	93	88	5
Total operating expenses	898	942	(44)
Operating Income	188	173	15
Other Income and Expenses, net	13	21	(8)
Interest Expense	82	71	11
Income Before Income Taxes	119	123	(4)
Income Tax Expense	23	20	3
Net Income	\$ 96	\$ 103	\$ (7)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Wholesale power sales include both billed and unbilled sales. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2019
Residential sales	(6.9)%
General service sales	(4.9)%
Industrial sales	(10.7)%
Wholesale and other	(33.0)%
Total sales	(8.8)%
Average number of customers	1.7 %

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$51 million decrease in fuel and capacity revenues primarily due to a decrease in demand and a decrease in fuel and capacity rates billed to retail customers;
- a \$17 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year; and
- a \$12 million decrease in retail rider revenues primarily related to decreased revenue requirements in the current year.

Partially offset by:

- a \$57 million increase in retail pricing due to base rate adjustments related to the Citrus County CC being placed in service and annual increases from the 2017 Settlement Agreement.

Operating Expenses. The variance was driven primarily by:

- a \$57 million decrease in fuel used in electric generation and purchased power primarily due to lower purchased power and lower deferred fuel and capacity expenses; and
- a \$7 million decrease in operations, maintenance and other expense primarily due to lower employee benefit costs.

Partially offset by:

- a \$15 million increase in depreciation and amortization expense primarily due to the Citrus County CC being placed in service and additional plant in service; and
- a \$5 million increase in property and other taxes primarily due to higher property taxes due to additional plant in service.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity return ending on the Citrus County CC in the fourth quarter of 2018.

Interest Expense. The variance was driven primarily by AFUDC debt return ending on the Citrus County CC in the fourth quarter of 2018.

Income Tax Expense. The increase in tax expense was primarily due to lower AFUDC equity in the current year. The ETRs for the three months ended March 31, 2019, and 2018 were 19.3 percent and 16.3 percent, respectively. The increase in the ETR was primarily due to lower AFUDC equity in the current year.

Matters Impacting Future Results

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 5 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused significant damage within the service territory of Duke Energy Florida, particularly from Panama City Beach to Mexico Beach. Duke Energy Florida has not completed the final accumulation of total estimated storm restoration costs incurred. Given the magnitude of the storm, Duke Energy Florida filed a petition on April 30, 2019, with the FPSC to recover incremental storm costs consistent with the provisions in its 2017 Settlement. An order from regulatory authorities disallowing the future recovery of storm restoration costs could have an adverse impact on Duke Energy Florida's financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed for recovery of the storm costs relating to Hurricane Irma and Hurricane Nate, as well as the replenishment of Duke Energy Florida's storm reserve. Storm costs are currently expected to be fully recovered by approximately mid-2021. On April 9, 2019, Duke Energy Florida filed an unopposed motion to approve a settlement resolving all outstanding issues related to the May 31, 2018 filing. The commission has scheduled a hearing to begin on May 21, 2019, to consider this Storm Cost Settlement Agreement. An order disallowing recovery of these costs could have an adverse impact on Duke Energy Florida's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

DUKE ENERGY OHIO

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues			
Regulated electric	\$ 355	\$ 336	\$ 19
Regulated natural gas	176	174	2
Nonregulated electric and other	—	14	(14)
Total operating revenues	531	524	7
Operating Expenses			
Fuel used in electric generation and purchased power – regulated	93	92	1
Fuel used in electric generation and purchased power – nonregulated	—	15	(15)
Cost of natural gas	54	54	—
Operation, maintenance and other	132	131	1
Depreciation and amortization	64	70	(6)
Property and other taxes	84	77	7
Total operating expenses	427	439	(12)
Losses on Sales of Other Assets and Other, net	—	(106)	106
Operating Income (Loss)	104	(21)	125
Other Income and Expenses, net	9	6	3
Interest Expense	30	22	8
Income (Loss) Before Income Taxes	83	(37)	120
Income Tax Expense (Benefit)	14	(12)	26
Net Income (Loss)	\$ 69	\$ (25)	\$ 94

The following table shows the percent changes in GWh sales of electricity, dekatherms of natural gas delivered and average number of electric and natural gas customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

	Electric	Natural Gas
Increase (Decrease) over prior year	2019	2019
Residential sales	(1.6)%	4.5%
General service sales	(1.9)%	5.5%
Industrial sales	0.5 %	0.8%
Wholesale electric power sales	42.0 %	n/a
Other natural gas sales	n/a	—%
Total sales	1.5 %	3.8%
Average number of customers	0.7 %	0.8%

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$19 million increase in base price as a result of rate case impacts;
- a \$5 million increase in weather-normal sales volumes; and
- a \$4 million increase in point-to-point transmission revenues.

Partially offset by:

- a \$9 million decrease in rider revenues related to the implementation of new base rates;
- a \$9 million decrease in FTR revenues; and
- a \$3 million decrease in OVEC revenues.

Operating Expenses. The variance was driven primarily by:

- a \$14 million decrease in fuel used in electric generation and purchased power expense due to prior year's outage at East Bend Station and the deferral of OVEC related purchased power costs; and
- a \$6 million decrease in depreciation and amortization expense primarily due to the ending of smart grid amortizations.

Partially offset by:

- a \$7 million increase in property and other taxes primarily due to higher property tax expense.

Other Income and Expenses, net. The variance was driven primarily by an increase in intercompany money pool interest income.

Losses on Sales of Other Assets and Other, net. The increase was driven by the loss on the prior year sale of Beckjord.

Interest Expense. The variance was driven primarily by higher debt outstanding in the current year.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income. The ETRs for the three months ended March 31, 2019, and 2018 were 16.9 percent and 32.4 percent, respectively. The decrease in the ETR was primarily due to the amortization of excess deferred taxes.

Matters Impacting Future Results

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

DUKE ENERGY INDIANA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 768	\$ 731	\$ 37
Operating Expenses			
Fuel used in electric generation and purchased power	257	232	25
Operation, maintenance and other	189	181	8
Depreciation and amortization	131	130	1
Property and other taxes	19	20	(1)
Total operating expenses	596	563	33
Losses on Sales of Other Assets and Other, net	(3)	—	(3)
Operating Income	169	168	1
Other Income and Expenses, net	19	7	12
Interest Expense	43	40	3
Income Before Income Taxes	145	135	10
Income Tax Expense	35	35	—
Net Income	\$ 110	\$ 100	\$ 10

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2019
Residential sales	(1.3)%
General service sales	0.3 %
Industrial sales	0.2 %
Wholesale power sales	(38.2)%
Total sales	(5.3)%
Average number of customers	1.4 %

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$23 million increase in fuel revenues primarily due to higher fuel rates billed to customers, partially offset by lower wholesale fuel revenues due to the expiration of a contract with a wholesale customer; and
- a \$19 million increase in rate rider revenues primarily related to higher rates for the Edwardsport IGCC plant, the TDSIC rider and MISO rider revenues.

Operating Expenses. The variance was driven primarily by:

- a \$25 million increase in fuel used in electric generation and purchased power expense primarily due to higher amortization of deferred fuel costs; and
- an \$8 million increase in operation, maintenance and other expense primarily due to higher transmission costs and customer related costs related to energy efficiency programs.

Other Income and Expenses, net. The increase was primarily due to life insurance proceeds.

Matters Impacting Future Results

On April 17, 2015, the EPA published in the Federal Register a rule to regulate the disposal of CCR from electric utilities as solid waste. Duke Energy Indiana has interpreted the rule to identify the coal ash basin sites impacted and has assessed the amounts of coal ash subject to the rule and a method of compliance. Duke Energy Indiana's interpretation of the requirements of the CCR rule is subject to potential legal challenges and further regulatory approvals, which could result in additional ash basin closure requirements, higher costs of compliance and greater AROs. Additionally, Duke Energy Indiana has retired facilities that are not subject to the CCR rule. Duke Energy Indiana may incur costs at these facilities to comply with environmental regulations or to mitigate risks associated with on-site storage of coal ash. An order from regulatory authorities disallowing recovery of costs related to closure of ash basins could have an adverse impact on Duke Energy Indiana's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

PIEDMONT

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 579	\$ 553	\$ 26
Operating Expenses			
Cost of natural gas	273	259	14
Operation, maintenance and other	80	82	(2)
Depreciation and amortization	42	39	3
Property and other taxes	12	12	—
Total operating expenses	407	392	15
Operating Income	172	161	11
Other Income and Expenses			
Equity in earnings of unconsolidated affiliates	2	2	—
Other income and expenses, net	4	3	1
Total other income and expenses	6	5	1
Interest Expense	22	21	1
Income Before Income Taxes	156	145	11
Income Tax Expense	34	35	(1)
Net Income	\$ 122	\$ 110	\$ 12

The following table shows the percent changes in dekatherms delivered and average number of customers. The percentages for all throughput deliveries represent billed and unbilled sales. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2019
Residential deliveries	(6.7)%
Commercial deliveries	(5.5)%
Industrial deliveries	4.2 %
Power generation deliveries	(1.8)%
For resale	3.3 %
Total throughput deliveries	(2.1)%
Secondary market volumes	13.2 %
Average number of customers	1.2 %

Due to the margin decoupling mechanism in North Carolina and WNA mechanisms in South Carolina and Tennessee, changes in throughput deliveries do not have a material impact on Piedmont's revenues or earnings. The margin decoupling mechanism adjusts for variations in residential and commercial use per customer, including those due to weather and conservation. The WNA mechanisms mostly offset the impact of weather on bills rendered, but do not ensure precise recovery of approved margin during periods when winter weather is significantly warmer or colder than normal.

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$14 million increase primarily due to higher natural gas prices associated with off-system sales;

- a \$7 million increase primarily due to NCUC approval related to tax reform accounting from fixed rate contracts;

MD&A **PIEDMONT**

- a \$5 million increase primarily due to North Carolina and Tennessee IMR increases; and
- a \$4 million increase primarily due to customer growth.

Partially offset by:

- a \$5 million decrease due to a reduction of rates in South Carolina.

Operating Expenses. The variance was primarily driven by:

- a \$14 million increase in cost of natural gas primarily due to the impact of higher natural gas prices on off-system sales and unbilled revenue.

Matters Impacting Future Results

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt and equity issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. See Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018, for a summary and detailed discussion of projected primary sources and uses of cash for 2019 to 2021. There have been no material changes to Duke Energy's liquidity and capital requirements from December 31, 2018, except as noted below:

- Duke Energy issued \$2 billion of debt and drew \$650 million under the Duke Energy Progress Term Loan Facility during the three months ended March 31, 2019. Refer to Note 6 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for information regarding Duke Energy's debt issuances, debt maturities and available credit facilities including the Master Credit Facility.
- In March 2019, Duke Energy issued preferred stock for net proceeds of \$974 million. Refer to Note 15 to the Condensed Consolidated Financial Statements, "Stockholders' Equity," for information regarding Duke Energy's equity issuances.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Cash flows provided by (used in):		
Operating activities	\$ 1,239	\$ 1,391
Investing activities	(2,713)	(2,264)
Financing activities	1,433	947
Net (decrease) increase in cash, cash equivalents and restricted cash	(41)	74
Cash, cash equivalents and restricted cash at beginning of period	591	505
Cash, cash equivalents and restricted cash at end of period	\$ 550	\$ 579

OPERATING CASH FLOWS

The following table summarizes key components of Duke Energy's operating cash flows.

(in millions)	Three Months Ended		
	March 31,		
	2019	2018	Variance
Net income	\$ 893	\$ 622	\$ 271
Non-cash adjustments to net income	1,301	1,610	(309)
Contributions to qualified pension plans	—	(141)	141
Payments for asset retirement obligations	(152)	(122)	(30)
Payment for disposal of other assets	—	(105)	105
Working capital	(803)	(473)	(330)
Net cash provided by operating activities	\$ 1,239	\$ 1,391	\$ (152)

MD&A **LIQUIDITY AND CAPITAL RESOURCES**

The variance was primarily due to:

- a \$38 million decrease in net income after adjustment for non-cash items primarily due to decreases in current year non-cash adjustments, partially offset by increases in revenues due to rate increases in the current year; and
- a \$330 million increase in cash outflows from working capital primarily due to fluctuations in coal stock inventory and timing of payment of accruals, partially offset by current year decreases in accounts receivable due to higher miscellaneous and trade receivables at December 31, 2018.

Partially offset by:

- a \$141 million decrease in contributions to qualified pension plans; and
- a \$105 million payment for disposal of Beckjord in the prior year.

INVESTING CASH FLOWS

The following table summarizes key components of Duke Energy's investing cash flows.

(in millions)	Three Months Ended		
	March 31,		
	2019	2018	Variance
Capital, investment and acquisition expenditures	\$ (2,630)	\$ (2,161)	\$ (469)
Other investing items	(83)	(103)	20
Net cash used in investing activities	\$ (2,713)	\$ (2,264)	\$ (449)

The variance relates primarily to an increase in capital expenditures due to higher overall investments in the Electric Utilities and Infrastructure and Gas Utilities and Infrastructure segments.

FINANCING CASH FLOWS

The following table summarizes key components of Duke Energy's financing cash flows.

(in millions)	Three Months Ended		
	March 31,		
	2019	2018	Variance
Issuances of long-term debt, net	\$ 1,536	\$ 753	\$ 783
Issuances of common stock	13	21	(8)
Issuances of preferred stock	974	—	974
Notes payable and commercial paper	(408)	791	(1,199)
Dividends paid	(649)	(599)	(50)
Other financing items	(33)	(19)	(14)
Net cash provided by financing activities	\$ 1,433	\$ 947	\$ 486

The variance was primarily due to:

- a \$974 million increase in proceeds from the issuance of preferred stock; and
- a \$783 million increase in proceeds from net issuances of long-term debt primarily due to the timing of issuances and redemptions of long-term debt.

Partially offset by:

- a \$1,199 million decrease in net proceeds from issuances of notes payable and commercial paper primarily due to the use of proceeds from the preferred stock issuance and increased long-term debt issuances to pay down outstanding commercial paper.

OTHER MATTERS

Environmental Regulations

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters. These regulations can be changed from time to time and result in new obligations of the Duke Energy Registrants. Refer to Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for further information regarding potential plant retirements and regulatory filings related to the Duke Energy Registrants.

Coal Ash Management Act of 2014

On March 26, 2019, NCDEQ granted Duke Energy's application in part, extending by four months until December 1, 2019, the Coal Ash Act's closure deadline applicable to the Sutton plant impoundments.

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OTHER MATTERS

AROs recorded on the Duke Energy Carolinas and Duke Energy Progress Condensed Consolidated Balance Sheets at March 31, 2019, and December 31, 2018, include the legal obligation for closure of coal ash basins and the disposal of related ash as a result of the Coal Ash Act, the EPA CCR rule and other agreements. For more information, see Note 7, "Asset Retirement Obligations," to the Condensed Consolidated Financial Statements.

North Carolina Legislation

Based on an independent evaluation process, Duke Energy will produce or purchase a total of 602 MW of renewable energy from projects under the North Carolina's Competitive Procurement of Renewable Energy program. The process used was approved by the NCUC to select projects that would deliver the greatest cost and system benefits to customers. Six Duke Energy projects, totaling about 270 MW, were selected during the competitive bidding process. Next steps include executing contracts for the projects and finalizing a report to be filed with the NCUC around June 2019.

Off-Balance Sheet Arrangements

During the three months ended March 31, 2019, there were no material changes to Duke Energy's off-balance sheet arrangements. See Note 13 to the Condensed Consolidated Financial Statements, "Variable Interest Entities," for a discussion of off-balance sheet arrangements regarding ACP. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Balance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

Contractual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three months ended March 31, 2019, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the three months ended March 31, 2019, there were no material changes to the Duke Energy Registrants' disclosures about market risk. For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K for the Duke Energy Registrants.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the SEC rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2019, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) that occurred during the fiscal quarter ended March 31, 2019, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements. For additional information, see Item 3, "Legal Proceedings," in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in the Duke Energy Registrants' Annual Report on Form 10-K for the year ended December 31, 2018, which could materially affect the Duke Energy Registrants' financial condition or future results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

EXHIBITS

ITEM 6. EXHIBITS

Exhibits filed herein are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated. Items constituting management contracts or compensatory plans or arrangements are designated by a double asterisk (**). The company agrees to furnish upon request to the commission a copy of any omitted schedules or exhibits upon request on all items designated by a triple asterisk (***).

Exhibit Number		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
3.1	Certificate of Designations with respect to Series A Preferred Stock, dated March 28, 2019 (incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K filed on March 29, 2019, File no. 1-32853).	X							
4.1	Eighty-Ninth Supplemental Indenture (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on March 7, 2019, File no. 1-3382).				X				
4.2	Twenty-First Supplemental Indenture (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on March 11, 2019, File no. 1-32853).	X							
10.1	Amendment No.4 and Consent, dated as of March 18, 2019, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, LLC, Duke Energy Kentucky, Inc., Duke Energy Progress, LLC, Duke Energy Florida, LLC, and Piedmont Natural Gas Company, Inc., the Lenders party thereto, the Issuing Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent and Swingline Lender (incorporated by reference to Exhibit 10.1 to Registrants' Current Report on Form 8-K filed on March 21, 2019, File nos. 1-32853, 1-4928, 1-3382, 1-3274, 1-1232, 1-3543, 1-6196).	X	X		X	X	X	X	X
*10.2	2019 Performance Share Award Agreement.	X							
*10.3	2018 Restricted Stock Unit Award Agreement.	X							
*31.1.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X							
*31.1.2	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X						
*31.1.3	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X					
*31.1.4	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X				
*31.1.5	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X			
*31.1.6	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X		

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*31.1.7	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X	
*31.1.8	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
*31.2.1	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X		
*31.2.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X	
*31.2.3	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X	
*31.2.4	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
*31.2.5	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
*31.2.6	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
*31.2.7	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
*31.2.8	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X
*32.1.1	Certification Pursuant to 18 U.S.C.Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X		
*32.1.2	Certification Pursuant to 18 U.S.C.Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X	
*32.1.3	Certification Pursuant to 18 U.S.C.Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X	
*32.1.4	Certification Pursuant to 18 U.S.C.Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X
*32.1.5	Certification Pursuant to 18 U.S.C.Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X
*32.1.6	Certification Pursuant to 18 U.S.C.Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X
*32.1.7	Certification Pursuant to 18 U.S.C.Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X
*32.1.8	Certification Pursuant to 18 U.S.C.Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X
*32.2.1	Certification Pursuant to 18 U.S.C.Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X		
*32.2.2	Certification Pursuant to 18 U.S.C.Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X	

EXHIBITS

*32.2.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*32.2.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*32.2.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*101.INS	XBRL Instance Document.	X	X	X	X	X	X	X	X	X
*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X	X
*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X	X

The total amount of securities of the registrant or its subsidiaries authorized under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10 percent of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the SEC, to furnish copies of any or all of such instruments to it.

SIGNATURES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION
DUKE ENERGY CAROLINAS, LLC
PROGRESS ENERGY, INC.
DUKE ENERGY PROGRESS, LLC
DUKE ENERGY FLORIDA, LLC
DUKE ENERGY OHIO, INC.
DUKE ENERGY INDIANA, LLC
PIEDMONT NATURAL GAS COMPANY, INC.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer (Principal
Financial Officer)

Date: May 9, 2019

/s/ DWIGHT L. JACOBS

Dwight L. Jacobs
Senior Vice President, Chief Accounting Officer,
Tax and Controller
(Principal Accounting Officer)

PERFORMANCE AWARD AGREEMENT

Duke Energy Corporation (the "Corporation") grants to the individual named below ("Grantee"), in accordance with the terms of the Duke Energy Corporation 2015 Long-Term Incentive Plan, as it may be amended from time to time (the "Plan") and this Performance Award Agreement (the "Agreement"), the following number of Performance Shares (the "Award"), on the Date of Grant set forth below:

Name of Grantee: _____

Target # of Performance Shares: _____

Date of Grant: _____

Performance Period: The three-year period commencing on January 1 of the year in which the Date of Grant occurs

Section 1. Nature of Performance Shares. Each Performance Share, upon becoming vested, represents a right to receive payment in the form of one (1) share of Common Stock (a "Share"). Performance Shares are used solely as units of measurement and are not Shares, and Grantee is not, and has no rights as, a shareholder of the Corporation by virtue of this Award.

Section 2. Vesting of Performance Shares. Subject to Section 3 and 6 below, the Performance Shares shall vest as follows:

(a) The Performance Shares shall vest only if and to the extent the Committee determines that the Performance Goals (as defined in Exhibit A) have been met for the Performance Period set forth above.

(b) In general, Grantee must be employed by the Corporation or a Subsidiary on the last day of the Performance Period to be entitled to payment of any Performance Shares earned under Section 2(a) above. However, Grantee shall be entitled to a pro-rated portion of the Performance Shares earned under Section 2(a) above in the event that, during the Performance Period (i) Grantee ceases to be employed with the Corporation and its Subsidiaries by reason of death or Disability (defined by reference Section 22(e)(3) of the Code), (ii) the Corporation and its Subsidiaries terminate Grantee's employment other than for cause (as determined by the Corporation in its sole discretion), or (iii) Grantee voluntarily terminates employment with the Corporation and its Subsidiaries after having attained age 55 and completed 10 years of consecutive service from Grantee's most recent date of hire or re-hire, as applicable (as determined under such rules

as may be established by the Corporation from time-to-time). The pro-rated portion of the Performance Shares that becomes payable under this Section 2(b), if any, shall be determined by the Committee or its delegate, in its sole discretion, based upon Grantee's continuous employment with the Corporation and its Subsidiaries during the Performance Period (including additional service credit provided to Grantee, if any, under an employment or change in control agreement with the Corporation or a Subsidiary, or a severance plan maintained by the Corporation or a Subsidiary, as applicable).

(c) For purposes of Section 2 of this Agreement, the continuous employment of Grantee with the Corporation and its Subsidiaries shall not be deemed to have been interrupted, and Grantee shall not be deemed to have ceased to be an employee, by reason of the transfer of his or her employment among the Corporation and its Subsidiaries or a leave of absence approved by the Corporation or a Subsidiary; provided that, to the extent permitted under applicable law, the Corporation shall pro-rate the payout of any Performance Shares earned in the event Grantee is on an approved but unpaid leave of absence during the Performance Period, based upon the portion of the Performance Period during which Grantee received payment of salary (as determined under such rules as may be established by the Corporation from time-to-time).

Section 3. Forfeiture. The Performance Shares (including without limitation any right to accumulated Dividend Equivalents described in Section 5 hereof) shall be forfeited automatically without further action or notice if (a) Grantee ceases to be employed by the Corporation or a Subsidiary prior to the last day of the Performance Period other than as provided in Section 2(b), or (b) the Committee or its delegate, in its sole discretion, determines that Grantee is in violation of any obligation identified in Section 6. Grantee acknowledges and agrees that payments made under this Agreement are subject to the Corporation's requirement that the Grantee reimburse the portion of any payment where such portion of the payment was (i) inadvertently paid based on an incorrect calculation, or (ii) predicated upon the achievement of financial results that are subsequently the subject of a restatement caused or partially caused by Grantee's fraud or misconduct.

Section 4. Payment of Performance Shares. Payment of the Performance Shares earned under Section 2 above shall be made to Grantee by March 15 of the calendar year immediately following the end of the Performance Period, except to the extent deferred by Grantee in accordance with procedures as the Committee, or its delegate, may prescribe from time to time. Payment of vested Performance Shares shall be in the form of one (1) Share for each full Performance Share earned; provided that if payment would be less than ten (10) Shares, or if payment would result in fractional shares, then, if so determined by the Committee or its delegate, in its sole discretion, payment may be made in cash in lieu of Shares.

Section 5. Dividend Equivalents. Upon payment of a Performance Share, Grantee shall be entitled to a cash payment (without interest) equal to the aggregate cash dividends declared and payable with respect to one (1) Share for each record date that occurs during the period beginning on the Date of Grant and ending on the date the Performance Share is paid (the "Dividend Equivalent"). The Dividend Equivalents shall be forfeited to the extent that the underlying Performance Share is forfeited and shall be paid to Grantee, if at all, at the same time that the related Performance Share is paid in accordance with Section 4 above. Dividend Equivalents will be subject to any required withholding for federal, state, local, foreign or other taxes.

Section 6. Restrictive Covenants.

(a) In consideration of the Award, Grantee agrees that during the period ending on the _____ anniversary of the Date of Grant ("Restricted Period"), Grantee shall not for any reason, directly or indirectly, without the prior written consent of the Corporation or its delegate: (i) become employed, engaged or involved with a competitor (defined below) of the Corporation or any Subsidiary in a position that involves: providing services that relate to or are similar in nature or purpose to the services performed by Grantee for the Corporation or any Subsidiary at any time during his or her previous _____ years of employment with the Corporation or any Subsidiary; or, supervision, management, direction or advice regarding such services; either as principal, agent, manager, employee, partner, shareholder, director, officer or consultant (other than as a less-than three percent (3%) equity owner of any corporation traded on any national, international or regional stock exchange or in the over-the-counter market); or (ii) induce or attempt to induce any customer, client, supplier, employee, agent or independent contractor of the Corporation or any of the Subsidiaries to reduce, terminate, restrict or otherwise alter (to the Corporation's detriment) its business relationship with the Corporation.

(b) The noncompetition obligations of clause (i) of the preceding sentence shall be effective only with respect to a "competitor" of the Corporation or any Subsidiary which is understood to mean any person or entity in competition with the Corporation or any Subsidiary, and more particularly those persons and entities engaged in any business in which the Corporation, including Subsidiaries, is engaged at the termination of Grantee's continuous employment by the Corporation, including Subsidiaries; and within the following geographical areas: (i) any country in the world (other than the United States) where the Corporation, including Subsidiaries, has at least \$25 million in capital deployed as of the termination of Grantee's employment; (ii) the states of Florida, Indiana, Kentucky, North Carolina, Ohio, South Carolina and Tennessee, and (iii) any other state in the United States where the Corporation, including the Subsidiaries, has at least \$25 million in capital deployed as of the termination of Grantee's employment. The Corporation and Grantee intend the above restrictions on competition in geographical areas to be entirely severable and independent, and any invalidity or

unenforceability of this provision with respect to any one or more of such restrictions, including geographical areas, shall not render this provision unenforceable as applied to any one or more of the other restrictions, including geographical areas.

(c) Grantee agrees not to: (i) disclose to any third party or otherwise misappropriate any confidential or proprietary information of the Corporation or of any Subsidiary (except as required by subpoena or other legal process, in which event Grantee will give the Chief Legal Officer of the Corporation prompt notice of such subpoena or other legal process in order to permit the Corporation or any affected individual to seek appropriate protective orders); or (ii) publish or provide any oral or written statements about the Corporation or any Subsidiary, any of the Corporation's or any Subsidiary's current or former officers, executives, directors, employees, agents or representatives that are false, disparaging or defamatory, or that disclose private or confidential information about their business or personal affairs. The obligations of this paragraph are in addition to, and do not replace, eliminate, or reduce in any way, all other contractual, statutory, or common law obligations Grantee may have to protect the Corporation's confidential information and trade secrets and to avoid defamation or business disparagement.

(d) Nothing contained in this Agreement shall prohibit, restrict or otherwise discourage Grantee from reporting possible violations of federal, state or local laws or regulations to any federal, state or local governmental agency or commission (a "Government Agency"), from making other disclosures that are protected under the whistleblower provisions of federal, state or local laws or regulations, or from participating in "protected activity" as defined in 10 CFR 50.7 and Section 211 of the Energy Reorganization Act of 1974, including, without limitation, reporting any suspected instance of illegal activity of any nature, any nuclear safety concern, any workplace safety concern, any public safety concern, or any other matter within the United States Nuclear Regulatory Commission's ("NRC") regulatory responsibilities to the NRC or any other Government Agency. Grantee does not need prior authorization of any kind to engage in such activity or make any such reports or disclosures to any Government Agency and Grantee is not required to notify the Corporation that Grantee has made such reports or disclosures. Nothing in this Agreement limits any right Grantee may have to receive a whistleblower award or bounty for information provided to any Government Agency.

(e) If any part of this Section is held to be unenforceable because of the duration, scope or geographical area covered, the Corporation and Grantee agree to modify such part, or that the court making such holding shall have the power to modify such part, to reduce its duration, scope or geographical area.

(f) Nothing in Section 6 shall be construed to prohibit Grantee from being retained during the Restricted Period in a capacity as an attorney licensed to practice law, or to restrict Grantee from providing advice and counsel in such

capacity, in any jurisdiction where such prohibition or restriction is contrary to law. Notwithstanding any provisions of this Award to the contrary, Grantee may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing a trade secret under limited circumstances, as set forth in the Corporation's Innovations - Inventions, Patents and Intellectual Properties Policy.

(g) Grantee's agreement to the restrictions provided for in this Agreement and the Corporation's agreement to provide the Award are mutually dependent consideration. Therefore, notwithstanding any other provision to the contrary in this Agreement, if Grantee materially breaches any provision of this Section 6 or if the enforceability of any material restriction on Grantee provided for in this Agreement is challenged and found unenforceable by a court of law, then the Corporation shall, at its election, have the right to (i) cancel the Award, (ii) recover from Grantee any Shares or Dividend Equivalents or other cash paid under Award, or (iii) with respect to any Shares paid under the Award that have been disposed of, require Grantee to repay to the Corporation the fair market value of such Shares on the date such shares were sold, transferred, or otherwise disposed of by Grantee. This provision shall be construed as a return of consideration or ill-gotten gains due to the failure of Grantee's promises under the Agreement, and not as a liquidated damages clause. Nothing herein shall (x) reduce or eliminate the Corporation's right to assert that the restrictions provided for in this agreement are fully enforceable as written, or as modified by a court pursuant to Section 6, or (y) eliminate, reduce, or compromise the application of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions provided for in Section 6 (inclusive of its subparts), in addition to recovery of damages or other remedies otherwise allowed by law.

(h) Notwithstanding any other provision of this Agreement to the contrary, if the Corporation determines at any time that the Grantee engaged in Detrimental Activity while employed by the Corporation or a Subsidiary, then, to the extent permitted by applicable law, such Grantee: (a) shall not be entitled to any further Shares, Dividend Equivalents or other amounts hereunder (and, if it is determined that a participant may have engaged in Detrimental Activity, payment of any Shares, Dividend Equivalents or other amounts otherwise due to the Grantee shall be suspended pending resolution to the Corporation's satisfaction of any investigation of the matter), and (b) shall be required to promptly return to the Corporation, upon notice from the Corporation, any Shares, Dividend Equivalents or other amounts received under this Agreement by the Grantee during the three-year period preceding the date of the determination by the Corporation. To the extent that Shares, Dividend Equivalents or other amounts are not immediately returned or paid to the Corporation as provided in this paragraph, the Corporation may, to the extent permitted by applicable law, seek other remedies, including a set off of the Shares, Dividend Equivalents or other amounts so payable to it against any amounts that may be owing from time to time by the Corporation or an affiliate to the Grantee. For purposes of this paragraph, "Detrimental Activity" means: (i) the

engaging by the Grantee in misconduct that is detrimental to the financial condition or business reputation of the Corporation or its affiliates, including due to any adverse publicity, or (ii) the Grantee's breach or violation of any material written policy of the Corporation, including without limitation the Corporation's Code of Business Ethics or any written policy or regulation dealing with workplace harassment, including sexual harassment and other forms of harassment prohibited by the Corporation's Harassment-Free Workplace Policy.

Section 7. Change in Control. Vesting of the Performance Shares shall not accelerate solely as a result of a Change in Control. In the event of a Change in Control, the surviving, continuing, successor, or purchasing entity, as the case may be, may, without Grantee's consent, either assume or continue the Corporation's rights and obligations under this Agreement or provide a substantially equivalent award or other consideration in substitution for the Performance Shares subject to this Agreement.

Section 8. Withholding. To the extent the Corporation or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Shares under this Agreement, then the Corporation or Subsidiary (as applicable) shall retain a number of Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value of the Shares on the date of delivery); provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount permitted under the Plan. If the Corporation or any Subsidiary is required to withhold any federal, state, local or other taxes at any time other than upon delivery of the Shares under this Agreement (for example, if Grantee elects to defer payment of the Performance Shares), then the Corporation or Subsidiary (as applicable) shall have the right in its sole discretion to (a) require Grantee to pay or provide for payment of the required tax withholding, or (b) deduct the required tax withholding from any amount of salary, bonus, incentive compensation or other amounts otherwise payable in cash to Grantee (other than deferred compensation subject to Section 409A of the Code).

Section 9. Conflicts with Plan, Correction of Errors, Section 409A and Grantee's Consent. In the event that any provision of this Agreement conflicts in any way with a provision of the Plan, such Plan provision shall be controlling and the applicable provision of this Agreement shall be without force and effect to the extent necessary to cause such Plan provision to be controlling. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan. In the event that, due to administrative error, this Agreement does not accurately reflect an Award properly granted to Grantee pursuant to the Plan, the Corporation, acting through its Executive Compensation and Benefits Department, reserves the right to cancel any erroneous document and, if appropriate, to replace the cancelled document with a corrected document.

To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code and that this Award not result in unfavorable tax consequences to Grantee under Section 409A of the Code. This Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to satisfy Section 409A of the Code will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A of the Code and made without the consent of Grantee). For purposes of this Agreement, each amount to be paid to Grantee pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code.

Notwithstanding the foregoing, this Award is subject to cancellation by the Corporation in its sole discretion unless Grantee has signed a duplicate of this Agreement, in the space provided below, and returned the signed duplicate to the Executive Compensation and Benefits Department – Performance Shares _____, which, if, and to the extent, permitted by the Executive Compensation and Benefits Department, may be accomplished by electronic means.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed effective as of the Date of Grant.

DUKE

ENERGY CORPORATION

By: _____

Its:

Acceptance of Performance Award

IN WITNESS OF Grantee's acceptance of this Performance Award and Grantee's agreement to be bound by the provisions of this Agreement and the Plan, Grantee has signed this Agreement on _____.

Grantee's Signature

(print name)

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Step 13 2021

EXHIBIT A
PERFORMANCE GOALS

Cumulative Adjusted EPS (__ %)

__% of the Target Number of Performance Shares subject to this Award shall become vested based upon the extent to which the Corporation achieves the "Cumulative Adjusted EPS Performance Goal," which is based on the Corporation's cumulative adjusted earnings per share ("EPS"), for the Performance Period, in accordance with the applicable vesting percentage specified for Cumulative Adjusted EPS in the following schedule:

Cumulative Adjusted EPS	Percent Payout of Target Performance Shares*
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*When such determination is at a level between those specified, the Committee, or its delegatee, in its sole discretion, shall interpolate to determine the applicable vesting percentage. The Committee shall have the authority to calculate and adjust the Cumulative Adjusted EPS and the Cumulative Adjusted EPS Performance Goal in the same manner as adjusted diluted EPS is calculated and adjusted pursuant to the ____ Short-Term Incentive Program Guidelines, provided, however, that the Committee specifically reserves discretion to make adjustments to the EPS performance levels or results in the event that a major project is not placed in-service at the time assumed by the Corporation as of the Date of Grant for purposes of its business plan.

Total Shareholder Return (__ %)

__% of the Target Number of Performance Shares subject to this Award shall become vested based upon the extent to which the Corporation achieves the "TSR Performance Goal," which is the Corporation's Total Shareholder Return ("TSR") percentile ranking among the companies that are in the Philadelphia Utility Index as of the beginning of the Performance Period, with higher percentile ranking for more positive/less negative TSR, for the Performance Period, in accordance with the applicable vesting percentage specified for such percentile ranking in the following schedule:

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Relative TSR Performance Percentile	Percent Payout of Target Performance Shares**
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**When such determination is of a percentile ranking between those specified, the Committee, or its delegatee, in its sole discretion, shall interpolate to determine the applicable vesting percentage. If the Corporation's TSR is at least __% during the Performance Period, the vesting percentage for this portion of the Performance Shares and Dividend Equivalents shall not be less than __%, and if the Corporation's TSR is less than __% during the Performance Period, the vesting percentage for this portion of the Performance Shares and Dividend Equivalents shall not be more than __%.

For purposes of this Agreement, TSR means, with respect to any company, the percentage change in total stockholder return, determined by dividing (A) the difference between the price of a share of the company's common stock from the Opening Value (as defined below) to the Closing Value (as defined below), with any dividends with ex-dividend dates falling inside the Performance Period deemed reinvested in the company's common stock on the ex-dividend date, by (B) the Opening Value. The term "Opening Value" means, with respect to any company, the average of the closing prices per share of the company's common stock on each trading day during the calendar month preceding the start of the Performance Period, assuming any dividends with ex-dividend dates falling inside such calendar month are deemed reinvested in the company's common stock on the ex-dividend date. The term "Closing Value" means, with respect to any company, the average of the closing prices per share of the company's common stock on each trading day during the last calendar month of the Performance Period, assuming any dividends with ex-dividend dates falling inside such calendar month are deemed reinvested in the company's common stock on the ex-dividend date. In the event that a company becomes a member of the Philadelphia Utility Index following _____, or if a member of the Philadelphia Utility Index on _____ ceases to exist during the Performance Period as a separate publicly-traded company due to a merger, acquisition or privatization, such company shall not be taken into account for purposes of this Agreement. If a member of the Philadelphia Utility Index on _____ becomes bankrupt or insolvent during the Performance Period and ceases to be publicly-traded, for purposes of this Agreement its TSR shall be -100%.

Total Incident Case Rate For Employees (__ %)

__% of the Target Number of Performance Shares subject to this Award shall become vested based upon the extent to which the Corporation achieves the "TICR Performance Goal," which is the Corporation's total incident case rate for employees, including staff augmentation workers ("TICR") as compared to the applicable vesting percentage specified in the following schedule:

Duke Energy TICR
vs. _____ ***

Percent Payout of
Target Performance Shares****

***The _____ shall consist of the results of the _____, excluding companies without gas or nuclear operations, that report TICR results for at least one year during the _____ period.

****When such determination is at a level between those specified, the Committee, or its delegatee, in its sole discretion, shall interpolate to determine the applicable vesting percentage. The Committee retains discretion to make equitable adjustments to the TICR Performance Goal and the related payout levels to prevent dilution or enlargement of the Grantee's right to payment in the event there are changes in the composition of the _____ during the _____ period and/or there are fewer than __ companies in the _____ (excluding companies without gas or nuclear operations) that report TICR results for at least one year during the _____ period. The employees of any company acquired during the Performance Period shall not be taken into account when measuring the Corporation's TICR for the Performance Period.

Adjustments

If the Committee determines that a merger, consolidation, liquidation, issuance of rights or warrants to purchase securities, recapitalization, reclassification, stock dividend, spin-off, split-off, stock split, reverse stock split or other distribution with respect to the Shares, or any similar corporate transaction or event in respect of the Shares, the manner in which the Corporation conducts its business, changes in the law or regulations or regulatory structure, changes in accounting practices, other unusual or nonrecurring items or occurrences, or other events or circumstances, render the Performance Goals to be unsuitable, the Committee may, in its sole discretion, and without the consent of the Grantee or any other persons, modify the calculation of the Performance Goals, or any of the related minimum, target or maximum levels of achievement, or the performance results, in whole or in part, as the Committee deems equitable and appropriate to reflect such event.

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In addition, the Committee reserves the right to reduce any vesting to the extent the Committee determines that such reduction is equitable and appropriate for any reason, including reductions based on overall financial performance, such as adjusted and reported earnings, capital deployment and credit position during the Performance Period.

RESTRICTED STOCK UNIT AWARD AGREEMENT

Duke Energy Corporation (the "Corporation") grants to the individual named below ("Grantee"), in accordance with the terms of the Duke Energy Corporation 2015 Long-Term Incentive Plan, as it may be amended from time to time (the "Plan") and this **Restricted Stock Unit Award Agreement** (the "Agreement"), the following number of Restricted Stock Units (the "Award"), on the Date of Grant set forth below:

Name of Grantee: _____

Number of Restricted Stock Units: _____

Date of Grant: _____

Vesting Dates: _____

Section 1. Nature of Restricted Stock Units. Each Restricted Stock Unit, upon becoming vested, represents a right to receive payment in the form of one (1) share of Common Stock (a "Share"). Restricted Stock Units are used solely as units of measurement and are not Shares, and Grantee is not, and has no rights as, a shareholder of the Corporation by virtue of this Award.

Section 2. Vesting of Restricted Stock Units. Subject to Section 3 and 6 below, the Restricted Stock Units shall vest as follows:

(a) The Restricted Stock Units shall vest in equal installments on each vesting date set forth above (each a "Vesting Date") (subject to rounding conventions adopted by the Corporation from time to time; provided that in no event will the total Shares issued exceed the total units granted under the Award), provided that Grantee shall have remained in the continuous employ of the Corporation or a Subsidiary through the applicable Vesting Date.

(b) Notwithstanding Section 2(a), the Restricted Stock Units that have not yet vested under this Section 2 shall immediately vest if, prior to the applicable Vesting Date: (i) Grantee ceases to be employed with the Corporation and its Subsidiaries by reason of death or Disability (defined by reference Section 22(e)(3) of the Code), or (ii) a Change in Control occurs and the Corporation and its Subsidiaries terminate Grantee's employment other than for cause (as determined by the Corporation in its sole discretion), or Grantee's employment terminates under circumstances that entitle Grantee to severance benefits under an employment or change in control agreement

with the Corporation or a Subsidiary, or a severance plan maintained by the Corporation or a Subsidiary, as applicable, in each case within the two-year period commencing on the Change in Control.

(c) Notwithstanding Sections 2(a) or 2(b), a pro-rated portion of the Restricted Stock Units that has not yet vested under this Section 2 shall immediately vest if, prior to the applicable Vesting Date (and other than as provided in Section 2(b)(ii) above): (i) the Corporation and its Subsidiaries terminate Grantee's employment other than for cause, death or Disability, including as a result of the divestiture of assets, a business or a company by the Corporation or a Subsidiary, or (ii) Grantee voluntarily terminates employment with the Corporation and its Subsidiaries after having attained age 55 and completed 10 years of consecutive service from Grantee's most recent date of hire or re-hire, as applicable (as determined under such rules as may be established by the Corporation from time-to-time) ("Retirement"). The pro-rated portion of the Restricted Stock Units that becomes vested under this Section 2(c), if any, shall be determined by the Committee or its delegate, in its sole discretion, based upon Grantee's continuous employment with the Corporation and its Subsidiaries from the Date of Grant through the date of termination of employment (including additional service credit provided to Grantee, if any, under an employment agreement with the Corporation or a Subsidiary, or a severance plan maintained by the Corporation or a Subsidiary, as applicable).

(d) For purposes of Section 2 of this Agreement, the continuous employment of Grantee with the Corporation and its Subsidiaries shall not be deemed to have been interrupted, and Grantee shall not be deemed to have ceased to be an employee, by reason of the transfer of his or her employment among the Corporation and its Subsidiaries or a leave of absence approved by the Corporation or a Subsidiary; provided that, to the extent permitted under applicable law, the Corporation shall pro-rate the vesting of Restricted Share Units in the event Grantee is on an approved but unpaid leave of absence, based upon the portion of the applicable vesting period during which Grantee received payment of salary (as determined under such rules as may be established by the Corporation from time-to-time).

Section 3. Forfeiture. The Restricted Stock Units that have not yet vested pursuant to Section 2 (including without limitation any right to Dividend Equivalents described in Section 5 hereof relating to dividends payable on or after the date of forfeiture) shall be forfeited automatically without further action or notice if (a) Grantee ceases to be employed by the Corporation or a Subsidiary other than as provided in Sections 2(b) or 2(c), or (b) the Committee or its delegate, in its sole discretion, determines that Grantee is in violation of any obligation identified in Section 6.

Section 4. Payment of Restricted Stock Units.

(a) Except as provided in Section 4(b) below, payment of vested Restricted Stock Units shall be made to Grantee within 60 days following the date the units

become vested in accordance with Section 2, except to the extent deferred by Grantee in accordance with procedures as the Committee, or its delegate, may prescribe from time to time.

(b) To the extent Grantee's right to receive payment of the Restricted Stock Units constitutes a "deferral of compensation" within the meaning of Section 409A of the Code (because, for example, Grantee is Retirement eligible (or could become Retirement eligible during the term of this Agreement) or is a party to a Change in Control Agreement with the Corporation), then notwithstanding Section 4(a) hereof, payment of vested Restricted Stock Units shall be made to Grantee within 60 days following the earlier of: (i) Grantee's "separation from service" within the meaning of Section 409A of the Code; provided, however, that if Grantee is a "specified employee" within the meaning of Section 409A of the Code (as determined pursuant to the Company's policy for identifying specified employees) on the date of the Grantee's separation from service, then to the extent required to comply with Section 409A of the Code, payment shall be delayed until the first business day that is more than six months after the date of his or her separation from service; or (ii) the applicable Vesting Date(s) as provided in Section 2(a).

(c) Payment of vested Restricted Stock Units shall be in the form of one (1) Share for each full Restricted Stock Unit; provided that if payment would be less than ten (10) Shares, or if payment would result in fractional shares, then, if so determined by the Committee or its delegate, in its sole discretion, payment may be made in cash in lieu of Shares.

Section 5. Dividend Equivalent Payments. With respect to each Restricted Stock Unit, Grantee shall be entitled to a cash payment (without interest) equal to the cash dividends declared and payable with respect to one (1) Share for each record date that occurs during the period beginning on the Date of Grant and ending on the date the Restricted Stock Unit is paid (the "Dividend Equivalent"). The right to any Dividend Equivalents shall be forfeited to the extent that the underlying Restricted Stock Unit is forfeited. Dividend Equivalents shall be paid to Grantee at the same time that the related cash dividend is paid to shareholders of the Corporation. Dividend Equivalents will be subject to any required withholding for federal, state, local, foreign or other taxes.

Section 6. Restrictive Covenants.

(a) In consideration of the Award, Grantee agrees that during the period ending on the _____ anniversary of the Date of Grant ("Restricted Period"), Grantee shall not for any reason, directly or indirectly, without the prior written consent of the Corporation or its delegate: (i) become employed, engaged or involved with a competitor (defined below) of the Corporation or any Subsidiary in a position that involves: providing services that relate to or are similar in nature or purpose to the services performed by Grantee for the Corporation or any Subsidiary at any time during his or her previous _____ years of employment with the Corporation or any

Subsidiary; or, supervision, management, direction or advice regarding such services; either as principal, agent, manager, employee, partner, shareholder, director, officer or consultant (other than as a less-than three percent (3%) equity owner of any corporation traded on any national, international or regional stock exchange or in the over-the-counter market); or (ii) induce or attempt to induce any customer, client, supplier, employee, agent or independent contractor of the Corporation or any of the Subsidiaries to reduce, terminate, restrict or otherwise alter (to the Corporation's detriment) its business relationship with the Corporation.

(b) The noncompetition obligations of clause (i) of the preceding sentence shall be effective only with respect to a "competitor" of the Corporation or any Subsidiary which is understood to mean any person or entity in competition with the Corporation or any Subsidiary, and more particularly those persons and entities engaged in any business in which the Corporation, including Subsidiaries, is engaged at the termination of Grantee's continuous employment by the Corporation, including Subsidiaries; and within the following geographical areas: (i) any country in the world (other than the United States) where the Corporation, including Subsidiaries, has at least \$25 million in capital deployed as of the termination of Grantee's employment; (ii) the states of Florida, Indiana, Kentucky, North Carolina, Ohio, South Carolina and Tennessee, and (iii) any other state in the United States where the Corporation, including the Subsidiaries, has at least \$25 million in capital deployed as of the termination of Grantee's employment. The Corporation and Grantee intend the above restrictions on competition in geographical areas to be entirely severable and independent, and any invalidity or unenforceability of this provision with respect to any one or more of such restrictions, including geographical areas, shall not render this provision unenforceable as applied to any one or more of the other restrictions, including geographical areas.

(c) Grantee agrees not to: (i) disclose to any third party or otherwise misappropriate any confidential or proprietary information of the Corporation or of any Subsidiary (except as required by subpoena or other legal process, in which event Grantee will give the Chief Legal Officer of the Corporation prompt notice of such subpoena or other legal process in order to permit the Corporation or any affected individual to seek appropriate protective orders); or (ii) publish or provide any oral or written statements about the Corporation or any Subsidiary, any of the Corporation's or any Subsidiary's current or former officers, executives, directors, employees, agents or representatives that are false, disparaging or defamatory, or that disclose private or confidential information about their business or personal affairs. The obligations of this paragraph are in addition to, and do not replace, eliminate, or reduce in any way, all other contractual, statutory, or common law obligations Grantee may have to protect the Corporation's confidential information and trade secrets and to avoid defamation or business disparagement.

(d) Nothing contained in this Agreement shall prohibit, restrict or otherwise discourage Grantee from reporting possible violations of federal, state or local laws

or regulations to any federal, state or local governmental agency or commission (a "Government Agency"), from making other disclosures that are protected under the whistleblower provisions of federal, state or local laws or regulations, or from participating in "protected activity" as defined in 10 CFR 50.7 and Section 211 of the Energy Reorganization Act of 1974, including, without limitation, reporting any suspected instance of illegal activity of any nature, any nuclear safety concern, any workplace safety concern, any public safety concern, or any other matter within the United States Nuclear Regulatory Commission's ("NRC") regulatory responsibilities to the NRC or any other Government Agency. Grantee does not need prior authorization of any kind to engage in such activity or make any such reports or disclosures to any Government Agency and Grantee is not required to notify the Corporation that Grantee has made such reports or disclosures. Nothing in this Agreement limits any right Grantee may have to receive a whistleblower award or bounty for information provided to any Government Agency.

(e) If any part of this Section is held to be unenforceable because of the duration, scope or geographical area covered, the Corporation and Grantee agree to modify such part, or that the court making such holding shall have the power to modify such part, to reduce its duration, scope or geographical area.

(f) Nothing in Section 6 shall be construed to prohibit Grantee from being retained during the Restricted Period in a capacity as an attorney licensed to practice law, or to restrict Grantee from providing advice and counsel in such capacity, in any jurisdiction where such prohibition or restriction is contrary to law. Notwithstanding any provisions of this Award to the contrary, Grantee may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing a trade secret under limited circumstances, as set forth in the Corporation's Innovations - Inventions, Patents and Intellectual Properties Policy.

(g) Grantee's agreement to the restrictions provided for in this Agreement and the Corporation's agreement to provide the Award are mutually dependent consideration. Therefore, notwithstanding any other provision to the contrary in this Agreement, if Grantee materially breaches any provision of this Section 6 or if the enforceability of any material restriction on Grantee provided for in this Agreement is challenged and found unenforceable by a court of law, then the Corporation shall, at its election, have the right to (i) cancel the Award, (ii) recover from Grantee any Shares or Dividend Equivalents or other cash paid under Award, or (iii) with respect to any Shares paid under the Award that have been disposed of, require Grantee to repay to the Corporation the fair market value of such Shares on the date such shares were sold, transferred, or otherwise disposed of by Grantee. This provision shall be construed as a return of consideration or ill-gotten gains due to the failure of Grantee's promises under the Agreement, and not as a liquidated damages clause. Nothing herein shall (x) reduce or eliminate the Corporation's right to assert that the restrictions provided for in this agreement are fully enforceable as written, or as modified by a court pursuant to Section 6, or (y) eliminate, reduce, or compromise the application

of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions provided for in Section 6 (inclusive of its subparts), in addition to recovery of damages or other remedies otherwise allowed by law.

(h) Notwithstanding any other provision of this Agreement to the contrary, if the Corporation determines at any time that the Grantee engaged in Detrimental Activity while employed by the Corporation or a Subsidiary, then, to the extent permitted by applicable law, such Grantee: (a) shall not be entitled to any further Shares, Dividend Equivalents or other amounts hereunder (and, if it is determined that a participant may have engaged in Detrimental Activity, payment of any Shares, Dividend Equivalents or other amounts otherwise due to the Grantee shall be suspended pending resolution to the Corporation's satisfaction of any investigation of the matter), and (b) shall be required to promptly return to the Corporation, upon notice from the Corporation, any Shares, Dividend Equivalents or other amounts received under this Agreement by the Grantee during the three-year period preceding the date of the determination by the Corporation. To the extent that Shares, Dividend Equivalents or other amounts are not immediately returned or paid to the Corporation as provided in this paragraph, the Corporation may, to the extent permitted by applicable law, seek other remedies, including a set off of the Shares, Dividend Equivalents or other amounts so payable to it against any amounts that may be owing from time to time by the Corporation or an affiliate to the Grantee. For purposes of this paragraph, "Detrimental Activity" means: (i) the engaging by the Grantee in misconduct that is detrimental to the financial condition or business reputation of the Corporation or its affiliates, including due to any adverse publicity, or (ii) the Grantee's breach or violation of any material written policy of the Corporation, including without limitation the Corporation's Code of Business Ethics or any written policy or regulation dealing with workplace harassment, including sexual harassment and other forms of harassment prohibited by the Corporation's Harassment-Free Workplace Policy.

Section 7. Change in Control. Vesting of the Restricted Stock Units shall not accelerate solely as a result of a Change in Control. In the event of a Change in Control, the surviving, continuing, successor, or purchasing entity, as the case may be, may, without Grantee's consent, either assume or continue the Corporation's rights and obligations under this Agreement or provide a substantially equivalent award or other consideration in substitution for the Restricted Stock Units subject to this Agreement.

Section 8. Withholding. To the extent the Corporation or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Shares under this Agreement, then the Corporation or Subsidiary (as applicable) shall retain a number of Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value of the Shares on the date of delivery); provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount permitted under the Plan.

Section 9. Conflicts with Plan, Correction of Errors, Section 409A and Grantee's Consent. In the event that any provision of this Agreement conflicts in any way with a provision of the Plan, such Plan provision shall be controlling and the applicable provision of this Agreement shall be without force and effect to the extent necessary to cause such Plan provision to be controlling. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan. In the event that, due to administrative error, this Agreement does not accurately reflect an Award properly granted to Grantee pursuant to the Plan, the Corporation, acting through its Executive Compensation and Benefits Department, reserves the right to cancel any erroneous document and, if appropriate, to replace the cancelled document with a corrected document.

To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code and that this Award not result in unfavorable tax consequences to Grantee under Section 409A of the Code. This Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to satisfy Section 409A of the Code will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A of the Code and made without the consent of Grantee). For purposes of this Agreement, each amount to be paid to Grantee pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code.

Notwithstanding the foregoing, this Award is subject to cancellation by the Corporation in its sole discretion unless Grantee has signed a duplicate of this Agreement, in the space provided below, and returned the signed duplicate to the Executive Compensation and Benefits Department – Restricted Stock Units _____, which, if, and to the extent, permitted by the Executive Compensation and Benefits Department, may be accomplished by electronic means.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed effective as of the Date of Grant.

DUKE ENERGY CORPORATION

By: _____

Its:

Acceptance of Restricted Stock Unit Award

IN WITNESS OF Grantee's acceptance of this Award and Grantee's agreement to be bound by the provisions of this Agreement and the Plan, Grantee has signed this Agreement on _____.

Grantee's Signature

(print name)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

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I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Puge Ener; y 2ro; ress, LLBk
- b) 3ased on my gnowed; e, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to mage the statements made, in li; ht of the circumstances under which such statements were made, not misleadin; with respect to the period covered 4y this reportk
- T) 3ased on my gnowed; e, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the re; istrant as of, and for, the periods presented in this reportk
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 - a) Pes; ned such disclosure controls and procedures, or caused such disclosure controls and procedures to 4e desi; ned under our supervision, to ensure that material information relatin; to the re; istrant, includin; its consolidated su4sidiaries, is made known to us 4y others within those entities, particularly durin; the period in which this report is 4ein; preparedk
 - 4) Pes; ned such internal control over financial reportin; , or caused such internal control over financial reportin; to 4e desi; ned under our supervision, to provide reasona4le assurance re; ardin; the relia4ility of financial reportin; and the preparation of financial statements for eRternal purposes in accordance with ; enerally accepted accountin; principlesk
 - c) Evaluated the effectiveness of the re; istrant's disclosure controls and procedures and presented in this report our conclusions a4out the effectiveness of the disclosure controls and procedures, as of the end of the period covered 4y this report 4ased on such evaluationkand
 - d) Disclosed in this report any chan; e in the re; istrant's internal control over financial reportin; that occurred durin; the re; istrant's most recent fiscal quarter Athe re; istrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly ligely to materially affect, the re; istrant's internal control over financial reportin; kand
- D) (he re; istrant's other certifyin; officerAe) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reportin; , to the re; istrant's auditors and the audit committee of the re; istrant's 4oard of directors Aor persons performin; the equivalent functions):
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 - 4) 5ny fraud, whether or not material, that involves mana; ement or other employees who have a si; nificant role in the re; istrant's internal control over financial reportin; .

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Lynn J. Good
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLO;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GCCD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2021

Lynn J. Good

Chief Executive Officer

OFFICIAL COPY

Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC; 2
- B) based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 2
- 4) based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 2
- T) ' he registrant(s) other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures as defined in EAGchange Rct 5 ules 14a-1-~~xe~~) and 1-d-1-~~xe~~) and internal control over financial reporting as defined in EAGchange Rcts 5 ules 14az1-~~xf~~) and 1-dz1-~~xf~~) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; 2
 - 3) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; 2
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; 2 and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; 2 and
-) ' he registrant(s) other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 2 and
 - 3) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 9 ay / , B01/

VS' ENEO K. YU GOP

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, QCL ;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Chio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YCONU

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.
- k) based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report
- T) based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report
- ') (the registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures as defined in Rule 13a-15 and 13d-15 and internal control over financial reporting as defined in Rule 13a-15 and 13d-15 for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared
 - 4) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting
- z) (the registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) – all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information
 - 4) – any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

Steven K. Young

Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chairman, President and Chief Executive Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 19(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

May 8, 2018

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 19(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 8, 2018

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 19(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 8, 2018

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Crogre((" " ") FrDuke Energy Crogre((10on - ord MB,Q for the perio2 en2ing 8 arch sM S3Mk" a(file2 with the
Lecuritie(an2 EJchange) od d i((ion on the 2ate hereof Rthe rReport10" l" " ynn . GP oo2") hief EJecutive Officer of Duke Energy Crogre((" certify" pur(uant to MU5 G G
Lectio M93" a(a2opte2 pur(uant to Lectio x36 of the Larbane(,OJley Act of S33S" that:

RM0 The Report fully cod plie(with the required ent(of Lectio M5a0or M920of the Lecuritie(EJchange Act of M54; an2

FS0 The inford ation containe2 in the Report fairly pre(ent(" in all d aterial re(pect(" the financial con2ition an2 re(ult(of operation(of Duke Energy Crogre((G

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) hief EJecutive Officer

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In connection with the Quarterly Report of Duke Energy Clorisa, LL(""Duke Energy Clorisa)Fon Corm 10-Q for the perios ensing d arch Ml, 3012, a8 files with the Securitie8
ans Exchange (ommi88ion on the sate hereof "the "Report)F, I, Lynn J. Goos, (hief Executive Officer of Duke Energy Clorisa, certify, pur8uant to 1U5 .S.(. Section 1M80, a8
asoptes pur8uant to Section 206 of the Sarbane8-Oxley Act of 3003, that:

"1F The Report fully complie8 with the requirement8 of Section 1MaFor 19"sFof the Securitie8 Exchange Act of 12M4; ans

"3F The information contains in the Report fairly pre8ent8, in all material re8pect8, the financial consition ans re8ult8 of operation8 of Duke Energy Clorisa.

/8/ LYNN J. GOOD

Lynn J. Goos
(hief Executive Officer

d ay 2, 3012

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Ln1 The Report fully coF plie8 with the requireF ent8 of Section nMa" or n0L- " of the Securitie8 Exchange Act of n2M4; an-

L3" The inforF ation containe- in the Report fairly pre8ent8sin all F aterial re8pect8sthe financial con- ition an- re8ult8 of operation8 of Duke Energy Chio,

/8/ . YNN G v CCD

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Inc. ("Duke Energy Inc.") on Form 10-Q for the period ending March 31, 2012, filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ynn J. Good, Chief Executive Officer of Duke Energy Inc., certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The Report fully complies with the requirements of Section 13(a) or 13(c) of the Securities Exchange Act of 1934; and
- (3) The information contained in the Report fairly presents in all material respects the financial condition and results of operations of Duke Energy Inc.

/s/ , YNN J. GOOD

, ynn J. Good
Chief Executive Officer

May 2, 2012

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 19(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 8, 2018

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UE1 TIAO 906 AR THE UFCBF OEU-AXLEY F1T AR 2002**

In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1390, as adopted pursuant to Section 806 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 19(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 8, 2018

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In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1390, as adopted pursuant to Section 806 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 19(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 8, 2018

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In connection with the Quarterly Report of Duke Energy Crogress, LL(""Duke Energy Crogress)Fon mpr1 0- dQ for the perioMenMng 3 arch 20, 8- 0S, as fileMwith the xecurities anMEvchange (o1 1 ission on the Mate hereof "the "Report)F, I, xteKen . YYoung, EvecutiKe Pice CresiMent anM(hief minancial Officer of Duke Energy Crogress, certify, pursuant to 0U5`Y` Yxection 029- , as aMpteMpursuant to xection S- 6 of the xarbanesdOvley Act of 8- - 8, that:

"0F The Report fully co1 plies with the require1 ents of xection 02"aFor 09"MFof the xecurities Evchange Act of 0S24; anM

"8F The infor1 ation containeMin the Report fairly presents, in all 1 aterial respects, the financial conMtion anMresults of operations of Duke Energy CrogressY

/s/ xTEPEN . YVO5NG

xteKen . YYoung
EvecutiKe Pice CresiMent anM(hief minancial Officer

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**CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 8310,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Clorisa, LL(""Duke Energy Clorisa)Fon Corm 10-Q for the perios ensing d arch Ml, 3012, a8 files with the Securitie8 ans Exchange (ommi88ion on the sate hereof "the "Report)F, I, Steven K. Young, Executive Vice Pre8isent ans (hief Cincial Officer of Duke Energy Clorisa, certify, pur8uant to 1U5.S.(. Section 1M00, a8 asoptes pur8uant to Section 206 of the Sarbane8-Oxley Act of 3003, that:

"1F The Report fully complie8 with the requirement8 of Section 1MaFor 19"sFof the Securitie8 Exchange Act of 12M4; ans

"3F The information containes in the Report fairly pre8ent8, in all material re8pect8, the financial consition ans re8ult8 of operation8 of Duke Energy Clorisa.

/s/ STEVEN K. YO5NG

Steven K. Young
Executive Vice Pre8isent ans (hief Cincial Officer

d ay 2, 3012

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Step 13 2021

**CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 830, D
AS A9 OPT E9 PURSUANT TO
SECTION 6, 1 OF THE SARBANES-OXLEY ACT OF 2, , 2**

In connection with the Quarterly Report of Duke Energy Chio(Inc" ")Duke Energy ChioFrom 1 or0 - dM for the perio3 en3ing , arch 2- (8d- s(aS file3 with the xecuritieS an3
Evchange Ko0 0 iSSion on the 3ate hereof "the)ReportFrñ l(x te. en Y" Voung(Evecuti. e Pice OreS3ent an3 Khief 1 inancial Cfficer of Duke Energy Chio(certify(purSuant to - U
5"x"K"x ection - 29d(aS a3opte3 purSuant to x ection sd6 of the xarbaneSMvley Act of 8dd8(that:

"- m The Report fully co0 plieS with the require0 entS of x ection - 2" amr - 9"3mof the xecuritieS Evchange Act of - s24; an3

"8m The infor0 ation containe3 in the Report fairly preSentS(in all 0 aterial reSpectS(the financial con3ition an3 reSultS of operationS of Duke Energy Chio"

/S/ xTEPEN Y" VC5 NG

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In connection with the Quarterly Report of Duke Energy Inc. ("Duke Energy Inc.") on Form 10-Q for the period ending March 31, 2012, filed with the Securities and Exchange Commission on the date hereof (the "Report"), Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Inc., certifies pursuant to 18 U.S.C. Section 1350a as adopted pursuant to Section 206 of the Sarbanes-Oxley Act of 2002 that:

- (1) The Report fully complies with the requirements of Section 13(a) or 13(c) of the Securities Exchange Act of 1934; and
- (3) The information contained in the Report fairly presents in all material respects the financial condition and results of operations of Duke Energy Inc.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 2, 2012

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**CERTIFICATION PURSUANT TO
81 U.S.C. SECTION 8350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Piedmont Natural Gas Company, Inc. (the "Company") for the period ending March 31, 2021, I, the undersigned, being a duly authorized officer of the Company, do hereby certify that the foregoing information contained in the report is true and correct in all material respects, and that I am not aware of any information that would cause the foregoing information to be untrue or misleading in any material respect.

I am not aware of any information that would cause the foregoing information to be untrue or misleading in any material respect.

I am not aware of any information that would cause the foregoing information to be untrue or misleading in any material respect.

GREGORY V. VANCE,

Chief Financial Officer

and Secretary of the Board of Directors

2021

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Step 13 2021

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2019
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number Registrant, State of Incorporation or Organization, Address of Principal Executive Offices and Telephone Number IRS Employer Identification Number



1-32853 **DUKE ENERGY CORPORATION** 20-2777218
(a Delaware corporation)
550 South Tryon Street
Charlotte, North Carolina 28202-1803
704-382-3853

Commission file number Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number

ENERGY CAROLINAS, LLC **DUKE ENERGY FLORIDA, LLC**

(a North Carolina limited liability company) (a Florida limited liability company)
Charlotte, North Carolina 28202-1803 526 South Church Street 299 First Avenue North
704-382-3853 704-382-3853 St. Petersburg, Florida 33701
56-0205520 59-0247770

1-15929 **PROGRESS ENERGY, INC.** 1-1232 **DUKE ENERGY OHIO, INC.**
(a North Carolina corporation) (an Ohio corporation)
410 South Wilmington Street 139 East Fourth Street
Raleigh, North Carolina 27601-1748 Cincinnati, Ohio 45202
704-382-3853 704-382-3853

56-2155481 31-0240030

1-3382 **DUKE ENERGY PROGRESS, LLC** 1-3543 **DUKE ENERGY INDIANA, LLC**
(a North Carolina limited liability company) (an Indiana limited liability company)
410 South Wilmington Street 1000 East Main Street
Raleigh, North Carolina 27601-1748 Plainfield, Indiana 46168
704-382-3853 704-382-3853

56-0165465 35-0594457

1-6196 **PIEDMONT NATURAL GAS COMPANY, INC.**
(a North Carolina corporation)
4720 Piedmont Row Drive
Charlotte, North Carolina 28210
704-364-3120
56-0556998

1-4928 **DUKE**

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Registrant	Title of each class	Trading symbols	Where registered	Name of each exchange on
Duke Energy	Common Stock, \$0.001 par value	DUK	New York Stock Exchange LLC	
Duke Energy	5.125% Junior Subordinated Debentures due January 15, 2073	DUKH	New York Stock Exchange LLC	
Duke Energy	5.625% Junior Subordinated Debentures due September 15, 2078	DUKB	New York Stock Exchange LLC	
Duke Energy	Depository Shares, each representing a 1/1,000th interest in a share of 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share	DUK PR A	New York Stock Exchange LLC	

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Duke Energy Corporation (Duke Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Florida, LLC (Duke Energy Florida)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Progress Energy, Inc. (Progress Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Progress, LLC (Duke Energy Progress)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Duke Energy	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Florida	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Progress Energy	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Progress	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Piedmont	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Duke Energy	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Carolinas	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Progress Energy	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Progress	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Florida	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Ohio	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Indiana	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Piedmont	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Duke Energy	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Florida	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Duke Energy Carolinas	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Ohio	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Progress Energy	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Indiana	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Duke Energy Progress	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Piedmont	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Number of shares of Common stock outstanding at July 31, 2019:

Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	728,601,060

This combined Form 10-Q is filed separately by eight registrants: Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format specified in General Instructions H(2) of Form 10-Q.

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FORWARD LOOKING STATEMENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources;
- The ability to obtain the necessary permits and approvals and to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, operational accidents, information technology failures or other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- Employee workforce factors, including the potential inability to attract and retain key personnel;
- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);

FORWARD LOOKING STATEMENTS

- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of U.S. tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy, including enhancing existing technology systems.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' reports filed with the SEC and available at the SEC's website at sec.gov. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

GLOSSARY OF TERMS

Glossary of Terms

The following terms or acronyms used in this Form 10-Q are defined below:

Term or Azronym	Definition
2013 Settlement	Revised and Restated Stipulation and Settlement Agreement approved in November 2013 among Duke Energy Florida, the Florida OPC and other customer advocates
2017 Settlement	Second Revised and Restated Settlement Agreement in 2017 among Duke Energy Florida, the Florida OPC and other customer advocates, which replaces and supplants the 2013 Settlement
ACP	Atlantic Coast Pipeline, LLC, a limited liability company owned by Dominion, Duke Energy and Southern Company Gas
ACP pipeline	The approximately 600-mile proposed interstate natural gas pipeline
AFS	Available for Sale
AFUDC	Allowance for funds used during construction
the Agents	Wells Fargo Securities, LLC, Citigroup Global Market Inc., J.P. Morgan Securities, LLC
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
AMT	Alternative Minimum Tax
AOCI	Accumulated Other Comprehensive Income (Loss)
ARO	Asset retirement obligations
ATM	At-the-market
Beckjord	Beckjord Generating Station
Belews Creek	Belews Creek Steam Station
Bison	Bison Insurance Company Limited
Cardinal	Cardinal Pipeline Company, LLC
CC	Combined Cycle
CCR	Coal Combustion Residuals
Citrus County CC	Citrus County Combined Cycle Facility
Coal Ash Act	North Carolina Coal Ash Management Act of 2014
the Company	Duke Energy Corporation and its subsidiaries
Constitution	Constitution Pipeline Company, LLC
CPCN	Certificate of Public Convenience and Necessity
CPRE	Competitive Procurement of Renewable Energy
CRC	Cinergy Receivables Company LLC
Crystal River Unit 3	Crystal River Unit 3 Nuclear Plant
CWA	Clean Water Act
D.C. Circuit Court	U.S. Court of Appeals for the District of Columbia Circuit
DEFPF	Duke Energy Florida Project Finance, LLC
DEFR	Duke Energy Florida Receivables, LLC
DEPR	Duke Energy Progress Receivables, LLC
DERF	Duke Energy Receivables Finance Company, LLC
DRIP	Dividend Reinvestment Program
Duke Energy	Duke Energy Corporation (collectively with its subsidiaries)
Duke Energy Ohio	Duke Energy Ohio, Inc.

GLOSSARY OF TERMS

Duke Energy Carolinas	Duke Energy Carolinas, LLC
Duke Energy Florida	Duke Energy Florida, LLC
Duke Energy Indiana	Duke Energy Indiana, LLC
Duke Energy Kentucky	Duke Energy Kentucky, Inc.
Duke Energy Registrants	Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the EDA	Equity Distribution Agreement
EDIT	Excess deferred income tax
EPA	U.S. Environmental Protection Agency
EPC	Engineering, Procurement and Construction agreement
EPS	Earnings Per Share
ESP	Electric Security Plan
ETR	Effective tax rate
Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FES	FirstEnergy Solutions Corp.
Fitch	Fitch Ratings, Inc.
Fluor	Fluor Enterprises, Inc.
FPSC	Florida Public Service Commission
FTR	Financial transmission rights
FV-NI	Fair value through net income
GAAP	Generally accepted accounting principles in the U.S.
GAAP Reported Earnings	Net Income Attributable to Duke Energy Corporation
GAAP Reported EPS	Diluted EPS Attributable to Duke Energy Corporation common stockholders
GWh	Gigawatt-hours
Hardy Storage	Hardy Storage Company, LLC
HLBV	Hypothetical Liquidation at Book Value
ICPA	Inter-Company Power Agreement
IGCC	Integrated Gasification Combined Cycle
IMR	Integrity Management Rider
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
Investment Trusts	NDTF investments and grantor trusts of Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana
IURC	Indiana Utility Regulatory Commission
JDA	Joint Dispatch Agreement
KPSC	Kentucky Public Service Commission
Lee Nuclear Station	William States Lee III Nuclear Station
MGP	Manufactured gas plant
MISO	Midcontinent Independent System Operator, Inc.

MMBtu

Million British Thermal Unit

Moody's

Moody's Investors Service, Inc.

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GLOSSARY OF TERMS

MW	Megawatt
MWh	Megawatt-hour
NAV	Net asset value
NCDEQ	North Carolina Department of Environmental Quality (formerly the North Carolina Department of Environment and Natural Resources)
NCUC	North Carolina Utilities Commission
NDTF	Nuclear decommissioning trust funds
NMC	National Methanol Company
NPDES	National Pollutant Discharge Elimination System
NPNS	Normal purchase/normal sale
NRC	U.S. Nuclear Regulatory Commission
OPEB	Other Post-Retirement Benefit Obligations
ORS	South Carolina Office of Regulatory Staff
OTTI	Other-than-temporary impairment
OVEC	Ohio Valley Electric Corporation
Piedmont	Piedmont Natural Gas Company, Inc.
Piedmont Term Loan	Term loan facility with commitments totaling \$350M entered in June 2017
Pine Needle	Pine Needle LNG Company, LLC
Pioneer	Pioneer Transmission, LLC
PJM	PJM Interconnection, LLC
PMPA	Piedmont Municipal Power Agency
PPAs	Purchase Power Agreements
Progress Energy	Progress Energy, Inc.
PSCSC	Public Service Commission of South Carolina
PUCO	Public Utilities Commission of Ohio
REC	Renewable Energy Certificate
REC Solar	REC Solar Corp.
ROU assets	Right-of-use assets
RRBA	Roanoke River Basin Association
SELC	Southern Environmental Law Center
S&P	Standard & Poor's Rating Services
Subsidiary Registrants	Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the Tax Act	Tax Cuts and Jobs Act
TPUC	Tennessee Public Utility Commission
U.S.	United States
VIE	Variable Interest Entity
WACC	Weighted Average Cost of Capital
WNA	Weather normalization adjustment
W.S. Lee CC	William States Lee Combined Cycle Facility

FINANCIAL STATEMENTS

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

(in millions, except per-share amounts)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	201\$	2019	201\$
Operating Revenues				
Regulated electric	7	5,423 \$	7	10,60\$
Regulated natural gas		291		1,00\$
Nonregulated electric and other		174		320
Total operating revenues		5,643		11,778
Operating Expenses				
Fuel used in electric generation and purchased power		1,574		3,250
Cost of natural gas		89		402
Operation, maintenance and other		1,544		2,553
Depreciation and amortization		973		2,16\$
Property and other taxes		315		631
Impairment charges		172		215
Total operating expenses		4,667		9,446
Gains (Losses) on Sales of Other Assets and Other, net		3		(97)
Operating Income		979		2,235
Other Income and Expenses				
Equity in earnings of unconsolidated affiliates		36		12
Other income and expenses, net		110		196
Total other income and expenses		146		208
Interest Expense		518		1,033
Income From Continuing Operations before Income Taxes		607		1,410
Income Tax Expense From Continuing Operations		100		281
Income From Continuing Operations		507		1,129
Loss From Discontinued Operations, net of tax		(5)		(5)
Net Income		502		1,124
Less—Net (Loss) Income Attributable to Noncontrolling Interests		2		4
Less—Preferred Dividends		—		—
Net Income Attributable to Duke Energy Corporation	7	\$20	7	\$1,120
Earnings Per Share Basic and Diluted				
Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic and Diluted	7	1.12 \$	7	2.3— \$
Loss from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic and Diluted	7	: \$	7	: \$
Net income attributable to Duke Energy Corporation common stockholders				
Basic and Diluted	7	1.12 \$	7	2.3— \$
Weighted average shares outstanding				
Basic		703		702
Diluted		704		702

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Net Income	7	64	7	1,124
Other Comprehensive (Loss) Income, net of tax				
Pension and OPEB adjustments	3	1	3	2
Net unrealized (losses) gains on cash flow hedges	(29)	1	(4)	13
Reclassification into earnings from cash flow hedges	2	(2)	3	(1)
Unrealized gains (losses) on available-for-sale securities	4	(2)	\$	(5)
Other Comprehensive (Loss) Income, net of tax	(20)	(2)	(32)	9
Comprehensive Income	62	500	1,099	1,133
Less—Comprehensive (Loss) Income Attributable to Noncontrolling Interests	(\$4)	2	(91)	4
Less—Preferred Dividends	12	—	12	—
Comprehensive Income Attributable to Duke Energy Corporation	7	\$00	7	1,129

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	7 33— \$	442
Receivables (net of allowance for doubtful accounts of \$16 at 2019 and 2018)	—4—	962
Receivables of VIEs (net of allowance for doubtful accounts of \$55 at 2019 and 2018)	2,153	2,172
Inventory	3,1\$9	3,084
Regulatory assets (includes \$52 at 2019 and 2018 related to VIEs)	1,91\$	2,005
Other (includes \$140 at 2019 and \$162 at 2018 related to VIEs)	1,2—6	1,049
Total current assets	9,509	9,714
Property, Plant and Equipment		
Cost	141,3—3	134,458
Accumulated depreciation and amortization	(44,4\$2)	(43,126)
Generation facilities to be retired, net	316	362
Net property, plant and equipment	96,19\$	91,694
Other Noncurrent Assets		
Goodwill	19,303	19,303
Regulatory assets (includes \$1,019 at 2019 and \$1,041 at 2018 related to VIEs)	13,393	13,617
Nuclear decommissioning trust funds	6,—21	6,720
Operating lease right-of-use assets, net	1,635	—
Investments in equity method unconsolidated affiliates	1,615	1,409
Other (includes \$289 at 2019 and \$261 at 2018 related to VIEs)	2,965	2,935
Total other noncurrent assets	4,—642	43,984
Total Assets	7 153,449 \$	145,392
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	7 2,512 \$	3,487
Notes payable and commercial paper	3,693	3,410
Taxes accrued	521	577
Interest accrued	5—4	559
Current maturities of long-term debt (includes \$232 at 2019 and \$227 at 2018 related to VIEs)	2,—9\$	3,406
Asset retirement obligations	639	919
Regulatory liabilities	—00	598
Other	2,020	2,085
Total current liabilities	13,446	15,041
Long-Term Debt (includes 74,060 at 2019 and 73,99\$ at 2018 related to VIEs)	54,342	51,123
Other Noncurrent Liabilities		
Deferred income taxes	\$,532	7,806
Asset retirement obligations	11,—\$9	9,548
Regulatory liabilities	15,294	14,834
Operating lease liabilities	1,502	—
Accrued pension and other post-retirement benefit costs	959	988
Investment tax credits	5—9	568
Other (includes \$222 at 2019 and \$212 at 2018 related to VIEs)	1,5\$3	1,650
Total other noncurrent liabilities	40,32\$	35,394
Commitments and Contingencies		
Equity		
Preferred stock, \$0.001 par value, 40 million depositary shares authorized and outstanding at 2019	963	—
Common stock, \$0.001 par value, 2 billion shares authorized; 728 million shares outstanding at 2019 and 727 million shares outstanding at 2018	1	1
Additional paid-in capital	40,—\$5	40,795
Retained earnings	3,502	3,113

Accumulated other comprehensive loss	(14\$)	(92)
Total Duke Energy Corporation stockholders' equity	45,213	43,817
Noncontrolling interests	119	17
Total equity	45,332	43,834
Total Liabilities and Equity	7	153,449 \$

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Cash FloBs
(Unaudited)

(in millions)		Six Months Ended	
		June 30,	
		2019	201\$
CASH FLOWS FROM OPERATING ACTI' ITIES			
Net income	7	1,41 \$	1,124
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion (including amortization of nuclear fuel)		2,4\$3	2,250
Equity component of AFUDC		(6)	(106)
Losses on sales of other assets		:	97
Impairment charges		4	215
Deferred income taxes		526	289
Equity in earnings of unconsolidated affiliates		(\$6)	(12)
Accrued pension and other post-retirement benefit costs		4	31
Contributions to qualified pension plans		:	(141)
Payments for asset retirement obligations		(33)	(245)
Payment for disposal of other assets		:	(105)
Other rate case adjustments		:	37
Provision for rate refunds		56	281
(Increase) decrease in			
Net realized and unrealized mark-to-market and hedging transactions		(11)	7
Receivables		304	(27)
Inventory		(110)	70
Other current assets		(25)	21
Increase (decrease) in			
Accounts payable		(600)	(142)
Taxes accrued		(5)	(58)
Other current liabilities		(36\$)	(214)
Other assets		6	(112)
Other liabilities		39	42
Net cash provided by operating activities		3,05	3,302
CASH FLOWS FROM IN' ESTING ACTI' ITIES			
Capital expenditures		(5,45)	(4,375)
Contributions to equity method investments		(12)	(140)
Purchases of debt and equity securities		(2,31)	(1,908)
Proceeds from sales and maturities of debt and equity securities		2,302	1,866
Other		(146)	(88)
Net cash used in investing activities		(5,6\$)	(4,645)
CASH FLOWS FROM FINANCING ACTI' ITIES			
Proceeds from the:			
Issuance of long-term debt		4,22	2,727
Issuance of preferred stock		963	—
Issuance of common stock		26	820
Payments for the redemption of long-term debt		(2,155)	(2,190)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days		240	201
Payments for the redemption of short-term debt with original maturities greater than 90 days		(299)	(160)
Notes payable and commercial paper		3\$3	1,090
Dividends paid		(1,312)	(1,199)
Other		143	(24)
Net cash provided by financing activities		2,22	1,265
Net decrease in cash, cash equivalents and restricted cash		(110)	(78)
Cash, cash equivalents and restricted cash at beginning of period		591	505
Cash, cash equivalents and restricted cash at end of period	7	4\$1	427

Supplemental Disclosures--

Significant non-cash transactions:

Accrued capital expenditures	7	916	\$	978
Non-cash dividends		54		52

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three Months Ended June 30, 2018 and 2019											
(in millions)						Accumulated Other Comprehensive			Total		
						(Loss) Income			Duke Energy		
						Net Gains (Losses) on			Available-for-Sale Securities and Other		
	Preferred Stock	Common Stock	Common Stock	Paid-in Capital	Retained Earnings	Cash Flow	for-Sale Securities	OPEK Adjustments	Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 31, 2018	\$ —	701	\$ 1	\$ 38,839	\$ 3,021	\$ 3	\$ (4)	\$ (68)	\$ 41,792	\$ 6	\$ 41,798
Net income	—	—	—	—	500	—	—	—	500	2	502
Other comprehensive (loss) income	—	—	—	—	—	(1)	(2)	1	(2)	—	(2)
Common stock issuances, including dividend reinvestment and employee benefits	—	11	—	843	—	—	—	—	843	—	843
Common stock dividends	—	—	—	—	(626)	—	—	—	(626)	—	(626)
Other	—	—	—	—	(1)	—	1	—	—	—	—
Balance at June 30, 2018	\$ —	712	\$ 1	\$ 39,682	\$ 2,894	\$ 2	\$ (5)	\$ (67)	\$ 42,507	\$ 8	\$ 42,515
Balance at March 31, 2019	\$ 974	728	\$ 1	\$ 40,823	\$ 3,360	\$ (36)	\$ —	\$ (92)	\$ 45,030	\$ 15	\$ 45,045
Net income (loss)	:	:	:	:	\$20	:	:	:	\$20	(\$4)	63
Other comprehensive (loss) income	:	:	:	:	:	(26)	4	3	(20)	:	(20)
Preferred stock issuances, net of issuance costs	(1)	:	:	:	:	:	:	:	(1)	:	(1)
Common stock issuances, including dividend reinvestment and employee benefits	:	:	:	—	:	:	:	:	—	:	—
Common stock dividends	:	:	:	:	(—\$)	:	:	:	(—\$)	:	(—\$)
Contribution from noncontrolling interest in subsidiaries ^(c)	:	:	:	:	:	:	:	:	:	193	193
Distributions to noncontrolling interest in subsidiaries	:	:	:	:	:	:	:	:	:	(1)	(1)
Other	:	:	:	1	:	:	:	:	1	(4)	(3)
Balance at June 30, 2019	7 963	627	1 7	40,823 7	3,502 7	(—3) 7	4 7	(99) 7	45,213 7	119	745,332

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Six Months Ended June 30, 2019 and 2018										
						Accumulated Other Comprehensive					
						(Loss) Income					
						Net Gains (Losses) on			Total		
						Cash Flow			Duke Energy		
	Preferred	Stoz8	Common	Additional	Retained	Hedges	for-Sale-	OPEk	Stoz8holdersj	Noncontrolling	Total
	Stoz8	Shares	Stoz8	Capital	Earnings		Securities	Adjustments	Equity	Interests	Equity
kalanze at December 31, 2016	\$ —	700	\$ 1	\$ 38,792	\$ 3,013	\$ (10)	\$ 12	\$ (69)	\$ 41,739	\$ (2)	\$ 41,737
Net income	—	—	—	—	1,120	—	—	—	1,120	4	1,124
Other comprehensive income (loss)	—	—	—	—	—	12	(5)	2	9	—	9
Common stock issuances, including dividend reinvestment and employee benefits	—	12	—	890	—	—	—	—	890	—	890
Common stock dividends	—	—	—	—	(1,251)	—	—	—	(1,251)	—	(1,251)
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(1)	(1)
Other ^(a)	—	—	—	—	12	—	(12)	—	—	7	7
kalanze at June 30, 2019	\$ —	712	\$ 1	\$ 39,682	\$ 2,894	\$ 2	\$ (5)	\$ (67)	\$ 42,507	\$ 8	\$ 42,515
kalanze at December 31, 2015	\$ —	727	\$ 1	\$ 40,795	\$ 3,113	\$ (14)	\$ (3)	\$ (75)	\$ 43,817	\$ 17	\$ 43,834
Net income (loss)	:	:	:	:	1,620	:	:	:	1,620	(91)	1,—
Other comprehensive (loss) income	:	:	:	:	:	(43)	\$ 3	3	(32)	:	(32)
Preferred stock issuances, net of issuance costs ^(b)	963	:	:	:	:	:	:	:	963	:	963
Common stock issuances, including dividend reinvestment and employee benefits	:	1	:	\$9	:	:	:	:	\$9	:	\$9
Common stock dividends	:	:	:	:	(1,354)	:	:	:	(1,354)	:	(1,354)
Contributions from noncontrolling interest in subsidiaries ^(c)	:	:	:	:	:	:	:	:	:	193	193
Distributions to noncontrolling interest in subsidiaries	:	:	:	:	:	:	:	:	:	(1)	(1)
Other ^(d)	:	:	:	1	23	(—)	(1)	(16)	:	1	1
kalanze at June 30, 2019	7	963	62\$ 7	1 7	40,\$5\$ 7	3,502 7	(—) 7	4 7	(\$9) 7	45,213 7	119 745,332

- (a) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement.
- (b) Duke Energy issued 40 million depository shares of preferred stock in the first quarter of 2019.
- (c) Relates to tax equity financing activity in the Commercial Renewables segment.
- (d) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended				Six Months Ended			
	June 30,		2019		June 30,		2019	
Operating Revenues	7	1,613	\$	1,672	7	3,456	\$	3,435
Operating Expenses								
Fuel used in electric generation and purchased power		395		407		\$-6		880
Operation, maintenance and other		441		499		\$51		950
Depreciation and amortization		34		289		—3		561
Property and other taxes		65		75		155		147
Impairment charges		5		177		5		190
Total operating expenses		1,222		1,447		2,561		2,728
Losses on Sales of Other Assets and Other, net		:		(1)		:		(1)
Operating Income		451		224		\$5—		706
Other Income and Expenses, net		41		35		62		74
Interest Expense		116		110		226		217
Income before Income Taxes		365		149		631		563
Income Tax Expense		64		32		136		123
Net Income	7	301	\$	117	7	594	\$	440
Other Comprehensive Income, net of tax								
Reclassification into earnings from cash flow hedges		:		—		:		1
Comprehensive Income	7	301	\$	117	7	594	\$	441

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)		June 30, 2019	December 31, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	7	15	\$ 33
Receivables (net of allowance for doubtful accounts of \$2 at 2019 and 2018)		1-4	219
Receivables of VIEs (net of allowance for doubtful accounts of \$7 at 2019 and 2018)		-61	699
Receivables from affiliated companies		101	182
Inventory		1,025	948
Regulatory assets		-95	520
Other		16	72
Total current assets		2,595	2,673
Property, Plant and Equipment			
Cost		46,249	44,741
Accumulated depreciation and amortization		(1,046)	(15,496)
Net property, plant and equipment		31,202	29,245
Other Noncurrent Assets			
Regulatory assets		3,392	3,457
Nuclear decommissioning trust funds		4,059	3,558
Operating lease right-of-use assets, net		141	—
Other		1,055	1,027
Total other noncurrent assets		\$, -66	8,042
Total Assets	7	42,466	\$ 39,960
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	7	-40	\$ 988
Accounts payable to affiliated companies		159	230
Notes payable to affiliated companies		\$04	439
Taxes accrued		209	171
Interest accrued		10—	102
Current maturities of long-term debt		45—	6
Asset retirement obligations		203	290
Regulatory liabilities		191	199
Other		499	571
Total current liabilities		3,296	2,996
Long-Term Debt		10,205	10,633
Long-Term Debt Payable to Affiliated Companies		300	300
Other Noncurrent Liabilities			
Deferred income taxes		3,669	3,689
Asset retirement obligations		5,139	3,659
Regulatory liabilities		-392	5,999
Operating lease liabilities		116	—
Accrued pension and other post-retirement benefit costs		90	99
Investment tax credits		234	231
Other		-45	671
Total other noncurrent liabilities		1, -39—	14,348
Commitments and Contingencies			
Equity			
Member's equity		12,253	11,689
Accumulated other comprehensive loss		(6)	(6)
Total equity		12,26—	11,683
Total Liabilities and Equity	7	42,466	\$ 39,960

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Cash FloBs
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	7	594
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	\$04	707
Equity component of AFUDC	(21)	(39)
Losses on sales of other assets	:	1
Impairment charges	5	190
Deferred income taxes	54	90
Accrued pension and other post-retirement benefit costs	(4)	2
Contributions to qualified pension plans	:	(46)
Payments for asset retirement obligations	(131)	(114)
Provision for rate refunds	35	121
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(\$)	8
Receivables	\$3	(33)
Receivables from affiliated companies	\$1	(22)
Inventory	(66)	(16)
Other current assets	(133)	(33)
Increase (decrease) in		
Accounts payable	(2\$2)	(59)
Accounts payable to affiliated companies	(41)	(51)
Taxes accrued	3\$	(78)
Other current liabilities	(61)	(123)
Other assets	91	(6)
Other liabilities	(1\$)	(29)
Net cash provided by operating activities	999	910
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,356)	(1,270)
Purchases of debt and equity securities	(1,114)	(976)
Proceeds from sales and maturities of debt and equity securities	1,114	976
Other	(4)	(64)
Net cash used in investing activities	(1,403)	(1,334)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	25	991
Payments for the redemption of long-term debt	(3)	(702)
Notes payable to affiliated companies	3-5	636
Distributions to parent	:	(500)
Other	(1)	(1)
Net cash provided by financing activities	3\$—	424
Net decrease in cash and cash equivalents	(1\$)	—
Cash and cash equivalents at beginning of period	33	16
Cash and cash equivalents at end of period	7	15
Supplemental Disclosures—		
Significant non-cash transactions:		
Accrued capital expenditures	7	252

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

		Three Months Ended June 30, 2019 and 2019			
		Accumulated Other Comprehensive Loss			
		Net Losses on Cash Flow Hedges			Total Equity
(in millions)	Members Equity				
Balance at March 31, 2019	\$ 11,441	\$	(6)	\$	11,435
Net income	117		—		117
Distributions to parent	(250)		—		(250)
Balance at June 30, 2019	\$ 11,308	\$	(6)	\$	11,302
Balance at March 31, 2019	\$ 11,982	\$	(7)	\$	11,975
Net income	301		:		301
Balance at June 30, 2019	7 12,283	7	(6)	7	12,267
		Six Months Ended June 30, 2019 and 2019			
		Accumulated Other Comprehensive Loss			
		Net Losses on Cash Flow Hedges			Total Equity
(in millions)	Members Equity				
Balance at December 31, 2018	\$ 11,368	\$	(7)	\$	11,361
Net income	440		—		440
Other comprehensive income	—		1		1
Distributions to parent	(500)		—		(500)
Balance at June 30, 2019	\$ 11,308	\$	(6)	\$	11,302
Balance at December 31, 2018	\$ 11,689	\$	(6)	\$	11,683
Net income	594		:		594
Other	:		(1)		(1)
Balance at June 30, 2019	7 12,283	7	(6)	7	12,267

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
(in millions)	2019		201\$	2019		201\$
Operating Revenues	7	2,644	\$	7	5,311	\$
Operating Expenses						
Fuel used in electric generation and purchased power		955			1,913	
Operation, maintenance and other		610			1,163	
Depreciation and amortization		380			764	
Property and other taxes		131			254	
Impairment charges		4			33	
Total operating expenses		2,020			4,246	
(Losses) Gains on Sales of Other Assets and Other, net		6			12	
Operating Income		484			931	
Other Income and Expenses, net		42			77	
Interest Expense		203			412	
Income before Income Taxes		323			596	
Income Tax Expense		56			92	
Net Income		267			504	
Less—Net Income Attributable to Noncontrolling Interests		2			4	
Net Income Attributable to Parent	7	265	\$	7	500	\$
Net Income	7	267	\$	7	504	\$
Other Comprehensive Income, net of tax						
Pension and OPEB adjustments		2			2	
Net unrealized gains on cash flow hedges		1			3	
Unrealized gains (losses) on available-for-sale securities		(1)			(1)	
Other Comprehensive Income, net of tax		2			4	
Comprehensive Income		269			508	
Less—Comprehensive Income Attributable to Noncontrolling Interests		2			4	
Comprehensive Income Attributable to Parent	7	267	\$	7	504	\$

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	7	51
Receivables (net of allowance for doubtful accounts of \$6 at 2019 and \$5 at 2018)	139	220
Receivables of VIEs (net of allowance for doubtful accounts of \$8 at 2019 and 2018)	99	909
Receivables from affiliated companies	49	168
Inventory	1,450	1,459
Regulatory assets (includes \$52 at 2019 and 2018 related to VIEs)	1,024	1,137
Other (includes \$31 at 2019 and \$39 at 2018 related to VIEs)	106	125
Total current assets	3,446	4,085
Property, Plant and Equipment		
Cost	52,655	50,260
Accumulated depreciation and amortization	(1,505)	(16,398)
Generation facilities to be retired, net	316	362
Net property, plant and equipment	3,266	34,224
Other Noncurrent Assets		
Goodwill	3,555	3,655
Regulatory assets (includes \$1,019 at 2019 and \$1,041 at 2018 related to VIEs)	423	6,564
Nuclear decommissioning trust funds	3,522	3,162
Operating lease right-of-use assets, net	39	—
Other	952	974
Total other noncurrent assets	15,441	14,355
Total Assets	7	55,566
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	7	620
Accounts payable to affiliated companies	235	360
Notes payable to affiliated companies	1,920	1,235
Taxes accrued	191	109
Interest accrued	22	246
Current maturities of long-term debt (includes \$54 at 2019 and \$53 at 2018 related to VIEs)	1,020	1,672
Asset retirement obligations	41	514
Regulatory liabilities	250	280
Other	53	821
Total current liabilities	5,446	6,409
Long-Term Debt (includes \$1,566 at 2019 and \$1,303 at 2018 related to VIEs)	15,023	17,089
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	4,141	3,941
Asset retirement obligations	5,666	4,897
Regulatory liabilities	5,191	5,049
Operating lease liabilities	646	—
Accrued pension and other post-retirement benefit costs	509	521
Other	352	351
Total other noncurrent liabilities	1,616	14,759
Commitments and Contingencies		
Equity		
Common stock, \$0.01 par value, 100 shares authorized and outstanding at 2019 and 2018	:	—
Additional paid-in capital	9,143	9,143
Retained earnings	5,615	5,131
Accumulated other comprehensive loss	(21)	(20)

Total Progress Energy, Inc. stockholders' equity	14,\$36	14,254
Noncontrolling interests	2	3
Total equity	14,\$39	14,257
Total Liabilities and Equity	7	55,56— \$

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Cash FloBs
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2019	201\$
CASH FLOWS FROM OPERATING ACTI' ITIES		
Net income	7	566 \$ 504
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,0—4	945
Equity component of AFUDC	(31)	(52)
Losses (gains) on sales of other assets	1	(12)
Impairment charges	:	33
Deferred income taxes	12—	240
Accrued pension and other post-retirement benefit costs	\$	12
Contributions to qualified pension plans	:	(45)
Payments for asset retirement obligations	(1\$3)	(108)
Other rate case adjustments	:	37
Provision for rate refunds	10	65
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(1)	14
Receivables	(42)	(196)
Receivables from affiliated companies	119	28
Inventory	(2—)	71
Other current assets	114	(214)
Increase (decrease) in		
Accounts payable	(19—)	15
Accounts payable to affiliated companies	(125)	(19)
Taxes accrued	\$2	80
Other current liabilities	(1—2)	(58)
Other assets	(\$3)	(186)
Other liabilities	16	4
Net cash provided by operating activities	1,2—	1,158
CASH FLOWS FROM IN' ESTING ACTI' ITIES		
Capital expenditures	(1,9\$)	(1,727)
Purchases of debt and equity securities	(1,094)	(812)
Proceeds from sales and maturities of debt and equity securities	1,0\$9	820
Notes receivable from affiliated companies	:	(69)
Other	(59)	(81)
Net cash used in investing activities	(2,052)	(1,869)
CASH FLOWS FROM FINANCING ACTI' ITIES		
Proceeds from the issuance of long-term debt	1,295	989
Payments for the redemption of long-term debt	(1,1\$)	(635)
Notes payable to affiliated companies	—\$5	347
Other	2	(3)
Net cash provided by financing activities	694	698
Net increase (decrease) in cash, cash equivalents and restricted cash	\$	(13)
Cash, cash equivalents and restricted cash at beginning of period	112	87
Cash, cash equivalents and restricted cash at end of period	7	120 \$ 74
Supplemental Disclosures—		
Significant non-cash transactions:		
Accrued capital expenditures	7	26\$ \$ 366

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three Months Ended June 30, 2015 and 2019								
(in millions)	Accumulated Other Comprehensive (Loss) Income							
	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for- Sale Securities	Pension and Other Adjustments	Total Progress		
						Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 31, 2015	\$ 9,142	\$ 4,591	\$ (16)	\$ (1)	\$ (12)	\$ 13,704	\$ (1)	\$13,703
Net income	—	265	—	—	—	265	2	267
Other comprehensive income (loss)	—	—	1	(1)	2	2	—	2
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Other ^(a)	1	(1)	—	1	—	1	—	1
Balance at June 30, 2015	\$ 9,143	\$ 4,855	\$ (15)	\$ (1)	\$ (10)	\$ 13,972	\$ —	\$13,972
Balance at March 31, 2019	\$ 9,143	\$ 5,386	\$ (14)	\$ (1)	\$ (8)	\$ 14,506	\$ 2	\$14,508
Net income	:	325	:	:	:	325	1	329
Other comprehensive income	:	:	1	1	1	3	:	3
Other	:	1	:	:	(1)	:	(1)	(1)
Balance at June 30, 2019	7 9,143	7 5,615	7 (13)	7 :	7 (\$)	7 14,536	7 2	7 14,539

Six Months Ended June 30, 2015 and 2019								
(in millions)	Accumulated Other Comprehensive (Loss) Income							
	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for- Sale Securities	Pension and Other Adjustments	Total Progress		
						Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2016	\$ 9,143	\$ 4,350	\$ (18)	\$ 5	\$ (12)	\$ 13,468	\$ (3)	\$13,465
Net income	—	500	—	—	—	500	4	504
Other comprehensive income (loss)	—	—	3	(1)	2	4	—	4
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Other ^(a)	—	5	—	(5)	—	—	—	—
Balance at June 30, 2015	\$ 9,143	\$ 4,855	\$ (15)	\$ (1)	\$ (10)	\$ 13,972	\$ —	\$13,972
Balance at December 31, 2019	\$ 9,143	\$ 5,131	\$ (12)	\$ (1)	\$ (7)	\$ 14,254	\$ 3	\$14,257
Net income	:	566	:	:	:	566	:	566
Other comprehensive income	:	:	3	1	2	—	:	—
Other ^(b)	:	6	(4)	:	(3)	:	(1)	(1)
Balance at June 30, 2019	7 9,143	7 5,615	7 (13)	7 :	7 (\$)	7 14,536	7 2	7 14,539

- (a) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement.
- (b) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended				Six Months Ended			
	June 30,		2019		June 30,		2019	
Operating Revenues	7	1,356	\$	1,291	7	2,561	\$	2,751
Operating Expenses								
Fuel used in electric generation and purchased power		469		408		994		917
Operation, maintenance and other		356		375		92		756
Depreciation and amortization		251		235		541		470
Property and other taxes		41		40		5		75
Impairment charges		:		1		:		33
Total operating expenses		1,125		1,059		2,312		2,251
Gains on Sales of Other Assets and Other, net		:		1		:		2
Operating Income		259		233		559		502
Other Income and Expenses, net		24		19		4		37
Interest Expense		\$1		78		15		159
Income before Income Taxes		202		174		449		380
Income Tax Expense		33		35		66		64
Net Income and Comprehensive Income	7	169	\$	139	7	362	\$	316

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)		June 30, 2019	December 31, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	7	\$ 23	\$ 23
Receivables (net of allowance for doubtful accounts of \$2 at 2019 and 2018)		53	75
Receivables of VIEs (net of allowance for doubtful accounts of \$5 at 2019 and 2018)		\$ 51	547
Receivables from affiliated companies		40	23
Inventory		\$ 9	954
Regulatory assets		562	703
Other		34	62
Total current assets		2,225	2,387
Property, Plant and Equipment			
Cost		\$ 33,255	31,459
Accumulated depreciation and amortization		(11,625)	(11,423)
Generation facilities to be retired, net		316	362
Net property, plant and equipment		\$ 21,946	20,398
Other Noncurrent Assets			
Regulatory assets		4,124	4,111
Nuclear decommissioning trust funds		\$ 2,333	2,503
Operating lease right-of-use assets, net		406	—
Other		\$ 5	612
Total other noncurrent assets		6,950	7,226
Total Assets	7	\$ 32,052	\$ 30,011
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	7	\$ 315	\$ 660
Accounts payable to affiliated companies		\$ 1	278
Notes payable to affiliated companies		126	294
Taxes accrued		10	53
Interest accrued		110	116
Current maturities of long-term debt		—	603
Asset retirement obligations		413	509
Regulatory liabilities		16	178
Other		395	408
Total current liabilities		1,921	3,099
Long-Term Debt		\$,993	7,451
Long-Term Debt Payable to Affiliated Companies		150	150
Other Noncurrent Liabilities			
Deferred income taxes		\$ 2,111	2,119
Asset retirement obligations		5,203	4,311
Regulatory liabilities		4,150	3,955
Operating lease liabilities		366	—
Accrued pension and other post-retirement benefit costs		232	237
Investment tax credits		141	142
Other		91	106
Total other noncurrent liabilities		12,365	10,870
Commitments and Contingencies			
Equity			
Members Equity		\$,13	8,441
Total Liabilities and Equity	7	\$ 32,052	\$ 30,011

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Cash FloBs
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2019	201\$
CASH FLOWS FROM OPERATING ACTI' ITIES		
Net income	7	362 \$ 316
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	—34	565
Equity component of AFUDC	(2\$)	(26)
Gains on sales of other assets	:	(2)
Impairment charges	:	33
Deferred income taxes	2—	53
Accrued pension and other post-retirement benefit costs	1	7
Contributions to qualified pension plans	:	(25)
Payments for asset retirement obligations	(1—)	(89)
Other rate case adjustments	:	37
Provision for rate refunds	10	65
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(5)	6
Receivables	5\$	(104)
Receivables from affiliated companies	(16)	2
Inventory	(2—)	41
Other current assets	115	(111)
Increase (decrease) in		
Accounts payable	(223)	(17)
Accounts payable to affiliated companies	(9—)	(4)
Taxes accrued	53	26
Other current liabilities	(64)	(38)
Other assets	:	10
Other liabilities	21	13
Net cash provided by operating activities	—55	758
CASH FLOWS FROM IN' ESTING ACTI' ITIES		
Capital expenditures	(1,115)	(996)
Purchases of debt and equity securities	(463)	(573)
Proceeds from sales and maturities of debt and equity securities	45\$	556
Other	(20)	(45)
Net cash used in investing activities	(1,150)	(1,058)
CASH FLOWS FROM FINANCING ACTI' ITIES		
Proceeds from the issuance of long-term debt	1,260	—
Payments for the redemption of long-term debt	(—02)	—
Notes payable to affiliated companies	(1—6)	300
Other	(1)	(2)
Net cash provided by financing activities	500	298
Net increase (decrease) in cash and cash equivalents	5	(2)
Cash and cash equivalents at beginning of period	23	20
Cash and cash equivalents at end of period	7	2\$ \$ 18
Supplemental Diszlosures—		
Significant non-cash transactions:		
Accrued capital expenditures	7	112 \$ 172

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Three Months Ended June 30, 2017 and 2019	
	Members Equity	
(in millions)		
Balance at March 31, 2017	\$	8,126
Net income		139
Balance at June 30, 2017	\$	8,265
Balance at March 31, 2019	\$	8,644
Net income		1-9
Balance at June 30, 2019	7	\$, \$13
	Six Months Ended June 30, 2017 and 2019	
	Members Equity	
(in millions)		
Balance at December 31, 2016	\$	7,949
Net income		316
Balance at June 30, 2017	\$	8,265
Balance at December 31, 2017	\$	8,441
Net income		362
Balance at June 30, 2019	7	\$, \$13

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	2019	201\$		2019	201\$	
Operating Revenues	7	1,353	\$	7	2,439	\$
Operating Expenses						
Fuel used in electric generation and purchased power	509	486		919	953	
Operation, maintenance and other	244	237		464	474	
Depreciation and amortization	165	144		340	294	
Property and other taxes	103	91		19—	179	
Total operating expenses	1,031	958		1,929	1,900	
Losses on Sales of Other Assets and Other, net	(1)	—		(1)	—	
Operating Income	321	245		509	418	
Other Income and Expenses, net	12	26		25	47	
Interest Expense	\$3	66		1—5	137	
Income before Income Taxes	250	205		3—9	328	
Income Tax Expense	49	37		62	57	
Net Income	7	201	\$	7	296	\$
Other Comprehensive Income (Loss), net of tax						
Unrealized (losses) gains on available-for-sale securities	:	(1)		1	(1)	
Comprehensive Income	7	201	\$	7	29\$	\$

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	7	1— \$ 36
Receivables (net of allowance for doubtful accounts of \$3 at 2019 and 2018)		\$4 143
Receivables of VIEs (net of allowance for doubtful accounts of \$3 at 2019 and 2018)		4\$0 362
Receivables from affiliated companies		1\$ 28
Inventory		499 504
Regulatory assets (includes \$52 at 2019 and 2018 related to VIEs)		452 434
Other (includes \$31 at 2019 and \$39 at 2018 related to VIEs)		4— 46
Total current assets	1,595	1,553
Property, Plant and Equipment		
Cost	19,4—	18,792
Accumulated depreciation and amortization	(5,063)	(4,968)
Net property, plant and equipment	14,33\$	13,824
Other Noncurrent Assets		
Regulatory assets (includes \$1,019 at 2019 and \$1,041 at 2018 related to VIEs)	2,299	2,454
Nuclear decommissioning trust funds	629	659
Operating lease right-of-use assets, net	432	—
Other	311	311
Total other noncurrent assets	3,661	3,424
Total Assets	7	19,654 \$ 18,801
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	7	403 \$ 511
Accounts payable to affiliated companies		—2 91
Notes payable to affiliated companies		466 108
Taxes accrued		14\$ 74
Interest accrued		60 75
Current maturities of long-term debt (includes \$54 at 2019 and \$53 at 2018 related to VIEs)		—61 270
Asset retirement obligations		3 5
Regulatory liabilities		\$3 102
Other		4— 406
Total current liabilities	2,36\$	1,642
Long-Term Debt (includes 71,332 at 2019 and 71,33—at 2018 related to VIEs)	—,542	7,051
Other Noncurrent Liabilities		
Deferred income taxes	2,105	1,986
Asset retirement obligations	564	586
Regulatory liabilities	1,040	1,094
Operating lease liabilities	360	—
Accrued pension and other post-retirement benefit costs	24\$	254
Other	104	93
Total other noncurrent liabilities	4,441	4,013
Commitments and Contingencies		
Equity		
Member's equity	—,394	6,097
Accumulated other comprehensive loss	(1)	(2)
Total equity	—,393	6,095
Total Liabilities and Equity	7	19,654 \$ 18,801

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Cash FloBs
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2019	201\$
CASH FLOWS FROM OPERATING ACTI' ITIES		
Net income	7	296 \$ 271
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	423	374
Equity component of AFUDC	(2)	(26)
Losses on sales of other assets	1	—
Deferred income taxes	\$2	206
Accrued pension and other post-retirement benefit costs	5	3
Contributions to qualified pension plans	:	(20)
Payments for asset retirement obligations	(16)	(19)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	2	6
Receivables	(101)	(92)
Receivables from affiliated companies	10	(4)
Inventory	1	28
Other current assets	\$	(114)
Increase (decrease) in		
Accounts payable	26	34
Accounts payable to affiliated companies	(29)	(11)
Taxes accrued	64	81
Other current liabilities	(\$0)	(21)
Other assets	(\$1)	(196)
Other liabilities	(9)	(10)
Net cash provided by operating activities	—41	490
CASH FLOWS FROM IN' ESTING ACTI' ITIES		
Capital expenditures	(\$63)	(731)
Purchases of debt and equity securities	(—21)	(239)
Proceeds from sales and maturities of debt and equity securities	—31	264
Notes receivable from affiliated companies	:	(110)
Other	(36)	(35)
Net cash used in investing activities	(900)	(851)
CASH FLOWS FROM FINANCING ACTI' ITIES		
Proceeds from the issuance of long-term debt	25	989
Payments for the redemption of long-term debt	(13—)	(635)
Notes payable to affiliated companies	3—9	—
Other	3	(1)
Net cash provided by financing activities	2—4	353
Net decrease in cash, cash equivalents and restricted cash	(2\$)	(8)
Cash, zash equiKalents and restritized zash at beginning of period	65	53
Cash, zash equiKalents and restritized zash at end of period	7	46 \$ 45
Supplemental Diszlosures—		
Significant non-cash transactions:		
Accrued capital expenditures	7	1— \$ 194

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

		Three Months Ended June 30, 2018 and 2019			
		Accumulated Other Comprehensive Income (Loss)			
		Net Unrealized Gains (Losses) on Available-for-Sale Securities			Total Equity
(in millions)		Members Equity			
Balance at June 30, 2018	\$	5,723	\$	(2)	\$ 5,721
Net income		168		—	168
Other comprehensive loss		—		(1)	(1)
Other ^(a)		(1)		1	—
Balance at June 30, 2019	\$	5,890	\$	(2)	\$ 5,888
Balance at June 30, 2018	\$	6,193	\$	(1)	\$ 6,192
Net income		201		:	201
Balance at June 30, 2019	7	—,394	7	(1)	7 —,393
		Six Months Ended June 30, 2018 and 2019			
		Accumulated Other Comprehensive Income (Loss)			
		Net Unrealized Gains (Losses) on Available-for-Sale Securities			Total Equity
(in millions)		Members Equity			
Balance at December 31, 2017	\$	5,614	\$	4	\$ 5,618
Net income		271		—	271
Other comprehensive loss		—		(1)	(1)
Other ^(a)		5		(5)	—
Balance at June 30, 2018	\$	5,890	\$	(2)	\$ 5,888
Balance at December 31, 2018	\$	6,097	\$	(2)	\$ 6,095
Net income		296		:	296
Other comprehensive income		:		1	1
Balance at June 30, 2019	7	—,394	7	(1)	7 —,393

(a) Amounts in Member's Equity and Accumulated Other Comprehensive Income (Loss) represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended				Six Months Ended			
	June 30,				June 30,			
	2019		201\$		2019		201\$	
Operating Revenues								
Regulated electric	7	33	\$	346	7	—91	\$	682
Regulated natural gas		96		103		263		277
Nonregulated electric and other		:		10		:		24
Total operating revenues		433		459		9—4		983
Operating Expenses								
Fuel used in electric generation and purchased power – regulated		\$—		93		169		185
Fuel used in electric generation and purchased power – nonregulated		:		14		:		29
Cost of natural gas		10		15		—4		69
Operation, maintenance and other		123		130		255		261
Depreciation and amortization		—		62		130		132
Property and other taxes		64		68		15\$		145
Total operating expenses		359		382		6\$—		821
Losses on Sales of Other Assets and Other, net		:		—		:		(106)
Operating Income		64		77		16\$		56
Other Income and Expenses, net		—		8		15		14
Interest Expense		24		23		54		45
Income before Income Taxes		5—		62		139		25
Income Tax Expense		9		16		23		4
Net Income and Comprehensive Income	7	46	\$	46	7	11—	\$	21

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	7	\$ 21
Receivables (net of allowance for doubtful accounts of \$3 at 2019 and \$2 at 2018)	\$0	102
Receivables from affiliated companies	50	114
Inventory	124	126
Regulatory assets	46	33
Other	32	24
Total current assets	341	420
Property, Plant and Equipment		
Cost	9,66—	9,360
Accumulated depreciation and amortization	(2,6—4)	(2,717)
Net property, plant and equipment	6,015	6,643
Other Noncurrent Assets		
Goodwill	920	920
Regulatory assets	545	531
Operating lease right-of-use assets, net	22	—
Other	4—	41
Total other noncurrent assets	1,533	1,492
Total Assets	7	\$,\$\$9 \$ 8,555
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	7	256 \$ 316
Accounts payable to affiliated companies	6\$	78
Notes payable to affiliated companies	203	274
Taxes accrued	135	202
Interest accrued	31	22
Current maturities of long-term debt	100	551
Asset retirement obligations	—	6
Regulatory liabilities	—6	57
Other	6—	74
Total current liabilities	953	1,580
Long-Term Debt	2,3\$4	1,589
Long-Term Debt Payable to Affiliated Companies	25	25
Other Noncurrent Liabilities		
Deferred income taxes	\$62	817
Asset retirement obligations	\$3	87
Regulatory liabilities	\$02	840
Operating lease liabilities	21	—
Accrued pension and other post-retirement benefit costs	94	79
Other	94	93
Total other noncurrent liabilities	1,9—	1,916
Commitments and Contingencies		
Equity		
Common stock, \$8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2019 and 2018	6—2	762
Additional paid-in capital	2,66—	2,776
Retained Earnings (Accumulated deficit)	23	(93)
Total equity	3,5—4	3,445
Total Liabilities and Equity	7	\$,\$\$9 \$ 8,555

See Notes to Condensed Consolidated Financial Statements

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FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Cash FloBs
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2019	201\$
CASH FLOWS FROM OPERATING ACTI' ITIES		
Net income	7	11— \$ 21
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	132	134
Equity component of AFUDC	(6)	(8)
Losses on sales of other assets	:	106
Deferred income taxes	45	(2)
Accrued pension and other post-retirement benefit costs	:	2
Payments for asset retirement obligations	(5)	(2)
Provision for rate refunds	3	19
(Increase) decrease in		
Receivables	24	(7)
Receivables from affiliated companies	—4	62
Inventory	2	9
Other current assets	(13)	24
Increase (decrease) in		
Accounts payable	(44)	(34)
Accounts payable to affiliated companies	:	(15)
Taxes accrued	(—6)	(63)
Other current liabilities	2	8
Other assets	(1\$)	(7)
Other liabilities	(15)	(18)
Net cash provided by operating activities	219	229
CASH FLOWS FROM IN' ESTING ACTI' ITIES		
Capital expenditures	(463)	(392)
Notes receivable from affiliated companies	:	14
Other	(31)	(43)
Net cash used in investing activities	(504)	(421)
CASH FLOWS FROM FINANCING ACTI' ITIES		
Proceeds from the issuance of long-term debt	694	—
Payments for the redemption of long-term debt	(451)	(3)
Notes payable to affiliated companies	(61)	190
Net cash provided by financing activities	262	187
Net decrease in cash and cash equivalents	(13)	(5)
Cash and cash equivalents at beginning of period	21	12
Cash and cash equivalents at end of period	7	\$ \$ 7
Supplemental Diszlosures—		
Significant non-cash transactions:		
Accrued capital expenditures	7	93 \$ 70
Non-cash equity contribution from parent	:	106

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Three Months Ended June 30, 2019\$ and 2019							
	Common Stock		Additional Paid-in Capital		Retained Earnings (Deficit)		Total Equity	
Balance at March 31, 2019\$	\$	762	\$	2,670	\$	(294)	\$	3,138
Net income		—		—		46		46
Contribution from parent ^(a)		—		106		—		106
Balance at June 30, 2019\$	\$	762	\$	2,776	\$	(248)	\$	3,290
Balance at March 31, 2019	\$	762	\$	2,776	\$	(24)	\$	3,514
Net income		:		:		46		46
Balance at June 30, 2019	7	6-2	7	2,66—	7	23	7	3,5-1

(in millions)	Six Months Ended June 30, 2019\$ and 2019							
	Common Stock		Additional Paid-in Capital		Retained Earnings (Deficit)		Total Equity	
Balance at December 31, 2018	\$	762	\$	2,670	\$	(269)	\$	3,163
Net income		—		—		21		21
Contribution from parent ^(a)		—		106		—		106
Balance at June 30, 2019\$	\$	762	\$	2,776	\$	(248)	\$	3,290
Balance at December 31, 2018	\$	762	\$	2,776	\$	(93)	\$	3,445
Net income		:		:		11—		11—
Balance at June 30, 2019	7	6-2	7	2,66—	7	23	7	3,5-1

(a) Represents a non-cash settlement through equity of an intercompany payable from Duke Energy Ohio to its parent.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

	Three Months Ended				Six Months Ended			
	June 30,				June 30,			
(in millions)	2019		201\$		2019		201\$	
Operating Revenues	7	614	\$	738	7	1,4\$2	\$	1,469
Operating Expenses								
Fuel used in electric generation and purchased power		229		226		4\$—		458
Operation, maintenance and other		1\$		197		366		378
Depreciation and amortization		132		126		2—3		256
Property and other taxes		20		20		39		40
Total operating expenses		5—9		569		1,1—6		1,132
Gains on Sales of Other Assets and Other, net		3		—		:		—
Operating Income		14\$		169		316		337
Other Income and Expenses, net		\$		6		26		13
Interest Expense		2\$		43		61		83
Income before Income Taxes		12\$		132		263		267
Income Tax Expense		31		34		—		69
Net Income and Comprehensive Income	7	96	\$	98	7	206	\$	198

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)		June 30, 2019	December 31, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	7	12	\$ 24
Receivables (net of allowance for doubtful accounts of \$3 at 2019 and \$2 at 2018)		49	52
Receivables from affiliated companies		\$3	122
Inventory		4-3	422
Regulatory assets		130	175
Other		42	35
Total current assets		669	830
Property, Plant and Equipment			
Cost		15,331	15,443
Accumulated depreciation and amortization		(5,104)	(4,914)
Net property, plant and equipment		10,626	10,529
Other Noncurrent Assets			
Regulatory assets		1,035	982
Operating lease right-of-use assets, net		—0	—
Other		203	194
Total other noncurrent assets		1,301	1,176
Total Assets	7	12,506	\$ 12,535
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	7	224	\$ 200
Accounts payable to affiliated companies		—	83
Notes payable to affiliated companies		1-5	167
Taxes accrued		25	43
Interest accrued		59	58
Current maturities of long-term debt		3	63
Asset retirement obligations		115	109
Regulatory liabilities		24	25
Other		120	107
Total current liabilities		\$01	855
Long-Term Debt		3,560	3,569
Long-Term Debt Payable to Affiliated Companies		150	150
Other Noncurrent Liabilities			
Deferred income taxes		1,054	1,009
Asset retirement obligations		—04	613
Regulatory liabilities		1,—93	1,722
Operating lease liabilities		5—	—
Accrued pension and other post-retirement benefit costs		142	115
Investment tax credits		146	147
Other		14	16
Total other noncurrent liabilities		3,640	3,622
Commitments and Contingencies			
Equity			
Members Equity		4,54—	4,339
Total Liabilities and Equity	7	12,506	\$ 12,535

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Cash FloBs
(Unaudited)

(in millions)	Six Months Ended June 30,		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	7	206	\$ 198
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion	2-5		258
Equity component of AFUDC	(9)		(7)
Deferred income taxes	-9		36
Accrued pension and other post-retirement benefit costs	2		3
Contributions to qualified pension plans	:		(8)
Payments for asset retirement obligations	(16)		(21)
Provision for rate refunds	:		49
(Increase) decrease in			
Receivables	5		2
Receivables from affiliated companies	39		36
Inventory	(41)		(20)
Other current assets	4\$		(35)
Increase (decrease) in			
Accounts payable	2—		33
Accounts payable to affiliated companies	(16)		(19)
Taxes accrued	(1\$)		(41)
Other current liabilities	(13)		3
Other assets	(34)		20
Other liabilities	14		(21)
Net cash provided by operating activities	516		466
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(443)		(416)
Purchases of debt and equity securities	(14)		(34)
Proceeds from sales and maturities of debt and equity securities	11		13
Other	(21)		2
Net cash used in investing activities	(4-6)		(435)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for the redemption of long-term debt	(-9)		—
Notes payable to affiliated companies	(2)		60
Distributions to parent	:		(75)
Other	:		(1)
Net cash used in financing activities	(-2)		(16)
Net (decrease) increase in cash and cash equivalents	(12)		15
Cash and cash equivalents at beginning of period	24		9
Cash and cash equivalents at end of period	7	12	\$ 24
Supplemental Disclosures—			
Significant non-cash transactions:			
Accrued capital expenditures	7	\$4	\$ 62

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Three Months Ended June 30, 2015 and 2019	
	Members Equity	
(in millions)		
Balance at March 31, 2015	\$	4,221
Net income		98
Distributions to parent		(75)
Balance at June 30, 2015	\$	4,244
Balance at March 31, 2019	\$	4,449
Net income		96
Balance at June 30, 2019	7	4,54—

	Six Months Ended June 30, 2015 and 2019	
	Members Equity	
(in millions)		
Balance at December 31, 2016	\$	4,121
Net income		198
Distributions to parent		(75)
Balance at June 30, 2015	\$	4,244
Balance at December 31, 2015	\$	4,339
Net income		206
Balance at June 30, 2019	7	4,54—

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended			Six Months Ended		
	June 30,			June 30,		
	2019	2019		2019	2019	
Operating Revenues	7	209	\$	215	7	655
Operating Expenses						
Cost of natural gas		5		74		333
Operation, maintenance and other		3		85		167
Depreciation and amortization		42		39		78
Property and other taxes		13		12		24
Total operating expenses		203		210		602
Operating Income		—		5		166
Other Income and Expenses, net		—		4		9
Interest Expense		21		20		41
(Loss) Income before Income Taxes		(9)		(11)		134
Income Tax (benefit) Expense		(2)		(3)		32
Net (Loss) Income and Comprehensive (Loss) Income	7	(6)	\$	(8)	7	115

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)		June 30, 2019	December 31, 2018
ASSETS			
Current Assets			
Receivables (net of allowance for doubtful accounts of \$2 at 2019 and 2018)	7	100	\$ 266
Receivables from affiliated companies		16	22
Notes receivable from affiliated companies		1—	—
Inventory		33	70
Regulatory assets		30	54
Other		56	19
Total current assets		253	431
Property, Plant and Equipment			
Cost		6,9—	7,486
Accumulated depreciation and amortization		(1,—20)	(1,575)
Net property, plant and equipment		—,34—	5,911
Other Noncurrent Assets			
Goodwill		49	49
Regulatory assets		2\$0	303
Operating lease right-of-use assets, net		2—	—
Investments in equity method unconsolidated affiliates		\$1	64
Other		—0	52
Total other noncurrent assets		49—	468
Total Assets	7	6,095	\$ 6,810
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	7	15—	\$ 203
Accounts payable to affiliated companies		52	38
Notes payable to affiliated companies		:	198
Taxes accrued		23	84
Interest accrued		33	31
Current maturities of long-term debt		:	350
Regulatory liabilities		—6	37
Other		—2	58
Total current liabilities		393	999
Long-Term Debt		2,3\$4	1,788
Other Noncurrent Liabilities			
Deferred income taxes		593	551
Asset retirement obligations		19	19
Regulatory liabilities		1,164	1,181
Operating lease liabilities		25	—
Accrued pension and other post-retirement benefit costs		—	4
Other		145	177
Total other noncurrent liabilities		1,9—2	1,932
Commitments and Contingencies			
Equity			
Common stock, no par value: 100 shares authorized and outstanding at 2019 and 2018		1,310	1,160
Retained earnings		1,04—	931
Total equity		2,35—	2,091
Total Liabilities and Equity	7	6,095	\$ 6,810

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Cash FloBs
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2019	201\$
CASH FLOWS FROM OPERATING ACTI' ITIES		
Net income	7	115 \$ 102
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	\$5	79
Deferred income taxes	40	4
Equity in earnings from unconsolidated affiliates	(4)	(3)
Accrued pension and other post-retirement benefit costs	(5)	(2)
Provision for rate refunds	9	27
(Increase) decrease in		
Receivables	1-\$	166
Receivables from affiliated companies	5	(4)
Inventory	36	28
Other current assets	(16)	74
Increase (decrease) in		
Accounts payable	(60)	(32)
Accounts payable to affiliated companies	14	(12)
Taxes accrued	(-4)	4
Other current liabilities	10	28
Other assets	(5)	2
Other liabilities	(1)	(2)
Net cash provided by operating activities	320	459
CASH FLOWS FROM IN' ESTING ACTI' ITIES		
Capital expenditures	(4\$0)	(327)
Contributions to equity method investments	(1→	—
Notes receivable from affiliated companies	(1→	(77)
Other	(→	(2)
Net cash used in investing activities	(51\$)	(406)
CASH FLOWS FROM FINANCING ACTI' ITIES		
Proceeds from the issuance of long-term debt	59—	—
Payments for the redemption of long-term debt	(350)	—
Notes payable to affiliated companies	(19\$)	(364)
Capital contributions from parent	150	300
Net cash provided by (used in) financing activities	19\$	(64)
Net decrease in cash and cash equivalents	:	(11)
Cash and cash equivalents at beginning of period	:	19
Cash and cash equivalents at end of period	7	\$ 8
Supplemental Diszlosures—		
Significant non-cash transactions:		
Accrued capital expenditures	7	115 \$ 73

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Three Months Ended June 30, 2018 and 2019					
	Common Stock		Retained Earnings		Total Equity	
Balance at March 31, 2018	\$	860	\$	912	\$	1,772
Net loss		—		(8)		(8)
Contribution from parent		300		—		300
Balance at June 30, 2018	\$	1,160	\$	904	\$	2,064
Balance at March 31, 2019	\$	1,160	\$	1,053	\$	2,213
Net loss		:		(6)		(6)
Contribution from parent		150		:		150
Balance at June 30, 2019	7	1,310	7	1,047	7	2,357

(in millions)	Six Months Ended June 30, 2018 and 2019					
	Common Stock		Retained Earnings		Total Equity	
Balance at December 31, 2017	\$	860	\$	802	\$	1,662
Net income		—		102		102
Contribution from parent		300		—		300
Balance at June 30, 2018	\$	1,160	\$	904	\$	2,064
Balance at December 31, 2018	\$	1,160	\$	931	\$	2,091
Net income		:		115		115
Contribution from parent		150		:		150
Balance at June 30, 2019	7	1,310	7	1,047	7	2,357

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Index to Combined Notes to Condensed Consolidated Financial Statements

The unaudited notes to the Condensed Consolidated Financial Statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

Registrant	Applicable Notes																	
	1	2	3	4	5	—	6	\$	9	10	11	12	13	14	15	1—	16	1\$
Duke Energy	*	*	*	*	*	*	*	*		*	*	*	*	*	*	*	*	*
Duke Energy Carolinas	*	*	*	*	*	*	*		*	*	*	*	*	*		*	*	*
Progress Energy	*	*	*	*	*	*	*	*	*	*	*	*	*	*		*	*	*
Duke Energy Progress	*	*	*	*	*	*	*		*	*	*	*	*	*		*	*	*
Duke Energy Florida	*	*	*	*	*	*	*		*	*	*	*	*	*		*	*	*
Duke Energy Ohio	*	*	*	*	*	*	*	*	*	*		*	*	*		*	*	*
Duke Energy Indiana	*	*	*	*	*	*	*		*	*	*	*	*	*		*	*	*
Piedmont	*	*	*	*	*	*	*	*	*	*		*		*		*	*	*

Tables within the notes may not sum across due to (i) Progress Energy's consolidation of Duke Energy Progress, Duke Energy Florida and other subsidiaries that are not registrants and (ii) subsidiaries that are not registrants but included in the consolidated Duke Energy balances.

1. ORGANIZATION AND BASIS OF PRESENTATION

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2018.

The information in these combined notes relates to each of the Duke Energy Registrants as noted in the Index to Combined Notes to Condensed Consolidated Financial Statements. However, none of the registrants make any representations as to information related solely to Duke Energy or the subsidiaries of Duke Energy other than itself.

These Condensed Consolidated Financial Statements, in the opinion of the respective companies' management, reflect all normal recurring adjustments necessary to fairly present the financial position and results of operations of each of the Duke Energy Registrants. Amounts reported in Duke Energy's interim Condensed Consolidated Statements of Operations and each of the Subsidiary Registrants' interim Condensed Consolidated Statements of Operations and Comprehensive Income are not necessarily indicative of amounts expected for the respective annual periods due to effects of seasonal temperature variations on energy consumption, regulatory rulings, timing of maintenance on electric generating units, changes in mark-to-market valuations, changing commodity prices and other factors.

In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

BASIS OF CONSOLIDATION

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries or VIEs where the respective Duke Energy Registrants have control. See Note 13 for additional information on VIEs. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities.

NONCONTROLLING INTEREST

Duke Energy maintains a controlling financial interest in certain less-than wholly owned non-regulated subsidiaries. As a result, Duke Energy consolidates these subsidiaries and presents the third-party investors' portion of Duke Energy's net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Condensed Consolidated Balance Sheet.

Several operating agreements of Duke Energy's subsidiaries with noncontrolling interest are subject to allocations of earnings, tax attributes and cash flows in accordance with contractual agreements that vary throughout the lives of the subsidiaries. Therefore, Duke Energy and the other investors' (the owners) interests in the subsidiaries are not fixed, and the subsidiaries apply the HLBV method in allocating book profit or loss and other comprehensive income or loss (all measured on a pretax basis) to the owners. The HLBV method measures the amounts that each owner would hypothetically claim at each balance sheet reporting date, including tax benefits realized by the owners, upon a hypothetical liquidation of the subsidiary at the net book value of its underlying assets. The change in the amount that each owner would hypothetically receive at the reporting date compared to the amount it would have received on the previous reporting date represents the amount of profit or loss allocated to each owner for the reporting period. During the second quarter of 2019, Duke Energy's North Rosamond solar farm commenced commercial operations resulting in the allocation of losses to the noncontrolling tax equity members of \$74 million utilizing the HLBV method.

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Other operating agreements of Duke Energy's subsidiaries with noncontrolling interest allocate profit and loss based on their pro rata shares of the ownership interest in the respective subsidiary. Therefore, Duke Energy allocates net income or loss and other comprehensive income or loss of these subsidiaries to the owners based on their pro rata shares.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Duke Energy, Progress Energy and Duke Energy Florida have restricted cash balances related primarily to collateral assets, escrow deposits and VIEs. See Note 13 for additional information. Restricted cash amounts are included in Other within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets. The following table presents the components of cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets.

	June 30, 2019			December 31, 2018		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	7	33	7	51	1	\$ 442
Other	10	31	31	141	39	39
Other Noncurrent Assets						
Other	39	3	:	8	6	—
Total cash, cash equivalents and restricted cash	7	45	7	120	46	\$ 591

INVENTORY

Provisions for inventory write-offs were not material at June 30, 2019, and December 31, 2018. The components of inventory are presented in the tables below.

	cune 30, 2019															
	Du8e		Du8e		Progress		Du8e		Du8e		Du8e		Du8e		Piedmont	
(in millions)	Energy		Energy Carolinas		Energy		Energy Progress		Energy Florida		Energy Ohio		Energy Indiana			
Materials and supplies	7	2,252	7	649	7	1,03—	7	609	7	326	7	6—	7	323	7	3
Coal		—24		235		234		1—0		64		16		139		:
Natural gas, oil and other fuel		313		41		210		111		9\$		31		1		30
Total inventory	7	3,1\$9	7	1,025	7	1,4\$0	7	9\$0	7	499	7	124	7	4—3	7	33
	Dezember 31, 2015\$															
	Du8e		Du8e		Progress		Du8e		Du8e		Du8e		Du8e		Piedmont	
(in millions)	Energy		Energy Carolinas		Energy		Energy Progress		Energy Florida		Energy Ohio		Energy Indiana			
Materials and supplies	\$	2,238	\$	731	\$	1,049	\$	734	\$	315	\$	84	\$	312	\$	2
Coal		491		175		192		106		86		14		109		—
Natural gas, oil and other fuel		355		42		218		114		103		28		1		68
Total inventory	\$	3,084	\$	948	\$	1,459	\$	954	\$	504	\$	126	\$	422	\$	70

NEW ACCOUNTING STANDARDS

Except as noted below, the new accounting standards adopted for 2018 and 2019 had no material impact on the presentation or results of operations, cash flows or financial position of the Duke Energy Registrants.

Leases. In February 2016, the FASB issued revised accounting guidance for leases. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases on the balance sheet. This resulted in a material impact on the presentation for the statement of financial position of the Duke Energy Registrants for the period ended June 30, 2019, and an immaterial impact to the Duke Energy Registrants' results of operations for the three and six months ended June 30, 2019, and cash flows for the six months ended June 30, 2019.

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Duke Energy elected the modified retrospective method of adoption effective January 1, 2019. Under the modified retrospective method of adoption, prior year reported results are not restated. For adoption, Duke Energy has elected to apply the following practical expedients:

Practical Expedient	Description
Package of transition practical expedients (for leases commenced prior to adoption date and must be adopted as a package)	Do not need to 1) reassess whether any expired or existing contracts are or contain leases, 2) reassess the lease classification for any expired or existing leases and 3) reassess initial direct costs for any existing leases.
Short-term lease expedient (elect by class of underlying asset)	Elect as an accounting policy to not apply the recognition requirements to short-term leases by asset class.
Lease and non-lease components (elect by class of underlying asset)	Elect as an accounting policy to not separate non-lease components from lease components and instead account for each lease and associated non-lease component as a single lease component by asset class.
Hindsight expedient (when determining lease term)	Elect to use hindsight to determine the lease term.
Existing and expired land easements not previously accounted for as leases	Elect to not evaluate existing or expired easements under the new guidance and carry forward current accounting treatment.
Comparative reporting requirements for initial adoption	Elect to apply transition requirements at adoption date, recognize cumulative effect adjustment to retained earnings in period of adoption and not apply the new requirements to comparative periods, including disclosures.
Lessor expedient (elect by class of underlying asset)	Elect as an accounting policy to aggregate non-lease components with the related lease component when specified conditions are met by asset class. Account for the combined component based on its predominant characteristic (revenue or operating lease).

Duke Energy evaluated the financial statement impact of adopting the standard and monitored industry implementation issues. Under agreements considered leases, where Duke Energy is the lessee, for the use of certain aircraft, space on communication towers, industrial equipment, fleet vehicles, fuel transportation (barges and railcars), land, office space and PPAs are now recognized on the balance sheet. The Duke Energy Registrants did not have a material change to the financial statements from the adoption of the new standard for contracts where it is the lessor. See Note 5 for further information.

No new accounting standards, issued but not yet adopted, are expected to have a material impact on the Duke Energy Registrants as of June 30, 2019.

2. BUSINESS SEGMENTS

Duke Energy

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment primarily includes Duke Energy's regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment includes Piedmont, Duke Energy's natural gas local distribution companies in Ohio and Kentucky, and Duke Energy's natural gas storage and midstream pipeline investments.

The Commercial Renewables segment is primarily comprised of nonregulated utility-scale wind and solar generation assets located throughout the U.S. On April 24, 2019, Duke Energy executed an agreement to sell a minority interest in a portion of certain renewable assets. The portion of Duke Energy's commercial renewables energy portfolio to be sold includes 49 percent of 37 operating wind, solar and battery storage assets and 33 percent of 11 operating solar assets across the U.S. The sale will result in pretax proceeds to Duke Energy of \$415 million. Duke Energy will retain control of these assets, and, therefore, no gain or loss is expected to be recognized on the Condensed Consolidated Statements of Operations upon closing of the transaction. The sale is subject to customary closing conditions, including approvals from the FERC, the Public Utility Commission of Texas and the Committee on Foreign Investment in the U.S. Duke Energy received FERC approval on July 26, 2019. The transaction is expected to close in the second half of 2019.

During the three months ended June 30, 2019, Duke Energy evaluated recoverability of its renewable merchant plants principally located in the Electric Reliability Council of Texas West market due to declining market pricing and declining long-term forecasted energy and capacity prices, primarily driven by lower forecasted natural gas prices. Duke Energy determined that the assets were not impaired because the carrying value of \$160 million approximates the aggregate estimated future cash flows and further testing was not required. A continued decline in pricing would likely result in a future impairment.

The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of interest expense on holding company debt, unallocated corporate costs, Duke Energy's wholly owned captive insurance company, Bison, and Duke Energy's interest in NMC.

FINANCIAL STATEMENTS

k BUSINESS SEGMENTS

Business segment information is presented in the following tables. Segment assets presented exclude intercompany assets.

	Three Months Ended June 30, 2019																		
	Eleztriz			Gas			Total												
	Utilities and			Utilities and			Commercial			Reportable									
(in millions)	Infrastructure			Infrastructure			Renewables			Segments			Other	Eliminations	Total				
Unaffiliated revenues	7	5,4	6	7	2	2	7	11	\$	7	5,4	6	7	—	7	:	7	5,6	\$3
Intersegment revenues																			
Total revenues	7	5,465	7	30	—	7	11	\$	7	5,99	7	25	7	(51)	7			5,6	\$3
Segment income (loss)	7	\$09	7	40	7	\$—	7	935	7	(115)	7	:	7					20	
Add back noncontrolling interests ^(a)																			
Add back preferred stock dividend																			
Net income																			
Segment assets	7	131,40	7	12,943	7	4,60	7	149,453	7	3,15	7	1\$	7					153,449	

	Three Months Ended June 30, 2015														
	Eleztriz		Gas		Total										
(in millions)	Utilities and		Utilities and		Commercial		Reportable								
	Infrastructure		Infrastructure		Renewables		Segments								
						Other	Eliminations	Total							
Unaffiliated revenues	\$	5,215	\$	294	\$	119	\$	5,628	\$	15	\$	—	\$	5,643	
Intersegment revenues		8		24		—		32		17		(49)		—	
Total revenues	\$	5,223	\$	318	\$	119	\$	5,660	\$	32	\$	(49)	\$	5,643	
Segment income (loss) ^{(b)(c)}	\$	575	\$	28	\$	38	\$	641	\$	(136)	\$	—	\$	505	
Add back noncontrolling interests														2	
Loss from discontinued operations, net of tax														(5)	
Net income														\$	502

	Six Months Ended June 30, 2019																		
	Eleztrix			Gas			Total												
(in millions)	Utilities and Infrastructure			Utilities and Infrastructure			Commercial Reportable Segments			Other	Eliminations			Total					
Unaffiliated revenues	7	10,6	\$	7	1,0	14	7	224	7	12,02	—	7	10	7	:	7	12,03	—	
Intersegment revenues		1	—		4	\$		:		—	4		3	—		(100)		:
Total revenues	7	10,5	\$	7	1,0	—	2	7	224	7	12,090	7	4	—	7	(100)	7	12,03	—
Segment income (loss)	7	1,559		7	2	—	7	99	7	1,924	7	(204)	7		:	7	1,620		
Add back noncontrolling interests ^(a)																		(91)	
Add back preferred stock dividend																		12	
Net income																7	1,41		

	Six Months Ended June 30, 2015						
	Eletriz	Gas		Total			
(in millions)	Utilities and Infrastructure	Utilities and Infrastructure	Commercial Renewables	Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	\$ 10,530	\$ 997	\$ 220	\$ 11,747	\$ 31	\$ —	\$ 11,778
Intersegment revenues	16	48	—	64	36	(100)	—
Total revenues	\$ 10,546	\$ 1,045	\$ 220	\$ 11,811	\$ 67	\$ (100)	\$ 11,778
Segment income (loss) ^{(b)(c)(d)(e)}	\$ 1,325	\$ 144	\$ 58	\$ 1,527	\$ (402)	\$ —	\$ 1,125
Add back noncontrolling interests							4

Loss from discontinued operations, net of tax		(5)
Net income	\$	1,124

FINANCIAL STATEMENTS

Business Segments

- (a) Includes the allocation of losses to noncontrolling tax equity members. See Note 1 for additional information.
(b) Electric Utilities and Infrastructure includes regulatory and legislative impairment charges related to rate case orders, settlements or other actions of regulators or legislative bodies. See Note 3 for additional information.
(c) Other includes costs to achieve the Piedmont acquisition.
(d) Gas Utilities and Infrastructure includes an impairment of the investment in Constitution. See Note 3 for additional information.
(e) Other includes the loss on the sale of Beckjord described below and a valuation allowance recorded against the AMT credits.

In February 2018, Duke Energy sold Beckjord, a nonregulated facility retired during 2014, and recorded a pretax loss of \$106 million within Gains (Losses) on Sales of Other Assets and Other, net and \$1 million within Operation, maintenance and other on Duke Energy's Condensed Consolidated Statements of Operations for the six months ended June 30, 2018. The sale included the transfer of coal ash basins and other real property and indemnification from any and all potential future claims related to the property, whether arising under environmental laws or otherwise.

Duke Energy Ohio

Duke Energy Ohio has two reportable segments, Electric Utilities and Infrastructure and Gas Utilities and Infrastructure. The remainder of Duke Energy Ohio's operations is presented as Other.

Three Months Ended June 30, 2019										
(in millions)	Electric Utilities and Infrastructure		Gas Utilities and Infrastructure		Total Reportable Segments		Other		Total	
Total revenues	7	33	7	96	7	433	7	:	7	433
Segment income/Net (loss) income	7	31	7	16	7	4\$	7	(1)	7	46
Segment assets	7	5,914	7	2,94\$	7	\$, \$-2	7	26	7	\$, \$9

Three Months Ended June 30, 2018										
(in millions)	Electric Utilities and Infrastructure		Gas Utilities and Infrastructure		Total Reportable Segments		Other		Total	
Total revenues	\$	346	\$	103	\$	449	\$	10	\$	459
Segment income/Net (loss) income	\$	39	\$	18	\$	57	\$	(11)	\$	46

Six Months Ended June 30, 2019										
(in millions)	Electric Utilities and Infrastructure		Gas Utilities and Infrastructure		Total Reportable Segments		Other		Total	
Total revenues	7	-91	7	263	7	9-4	7	:	7	9-4
Segment income/Net (loss) income	7	-6	7	52	7	119	7	(3)	7	11-

Six Months Ended June 30, 2018										
(in millions)	Electric Utilities and Infrastructure		Gas Utilities and Infrastructure		Total Reportable Segments		Other		Total	
Total revenues	\$	682	\$	277	\$	959	\$	24	\$	983
Segment income/Net (loss) income ^(a)	\$	72	\$	52	\$	124	\$	(103)	\$	21

(a) Other includes the loss on the sale of Beckjord described above.

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

The NCUC, PSCSC, FPSC, IURC, PUCO, TPUC and KPSC approve rates for retail electric and natural gas services within their states. The FERC approves rates for electric sales to wholesale customers served under cost-based rates (excluding Ohio and Indiana), as well as sales of transmission service. The FERC also regulates certification and siting of new interstate natural gas pipeline projects.

FINANCIAL STATEMENTS

REGULATORY MATTERS

Du8e Energy Carolinas and Du8e Energy Progress

Hurricane Florence, Hurricane Michael and Winter Storm Diego Deferral Filings

On December 21, 2018, Duke Energy Carolinas and Duke Energy Progress filed with the NCUC petitions for approval to defer the incremental costs incurred in connection with the response to Hurricane Florence, Hurricane Michael and Winter Storm Diego to a regulatory asset for recovery in the next base rate case. The NCUC issued an order requesting comments on the deferral positions. On March 5, 2019, the North Carolina Public Staff (Public Staff) filed comments. On April 2, 2019, Duke Energy Carolinas and Duke Energy Progress filed reply comments, which included revised estimates of approximately \$553 million in incremental operation and maintenance expenses (\$171 million and \$382 million for Duke Energy Carolinas and Duke Energy Progress, respectively) and approximately \$96 million in capital costs (\$20 million and \$76 million for Duke Energy Carolinas and Duke Energy Progress, respectively). Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter. Duke Energy Progress filed a similar request with the PSCSC on January 11, 2019, which also included a request for the continuation of prior deferrals requested for ice storms and Hurricane Matthew, and on January 30, 2019, the PSCSC issued a directive approving the deferral request, followed by an order issued on February 21, 2019. On March 15, 2019, Duke Energy Progress filed a request with FERC requesting permission to defer transmission-related storm costs that would be charged to wholesale transmission customers through Duke Energy Progress' Open Access Transmission Tariff (OATT) and to recover those costs from wholesale transmission customers over a three-year recovery period. FERC accepted the filing on May 14, 2019, which allows Duke Energy Progress to proceed with the proposed cost deferral and recovery.

Du8e Energy Carolinas

2017 North Carolina Rate Case

On August 25, 2017, Duke Energy Carolinas filed an application with the NCUC for a rate increase for retail customers of approximately \$647 million, which represented an approximate 13.6 percent increase in annual base revenues. The rate increase was driven by capital investments subsequent to the previous base rate case, including the W.S. Lee CC, grid improvement projects, AML, investments in customer service technologies, costs of complying with CCR regulations and the Coal Ash Act and recovery of costs related to licensing and development of the Lee Nuclear Station.

On February 28, 2018, Duke Energy Carolinas and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9 percent and a capital structure of 52 percent equity and 48 percent debt. As a result of the settlement, Duke Energy Carolinas recorded a pretax charge of approximately \$4 million in the first quarter of 2018 to Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

On June 22, 2018, the NCUC issued an order approving the Stipulation of Partial Settlement and requiring a revenue reduction. As a result of the order, Duke Energy Carolinas recorded a pretax charge of approximately \$150 million in the second quarter of 2018 to Impairment charges and Operation, maintenance and other on the Condensed Consolidated Statements of Operations. The charge was primarily related to the denial of a return on the Lee Nuclear Project and the assessment of a \$70 million management penalty by reducing the annual recovery of deferred coal ash costs by \$14 million per year over a five-year recovery period. On July 27, 2018, NCUC approved Duke Energy Carolinas' compliance filing. As a result, revised customer rates were effective on August 1, 2018.

On July 20, 2018, the North Carolina Attorney General filed a Notice of Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction issued by the NCUC. The Attorney General contends the commission's order should be reversed and remanded, as it is in excess of the commission's statutory authority; affected by errors of law; unsupported by competent, material and substantial evidence in view of the entire record as submitted; and arbitrary or capricious. The Sierra Club, North Carolina Sustainable Energy Association, North Carolina Justice Center, North Carolina Housing Coalition, Natural Resource Defense Council and Southern Alliance for Clean Energy also filed Notices of Appeal to the North Carolina Supreme Court. On August 8, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court, which contends the commission's June 22, 2018, order should be reversed and remanded, as it is affected by errors of law, and is unsupported by substantial evidence with regard to the commission's failure to consider substantial evidence of coal ash related environmental violations. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Carolinas and Duke Energy Progress appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. On November 29, 2018, the North Carolina Supreme Court adopted a schedule for briefing set forth in the motion to consolidate the Duke Energy Carolinas and Duke Energy Progress appeals. Appellant's brief was filed on April 26, 2019. The Appellee response briefs are due on September 25, 2019. Duke Energy Carolinas cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Carolinas filed an application with the PSCSC for a rate increase for retail customers of approximately \$168 million, which represents an approximate 10.0 percent increase in retail revenues. The request for rate increase was driven by capital investments and environmental compliance progress made by Duke Energy Carolinas since its previous rate case, including the further implementation of Duke Energy Carolinas' generation modernization program, which consists of retiring, replacing and upgrading generation plants, investments in customer service technologies and continued investments in base work to maintain its transmission and distribution systems. The request included net tax benefits resulting from the Tax Act of \$66 million to reflect the change in ongoing tax expense, primarily from the reduction in the federal income tax rate from 35 to 21 percent. The request also included \$46 million to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change and benefits of \$17 million from a reduction in North Carolina state income taxes allocable to South Carolina (EDIT Rider).

FINANCIAL STATEMENTS

REGULATORY MATTERS

Duke Energy Carolinas also requested approval of its proposed Grid Improvement Plan (GIP), adjustments to its Prepaid Advantage Program and a variety of accounting orders related to ongoing costs for environmental compliance, including recovery over a five-year period of \$242 million of deferred coal ash related compliance costs, grid investments between rate changes, incremental depreciation expense, a result of new depreciation rates from the depreciation study approved in the 2017 North Carolina Rate Case above, and the balance of development costs associated with the cancellation of the Lee Nuclear Project. Finally, Duke Energy Carolinas sought approval to establish a reserve and accrual for end-of-life nuclear costs for nuclear fuel and materials and supplies. On March 8, 2019, the ORS moved to establish a new and separate hearing docket to review and consider the GIP proposed by Duke Energy Carolinas. Subsequently, on March 12, 2019, the ORS and Duke Energy Carolinas executed a Stipulation resolving the ORS's motion. The Stipulation provides that costs incurred after January 1, 2019, for the GIP will be deferred with a return, subject to evaluation in a future rate proceeding, and that Duke Energy Carolinas will refile for consideration of the GIP in a new docket for resolution by January 1, 2020. The Stipulation was approved by the PSCSC on June 19, 2019.

After hearings in March 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5 percent and a capital structure of 53 percent equity and 47 percent debt. The order also included the following material components:

- Approval of cancellation of the Lee Nuclear Project, with Duke Energy Carolinas maintaining the Combined Operating License;
- Approval of recovery of \$125 million (South Carolina retail portion) of Lee Nuclear Project development costs (including AFUDC through December 2017) over a 12-year period, but denial of a return on the deferred balance of costs;
- Approval of recovery of \$96 million of coal ash costs over a five-year period with a return at Duke Energy Carolinas' WACC;
- Denial of recovery of \$115 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a \$66 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35 to 21 percent;
- Approval of a \$45 million decrease through the EDIT Rider to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with the Average Rate Assumption Method (ARAM) for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a five-year period for the deferred revenues; and
- Approval of a \$17 million decrease through the EDIT Rider related to reductions in the North Carolina state income tax rate from 6.9 to 2.5 percent to be returned over a five-year period.

As a result of the May 21, 2019 order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Carolinas filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Carolinas were prejudiced by unlawful, arbitrary and capricious rulings by the commission on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Carolinas' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses. Duke Energy Carolinas awaits the order on reconsideration detailing the commission's decision. Based upon legal analysis and Duke Energy Carolinas' intention to file a notice of appeal with the South Carolina Supreme Court within 30 days of receipt of the order, Duke Energy Carolinas has not recorded an adjustment for its deferred coal ash costs. Duke Energy Carolinas cannot predict the outcome of this matter.

FERC Formula Rate Matter

On July 31, 2017, PMPA filed a complaint with FERC alleging that Duke Energy Carolinas misapplied the formula rate under the PPA between the parties by including in its rates amortization expense associated with regulatory assets and recorded in a certain account without FERC approval. On February 15, 2018, FERC issued an order ruling in favor of PMPA and ordered Duke Energy Carolinas to refund to PMPA all amounts improperly collected under the PPA. Duke Energy Carolinas has issued to PMPA and similarly situated wholesale customers refunds of approximately \$25 million. FERC also set the matter for settlement and hearing. PMPA and other customers filed a protest to Duke Energy Carolinas' refund report claiming that the refunds are inadequate in that (1) Duke Energy Carolinas invoked the limitations periods in the contracts to limit the time period for which the refunds were paid and the customers disagree that this limitation applies, and (2) Duke Energy Carolinas refunded only amounts recovered through a certain account and the customers have asserted that the order applies to all regulatory assets. On July 3, 2018, FERC issued an order accepting Duke Energy Carolinas' refund report and ruling that these two claims are outside the scope of FERC's February order. The settlement agreements and revised formula rates for all parties to the proceeding were filed on December 28, 2018. On April 2, 2019, FERC issued an order approving the settlement agreement as filed. Since then, Duke Energy Carolinas has implemented the terms of the settlement in rates with all wholesale customers, including non-intervening customers. On July 25, 2019, Duke Energy Carolinas received FERC approval for the accounting treatment requested for certain assets included in the settlement agreements. This is the final approval needed from FERC and concludes this proceeding.

Sale of Hydroelectric (Hydro) Plants

In May 2018, Duke Energy Carolinas entered an agreement for the sale of five hydro plants with a combined 18.7-MW generation capacity in the Western Carolinas region to Northbrook Energy. The completion of the transaction is subject to approval from FERC for the four FERC-licensed plants, as well as other state regulatory agencies and is contingent upon regulatory approval from the NCUC and PSCSC to defer the total estimated loss on the sale of approximately \$40 million. On July 5, 2018, Duke Energy Carolinas filed with NCUC for approval of the sale of the five hydro plants to Northbrook, to transfer the CPCNs for the four North Carolina hydro plants and to establish a regulatory asset for the North Carolina retail portion of the difference between sales proceeds and net book value. On June 5, 2019, the NCUC issued an order approving the transfer of the hydro plants from Duke Energy Carolinas to Northbrook, granting deferral accounting and denying the Public Staff's motion for reconsideration.

FINANCIAL STATEMENTS

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On August 28, 2018, Duke Energy Carolinas filed with PSCSC an Application for Approval of Transfer and Sale of Hydroelectric Generation Facilities, Acceptance for Filing of a Power Purchase Agreement and an Accounting Order to Establish a Regulatory Asset. On September 10, 2018, the ORS provided a letter to the commission stating its position on the application and on September 18, 2018, Duke Energy Carolinas requested this matter be carried over to allow Duke Energy Carolinas time to discuss certain accounting issues with the ORS. At their June 26, 2019, agenda meeting, the PSCSC voted to approve the transfer and sale subject to the recommendation of the ORS that the issuance of an Accounting Order will not preclude the ORS, the commission or any other party from addressing the reasonableness of these costs, any return sought and including any carrying costs in the next rate case.

On August 9, 2018, Duke Energy Carolinas and Northbrook filed a joint Application for Transfer of Licenses with the FERC. On December 27, 2018, the FERC issued its Order Approving Transfer of Licenses ("Order") for the four FERC-licensed hydro plants. On January 18, 2019, Duke Energy Carolinas and Northbrook Carolina Hydro II, LLC requested a six-month extension of time to comply with the requirement of the Order that Northbrook submit to FERC certified copies of all instruments of conveyance and signed acceptance sheets within 60 days of the date of the Order. On February 14, 2019, FERC issued an order granting extensions until August 26, 2019, to comply with the requirements of the December 27, 2018 Order.

The closing is expected to occur in 2019. After closing, Duke Energy Carolinas will purchase all the capacity and energy generated by these facilities at the avoided cost for five years through power purchase agreements. Duke Energy Carolinas cannot predict the outcome of this matter.

Duke Energy Progress

2017 North Carolina Rate Case

On June 1, 2017, Duke Energy Progress filed an application with the NCUC for a rate increase for retail customers of approximately \$477 million, which represented an approximate 14.9 percent increase in annual base revenues. Subsequent to the filing, Duke Energy Progress adjusted the requested amount to \$420 million, representing an approximate 13 percent increase. The rate increase was driven by capital investments subsequent to the previous base rate case, costs of complying with CCR regulations and the Coal Ash Act, costs relating to storm recovery, investments in customer service technologies and recovery of costs associated with renewable purchased power.

On November 22, 2017, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9 percent and a capital structure of 52 percent equity and 48 percent debt. On February 23, 2018, the NCUC issued an order approving the stipulation.

The order also impacted certain amounts that were similarly recorded on Duke Energy Carolinas' Condensed Consolidated Balance Sheets. As a result of the order, Duke Energy Progress and Duke Energy Carolinas recorded pretax charges of \$68 million and \$14 million, respectively, in the first quarter of 2018 to Impairment charges, Operation, maintenance and other and Interest Expense on the Condensed Consolidated Statements of Operations. Revised customer rates became effective on March 16, 2018.

On May 15, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court from the NCUC's February 23, 2018, Order. The Public Staff contends the NCUC's order should be reversed and remanded, as it is affected by errors of law, and is unsupported by competent, material and substantial evidence in view of the entire record as submitted. The North Carolina Attorney General and Sierra Club also filed Notices of Appeal to the North Carolina Supreme Court from the February 23, 2018, Order. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Progress and Duke Energy Carolinas appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. Appellant's brief was filed on April 26, 2019. The Appellee response briefs are due on September 25, 2019. Duke Energy Progress cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Progress filed an application with the PSCSC for a rate increase for retail customers of approximately \$59 million, which represents an approximate 10.3 percent increase in annual base revenues. The rate increase is driven by capital investments and environmental compliance progress made by Duke Energy Progress since its previous rate case, including the further implementation of Duke Energy Progress' generation modernization program, which consists of retiring, replacing and upgrading generation plants, investments in customer service technologies and continued investments in base work to maintain its transmission and distribution systems. The request included a decrease resulting from the Tax Act of \$17 million to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35 to 21 percent. The request also included \$10 million to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change (EDIT Rider) and a \$12 million increase due to the expiration of EDITs related to reductions in North Carolina state income taxes allocable to South Carolina.

Duke Energy Progress also requested approval of its proposed GIP, approval of a Prepaid Advantage Program and a variety of accounting orders related to ongoing costs for environmental compliance, including recovery over a five-year period of \$51 million of deferred coal ash related compliance costs, AMI deployment, grid investments between rate changes and regulatory asset treatment related to the retirement of a generating plant located in Asheville, North Carolina. Finally, Duke Energy Progress sought approval to establish a reserve and accrual for end-of-life nuclear costs for materials and supplies and nuclear fuel. On March 8, 2019, the ORS moved to establish a new and separate hearing docket to review and consider the GIP proposed by Duke Energy Progress. Subsequently, on March 12, 2019, the ORS and Duke Energy Carolinas executed a Stipulation resolving the ORS's motion, and Duke Energy Progress agreed to the Stipulation, as did other parties in the rate case. The Stipulation provides that costs incurred after January 1, 2019, for the GIP will be deferred with a return, with all costs subject to evaluation in a future rate proceeding, and that Duke Energy Progress will refile for consideration of the GIP in a new docket for resolution by January 1, 2020. The Stipulation was approved by the PSCSC on June 19, 2019.

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After hearings in April 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5 percent and a capital structure of 53 percent equity and 47 percent debt. The order also included the following material components:

- Approval of recovery of \$4 million of coal ash costs over a five-year period with a return at Duke Energy Progress' WACC;
- Denial of recovery of \$65 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a \$17 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35 to 21 percent;
- Approval of a \$12 million decrease through the EDIT Tax Savings Rider resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with ARAM for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a three-year period for the deferred revenues; and
- Approval of a \$12 million increase due to the expiration of EDIT related to reductions in the North Carolina state income tax rate from 6.9 to 2.5 percent.

As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Progress filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Progress were prejudiced by unlawful, arbitrary and capricious rulings by the commission on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Progress' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses, but allowing additional litigation-related costs. As a result of the Directive allowing litigation-related costs, customer rates were revised effective July 1, 2019. Duke Energy Progress awaits the order on reconsideration detailing the commission's decision. Based upon legal analysis and Duke Energy Progress' intention to file a notice of appeal with the South Carolina Supreme Court within 30 days of receipt of the order, Duke Energy Progress has not recorded an adjustment for its deferred coal ash costs. Duke Energy Progress cannot predict the outcome of this matter.

Western Carolinas Modernization Plan

On November 4, 2015, Duke Energy Progress announced a Western Carolinas Modernization Plan, which included retirement of the existing Asheville coal-fired plant, the construction of two 280-MW combined-cycle natural gas plants having dual-fuel capability, with the option to build a third natural gas simple cycle unit in 2023 based upon the outcome of initiatives to reduce the region's power demand. The plan also included upgrades to existing transmission lines and substations, installation of solar generation and a pilot battery storage project. These investments will be made within the next seven years. Duke Energy Progress worked with the local natural gas distribution company to upgrade an existing natural gas pipeline to serve the natural gas plant. The lease became effective on March 2, 2019.

On March 28, 2016, the NCUC issued an order approving a CPCN for the new combined-cycle natural gas plants, but denying the CPCN for the contingent simple cycle unit without prejudice to Duke Energy Progress to refile for approval in the future. On March 28, 2019, Duke Energy Progress filed an annual progress report for the construction of the combined-cycle plants with the NCUC, with an estimated cost of \$893 million. Site preparation activities for the combined-cycle plants are complete and construction of these plants began in 2017, with an expected in-service date in late 2019.

On October 8, 2018, Duke Energy Progress filed an application with the NCUC for a CPCN to construct the Hot Springs Microgrid Solar and Battery Storage Facility. On March 22, 2019, Duke Energy Progress and the Public Staff filed a Joint Proposed Order. On May 10, 2019, the NCUC issued an Order Granting Certificate of Public Convenience and Necessity with Conditions.

The carrying value of the 376-MW Asheville coal-fired plant, including associated ash basin closure costs, of \$284 million and \$327 million is included in Generation facilities to be retired, net on Duke Energy Progress' Condensed Consolidated Balance Sheets as of June 30, 2019, and December 31, 2018, respectively. Duke Energy Progress' request for a regulatory asset at the time of retirement with amortization over a 10-year period was approved by the NCUC on February 23, 2018.

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Du8e Energy Florida

Storm Restoration Cost Recovery

In September 2017, Duke Energy Florida's service territory suffered significant damage from Hurricane Irma, resulting in approximately 1 million customers experiencing outages. In the fourth quarter of 2017, Duke Energy Florida also incurred preparation costs related to Hurricane Nate. On December 28, 2017, Duke Energy Florida filed a petition with the FPSC to recover incremental storm restoration costs for Hurricane Irma and Hurricane Nate and to replenish the storm reserve. On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed a petition for approval of actual storm restoration costs and associated recovery process related to Hurricane Irma and Hurricane Nate. The petition sought the approval for the recovery in the amount of \$510 million in actual recoverable storm restoration costs, including the replenishment of Duke Energy Florida's storm reserve of \$132 million, and the process for recovering these recoverable storm costs. On August 20, 2018, the FPSC approved Duke Energy Florida's unopposed Motion for Continuance filed August 17, 2018, to allow for an evidentiary hearing in this matter. On January 28, 2019, Duke Energy Florida made a supplemental filing to reduce the total storm cost recovery from \$510 million to \$508 million. On April 3, 2019, the FPSC issued an Order abating all remaining filing dates. On April 9, 2019, Duke Energy Florida filed an unopposed motion to approve a settlement agreement resolving all outstanding issues in this docket. On June 13, 2019, the FPSC issued its order approving the settlement agreement. The Storm Cost Settlement Agreement obligates Duke Energy Florida to capitalize \$18 million of storm costs and remove \$6 million of operating and maintenance expense, thereby reducing the requested storm cost recovery amount by \$24 million. Duke Energy Florida will also implement process changes with respect to storm cost restoration. At June 30, 2019, and December 31, 2018, Duke Energy Florida's Condensed Consolidated Balance Sheets included approximately \$118 million and \$217 million, respectively, of recoverable costs under the FPSC's storm rule in Regulatory assets within Current Assets and Other Noncurrent Assets related to storm recovery for Hurricane Irma and Hurricane Nate.

In October 2018, Duke Energy Florida's service territory suffered damage when Hurricane Michael made landfall as a Category 5 hurricane with maximum sustained winds of 160 mph. The storm caused catastrophic damage from wind and storm surge, particularly from Panama City Beach to Mexico Beach, resulting in widespread outages and significant damage to transmission and distribution facilities across the central Florida Panhandle. In response to Hurricane Michael, Duke Energy Florida restored service to approximately 72,000 customers. Total current estimated incremental operation and maintenance and capital costs are \$360 million. Approximately \$82 million and \$35 million of the costs are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of June 30, 2019, and December 31, 2018, respectively. Approximately \$225 million and \$165 million of costs are included in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of June 30, 2019, and December 31, 2018, respectively, representing recoverable costs under the FPSC's storm rule and Duke Energy Florida's OATT formula rates. Additional costs could be incurred in 2019 related to this fourth quarter 2018 storm.

Duke Energy Florida filed a petition with the FPSC on April 30, 2019, to recover the retail portion of incremental storm restoration costs for Hurricane Michael. The estimated recovery amount is approximately \$221 million. On June 11, 2019, the FPSC approved the petition for recovery of incremental storm restoration costs related to Hurricane Michael. The FPSC also approved the stipulation Duke Energy Florida filed, which will allow Duke Energy Florida to use the tax savings resulting from the Tax Act to recover these storm costs in lieu of implementing a storm surcharge. Approved storm costs are currently expected to be fully recovered by approximately year-end 2021. Duke Energy Florida expects to file actual costs for approval with the FPSC in 2019. Duke Energy Florida cannot predict the outcome of this matter.

Tax Act

Pursuant to Duke Energy Florida's 2017 Settlement, on May 31, 2018, Duke Energy Florida filed a petition related to the Tax Act, which included revenue requirement impacts of annual tax savings of \$134 million and estimated annual amortization of EDIT of \$67 million for a total of \$201 million. Of this amount, \$50 million would be offset by accelerated depreciation of Crystal River 4 and 5 coal units and an estimated \$151 million would be offset by Hurricane Irma storm cost recovery as explained in the Storm Restoration Cost Recovery section above. On December 27, 2018, Duke Energy Florida filed actual EDIT balances and amortization based on its 2017 filed tax return. This increased the revenue requirement impact of the amortization of EDIT by \$4 million, from \$67 million to \$71 million, which increased the total storm amortization from \$151 million to \$155 million. On January 8, 2019, the FPSC approved a joint motion by Duke Energy Florida and the Office of Public Counsel resolving all stipulated positions. As part of that stipulation, Duke Energy Florida agreed to seek a Private Letter Ruling (PLR) from the IRS on its treatment of cost of removal (COR) as mostly protected by tax normalization rules. If the IRS rules that COR is not protected by tax normalization rules, then Duke Energy Florida will make a final adjustment to the amortization of EDIT and an adjustment to the storm recovery amount retroactive to January 2018. The IRS has communicated that it will not issue individual PLRs on the treatment of COR. Rather, the IRS is drafting a notice that will request comments on a number of issues, including COR, and the IRS plans to issue industrywide guidance on those issues. Duke Energy Florida cannot predict the outcome of this matter.

Solar Base Rate Adjustment

On July 31, 2018, Duke Energy Florida petitioned the FPSC to include in base rates the revenue requirements for its first two solar generation projects, the Hamilton Project and the Columbia Project, as authorized by the 2017 Settlement. The Hamilton Project, which was placed into service on December 22, 2018, has an annual retail revenue requirement of \$15 million. At its October 30, 2018, Agenda Conference, the FPSC approved the rate increase related to the Hamilton Project to go into effect beginning with the first billing cycle in January 2019 under its file and suspend authority, and revised customer rates became effective in January 2019. The Columbia Project has a projected annual revenue requirement of \$14 million and a projected in-service date in early 2020; the associated rate increase would take place with the first month's billing cycle after the Columbia Project goes into service. On April 2, 2019, the commission approved both solar projects as filed.

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On March 25, 2019, Duke Energy Florida petitioned the FPSC to include in base rates the revenue requirements for its next wave of solar generation projects, the Trenton, Lake Placid and DeBary Solar Projects, as authorized by the 2017 Settlement. The annual retail revenue requirement for the Trenton and Lake Placid Projects is \$13 million and \$8 million, respectively, with projected in-service dates in the fourth quarter of 2019. The DeBary Project has a projected annual revenue requirement of \$11 million and a projected in-service date in the first quarter of 2020. The associated rate increase would take place with the first month's billing cycle after each solar generation project goes into service. On July 22, 2019, the FPSC issued an order approving Duke Energy Florida's request.

Crystal River Unit 3 Accelerated Decommissioning Filing

On May 29, 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of the Crystal River Unit 3 nuclear power station located in Citrus County, Florida, with ADP CR3, LLC and ADP SF1, LLC, each of which is a wholly owned subsidiary of Accelerated Decommissioning Partners, LLC, a joint venture between NorthStar Group Services, Inc. and Orano USA LLC. Closing of this Agreement is contingent upon the approval of the NRC and FPSC. If approved, the decommissioning will be accelerated starting in 2020 and continuing through 2027, rather than the expected time frame under SAFSTOR of starting in 2067 and ending in 2074. Duke Energy Florida expects that the assets of the Nuclear Decommissioning Trust Fund will be sufficient to cover the contract price. On July 10, 2019, Duke Energy Florida petitioned the FPSC for approval of the Agreement. Duke Energy Florida cannot predict the outcome of this matter.

Du8e Energy Ohio

2017 Electric Security Plan

On June 1, 2017, Duke Energy Ohio filed with the PUCO a request for a standard service offer in the form of an ESP. On February 15, 2018, the procedural schedule was suspended to facilitate ongoing settlement discussions. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases pending before the PUCO, including, but not limited to, its Electric Base Rate Case. Additionally, on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation and Recommendation (Stipulation) with the PUCO resolving certain issues in this proceeding. The term of the ESP would be from June 1, 2018, to May 31, 2025, and included continuation of market-based customer rates through competitive procurement processes for generation, continuation and expansion of existing rider mechanisms and proposed new rider mechanisms relating to regulatory mandates, costs incurred to enhance the customer experience and transform the grid and a service reliability rider for vegetation management. The Stipulation established a regulatory model for the next seven years via the approval of the ESP and continued the current model for procuring supply for non-shopping customers, including recovery mechanisms. On December 19, 2018, the PUCO approved the Stipulation without material modification. Several parties filed applications for rehearing. On February 6, 2019, the PUCO granted the parties rehearing. The PUCO issued its Second Entry on Rehearing on July 17, 2019, upholding its December 19, 2018 order and denying all assignments of error raised by the non-stipulating parties. The parties have the ability to appeal to the Ohio Supreme Court within 60 days of the July entry. Duke Energy Ohio cannot predict the outcome of this matter.

Electric Base Rate Case

Duke Energy Ohio filed with the PUCO an electric distribution base rate case application and supporting testimony in March 2017. Duke Energy Ohio requested an estimated annual increase of approximately \$15 million and a return on equity of 10.4 percent. The application also included requests to continue certain current riders and establish new riders. On September 26, 2017, the PUCO staff filed a report recommending a revenue decrease between approximately \$18 million and \$29 million and a return on equity between 9.22 percent and 10.24 percent. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases pending before the PUCO. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed the Stipulation with the PUCO resolving numerous issues including those in this base rate proceeding. Major components of the Stipulation related to the base distribution rate case included a \$19 million decrease in annual base distribution revenue with a return on equity unchanged from the current rate of 9.84 percent based upon a capital structure of 50.75 percent equity and 49.25 percent debt. Upon approval of new rates, Duke Energy Ohio's rider for recovering its initial SmartGrid implementation ended as these costs would be recovered through base rates. The Stipulation also renewed 14 existing riders, some of which were included in the company's ESP, and added two new riders including the Enhanced Service Reliability Rider to recover vegetation management costs not included in base rates, up to \$10 million per year (operation and maintenance only) and the PowerForward Rider to recover costs incurred to enhance the customer experience and further transform the grid (operation and maintenance and capital). In addition to the changes in revenue attributable to the Stipulation, Duke Energy Ohio's capital-related riders, including the Distribution Capital Investments Rider, began to reflect the lower federal income tax rate associated with the Tax Act with updates to customers' bills beginning April 1, 2018. This change reduced electric revenue by approximately \$20 million on an annualized basis. On December 19, 2018, the PUCO approved the Stipulation without material modification. New base rates were implemented effective January 2, 2019. Several parties filed applications for rehearing. On February 6, 2019, the PUCO granted the parties rehearing. The PUCO issued its Second Entry on Rehearing on July 17, 2019, upholding its December 19, 2018 order and denying all assignments of error raised by the non-stipulating parties. The parties have the ability to appeal to the Ohio Supreme Court within 60 days of the July entry. Duke Energy Ohio cannot predict the outcome of this matter.

Ohio Valley Electric Corporation

On March 31, 2017, Duke Energy Ohio filed for approval to adjust its existing price stabilization rider (Rider PSR) to pass through net costs related to its contractual entitlement to capacity and energy from the generating assets owned by OVEC. Duke Energy Ohio sought deferral authority for net costs incurred from April 1, 2017, until the new rates under Rider PSR were put into effect. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the PUCO. Also, on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation with the PUCO resolving numerous issues including those related to Rider PSR. The Stipulation activated Rider PSR for recovery of net costs incurred from January 1, 2018, through May 2025. On December 19, 2018, the PUCO approved the Stipulation without material modification. The PSR rider became effective April 1, 2019. Several parties filed applications for rehearing. On February 6, 2019, the PUCO granted the parties rehearing. The PUCO issued its Second Entry on Rehearing on July 17, 2019, upholding its December 19, 2018 order and denying all assignments of error raised by the non-stipulating parties. The parties have the ability to appeal to the Ohio Supreme Court within 60 days of the July entry. Duke Energy Ohio cannot predict the outcome of this matter.

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On July 23, 2019, an Ohio bill was signed into law that will be effective January 1, 2020. Among other things, the bill allows for recovery of prudently incurred costs, net of any revenues, for Ohio Investor-owned utilities that are participants under the OVEC power agreement. The recovery shall be through a non-bypassable rider that is to replace any existing recovery mechanism approved by the PUCO and will remain in place through 2030. The amounts recoverable from customers will be subject to an annual cap, with incremental costs that exceed such cap eligible for deferral and recovery subject to review. See Note 13 for additional discussion of Duke Energy Ohio's ownership interest in OVEC.

Tax Act – Ohio

On July 25, 2018, Duke Energy Ohio filed an application to establish a new rider to implement the benefits of the Tax Act for electric distribution customers. The new rider will flow through to customers the benefit of the lower statutory federal tax rate from 35 to 21 percent since January 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normalization rules will be refunded consistent with federal law and deferred income taxes not subject to normalization rules will be refunded over a 10-year period. Duke Energy Ohio's transmission rates reflect lower federal income tax but guidance from FERC on amortization of both protected and unprotected transmission-related EDITs is still pending. On October 24, 2018, the PUCO issued a Finding and Order that, among other things, directed all utilities over which the commission has rate-making authority to file an application to pass the benefits of the Tax Act to customers by January 1, 2019, unless otherwise exempted or directed by the PUCO. Duke Energy Ohio's July 25, 2018, filing for electric distribution operations is consistent with the commission's October 24, 2018, Finding and Order and no further action is needed. On February 20, 2019, the PUCO approved the application without material modification. Rates became effective March 1, 2019.

On December 21, 2018, Duke Energy Ohio filed an application to change its base rates and establish a new rider to implement the benefits of the Tax Act for natural gas customers. Duke Energy Ohio requested commission approval to implement the changes and rider effective April 1, 2019. The new rider will flow through to customers the benefit of the lower statutory federal tax rate from 35 to 21 percent since January 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normalization rules will be refunded consistent with federal law and deferred income taxes not subject to normalization rules will be refunded over a 10-year period. The PUCO established a procedural schedule and testimony was filed on July 31, 2019. An evidentiary hearing will take place on August 7, 2019. Duke Energy Ohio cannot predict the outcome of this matter.

Energy Efficiency Cost Recovery

On March 28, 2014, Duke Energy Ohio filed an application for recovery of program costs, lost distribution revenue and performance incentives related to its energy efficiency and peak demand reduction programs. These programs are undertaken to comply with environmental mandates set forth in Ohio law. The PUCO approved Duke Energy Ohio's application but found that Duke Energy Ohio was not permitted to use banked energy savings from previous years in order to calculate the amount of allowed incentive. This conclusion represented a change to the cost recovery mechanism that had been agreed upon by intervenors and approved by the PUCO in previous cases. The PUCO granted the applications for rehearing filed by Duke Energy Ohio and an intervenor. On January 6, 2016, Duke Energy Ohio and the PUCO Staff entered into a stipulation, pending the PUCO's approval, to resolve issues related to performance incentives and the PUCO Staff audit of 2013 costs, among other issues. In December 2015, based upon the stipulation, Duke Energy Ohio re-established approximately \$20 million of the revenues that had been previously reversed. On October 26, 2016, the PUCO issued an order approving the stipulation without modification. In December 2016, the PUCO granted the intervenors request for rehearing for the purpose of further review. On April 10, 2019, the PUCO issued an Entry on Rehearing denying the rehearing applications.

On June 15, 2016, Duke Energy Ohio filed an application for approval of a three-year energy efficiency and peak demand reduction portfolio of programs. A stipulation and modified stipulation were filed on December 22, 2016, and January 27, 2017, respectively. Under the terms of the stipulations, which included support for deferral authority of all costs and a cap on shared savings incentives, Duke Energy Ohio has offered its energy efficiency and peak demand reduction programs throughout 2017. On February 3, 2017, Duke Energy Ohio filed for deferral authority of its costs incurred in 2017 in respect of its proposed energy efficiency and peak demand reduction portfolio. On September 27, 2017, the PUCO issued an order approving a modified stipulation. The modifications impose an annual cap of approximately \$38 million on program costs and shared savings incentives combined, but allowed for Duke Energy Ohio to file for a waiver of costs in excess of the cap in 2017. The PUCO approved the waiver request for 2017 up to a total cost of \$56 million. On November 21, 2017, the PUCO granted Duke Energy Ohio's and intervenor's applications for rehearing of the September 27, 2017, order. On January 10, 2018, the PUCO denied the Ohio Consumers' Counsel's application for rehearing of the PUCO order granting Duke Energy Ohio's waiver request; however, a decision on Duke Energy Ohio's application for rehearing remains pending. Duke Energy Ohio cannot predict the outcome of this matter.

2014 Electric Security Plan

On May 30, 2018, the PUCO approved an extension of Duke Energy Ohio's then-current ESP, including all terms and conditions thereof, excluding an extension of Duke Energy Ohio's Rider DCI. Following rehearing, on July 25, 2018, the PUCO granted the request and allowed a continuing cap on recovery under Rider DCI. The orders were upheld on rehearing requested by OMA and OCC. The time period for parties to file for rehearing or appeal has expired.

In 2018, the OMA and OCC filed separate appeals of PUCO's approval of Duke Energy Ohio's ESP with the Ohio Supreme Court, challenging PUCO's approval of Duke Energy Ohio's Price Stability Rider as a placeholder and its Rider DCI to recover incremental revenue requirement for distribution capital since Duke Energy Ohio's last base rate case. The Ohio Supreme Court issued an order on March 13, 2019, for the appellants to show cause why the appeals should not be dismissed as moot in light of the commission's approval of Duke Energy Ohio's current ESP. The OCC and OMA made the requested filings on March 20, 2019, and Duke Energy Ohio filed its response on March 27, 2019. Subsequent to OCC and OMA making the requested filings, the Ohio Supreme Court dismissed the appeals as moot on May 8, 2019.

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Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. Duke Energy Ohio currently estimates the pipeline development costs and construction activities will range from \$163 million to \$245 million in direct costs (excluding overheads and AFUDC). On January 20, 2017, Duke Energy Ohio filed an amended application with the Ohio Power Siting Board (OPSB) for approval of one of two proposed routes. A public hearing was held on June 15, 2017. In April 2018, Duke Energy Ohio filed a motion with OPSB to establish a procedural schedule and filed supplemental information supporting its application. On December 18, 2018, the OPSB established a procedural schedule that included a local public hearing on March 21, 2019. An evidentiary hearing began on April 9, 2019, and concluded on April 11, 2019. Briefs were filed on May 13, 2019, and reply briefs were filed on June 10, 2019. If approved, construction of the pipeline extension is expected to be completed before the 2021/2022 winter season. Duke Energy Ohio expects a decision by the end of 2019. Duke Energy Ohio cannot predict the outcome of this matter.

2012 Natural Gas Rate Case/MGP Cost Recovery

As part of its 2012 natural gas base rate case, Duke Energy Ohio has approval to defer and recover costs related to environmental remediation at two sites (East End and West End) that housed former MGP operations. Duke Energy Ohio has made annual applications for recovery of these deferred costs. Duke Energy Ohio is currently recovering approximately \$55 million in environmental remediation costs between 2009 through 2012 through a separate rider, Rider MGP. Duke Energy Ohio has made annual applications with the PUCO to recover its incremental remediation costs consistent with the PUCO's directive in Duke Energy Ohio's 2012 natural gas rate case. To date, the PUCO has not ruled on Duke Energy Ohio's annual applications for the calendar years 2013 through 2017. On September 28, 2018, the staff of the PUCO issued a report recommending a disallowance of approximately \$12 million of the \$26 million in MGP remediation costs incurred between 2013 through 2017 that staff believes are not eligible for recovery. Staff interprets the PUCO's 2012 Order granting Duke Energy Ohio recovery of MGP remediation as limiting the recovery to work directly on the East End and West End sites. On October 30, 2018, Duke Energy Ohio filed reply comments objecting to the staff's recommendations and explaining, among other things, the obligation Duke Energy Ohio has under Ohio law to remediate all areas impacted by the former MGPs and not just physical property that housed the former plants and equipment. To date, the PUCO has not issued a procedural schedule and has not ruled on Duke Energy Ohio's applications. On March 29, 2019, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2018 seeking recovery of approximately \$20 million in remediation costs. On July 12, 2019, the staff recommended a disallowance of approximately \$11 million for work that staff believes occurred in areas not authorized for recovery. Duke Energy Ohio cannot predict the outcome of this matter.

The 2012 PUCO order also contained conditional deadlines for completing the MGP environmental investigation and remediation costs at the MGP sites. Subsequent to the order, the deadline was extended to December 31, 2019. On May 10, 2019, Duke Energy Ohio filed an application requesting a continuation of its existing deferral authority for MGP remediation and investigation that must occur after December 31, 2019. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky Natural Gas Base Rate Case

On August 31, 2018, Duke Energy Kentucky filed an application with the KPSC requesting an increase in natural gas base rates of approximately \$11 million, an approximate 11.1 percent average increase across all customer classes. The increase was net of approximately \$5 million in annual savings as a result of the Tax Act. The drivers for this case are capital invested since Duke Energy Kentucky's last rate case in 2009. Duke Energy Kentucky also sought implementation of a Weather Normalization Adjustment Mechanism, amortization of regulatory assets and to implement the impacts of the Tax Act, prospectively. On January 30, 2019, Duke Energy Kentucky entered into a settlement agreement with the Attorney General of Kentucky, the only intervenor in the case. The settlement provided for an approximate \$7 million increase in natural gas base revenue, a return on equity of 9.7 percent and approval of the proposed Weather Normalization Mechanism. A hearing was held on February 5, 2019. The commission issued its Order approving the settlement without material modification on March 27, 2019. Revised customer rates were effective April 1, 2019.

Duke Energy Kentucky Electric Base Rate Case

On August 1, 2019, Duke Energy Kentucky filed a notice with the KPSC of its intent to file a general electric rate case application no earlier than 30 days from the notice submittal date.

Duke Energy Indiana

2019 Indiana Rate Case

On July 2, 2019, Duke Energy Indiana filed a general rate case with the IURC, its first general rate case in Indiana in 16 years, for a rate increase for retail customers of approximately \$395 million, which represents an approximate 15 percent increase in retail revenues. The rate increase is driven by strategic investments to generate cleaner electricity, improve reliability and serve a growing customer base. The request is premised upon a Duke Energy Indiana rate base of \$10.2 billion as of December 31, 2018, and adjusted for projected changes through December 31, 2020. Hearings are expected to commence in early 2020, with rates to be effective by mid-2020. Duke Energy Indiana cannot predict the outcome of this matter.

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REGULATORY MATTERS

FERC Transmission Return on Equity Complaint

Customer groups have filed with the FERC complaints against MISO and its transmission-owning members, including Duke Energy Indiana, alleging, among other things, that the current base rate of return on equity earned by MISO transmission owners of 12.38 percent is unjust and unreasonable. The complaints claim, among other things, that the current base rate of return on equity earned by MISO transmission owners should be reduced to 8.67 percent. On January 5, 2015, the FERC issued an order accepting the MISO transmission owners' adder of 0.50 percent to the base rate of return on equity based on participation in an RTO subject to it being applied to a return on equity that is shown to be just and reasonable in the pending return on equity complaints. On December 22, 2015, the presiding FERC ALJ in the first complaint issued an Initial Decision in which the base rate of return on equity was set at 10.32 percent. On September 28, 2016, the Initial Decision in the first complaint was affirmed by FERC, but is subject to rehearing requests. On June 30, 2016, the presiding FERC ALJ in the second complaint issued an Initial Decision setting the base rate of return on equity at 9.70 percent. The Initial Decision in the second complaint is pending FERC review. On April 14, 2017, the D.C. Circuit Court, in *Emera Maine v. FERC*, reversed and remanded certain aspects of the methodology employed by FERC to establish rates of return on equity. On October 16, 2018, FERC issued an order in response to the Emera remand proceeding proposing a new method for determining whether an existing return on equity is unjust and unreasonable, and a new process for determining a just and reasonable return on equity. On November 14, 2018, FERC directed parties to the MISO complaints to file briefs on how the new process for determining return on equity proposed in the Emera proceeding should be applied to the complaints involving the MISO transmission owners' return on equity. Initial briefs were filed on February 13, 2019, and reply briefs were filed April 10, 2019. Duke Energy Indiana currently believes these matters will not have a material impact on its results of operations, cash flows and financial position.

Edwardsport Integrated Gasification Combined Cycle Plant

On September 20, 2018, Duke Energy Indiana, the Indiana Office of Utility Consumer Counselor, the Duke Industrial Group and Nucor Steel – Indiana entered into a settlement agreement to resolve IGCC ratemaking issues for calendar years 2018 and 2019. The agreement will remain in effect until new rates are established in Duke Energy Indiana's next base rate case, which was filed on July 2, 2019, with rates to be effective in mid-2020. An evidentiary hearing was held in December 2018, and on June 5, 2019, the IURC issued an Order approving the 2018 Settlement Agreement.

Piedmont

North Carolina Integrity Management Rider Filing

On April 30, 2019, Piedmont filed a petition under the IMR mechanism to update rates, based on the eligible capital investments closed to integrity and safety projects over the six-month period ending March 31, 2019. The NCUC approved the petition on May 29, 2019, and rates became effective June 1, 2019. The effect of the update was an increase to annual revenues of approximately \$9 million.

Tennessee Integrity Management Rider Filing

In November 2018, Piedmont filed a petition with the TPUC under the IMR mechanism to collect an additional \$3 million in annual revenues, effective January 2019, based on the eligible capital investments closed to integrity and safety projects over the 12-month period ending October 31, 2018. A hearing on the matter was held on March 11, 2019. On May 20, 2019, the TPUC approved Piedmont's IMR application as filed and revised customer rates were effective June 1, 2019.

2019 North Carolina Rate Case

On April 1, 2019, Piedmont filed an application with the NCUC, its first general rate case in North Carolina in six years, for a rate increase for retail customers of approximately \$83 million, which represents an approximate 9 percent increase in retail revenues. The rate increase is driven by significant infrastructure upgrade investments (plant additions) since the last general rate case, offset by savings that customers will begin receiving due to federal and state tax reform. Approximately half of the plant additions being rolled into rate base are categories of plant investment not covered under the IMR mechanism, which was originally approved as part of the 2013 North Carolina Rate Case. An evidentiary hearing is scheduled to begin on August 19, 2019, and a decision and revised customer rates are expected by the end of 2019. Piedmont cannot predict the outcome of this matter.

OTHER REGULATORY MATTERS

Atlantic Coast Pipeline, LLC

On September 2, 2014, Duke Energy, Dominion Resources (Dominion), Piedmont and Southern Company Gas announced the formation of Atlantic Coast Pipeline, LLC (ACP) to build and own the proposed Atlantic Coast Pipeline (ACP pipeline), an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. The ACP pipeline is designed to meet, in part, the needs identified by Duke Energy Carolinas, Duke Energy Progress and Piedmont. Dominion will be responsible for building and operating the ACP pipeline and holds a leading ownership percentage in ACP of 48 percent. Duke Energy owns a 47 percent interest, which is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment. Southern Company Gas maintains a 5 percent interest. See Note 13 for additional information related to Duke Energy's ownership interest. Duke Energy Carolinas, Duke Energy Progress and Piedmont, among others, will be customers of the pipeline. Purchases will be made under several 20-year supply contracts, subject to state regulatory approval.

FINANCIAL STATEMENTS

REGULATORY MATTERS

In 2018, the FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route, including supply header and compressors. On May 11, 2018, and October 19, 2018, FERC issued Notices to Proceed allowing full construction activities in all areas of West Virginia except in the Monongahela National Forest. On July 24, 2018, FERC issued a Notice to Proceed allowing full construction activities along the project route in North Carolina. On October 19, 2018, the conditions to effectiveness of the Virginia 401 water quality certification were satisfied. Immediately following receipt of the Virginia 401 certification, ACP filed a request for FERC to issue a Notice to Proceed with full construction activities in Virginia. We appreciate the professional and collaborative process by the permitting agencies designed to ensure that this critical energy infrastructure project will meet the stringent environmental standards required by law and regulation.

ACP is the subject of challenges in state and federal courts and agencies, including, among others, challenges of the project's biological opinion (BiOp) and incidental take statement (ITS), crossings of the Blue Ridge Parkway, the Appalachian Trail, and the Monongahela and George Washington National Forests, the project's U.S. Army Corps of Engineers (USACE) 404 permit, the Virginia conditional 401 water quality certification, the project's air permit for a compressor station at Buckingham, Virginia, the FERC Environmental Impact Statement order and the FERC order approving the Certificate of Public Convenience and Necessity. Each of these challenges alleges non-compliance on the part of federal and state permitting authorities and adverse ecological consequences if the project is permitted to proceed. Since December 2018, notable developments in these challenges include a stay in December 2018 issued by the U.S. Court of Appeals for the Fourth Circuit (Fourth Circuit) and the same court's ultimate vacatur of the project's BiOp and ITS (which stay has halted most project construction activity), a Fourth Circuit decision vacating the project's permits to cross the Monongahela and George Washington National Forests and the Appalachian Trail, the Fourth Circuit's remand to USACE of ACP's Huntington District 404 verification and the Fourth Circuit's remand to the National Park Service of the ACP's Blue Ridge Parkway right-of-way. ACP is vigorously defending these challenges and coordinating with the federal and state authorities which are the direct parties to the challenges. The Solicitor General of the United States and ACP filed petitions for certiorari to the Supreme Court of the United States on June 25, 2019, regarding the Appalachian Trail crossing and anticipate a decision in October 2019 from the Supreme Court of the United States as to whether it will hear the case. ACP is also evaluating possible legislative remedies to this issue. On July 26, 2019, the Fourth Circuit issued an order vacating ACP's BiOp and ITS, finding that the U.S. Fish and Wildlife Service (FWS) had reached arbitrary conclusions in issuing the vacated BiOp and ITS. In anticipation of such an order by the Fourth Circuit, ACP and the FWS commenced work in mid-May of 2019 to set the basis for a reissued BiOp and ITS. ACP continues coordinating and working with FWS and other parties in preparation for a reissuance of the BiOp and ITS.

The delays resulting from the legal challenges described above have impacted the cost and schedule for the project. As a result, project cost estimates have increased to \$7.0 billion to \$7.8 billion, excluding financing costs. ACP expects to achieve a late 2020 in-service date for key segments of the project, while it expects the remainder to extend into 2021. Abnormal weather, work delays (including delays due to judicial or regulatory action) and other conditions may result in cost or schedule modifications in the future.

Constitution Pipeline Company, LLC

Duke Energy owns a 24 percent ownership interest in Constitution, which is accounted for as an equity method investment. Constitution is a natural gas pipeline project slated to transport natural gas supplies from the Marcellus supply region in northern Pennsylvania to major northeastern markets. The pipeline will be constructed and operated by Williams Partners L.P., which has a 41 percent ownership share. The remaining interest is held by Cabot Oil and Gas Corporation and WGL Holdings, Inc. Before the permitting delays discussed below, Duke Energy's total anticipated contributions were approximately \$229 million. As a result of the permitting delays and project uncertainty, total anticipated contributions by Duke Energy can no longer be reasonably estimated. Since April 2016, with the actions of the New York State Department of Environmental Conservation (NYSDEC), Constitution stopped construction and discontinued capitalization of future development costs until the project's uncertainty is resolved.

In December 2014, Constitution received approval from the FERC to construct and operate the proposed pipeline. However, on April 22, 2016, the NYSDEC denied Constitution's application for a necessary water quality certification for the New York portion of the Constitution pipeline. Constitution filed a series of legal actions challenging the legality and appropriateness of the NYSDEC's decision, culminating in an appeal to the Supreme Court of the United States, which appeal was denied on April 30, 2018. In addition, in October 2017, Constitution filed a petition for declaratory order requesting FERC to find that the NYSDEC waived its rights to issue a Section 401 water quality certification by not acting on Constitution's application within a reasonable period of time as required by statute, which petition was denied on January 11, 2018.

On January 25, 2019, the D.C. Circuit Court rendered a decision in *Hoopa Valley Tribe v. FERC* that withdrawal and resubmission of an application for a Section 401 water quality certification constituted a waiver by the relevant state agency when such withdrawals and resubmissions were intended to extend the one-year limit on accepting or rejecting such an application. As Constitution had made similar arguments in its 2018 petition to FERC for a declaratory order, on April 1, 2019, Constitution filed a new petition for declaratory order requesting FERC find a waiver on the part of NYSDEC in accordance with the D.C. Circuit Court's newly established precedent. On May 1, 2019, Constitution filed its response to supplemental pleadings filed by NYSDEC and others in this proceeding. A FERC response is expected later this year.

Constitution is currently unable to approximate an in-service date for the project due to the NYSDEC's denial of the water quality certification. The Constitution partners remain committed to the project and are evaluating next steps to move the project forward. On June 25, 2018, Constitution filed with FERC a Request for Extension of Time until December 2, 2020, for construction of the project. On November 5, 2018, FERC issued an Order Granting Extension of Time.

During the six months ended June 30, 2018, Duke Energy recorded an OTTI of \$55 million within Equity in earnings of unconsolidated affiliates on Duke Energy's Condensed Consolidated Statements of Income. The charge represented the excess carrying value over the estimated fair value of the project, which was based on a Level 3 Fair Value measurement that was determined from the income approach using discounted cash flows. The impairment was primarily due to actions taken by the courts and regulators to uphold the NYSDEC's denial of the certification and uncertainty associated with the remaining legal and regulatory challenges.

See Note 13 for additional information related to ownership interest and carrying value of the investment.

FINANCIAL STATEMENTS

REGULATORY MATTERS

Potential Coal Plant Retirements

The Subsidiary Registrants periodically file IRPs with their state regulatory commissions. The IRPs provide a view of forecasted energy needs over a long term (10 to 20 years) and options being considered to meet those needs. IRPs filed by the Subsidiary Registrants included planning assumptions to potentially retire certain coal-fired generating facilities in North Carolina and Indiana earlier than their current estimated useful lives. Duke Energy continues to evaluate the potential need to retire these coal-fired generating facilities earlier than the current estimated useful lives and plans to seek regulatory recovery for amounts that would not be otherwise recovered when any of these assets are retired.

The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of June 30, 2019, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net book value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-3 ^(a)	555	15—
Duke Energy Indiana		
Gallagher Units 2 and 4 ^(b)	250	11\$
Gibson Units 1-5 ^(c)	3,132	1,9—0
Cayuga Units 1-2 ^(c)	1,005	9\$3
Total Duke Energy	5,002	7 3,216

- (a) Duke Energy Carolinas will retire Allen Steam Station Units 1 through 3 by December 31, 2024, as part of the resolution of a lawsuit involving alleged New Source Review violations.
- (b) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher Units 2 and 4 by December 31, 2022, as part of the 2016 settlement of Edwardsport IGCC matters.
- (c) On July 1, 2019, Duke Energy Indiana filed its 2018 IRP with the IURC. The 2018 IRP included scenarios evaluating the potential retirement of coal-fired generating units at Gibson and Cayuga. The rate case filed July 2, 2019, includes proposed depreciation rates reflecting retirement dates from 2026 to 2038.

Refer to the "Western Carolinas Modernization Plan" discussion above for details of Duke Energy Progress' planned retirements.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal, coal ash and other environmental matters. These regulations can be changed from time to time, imposing new obligations on the Duke Energy Registrants. The following environmental matters impact all Duke Energy Registrants.

Remediation Activities

In addition to AROs recorded as a result of various environmental regulations, the Duke Energy Registrants are responsible for environmental remediation at various sites. These include certain properties that are part of ongoing operations and sites formerly owned or used by Duke Energy entities. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site conditions and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, the Duke Energy Registrants could potentially be held responsible for environmental impacts caused by other potentially responsible parties and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined at all sites. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other on the Condensed Consolidated Statements of Operations unless regulatory recovery of the costs is deemed probable.

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

The following tables contain information regarding reserves for probable and estimable costs related to the various environmental sites. These reserves are recorded in Accounts Payable within Current Liabilities and Other within Other Noncurrent Liabilities on the Condensed Consolidated Balance Sheets.

Six Months Ended June 30, 2019													
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont					
Balance at beginning of period	7	66	7	11	7	11	7	4	7	—	7	4	7
Provisions/adjustments		9		4		3		2		1		2	:
Cash reductions		(22)		(3)		(1)		(1)		:		(1)	:
Balance at end of period	7	—	7	12	7	13	7	5	7	6	7	32	7

Six Months Ended June 30, 2018													
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont					
Balance at beginning of period	\$ 81	\$ 10	\$ 15	\$ 3	\$ 12	\$ 47	\$ 5	\$ 2					
Provisions/adjustments	1	2	2	2	(1)	(3)	1	—					
Cash reductions	(14)	(1)	(2)	(1)	(1)	(9)	(1)	—					
Balance at end of period	\$ 68	\$ 11	\$ 15	\$ 4	\$ 10	\$ 35	\$ 5	\$ 2					

Additional losses in excess of recorded reserves that could be incurred for the stages of investigation, remediation and monitoring for environmental sites that have been evaluated at this time are not material except as presented in the table below.

(in millions)													
Duke Energy													\$ 51
Duke Energy Carolinas													12
Duke Energy Ohio													29
Piedmont													2

LITIGATION

Duke Energy Carolinas and Duke Energy Progress

NCDEQ Closure Litigation

The Coal Ash Act requires CCR surface impoundments in North Carolina to be closed, with the closure method and timing based on a risk ranking classification determined by legislation or state regulators. The NCDEQ previously classified the impoundments at Allen, Belews Creek, Rogers, Marshall, Mayo and Roxboro as low risk and Duke Energy expected to close those sites through a combination of a cap system and a groundwater monitoring system. However, on April 1, 2019, NCDEQ issued a closure determination (NCDEQ's April 1 Order) requiring Duke Energy Carolinas and Duke Energy Progress to excavate all remaining coal ash impoundments at these facilities. On April 26, 2019, Duke Energy Carolinas and Duke Energy Progress filed Petitions for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. On May 9, 2019, NCDEQ issued a supplemental order requiring that closure plans be submitted on December 31, 2019, but providing that the corrective action plans are not due until March 31, 2020. Duke Energy Carolinas and Duke Energy Progress filed amended petitions on May 24, 2019, incorporating the May 9, 2019 order.

On June 14, 2019, NCDEQ filed a motion to dismiss several claims in Duke Energy Carolinas' and Duke Energy Progress' appeals. On August 2, 2019, the court entered an order granting NCDEQ's motion to dismiss several of the claims. The lawsuit will proceed on the remaining issues, including whether the NCDEQ's decision was arbitrary and capricious. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Coal Ash Insurance Coverage Litigation

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Superior Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. On May 14, 2019, the court granted an extension of stay, until September 15, 2019, to allow the parties to discuss potential resolution. If the case is not fully resolved at that time, litigation will resume. The trial is now scheduled for February 2021. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

NCDEQ State Enforcement Actions

In the first quarter of 2013, the SELC sent notices of intent to sue Duke Energy Carolinas and Duke Energy Progress related to alleged CWA violations from coal ash basins at two of their coal-fired power plants in North Carolina. The NCDEQ filed enforcement actions against Duke Energy Carolinas and Duke Energy Progress alleging violations of water discharge permits and North Carolina groundwater standards. The cases have been consolidated and are being heard before a single judge in the North Carolina Superior Court.

On August 16, 2013, the NCDEQ filed an enforcement action against Duke Energy Carolinas and Duke Energy Progress related to their remaining plants in North Carolina, alleging violations of the CWA and violations of the North Carolina groundwater standards. Both of these cases have been assigned to the judge handling the enforcement actions discussed above. SELC is representing several environmental groups who have been permitted to intervene in these cases.

The court issued orders in 2016 granting Motions for Partial Summary Judgment for seven of the 14 North Carolina plants named in the enforcement actions. On February 13, 2017, the court issued an order denying motions for partial summary judgment brought by both the environmental groups and Duke Energy Carolinas and Duke Energy Progress for the remaining seven plants. On March 15, 2017, Duke Energy Carolinas and Duke Energy Progress filed a Notice of Appeal with the North Carolina Court of Appeals to challenge the trial court's order. The parties were unable to reach an agreement at mediation in April 2017 and submitted briefs to the trial court on remaining issues to be tried. On August 1, 2018, the Court of Appeals dismissed the appeal and the matter is proceeding before the trial court. In light of the NCDEQ's April 1 Order, on April 29, 2019, the court decided to stay any activity in the case until August 2019, at which time the court will hold another status conference. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Federal Citizens Suits

On June 13, 2016, the RRBA filed a federal citizen suit in the Middle District of North Carolina alleging unpermitted discharges to surface water and groundwater violations at the Mayo Plant. On August 19, 2016, Duke Energy Progress filed a Motion to Dismiss. On April 26, 2017, the court entered an order dismissing four of the claims in the federal citizen suit. Two claims relating to alleged violations of NPDES permit provisions survived the motion to dismiss, and Duke Energy Progress filed its response on May 10, 2017. Duke Energy Progress and RRBA each filed motions for summary judgment on March 23, 2018. The court has not yet ruled on these motions.

On May 16, 2017, RRBA filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina, which asserts two claims relating to alleged violations of NPDES permit provisions at the Roxboro Plant and one claim relating to the use of nearby water bodies. Duke Energy Progress and RRBA each filed motions for summary judgment on April 17, 2018, and the court has not yet ruled on these motions.

On May 8, 2018, on motion from Duke Energy Progress, the court ordered trial in both of the above matters to be consolidated. On April 5, 2019, Duke Energy Progress filed a motion to stay the case following the NCDEQ's April 1 Order. On August 2, 2019, the court ordered that this case is stayed and shall remain stayed pending further order from the court.

On December 5, 2017, various parties filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina for alleged violations at Duke Energy Carolinas' Belews Creek under the CWA. Duke Energy Carolinas' answer to the complaint was filed on August 27, 2018. On October 10, 2018, Duke Energy Carolinas filed Motions to Dismiss for lack of standing, Motion for Judgment on the Pleadings and Motion to Stay Discovery. On January 9, 2019, the court entered an order denying Duke Energy Carolinas' motion to stay discovery. There has been no ruling on the other pending motions. On April 5, 2019, Duke Energy Carolinas filed a motion to stay the case following the NCDEQ's April 1 Order. On August 2, 2019, the court ordered that this case is stayed and shall remain stayed pending further order from the court.

Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of these matters.

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of June 30, 2019, there were 145 asserted claims for non-malignant cases with cumulative relief sought of up to \$38 million, and 50 asserted claims for malignant cases with cumulative relief sought of up to \$16 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recognized asbestos-related reserves of \$607 million at June 30, 2019, and \$630 million at December 31, 2018. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon Duke Energy Carolinas' best estimate for current and future asbestos claims through 2038 and are recorded on an undiscounted basis. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2038 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas' cumulative payments began to exceed the self-insured retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is \$764 million in excess of the self-insured retention. Receivables for insurance recoveries were \$739 million at June 30, 2019, and December 31, 2018. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

Du8e Energy Progress and Du8e Energy Florida

Spent Nuclear Fuel Matters

On June 18, 2018, Duke Energy Progress and Duke Energy Florida sued the U.S. in the U.S. Court of Federal Claims for damages incurred for the period 2014 through 2018. The lawsuit claimed the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserted damages for the cost of on-site storage in the amount of \$100 million and \$203 million for Duke Energy Progress and Duke Energy Florida, respectively. Discovery is ongoing and a trial is expected to occur in 2020.

Du8e Energy Florida

Fluor Contract Litigation

On January 29, 2019, Fluor filed a breach of contract lawsuit in the U.S. District Court for the Middle District of Florida against Duke Energy Florida related to an EPC agreement for the combined-cycle natural gas plant in Citrus County, Florida. Fluor filed an amended complaint on February 13, 2019. Fluor's multicount complaint seeks civil, statutory and contractual remedies related to Duke Energy Florida's \$67 million draw in early 2019, on Fluor's letter of credit and offset of invoiced amounts. Duke Energy Florida moved to dismiss all counts of Fluor's amended complaint, and on April 16, 2019, the court dismissed Fluor's complaint without prejudice. On April 26, 2019, Fluor filed a second amended complaint. Duke Energy Florida is attempting to recover from Fluor \$110 million in additional costs incurred by Duke Energy Florida.

On August 1, 2019, Duke Energy Florida and Fluor reached a settlement to resolve the pending litigation and other outstanding issues related to completing the Citrus County combined-cycle plant. The terms of the settlement will not have a material impact on Duke Energy Florida's results of operations, cash flows or financial position.

Other Litigation and Legal Proceedings

The Duke Energy Registrants are involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. The Duke Energy Registrants believe the final disposition of these proceedings will not have a material effect on their results of operations, cash flows or financial position.

The table below presents recorded reserves based on management's best estimate of probable loss for legal matters, excluding asbestos-related reserves discussed above. Reserves are classified on the Condensed Consolidated Balance Sheets in Other within Other Noncurrent Liabilities and Other within Current Liabilities. The reasonably possible range of loss in excess of recorded reserves is not material, other than as described above.

(in millions)	June 30, 2019		December 31, 2015
Reserves for Legal Matters			
Duke Energy	7	—4 \$	65
Duke Energy Carolinas		6	9
Progress Energy		55	54
Duke Energy Progress		14	12
Duke Energy Florida		24	24
Piedmont		1	1

OTHER COMMITMENTS AND CONTINGENCIES

General

As part of their normal business, the Duke Energy Registrants are party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. These guarantees involve elements of performance and credit risk, which are not fully recognized on the Condensed Consolidated Balance Sheets and have unlimited maximum potential payments. However, the Duke Energy Registrants do not believe these guarantees will have a material effect on their results of operations, cash flows or financial position.

In addition, the Duke Energy Registrants enter into various fixed-price, noncancelable commitments to purchase or sell power or natural gas, take-or-pay arrangements, transportation, or throughput agreements and other contracts that may or may not be recognized on their respective Condensed Consolidated Balance Sheets. Some of these arrangements may be recognized at fair value on their respective Condensed Consolidated Balance Sheets if such contracts meet the definition of a derivative and the NPNS exception does not apply. In most cases, the Duke Energy Registrants' purchase obligation contracts contain provisions for price adjustments, minimum purchase levels and other financial commitments.

FINANCIAL STATEMENTS

LEASES

5. LEASES

As described in Note 1, Duke Energy adopted the revised accounting guidance for Leases effective January 1, 2019, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. Adoption of the new standard resulted in the recording of ROU assets and operating lease liabilities as follows:

	As of canuary 1, 2019															
	Du8e Energy		Du8e Energy Carolinas		Progress Energy		Du8e Energy Progress		Du8e Energy Florida		Du8e Energy Ohio		Du8e Energy Indiana		Piedmont	
(in millions)	7	1,650	7	153	7	\$-3	7	406	7	45	7	23	7	-4	7	2
ROU assets	7	1,650	7	153	7	\$-3	7	406	7	45	7	23	7	-4	7	2
Operating lease liabilities – current		205		2\$		9		35		-4		1		4		4
Operating lease liabilities – noncurrent		1,504		126		6		361		395		22		5\$		25

As part of its operations, Duke Energy leases certain aircraft, space on communication towers, industrial equipment, fleet vehicles, fuel transportation (barges and railcars), land and office space under various terms and expiration dates. Additionally, Duke Energy Carolinas, Duke Energy Progress and Duke Energy Indiana have finance leases related to firm natural gas pipeline transportation capacity. Duke Energy Progress and Duke Energy Florida have entered into certain PPAs, which are classified as finance and operating leases.

Duke Energy has certain lease agreements, which include variable lease payments that are based on the usage of an asset. These variable lease payments are not included in the measurement of the ROU assets or operating lease liabilities on the Condensed Consolidated Financial Statements.

Certain Duke Energy lease agreements include options for renewal and early termination. The intent to renew a lease varies depending on the lease type and asset. Renewal options that are reasonably certain to be exercised are included in the lease measurements. The decision to terminate a lease early is dependent on various economic factors. No termination options have been included in any of the lease measurements.

Duke Energy operates various renewable energy projects and sells the generated output to utilities, electric cooperatives, municipalities and commercial and industrial customers through long-term PPAs. In certain situations, these PPAs and the associated renewable energy projects qualify as operating leases. Rental income from these leases is accounted for as Nonregulated electric and other revenues in the Condensed Consolidated Statements of Operations. There are no minimum lease payments as all payments are contingent based on actual electricity generated by the renewable energy projects. Contingent lease payments were \$72 million and \$136 million for the three and six months ended June 30, 2019, respectively. As of June 30, 2019, renewable energy projects owned by Duke Energy and accounted for as operating leases had a cost basis of \$3,344 million and accumulated depreciation of \$661 million. These assets are principally classified as nonregulated electric generation and transmission assets.

FINANCIAL STATEMENTS LEASES

The following table presents the components of lease expense.

	Three Months Ended June 30, 2019															
(in millions)	Du8e Energy		Du8e Energy Carolinas		Progress Energy		Du8e Energy Progress		Du8e Energy Florida		Du8e Energy Ohio		Du8e Energy Indiana		Piedmont	
Operating lease expense ^(a)	7	63	7	11	7	40	7	16	7	23	7	3	7	5	7	2
Short-term lease expense ^(a)		—		2		4		2		2		1		:		:
Variable lease expense ^(a)		10		4		5		2		3		:		:		:
Finance lease expense																
Amortization of leased assets ^(b)		29		1		5		1		4		1		:		:
Interest on lease liabilities ^(c)		20		3		13		10		3		:		1		:
Total finance lease expense		49		4		18		11		6		1		1		:
Total lease expense	7	138	7	21	7	—6	7	32	7	35	7	5	7	—	7	2

	Six Months Ended June 30, 2019															
(in millions)	Du8e Energy		Du8e Energy Carolinas		Progress Energy		Du8e Energy Progress		Du8e Energy Florida		Du8e Energy Ohio		Du8e Energy Indiana		Piedmont	
Operating lease expense ^(a)	7	145	7	23	7	\$2	7	3—	7	4—	7	—	7	10	7	3
Short-term lease expense ^(a)		13		4		6		3		4		1		1		:
Variable lease expense ^(a)		21		12		6		3		4		:		:		:
Finance lease expense																
Amortization of leased assets ^(b)		5—		2		\$		2		—		1		:		:
Interest on lease liabilities ^(c)		36		6		19		14		5		:		1		:
Total finance lease expense		93		9		26		1—		11		1		1		:
Total lease expense	7	262	7	48	7	123	7	58	7	—5	7	\$	7	12	7	3

- (a) Included in Operations, maintenance and other or, for barges and railcars, Fuel used in electric generation and purchased power on the Condensed Consolidated Statements of Operations.
- (b) Included in Depreciation and amortization on the Condensed Consolidated Statements of Operations.
- (c) Included in Interest Expense on the Condensed Consolidated Statements of Operations.

The following table presents rental expense for operating leases, as reported under the old lease standard. These amounts are included in Operation, maintenance and other and Fuel used in electric generation and purchased power on the Condensed Consolidated Statements of Operations.

(in millions)	Year Ended December 31, 2019
Duke Energy	\$ 268
Duke Energy Carolinas	49
Progress Energy	143
Duke Energy Progress	75
Duke Energy Florida	68
Duke Energy Ohio	13
Duke Energy Indiana	21
Piedmont	11

FINANCIAL STATEMENTS LEASES

The following table presents operating lease maturities and a reconciliation of the undiscounted cash flows to operating lease liabilities.

	TBeKe Months Ended cune 30,															
	Du8e		Du8e		Progress		Du8e		Du8e		Du8e		Du8e		Piedmont	
(in millions)	Energy		Energy Carolinas		Energy		Energy Progress		Energy Florida		Energy Ohio		Energy Indiana			
2020	7	269	7	33	7	129	7	51	7	6\$	7	2	7	—	7	5
2021		239		2\$		112		52		—0		2		5		5
2022		199		19		94		40		54		2		4		5
2023		190		1\$		95		40		55		2		4		5
2024		16\$		15		9—		41		55		2		4		5
Thereafter		1,055		—4		513		30—		206		22		—5		6
Total operating lease payments		2,140		164		1,039		530		509		32		\$		32
Less: present value discount		(425)		(30)		(192)		(116)		(65)		(10)		(2\$)		(3)
Total operating lease liabilities ^(a)	7	1,615	7	144	7	\$46	7	413	7	434	7	22	7	—0	7	29

(a) Certain operating lease payments include renewal options that are reasonably certain to be exercised.

The following table presents future minimum lease payments under operating leases, which at inception had a non-cancelable term of more than one year, as reported under the old lease standard.

(in millions)	Dezember 31, 201\$							
	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
2019	\$ 239	\$ 33	\$ 97	\$ 49	\$ 48	\$ 2	\$ 6	\$ 5
2020	219	29	90	46	44	2	5	5
2021	186	19	79	37	42	2	4	5
2022	170	19	76	34	42	2	4	5
2023	160	17	77	35	42	2	5	6
Thereafter	1,017	68	455	314	141	23	66	11
Total	\$ 1,991	\$ 185	\$ 874	\$ 515	\$ 359	\$ 33	\$ 90	\$ 37

The following table presents finance lease maturities and a reconciliation of the undiscounted cash flows to finance lease liabilities.

TBe Months Ended June 30,												
(in millions)	Du8e Energy		Du8e Energy Carolinas		Progress Energy		Du8e Energy Progress		Du8e Energy Florida		Du8e Energy Indiana	
2020	7	166	7	19	7	−9	7	44	7	25	7	1
2021		1\$3		16		−9		44		25		1
2022		1\$0		14		−9		44		25		1
2023		161		14		−9		44		25		1
2024		162		14		−4		44		20		1
Thereafter		\$46		191		5−0		546		13		2\$
Total finance lease payments		1,630		2−9		900		6−6		133		33
Less: amounts representing interest		(60\$)		(1−2)		(4\$3)		(456)		(2−)		(23)
Total finance lease liabilities	7	1,022	7	106	7	416	7	310	7	106	7	10

FINANCIAL STATEMENTS LEASES

The following table presents future minimum lease payments under finance leases, as reported under the old lease standard.

(in millions)	Dezember 31, 2015						
	Du8e	Du8e	Progress	Du8e	Du8e	Du8e	Du8e
	Energy	Energy Carolinas	Energy	Energy Progress	Energy Florida	Energy Ohio	Energy Indiana
2019	\$ 170	\$ 20	\$ 45	\$ 20	\$ 25	\$ 2	\$ 1
2020	174	20	46	21	25	—	1
2021	177	15	45	20	25	—	1
2022	165	15	45	21	24	—	1
2023	165	15	45	21	24	—	1
Thereafter	577	204	230	209	21	—	27
Minimum annual payments	1,428	289	456	312	144	2	32
Less: amount representing interest	(487)	(180)	(205)	(175)	(30)	—	(22)
Total	\$ 941	\$ 109	\$ 251	\$ 137	\$ 114	\$ 2	\$ 10

The following tables contain additional information related to leases.

cune 30, 2019									
(in millions)	Classification	Du8e	Du8e	Progress	Du8e	Du8e	Du8e	Du8e	Piedmont
		Energy	Energy Carolinas	Energy	Energy Progress	Energy Florida	Energy Ohio	Energy Indiana	
Assets									
Operating	Operating lease ROU assets, net	7 1,635 7	141 7	\$39 7	406 7	432 7	22 7	—9 7	2—
Finance	Net property, plant and equipment	1,013	122	423	309	114	:	10	:
Total lease assets		7 2,64\$ 7	2—3 7	1,2—2 7	61— 7	54— 7	22 7	60 7	2—
Liabilities									
Current									
Operating	Other current liabilities	7 213 7	26 7	100 7	3— 7	—4 7	1 7	4 7	4
Finance	Current maturities of long-term debt	115	—	23	—	16	:	:	:
Noncurrent									
Operating	Operating lease liabilities	1,502	116	646	366	360	21	5—	25
Finance	Long-Term Debt	906	101	394	304	90	:	10	:
Total lease liabilities		7 2,636 7	251 7	1,2—4 7	623 7	541 7	22 7	60 7	29

FINANCIAL STATEMENTS

LEASES

Six Months Ended June 30, 2019

(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Cash paid for amounts included in the measurement of lease liabilities^(a)								
Operating cash flows from operating leases	7	13	7	15	7	—	3	5
Operating cash flows from finance leases	36	6	19	14	5	:	1	:
Financing cash flows from finance leases	5	2	\$	2	—	1	:	:
Lease assets obtained in exchange for net lease liabilities (non-cash)								
Operating ^(b)	7	6	7	2	7	30	7	1
Finance	165	:	165	165	:	:	:	:

(a) No amounts were classified as investing cash flows from operating leases for the six months ended June 30, 2019.

(b) Does not include ROU assets recorded as a result of the adoption of the new lease standard.

June 30, 2019

	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Weighted-average remaining lease term (years)								
Operating leases	11	9	10	12	9	1	19	—
Finance leases	1	19	16	1	12	:	26	:
Weighted-average discount rate^(a)								
Operating leases	3.9%	3.6%	3.5%	3.5%	3.6%	4.2%	4.1%	3.9%
Finance leases	6.9%	12.9%	11.5%	12.4%	5.3%	:	11.9%	:

(a) The discount rate is calculated using the rate implicit in a lease if it is readily determinable. Generally, the rate used by the lessor is not provided to Duke Energy and in these cases the incremental borrowing rate is used. Duke Energy will typically use its fully collateralized incremental borrowing rate as of the commencement date to calculate and record the lease. The incremental borrowing rate is influenced by the lessee's credit rating and lease term and as such may differ for individual leases, embedded leases or portfolios of leased assets.

FINANCIAL STATEMENTS DEK T AND CREDIT FACILITIES

DEK T AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEK T ISSUANCES

The following table summarizes significant debt issuances (in millions).

Issuance Date	Maturity Date	Interest Rate	Six Months Ended June 30, 2019									
			Du8e Energy		Du8e Energy (Parent)		Du8e Energy Progress		Du8e Energy Ohio		Piedmont	
Unsecured Debt												
March 2019 ^(a)	March 2022	3.251% ^(b)	7	300	7	300	7	:	7	:	7	:
March 2019 ^(a)	March 2022	3.227%		300		300		:		:		:
May 2019 ^(e)	June 2029	3.500%		—0		:		:		:		—0
June 2019 ^(a)	June 2029	3.400%		—0		—0		:		:		:
June 2019 ^(a)	June 2049	4.200%		—0		—0		:		:		:
First Mortgage Bonds												
January 2019 ^(c)	February 2029	3.650%		400		:		:		400		:
January 2019 ^(c)	February 2049	4.300%		400		:		:		400		:
March 2019 ^(d)	March 2029	3.450%		—0		:		—0		:		:
Total issuances			7	3,\$00	7	1,\$00	7	—0	7	\$00	7	—0

- (a) Debt issued to pay down short-term debt and for general corporate purposes.
(b) Debt issuance has a floating interest rate.
(c) Debt issued to repay at maturity \$450 million first mortgage bonds due April 2019, pay down short-term debt and for general corporate purposes.
(d) Debt issued to fund eligible green energy projects in the Carolinas.
(e) Debt issued to repay in full the outstanding \$350 million Piedmont unsecured term loan due September 2019, pay down short-term debt and for general corporate purposes.

In June 2019, Duke Energy Kentucky priced \$210 million of unsecured debentures of which \$95 million carry a fixed interest rate of 3.23 percent and mature October 2025, \$75 million carry a fixed interest rate of 3.56 percent and mature October 2029, and \$40 million carry a fixed interest rate of 4.32 percent and mature July 2049. The \$40 million tranche closed and funded in July 2019, and the remaining tranches are expected to close in September 2019 upon receipt of necessary regulatory approvals. The proceeds will be used to refinance Duke Energy Kentucky's \$100 million, 4.65 percent debentures maturing October 2019, to pay down short-term intercompany debt and for general corporate purposes.

CURRENT MATURITIES OF LONG-TERM DEK T

The following table shows the significant components of Current Maturities of Long-Term Debt on the Condensed Consolidated Balance Sheets. The Duke Energy Registrants currently anticipate satisfying these obligations with cash on hand and proceeds from additional borrowings.

(in millions)	Maturity Date	Interest Rate	June 30, 2019
Unsecured Debt			
Duke Energy (Parent)	September 2019	5.050%	7 500
Duke Energy Kentucky	October 2019	4.650%	100
Progress Energy	December 2019	4.875%	350
Duke Energy (Parent)	June 2020	2.100%	330
First Mortgage Bonds			
Duke Energy Florida	January 2020	1.850%	250
Duke Energy Florida	April 2020	4.550%	250
Duke Energy Carolinas	June 2020	4.300%	450
Other^(a)			4-\$
Current maturities of long-term debt			7 2,-9\$

- (a) Includes finance lease obligations, amortizing debt and small bullet maturities.

FINANCIAL STATEMENTS DEBT AND CREDIT FACILITIES

A' AILAK LE CREDIT FACILITIES

Master Credit Facility

In March 2019, Duke Energy amended its existing \$8 billion Master Credit Facility to extend the termination date to March 2024. The Duke Energy Registrants, excluding Progress Energy (Parent), have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder. Duke Energy Carolinas and Duke Energy Progress are also required to each maintain \$250 million of available capacity under the Master Credit Facility as security to meet obligations under plea agreements reached with the U.S. Department of Justice in 2015 related to violations at North Carolina facilities with ash basins. The table below includes the current borrowing sublimits and available capacity under the Master Credit Facility.

	cune 30, 2019															
	Du8e Energy		Du8e Energy (Parent)		Du8e Energy Carolinas		Du8e Energy Progress		Du8e Energy Florida		Du8e Energy Ohio		Du8e Energy Indiana		Piedmont	
(in millions)	7	\$,000	7	2,—50	7	1,650	7	1,250	7	\$00	7	450	7	—90	7	500
Facility size ^(a)	7	\$,000	7	2,—50	7	1,650	7	1,250	7	\$00	7	450	7	—90	7	500
Reduction to backstop issuances																
Commercial paper ^(b)		(3,420)		(1,009)		(1,099)		(26→		(464)		(23→		(32→		:
Outstanding letters of credit		(53)		(45)		(4)		(2)		:		:		:		(2)
Tax-exempt bonds		(\$1)		:		:		:		:		:		(\$1)		:
Coal ash set-aside		(500)		:		(250)		(250)		:		:		:		:
Available capacity under the Master Credit Facility	7	3,94—	7	1,59—	7	396	7	622	7	32—	7	214	7	193	7	49\$

(a) Represents the sublimit of each borrower.

(b) Duke Energy issued \$625 million of commercial paper and loaned the proceeds through the money pool to Duke Energy Carolinas, Duke Energy Progress, Duke Energy Ohio and Duke Energy Indiana. The balances are classified as Long-Term Debt Payable to Affiliated Companies on the Condensed Consolidated Balance Sheets.

Other Credit Facilities

(in millions)	cune 30, 2019			
	Facility size		Amount draBn	
Duke Energy (Parent) Three-Year Revolving Credit Facility ^(a)	7	1,000	7	500
Duke Energy Progress Term Loan Facility ^(b)		600		600

(a) In May 2019, Duke Energy (Parent) extended the termination date to May 2022.

(b) \$650 million was drawn under the term loan in January and February 2019.

In May 2019, the \$350 million Piedmont term loan was paid off in full with proceeds from the \$600 million Piedmont debt offering.

FINANCIAL STATEMENTS ASSET RETIREMENT OBLIGATIONS

6. ASSET RETIREMENT OBLIGATIONS

The Duke Energy Registrants record AROs when there is a legal obligation to incur retirement costs associated with the retirement of a long-lived asset and the obligation can be reasonably estimated. Actual closure costs incurred could be materially different from current estimates that form the basis of the recorded AROs.

The following table presents the AROs recorded on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2019													
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont						
Decommissioning of nuclear power facilities ^(a)	7	5,066	7	2,401	7	3,266	7	2,639	7	52	7	:	7	:
Closure of ash impoundments		49		2,94		2,55		2,39		19		46		99
Other		323		46		60		3		32		42		20
Total ARO	7	12,2	7	5,342	7	1,193	7	5,4	7	566	7	9	7	619
Less: current portion		639		203		41		413		3				115
Total noncurrent ARO	7	11,59	7	5,139	7	5,666	7	5,203	7	564	7	3	7	504

(a) Duke Energy amount includes purchase accounting adjustments related to the merger with Progress Energy.

ARO Liability Rollforward

The following table presents the change in liability associated with AROs for the Duke Energy Registrants.

(in millions)														
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont						
Balance at December 31, 2018 ^(a)	\$ 10,467	\$ 3,949	\$ 5,411	\$ 4,820	\$ 591	\$ 93	\$ 722	\$ 19						
Accretion expense ^(b)	245	111	124	111	13	2	14	:						
Liabilities settled ^(c)	(404)	(155)	(225)	(196)	(2)	(1)	(16)	:						
Revisions in estimates of cash flows ^(d)	2,320	1,436	\$3	\$2	1	:	:	:						
Balance at June 30, 2019	7	12,2	7	5,342	7	1,193	7	5,4	7	566	7	9	7	619

- (a) Primarily relates to decommissioning nuclear power facilities, closure of ash impoundments, asbestos removal, closure of landfills at fossil generation facilities, retirement of natural gas mains and removal of renewable energy generation assets.
- (b) For the six months ended June 30, 2019, substantially all accretion expense relates to Duke Energy's regulated operations and has been deferred in accordance with regulatory accounting treatment.
- (c) Primarily relates to ash impoundment closures.
- (d) Relates to increases in closure estimates for certain ash impoundments as a result of the NCDEQ's April 1 Order. See Note 4 for more information. The incremental amount recorded represents the discounted cash flows for estimated closure costs based upon the probability weightings of the potential closure methods as evaluated on a site-by-site basis.

Asset retirement costs associated with the AROs for operating plants and retired plants are included in Net property, plant and equipment and Regulatory assets within Other Noncurrent Assets, respectively, on the Condensed Consolidated Balance Sheets.

Nuclear Decommissioning Trust Funds

Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida each maintain NDTFs that are intended to pay for the decommissioning costs of their respective nuclear power plants. The following table presents the fair value of NDTF assets legally restricted for purposes of settling AROs associated with nuclear decommissioning. Duke Energy Florida is actively decommissioning Crystal River Unit 3 and was granted an exemption from the NRC, which allows for use of the NDTF for all aspects of nuclear decommissioning. The entire balance of Duke Energy Florida's NDTF may be applied toward license termination, spent fuel and site restoration costs incurred to decommission Crystal River Unit 3 and is excluded from the table below. See Note 12 for additional information related to the fair value of the Duke Energy Registrants' NDTFs.

(in millions)	June 30, 2019	December 31, 2018
Duke Energy	7	326
Duke Energy Carolinas		3,564
Duke Energy Progress		2,653

FINANCIAL STATEMENTS

GOODWILL

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Du8e Energy

The following table presents the goodwill by reportable segment included on Duke Energy's Condensed Consolidated Balance Sheets at June 30, 2019, and December 31, 2018.

(in millions)	Eletriz Utilities and Infrastruzture			Gas Utilities and Infrastruzture			Commerzial ReneBables		Total
Goodwill balance	7	16,369	7	1,924	7		122	7	19,425
Accumulated impairment charges		:		:			(122)		(122)
Goodwill, adjusted for accumulated impairment charges	7	16,369	7	1,924	7		:	7	19,303

Du8e Energy Ohio

Duke Energy Ohio's Goodwill balance of \$920 million, allocated \$596 million to Electric Utilities and Infrastructure and \$324 million to Gas Utilities and Infrastructure, is presented net of accumulated impairment charges of \$216 million on the Condensed Consolidated Balance Sheets at June 30, 2019, and December 31, 2018.

Progress Energy

Progress Energy's Goodwill is included in the Electric Utilities and Infrastructure segment and there are no accumulated impairment charges.

Piedmont

Piedmont's Goodwill is included in the Gas Utilities and Infrastructure segment and there are no accumulated impairment charges.

FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

9. RELATED PARTY TRANSACTIONS

The Subsidiary Registrants engage in related party transactions in accordance with applicable state and federal commission regulations. Refer to the Condensed Consolidated Balance Sheets of the Subsidiary Registrants for balances due to or due from related parties. Material amounts related to transactions with related parties included on the Condensed Consolidated Statements of Operations and Comprehensive Income are presented in the following table.

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	201\$	2019	201\$
Du8e Energy Carolinas				
Corporate governance and shared service expenses ^(a)	7	196 \$	7	409 \$
Indemnification coverages ^(b)		5		10
JDA revenue ^(c)		16		40
JDA expense ^(c)		20		113
Intercompany natural gas purchases ^(d)		3		6
Progress Energy				
Corporate governance and shared service expenses ^(a)	7	1\$3 \$	7	359 \$
Indemnification coverages ^(b)		10		19
JDA revenue ^(c)		20		113
JDA expense ^(c)		16		40
Intercompany natural gas purchases ^(d)		19		3\$
Du8e Energy Progress				
Corporate governance and shared service expenses ^(a)	7	10\$ \$	7	214 \$
Indemnification coverages ^(b)		4		\$
JDA revenue ^(c)		20		113
JDA expense ^(c)		16		40
Intercompany natural gas purchases ^(d)		19		3\$
Du8e Energy Florida				
Corporate governance and shared service expenses ^(a)	7	65 \$	7	145 \$
Indemnification coverages ^(b)		—		11
Du8e Energy Ohio				
Corporate governance and shared service expenses ^(a)	7	\$3 \$	7	1—\$ \$
Indemnification coverages ^(b)		1		2
Du8e Energy Indiana				
Corporate governance and shared service expenses ^(a)	7	93 \$	7	190 \$
Indemnification coverages ^(b)		1		3
Piedmont				
Corporate governance and shared service expenses ^(a)	7	36 \$	7	—9 \$
Indemnification coverages ^(b)		:		1
Intercompany natural gas sales ^(d)		22		45
Natural gas storage and transportation costs ^(e)		—		11

- (a) The Subsidiary Registrants are charged their proportionate share of corporate governance and other shared services costs, primarily related to human resources, employee benefits, information technology, legal and accounting fees, as well as other third-party costs. These amounts are primarily recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (b) The Subsidiary Registrants incur expenses related to certain indemnification coverages through Bison, Duke Energy's wholly owned captive insurance subsidiary. These expenses are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (c) Duke Energy Carolinas and Duke Energy Progress participate in a JDA, which allows the collective dispatch of power plants between the service territories to reduce customer rates. Revenues from the sale of power and expenses from the purchase of power pursuant to the JDA are recorded in Operating Revenues and Fuel used in electric generation and purchased power, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (d) Piedmont provides long-term natural gas delivery service to certain Duke Energy Carolinas and Duke Energy Progress natural gas-fired generation facilities. Piedmont records the sales in Operating revenues, and Duke Energy Carolinas and Duke Energy Progress record the related purchases as a component of Fuel used in electric generation and purchased power on their respective Condensed Consolidated Statements of Operations and Comprehensive Income.
- (e) Piedmont has related party transactions as a customer of its equity method investments in Pine Needle, Hardy Storage, and Cardinal natural gas storage and transportation facilities. These expenses are included in Cost of natural gas on Piedmont's Condensed Consolidated Statements of Operations and Comprehensive Income.

FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

In addition to the amounts presented above, the Subsidiary Registrants have other affiliate transactions, including rental of office space, participation in a money pool arrangement, other operational transactions and their proportionate share of certain charged expenses. These transactions of the Subsidiary Registrants are incurred in the ordinary course of business and are eliminated in consolidation.

As discussed in Note 13, certain trade receivables have been sold by Duke Energy Ohio and Duke Energy Indiana to CRC, an affiliate formed by a subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price.

Intercompany Income Taxes

Duke Energy and the Subsidiary Registrants file a consolidated federal income tax return and other state and jurisdictional returns. The Subsidiary Registrants have a tax sharing agreement with Duke Energy for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts the Subsidiary Registrants would incur as separate C-Corporations. The following table includes the balance of intercompany income tax receivables and payables for the Subsidiary Registrants.

(in millions)	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
June 30, 2019							
Intercompany income tax receivable	7	: 7	25	: 7	: 7	15	: 7
Intercompany income tax payable	6	—	: 41	19	: 3	1	: 2
December 31, 2018							
Intercompany income tax receivable	\$ 52	\$ 47	\$ 29	\$ —	\$ —	\$ 8	\$ —
Intercompany income tax payable	—	—	—	16	3	—	45

10. DERIVATIVES AND HEDGING

The Duke Energy Registrants use commodity and interest rate contracts to manage commodity price risk and interest rate risk. The primary use of commodity derivatives is to hedge the generation portfolio against changes in the prices of electricity and natural gas. Piedmont enters into natural gas supply contracts to provide diversification, reliability and natural gas cost benefits to its customers. Interest rate derivatives are used to manage interest rate risk associated with borrowings.

All derivative instruments not identified as NPNS are recorded at fair value as assets or liabilities on the Condensed Consolidated Balance Sheets. Cash collateral related to derivative instruments executed under master netting arrangements is offset against the collateralized derivatives on the Condensed Consolidated Balance Sheets. The cash impacts of settled derivatives are recorded as operating activities on the Condensed Consolidated Statements of Cash Flows.

INTEREST RATE RISK

The Duke Energy Registrants are exposed to changes in interest rates as a result of their issuance or anticipated issuance of variable-rate and fixed-rate debt and commercial paper. Interest rate risk is managed by limiting variable-rate exposures to a percentage of total debt and by monitoring changes in interest rates. To manage risk associated with changes in interest rates, the Duke Energy Registrants may enter into interest rate swaps, U.S. Treasury lock agreements and other financial contracts. In anticipation of certain fixed-rate debt issuances, a series of forward-starting interest rate swaps or Treasury locks may be executed to lock in components of current market interest rates. These instruments are later terminated prior to or upon the issuance of the corresponding debt.

Cash Flow Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of AOCI for the three and six months ended June 30, 2019, and 2018, were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables business and forward-starting interest rate swaps not accounted for under regulatory accounting.

Undesignated Contracts

Undesignated contracts primarily include contracts not designated as a hedge because they are accounted for under regulatory accounting or contracts that do not qualify for hedge accounting.

Duke Energy's interest rate swaps for its regulated operations employ regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the swaps are deferred as regulatory liabilities or regulatory assets, respectively. Regulatory assets and liabilities are amortized consistent with the treatment of the related costs in the ratemaking process. The accrual of interest on the swaps is recorded as Interest Expense on the Duke Energy Registrant's Condensed Consolidated Statements of Operations and Comprehensive Income.

FINANCIAL STATEMENTS

DERIVATIVE AND HEDGING

The following table shows notional amounts of outstanding derivatives related to interest rate risk.

(in millions)	June 30, 2019											
	Du8e Energy		Du8e Energy Carolinas		Progress Energy		Du8e Energy Progress		Du8e Energy Florida		Du8e Energy Ohio	
Cash flow hedges	7	959	7	:	7	:	7	:	7	:	7	:
Undesignated contracts		1,426		-90		\$00		250		550		26
Total notional amount ^(a)	7	2,355	7	-90	7	\$00	7	250	7	550	7	26

(in millions)	December 31, 2018											
	Du8e Energy		Du8e Energy Carolinas		Progress Energy		Du8e Energy Progress		Du8e Energy Florida		Du8e Energy Ohio	
Cash flow hedges	\$	923	\$	—	\$	—	\$	—	\$	—	\$	—
Undesignated contracts		1,721		300		1,200		650		550		27
Total notional amount ^(a)	\$	2,644	\$	300	\$	1,200	\$	650	\$	550	\$	27

(a) Duke Energy includes amounts related to consolidated VIEs of \$659 million in cash flow hedges as of June 30, 2019, and \$422 million in cash flow hedges and \$194 million in undesignated contracts as of December 31, 2018.

COMMODITY PRICE RISK

The Duke Energy Registrants are exposed to the impact of changes in the prices of electricity purchased and sold in bulk power markets and coal and natural gas purchases, including Piedmont's natural gas supply contracts. Exposure to commodity price risk is influenced by a number of factors including the term of contracts, the liquidity of markets and delivery locations. For the Subsidiary Registrants, bulk power electricity and coal and natural gas purchases flow through fuel adjustment clauses, formula-based contracts or other cost-sharing mechanisms. Differences between the costs included in rates and the incurred costs, including undesignated derivative contracts, are largely deferred as regulatory assets or regulatory liabilities. Piedmont policies allow for the use of financial instruments to hedge commodity price risks. The strategy and objective of these hedging programs are to use the financial instruments to reduce natural gas costs volatility for customers.

VOLUMES

The tables below include volumes of outstanding commodity derivatives. Amounts disclosed represent the absolute value of notional volumes of commodity contracts excluding NPNS. The Duke Energy Registrants have netted contractual amounts where offsetting purchase and sale contracts exist with identical delivery locations and times of delivery. Where all commodity positions are perfectly offset, no quantities are shown.

	June 30, 2019							
	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
Electricity (GWh)	33,135	:	:	:	:	3,514	29,21	:
Natural gas (millions of dekatherms)	640	133	163	163	:	:	4	430

	December 31, 2018							
	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
Electricity (GWh)	15,286	—	—	—	—	1,786	13,500	—
Natural gas (millions of dekatherms)	739	121	169	166	3	—	1	448

U.S. EQUITY SECURITIES RISK

In May 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of Crystal River Unit 3 with ADP CR3, LLC and ADP SF1, LLC. The accelerated decommissioning of Crystal River Unit 3 is subject to the approval of the NRC and the FPSC. Duke Energy Florida executed U.S. equity option collars within the NDTF in May 2019 to preserve the U.S. equity portfolio value in the Duke Energy Florida NDTF in the event the accelerated decommissioning is approved. These option collars were executed as a purchase of a put option and the sale of a call option on certain U.S. equity index funds. The put and call options create a collar to guarantee a minimum and maximum investment value for the Duke Energy Florida NDTF U.S. equity portfolio. The put and call options were entered into at zero-cost, with the price to purchase the puts offset entirely by the funds received to sell the calls. As of June 30, 2019, the aggregate notional amount of both the put and call options was 305,000 units in U.S. equity security index funds. The derivative balances associated with these equity options are immaterial as of June 30, 2019. The options are not designated as hedging instruments. Substantially all of Duke Energy Florida's NDTF qualifies for regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the options are deferred as regulatory liabilities or regulatory assets, respectively.

FINANCIAL STATEMENTS

DERIVATIVE ASSETS AND HEDGING

LOCATION AND FAIR VALUE OF DERIVATIVE ASSETS AND LIABILITIES RECOGNIZED ON THE CONDENSED CONSOLIDATED BALANCE SHEETS

The following tables show the fair value and balance sheet location of derivative instruments. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

DeriKatiKe Assets										June 30, 2019														
(in millions)	Du8e Energy			Du8e Energy Carolinas			Progress Energy			Du8e Energy Progress			Du8e Energy Florida			Du8e Energy Ohio			Du8e Energy Indiana			Piedmont		
Commodity Contrazts																								
Not Designated as Hedging Instruments																								
Current	7	36	7		:	7		:	7		:	7		:	7	6	7		29	7		2		
Total DeriKatiKe Assets V Commodity Contrazts	7	36	7		:	7		:	7		:	7		:	7	6	7		29	7		2		
Interest Rate Contrazts																								
Designated as Hedging Instruments																								
Noncurrent		1			:			:			:			:			:					:		
Total DeriKatiKe Assets V Interest Rate Contrazts	7	1	7		:	7		:	7		:	7		:	7		:	7		:	7		:	
Total DeriKatiKe Assets	7	3\$	7		:	7		:	7		:	7		:	7	6	7		29	7		2		

DeriKatiKe Liabilities										June 30, 2019														
(in millions)	Du8e Energy			Du8e Energy Carolinas			Progress Energy			Du8e Energy Progress			Du8e Energy Florida			Du8e Energy Ohio			Du8e Energy Indiana			Piedmont		
Commodity Contrazts																								
Not Designated as Hedging Instruments																								
Current	7	—4	7		31	7		24	7		24	7		:	7		:	7		2	7		6	
Noncurrent		140			\$			24			9			:			:			:			106	
Total DeriKatiKe Liabilities V Commodity Contrazts	7	204	7		39	7		4\$	7		33	7		:	7		:	7		2	7		114	
Interest Rate Contrazts																								
Designated as Hedging Instruments																								
Current	7	4	7		:	7		:	7		:	7		:	7		:	7		:	7		:	
Noncurrent		32			:			:			:			:			:			:			:	
Not Designated as Hedging Instruments																								
Current		\$—			54			31			2			29			1			:			:	
Noncurrent		1—			:			11			:			10			5			:			:	
Total DeriKatiKe Liabilities V Interest Rate Contrazts	7	13\$	7		54	7		42	7		2	7		39	7		—	7		:	7		:	
Total DeriKatiKe Liabilities	7	342	7		93	7		90	7		35	7		39	7		—	7		2	7		114	

FINANCIAL STATEMENTS DERI' ATI' ES AND HEDGING

DeriKatiKe Assets							Dezember 31, 201\$									
	Du8e Energy		Du8e Energy Carolinas		Progress Energy		Du8e Energy Progress		Du8e Energy Florida		Du8e Energy Ohio		Du8e Energy Indiana		Piedmont	
(in millions)	Du8e Energy		Du8e Energy Carolinas		Progress Energy		Du8e Energy Progress		Du8e Energy Florida		Du8e Energy Ohio		Du8e Energy Indiana		Piedmont	
Commodity Contrazts																
Not Designated as Hedging Instruments																
Current	\$	35	\$	2	\$	2	\$	2	\$	—	\$	6	\$	23	\$	3
Noncurrent		4		1		2		2		—		—		—		—
Total DeriKatiKe Assets V Commodity Contrazts	\$	39	\$	3	\$	4	\$	4	\$	—	\$	6	\$	23	\$	3
Interest Rate Contrazts																
Designated as Hedging Instruments																
Current	\$	1	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Noncurrent		3		—		—		—		—		—		—		—
Not Designated as Hedging Instruments																
Current		2		—		—		—		—		—		—		—
Noncurrent		12		—		—		—		—		—		—		—
Total DeriKatiKe Assets V Interest Rate Contrazts	\$	18	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Total DeriKatiKe Assets	\$	57	\$	3	\$	4	\$	4	\$	—	\$	6	\$	23	\$	3
DeriKatiKe Liabilities							Dezember 31, 201\$									
	Du8e Energy		Du8e Energy Carolinas		Progress Energy		Du8e Energy Progress		Du8e Energy Florida		Du8e Energy Ohio		Du8e Energy Indiana		Piedmont	
(in millions)	Du8e Energy		Du8e Energy Carolinas		Progress Energy		Du8e Energy Progress		Du8e Energy Florida		Du8e Energy Ohio		Du8e Energy Indiana		Piedmont	
Commodity Contrazts																
Not Designated as Hedging Instruments																
Current	\$	33	\$	14	\$	10	\$	5	\$	6	\$	—	\$	—	\$	8
Noncurrent		158		10		15		6		—		—		—		133
Total DeriKatiKe Liabilities V Commodity Contrazts	\$	191	\$	24	\$	25	\$	11	\$	6	\$	—	\$	—	\$	141
Interest Rate Contrazts																
Designated as Hedging Instruments																
Current	\$	12	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Noncurrent		6		—		—		—		—		—		—		—
Not Designated as Hedging Instruments																
Current		23		9		13		11		2		1		—		—
Noncurrent		10		—		6		5		1		4		—		—
Total DeriKatiKe Liabilities V Interest Rate Contrazts	\$	51	\$	9	\$	19	\$	16	\$	3	\$	5	\$	—	\$	—
Total DeriKatiKe Liabilities	\$	242	\$	33	\$	44	\$	27	\$	9	\$	5	\$	—	\$	141

OFFSETTING ASSETS AND LIABILITIES

The following tables present the line items on the Condensed Consolidated Balance Sheets where derivatives are reported. Substantially all of Duke Energy's outstanding derivative contracts are subject to enforceable master netting arrangements. The gross amounts offset in the tables below show the effect of these netting arrangements on financial position, and include collateral posted to offset the net position. The amounts shown are calculated by counterparty. Accounts receivable or accounts payable may also be available to offset exposures in the event of bankruptcy. These amounts are not included in the tables below.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

[illegible]

FINANCIAL STATEMENTS DERIVATIVE AND HEDGING

Derivative Liabilities				December 31, 2019\$							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont			
Current											
Gross amounts recognized	\$ 68	\$ 23	\$ 23	\$ 16	\$ 8	\$ 1	\$ —	\$ 8			
Gross amounts offset	(4)	(2)	(2)	(2)	—	—	—	—			
Net amounts presented in Current Liabilities: Other	\$ 64	\$ 21	\$ 21	\$ 14	\$ 8	\$ 1	\$ —	\$ 8			
Noncurrent											
Gross amounts recognized	\$ 174	\$ 10	\$ 21	\$ 11	\$ 1	\$ 4	\$ —	\$ 133			
Gross amounts offset	(3)	(1)	(2)	(2)	—	—	—	—			
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 171	\$ 9	\$ 19	\$ 9	\$ 1	\$ 4	\$ —	\$ 133			

OBJECTIVE CREDIT CONTINGENT FEATURES

Certain derivative contracts contain objective credit contingent features. These features include the requirement to post cash collateral or letters of credit if specific events occur, such as a credit rating downgrade below investment grade. The following tables show information with respect to derivative contracts that are in a net liability position and contain objective credit-risk-related payment provisions.

		June 30, 2019			
(in millions)		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	7	—6	34	33	33
Fair value of collateral already posted	:	:	:	:	:
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	—6	34	33	33	33

		December 31, 2019			
(in millions)		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	\$ 44	\$ 19	\$ 25	\$ 25	25
Fair value of collateral already posted	—	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	44	19	25	25	25

The Duke Energy Registrants have elected to offset cash collateral and fair values of derivatives. For amounts to be netted, the derivative and cash collateral must be executed with the same counterparty under the same master netting arrangement.

11. INVESTMENTS IN DEBT AND EQUITY SECURITIES

Duke Energy's investments in debt and equity securities are primarily comprised of investments held in (i) the NDTF at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, (ii) the grantor trusts at Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana related to OPEB plans and (iii) Bison. The Duke Energy Registrants classify investments in debt securities as AFS and investments in equity securities as FV-NI.

For investments in debt securities classified as AFS, the unrealized gains and losses are included in other comprehensive income until realized, at which time, they are reported through net income. For investments in equity securities classified as FV-NI, both realized and unrealized gains and losses are reported through net income. Substantially all of Duke Energy's investments in debt and equity securities qualify for regulatory accounting, and accordingly, all associated realized and unrealized gains and losses on these investments are deferred as a regulatory asset or liability.

Duke Energy classifies the majority of investments in debt and equity securities as long term, unless otherwise noted.

Investment Trusts

The investments within the Investment Trusts are managed by independent investment managers with discretion to buy, sell and invest pursuant to the objectives set forth by the trust agreements. The Duke Energy Registrants have limited oversight of the day-to-day management of these investments. As a result, the ability to hold investments in unrealized loss positions is outside the control of the Duke Energy Registrants. Accordingly, all unrealized losses associated with debt securities within the Investment Trusts are considered OTTI and are recognized immediately and deferred to regulatory accounts where appropriate.

FINANCIAL STATEMENTS INVESTMENTS IN DEBT AND EQUITY SECURITIES

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment is other-than-temporarily impaired. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value should be considered other-than-temporary. If an OTTI exists, the unrealized credit loss is included in earnings. There were no material credit losses as of June 30, 2019, and December 31, 2018.

Other Investments amounts are recorded in Other within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

DUKE ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	June 30, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	7	:	7	114	\$	88
Equity securities	3,06	—	3	5,16	\$	4,475
Corporate debt securities	30	1	561	4	13	566
Municipal bonds	10	:	31	1	4	353
U.S. government bonds	34	1	1,260	14	12	1,076
Other debt securities	3	1	152	—	2	148
Total NDTF Investments	7	3,153	7	39	7	6,706
Other Investments						
Cash and cash equivalents	7	:	7	49	\$	22
Equity securities	49	:	112	36	1	99
Corporate debt securities	2	:	—	—	2	60
Municipal bonds	3	1	90	—	1	85
U.S. government bonds	2	:	51	1	—	45
Other debt securities	:	:	—	—	1	58
Total Other Investments	7	5	7	1	7	369
Total Investments	7	3,209	7	40	7	\$,030

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2019, and 2018, were as follows.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
FV-NI				
Realized gains	7	—	47	101
Realized losses	—	31	93	44
AFS				
Realized gains	46	5	56	10
Realized losses	3	12	46	25

FINANCIAL STATEMENTS INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUWE ENERGY CAROLINAS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	June 30, 2019			December 31, 2015		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	7	:	7	:	7	41
Equity securities	1,61	9	2,53	1,309	54	2,484
Corporate debt securities	15	1	30	2	9	341
Municipal bonds	2	:	3	—	1	81
U.S. government bonds	16	1	55	5	8	475
Other debt securities	3	1	141	—	2	143
Total NDTF Investments	7	1,611	7	12	7	4,044
				\$	1,316	\$
					74	\$
						3,553

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2019, and 2018, were as follows.

(in millions)	Three Months Ended			Six Months Ended		
	June 30, 2019	June 30, 2015		June 30, 2019	June 30, 2015	
FV-NI						
Realized gains	7	44	7	2	7	36
Realized losses		45		16	9	22
AFS						
Realized gains		1		4	25	9
Realized losses		11		\$	21	18

PROGRESS ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	June 30, 2019			December 31, 2015		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	7	:	7	:	7	63
Equity securities	1,405	26	2,295	1,093	41	1,991
Corporate debt securities	12	:	211	2	4	225
Municipal bonds	\$	:	255	1	3	272
U.S. government bonds	16	:	614	9	4	601
Other debt securities	:	:	11	—	—	5
Total NDTF Investments	7	1,442	7	26	7	3,559
				\$	1,105	\$
					52	\$
						3,153
Other Investments						
Cash and cash equivalents	7	:	7	:	7	46
Municipal bonds	3	:	50	—	—	47
Total Other Investments	7	3	7	:	7	96
				\$	—	\$
					—	\$
						64
Total Investments	7	1,445	7	26	7	3,655
				\$	1,105	\$
					52	\$
						3,217

FINANCIAL STATEMENTS INVESTMENTS IN DEBT AND EQUITY SECURITIES

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2019, and 2018, were as follows.

(in millions)	Three Months Ended			Six Months Ended		
	June 30, 2019	June 30, 2018		June 30, 2019	June 30, 2018	
FV-NI						
Realized gains	7	22	\$	21	34	\$
Realized losses		15		14	24	
AFS						
Realized gains		30		1	31	
Realized losses		25		4	2	

DUWE ENERGY PROGRESS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	June 30, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	7	:	7	42	\$	—
Equity securities	1,092	24	1,068	833	30	1,588
Corporate debt securities	12	:	211	2	3	171
Municipal bonds	\$	:	255	1	3	271
U.S. government bonds	1	:	429	6	3	415
Other debt securities	:	:	11	—	—	3
Total NDTF Investments	7	1,125	7	2,494	\$	2,494
Other Investments						
Cash and cash equivalents	7	:	7	2	\$	—
Total Other Investments	7	:	7	2	\$	6
Total Investments	7	1,125	7	2,496	\$	2,500

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2019, and 2018, were as follows.

(in millions)	Three Months Ended			Six Months Ended		
	June 30, 2019	June 30, 2018		June 30, 2019	June 30, 2018	
FV-NI						
Realized gains	7	6	\$	17	16	\$
Realized losses		6		12	15	
AFS						
Realized gains		1		1	2	
Realized losses		1		3	2	

FINANCIAL STATEMENTS INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY FLORIDA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	June 30, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	7	: 7	31	\$ —	\$ —	\$ 13
Equity securities	313	3	409	260	11	403
Corporate debt securities	:	:	:	—	1	54
Municipal bonds	:	:	:	—	—	1
U.S. government bonds	1	:	25	3	1	186
Other debt securities	:	:	:	—	—	2
Total NDTF Investments^(a)	7	314	7	3	7	625
Other Investments						
Cash and cash equivalents	7	: 7	2	\$ —	\$ —	\$ 1
Municipal bonds	3	:	50	—	—	47
Total Other Investments	7	3	7	:	7	52
Total Investments	7	316	7	3	7	666

(a) During the six months ended June 30, 2019, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of Crystal River Unit 3.

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2019, and 2018, were as follows.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
FV-NI				
Realized gains	7	15	\$ 4	7
Realized losses		\$ 2	16	\$ 5
AFS				
Realized gains	29	—	29	—
Realized losses	24	1	24	2

DUKE ENERGY INDIANA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are measured at FV-NI and debt investments are classified as AFS.

(in millions)	June 30, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Investments						
Equity securities	7	36	7	:	7	64
Corporate debt securities	:	:	6	—	—	8
Municipal bonds	:	1	34	—	1	33
U.S. government bonds	:	:	1	—	—	—
Total Investments	7	36	7	1	7	11

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2019,

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DEBT SECURITY MATURITIES

The table below summarizes the maturity date for debt securities.

June 30, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	
Due in one year or less	\$ 365	\$ 43	\$ 315	\$ 29	\$ 286	\$ 4	
Due after one through five years	527	213	265	257	8	15	
Due after five through 10 years	499	242	203	192	11	4	
Due after 10 years	1,186	622	458	428	30	19	
Total	\$ 2,577	\$ 1,120	\$ 1,241	\$ 906	\$ 335	\$ 42	

12. FAIR VALUE MEASUREMENTS

Fair value is the exchange price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The fair value definition focuses on an exit price versus the acquisition cost. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, corroborated by market data or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

Fair value measurements are classified in three levels based on the fair value hierarchy as defined by GAAP. Certain investments are not categorized within the fair value hierarchy. These investments are measured at fair value using the NAV per share practical expedient. The NAV is derived based on the investment cost, less any impairment, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

Fair value accounting guidance permits entities to elect to measure certain financial instruments that are not required to be accounted for at fair value, such as equity method investments or the company's own debt, at fair value. The Duke Energy Registrants have not elected to record any of these items at fair value.

Transfers between levels represent assets or liabilities that were previously (i) categorized at a higher level for which the inputs to the estimate became less observable or (ii) classified at a lower level for which the inputs became more observable during the period. The Duke Energy Registrant's policy is to recognize transfers between levels of the fair value hierarchy at the end of the period. There were no transfers between levels during the six months ended June 30, 2019, and 2018.

Valuation methods of the primary fair value measurements disclosed below are as follows.

Investments in equity securities

The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market as of the last business day of the quarter. Principal active markets for equity prices include published exchanges such as the New York Stock Exchange and Nasdaq Stock Market. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market. There was no after-hours market activity that was required to be reflected in the reported fair value measurements.

Investments in debt securities

Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. If the market for a particular fixed-income security is relatively inactive or illiquid, the measurement is Level 3.

Commodity derivatives

Commodity derivatives with clearinghouses are classified as Level 1. Other commodity derivatives, including Piedmont's natural gas supply contracts, are primarily valued using internally developed discounted cash flow models that incorporate forward price, adjustments for liquidity (bid-ask spread) and credit or non-performance risk (after reflecting credit enhancements such as collateral), and are discounted to present value. Pricing inputs are derived from published exchange transaction prices and other observable data sources. In the absence of an active market, the last available price may be used. If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. In isolation, increases (decreases) in natural gas forward prices result in favorable (unfavorable) fair value adjustments for natural gas purchase contracts; and increases (decreases) in electricity forward prices result in unfavorable (favorable) fair value adjustments for electricity sales contracts. Duke Energy regularly evaluates and validates pricing inputs used to estimate the fair value of natural gas commodity contracts by a market participant price verification procedure. This procedure provides a comparison of internal forward commodity curves to market participant generated curves.

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

Interest rate derivatives

Most over-the-counter interest rate contract derivatives are valued using financial models that utilize observable inputs for similar instruments and are classified as Level 2. Inputs include forward interest rate curves, notional amounts, interest rates and credit quality of the counterparties.

Other fair value considerations

See Note 11 in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018, for a discussion of the valuation of goodwill and intangible assets.

DUKE ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets. Derivative amounts in the tables below for all Duke Energy Registrants exclude cash collateral, which is disclosed in Note 10. See Note 11 for additional information related to investments by major security type for the Duke Energy Registrants.

June 30, 2019						
(in millions)	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized	
NDTF equity securities	7 5,165	7 5,119	7 :	7 :	59	
NDTF debt securities	2,425	\$60	1,555	:	:	
Other equity securities	112	112	:	:	:	
Other debt securities	315	99	21—	:	:	
Derivative assets	3\$	3	:	35	:	
Total assets	\$,0—	—,203	1,661	35	59	
Derivative liabilities	(342)	(12)	(21—)	(114)	:	
Net assets (liabilities)	7 6,62—	7 —,191	7 1,555	7 (69)	59	

December 31, 2018						
(in millions)	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized	
NDTF equity securities	\$ 4,475	\$ 4,410	\$ —	\$ —	65	
NDTF debt securities	2,231	576	1,655	—	—	
Other equity securities	99	99	—	—	—	
Other debt securities	270	67	203	—	—	
Derivative assets	57	4	25	28	—	
Total assets	7,132	5,156	1,883	28	65	
Derivative liabilities	(242)	(11)	(90)	(141)	—	
Net assets (liabilities)	\$ 6,890	\$ 5,145	\$ 1,793	\$ (113)	65	

The following tables provide reconciliations of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

Derivatives (net)					
(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		
	2019	2018	2019	2018	
Balance at beginning of period	7 (115)	\$ (124)	7 (113)	\$ (114)	
Purchases, sales, issuances and settlements:					
Purchases	3\$	56	3\$	56	
Settlements	(11)	(15)	(23)	(29)	
Total gains (losses) included on the Condensed Consolidated Balance Sheet	9	(14)	19	(10)	
Balance at end of period	7 (69)	\$ (97)	7 (69)	\$ (97)	

FINANCIAL STATEMENTS FAIR ' ALUE MEASUREMENTS

DUWE ENERGY CAROLINAS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	cune 30, 2019			
	Total Fair ' alue	LeKel 1	LeKel 2	Not Categorized
NDTF equity securities	7	2,\$\$3 7	2,\$24 7	: 7 59
NDTF debt securities		1,1-4	250	911 :
Total assets		4,044	3,064	911 59
Derivative liabilities		(93)	:	(93) :
Net assets	7	3,951 7	3,064 7	\$1\$ 7 59

(in millions)	Dezember 31, 201\$			
	Total Fair ' alue	LeKel 1	LeKel 2	Not Categorized
NDTF equity securities	\$ 2,484	\$ 2,419	\$ —	\$ 65
NDTF debt securities	1,069	149	920	—
Derivative assets	3	—	3	—
Total assets	3,556	2,568	923	65
Derivative liabilities	(33)	—	(33)	—
Net assets	\$ 3,523	\$ 2,568	\$ 890	\$ 65

PROGRESS ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	cune 30, 2019			Dezember 31, 201\$		
	Total Fair ' alue	LeKel 1	LeKel 2	Total Fair ' alue	LeKel 1	LeKel 2
NDTF equity securities	7	2,295 7	2,295 7	: \$ 1,991	\$ 1,991	\$ —
NDTF debt securities		1,2-4	-20	-44	1,162	427 735
Other debt securities		96	46	50	64	17 47
Derivative assets		:	:	:	4	— 4
Total assets		3,-5—	2,9-2	-94	3,221	2,435 786
Derivative liabilities		(90)	:	(90)	(44)	— (44)
Net assets	7	3,5— 7	2,9-2 7	-94 \$	3,177 \$	2,435 \$ 742

DUWE ENERGY PROGRESS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	cune 30, 2019			Dezember 31, 201\$		
	Total Fair ' alue	LeKel 1	LeKel 2	Total Fair ' alue	LeKel 1	LeKel 2
NDTF equity securities	7	1,\$\$— 7	1,\$\$— 7	:	\$ 1,588	\$ 1,588 \$ —
NDTF debt securities		94\$	304	-44	906	294 612
Other debt securities		2	2	:	6	6 —
Derivative assets		:	:	:	4	— 4
Total assets		2,\$3—	2,192	-44	2,504	1,888 616
Derivative liabilities		(35)	:	(35)	(27)	— (27)
Net assets	7	2,\$01 7	2,192 7	-99 \$	2,477 \$	1,888 \$ 589

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUWE ENERGY FLORIDA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

	June 30, 2019						December 31, 2018					
(in millions)	Total Fair Value		Level 1		Level 2		Total Fair Value		Level 1		Level 2	
NDTF equity securities	7	409	7	409	7	:	\$	403	\$	403	\$	—
NDTF debt securities		31	—	31	—	:		256		133		123
Other debt securities		52		2		50		48		1		47
Total assets		666		626		50		707		537		170
Derivative liabilities		(39)		:		(39)		(9)		—		(9)
Net assets	7	63	\$	7	626	\$	7	698	\$	537	\$	161

DUWE ENERGY OHIO

The recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets were not material at June 30, 2019, and December 31, 2018.

DUWE ENERGY INDIANA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

	June 30, 2019							December 31, 2018								
(in millions)	Total Fair Value	Level 1	Level 2	Level 3		Total Fair Value	Level 1	Level 2	Level 3							
Other equity securities	7	64	7	64	7	:	7	:	\$	67	\$	67	\$	—	\$	—
Other debt securities		42		:		42		:		41		—		41		—
Derivative assets		29		1		:		2\$		23		1		—		22
Total assets	7	145	7	65	7	42	7	2\$	\$	131	\$	68	\$	41	\$	22
Derivative liabilities		(2)		(2)		:		:		:		:		:		:
Net assets	7	143	7	63	7	42	7	2\$	7	131	7	—\$	7	41	7	22

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)							
	Three Months Ended June 30,				Six Months Ended June 30,			
	2019		2018		2019		2018	
Balance at beginning of period	7	5	\$	7	7	22	\$	27
Purchases, sales, issuances and settlements:								
Purchases		29		49		29		49
Settlements		(9)		(14)		(19)		(28)
Total gains (losses) included on the Condensed Consolidated Balance Sheet		3		2		(4)		(4)
Balance at end of period	7	25	\$	44	7	25	\$	44

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

PIEDMONT

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2019			December 31, 2019		
	Total Fair Value	Level 1	Level 3	Total Fair Value	Level 1	Level 3
Derivative assets	7	2	7	3	3	—
Derivative liabilities	(114)	—	(114)	(141)	—	(141)
Net (liabilities) assets	7	(112)	7	(138)	3	(141)

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2019	2019	2019
Balance at beginning of period	7	(121)	7	(141)
Total gains (losses) and settlements	6	(18)	26	(8)
Balance at end of period	7	(114)	7	(150)

QUANTITATIVE INFORMATION ABOUT DERIVATIVES' INPUTS

The following tables include quantitative information about the Duke Energy Registrants' derivatives classified as Level 3.

Investment Type	June 30, 2019			
	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range
Duke Energy Ohio				
FTRs	7	RTO auction pricing	FTR price – per MWh	7 0.3 – 7 3.13
Duke Energy Indiana				
FTRs	2	RTO auction pricing	FTR price – per MWh	(0.59) – 6.4
Piedmont				
Natural gas contracts	(114)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.9 – 3.21
Duke Energy				
Total Level 3 derivatives	7	(69)		
Investment Type	December 31, 2019			
	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range
Duke Energy Ohio				
FTRs	\$ 6	RTO auction pricing	FTR price – per MWh	\$ 1.19 – \$ 4.59
Duke Energy Indiana				
FTRs	22	RTO auction pricing	FTR price – per MWh	(2.07) – 8.27
Piedmont				
Natural gas contracts	(141)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.87 – 2.95
Duke Energy				
Total Level 3 derivatives	\$ (113)			

FINANCIAL STATEMENTS

FAIR ' ALUE MEASUREMENTS

OTHER FAIR ' ALUE DISCLOSURES

The fair value and book value of long-term debt, including current maturities, is summarized in the following table. Estimates determined are not necessarily indicative of amounts that could have been settled in current markets. Fair value of long-term debt uses Level 2 measurements.

(in millions)	June 30, 2019				December 31, 2018			
		Book Value		Fair Value		Book Value		Fair Value
Duke Energy ^(a)	7	\$56,040	7	\$—,—6	\$	\$54,529	\$	\$54,534
Duke Energy Carolinas		\$10,9—4		\$12,300		\$10,939		\$11,471
Progress Energy		\$19,199		\$21,405		\$18,911		\$19,885
Duke Energy Progress		\$9,049		\$9,606		\$8,204		\$8,300
Duke Energy Florida		\$6,213		\$,163		\$7,321		\$7,742
Duke Energy Ohio		\$2,509		\$2,669		\$2,165		\$2,239
Duke Energy Indiana		\$3,623		\$4,3—3		\$3,782		\$4,158
Piedmont		\$2,354		\$2,56—		\$2,138		\$2,180

(a) Book value of long-term debt includes \$1.5 billion as of June 30, 2019, and \$1.6 billion as of December 31, 2018, of unamortized debt discount and premium, net in purchase accounting adjustments related to the mergers with Progress Energy and Piedmont that are excluded from fair value of long-term debt.

At both June 30, 2019, and December 31, 2018, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper, and nonrecourse notes payable of VIEs are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

13. ' ARIAK LE INTEREST ENTITIES

CONSOLIDATED ' IEs

The obligations of the consolidated VIEs discussed in the following paragraphs are nonrecourse to the Duke Energy registrants. The registrants have no requirement to provide liquidity to, purchase assets of or guarantee performance of these VIEs unless noted in the following paragraphs.

No financial support was provided to any of the consolidated VIEs during the six months ended June 30, 2019, and the year ended December 31, 2018, or is expected to be provided in the future that was not previously contractually required.

RezeiKables Finanizing VDERF / DEPR / DEFR

DERF, DEPR and DEFR are bankruptcy remote, special purpose subsidiaries of Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, respectively. DERF, DEPR and DEFR are wholly owned limited liability companies with separate legal existence from their parent companies, and their assets are not generally available to creditors of their parent companies. On a revolving basis, DERF, DEPR and DEFR buy certain accounts receivable arising from the sale of electricity and related services from their parent companies.

DERF, DEPR and DEFR borrow amounts under credit facilities to buy these receivables. Borrowing availability from the credit facilities is limited to the amount of qualified receivables purchased. The sole source of funds to satisfy the related debt obligations is cash collections from the receivables. Amounts borrowed under the credit facilities are reflected on the Condensed Consolidated Balance Sheets as Long-Term Debt.

The most significant activity that impacts the economic performance of DERF, DEPR and DEFR are the decisions made to manage delinquent receivables. Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida are considered primary beneficiaries and consolidate DERF, DEPR and DEFR, respectively, as they make those decisions.

RezeiKables Finanizing VCRC

CRC is a bankruptcy remote, special purpose entity indirectly owned by Duke Energy. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Ohio and Duke Energy Indiana. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Ohio and Duke Energy Indiana. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables. Amounts borrowed under the credit facility are reflected on Duke Energy's Condensed Consolidated Balance Sheets as Long-Term Debt.

The proceeds Duke Energy Ohio and Duke Energy Indiana receive from the sale of receivables to CRC are approximately 75 percent cash and 25 percent in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Depending on collection experience, additional equity infusions to CRC may be required by Duke Energy to maintain a minimum equity balance of \$3 million.

CRC is considered a VIE because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact the economic performance of the entity are not performed by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy is considered the primary beneficiary and consolidates CRC as it makes these decisions. Neither Duke Energy Ohio nor Duke Energy Indiana consolidate CRC.

FINANCIAL STATEMENTS ' ARIAK LE INTEREST ENTITIES

RezeiKables Financing V Credit Fazilities

The following table summarizes the amounts and expiration dates of the credit facilities and associated restricted receivables described above.

(in millions)	Du8e Energy			
	CRC	Du8e Energy	Du8e Energy	Du8e Energy
		Carolinas	Progress	Florida
		DERF	DEPR	DEFR
Expiration date	December 2020	December 2020	February 2021	April 2021
Credit facility amount	\$ 350	\$ 475	\$ 325	\$ 250
Amounts borrowed at June 30, 2019	328	475	325	250
Amounts borrowed at December 31, 2018	325	450	300	225
Restricted Receivables at June 30, 2019	484	671	518	472
Restricted Receivables at December 31, 2018	564	699	547	357

Nuzlear Asset-RezoKery k onds V DEFPF

DEFPF is a bankruptcy remote, wholly owned special purpose subsidiary of Duke Energy Florida. DEFPF was formed in 2016 for the sole purpose of issuing nuclear asset-recovery bonds to finance Duke Energy Florida's unrecovered regulatory asset related to Crystal River Unit 3.

In June 2016, DEFPF issued senior secured bonds and used the proceeds to acquire nuclear asset-recovery property from Duke Energy Florida. The nuclear asset-recovery property acquired includes the right to impose, bill, collect and adjust a non-bypassable nuclear asset-recovery charge from all Duke Energy Florida retail customers until the bonds are paid in full and all financing costs have been recovered. The nuclear asset-recovery bonds are secured by the nuclear asset-recovery property, and cash collections from the nuclear asset-recovery charges are the sole source of funds to satisfy the debt obligation. The bondholders have no recourse to Duke Energy Florida.

DEFPF is considered a VIE primarily because the equity capitalization is insufficient to support its operations. Duke Energy Florida has the power to direct the significant activities of the VIE as described above, and therefore Duke Energy Florida is considered the primary beneficiary and consolidates DEFPF.

The following table summarizes the impact of DEFPF on Duke Energy Florida's Condensed Consolidated Balance Sheets.

(in millions)	cune 30, 2019	Dezember 31, 201\$
Receivables of VIEs	7	5
Regulatory Assets: Current	52	52
Current Assets: Other	31	39
Other Noncurrent Assets: Regulatory assets	1,019	1,041
Current Liabilities: Other	10	10
Current maturities of long-term debt	54	53
Long-Term Debt	1,0\$2	1,111

Commerzial ReneBables

Certain of Duke Energy's renewable energy facilities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Assets are restricted and cannot be pledged as collateral or sold to third parties without prior approval of debt holders. Additionally, Duke Energy has VIEs associated with tax equity arrangements entered into with third-party investors in order to finance the cost of solar energy systems eligible for tax credits. The activities that most significantly impacted the economic performance of these renewable energy facilities were decisions associated with siting, negotiating PPAs and EPC agreements, and decisions associated with ongoing operations and maintenance-related activities. Duke Energy is considered the primary beneficiary and consolidates the entities as it is responsible for all of these decisions.

The table below presents material balances reported on Duke Energy's Condensed Consolidated Balance Sheets related to renewables VIEs.

(in millions)	cune 30, 2019	Dezember 31, 201\$
Current Assets: Other	7	123
Property, plant and equipment, cost	4,419	4,007
Accumulated depreciation and amortization	(6-9)	(698)
Other Noncurrent Assets: Other	2\$9	261
Current maturities of long-term debt	16\$	174
Long-Term Debt	1,-40	1,587
Other Noncurrent Liabilities: Asset Retirement Obligations	10\$	106
Other Noncurrent Liabilities: Other	222	212

FINANCIAL STATEMENTS

' ARIAK LE INTEREST ENTITIES

NON-CONSOLIDATED ' IEs

The following tables summarize the impact of non-consolidated VIEs on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2019									
	Du8e Energy							Du8e Energy		Du8e Energy
	Pipeline Investments	Commercial Renewable	Other ' IEs	Total				Ohio		Indiana
Receivables from affiliated companies	7	:	7	:	7	:	7	45	7	\$1
Investments in equity method unconsolidated affiliates	1,0	—	1\$6	52	1,305	:		:		:
Total assets	7	1,0	7	1\$6	7	52	7	1,305	7	\$1
Taxes accrued	(2)	:	:	(2)	:	:		:		:
Other current liabilities	:	:	4	4	:	:		:		:
Deferred income taxes	4\$	:	:	4\$:	:		:		:
Other noncurrent liabilities	:	:	11	11	:	:		:		:
Total liabilities	7	4	7	:	7	15	7	—	7	:
Net assets	7	1,020	7	1\$6	7	36	7	1,244	7	\$1

(in millions)	December 31, 2018									
	Du8e Energy							Du8e Energy		Du8e Energy
	Pipeline Investments	Commercial Renewable	Other ' IEs	Total				Ohio		Indiana
Receivables from affiliated companies	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	93	\$ —	118
Investments in equity method unconsolidated affiliates	822	190	48	1,060	—	—		—		—
Total assets	\$ 822	\$ 190	\$ 48	\$ 1,060	\$ —	\$ —	\$ —	93	\$ —	118
Taxes accrued	(1)	—	—	(1)	—	—		—		—
Other current liabilities	—	—	4	4	—	—		—		—
Deferred income taxes	21	—	—	21	—	—		—		—
Other noncurrent liabilities	—	—	12	12	—	—		—		—
Total liabilities	\$ 20	\$ —	\$ 16	\$ 36	\$ —	\$ —	\$ —	—	\$ —	—
Net assets	\$ 802	\$ 190	\$ 32	\$ 1,024	\$ 93	\$ —	\$ —	93	\$ —	118

The Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above except for the power purchase agreement with OVEC, which is discussed below, and various guarantees, including Duke Energy's guarantee agreement to support its share of the ACP revolving credit facility. Duke Energy's maximum exposure to loss under the terms of the guarantee is \$790 million, which represents 47 percent of the outstanding borrowings under the credit facility as of June 30, 2019. For more information on various guarantees, refer to Note 4.

Pipeline Investments

Duke Energy has investments in various joint ventures with pipeline projects currently under construction. These entities are considered VIEs due to having insufficient equity to finance their own activities without subordinated financial support. Duke Energy does not have the power to direct the activities that most significantly impact the economic performance, the obligation to absorb losses or the right to receive benefits of these VIEs and therefore does not consolidate these entities.

The table below presents Duke Energy's ownership interest and investment balances in these joint ventures.

Entity Name	Ownership Interest	' IE Investment Amount (in millions)		
		June 30,		December 31,
		2019		2018
ACP ^(a)	47%	7	1,041	\$ 797
Constitution	24%		25	25
Total		7	1,0	\$ 822

(a) Duke Energy evaluated this investment for impairment as of June 30, 2019, and December 31, 2018, and determined that fair value approximated carrying value and therefore no impairment was necessary.

FINANCIAL STATEMENTS

' ARIAK LE INTEREST ENTITIES

Commercial Renewable Entities

Duke Energy has investments in various renewable energy project entities. Some of these entities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Duke Energy does not consolidate these VIEs because power to direct and control key activities is shared jointly by Duke Energy and other owners.

Pioneer

Duke Energy holds a 50 percent equity interest in Pioneer. Pioneer is considered a VIE due to having insufficient equity to finance its own activities without subordinated financial support. The activities that most significantly impact Pioneer's economic performance are decisions related to the development of new transmission facilities. The power to direct these activities is jointly and equally shared by Duke Energy and the other joint venture partner, American Electric Power; therefore, Duke Energy does not consolidate Pioneer.

O'EC

Duke Energy Ohio's 9 percent ownership interest in OVEC is considered a non-consolidated VIE due to OVEC having insufficient equity to finance its activities without subordinated financial support. The activities that most significantly impact OVEC's economic performance include fuel strategy and supply activities and decisions associated with ongoing operations and maintenance-related activities. Duke Energy Ohio does not have the unilateral power to direct these activities, and therefore, does not consolidate OVEC.

As a counterparty to an ICPA, Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in OVEC's cost of business. On March 31, 2018, FES, a subsidiary of FirstEnergy and an ICPA counterparty with a power participation ratio of 4.85 percent, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. Duke Energy Ohio cannot predict the impact of the bankruptcy filing on its OVEC interests. In addition, certain proposed environmental rulemaking could result in future increased OVEC cost allocations.

CRC

See discussion under Consolidated VIEs for additional information related to CRC.

Amounts included in Receivables from affiliated companies in the above table for Duke Energy Ohio and Duke Energy Indiana reflect their retained interest in receivables sold to CRC. These subordinated notes held by Duke Energy Ohio and Duke Energy Indiana are stated at fair value.

The following table shows the gross and net receivables sold.

(in millions)	Duke Energy Ohio				Duke Energy Indiana			
	June 30, 2019		December 31, 2019		June 30, 2019		December 31, 2019	
Receivables sold	7	210	\$	269	7	314	\$	336
Less: Retained interests		45		93		\$1		118
Net receivables sold	7	165	\$	176	7	233	\$	218

The following table shows sales and cash flows related to receivables sold.

(in millions)	Duke Energy Ohio								Duke Energy Indiana							
	Three Months Ended				Six Months Ended				Three Months Ended				Six Months Ended			
	June 30,		June 30,		June 30,		June 30,		June 30,		June 30,		June 30,		June 30,	
	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
Sales																
Receivables sold	7	429	\$	461	7	1,004	\$	1,028	7	692	\$	692	7	1,410	\$	1,386
Loss recognized on sale		3		3		6		6		4		4		9		7
Cash flows																
Cash proceeds from receivables sold	7	44	\$	465	7	1,045	\$	1,050	7	686	\$	686	7	1,435	\$	1,397
Collection fees received		1		1		1		1		1		1		1		1
Return received on retained interests		2		1		4		3		2		2		5		4

Cash flows from sales of receivables are reflected within Operating Activities on Duke Energy Ohio's and Duke Energy Indiana's Condensed Consolidated Statements of Cash Flows.

FINANCIAL STATEMENTS

RE' ENUE

14. RE' ENUE

Duke Energy earns substantially all of its revenues through its reportable segments, Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

Electric Utilities and Infrastructure

Electric Utilities and Infrastructure earns the majority of its revenues through retail and wholesale electric service through the generation, transmission, distribution and sale of electricity. Duke Energy generally provides retail and wholesale electric service customers with their full electric load requirements or with supplemental load requirements when the customer has other sources of electricity.

The majority of wholesale revenues are full requirements contracts where the customers purchase the substantial majority of their energy needs and do not have a fixed quantity of contractually required energy or capacity. As such, related forecasted revenues are considered optional purchases. Supplemental requirements contracts that include contracted blocks of energy and capacity at contractually fixed prices have the following estimated remaining performance obligations:

	Remaining Performanze Obligations						
(in millions)	2019	2020	2021	2022	2023	Thereafter	Total
Progress Energy	\$ 63	\$ 121	\$ 87	\$ 82	\$ 39	\$ 42	434
Duke Energy Progress	4	9	9	9	9	9	49
Duke Energy Florida	59	112	78	73	30	33	385
Duke Energy Indiana	5	10	5	—	—	—	20

Revenues for block sales are recognized monthly as energy is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates.

Gas Utilities and Infrastructure

Gas Utilities and Infrastructure earns its revenues through retail and wholesale natural gas service through the transportation, distribution and sale of natural gas. Duke Energy generally provides retail and wholesale natural gas service customers with all natural gas load requirements. Additionally, while natural gas can be stored, substantially all natural gas provided by Duke Energy is consumed by customers simultaneously with receipt of delivery.

Fixed capacity payments under long-term contracts for the Gas Utilities and Infrastructure segment include minimum margin contracts and supply arrangements with municipalities and power generation facilities. Revenues for related sales are recognized monthly as natural gas is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates. Estimated remaining performance obligations are as follows:

	Remaining Performanze Obligations						
(in millions)	2019	2020	2021	2022	2023	Thereafter	Total
Piedmont	\$ 34	\$ 69	\$ 65	\$ 64	\$ 61	\$ 432	725

Commercial Renewables

Commercial Renewables earns the majority of its revenues through long-term PPAs and generally sells all of its wind and solar facility output, electricity and RECs to customers. The majority of these PPAs have historically been accounted for as leases. For PPAs that are not accounted for as leases, the delivery of electricity and the delivery of RECs are considered separate performance obligations.

Other

The remainder of Duke Energy's operations is presented as Other, which does not include material revenues from contracts with customers.

FINANCIAL STATEMENTS

REVENUE

Disaggregated Revenues

Disaggregated revenues are presented as follows:

		Three Months Ended June 30, 2019															
(in millions)		Du8e Energy		Du8e Energy Carolinas		Progress Energy		Du8e Energy Progress		Du8e Energy Florida		Du8e Energy Ohio		Du8e Energy Indiana		Piedmont	
by market or type of customer		Energy		Energy		Energy		Progress		Florida		Ohio		Indiana			
Electric Utilities and Infrastructure																	
Residential	7	2,304	7	69	7	1,243	7	49	7	646	7	159	7	225	7	:	
General		1,554		531		650		339		411		105		196		:	
Industrial		659		259		231		14		6		3		201		:	
Wholesale		526		109		351		309		42		9		59		:	
Other revenues		156		9		99		44		55		25		26		:	
Total Electric Utilities and Infrastructure revenue from contracts with customers	7	5,34	7	1,6	7	2,64	7	1,352	7	1,322	7	334	7	609	7	:	
Gas Utilities and Infrastructure																	
Residential	7	14	7	:	7	:	7	:	7	:	7	4	7	:	7	\$2	
Commercial		5		:		:		:		:		2		:		59	
Industrial		29		:		:		:		:		3		:		24	
Power Generation		:		:		:		:		:		:		:		13	
Other revenues		22		:		:		:		:		2		:		19	
Total Gas Utilities and Infrastructure revenue from contracts with customers	7	252	7	:	7	:	7	:	7	:	7	95	7	:	7	196	
Commercial Renewables																	
Revenue from contracts with customers	7	4	7	:	7	:	7	:	7	:	7	:	7	:	7	:	
Other																	
Revenue from contracts with customers	7	—	7	:	7	:	7	:	7	:	7	:	7	:	7	:	
Total revenue from contracts with customers	7	5,95	7	1,6	7	2,64	7	1,352	7	1,322	7	429	7	609	7	196	
Other revenue sources ^(a)																	
Other revenue sources ^(a)	7	16	7	36	7	60	7	35	7	31	7	4	7	5	7	12	
Total revenues	7	5,63	7	1,613	7	2,644	7	1,356	7	1,353	7	433	7	614	7	209	

FINANCIAL STATEMENTS

RE' ENUE

(in millions) by market or type of customer	Three Months Ended June 30, 2015							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
<i>Electric Utilities and Infrastructure</i>								
Residential	\$ 2,185	\$ 659	\$ 1,099	\$ 452	\$ 648	\$ 181	\$ 245	\$ —
General	1,481	501	678	300	377	110	188	—
Industrial	736	286	224	159	66	33	192	—
Wholesale	515	115	322	287	34	2	77	—
Other revenues	194	85	96	47	50	23	20	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 5,111	\$ 1,646	\$ 2,419	\$ 1,245	\$ 1,175	\$ 349	\$ 722	\$ —
<i>Gas Utilities and Infrastructure</i>								
Residential	\$ 153	\$ —	\$ —	\$ —	\$ —	\$ 66	\$ —	\$ 87
Commercial	87	—	—	—	—	28	—	59
Industrial	31	—	—	—	—	3	—	28
Power Generation	—	—	—	—	—	—	—	14
Other revenues	23	—	—	—	—	6	—	17
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 294	\$ —	\$ —	\$ —	\$ —	\$ 103	\$ —	\$ 205
<i>Commercial Renewables</i>								
Revenue from contracts with customers	\$ 47	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>								
Revenue from contracts with customers	\$ 15	\$ —	\$ —	\$ —	\$ —	\$ 10	\$ —	\$ —
Total revenue from contracts with customers	\$ 5,467	\$ 1,646	\$ 2,419	\$ 1,245	\$ 1,175	\$ 462	\$ 722	\$ 205
Other revenue sources ^(a)	\$ 176	\$ 26	\$ 79	\$ 46	\$ 28	\$ (3)	\$ 16	\$ 10
Total revenues	\$ 5,643	\$ 1,672	\$ 2,498	\$ 1,291	\$ 1,203	\$ 459	\$ 738	\$ 215

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

FINANCIAL STATEMENTS RE' ENUE

Siv Months Ended cune 30, 2019																
(in millions)			Du8e		Progress		Du8e		Du8e		Du8e		Du8e			
ky mar8et or type of zustomer	Energy		Energy Carolinas		Energy		Energy Progress		Energy Florida		Energy Ohio		Energy Indiana Piedmont			
Electric Utilities and Infrastructure																
Residential	7	4,-64	7	1,439	7	2,356	7	1,032	7	1,325	7	34\$	7	531	7	:
General		3,011		1,026		1,3\$2		-45		636		20\$		394		:
Industrial		1,460		555		453		325		12\$		-9		391		:
Wholesale		1,0-\$		22\$		604		-24		\$0		23		113		:
Other revenues		359		14—		261		1-9		102		41		44		:
Total Electric Utilities and Infrastructure revenue from contracts with customers	7	10,5\$2	7	3,395	7	5,1-6	7	2,695	7	2,362	7	-\$9	7	1,463	7	:
Gas Utilities and Infrastructure																
Residential	7	5-0	7	:	7	:	7	:	7	:	7	16—	7	:	7	3\$4
Commercial		291		:		:		:		:		65		:		21—
Industrial		66		:		:		:		:		10		:		—
Power Generation		:		:		:		:		:		:		:		2—
Other revenues		\$5		:		:		:		:		10		:		65
Total Gas Utilities and Infrastructure revenue from contracts with customers	7	1,013	7	:	7	:	7	:	7	:	7	261	7	:	7	6-6
Commercial Renewables																
Revenue from contracts with customers	7	\$	7	:	7	:	7	:	7	:	7	:	7	:	7	:
Other																
Revenue from contracts with customers	7	10	7	:	7	:	7	:	7	:	7	:	7	:	7	:
Total Revenue from contracts with customers	7	11,-93	7	3,395	7	5,1-6	7	2,695	7	2,362	7	9-0	7	1,463	7	6-6
Other revenue sources(a)																
Other revenue sources(a)	7	343	7	-2	7	149	7	6—	7	-6	7	4	7	9	7	21
Total revenues	7	12,03—	7	3,456	7	5,31—	7	2,\$61	7	2,439	7	9-4	7	1,4\$2	7	6\$

FINANCIAL STATEMENTS RE' ENUE

Siv Months Ended cune 30, 2015									
(in millions)	Du8e	Du8e	Progress	Du8e	Du8e	Du8e	Du8e	Du8e	Piedmont
ky mar8et or type of zustomer	Energy	Energy Carolinas	Energy	Energy Progress	Energy Florida	Energy Ohio	Energy Indiana		
<i>Electric Utilities and Infrastructure</i>									
Residential	\$ 4,535	\$ 1,440	\$ 2,211	\$ 968	\$ 1,243	\$ 361	\$ 523	\$	—
General	2,856	973	1,309	599	710	206	366		—
Industrial	1,400	541	432	304	128	63	365		—
Wholesale	1,148	234	768	684	84	2	145		—
Other revenues	333	152	225	132	93	37	37		—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 10,272	\$ 3,340	\$ 4,945	\$ 2,687	\$ 2,258	\$ 669	\$ 1,436	\$	—
<i>Gas Utilities and Infrastructure</i>									
Residential	\$ 566	\$ —	\$ —	\$ —	\$ —	\$ 177	\$ —	\$	389
Commercial	288	—	—	—	—	77	—		211
Industrial	79	—	—	—	—	10	—		69
Power Generation	—	—	—	—	—	—	—		27
Other revenues	78	—	—	—	—	12	—		66
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 1,011	\$ —	\$ —	\$ —	\$ —	\$ 276	\$ —	\$	762
<i>Commercial Renewables</i>									
Revenue from contracts with customers	\$ 80	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$	—
<i>Other</i>									
Revenue from contracts with customers	\$ 31	\$ —	\$ —	\$ —	\$ —	\$ 24	\$ —	\$	—
Total Revenue from contracts with customers	\$ 11,394	\$ 3,340	\$ 4,945	\$ 2,687	\$ 2,258	\$ 969	\$ 1,436	\$	762
Other revenue sources ^(a)	\$ 384	\$ 95	\$ 129	\$ 64	\$ 60	\$ 14	\$ 33	\$	6
Total revenues	\$ 11,778	\$ 3,435	\$ 5,074	\$ 2,751	\$ 2,318	\$ 983	\$ 1,469	\$	768

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

UNKILLED RE' ENUE

Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes, timing of rendering customer bills and meter reading schedules, and the impact of weather normalization or margin decoupling mechanisms.

Unbilled revenues are included within Receivables and Receivables of VIEs on the Condensed Consolidated Balance Sheets as shown in the following table.

(in millions)	cune 30, 2019		Dezember 31, 2015	
Duke Energy	7	690	\$	896
Duke Energy Carolinas		255		313
Progress Energy		260		244
Duke Energy Progress		145		148
Duke Energy Florida		122		96
Duke Energy Ohio		1		2
Duke Energy Indiana		14		23
Piedmont		4		73

FINANCIAL STATEMENTS

RE' ENUE

Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail accounts receivable, including receivables for unbilled revenues, to an affiliate, CRC, and account for the transfers of receivables as sales. Accordingly, the receivables sold are not reflected on the Condensed Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana. See Note 13 for further information. These receivables for unbilled revenues are shown in the table below.

(in millions)		cune 30, 2019	Dezember 31, 201\$
Duke Energy Ohio	7	-5 \$	86
Duke Energy Indiana		11—	128

15. STOCwHOLDERSj EQUITY

Basic EPS is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the diluted weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options and equity forward sale agreements, were exercised or settled. Duke Energy's participating securities are restricted stock units that are entitled to dividends declared on Duke Energy common stock during the restricted stock unit's vesting periods.

The following table presents Duke Energy's basic and diluted EPS calculations, the weighted average number of common shares outstanding and common and preferred share dividends declared.

(in millions, evzept per-share amounts)	Three Months Ended cune 30,		Siv Months Ended cune 30,	
	2019	201\$	2019	201\$
Income from continuing operations attributable to Duke Energy common stockholders excluding impact of participating securities	7	\$19 \$	7	1,61\$ \$
Weighted average common shares outstanding — basic		62\$ 703		62\$ 702
Equity Forwards		: 1		: —
Weighted average common shares outstanding — diluted		62\$ 704		62\$ 702
EPS from continuing operations attributable to Duke Energy common stockholders				
Basic and Diluted	7	1.12 \$ 0.72	7	2.3— \$ 1.60
Potentially dilutive items excluded from the calculation ^(a)		2 2		2 2
Dividends declared per common share	7	0.92\$ \$ 0.89	7	1.\$55 \$ 1.78
Dividends declared on preferred stock per depositary share	7	0.306 \$ —	7	0.306 \$ —

(a) Performance stock awards were not included in the dilutive securities calculation because the performance measures related to the awards had not been met.

Common Stoz8

On February 20, 2018, Duke Energy filed a prospectus supplement and executed an EDA under which it may sell up to \$1 billion of its common stock through an ATM offering program, including an equity forward sales component. The EDA was entered into with the Agents. Under the terms of the EDA, Duke Energy may issue and sell, through any of the Agents, shares of common stock through September 23, 2019.

In June 2018, Duke Energy marketed two separate tranches, each for 1.3 million shares, of common stock through equity forward transactions under the ATM program. In December 2018, Duke Energy physically settled these equity forwards by delivering 2.6 million shares of common stock in exchange for net proceeds of approximately \$195 million.

Separately, in March 2018, Duke Energy marketed an equity offering of 21.3 million shares of common stock through an Underwriting Agreement. In connection with the offering, Duke Energy entered into equity forward sale agreements. The equity forwards required Duke Energy to either physically settle the transactions by issuing 21.3 million shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements, or net settle in whole or in part through the delivery or receipt of cash or shares. In June 2018, Duke Energy physically settled one-half of the equity forwards by delivering approximately 10.6 million shares of common stock in exchange for net cash proceeds of approximately \$781 million. In December 2018, Duke Energy physically settled the remaining equity forward by delivering 10.6 million shares of common stock in exchange for net cash proceeds of approximately \$766 million.

In 2018, Duke Energy also issued 2.2 million shares through its DRIP with an increase in additional paid-in capital of approximately \$174 million. For the six months ended June 30, 2019, Duke Energy issued 0.9 million shares through its DRIP with an increase in additional paid-in capital of approximately \$80 million.

FINANCIAL STATEMENTS

STOCKHOLDERS' EQUITY

In March and April 2019, Duke Energy marketed two separate tranches, each for 1.1 million shares, of common stock through equity forward transactions under the ATM program. The first tranche had an initial forward price of \$89.83 per share and the second tranche had an initial forward price of \$88.82 per share. In May and June 2019, a third tranche of 1.6 million shares of common stock was marketed and had an initial forward price of \$86.23. The equity forwards require Duke Energy to either physically settle the transaction by issuing shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements or net settle in whole or in part through the delivery or receipt of cash or shares. The settlement alternative is at Duke Energy's election. No amounts have or will be recorded in Duke Energy's Condensed Consolidated Financial Statements with respect to these ATM offerings until settlements of the equity forwards occur, which is expected by December 31, 2019. The initial forward sale price will be subject to adjustment based on a floating interest rate factor and other fixed amounts specified in the relevant forward sale agreements. Until settlement of the equity forwards, EPS dilution resulting from the agreements, if any, will be determined under the treasury stock method.

Preferred Stock

On March 29, 2019, Duke Energy completed the issuance of 40 million depository shares, each representing 1/1,000th share of its Series A Cumulative Redeemable Perpetual Preferred Stock, at a price of \$25 per depository share. The transaction resulted in net proceeds of \$973 million after issuance costs and the proceeds are being used for general corporate purposes and to reduce short-term debt. The preferred stock has a \$25 liquidation preference per depository share and earns dividends on a cumulative basis at a rate of 5.75 percent per annum. Dividends are payable quarterly in arrears on the 16th day of March, June, September and December, and began on June 16, 2019. Dividends issued on its preferred stock are subject to approval by the Duke Energy Board of Directors. However, the deferral of dividend payments on the preferred stock prohibits the declaration of common stock dividends. Dividends declared on preferred stock will be recorded on the income statement as a reduction of net income to arrive at net income attributable to Duke Energy common stockholders. Dividends accumulated on preferred stock will be a reduction to net income used in the calculation of basic and diluted EPS.

The Series A Preferred Stock ranks, with respect to dividends and distributions upon liquidation or dissolution:

- senior to Common Stock and to each other class or series of capital stock established after the original issue date of the Series A Preferred Stock that is expressly made subordinated to the Series A Preferred Stock;
- on a parity with any class or series of capital stock established after the original issue date of the Series A Preferred Stock that is not expressly made senior or subordinated to the Series A Preferred Stock;
- junior to any class or series of capital stock established after the original issue date of the Series A Preferred Stock that is expressly made senior to the Series A Preferred Stock;
- junior to all of existing and future indebtedness (including indebtedness outstanding under Duke Energy's credit facilities, unsecured senior notes, junior subordinated debentures and commercial paper) and other liabilities with respect to assets available to satisfy claims against Duke Energy; and
- structurally subordinated to existing and future indebtedness and other liabilities of Duke Energy's subsidiaries and future preferred stock of subsidiaries.

The preferred stock has no maturity or mandatory redemption date, is not redeemable at the option of the holders and includes separate call options. The first call option allows Duke Energy to call the preferred stock at a redemption price of \$25.50 per depository share prior to June 15, 2024, in whole but not in part, at any time within 120 days after a ratings event where a rating agency amends, clarifies or changes the criteria it uses to assign equity credit for securities such as the preferred stock. The second call option allows Duke Energy to call the preferred stock, in whole or in part, at any time, on or after June 15, 2024, at a redemption price of \$25 per depository share. Duke Energy is also required to redeem all accumulated and unpaid dividends if either call option is exercised.

Holders of the preferred stock have no voting rights with respect to matters that generally require the approval of voting stockholders. The limited voting rights of holders of preferred stock include the right to vote as a single class on certain matters that may affect the preference or special rights of the preferred stock, except in the instance that Duke Energy elects to defer the payment of dividends for a total of six quarterly full dividend periods. If dividends are deferred for a cumulative total of six quarterly full dividend periods, whether or not for consecutive dividend periods, holders of the preferred stock have the right to elect two additional Board members to the Duke Energy Board of Directors.

1—EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy and certain subsidiaries maintain, and the Subsidiary Registrants participate in, qualified and non-qualified, non-contributory defined benefit retirement plans. Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants.

Duke Energy uses a December 31 measurement date for its qualified non-contributory defined benefit retirement plan assets and obligations. However, because Duke Energy believes it is probable in 2019 that total lump-sum benefit payments will exceed the settlement threshold, which is defined as the sum of the service cost and interest cost on projected benefit obligation components of net periodic pension costs, Duke Energy remeasured the plan assets and plan obligations associated with one of its qualified pension plans as of June 30, 2019. The discount rate used for the remeasurement was 3.5 percent. The cash balance interest crediting rate was 4.0 percent. All other assumptions used for the remeasurement were consistent with the measurement as of December 31, 2018. As a result, Duke Energy recognized a remeasurement gain of \$18 million, which is recorded in Other within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of June 30, 2019. The remeasurement gain, which represents an increase in funded status, reflects an increase of \$275 million in the fair value of plan assets and an increase of \$257 million in the projected benefit obligation.

FINANCIAL STATEMENTS

EMPLOYEE BENEFIT PLANS

As the result of settlement accounting, Duke Energy recognized a settlement charge of \$69 million, primarily as a regulatory asset within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of June 30, 2019 (an immaterial amount was recorded in Other income and expenses, net within the Condensed Consolidated Statement of Operations). Settlement charges recognized by the Subsidiary Registrants were \$43 million for Duke Energy Carolinas, \$16 million for Duke Energy Progress, \$3 million for Duke Energy Florida, \$3 million for Duke Energy Indiana, \$1 million for Duke Energy Ohio and \$3 million for Piedmont. The settlement charge reflects the recognition of a pro-rata portion of previously unrecognized actuarial losses, equal to the percentage of reduction in the projected benefit obligation resulting from total lump-sum benefits payments as of June 30, 2019.

QUALIFIED PENSION PLANS

The following tables include the components of net periodic pension costs for qualified pension plans.

Three Months Ended June 30, 2019																
	Du8e		Du8e		Progress		Du8e		Du8e		Du8e		Du8e		Du8e	
(in millions)	Energy		Energy Carolinas		Energy		Progress		Energy Florida		Energy Ohio		Energy Indiana		Piedmont	
Service cost	7	36	7	12	7	10	7	—	7	—	7	1	7	2	7	2
Interest cost on projected benefit obligation		\$2		21		2—		12		13		4		6		3
Expected return on plan assets		(143)		(36)		(45)		(21)		(22)		(—)		(10)		(—)
Amortization of actuarial loss		25		5		9		3		—		:		1		1
Amortization of prior service credit		(\$)		(2)		:		(1)		(1)		:		(1)		(2)
Net periodic pension costs	7	(6)	7	(1)	7	:	7	(1)	7	2	7	(1)	7	(1)	7	(2)

	Three Months Ended June 30, 2015									
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont		
Service cost	\$ 45	\$ 15	\$ 13	\$ 8	\$ 6	\$ 1	\$ 3	\$ 2		
Interest cost on projected benefit obligation	75	18	22	10	12	4	6	3		
Expected return on plan assets	(140)	(37)	(43)	(21)	(23)	(7)	(11)	(6)		
Amortization of actuarial loss	33	7	11	5	6	1	2	3		
Amortization of prior service credit	(8)	(2)	(1)	(1)	(1)	—	—	(3)		
Net periodic pension costs	\$ 5	\$ 1	\$ 2	\$ 1	\$ —	\$ (1)	\$ —	\$ (1)		

	Six Months Ended June 30, 2019															
	Duke Energy		Duke Energy Carolinas		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont			
(in millions)	Duke Energy		Duke Energy Carolinas		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont			
Service cost	7	64	7	24	7	21	7	12	7	10	7	2	7	4	7	3
Interest cost on projected benefit obligation		1—6		41		52		24		26		9		13		—
Expected return on plan assets		(25—)		(65)		(\$9)		(44)		(44)		(14)		(21)		(11)
Amortization of actuarial loss		49		11		1\$		—		12		1		3		3
Amortization of prior service credit		(1—)		(4)		(1)		(1)		(1)		:		(1)		(5)
Net periodic pension costs	\$	(14)	\$	(3)	\$	1	\$	(3)	\$	4	\$	(2)	\$	(2)	\$	(4)

	Siv Months Ended cune 30, 2015\$															
		Du8e		Du8e		Du8e		Du8e								
(in millions)	Du8e	Energy	Progress	Energy	Progress	Energy	Ohio	Energy	Piedmont							
	Energy	Carolinas	Energy	Progress	Florida			Indiana								
Service cost	\$	90	\$	30	\$	26	\$	15	\$	11	\$	2	\$	5	\$	4
Interest cost on projected benefit obligation		150		36		46		21		25		9		12		6
Expected return on plan assets		(280)		(74)		(88)		(42)		(46)		(14)		(21)		(12)
Amortization of actuarial loss		66		14		22		10		12		2		4		6
Amortization of prior service credit		(16)		(4)		(2)		(1)		(1)		—		—		(6)

Net periodic pension costs	\$	10	\$	2	\$	4	\$	3	\$	1	\$	(1)	\$	—	\$	(2)
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FINANCIAL STATEMENTS

EMPLOYEE BENEFIT PLANS

NON-QUALIFIED PENSION PLANS

Net periodic pension costs for non-qualified pension plans were not material for the three and six months ended June 30, 2019, and 2018.

OTHER POST-RETIREMENT BENEFIT PLANS

Net periodic costs for OPEB plans were not material for the three and six months ended June 30, 2019, and 2018.

16. INCOME TAXES

EFFECTIVE TAX RATES

The ETRs from continuing operations for each of the Duke Energy Registrants are included in the following table.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Duke Energy	15.9%	16.5%	12.9%	19.9%
Duke Energy Carolinas	19.6%	21.5%	15.6%	21.8%
Progress Energy	14.6%	17.3%	16.0%	15.4%
Duke Energy Progress	14.3%	20.1%	16.1%	16.8%
Duke Energy Florida	19.9%	18.0%	19.5%	17.4%
Duke Energy Ohio	14.1%	25.8%	14.5%	16.0%
Duke Energy Indiana	24.2%	25.8%	24.2%	25.8%
Piedmont	22.2%	27.3%	21.5%	23.9%

The decrease in the ETR for Duke Energy for the six months ended June 30, 2019, is primarily due to a one-time valuation allowance charge in the prior year, an adjustment related to the income tax recognition for equity method investments recorded in the first quarter of 2019 and an increase in the amortization of excess deferred taxes. The equity method investment adjustment was immaterial and relates to prior years.

The decrease in the ETR for Duke Energy Carolinas for the three and six months ended June 30, 2019, is primarily due to an increase in the amortization of excess deferred taxes.

The increase in the ETR for Progress Energy for the six months ended June 30, 2019, is primarily due to a decrease in AFUDC equity in the current year.

The decrease in the ETR for Duke Energy Progress for the three months ended June 30, 2019, is primarily due to an increase in the amortization of excess deferred taxes.

The increase in the ETR for Duke Energy Florida for the three and six months ended June 30, 2019, is primarily due to a decrease in AFUDC equity in the current year.

The decrease in the ETR for Duke Energy Ohio for the three months ended June 30, 2019, is primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Indiana for the three and six months ended June 30, 2019, is primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Piedmont for the three months ended June 30, 2019, is primarily due to lower state tax rates. The decrease in the ETR for the six months ended June 30, 2019, is primarily due to an increase in the amortization of excess deferred taxes.

17. SUBSEQUENT EVENTS

For information on subsequent events related to the Commercial Renewables segment, regulatory matters, commitments and contingencies and debt, see Notes 2, 3, 4 and 6, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Duke Energy and Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. However, none of the registrants make any representation as to information related solely to Duke Energy or the Subsidiary Registrants of Duke Energy other than itself.

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Duke Energy is an energy company headquartered in Charlotte, North Carolina. Duke Energy operates in the U.S. primarily through its wholly owned subsidiaries, Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. When discussing Duke Energy's consolidated financial information, it necessarily includes the results of the Subsidiary Registrants, which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the six months ended June 30, 2019, and with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

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Regulatory Activity

In 2019, Duke Energy advanced regulatory activity underway in multiple jurisdictions as follows:

- New base rates were implemented in the Duke Energy Ohio Electric Base Rate Case on January 2, 2019.
- On January 11, 2019, Duke Energy Progress filed a request with the PSCSC, which included a request for the continuation of prior deferrals requested for ice storms and hurricanes Florence, Michael and Matthew. The request was approved on January 30, 2019.
- On January 30, 2019, Duke Energy Kentucky entered into a settlement agreement with the Attorney General of Kentucky related to the Natural Gas Base Rate Case. The settlement provides for an approximate \$7 million increase in natural gas base revenue and approval of the proposed WNA mechanism. The KPSC issued its Order approving the settlement without material modification on March 27, 2019.
- On April 1, 2019, Piedmont filed an application with the NCUC, its first general rate case in North Carolina in six years. Piedmont expects new rates arising from this proceeding to take effect by the end of 2019.
- On May 21, 2019, Duke Energy Carolinas and Duke Energy Progress received orders from the PSCSC and revised customer rates became effective June 1, 2019. On May 31, 2019, Duke Energy Carolinas and Duke Energy Progress filed Petitions for Rehearing or Reconsideration regarding certain coal ash costs and return on equity, among other items, and await the orders on reconsideration detailing the commission's decision. Once the orders are received, Duke Energy Carolinas and Duke Energy Progress have 30 days to file a notice of appeal with the South Carolina Supreme Court.
- On June 11, 2019, the FPSC approved the petition to recover incremental storm restoration costs for Hurricane Michael and to apply tax savings resulting from the Tax Act toward storm costs in lieu of implementing a storm surcharge. On June 13, 2019, the FPSC issued its order approving the settlement agreement for storm cost recovery related to hurricanes Irma and Nate. Storm costs are currently expected to be fully recovered by approximately year-end 2021.
- On July 2, 2019, Duke Energy Indiana filed a general rate case with the IURC, its first general rate case in Indiana in 16 years. Hearings are expected to commence in late 2019 or early 2020, with rates to be effective in mid-2020.

See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information.

Results of Operations

Non-GAAP Measures

Management's Discussion and Analysis includes financial information prepared in accordance with GAAP in the U.S., as well as certain non-GAAP financial measures such as adjusted earnings and adjusted EPS discussed below. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as a supplement to, and not a substitute for, financial measures presented in accordance with GAAP. Non-GAAP measures presented may not be comparable to similarly titled measures used by other companies because other companies may not calculate the measures in the same manner.

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted EPS. Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy common stockholders in dollar and per-share amounts, adjusted for the dollar and per-share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are GAAP Reported Earnings and GAAP Reported EPS, respectively.

Special items in the 2018 periods presented below include the following items:

- Costs to Achieve Piedmont Merger represents charges that resulted from the Piedmont acquisition.

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DUWE ENERGY

- Regulatory and Legislative Impacts represents charges related to rate case orders, settlements or other actions of regulators or legislative bodies.
- Sale of Retired Plant represents the loss associated with selling Beckjord, a nonregulated generating facility in Ohio.
- Impairment of Equity Method Investment represents an OTTI of an investment in Constitution.
- Impacts of the Tax Act represents an AMT valuation allowance recognized related to the Tax Act.

Three Months Ended June 30, 2019, as compared to June 30, 2018

GAAP Reported EPS was \$1.12 for the second quarter of 2019 compared to \$0.71 for the second quarter of 2018. The increase in GAAP Reported EPS was primarily due to positive rate case impacts, lower operating expenses and the allocation of losses to noncontrolling tax equity members resulting from the North Rosamond solar farm commencing commercial operations, as well as prior year regulatory and legislative impacts.

The following table reconciles non-GAAP measures, including adjusted diluted EPS, to their most directly comparable GAAP measures.

(in millions, except per-share amounts)	Three Months Ended June 30,					
	2019			2018		
	Earnings		EPS	Earnings		EPS
GAAP Reported Earnings/GAAP Reported EPS	7	\$20	7	1.12	\$ 500	\$ 0.71
Adjustments:						
Costs to Achieve Piedmont Merger ^(a)	:		:		15	0.02
Regulatory and Legislative Impacts ^(b)	:		:		136	0.19
Discontinued Operations	:		:		5	0.01
Adjusted Earnings/Adjusted Diluted EPS	7	\$20	7	1.12	\$ 656	\$ 0.93

(a) Net of \$5 million tax benefit.

(b) Net of \$43 million tax benefit.

Six Months Ended June 30, 2019, as compared to June 30, 2018

GAAP Reported EPS was \$2.36 for the six months ended June 30, 2019, compared to \$1.59 for the six months ended June 30, 2018. The increase in GAAP Reported EPS was primarily due to positive rate case impacts, the allocation of losses to noncontrolling tax equity members resulting from the North Rosamond solar farm commencing commercial operations, and an adjustment related to income tax recognition for equity method investments, as well as prior year regulatory and legislative impacts, impairments charges, an AMT valuation allowance and a loss on sale of a retired plant. This was partially offset by higher depreciation and share dilution from equity issuances.

The following table reconciles non-GAAP measures, including adjusted diluted EPS, to their most directly comparable GAAP measures.

(in millions, except per-share amounts)	Six Months Ended June 30,					
	2019			2018		
	Earnings		EPS	Earnings		EPS
GAAP Reported Earnings/GAAP Reported EPS	7	1,620	7	2.3	\$ 1,120	\$ 1.59
Adjustments:						
Costs to Achieve Piedmont Merger ^(a)	:		:		28	0.04
Regulatory and Legislative Impacts ^(b)	:		:		202	0.29
Sale of Retired Plant ^(c)	:		:		82	0.12
Impairment of Equity Method Investment ^(d)	:		:		42	0.06
Impacts of the Tax Act (AMT valuation allowance)	:		:		76	0.11
Discontinued Operations	:		:		5	0.01
Adjusted Earnings/Adjusted Diluted EPS	7	1,620	7	2.3	\$ 1,555	\$ 2.22

(a) Net of \$9 million tax benefit.

(b) Net of \$63 million tax benefit.

(c) Net of \$25 million tax benefit.

(d) Net of \$13 million tax benefit.

SEGMENT RESULTS

The remaining information presented in this discussion of results of operations is on a GAAP basis. Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements.

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. See Note 2 to the Condensed Consolidated Financial Statements, "Business Segments," for additional information on Duke Energy's segment structure.

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SEGMENT RESULTS - ELECTRIC UTILITIES AND INFRASTRUCTURE

Eleztriz Utilities and Infrastruzture

(in millions)	Three Months Ended cune 30,						Siv Months Ended cune 30,					
	2019		201\$		' arianze		2019		201\$		' arianze	
Operating ReKenues	7	5,465	\$	5,223	\$	252	7	10,\$04	\$	10,546	\$	258
Operating Evpenses												
Fuel used in electric generation and purchased power		1,—2		1,582		80		3,292		3,267		25
Operation, maintenance and other		1,31\$		1,395		(77)		2,—00		2,720		(120)
Depreciation and amortization		951		838		113		1,\$9\$		1,673		225
Property and other taxes		296		279		18		59\$		553		45
Impairment charges		4		172		(168)		4		215		(211)
Total operating expenses		4,232		4,266		(34)		\$,392		8,428		(36)
Gains on Sales of Other Assets and Other, net		3		—		3		:		1		(1)
Operating Inzome		1,24—		957		289		2,412		2,119		293
Other Inzome and Evpenses, net		\$9		91		(2)		1\$0		179		1
Interest Evpense		330		316		14		—\$		633		35
Inzome kefore Inzome Taves		1,005		732		273		1,924		1,665		259
Inzome Tav Evpense		19—		157		39		3—5		340		25
Segment Inzome	7	\$09	\$	575	\$	234	7	1,559	\$	1,325	\$	234
Duke Energy Carolinas GWh sales		21,—04		22,272		(668)		43,432		44,899		(1,467)
Duke Energy Progress GWh sales		1,—222		15,896		326		32,560		33,122		(552)
Duke Energy Florida GWh sales		11,151		10,304		847		19,462		19,423		49
Duke Energy Ohio GWh sales		5,—0		6,147		(487)		11,\$24		12,219		(395)
Duke Energy Indiana GWh sales		6,436		8,301		(864)		15,460		16,786		(1,316)
Total Electric Utilities and Infrastructure GWh sales		—2,064		62,920		(846)		122,6—\$		126,449		(3,681)
Net proportional MW capacity in operation								49,625		49,297		428

Three Months Ended cune 30, 2019, as zompared to cune 30, 201\$

Electric Utilities and Infrastructure's results were impacted by a positive contribution from the 2018 Duke Energy Carolinas North Carolina rate case, Duke Energy Florida's base rate adjustments due to the Citrus County CC being placed in service, favorable weather-normal retail sales volumes and lower operation, maintenance and other expense.

These drivers were offset by unfavorable weather in the current year, higher depreciation from a growing asset base, higher interest expense and higher income tax expense. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$155 million increase in retail pricing primarily due to the prior year Duke Energy Carolinas North Carolina rate case and Duke Energy Florida's base rate adjustments related to Citrus County CC being placed in service;
- a \$66 million increase in fuel related revenues; and
- a \$19 million increase in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by:

- a \$168 million decrease in impairment charges primarily due to the impacts associated with the prior year Duke Energy Carolinas North Carolina rate case; and
- a \$77 million decrease in operation, maintenance and other expense primarily due to lower payroll and benefit costs resulting from prior year workforce reductions.

Partially offset by:

- a \$113 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs, additional plant in service and new depreciation rates associated with the prior year Duke Energy Carolinas North Carolina rate case and Duke Energy Florida's Citrus County CC being placed in service;
- an \$80 million increase in fuel used in electric generation and purchased power primarily due to an increase in the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement from the prior year at Duke Energy Progress; and

- an \$18 million increase in property and other taxes primarily due to higher property taxes for additional plant in service at Duke Energy Florida.

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SEGMENT RESULTS - ELECTRIC UTILITIES AND INFRASTRUCTURE

Interest Expense. The variance was driven primarily by higher debt outstanding in the current year and AFUDC debt return ending in the fourth quarter of 2018 on the Citrus County CC at Duke Energy Florida.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income partially offset by an increase in the amortization of excess deferred taxes. The ETRs for the three months ended June 30, 2019, and 2018, were 19.5 percent and 21.4 percent, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes partially offset by a decrease in AFUDC equity in the current year.

Six Months Ended June 30, 2019, as compared to June 30, 2018

Electric Utilities and Infrastructure's results were impacted by a positive contribution from the 2018 Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases, Duke Energy Florida's base rate adjustments due to the Citrus County CC being placed in service and lower operation, maintenance and other expense.

These drivers were offset by unfavorable weather in the current year, higher depreciation from a growing asset base, higher interest expense and higher income tax expense. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$330 million increase in retail pricing primarily due to the prior year Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases and Duke Energy Florida's base rate adjustments related to Citrus County CC being placed in service; and
- a \$34 million increase in fuel related revenues.

Partially offset by:

- a \$76 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year; and
- a \$35 million decrease in rider revenues primarily due to excess deferred taxes and energy efficiency programs, partially offset by a decrement rider relating to nuclear decommissioning that ended in the prior year at Duke Energy Carolinas.

Operating Expenses. The variance was driven primarily by:

- a \$211 million decrease in impairment charges primarily due to the impacts associated with the prior year Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases; and
- a \$120 million decrease in operation, maintenance and other expense primarily due to lower payroll and benefit costs resulting from prior year workforce reductions.

Partially offset by:

- a \$225 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs, additional plant in service and new depreciation rates associated with the prior year Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases and Duke Energy Florida's Citrus County CC being placed in service;
- a \$45 million increase in property and other taxes primarily due to higher property taxes for additional plant in service at Duke Energy Florida and a favorable sales and use tax credit in the prior year at Duke Energy Progress; and
- a \$25 million increase in fuel used in electric generation and purchased power primarily due to an increase in the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement from the prior year at Duke Energy Progress.

Interest Expense. The variance was driven primarily by higher debt outstanding in the current year and AFUDC debt return ending in the fourth quarter of 2018 on the Citrus County CC at Duke Energy Florida.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income partially offset by an increase in the amortization of excess deferred taxes. The ETRs for the six months ended June 30, 2019, and 2018, were 19.0 percent and 20.4 percent, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes partially offset by a decrease in AFUDC equity in the current year.

Matters Impacting Future Electric Utilities and Infrastructure Results

On May 21, 2019, Duke Energy Carolinas and Duke Energy Progress received orders from the PSCSC granting the companies' requests for retail rate increases but denying recovery of certain coal ash costs. On May 31, 2019, Duke Energy Carolinas and Duke Energy Progress filed Petitions for Rehearing or Reconsideration and await the order on reconsideration detailing the commission's decision. Once the orders are received, Duke Energy Carolinas and Duke Energy Progress have 30 days to file a notice of appeal with the South Carolina Supreme Court. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

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SEGMENT RESULTS - ELECTRIC UTILITIES AND INFRASTRUCTURE

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, were eligible for reassessment as low risk pursuant to legislation enacted on July 14, 2016. On November 14, 2018, NCDEQ issued final low-risk classifications for these impoundments, indicating that Duke Energy Carolinas and Duke Energy Progress have satisfied the permanent replacement water supply and certain dam improvement requirements set out in the Coal Ash Management Act. On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas and Duke Energy Progress to excavate all remaining coal ash impoundments in North Carolina, even though they had been deemed low risk. On April 26, 2019, Duke Energy Carolinas and Duke Energy Progress filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. Duke Energy Carolinas and Duke Energy Progress intend to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy is a party to multiple lawsuits and could be subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. In addition, the orders issued in the Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases supporting recovery of past coal ash remediation costs have been appealed by various parties. The outcome of these appeals, lawsuits and potential fines and penalties could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas may petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NCUC, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territories of Duke Energy Carolinas and Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Carolinas and Duke Energy Progress filed with the NCUC petitions for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. On June 11, 2019, the FPSC approved Duke Energy Florida's petition for recovery of incremental storm restoration costs related to Hurricane Michael. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Duke Energy Indiana filed a general rate case with the IURC on July 2, 2019, its first general rate case in Indiana in 16 years. The outcome of this rate case could materially impact Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

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SEGMENT RESULTS - GAS UTILITIES AND INFRASTRUCTURE

Gas Utilities and Infrastructure

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Variance	2019	2018	Variance
Operating Revenues	7	30	\$ 318	7	1,045	\$ 17
Operating Expenses						
Cost of natural gas	6	89	(13)	403	402	1
Operation, maintenance and other	106	103	4	216	211	6
Depreciation and amortization	3	60	3	125	121	7
Property and other taxes	26	26	1	9	57	3
Total operating expenses	263	278	(5)	505	791	17
Operating Income	33	40	(7)	254	254	—
Other Income and Expenses, net	36	22	15	66	(13)	90
Interest Expense	26	26	1	56	53	4
Income before Income Taxes	43	36	7	264	188	86
Income Tax Expense	3	8	(5)	\$	44	(36)
Segment Income	7	40	\$ 28	7	144	\$ 122
Piedmont LDC throughput (dekatherms)	104,463	116,839,962	(12,155,229)	25,350,56	271,741,341	(15,390,684)
Duke Energy Midwest LDC throughput (Mcf)	13,642,906	15,615,050	(1,872,143)	52,251,169	52,741,115	(459,936)

Three Months Ended June 30, 2019, as compared to June 30, 2018

Gas Utilities and Infrastructure's results were primarily impacted by higher equity earnings from ACP. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven by:

- an \$11 million decrease at Piedmont primarily due to lower residential sales volumes due to unfavorable weather in the current year and a reduction of rates in South Carolina; and
- a \$6 million decrease in the Midwest primarily due to lower natural gas costs passed through to customers and unfavorable weather in the current year.

Partially offset by:

- a \$4 million increase primarily due to North Carolina and Tennessee IMR increases.

Operating Expenses. The variance was driven by:

- a \$13 million decrease in cost of natural gas primarily due to lower volumes sold at Piedmont and lower natural gas prices in the Midwest.

Partially offset by:

- a \$4 million increase in operation, maintenance and other expense primarily due to higher employee benefit expenses and information technology outside services at Piedmont; and
- a \$3 million increase in depreciation and amortization expense primarily due to additional plant in service.

Other Income and Expenses, net. The variance was driven by higher equity earnings from ACP in the current year.

Income Tax Expense. The decrease in tax expense was primarily due to current year AFUDC equity, partially offset by an increase in pretax income. The ETRs for the three months ended June 30, 2019, and 2018, were 7.0 percent and 22.2 percent, respectively. The decrease in the ETR was primarily due to current year AFUDC equity.

Six Months Ended June 30, 2019, as compared to June 30, 2018

Gas Utilities and Infrastructure's results were primarily impacted by the prior year OTTI recorded on the Constitution investment and a 2019 adjustment related to the income tax recognition for equity method investments. The equity method investment adjustment was immaterial and relates to prior years. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven by:

- an \$11 million increase primarily due to North Carolina and Tennessee IMR increases;

- a \$9 million increase primarily due to higher natural gas prices associated with off-system sales; and
- an \$8 million increase primarily due to NCUC approval related to tax reform accounting from fixed rate contracts.

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SEGMENT RESULTS - GAS UTILITIES AND INFRASTRUCTURE

Partially offset by:

- a \$6 million decrease primarily due to a reduction of rates in South Carolina;
- a \$4 million decrease due to lower natural gas costs passed through to customers in the Midwest, due to lower natural gas prices; and
- a \$2 million decrease due to unfavorable weather in the current year for the Midwest.

Operating Expenses. The variance was driven by:

- a \$7 million increase in depreciation and amortization expense primarily due to additional plant in service;
- a \$6 million increase in operation, maintenance and other expense primarily due to information technology outside services and higher gas operations labor costs;
- a \$5 million increase in cost of natural gas at Piedmont primarily due to the impact of higher natural gas prices on off-system sales and unbilled revenue; and
- a \$3 million increase in property and other taxes primarily due to higher property tax expense related to additional plant in service.

Partially offset by:

- a \$4 million decrease in cost of natural gas sold in the Midwest primarily due to lower natural gas prices.

Other Income and Expenses, net. The increase was primarily due to the prior year OTTI recorded on the Constitution investment and higher earnings from ACP in the current year.

Interest Expense. The variance was driven by higher debt outstanding in the current year and higher interest expense due to customers as a result of tax reform deferrals, partially offset by favorable AFUDC debt interest.

Income Tax Expense. The decrease in tax expense was primarily due to an adjustment related to the income tax recognition for equity method investments and current year AFUDC equity, partially offset by an increase in pretax income. The equity method investment adjustment was immaterial and relates to prior years. The ETRs for the six months ended June 30, 2019, and 2018, were 2.9 percent and 23.4 percent, respectively. The decrease in the ETR was primarily due to an adjustment related to the income tax recognition for equity method investments that was recorded during the first quarter of 2019 and current year AFUDC equity. The equity method investment adjustment was immaterial and relates to prior years.

Matters Impacting Future Gas Utilities and Infrastructure Results

Gas Utilities and Infrastructure has a 47 percent ownership interest in ACP, which is building an approximately 600-mile interstate natural gas pipeline intended to transport diverse natural gas supplies into southeastern markets. Affected states (West Virginia, Virginia and North Carolina) have issued certain necessary permits; the project remains subject to other pending federal and state approvals, which will allow full construction activities to begin. In 2018, FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route. Project cost estimates are a range of \$7.0 billion to \$7.8 billion, excluding financing costs. ACP expects to achieve a late 2020 in-service date for key segments of the project, while it expects the remainder to extend into 2021. Project construction activities, schedule and final costs are subject to uncertainty due to abnormal weather, work delays (including delays due to judicial or regulatory action) and other conditions and risks that could result in potential higher project costs, a potential delay in the targeted in-service dates, permanent or temporary suspension of AFUDC and potential impairment charges. ACP and Duke Energy will continue to consider their options with respect to the foregoing in light of their existing contractual and legal obligations. See Notes 3 and 13 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Variable Interest Entities," respectively, for additional information.

On November 13, 2013, the PUCO issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact on Gas Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Piedmont filed a general rate case with the NCUC on April 1, 2019, its first general rate case in North Carolina in six years. The outcome of this rate case could materially impact Gas Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

MD&A SEGMENT RESULTS - COMMERCIAL RENEWABLES

Commercial Renewable Results

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Variance	2019	2018	Variance
Operating Revenues	7	11	\$ (1)	7	22	\$ 4
Operating Expenses						
Operation, maintenance and other	4	69	(5)	130	124	6
Depreciation and amortization	40	38	2	\$0	76	4
Property and other taxes	—	6	—	12	13	(1)
Total operating expenses	110	113	(3)	222	213	9
Operating Income	\$	6	2	2	7	(5)
Other Income and Expenses, net	(\$)	18	(26)	(10)	20	(30)
Interest Expense	22	23	(1)	43	45	(2)
(Loss) Income before Income Taxes	(22)	1	(23)	(51)	(18)	(33)
Income Tax Benefit	(24)	(36)	12	(59)	(75)	16
Less—Loss Attributable to Noncontrolling Interests	(\$4)	(1)	(83)	(91)	(1)	(90)
Segment Income	7	\$—	\$ 48	7	99	\$ 58
Renewable plant production, GWh	2,314	2,471	(157)	4,352	4,651	(299)
Net proportional MW capacity in operation ^(a)				3,156	2,951	206

(a) Certain projects are included in tax equity structures where investors have differing interests in the project's economic attributes. One hundred percent of the tax equity project's capacity is included in the table above.

Three Months Ended June 30, 2019, as compared to June 30, 2018

Commercial Renewables' results were favorably impacted by results from tax equity solar projects, partially offset by mark-to-market losses. The following is a detailed discussion of the variance drivers by line item.

Other Income and Expenses, net. The decrease was primarily due to mark-to-market losses in the solar portfolio in the current year compared to mark-to-market gains and income from the North Allegheny Wind, LLC and FES settlement agreement in the prior year.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by taxes associated with Duke Energy's interest in a tax equity solar project recorded in the second quarter of 2019 and a reduction in production tax credits generated.

Loss Attributable to Noncontrolling Interests. The increase was primarily due to the new tax equity solar projects entered into during 2019.

Six Months Ended June 30, 2019, as compared to June 30, 2018

Commercial Renewables' results were favorably impacted by results from tax equity solar projects, partially offset by mark-to-market losses in the solar portfolio. The following is a detailed discussion of the variance drivers by line item.

Other Income and Expenses, net. The decrease was primarily due to mark-to-market losses in the solar portfolio in the current year compared to mark-to-market gains and income from the North Allegheny Wind, LLC and FES settlement agreement in the prior year.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by taxes associated with Duke Energy's interest in a tax equity solar project recorded in the second quarter of 2019 and a reduction in production tax credits generated.

Loss Attributable to Noncontrolling Interests. The increase was primarily due to the new tax equity solar projects entered into during 2019.

Matters Impacting Future Commercial Renewable Results

During the three months ended June 30, 2019, Duke Energy evaluated recoverability of its renewable merchant plants principally in the Electric Reliability Council of Texas West market, due to declining market pricing and declining long-term forecasted energy and capacity prices, primarily driven by lower forecasted natural gas prices. These assets were not impaired; however, a continued decline in pricing would likely result in a future impairment. The carrying value of \$160 million for one large wind project in West Texas approximates the aggregate estimated future cash flows from the asset. Impairment of these assets could result in adverse impacts to the future results of operations, financial position and cash flows of Commercial Renewables.

On April 24, 2019, Duke Energy executed an agreement to sell a minority interest in a portion of certain renewable assets. The portion of Duke Energy's commercial renewables energy portfolio to be sold includes 49 percent of 37 operating wind, solar and battery storage assets and 33 percent of 11 operating solar assets across the U.S. Duke Energy Renewable Services, an operations and maintenance business for third-party customers, and REC Solar are not included in the potential transaction. The sale will result in pretax proceeds to Duke Energy of \$415 million. Duke Energy will retain control of these assets, and, therefore, no gain or loss is expected to be recognized in the Condensed Consolidated Statements of Operations upon closing of the transaction. Duke Energy will also retain the majority of the remaining tax benefits from the projects. Duke Energy will continue to develop projects, grow its portfolio and manage its renewables assets. The sale is subject to customary closing conditions, including approvals

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SEGMENT RESULTS - COMMERCIAL RENEWABLES

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

Other

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Variance	2019	2018	Variance
Operating Revenues	725	\$ 32	\$ (7)	744	\$ 67	\$ (21)
Operating Expenses	11	59	(48)	39	113	(74)
Gains (Losses) on Sales of Other Assets and Other, net	:	2	(2)	:	(99)	99
Operating Income (Loss)	14	(25)	39	6	(145)	152
Other Income and Expenses, net	30	27	3	64	41	33
Interest Expense	150	164	16	351	321	30
Loss before Income Taxes	(13)	(162)	26	(260)	(425)	155
Income Tax Benefit	(33)	(28)	(5)	(65)	(27)	(51)
Less-Net Income Attributable to Noncontrolling Interests	:	2	(2)	:	4	(4)
Less-Preferred Dividends	12	—	12	12	—	12
Net Loss	7	(115)	\$ (136)	7	(204)	\$ (402)

Three Months Ended June 30, 2019, as compared to June 30, 2018

The variance was driven by the absence in the current year of costs related to the Piedmont acquisition and OVEC fuel expense, offset by higher interest expense. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The decrease was primarily due to costs related to the Piedmont acquisition and OVEC fuel expense in the prior year.

Interest Expense. The variance was primarily due to higher short-term interest rates and higher outstanding debt in the current year.

Income Tax Benefit. The increase in the tax benefit was primarily driven by a prior year state rate change and tax levelization, partially offset by a decrease in pretax losses.

Preferred Dividends. The variance was driven by the declaration of the preferred stock dividend on preferred stock issued in 2019.

Six Months Ended June 30, 2019, as compared to June 30, 2018

The variance was driven by the prior year loss on sale of the retired Beckjord station and lower income taxes due to a 2018 adjustment to record a valuation allowance. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. Lower operating revenues were due to amounts in the prior year related to Duke Energy Ohio's entitlement of capacity and energy from OVEC's power plants. In the current year, the revenues and expenses for OVEC are reflected in the Electric Utilities and Infrastructure segment due to the 2018 PUCO Order that approved Duke Energy to recover or credit amounts through Rider PSR. These amounts are deemed immaterial. Therefore, the prior period amounts were not restated.

Operating Expenses. The decrease was primarily due to costs associated with the Piedmont acquisition and OVEC fuel expense in the prior year.

Gains (Losses) on Sales of Other Assets and Other, net. The variance was driven by the prior year loss on sale of the retired Beckjord station, including the transfer of coal ash basins and other real property and indemnification from all potential future claims related to the property, whether arising under environmental laws or otherwise.

Other Income and Expenses, net. The variance was primarily due to higher returns on investments that fund certain employee benefit obligations.

Interest Expense. The variance was primarily due to higher short-term interest rates and higher outstanding debt in the current year.

Income Tax Benefit. The increase in the tax benefit was primarily driven by a prior year valuation allowance against AMT credits partially offset by a decrease in pretax losses.

Preferred Dividends. The variance was driven by the declaration of the preferred stock dividend on preferred stock issued in 2019.

MD&A DUWE ENERGY CAROLINAS

DUWE ENERGY CAROLINAS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the six months ended June 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)		Six Months Ended June 30,		
		2019	2018	Variance
Operating Revenues	7	3,456	3,435	22
Operating Expenses				
Fuel used in electric generation and purchased power		\$6	880	(13)
Operation, maintenance and other		\$1	950	(69)
Depreciation and amortization		3	561	102
Property and other taxes		155	147	8
Impairment charges		5	190	(185)
Total operating expenses		2,561	2,728	(157)
Losses on Sales of Other Assets and Other, net		:	(1)	1
Operating Income		\$—	706	180
Other Income and Expenses, net		62	74	(2)
Interest Expense		226	217	10
Income before Income Taxes		631	563	168
Income Tax Expense		136	123	14
Net Income	7	594	440	154

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2019
Residential sales	(4.7)%
General service sales	(1.0)%
Industrial sales	(1.6)%
Wholesale power sales	(15.7)%
Joint dispatch sales	13.0 %
Total sales	(3.3)%
Average number of customers	2.1 %

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$106 million increase in retail pricing due to the impacts of the prior year North Carolina rate case and the current year South Carolina rate case.

Partially offset by:

- a \$44 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year; and
- a \$35 million decrease in rider revenues primarily due to excess deferred taxes and energy efficiency programs, partially offset by a decrement rider relating to nuclear decommissioning that ended in the prior year.

Operating Expenses. The variance was driven primarily by:

- a \$185 million decrease in impairment charges primarily due to impacts of the prior year North Carolina rate order and charges related to coal ash costs in South Carolina; and
- a \$69 million decrease in operation, maintenance and other expense primarily due to decreased labor costs, partially offset by higher distribution maintenance costs and higher storm restoration costs.

Partially offset by:

- a \$102 million increase in depreciation and amortization expense primarily due to additional plant in service, new depreciation rates associated with the prior year North Carolina rate case and higher amortization of deferred coal ash costs associated with the prior year North Carolina rate case.

Interest Expense. The variance was primarily due to higher debt outstanding in the current year.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income partially offset by an increase in the amortization of excess deferred taxes. The ETRs for the six months ended June 30, 2019, and 2018, were 18.7 percent and 21.8 percent, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Matters Impacting Future Results

On May 21, 2019, the PSCSC issued an order granting Duke Energy Carolinas request for a retail rate increase but denying recovery of certain coal ash costs. On May 31, 2019, Duke Energy Carolinas filed a Petition for Rehearing or Reconsideration and awaits the order on reconsideration detailing the commission's decision. Once the order is received, Duke Energy Carolinas has 30 days to file a notice of appeal with the South Carolina Supreme Court. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, were eligible for reassessment as low risk pursuant to legislation enacted on July 14, 2016. On November 14, 2018, NCDEQ issued final low-risk classifications for these impoundments, indicating that Duke Energy Carolinas had satisfied the permanent replacement water supply and certain dam improvement requirements set out in the Coal Ash Management Act. On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas to excavate all remaining coal ash impoundments in North Carolina. On April 26, 2019, Duke Energy Carolinas filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. Duke Energy Carolinas intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy Carolinas' results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Carolinas is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. In addition, the order issued in the Duke Energy Carolinas North Carolina rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas may petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Carolinas' service territory was impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Carolinas filed with the NCUC a petition for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

PROGRESS ENERGY

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the six months ended June 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)		Six Months Ended June 30,		
		2019	2018	Variance
Operating Revenues	7	\$5,311	\$5,074	\$242
Operating Expenses				
Fuel used in electric generation and purchased power		1,913	1,871	42
Operation, maintenance and other		1,163	1,233	(60)
Depreciation and amortization		\$51	764	117
Property and other taxes		250	254	26
Impairment charges		:	33	(33)
Total operating expenses		4,246	4,155	92
(Losses) Gains on Sales of Other Assets and Other, net		(1)	12	(13)
Operating Income		\$1,064	\$931	\$137
Other Income and Expenses, net		5	77	(12)
Interest Expense		\$43	\$412	\$26
Income before Income Taxes		\$95	\$596	\$99
Income Tax Expense		\$11	\$92	\$26
Net Income		\$66	\$504	\$73
Less—Net Income Attributable to Noncontrolling Interests		:	4	(4)
Net Income Attributable to Parent	7	\$66	\$500	\$77

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$193 million increase in retail pricing primarily due to the impacts of the prior year Duke Energy Progress North Carolina rate case, Duke Energy Florida's base rate adjustments related to Citrus County CC being placed in service and annual increases from the 2017 Settlement Agreement;
- a \$54 million increase in fuel revenues primarily related to increased fuel cost recovery due to extreme weather in the prior year at Duke Energy Progress;
- a \$17 million increase in weather-normal retail sales volumes at Duke Energy Florida;
- a \$12 million increase in transmission revenues related to the Fixed Bill program at Duke Energy Florida; and
- an \$11 million increase in rider revenues primarily related to energy efficiency programs at Duke Energy Progress.

Partially offset by:

- a \$22 million decrease in fuel and capacity revenues primarily due to a decrease in fuel and capacity rates billed to retail customers at Duke Energy Florida;
- a \$14 million decrease in retail rider revenues at Duke Energy Progress primarily related to decreased revenue requirements in the current year; and
- a \$13 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year at Duke Energy Progress.

Operating Expenses. The variance was driven primarily by:

- a \$117 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs, new depreciation rates associated with the prior year Duke Energy Progress North Carolina rate case and Duke Energy Florida's base rate adjustments related to Citrus County CC being placed in service;
- a \$42 million increase in fuel used in electric generation and purchased power primarily due to an increase in the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement from prior year at Duke Energy Progress, partially offset by lower purchased power at Duke Energy Florida; and
- a \$26 million increase in property and other taxes primarily due to higher property taxes for additional plant in service at Duke Energy Florida and a favorable sales and use tax credit in the prior year at Duke Energy Progress.

Partially offset by:

- a \$60 million decrease in operation, maintenance and other expense primarily due to prior year impacts associated with the Duke Energy Progress North Carolina rate case and lower employee benefit expenses at Duke Energy Progress; and
- a \$33 million decrease in impairment charges primarily due to prior year impacts associated with the Duke Energy Progress North Carolina rate case.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity return ending on the Citrus County CC in the fourth quarter of 2018 at Duke Energy Florida, partially offset by life insurance proceeds at Duke Energy Progress.

Interest Expense. The variance was driven primarily by AFUDC debt return ending in the fourth quarter of 2018 on the Citrus County CC at Duke Energy Florida.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income and a decrease in AFUDC equity in the current year. The ETRs for the six months ended June 30, 2019, and 2018, were 17.0 percent and 15.4 percent, respectively. The increase in the ETR was primarily due to a decrease in AFUDC equity in the current year.

Matters Impacting Future Results

On May 21, 2019, the PSCSC issued an order granting Duke Energy Progress' request for a retail rate increase but denying recovery of certain coal ash costs. On May 31, 2019, Duke Energy Progress filed a Petition for Rehearing or Reconsideration and awaits the order on reconsideration detailing the commission's decision. Once the order is received, Duke Energy Progress has 30 days to file a notice of appeal with the South Carolina Supreme Court. Progress Energy's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, were eligible for reassessment as low risk pursuant to legislation enacted on July 14, 2016. On November 14, 2018, NCDEQ issued final low-risk classifications for these impoundments, indicating that Duke Energy Progress had satisfied the permanent replacement water supply and certain dam improvement requirements set out in the Coal Ash Management Act. On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Progress to excavate all remaining coal ash impoundments in North Carolina. On April 26, 2019, Duke Energy Progress filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. Duke Energy Progress intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Progress Energy's results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. As noted above, the order issued in the Duke Energy Progress North Carolina rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. The NCUC did allow Duke Energy Carolinas to petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NCUC, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. If the NCUC were to rule similarly, Progress Energy's results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territory of Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Progress filed with the NCUC a petition for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. On June 11, 2019, the FPSC approved Duke Energy Florida's petition for recovery of incremental storm restoration costs related to Hurricane Michael. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

MD&A DUWE ENERGY PROGRESS

DUWE ENERGY PROGRESS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the six months ended June 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)		Six Months Ended June 30,		
		2019	2018	Variance
Operating Revenues	7	2,561	2,751	120
Operating Expenses				
Fuel used in electric generation and purchased power		994	917	77
Operation, maintenance and other		92	756	(64)
Depreciation and amortization		541	470	71
Property and other taxes		\$5	75	10
Impairment charges		:	33	(33)
Total operating expenses		2,312	2,251	61
Gains on Sales of Other Assets and Other, net		:	2	(2)
Operating Income		559	502	57
Other Income and Expenses, net		4	37	11
Interest Expense		15	159	(1)
Income before Income Taxes		449	380	69
Income Tax Expense		66	64	13
Net Income	7	362	316	56

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2019
Residential sales	(7.6)%
General service sales	(3.3)%
Industrial sales	0.7 %
Wholesale power sales	(5.0)%
Joint dispatch sales	20.8 %
Total sales	(1.7)%
Average number of customers	1.3 %

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$68 million increase in retail pricing due to the impacts of the prior year North Carolina rate case and the current year South Carolina rate case;
- a \$54 million increase in fuel revenues primarily related to increased fuel cost recovery due to extreme weather in the prior year; and
- an \$11 million increase in rider revenues primarily related to energy efficiency programs.

Partially offset by:

- a \$13 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year.

Operating Expenses. The variance was driven primarily by:

- a \$77 million increase in fuel used in electric generation and purchased power primarily due to a higher deferred fuel balance and an increase in the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement from prior year, partially offset by lower demand and changes in generation mix;
- a \$71 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs and new depreciation rates associated with the prior year North Carolina rate case, partially offset by the amortization credit for the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement increase from prior year; and
- a \$10 million increase in property and other taxes primarily due to a favorable sales and use tax credit in the prior year.

Partially offset by:

- a \$64 million decrease in operation, maintenance and other expense primarily due to prior year impacts associated with the North Carolina rate case and lower employee benefit and outage costs; and

- a \$33 million decrease in impairment charges due to prior year impacts associated with the North Carolina rate case.

Other Income and Expenses, net. The variance was driven primarily by life insurance proceeds.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income. The ETRs for the six months ended June 30, 2019, and 2018, were 17.1 percent and 16.8 percent, respectively.

Matters Impacting Future Results

On May 21, 2019, the PSCSC issued an order granting Duke Energy Progress' request for a retail rate increase but denying recovery of certain coal ash costs. On May 31, 2019, Duke Energy Progress filed a Petition for Rehearing or Reconsideration and awaits the order on reconsideration detailing the commission's decision. Once the order is received, Duke Energy Progress has 30 days to file a notice of appeal with the South Carolina Supreme Court. Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, were eligible for reassessment as low risk pursuant to legislation enacted on July 14, 2016. On November 14, 2018, NCDEQ issued final low-risk classifications for these impoundments, indicating that Duke Energy Progress had satisfied the permanent replacement water supply and certain dam improvement requirements set out in the Coal Ash Management Act. On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Progress to excavate all remaining coal ash impoundments in North Carolina. On April 26, 2019, Duke Energy Progress filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. Duke Energy Progress intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy Progress' results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. As noted above, the order issued in the Duke Energy Progress North Carolina rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. The NCUC did allow Duke Energy Carolinas to petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NCUC, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. If the NCUC were to rule similarly, Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Progress' service territory was impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Progress filed with the NCUC a petition for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

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DUWE ENERGY FLORIDA

DUWE ENERGY FLORIDA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the six months ended June 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)		Six Months Ended June 30,			
		2019	2018	Variance	
Operating Revenues	7	2,439	\$ 2,318	\$	121
Operating Expenses					
Fuel used in electric generation and purchased power		919	953		(34)
Operation, maintenance and other		464	474		—
Depreciation and amortization		340	294		46
Property and other taxes		19	179		17
Total operating expenses		1,929	1,900		29
Losses on Sales of Other Assets and Other, net		(1)	—		(1)
Operating Income		509	418		91
Other Income and Expenses, net		25	47		(22)
Interest Expense		15	137		28
Income before Income Taxes		39	328		41
Income Tax Expense		62	57		15
Net Income	7	296	\$ 271	\$	26

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Wholesale power sales include both billed and unbilled sales. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2019
Residential sales	2.1 %
General service sales	1.2 %
Industrial sales	(6.0) %
Wholesale and other	5.9 %
Total sales	0.3 %
Average number of customers	1.5 %

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$125 million increase in retail pricing due to base rate adjustments related to Citrus County CC being placed in service and annual increases from the 2017 Settlement Agreement;
- a \$17 million increase in weather-normal retail sales volumes driven by residential growth; and
- a \$12 million increase in other revenues primarily due to increased transmission revenues related to the Fixed Bill program which began later in 2018 and non-regulated products and services revenues.

Partially offset by:

- a \$22 million decrease in fuel and capacity revenues primarily due to a decrease in fuel and capacity rates billed to retail customers; and
- a \$14 million decrease in retail rider revenues primarily related to decreased revenue requirements in the current year.

Operating Expenses. The variance was driven primarily by:

- a \$46 million increase in depreciation and amortization expense primarily due to base rate adjustments related to Citrus County CC being placed in service, other additional plant in service and increases resulting from the 2018 Crystal River Unit 3 nuclear decommissioning cost study; and
- a \$17 million increase in property and other taxes primarily due to higher property taxes from additional plant in service.

Partially offset by:

- a \$34 million decrease in fuel used in electric generation and purchased power primarily due to lower purchased power, partially offset by higher deferred fuel and capacity expenses.

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Other Income and Expenses, net. The variance was driven primarily by AFUDC equity return ending on the Citrus County CC in the fourth quarter of 2018.

Interest Expense. The variance was driven primarily by AFUDC debt return ending on the Citrus County CC in the fourth quarter of 2018 and higher debt outstanding in the current year.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income and a decrease in AFUDC equity in the current year. The ETRs for the six months ended June 30, 2019, and 2018, were 19.5 percent and 17.4 percent, respectively. The increase in the ETR was primarily due to a decrease in AFUDC equity in the current year.

Matters Impacting Future Results

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 5 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused significant damage within the service territory of Duke Energy Florida, particularly from Panama City Beach to Mexico Beach. Duke Energy Florida has not completed the final accumulation of total estimated storm restoration costs incurred. On June 11, 2019, the FPSC approved Duke Energy Florida's petition for recovery of incremental storm restoration costs related to Hurricane Michael. An order from regulatory authorities disallowing the future recovery of storm restoration costs could have an adverse impact on Duke Energy Florida's financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

DUWE ENERGY OHIO

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the six months ended June 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Six Months Ended June 30,			
	2019	2018	Variance	
Operating Revenues				
Regulated electric	7	91	\$	9
Regulated natural gas	263	277		(4)
Nonregulated electric and other	:	24		(24)
Total operating revenues	94	983		(19)
Operating Expenses				
Fuel used in electric generation and purchased power – regulated	169	185		(6)
Fuel used in electric generation and purchased power – nonregulated	:	29		(29)
Cost of natural gas	4	69		(5)
Operation, maintenance and other	255	261		(6)
Depreciation and amortization	130	132		(2)
Property and other taxes	15	145		13
Total operating expenses	6	821		(35)
Losses on Sales of Other Assets and Other, net	:	(106)		106
Operating Income	16	56		122
Other Income and Expenses, net	15	14		1
Interest Expense	54	45		9
Income before Income Taxes	139	25		114
Income Tax Expense	23	4		19
Net Income	7	11	\$	95

The following table shows the percent changes in GWh sales of electricity, dekatherms of natural gas delivered and average number of electric and natural gas customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	Electricity	Natural Gas
	2019	2019
Residential sales	(7.2)%	(1.4)%
General service sales	(3.5)%	0.1 %
Industrial sales	(2.1)%	(1.0)%
Wholesale electric power sales	65.3 %	n/a
Other natural gas sales	n/a	(1.1)%
Total sales	(3.2)%	(0.9)%

Average number of customers	0.6 %	0.8 %
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DUWE ENERGY OHIO

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$25 million decrease in fuel related revenues primarily due to a decrease in sales volumes;
- a \$16 million decrease in rider revenues primarily related to the implementation of new base rates;
- a \$14 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year;
- a \$12 million decrease in FTR rider revenues; and
- a \$6 million decrease in OVEC revenues.

Partially offset by:

- a \$38 million increase in retail pricing primarily due to rate case impacts; and
- a \$12 million increase in point-to-point transmission revenues.

Operating Expenses. The variance was driven primarily by:

- a \$35 million decrease in fuel used in electric generation and purchased power expense due to the prior year outage at East Bend Station and the deferral of OVEC related purchased power costs.

Partially offset by:

- a \$13 million increase in property and other taxes primarily due to a higher tax base.

Other Income and Expenses, net. The variance was driven primarily by an increase in intercompany money pool interest income.

Losses on Sales of Other Assets and Other, net. The increase was driven by the loss on the prior year sale of Beckjord.

Interest Expense. The variance was driven primarily by higher debt outstanding in the current year.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income. The ETRs for the six months ended June 30, 2019, and 2018, were 16.5 percent and 16.0 percent, respectively.

Matters Impacting Future Results

On November 13, 2013, the PUCO issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact on Duke Energy Ohio's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

DUWE ENERGY INDIANA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the six months ended June 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Six Months Ended June 30,			
	2019	2018	Variance	
Operating Revenues	7	1,452	\$	13
Operating Expenses				
Fuel used in electric generation and purchased power	458	458		28
Operation, maintenance and other	366	378		(1)
Depreciation and amortization	23	256		7
Property and other taxes	39	40		(1)
Total operating expenses	1,156	1,132		33
Operating Income	316	337		(20)

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Other Income and Expenses, net	26	13	14
Interest Expense	61	83	(12)
Income before Income Taxes	263	267	6
Income Tax Expense	—	69	(3)
Net Income	7	206 \$	198 \$ 9

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2019
Residential sales	(6.3)%
General service sales	(1.7)%
Industrial sales	(1.6)%
Wholesale power sales	(33.1)%
Total sales	(7.8)%
Average number of customers	1.3 %

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$25 million increase in fuel revenues primarily due to higher fuel rates billed to customers, partially offset by lower wholesale fuel revenues due to the expiration of a contract with a wholesale customer.

Partially offset by:

- a \$10 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year; and
- a \$1 million decrease in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by:

- a \$28 million increase in fuel used in electric generation and purchased power expense primarily due to higher amortization of deferred fuel costs and higher purchased power, partially offset by lower natural gas and coal costs; and
- a \$7 million increase in depreciation and amortization expense primarily due to the regulatory liability related to Edwardsport IGCC plant being fully amortized in the prior year.

Other Income and Expenses, net. The increase was primarily due to life insurance proceeds, a prior year deduction for customer refunds, legal fees and contributions related to the IGCC tax settlement and a prior year true up of executive deferred compensation.

Interest Expense. The variance was primarily due to recording a debt return on the cumulative balance of deferred coal ash spend based on probability of recovery. This adjustment was immaterial and primarily relates to prior years.

Income Tax Expense. The decrease in tax expense was primarily due to an increase in the amortization of excess deferred taxes, partially offset by an increase in pretax income. The ETRs for the six months ended June 30, 2019, and 2018, were 24.2 percent and 25.8 percent, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Matters Impacting Future Results

On April 17, 2015, the EPA published in the Federal Register a rule to regulate the disposal of CCR from electric utilities as solid waste. Duke Energy Indiana has interpreted the rule to identify the coal ash basin sites impacted and has assessed the amounts of coal ash subject to the rule and a method of compliance. Duke Energy Indiana's interpretation of the requirements of the CCR rule is subject to potential legal challenges and further regulatory approvals, which could result in additional ash basin closure requirements, higher costs of compliance and greater AROs. Additionally, Duke Energy Indiana has retired facilities that are not subject to the CCR rule. Duke Energy Indiana may incur costs at these facilities to comply with environmental regulations or to mitigate risks associated with on-site storage of coal ash. An order from regulatory authorities disallowing recovery of costs related to closure of ash basins could have an adverse impact on Duke Energy Indiana's results of operations, financial position and cash flows.

Duke Energy Indiana filed a general rate case with the IURC on July 2, 2019, its first general rate case in Indiana in 16 years. The outcome of this rate case could materially impact Duke Energy Indiana's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

MD&A PIEDMONT

PIEDMONT

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the six months ended June 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)		Six Months Ended June 30,		
		2019	2018	Variance
Operating Revenues	7	\$655	\$768	\$20
Operating Expenses				
Cost of natural gas		\$335	\$333	\$5
Operation, maintenance and other		\$13	\$167	\$(4)
Depreciation and amortization		\$4	\$78	\$6
Property and other taxes		\$25	\$24	\$1
Total operating expenses		\$40	\$602	\$8
Operating Income		\$165	\$166	\$12
Other Income and Expenses, net		\$12	\$9	\$3
Interest Expense		\$43	\$41	\$2
Income before Income Taxes		\$146	\$134	\$13
Income Tax Expense		\$32	\$32	\$—
Net Income	7	\$115	\$102	\$13

The following table shows the percent changes in dekatherms delivered and average number of customers. The percentages for all throughput deliveries represent billed and unbilled sales. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2019
Residential deliveries	(8.3)%
Commercial deliveries	(5.1)%
Industrial deliveries	2.0 %
Power generation deliveries	(7.9)%
For resale	4.9 %
Total throughput deliveries	(5.7)%
Secondary market volumes	7.1 %
Average number of customers	1.2 %

Due to the margin decoupling mechanism in North Carolina and the WNA in South Carolina and Tennessee, changes in throughput deliveries do not have a material impact on Piedmont's revenues or earnings. The margin decoupling mechanism adjusts for variations in residential and commercial use per customer, including those due to weather and conservation. The WNA mostly offsets the impact of weather on bills rendered, but do not ensure precise recovery of approved margin during periods when winter weather is significantly warmer or colder than normal.

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- an \$11 million increase primarily due to North Carolina and Tennessee IMR increases;
- a \$9 million increase primarily due to higher natural gas prices associated with increased off-system sales; and
- an \$8 million increase primarily due to NCUC approval related to tax reform accounting from fixed rate contracts.

Partially offset by:

- a \$6 million decrease primarily due to a reduction of rates in South Carolina.

Operating Expenses. The variance was driven primarily by:

- a \$6 million increase in depreciation and amortization expense primarily due to additional plant in service; and
- a \$5 million increase in cost of natural gas primarily due to the impact of higher natural gas prices on off-system sales and unbilled revenue.

Partially offset by:

- a \$4 million decrease in operations, maintenance and other expense primarily due to lower labor costs and a portion of rent expense being charged to shared services in current year.

Interest Expense. The variance was driven by higher debt outstanding in the current year and higher interest expense due to customers as a result of tax reform deferrals, partially offset by favorable AFUDC debt interest.

MD&A **PIEDMONT**

Matters Impacting Future Results

Piedmont filed a general rate case with the NCUC on April 1, 2019, its first general rate case in North Carolina in six years. The outcome of this rate case could materially impact Piedmont's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt and equity issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. See Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018, for a summary and detailed discussion of projected primary sources and uses of cash for 2019 to 2021.

Duke Energy issued \$3.8 billion of debt, drew \$650 million under the Duke Energy Progress Term Loan Facility and paid off in full the \$350 million Piedmont term loan during the six months ended June 30, 2019. Refer to Note 6 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for information regarding Duke Energy's debt issuances, debt maturities and available credit facilities including the Master Credit Facility.

In March 2019, Duke Energy issued preferred stock for net proceeds of \$973 million. In addition, for the six months ended June 30, 2019, Duke Energy raised approximately \$80 million of common equity through its DRIP. Refer to Note 15 to the Condensed Consolidated Financial Statements, "Stockholders' Equity," for information regarding Duke Energy's equity issuances.

Credit Ratings

In May 2019, S&P revised the credit ratings outlook for Duke Energy Corporation and all other Duke Energy Registrants from stable to negative, principally due to concerns of weaker financial measures due to 2018 storms, uncertainty over coal ash remediation costs and recovery in the Carolinas, regulatory lag during a period of robust capital spending and delays related to the ACP pipeline. There have been no changes to the credit ratings of any of the Duke Energy Registrants during 2019 by any of the rating agencies. Moody's and Fitch continue to maintain a stable outlook on Duke Energy Corporation.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

(in millions)	Six Months Ended June 30,		
	2019	2018	2017
Cash flows provided by (used in):			
Operating activities	7	3,051	\$ 3,302
Investing activities		(5,665)	(4,645)
Financing activities		2,122	1,265
Net decrease in cash, cash equivalents and restricted cash		(110)	(78)
Cash, cash equivalents and restricted cash at beginning of period		591	505
Cash, cash equivalents and restricted cash at end of period	7	481	\$ 427

OPERATING CASH FLOWS

The following table summarizes key components of Duke Energy's operating cash flows.

(in millions)	Six Months Ended June 30,			
	2019	2018	2017	Variance
Net income	7	1,411	\$ 1,124	\$ 517
Non-cash adjustments to net income		2,921	3,082	(161)
Contributions to qualified pension plans		:	(141)	141
Payments for asset retirement obligations		(33)	(245)	(91)
Payment for disposal of other assets		:	(105)	105
Working capital		(1,160)	(413)	(757)
Net cash provided by operating activities	7	3,051	\$ 3,302	\$ (246)

MD&A LIQUIDITY AND CAPITAL RESOURCES

The variance was primarily due to:

- a \$757 million increase in cash outflows from working capital primarily due to fluctuations in coal stock inventory, fluctuations of payables balances due primarily to storm costs and timing and increases in federal tax receivables, partially offset by fluctuations in accounts receivable balances due to higher receivables at December 31, 2018; and
- a \$91 million increase in payments for asset retirement obligations.

Partially offset by:

- a \$356 million increase in net income after adjustment for non-cash items due primarily to increases in revenues as a result of rate increases in the current year, partially offset by decreases in current year non-cash adjustments;
- a \$141 million decrease in contributions to qualified pension plans; and
- a \$105 million payment for disposal of Beckjord in the prior year.

INVESTING CASH FLOWS

The following table summarizes key components of Duke Energy's investing cash flows.

(in millions)		Six Months Ended June 30,			Variance
		2019	2018		
Capital, investment and acquisition expenditures	7	(5,26)	\$ (4,515)	\$	(1,112)
Other investing items		(14)	(130)		(31)
Net cash used in investing activities	7	(5,6\$)	\$ (4,645)	\$	(1,143)

The variance relates primarily to an increase in capital expenditures due to higher overall investments in the Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables segments.

FINANCING CASH FLOWS

The following table summarizes key components of Duke Energy's financing cash flows.

(in millions)		Six Months Ended June 30,			Variance
		2019	2018		
Issuances of long-term debt, net	7	2,46	\$ 537	\$	1,930
Issuances of common stock		26	820		(793)
Issuances of preferred stock		963	—		973
Notes payable and commercial paper		324	1,131		(807)
Dividends paid		(1,312)	(1,199)		(113)
Other financing items		143	(24)		167
Net cash provided by financing activities	7	2,22	\$ 1,265	\$	1,357

The variance was primarily due to:

- a \$973 million increase in proceeds from the issuance of preferred stock; and
- a \$1,930 million increase in proceeds from net issuances of long-term debt primarily due to the timing of issuances and redemptions of long-term debt.

Partially offset by:

- an \$807 million decrease in net proceeds from issuances of notes payable and commercial paper primarily due to the use of proceeds from the preferred stock issuance and increased long-term debt issuances to pay down outstanding commercial paper; and
- a \$793 million decrease in proceeds from the issuance of common stock due primarily to prior year issuances under equity forward agreements.

OTHER MATTERS

Environmental Regulations

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal, coal ash and other environmental matters. These regulations can be changed from time to time and result in new obligations of the Duke Energy Registrants. Refer to Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for further information regarding potential plant retirements and regulatory filings related to the Duke Energy Registrants.

Coal Ash Management Act of 2014

On March 26, 2019, NCDEQ granted Duke Energy's application in part, extending by four months until December 1, 2019, the Coal Ash Act's closure deadline applicable to the Sutton plant impoundments.

On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas and Duke Energy Progress to excavate all remaining coal ash impoundments at the Allen, Belews Creek, Rogers, Marshall, Mayo and Roxboro facilities in North Carolina. With respect to the final six sites, which NCDEQ has ruled as low risk, science and engineering support a variety of closure methods including capping in place and hybrid cap-in-place as appropriate solutions that protect public health and the environment. On April 26, 2019, Duke Energy Carolinas and Duke Energy Progress filed Petitions for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. For more information, see Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements.

Duke Energy estimates the undiscounted, unadjusted cost to close the remaining impoundments by excavation, as outlined in the NCDEQ closure determination, will be approximately \$4 billion to \$5 billion more than the prior project cost estimate of \$5.6 billion in the aggregate for the closure for all Duke Energy Carolinas and Duke Energy Progress impoundments. Excavation would likely extend beyond the required federal and state deadlines for impoundment closure. Duke Energy intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. AROs recorded on the Duke Energy Carolinas and Duke Energy Progress Condensed Consolidated Balance Sheets at June 30, 2019, and December 31, 2018, include the legal obligation for closure of coal ash basins and the disposal of related ash as a result of the Coal Ash Act, the EPA CCR rule and other agreements. For more information, see Note 7, "Asset Retirement Obligations," to the Condensed Consolidated Financial Statements.

Duke Energy has completed excavation of all coal ash at the Riverbend plant and coal ash regulated by the Coal Ash Act at the Dan River and Sutton plants.

North Carolina Competitive Procurement

Based on an independent evaluation process, Duke Energy will own or purchase a total of 551 MW of renewable energy from projects under the North Carolina's CPRE program. The process used was approved by the NCUC to select projects that would deliver the lowest cost renewable energy for customers. Five Duke Energy projects, totaling about 190 MW, were selected during the competitive bidding process. Duke Energy has completed the contracting process for the winning projects; there will be a second tranche for CPRE that is scheduled to occur in the fourth quarter of 2019.

Off-balance Sheet Arrangements

During the three and six months ended June 30, 2019, there were no material changes to Duke Energy's off-balance sheet arrangements. See Note 13 to the Condensed Consolidated Financial Statements, "Variable Interest Entities," for a discussion of off-balance sheet arrangements regarding ACP. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Balance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

Contractual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three and six months ended June 30, 2019, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the three and six months ended June 30, 2019, there were no material changes to the Duke Energy Registrants' disclosures about market risk. For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K for the Duke Energy Registrants.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the SEC rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2019, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

MD&A

OTHER MATTERS

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) that occurred during the fiscal quarter ended June 30, 2019, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements. For additional information, see Item 3, "Legal Proceedings," in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

ITEM 1A. RISw FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in the Duke Energy Registrants' Annual Report on Form 10-K for the year ended December 31, 2018, which could materially affect the Duke Energy Registrants' financial condition or future results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

EXHIBITS

ITEM — EXHIBITS

Exhibits filed herein are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated. Items constituting management contracts or compensatory plans or arrangements are designated by a double asterisk (**). The company agrees to furnish upon request to the commission a copy of any omitted schedules or exhibits upon request on all items designated by a triple asterisk (***).

Exhibit Number		Du8e	Du8e	Progress	Du8e	Du8e	Du8e	Du8e	Piedmont
		Energy	Energy Carolinas	Energy	Energy Progress	Energy Florida	Energy Ohio	Energy Indiana	
4.1	Ninth Supplemental Indenture, dated as of May 24, 2019 (incorporated by reference to Exhibit 4.1 to registrant's Current Report on Form 8-K filed on May 24, 2019, File No. 1-6196).								X
4.2	Twenty-Second Supplemental Indenture, dated as of June 7, 2019 (incorporated by reference to Exhibit 4.1 to registrant's Current Report on Form 8-K filed on June 7, 2019, File No. 1-32853).	X							
*10.1	Engineering, Procurement and Construction Agreement between Duke Energy Business Services, LLC, as agent for and on behalf of Piedmont Natural Gas Company Inc. and Matrix Service, Inc., dated as of April 30, 2019. (Portions of the exhibit have been omitted for confidentiality.)								X
10.2	\$1,000,000,000 Credit Agreement, dated as of May 15, 2019, among Duke Energy Corporation, the Lenders party thereto, The Bank of Nova Scotia, as Administrative Agent, PNC Bank, National Association, Sumitomo Mitsui Banking Corporation and TD Bank, N.A., as Co-Syndication Agents, and Bank of China, New York Branch, BNP Paribas, Santander Bank, N.A., and U.S. Bank, National Association, as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 to registrant's Current Report on Form 8-K filed on May 16, 2019, File No. 1-32853).	X							
*10.3	Decommissioning Services Agreement between Duke Energy Florida, LLC, and ADP CR3, LLC, and ADP SF1, LLC. (Portions of the exhibit have been omitted for confidentiality.)					X			
*31.1.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X							
*31.1.2	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X						
*31.1.3	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X					
*31.1.4	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X				
*31.1.5	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X			
*31.1.6	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X		
*31.1.7	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.							X	

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EXHIBITS

*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X				
*32.2.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X			
*32.2.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X		
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X	
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*101.INS	XBRL Instance Document (this does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).	X	X	X	X	X	X	X	X	X
*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X	X
*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X	X

The total amount of securities of the registrant or its subsidiaries authorized under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10 percent of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the SEC, to furnish copies of any or all of such instruments to it.

SIGNATURES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION
DUKE ENERGY CAROLINAS, LLC
PROGRESS ENERGY, INC.
DUKE ENERGY PROGRESS, LLC
DUKE ENERGY FLORIDA, LLC
DUKE ENERGY OHIO, INC.
DUKE ENERGY INDIANA, LLC
PIEDMONT NATURAL GAS COMPANY, INC.

Date: August 6, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer (Principal
Financial Officer)

Date: August 6, 2019

/s/ DWIGHT L. JACOBS

Dwight L. Jacobs
Senior Vice President, Chief Accounting Officer,
Tax and Controller
(Principal Accounting Officer)

EXHIBIT 10.1

Certain identified information marked with brackets and asterisks ([]) has been excluded from this exhibit because it is both material and would be competitively harmful if disclosed.**

ENGINEERING, PROCUREMENT AND CONSTRUCTION AGREEMENT

between

**DUKE ENERGY BUSINESS SERVICES LLC, AS AGENT FOR AND ON BEHALF OF PIEDMONT NATURAL GAS
COMPANY, INC., as Owner**

and

MATRIX SERVICE INC. as Contractor

for the

**CONSTRUCTION OF A LIQUEFIED NATURAL GAS PEAKSHAVING FACILITY IN ROBESON COUNTY, NORTH
CAROLINA**

Dated April 30, 2019

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Appendix B	Preliminary HAZID Report and Methodology
Appendix C-1	Project Deliverables Standard
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Exhibit B Baseline Key Schedule Milestones

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Exhibit E Subcontractors

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Exhibit E-2 Identified Major Subcontractors

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Exhibit F Performance and Demonstration Testing and Guarantees (Refer to Exhibit A, Section 10 and Appendix E)

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Exhibit I Credit Support

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Exhibit I-2 Form of Standby Letter of Credit

Exhibit J Change Order (CO) Process, CO Form, and Rates

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Exhibit J-3 Affected Documents

Exhibit J-4 Change Order Checklist

Exhibit J-5 Change Order Detail Breakdown Form

Exhibit J-6 Crew Mix / Average Wage Buildup Sheet

Exhibit J-7 Contractor T&M Rates

Exhibit K Sales and Use Tax Affidavit

Exhibit L Form of Certificate of Absence of Certain Hazardous Constituents

Exhibit M Lien Waivers

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Exhibit M-3 Form of Contractor Final Lien Waiver

Exhibit M-4 Form of Subcontractor Final Lien Waiver

Exhibit N Owner Policies

Exhibit N-1 Minimum Screening Guidelines

Exhibit N-2 Potential Disqualification Criteria

Exhibit N-3 Drug and Alcohol Policy

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Exhibit N-6 Duke Energy Health and Safety Handbook (Refer to Exhibit A, Appendix S)

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Exhibit N-10 Duke Energy Construction Stormwater Planning Manual (Refer to Exhibit A, Appendix Y)

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Exhibit N-12 Duke Energy Physical Security Requirements (Refer to Exhibit A, Appendix T)

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ENGINEERING, PROCUREMENT AND CONSTRUCTION AGREEMENT

This ENGINEERING, PROCUREMENT AND CONSTRUCTION AGREEMENT (this “**Agreement**”) is entered into as of the 30th day of April, 2019 (the “**Effective Date**”), between DUKE ENERGY BUSINESS SERVICES LLC, a Delaware limited liability company, as agent for and on behalf of Piedmont Natural Gas Company, Inc., a North Carolina corporation having its principal place of business in Charlotte, North Carolina (“**Owner**”), and MATRIX SERVICE INC., an Oklahoma corporation having a place of business in Houston, Texas (“**Contractor**” and, together with Owner, collectively, the “**Parties**” and, individually, a “**Party**”).

RECITALS

WHEREAS, Owner desires to engage a contractor to provide, on a turnkey and fixed price performance basis, the design, engineering, procurement, construction and installation on Owner’s property in Robeson County, North Carolina a new liquefied natural gas peakshaving facility (the “**Facility**”) that will include a natural gas pre-treatment system, a 10 MMscfd nitrogen-cycle liquefaction system, a 1.0 Bcf LNG storage tank, [**] MMscfd of LNG vaporization capacity, truck loading facilities, and all necessary ancillary equipment, auxiliary equipment and utility systems as described herein (collectively, the “**Project**”);

WHEREAS, Contractor is engaged in the business of designing, engineering, procuring equipment for, constructing and commissioning facilities similar to the Facility;

WHEREAS, Owner has entered, or will enter, into contracts with third parties (as such contracts may be amended from time to time, the “**Owner Equipment Contracts**”) for the supply of certain equipment and materials described as “Owner Furnished Equipment” or “OFE” in Exhibit A (the “**Owner Equipment**”), which Owner Equipment is to be installed by Contractor and incorporated as part of Contractor’s design and construction of the Facility;

WHEREAS, Owner and Contractor entered into that certain Limited Notice to Proceed for the Robeson County Liquefied Natural Gas Peakshaving Facility Project dated February 13, 2019, authorizing Contractor to perform certain services thereunder (the “**Limited Notice to Proceed**”).

WHEREAS, Owner desires to engage Contractor, and Contractor desires to be engaged by Owner, to provide the design, engineering, procurement, construction and installation work for the Project on the terms and subject to the conditions set forth below; and

WHEREAS, Owner has retained an independent engineer (the “**Owner’s Engineer**”) to advise and provide support services to Owner in connection with this Agreement.

NOW, THEREFORE, in consideration of the recitals, the mutual promises herein and other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties, intending to be legally bound, stipulate and agree as follows:

1. DEFINITIONS

The following capitalized words and phrases used in this Agreement shall have the following meanings unless otherwise noted:

“**Affiliate**” shall mean, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with such first Person at such time, where “**Control**” shall mean (a) the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of a Person, whether through the ownership of voting securities, as a trustee or executor, by contract or credit arrangement, or otherwise, or (b) the ownership, directly or indirectly, of fifty percent (50%) or more of the equity interest in a Person.

“**Agreement**” shall have the meaning set forth in the first paragraph above and shall include all Exhibits, amendments and Change Orders to this Agreement, and all documents incorporated herein or therein by reference.

“**As-Built Drawings**” shall mean the final, corrected and redrawn drawings, specifications and other documents that accurately and completely reflect in detail the physical placement of all Facility components and systems (including Owner Equipment) as installed and/or as constructed at the time of Final Completion, including “as-built” surveys illustrating the established building setback lines, if any, and the location of the Facility on the Site and within any established boundaries and setback lines.

“**Assigned Owner Equipment Contract**” shall have the meaning set forth in Section 3.2(d).

“**Audits**” shall have the meaning set forth in Section 21.14.

“**Baseline Cash Flow Plan**” shall mean the projected cash flow plan attached hereto as Exhibit C, which cash flow plan indicates (i) each of the Payment Milestones, (ii) the Milestone Amount for each of the Payment Milestones, together with any Sales Tax in respect thereto, and (iii) the month in which it is anticipated that payment of each such Milestone Amount, together with any Sales Tax in respect thereto, will be due and payable from Owner to Contractor for completion of the associated Payment Milestone.

“**Baseline Schedule**” shall have the meaning set forth in the Project Controls Requirements.

“**Business Day**” shall mean every Day other than Saturday, Sunday or a legal holiday recognized by the State.

“**CCS**” shall have the meaning set forth in Section 5.5(a).

“**CF**” shall mean cubic feet.

“**Change**” shall have the meaning set forth in Section 10.1.

“**Change in Law**” shall mean any binding, written change after the Effective Date in the judicial or administrative interpretation of, or adoption after the Effective Date of, any Law, which is inconsistent or at variance with any Law in effect on the Effective Date; provided, however, a Change in Law shall not include any change or adoption of any Law with respect to (a) Taxes assessed on income, profits, revenues or gross receipts, (b) Taxes that vary the compensation, benefits, or amounts to be paid to or on behalf or on account of employees or (c) organization, existence, good standing, qualification, or licensing in any jurisdiction. For the avoidance of doubt, a “Change in Law” shall not include any change or adoption of a Law that occurs prior to the Effective Date but, by its terms, does not come into effect until after the Effective Date.

“**Change Order**” shall have the meaning set forth in Section 10.3.

“**Change Order Dispute Notice**” shall have the meaning set forth in Section 10.3.

“**COATS**” shall have the meaning set forth in Section 5.5(a).

“**Confidential Information**” shall mean, with respect to either Party, any Personal Information and information relating to such Party’s or its Affiliates’ businesses, including intellectual property, information security systems that could be used to gain unauthorized access or pose a security threat to such Party or its Affiliates, generation plans and customer or supplier information, or technical, financial, administrative and internal activities or any business plans and methods, engineering, operating and technical data, reports, drawings, operating documents, project documents, reports, and all non-public data specific to any of them or any of their respective businesses or customers or group of customers, including electricity or natural gas consumption, bulk electric system, electric or gas distribution system, Critical Energy Infrastructure Information (as defined by the Federal Energy Regulatory Commission at 18 C.F.R. § 388.113, as amended), load profile, billing history, or credit history that is or has been obtained or compiled by any of them in connection with supplying electric services or gas services to such customers, including all outage schedules, customer consumption, billing and credit data, and any and all other data that is: (a) disclosed at any time by such Party in connection with or incidental to the Work; (b) processed at any time by such Party in connection with or incidental to the Work; (c) derived by such Party from the information described in (a) or (b) above; or (d) marked “Confidential” or contains a similar marking. Except with respect to Personal Information, “Confidential Information” shall not include any information that: (i) was already known to the receiving Party at the time it was disclosed by the disclosing Party; (ii) was available to the public at the time it was disclosed by the disclosing Party; (iii) becomes available to the public after being disclosed by the disclosing Party through no wrongful act of, or breach of this Agreement by, the receiving Party; (iv) is received by the receiving Party without restriction as to use or disclosure from a third party; or (v) is independently developed by the receiving Party without benefit of any disclosure of information by the disclosing Party. For the avoidance of doubt, Personal Information of a Party or its Affiliates shall not cease to be Confidential Information of such Party or its Affiliates as a result of the foregoing clauses (i) - (v).

“**Construction Equipment**” shall mean the equipment, machinery, trailers, office equipment and furniture, structures, scaffolding, materials, tools, supplies, including MRO Supplies, consumables, spare parts, systems and other items owned, rented or leased by any Contractor Person for use in accomplishing the Work, but not intended for incorporation into the Facility.

“**Contract Price**” shall have the meaning set forth in Section 9.1.

“**Contractor**” shall have the meaning set forth in the first paragraph above and shall include respective successors and permitted assigns.

“**Contractor Default**” shall have the meaning set forth in Section 22.2.

“**Contractor Permits**” shall have the meaning set forth in Section 4.21.

“**Contractor Person**” shall mean Contractor, any Affiliate of Contractor, any Subcontractor, any of their respective agents, successors, assigns, officers, directors, members, shareholders, partners,

employees, consultants, independent contractors, invitees and any other Person over whom any of the foregoing Persons has control, responsibility or authority.

“**Contractor’s EH&S Manager**” shall have the meaning set forth in Section 6.10(d).

“**Contractor’s Project Manager**” shall mean the Person whom Contractor designates in Exhibit H to issue and receive communications on Contractor’s behalf under this Agreement.

“**Contractor’s Site Representative**” shall mean the Person whom Contractor designates in Exhibit H to represent Contractor at the Site.

“**Contractor Worker**” shall mean any employee, consultant or independent contractor (in each case that is a natural person) of any Contractor Person performing or assigned to perform any of the Work.

“**Correction Notification Period**” shall mean, with respect to any portion of the Work, the period from the Substantial Completion Date until [**], provided that the Correction Notification Period for each P-3 Punchlist item shall be the period from Contractor’s completion, and Owner’s acceptance, of such item until [**], in each case as the same may be extended as provided in this Agreement.

“**Critical Cyber System**” shall mean any computer or information network, system, facility, equipment, hardware device, or software which, if misused, degraded, destroyed, or rendered unavailable, would adversely affect the reliable operation of Owner’s bulk electric systems, nuclear facilities or electric or gas distribution system.

“**Data Return Requirements**” shall have the meaning set forth in Section 21.8.

“**Day**” shall mean a calendar day, including Saturdays, Sundays and holidays.

“**Defect**” shall have the meaning set forth in Section 14.2.

“**Demonstration Tests**” shall mean the operation of the Facility by Owner or the Contractor by which Contractor demonstrates to Owner that the Facility meets the demonstration criteria designated as such in Exhibit A.

“**Design Documents**” shall have the meaning set forth in Section 4.5.

“**Dispute**” shall have the meaning set forth in Section 25.1.

“**Dispute Engagement Notice**” shall have the meaning set forth in Section 25.1(a).

“**Diverse Suppliers**” shall have the meaning set forth in Section 3.5.

“**Documentation**” shall mean all materials in printed or electronic format that are or are to be delivered hereunder by Contractor to Owner, including Design Documents, specifications (including those in the Scope of Work), schedules (including the Baseline Schedule), schematics, drawings (including As-Built Drawings), blueprints, memoranda, letters, notes, isometrics, computer programs and software, flow charts, logic diagrams, graphs, studies, surveys, system descriptions, lists, charts, diagrams, standards, criteria, assumptions, measurements, procedures, instructions, reports, test data

and results, analyses, calculations, formulas, computations, plans, empirical and other correlations, models, manuals (including software manuals and Required Manuals) and training materials, or are otherwise created by Contractor and are necessary or prudent for the start-up, commissioning, testing, operation, maintenance, modification or decommissioning of the Facility in accordance with Prudent Industry Practice.

“**Document Controls Requirements**” shall mean the Project Deliverables Standards and the Piedmont Natural Gas AutoCAD Standards for Deliverables attached hereto as Exhibit A, Appendix C and Appendix F.

“**DOT**” shall have the meaning set forth in Section 5.3.

“**Drug and Alcohol Policy**” shall have the meaning set forth in Section 5.5.

“**Effective Date**” shall have the meaning set forth in the first paragraph of this Agreement.

“**EH&S Personnel**” shall have the meaning set forth in Section 6.10(b).

“**Environmental Law**” shall mean, collectively, any Laws concerning the environment or the health or safety of human beings, including (a) any law or regulation relating to the extraction and/or disposition of any natural resources (including oil, gas and other minerals) in the environment; (b) any law or regulation relating to occupational health and safety; (c) any law or regulation relating to hazardous materials or environmentally hazardous chemicals; (d) any law or regulation relating to dangerous goods; (e) any law or regulation relating to contamination of any aspect of the environment; and (f) any standards followed by industry generally which meet community expectations, including, as amended, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq.; the Clean Air Act, 42 U.S.C. §7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §5101 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§2601 through 2629; the Oil Pollution Act, 33 U.S.C. §2701 et seq.; the Environmental Planning and Community Right-To-Know Act, 42 U.S.C. §11001 et seq.; the Occupational Safety and Health Act of 1970; and the Safe Drinking Water Act, 42 U.S.C. §§300f through 300j; Liquefied Natural Gas: Federal Safety Standards, 49 U.S.C. §193 et seq.; National Fire Protection Association, Code Section 59A (2001); and any of the regulations adopted, published, or promulgated pursuant to said laws, or any other laws, regulations and rulings of any Government Authority having jurisdiction over such materials in the State of North Carolina, including the Environmental Protection Agency.

“**Equipment**” shall mean any and all materials, structures, buildings, apparatus, equipment, spare parts, hardware, goods, modifications and other tangible personal property, all as intended to become a permanent part of, or turned over to Owner for the operation of, the Facility, that Contractor furnishes, or is required to furnish, hereunder in accordance with this Agreement, including the specifications in the Scope of Work, or otherwise for the Facility. “Equipment” includes all of the foregoing items that Contractor furnishes through a Subcontractor. For the purposes of this Agreement, “Equipment” shall not include any Owner Equipment or other equipment or materials of Owner, except for those parts of Owner Equipment or other equipment or materials of Owner which have been, and then solely to the extent, modified by Contractor, provided that the Assigned Owner Equipment Contract and, if Owner assigns any other Owner Equipment Contract to Contractor pursuant to Section 3.2(d), then the Owner Equipment under such Assigned Owner Equipment Contract or other Owner Equipment Contract shall, for all purposes of this Agreement, cease to be, and shall be deemed never to have been,

Owner Equipment and shall, for all purposes of this Agreement, become, and be deemed to have always been, Equipment.

“**Facility**” shall have the meaning set forth in the Recitals.

“**FAR**” shall have the meaning set forth in Section 6.1.

“**Final Completion**” shall mean that all of the conditions set forth in Section 12.6 have been satisfied.

“**Final Completion Certificate**” shall have the meaning set forth in Section 12.6(n).

“**Final Completion Date**” shall mean the date on which Final Completion occurs.

“**Final Payment Invoice**” shall have the meaning set forth in Section 9.6.

“**Flowdown Subcontractor**” shall mean any Subcontractor that (a) is a Major Subcontractor or (b) is engaged (i) to perform any Services at the Site (other than merely transporting Equipment to the Site without responsibility for unloading) or (ii) to perform any Services or provide any Equipment that exceeds or is expected to exceed, in the aggregate with all prior provision of Services or Equipment by such Subcontractor, [**].

“**Force Majeure**” shall mean any of the following events:

- (a) acts of God, lightning causing significant damage at the Site or to the Work, war, riots, insurrection, rebellion, floods, tornadoes, earthquakes, pandemics, epidemics, and named hurricanes and tropical storms;
- (b) acts of terrorism;
- (c) explosions or fires;
- (d) strikes, lockouts, or other labor disputes, but excluding strikes, lockouts or labor disputes involving employees of any Contractor Person;
- (e) Change in Law; and
- (f) delays in obtaining goods or services caused by the occurrence of any of the events described in the immediately preceding clauses (a) through (e)

provided, however, that a Party shall not be entitled to rely on any such event as a Force Majeure event unless: (i) such event is unforeseeable or, being foreseeable, unavoidable and outside the control of such Party; (ii) such event directly and negatively impacts, as demonstrated by credible evidence, the Work at the Site or the obligations of such Party at the Site hereunder, (iii) such event is not attributable to an act or omission of, including a material breach of this Agreement by, a Contractor Person (if such Party is Contractor) or an Owner Person (if such Party is Owner), (iv) such event is not an event, the risk or consequence of which such Party has assumed under this Agreement, including the design requirements set forth in the Scope of Work and the risk of loss set forth in Section 19.2, and (v) such Party has used all commercially reasonable efforts to cure, remedy, avoid, offset, mitigate or otherwise overcome the effects of such event. For the avoidance of doubt, “Force Majeure” shall not include (A)

changes in general economic conditions such as inflation, interest rates or other factors of general application, (B) economic hardship, (C) price fluctuations with respect to materials, supplies or components of equipment related to items to be supplied by, or necessary for the Work to be performed by, Contractor under this Agreement, (D) any shortage of labor, except for a shortage arising from a Force Majeure event, or (E) to the extent any event whose effects could have been cured, remedied, avoided, offset, mitigated or otherwise overcome if such Party had complied in all respects with its own policies (including disaster relief policies) or, if such Party is Contractor, the Owner Policies as provided herein.

“Government Approval” shall mean any permit, license, authorization, consent, decree, waiver, privilege or approval from, or filing with, any Government Authority required for or material to the performance of the Work or the development, financing, ownership, operation or maintenance of the Facility in accordance with this Agreement, including work permits, environmental permits, licenses and construction permits.

“Government Authority” shall mean any federal, state, county, city, local, municipal, foreign or other government or quasi-governmental authority (including any self-regulatory organization, independent system operator, regional transmission operator or public international organization) or any department, agency, subdivision, commission, court or other tribunal of any of the foregoing.

“Group Turnover Packages” shall mean the documents and packages specified as such in Exhibit A, Part IV.

“Guaranteed Substantial Completion Date” shall mean the date of [**] (as such date may be adjusted by Change Order).

“Guarantor” shall mean Matrix Service Company.

“Hazardous Materials” shall mean substances defined as “hazardous substances” pursuant to Section 101(14) Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. Sections 9601 et seq.); those substances defined as “hazardous waste” pursuant to Section 1004(5) of the Resource, Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); those substances designated as a “hazardous substance” pursuant to Section 311(b)(2)(A) or as a “toxic pollutant” pursuant to Section 307(a)(1) of the Clean Water Act (33 U.S.C. Sections 1251 et seq.); those substances defined as “hazardous material” pursuant to Section 5102 of the Hazardous Materials Transportation Act (49 U.S.C. Sections 5101 et seq.); those substances regulated as a “chemical substance or mixture” or as an “imminently hazardous chemical substance or mixture” pursuant to Section 6 or 7 of the Toxic Substances Control Act (15 U.S.C. Sections 2601 et seq.); those substances defined as “contaminants” pursuant to Section 1401 of the Safe Drinking Water Act (42 U.S.C. Sections 300f et seq.), if present in excess of permissible levels; those substances regulated pursuant to the Oil Pollution Act of 1990 (33 U.S.C. Sections 2701 et seq.); those substances defined as a “pesticide” pursuant to Section 2(u) of the Federal Insecticide, Fungicide, and Rodenticide Act as amended by the Federal Environmental Pesticide Control Act of 1972 and by the Federal Pesticide Act of 1978 (7 U.S.C. Sections 136 et seq.); those substances defined as “toxic materials” or “harmful physical agents” pursuant to Section 6 of the Occupational Safety and Health Act (29 U.S.C. Section 651 et seq.); those substances defined as “hazardous air pollutants” pursuant to Section 112(a)(6), or “regulated substance” pursuant to Section 112(a)(2)(B) of the Clean Air Act (42 U.S.C. Sections 7401 et seq.); those substances defined as “extremely hazardous substances” pursuant to Section 302(a)(2) of the Emergency Planning & Community Right-to-Know

Act of 1986 (42 U.S.C. Sections 11001 et seq.); and those other hazardous substances, hazardous wastes, toxic pollutants, hazardous materials, chemical substances or mixtures, imminently hazardous chemical substances or mixtures, contaminants, pesticides, by-product materials, toxic materials, harmful physical agents, air pollutants, regulated substances, or extremely hazardous substances defined in any regulations promulgated pursuant to any of the foregoing Environmental Laws, and all other contaminants, toxins, pollutants, hazardous substances and contaminants, polluted, toxic and hazardous materials, the use, disposition, possession or control of which is regulated by one or more Laws.

“Hazardous Wastes” shall mean those substances defined as “hazardous waste” pursuant to Section 1004(5) of the Resource, Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), and those other hazardous wastes defined in any regulations promulgated pursuant to any applicable Environmental Law.

“Insolvent” shall mean, with respect to either Party, that such Party becomes insolvent, or fails generally to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of creditors; commences any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of itself or its debts or assets, or adopts an arrangement with creditors, under any bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar law of the United States or any state thereof for the relief of creditors or affecting the rights or remedies of creditors generally.

“Internal Network” shall have the meaning set forth in Section 21.10.

“Key Contractor Schedule Milestone” shall mean a Schedule Milestone that is identified as a “Key Contractor Schedule Milestone”.

“Key Contractor Schedule Milestone Date” shall mean, with respect to a Key Contractor Schedule Milestone, the date identified in Exhibit B for completion of such Key Contractor Schedule Milestone.

“Key Owner Schedule Milestone” shall mean a Schedule Milestone that is identified as a “Key Owner Schedule Milestone”.

“Key Owner Schedule Milestone Date” shall mean, with respect to a Key Owner Schedule Milestone, the date identified in Exhibit B for completion of such Key Owner Schedule Milestone.

“Law” shall mean, at any date of determination, any federal, state, local, foreign or other law, statute, code, ordinance, permit, license, regulation, rule, standard, regulatory or administrative guidance, Order, constitution, treaty, principle of common law or other restriction of any Government Authority, including the State, or any Government Approval, in effect on such date.

“L/D Item” shall mean any of the actions or deliverables set forth in Exhibit D for which liquidated damages are imposed for delay in completion as set forth therein.

“L/D Item Completion” shall mean, with respect to any L/D Item, completion of such L/D Item in accordance with this Agreement.

“Legitimate Business Requirement” shall mean a need that supports or fulfills the provision or performance of Work.

“**Liability**” shall mean any loss, claim, demand, Order, damage, penalty, fine, cost, settlement payment, liability (whether asserted or un-asserted, absolute or contingent, accrued or un-accrued, liquidated or unliquidated, or due or to become due), Tax, encumbrance, diminution of value, expense, fee (including attorneys’ and other professionals’ fees) and court costs (in each case, irrespective of whether covered by insurance).

“**Lien**” shall mean any lien, mortgage, pledge, encumbrance, charge, security interest, defect in title, or other claim filed or asserted in connection with the Project by or through any Contractor Person against the Facility, the Site, the Equipment, the Owner Equipment or any other structure or equipment at the Site (unless such lien, mortgage, pledge, encumbrance, charge, security interest, defect in title, or other claim is due to the non-payment by Owner of a Milestone Payment Invoice or the Final Payment Invoice, in either case, that is not the subject of a good faith dispute).

“**Limited Notice to Proceed**” shall have the meaning set forth in the Recitals.

“**Liquidated Damages**” shall have the meaning set forth in Section 13.1.

“**LNG**” shall mean liquefied natural gas.

“**LOC Expiration Date**” shall have the meaning set forth in Section 17.3(b).

“**Local Suppliers**” shall have the meaning set forth in Section 3.5.

“**Major Subcontractor**” shall mean any Subcontractor that is engaged: (a) to perform any Services or provide any Equipment that exceeds or is expected to exceed, in the aggregate with all prior provision of Services or Equipment by that Subcontractor, [**]; or (b) that, although not exceeding [**] in the aggregate for Equipment or Services, is performing Services or providing Equipment that is expressly listed in the table attached hereto as Exhibit E-2.

“**Maximum Liability Amount**” shall have the meaning set forth in Section 18.2.

“**Mechanical Completion**” shall mean that all of the conditions set forth in Section 12.1 have been satisfied.

“**Mechanical Completion Certificate**” shall have the meaning set forth in Section 12.1(l).

“**Mechanical Completion Date**” shall mean the date on which Mechanical Completion occurs.

“**Milestone Amount**” shall have the meaning set forth in Section 9.2.

“**Milestone Payment Invoice**” shall have the meaning set forth in Section 9.3.

“**Minimum Screening Guidelines**” shall have the meaning set forth in Section 5.4(b).

“**MRO Supplies**” shall mean all maintenance, repair and operations supplies and materials, including industrial supplies (tools, adhesives, abrasives, etc.), safety supplies, janitorial supplies (soap, adsorbents, cleaners, etc.), electrical supplies, electronic supplies (sensors, field devices, cabling, etc.), pipe, valves and fittings, fluid power components (gauges, actuators, regulators, etc.), welding supplies, packing and gaskets, fasteners and power transmission and bearings (<25HP motors, belting, bushings, etc.).

“**MRO Suppliers**” shall have the meaning set forth in Section 4.5(b)(ii).

“**NERC**” shall have the meaning set forth in Section 6.4.

“**NIST**” shall have the meaning set forth in Section 21.13.

“**Notification Related Costs**” shall mean Owner’s internal and external costs associated with investigating, addressing and responding to a Security Event, including: (a) preparation and mailing or other transmission of notifications or other communications to consumers, employees or others as Owner deems reasonably appropriate; (b) establishment of a call center or other communications procedures in response to such Security Event (e.g., customer service FAQs, talking points and training); (c) public relations and other similar crisis management services; (d) legal, consulting, forensic expert and accounting fees and expenses associated with Owner’s investigation of and response to such event; and (e) costs for commercially reasonable credit monitoring or identity protection services.

“**OQ Plan**” shall have the meaning set forth in Section 5.3.

“**Order**” shall mean any order, award, decision, injunction, judgment, ruling, decree, charge, writ, subpoena or verdict entered, issued, made or rendered by any Government Authority or arbitrator, including any executive order.

“**OSHA**” shall have the meaning set forth in Section 6.10(c).

“**OSHA Standards**” shall have the meaning set forth in Section 6.10(c)(ii).

“**Owner**” shall have the meaning set forth in the first paragraph above and shall include its successors and assigns.

“**Owner Default**” shall have the meaning set forth in Section 22.4.

“**Owner Equipment**” shall have the meaning set forth in the Recitals.

“**Owner Equipment Contracts**” shall have the meaning set forth in the Recitals.

“**Owner Permits**” shall have the meaning set forth in Section 7.3.

“**Owner Persons**” shall have the meaning set forth in Section 15.1.

“**Owner PII**” shall mean that portion of Owner’s Confidential Information that is subject to any Privacy Laws, including any information collected by Owner or its Affiliates that uniquely identifies a person, or from which a person can be reasonably identified, and the collection, use or disclosure of which is governed by applicable Law.

“**Owner Policies**” shall mean the policies, procedures and manuals of Owner generally applicable to its contractors performing work similar to any of the Work, including corporate and Site-specific policies, procedures and manuals, as such policies, procedures and manuals may be amended, modified or replaced from time to time at Owner’s discretion, a copy of each of which policies, procedures and manuals as of the Effective Date is attached hereto as Exhibit N or provided through a URL address referenced herein.

“**Owner’s Engineer**” shall have the meaning set forth in the Recitals. Owner may replace or remove Owner’s Engineer at any time in its sole discretion upon notice to Contractor.

“**Owner’s Project Manager**” shall mean the Person whom Owner designates in writing to issue and receive communications on Owner’s behalf under this Agreement.

“**Owner Work**” shall mean the obligations of Owner expressly set forth in Article 7 and Exhibit A.

“**Parent Guaranty**” shall mean that certain parent guaranty executed and issued by Guarantor guarantying the obligations of Contractor hereunder, a copy of which is attached hereto as Exhibit I-1.

“**Party**” or “**Parties**” shall have the meaning set forth in the first paragraph hereof.

“**Payment Milestone**” shall mean an event or series of events in the execution of the Work as set forth in Exhibit C, the completion of which in accordance with the terms and conditions hereof shall entitle Contractor to payment of a portion of the Contract Price allocated thereto.

“**Performance Guarantees**” shall mean the performance criteria for the Facility as set forth in Exhibit A, Appendix E, which shall include the Guaranteed Emission Limits.

“**Performance Test Report**” shall have the meaning set forth in Section 12.4(a).

“**Performance Testing**” shall mean the conduct of the Performance Tests in accordance with this Agreement, including the Performance Testing Plan.

“**Performance Testing Plan**” shall mean the written procedures and standards for the conduct of the Performance Tests included in Exhibit A, Part II, Section 10.

“**Performance Tests**” shall mean the tests required by this Agreement for Owner to determine whether the Facility meets the Performance Guarantees.

“**Guaranteed Emission Limits**” shall mean those specific emission limits for each regulated pollutant set forth in Exhibit A, Part II, Section 10 and Exhibit A, Appendix E.

“**Person**” shall mean any individual, company, corporation, partnership, joint venture, association, joint stock company, limited liability company, trust, estate, unincorporated organization, Government Authority or other entity having legal capacity.

“**Personal Information**” shall mean any information relating to an identified or identifiable individual, including, but not limited to, name; postal address; email address or other online contact information (such as an online user ID); telephone number; date of birth; Social Security number (or its equivalent); driver’s license number (or other government-issued identification number); account information (including financial account information); payment card data (including primary account number, expiration date, security code, full magnetic stripe data or equivalent on a chip, or pin number); access code, password, security questions and answers; medical information; health insurance information; biometric data; Internet Protocol (IP) address; or any other unique identifier.

“**PHMSA**” means the Pipeline and Hazardous Materials Safety Administration of the United States Department of Transportation.

“**Potential Disqualification Criteria**” shall have the meaning set forth in Section 5.4(b).

“**Prime Interest Rate**” shall mean, as of a particular date, the prime rate of interest as published on that date in *The Wall Street Journal*, and generally defined therein as “the base rate on corporate loans posted by at least 75% of the nation’s 30 largest banks.” If *The Wall Street Journal* is not published on a date for which the interest rate must be determined, the prime interest rate shall be the prime rate published in *The Wall Street Journal* on the nearest-preceding date on which *The Wall Street Journal* was published. If *The Wall Street Journal* discontinues publishing a prime rate, the prime interest rate shall be the prime rate announced publicly from time to time by Bank of America, N.A. or its successor.

“**Privacy Laws**” shall have the meaning set forth in Section 21.13.

“**Progress Cash Flow Plan**” shall mean the projected cash flow plan required to be delivered by Contractor to Owner periodically as more specifically set forth in Section 9.5(b) and the Project Controls Requirements which shall measure the actual and projected cash flow against the Baseline Cash Flow Plan.

“**Progress Meetings**” shall have the meaning set forth in Section 4.22.

“**Progress Schedule**” shall have the meaning set forth in the Project Controls Requirements.

“**Project**” shall have the meaning set forth in the Recitals.

“**Project Action Request**” or “**PAR**” shall have the meaning set forth in Section 10.2.

“**Project Controls Requirements**” shall mean the Project Controls Requirements attached hereto as Exhibit A, Part II, Section 4.

“**Prudent Industry Practice**” shall mean those practices, methods, equipment, specifications and standards of safety, performance, dependability, efficiency, and economy, as the same may change from time to time, as are commonly used and accepted by highly experienced firms in the construction (including design, engineering, manufacturing, delivery, construction management, testing and commissioning), operation and maintenance (including training in the operation and maintenance) of LNG storage, liquefaction, and regasification facilities similar to the Facility, which in the exercise of reasonable judgment and in light of the facts known at the time the decision was made, after due and diligent inquiry, are considered good, safe, customary and prudent practices, and as are in accordance with standards of professional care, skill, diligence, and competence generally accepted by such highly experienced firms and applicable to the construction (including design, engineering, manufacturing, delivery, construction management, testing and commissioning), operation and maintenance (including training in the operation and maintenance) practices in the United States for LNG storage, liquefaction, and regasification facilities similar to the Facility.

“**Punchlist**” shall mean the written list of items of Work that remain to be completed by Contractor, (i) with respect to items designated therein as “P-1 Punchlist items” or “P-2 Punchlist items”, prior to Mechanical Completion and, to the extent such items occur after Mechanical Completion, prior to Substantial Completion and (ii) with respect to items designated therein as “P-3 Punchlist items,” prior to Final Completion, where:

- (a) **“P-1 Punchlist items”** shall mean items of Work that require immediate action, are, considered by Owner to pose risk of damage to property or injury to person and must be corrected prior to the commencement of any pre-commissioning, start-up, commissioning, testing or operation activities for the Facility;
- (b) **“P-2 Punchlist items”** shall mean items of Work that, although considered by Owner to be serious in nature, will not through the use of proper safeguards acceptable to Owner result in damage to property or injury to person; and
- (c) **“P-3 Punchlist items”** shall mean items of Work that, although incomplete, are considered minor in nature and will not affect the safety, operability (including capacity, efficiency, reliability or cost effectiveness) or mechanical or electrical integrity of the Facility.

All items included in the Punchlist shall be exclusively P-1 Punchlist items, P-2 Punchlist items or P-3 Punchlist items.

“Quality Assurance Plan” shall have the meaning set forth in Section 4.9.

“Remedial Plan” shall have the meaning set forth in Section 8.3.

“Required Manuals” shall mean all operating data and manuals, spare parts manuals, integrated and coordinated operation and maintenance manuals and instructions, and training aids necessary to safely, effectively and efficiently commission, start-up, test, operate, maintain, repair and shut down the Facility (including those manuals identified in the Scope of Work). Required Manuals shall be consistent with Prudent Industry Practice and applicable Law.

“Sales Tax” shall mean any current or future sales, use, privilege or similar tax imposed on Contractor, any Subcontractor or Owner with respect to the Work by the State or any other Government Authority.

“SANS” shall have the meaning set forth in Section 21.6.

“SAP” shall have the meaning set forth in Section 5.5.

“SCFD” shall mean standard cubic feet per Day.

“Schedule Milestone” shall mean an event or series of events in the execution of the Work as set forth in Exhibit B, which shall include Key Contractor Schedule Milestones and Key Owner Schedule Milestones.

“Scope of Work” shall mean all Work as set forth in Exhibit A.

“Security Event” shall have the meaning set forth in Section 21.14.

“Security Program” shall have the meaning set forth in Section 21.6.

“Services” shall mean all labor, transportation, packaging, storage, designing, drawing, engineering, demolition, Site preparation, manufacturing, construction, pre-commissioning, installation, equipment protection, testing, equipping, inspection, verification, training, procurement

(whether procurement of Equipment, Documentation, licenses to intellectual property granted herein or otherwise) and other work, services and actions (including pursuant to any warranty obligations) performed or to be performed by Contractor under this Agreement (whether at the Site or otherwise) in connection with, or relating to, the Facility (or any component thereof, including any Equipment and any Owner Equipment), provided that “Services” shall not include Owner Work. “Services” includes (a) all of the foregoing items that Contractor provides through a Subcontractor and (b) the services that Contractor provides with respect to Owner Equipment pursuant to this Agreement, including Section 3.2.

“**Site**” shall mean the physical location as described in Exhibit A, Part I upon which Contractor shall construct the Facility and perform related Work.

“**Site Conditions**” shall have the meaning set forth in Section 4.3(a).

“**SOC Reports**” shall have the meaning set forth in Section 21.14(c).

“**Spare Parts List**” shall have the meaning set forth in Section 4.5(b).

“**SSAE 16**” shall have the meaning set forth in Section 21.14(c).

“**Standby Letter of Credit**” shall have the meaning set forth in Section 0.

“**State**” shall mean the State of North Carolina.

“**Stop Work Order**” shall have the meaning set forth in Section 4.14.

“**Subcontract**” shall mean any contract (whether written or oral, a purchase order or otherwise) with a Subcontractor for the performance or provision of any aspect of the Work.

“**Subcontractor**” shall mean a Person, including any vendor, materialman or supplier, who has a contract (whether written or oral, a purchase order or otherwise) with Contractor or any Person of any lower tier to Contractor (e.g., a second- or third-tier subcontractor) to perform or provide any Work, whether at the Site or elsewhere.

“**Substantial Completion**” shall mean that all of the conditions set forth in Section 12.6 have been satisfied.

“**Substantial Completion Certificate**” shall have the meaning set forth in Section 12.5(n).

“**Substantial Completion Date**” shall mean the date on which Substantial Completion actually occurs.

“**Supplier’s Publications**” shall have the meaning set forth in Section 14.3(a).

“**Taxes**” shall mean all present and future license, documentation, recording and registration fees, all taxes (including income, gross receipts, unincorporated business income, payroll, sales, use, privilege, personal property (tangible and intangible), real estate, excise and stamp taxes), levies, imports, duties, assessments, fees (customs or otherwise), charges and withholdings of any nature whatsoever, and all penalties, fines, additions to tax, and interest imposed by any Government Authority.

“**Third Party Claim**” shall mean any claim, demand or cause of action of every kind and character by any Person other than Owner or its Affiliates with respect to which an Owner Person has a claim for indemnification under this Agreement, including Sections 15.1 and 20.1. For the avoidance of doubt, a claim, demand or cause of action by an employee of Owner or its Affiliates (unless made on behalf of Owner or such Affiliate) shall be considered a Third Party Claim hereunder.

“**Turnover Package Completion**” shall mean, for each individual system within a Group Turnover Package, (a) the design, procurement, fabrication, installation and pre-commissioning of such system, and all components thereof, shall be complete to Owner’s satisfaction in accordance with this Agreement; (b) all such components shall be mechanically and electrically sound and free from patent defects, except for P-1 Punchlist items and P-2 Punchlist items; (c) such system shall have undergone pre-commissioning checks and tests required to determine that its components are correctly installed and capable of being commissioned safely and reliably without damage to any such component, such system, any other system within the Group Turnover Package or any other property or injury to any person; and (d) all turnover documentation required by this Agreement with respect to such system shall have been submitted to and accepted in writing by Owner.

“**Vendor Network**” shall have the meaning set forth in Section 21.9.

“**Warranty**” shall have the meaning set forth in Section 14.1.

“**Work**” shall mean, as the context may require, either (a) the Equipment, the Documentation and the Services or (b) the Equipment, the Documentation or the Services. For the avoidance of doubt, “Work” includes (i) any Equipment, Documentation or Service that Contractor provides through a Subcontractor, (ii) the services that Contractor is obligated to provide with respect to Owner Equipment and (iii) all items necessary or prudent in accordance with Prudent Industry Practice (other than Owner Work) to complete the Facility such that it satisfies the Performance Guarantees and all applicable Laws, including the Owner Permits and Contractor Permits.

2. GENERAL PROVISIONS

2.1 Intent of Contract Documents. Prior to the execution of this Agreement, Contractor performed engineering, cost estimating and related services, including those set forth in the Limited Notice to Proceed, and developed, provided or verified all of the information that forms the Scope of Work (including the specifications contained therein), including the basis of design and technical limits and parameters of the Facility, for the purpose of determining that such information is adequate and sufficiently complete for Contractor to engineer, procure, construct and pre-commission, and Owner to commission, start-up and test, a fully operational LNG peakshaving facility, including a natural gas pre-treatment system, a 10 MMscfd nitrogen-cycle liquefaction system, a 1.0 Bcf LNG storage tank, [**] MMscfd of LNG vaporization capacity, truck loading facilities, and all necessary ancillary equipment, auxiliary equipment and utility systems as described herein for the Contract Price, within the required times set forth in the Baseline Schedule, and in accordance with all requirements of this Agreement, including Prudent Industry Practice and applicable Law. Accordingly, Contractor (a) hereby agrees that it shall have no right to claim or seek an increase in the Contract Price or an adjustment to the Baseline Schedule with respect to any incomplete, inaccurate or inadequate information that may be contained or referenced in the Scope of Work, (b) hereby waives and releases Owner from and against any such claims, and (c) shall not be relieved of its responsibility to achieve all requirements under this Agreement (including meeting applicable Law and Performance Guarantees) due to any such incomplete, inaccurate or inadequate information.

2.2 Independent Contractor. Contractor shall be an independent contractor with respect to the Project and the Work, and neither Contractor nor the Subcontractors nor the employees of either shall be deemed to be agents, representatives, employees or servants of Owner in connection with this Agreement. Owner shall not have the right to control, nor any actual, potential or other control over the methods and means by which Contractor or any of its agents, representatives, Subcontractors or employees conducts its independent business operations. The Parties covenant and agree that, except as contemplated in Section 3.2, in the performance of the Work, Contractor shall not perform any act or make any representation to any Person to the effect that Contractor or any of its agents, representatives or Subcontractors is an agent of Owner. Contractor, Subcontractors, and their respective employees shall have no right and shall make no claim under any employee plan or benefit plan or program of Owner or any of its Affiliates, and Contractor shall defend, indemnify and hold Owner harmless for claims, suits and other liabilities resulting therefrom.

2.3 Interpretation.

(a) Headings. The titles and headings in this Agreement are inserted for convenience only and shall not be used for the purposes of construing or interpreting this Agreement.

(b) References. References to natural persons include Persons. References to "Articles" and "Sections" are references to Articles and Sections of this Agreement. References to "Exhibits" are references to the Exhibits attached to this Agreement, including all attachments to and documents and information incorporated therein, and all Exhibits are incorporated into this Agreement by reference. References to any particular Exhibit shall include all sub-Exhibits thereto.

(c) Gender. Words importing one gender include the other gender.

(d) Without Limitation. The words "include" and "including" are not words of limitation and shall be deemed to be followed by the words "without limitation."

(e) Amendments. All references in this Agreement to contracts, agreements or other documents (including this Agreement) or Laws shall be deemed to mean those contracts, agreements, documents or Laws as the same may be modified, supplemented or amended from time to time.

(f) Industry Meanings. Words and abbreviations not otherwise defined in this Agreement which have well-known technical or design, engineering or construction industry meanings in the United States are used in this Agreement in accordance with those recognized meanings.

(g) Agreement. Provisions including the word "agree", "agreed" or "agreement" require the agreement to be recorded in writing.

(h) Work. Any reference to Work being performed shall include Work being provided, as the context may require, and any reference to Work being provided shall include Work being performed, as the context may require.

(i) Written. Provisions including the word "written" or "in writing" mean hand-written, type-written, printed or electronically made and resulting in a permanent record.

(j) Discretion. Provisions permitting Owner choices or actions in its "discretion" or at its "election" or words or phrases of like import shall be understood as the sole and absolute discretion or election of Owner.

(k) Ordered. Provisions including the words “as ordered,” “as directed,” “as required,” “as permitted,” “as allowed” or words or phrases of like import shall be understood as the order, direction, requirement, permission or allowance of Owner only to the extent of judging compliance with the terms of this Agreement; none of these terms shall imply that Owner has any authority or responsibility for supervision of any Contractor Worker or any of the Work, such supervision and the sole responsibility therefor being strictly reserved for Contractor.

(l) Approved. Provisions including the word “approved,” “reasonable,” “suitable,” “acceptable,” “proper,” “satisfactory” or words of like effect and import, unless otherwise particularly specified herein, mean approved, reasonable, suitable, acceptable, proper or satisfactory in the judgment of Owner to the extent of judging compliance with the terms of this Agreement; none of these terms shall imply that Owner has any authority or responsibility for supervision of any Contractor Worker or the Work, such supervision and the sole responsibility therefor being strictly reserved for Contractor.

(m) Drafting. THE PARTIES ACKNOWLEDGE AND AGREE THE TERMS AND CONDITIONS OF THIS AGREEMENT HAVE BEEN FREELY, FAIRLY AND THOROUGHLY NEGOTIATED. FURTHER, THE PARTIES ACKNOWLEDGE AND AGREE THAT SUCH TERMS AND CONDITIONS, INCLUDING THOSE RELATING TO WAIVERS, ALLOCATIONS OF, RELEASES FROM, INDEMNITIES AGAINST AND LIMITATIONS OF LIABILITY, WHICH MAY REQUIRE CONSPICUOUS IDENTIFICATION, HAVE NOT BEEN SO IDENTIFIED BY MUTUAL AGREEMENT AND THE PARTIES HAVE ACTUAL KNOWLEDGE OF THE INTENT AND EFFECT OF SUCH TERMS AND CONDITIONS. EACH PARTY ACKNOWLEDGES THAT IN EXECUTING THIS AGREEMENT THEY RELY SOLELY ON THEIR OWN JUDGMENT, BELIEF, AND KNOWLEDGE, AND SUCH ADVICE AS THEY MAY HAVE RECEIVED FROM THEIR OWN COUNSEL. NEITHER CONTRACTOR NOR OWNER SHALL ASSERT OR CLAIM A PRESUMPTION DISFAVORING THE OTHER BY VIRTUE OF THE FACT THAT THIS AGREEMENT WAS DRAFTED PRIMARILY BY LEGAL COUNSEL FOR THE OTHER, AND THIS AGREEMENT SHALL BE CONSTRUED AS IF DRAFTED JOINTLY BY OWNER AND CONTRACTOR AND NO PRESUMPTION OR BURDEN OF PROOF WILL ARISE FAVORING OR DISFAVORING EITHER PARTY BY VIRTUE OF THE AUTHORSHIP OF ANY OF THE PROVISIONS OF THIS AGREEMENT.

(n) Payment Obligations/Set Off. If a payment obligation falls due on a Day other than a Business Day, the obligation shall be deemed to be due on the next Business Day. Owner may deduct and set off against any part of the balance due or to become due to Contractor under this Agreement any amounts due or to become due from Contractor to Owner relating to this Agreement. If this Agreement provides that any cost shall be at the expense of, or reimbursed by, Contractor, then, subject to the application of the right of Owner to offset any amounts owed by it against any amounts owing or to become owing to it, Contractor shall pay Owner for such cost within fifteen (15) Days following written demand therefor by Owner.

2 . 4 Inclusion; Order of Precedence. It is the intent of the Parties that each of the specifications and obligations required to be performed by Contractor under this Agreement (including the Exhibits) is an independent specification or obligation and that Contractor shall be required to perform all such obligations regardless of any apparent conflict. All of the provisions of this Agreement (including the Exhibits) shall be considered complementary, and the Parties shall attempt to give effect to all provisions. The failure to list a requirement specifically in one document, once that requirement is specifically listed in another, shall not imply the inapplicability of that requirement. Contractor represents that it has reviewed this Agreement (including the Exhibits) and that it is able to perform all of its obligations.

Subject to the foregoing, if Contractor subsequently determines that it is unable to perform all of its obligations under this Agreement due to an irreconcilable conflict, Contractor shall be responsible for proposing and implementing a solution that satisfies the Performance Guarantees and other performance specifications (including all requirements to comply with applicable Laws, including Owner Permits and Contractor Permits) to the satisfaction of Owner and shall revise nonperformance specifications solely to the extent necessary to resolve such conflict, without addition to the Contract Price or extension of the Baseline Schedule unless otherwise agreed to by the Parties. Subject to the foregoing, if there is an express conflict between this Agreement (excluding the Exhibits) and the Exhibits, this Agreement (excluding the Exhibits) shall control and the conflicting provisions shall be interpreted so as to accord with the provisions of this Agreement (excluding the Exhibits). Later dated amendments, Exhibits or Change Orders shall take precedence over earlier dated amendments, Exhibits or Change Orders. In the event of any conflict between this Agreement, applicable Law and Prudent Industry Practice, all applicable Laws shall control over the terms of this Agreement and Prudent Industry Practice, and the terms of this Agreement shall control over Prudent Industry Practice.

2.5 Mutual Representations and Warranties. Each of Contractor and Owner hereby represents and warrants to the other that:

(a) it is duly organized and validly existing under the laws of its jurisdiction of incorporation or formation and is qualified to do business in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary, and has all requisite legal power and authority to carry on its business and to execute this Agreement and to perform the terms, conditions and provisions hereof;

(b) the execution, delivery and performance of this Agreement have been duly authorized by all requisite corporate or limited liability company, as applicable, action;

(c) this Agreement constitutes the legal, valid and binding obligation of it, enforceable in accordance with the terms hereof;

(d) neither the execution nor delivery nor performance by it of this Agreement nor the consummation of the transactions contemplated hereby will result in (i) the violation of, or a conflict with, any provision of the organizational documents of it; (ii) the contravention or breach of, or a default under, any term or provision of any indenture, contract, agreement or instrument to which it is a party or by which it or its property may be bound; or (iii) the violation by it of any applicable Law; and

(e) there is no action, suit, proceeding or Order now pending or, to its knowledge, threatened against it before any Government Authority that could reasonably be expected to materially and adversely affect the ability of such Party to perform its obligations hereunder.

2.6 Contractor Representations and Warranties. Contractor hereby represents and warrants to Owner that:

(a) Contractor has reviewed and understands the Owner Policies;

- (b) Contractor and any Subcontractors or professionals engaged by Contractor in connection with the Work shall be creditworthy and shall promptly provide reasonable evidence of financial stability to Owner upon written request;
- (c) Contractor has, or through Subcontractors will have, sufficient qualified personnel, equipment and office support resources (both in terms of personnel and technology) to perform all of the Work;
- (d) Guarantor is the ultimate parent entity of Contractor;
- (e) the execution, delivery and performance of the Parent Guaranty have been duly authorized by all requisite corporate or limited liability company (as the case may be) action of Guarantor;
- (f) the Parent Guaranty constitutes the legal, valid and binding obligation of the Guarantor, enforceable in accordance with the terms thereof;
- (g) neither the execution nor delivery nor performance by the Guarantor of the Parent Guaranty nor the consummation of the transactions contemplated thereby will result in (i) the violation of, or a conflict with, any provision of the organizational documents of the Guarantor; (ii) the contravention or breach of, or a default under, any term or provision of any indenture, contract, agreement or instrument to which the Guarantor is a party or by which the Guarantor or its property may be bound; or (iii) the violation by the Guarantor of any applicable Law; and
- (h) there is no action, suit, proceeding or Order now pending or, to its knowledge, threatened against the Guarantor before any Government Authority that could reasonably be expected to materially and adversely affect the ability of the Guarantor to perform its obligations hereunder.

3. SCOPE OF WORK

3.1 General. Except for Owner Work, this Agreement is intended to be a lump sum, turnkey contract for the completion of the Facility and the Scope of the Work covers the entire engineering, design, procurement, services and construction and installation required with respect to the completion of the Facility, including the procurement of the balance of plant equipment and installation of Owner Equipment (but excluding the design, engineering, procurement and manufacture of Owner Equipment), it being the objective of the Parties that the Facility shall be highly efficient and shall meet the requirements for operational capability as specified herein, including capital and operating cost effectiveness and reliability. Without limiting the generality of the foregoing, the Work includes procurement, provision, performance and payment for all items and services necessary for the proper execution and completion of the Facility (other than Owner Work), whether temporary or permanent and whether or not incorporated or to be incorporated into the Facility, including all procurement, design and engineering services (except for such services for the manufacture of Owner Equipment), all installation and construction services, all administration, management, training (consistent with the Scope of Work) and coordination services, all assistance with start-up, commissioning and Performance Testing of the Facility reasonably requested by Owner, verification services, and all labor, Equipment, construction aids, furnishings, equipment, supplies, insurance (other than Owner insurance), permits (other than Owner Permits), licenses, inspections, storage and transportation, Required Manuals, and all other items, facilities and services necessary to perform or provide the Work and complete the Facility. Prior to the Effective Date, Owner issued the Limited Notice to Proceed. All work described and performed pursuant to such Limited Notice to Proceed shall be deemed to be Work for all purposes hereunder and shall be subject to the terms of this Agreement. Any work described in the Limited Notice

to Proceed that has not yet been completed on the Effective Date shall be included in the Work to be completed hereunder.

It is acknowledged and agreed by both Parties that Contractor is better qualified to list exclusions from the Scope of Work than Owner is to list for inclusion all items necessary for the Facility as contemplated herein. Accordingly, Contractor acknowledges and agrees that items need not be specifically listed in the Scope of Work in order to be deemed to be items within the Scope of Work and work not specifically delineated in this Agreement shall be performed and provided by Contractor as Work in accordance with this Agreement to the extent the performance of such work can be reasonably inferred from this Agreement, including the Scope of Work, or is otherwise customary or necessary to complete the Facility in accordance with Prudent Industry Practice.

3.2 Scope of Work Relating to Owner Equipment; Assignment of Owner Equipment Contracts. Without limiting the generality of Section 3.1:

(a) Owner shall be responsible for procuring and supplying Owner Equipment in accordance with Section 7.4 and shall provide Contractor with the relevant portions of the Owner Equipment Contracts in order for Contractor to perform its obligations under this Section.

(b) Owner hereby authorizes Contractor to, and Contractor hereby agrees to, act as Owner's agent for the purpose of administering the Owner Equipment Contracts on behalf of Owner and assuring compliance by Owner and the counter-parties with the terms thereof. Contractor shall perform such agency services in accordance with Prudent Industry Practice and in the manner that a reasonably prudent contractor experienced in the design and construction of liquefied natural gas liquefaction, storage, and regasification facilities would perform if Contractor, instead of Owner, were the party to the Owner Equipment Contracts. Except in accordance with the general or specific direction of Owner, such agency services shall include attending meetings and otherwise interfacing with the suppliers of the Owner Equipment; reviewing design documents; obtaining design interface and delivery schedule information; coordinating delivery and receipt of Owner Equipment and related manuals; inspecting Owner Equipment and related manuals; diligently asserting and protecting Owner's rights; maintaining appropriate records; providing to Owner any notices delivered to Contractor by the supplier of the Owner Equipment; regularly updating Owner with respect to the status of performance under the Owner Equipment Contracts; assisting Owner in pursuing available remedies against the suppliers of the Owner Equipment, including assisting Owner in the administration and coordination of warranty claims and enforcement of repair, replacement or refurbishment obligations, and the oversight thereof, as directed by Owner; and consulting with Owner with respect to all material issues, in each case as necessary in order to ensure performance by the respective suppliers under the Owner Equipment Contracts in accordance with the terms and condition set forth in such Owner Equipment Contracts. Notwithstanding the foregoing, Contractor shall have no authority to, and shall not, take any of the following actions under or with respect to the Owner Equipment Contracts absent prior written direction from Owner: (i) consent to any Change Order or make any contract award; (ii) agree to or permit any amendment, modification, or supplement; (iii) waive or prejudice any of Owner's rights or the obligations of the suppliers of the Owner Equipment; (iv) increase any of Owner's obligations or the rights of the suppliers of the Owner Equipment; (v) initiate or conduct any litigation or other similar proceedings; (vi) take any action that would cause a default or breach by Owner; (vii) terminate or suspend any work or other activities thereunder; (viii) approve any invoices; (ix) require the performance of any work that is not expressly set forth therein; (x) direct the means, methods or manner of any work; or (xi) agree or consent to any of the foregoing. Contractor shall comply with all confidentiality obligations of Owner under

each Owner Equipment Contract in respect to any information coming to the attention of Contractor and for which Owner would have a confidentiality obligation under such Owner Equipment Contract.

(c) In addition to the agency services set forth in Section 3.2(b) and with respect to the Owner Equipment, Contractor shall also provide timely review and response to all designs, specifications and drawings; provide all on-Site inspection, unloading, loading, storage and transportation; provide all on-Site security, protection and preventative maintenance in accordance with the instructions of the supplier thereof; provide on-Site administration and coordination and reasonable office space for the suppliers thereof; provide installation and integration services in accordance with the Baseline Schedule; provide start-up and commissioning assistance to the extent permitted under the Owner Equipment Contracts; coordinate training; and provide other related services necessary to install and interconnect the Owner Equipment to the Equipment and the Facility as contemplated by the Scope of Work and Prudent Industry Practice.

(d) Concurrently with the execution and delivery of this Agreement by the Parties, Owner hereby assigns and transfers to Contractor, and Contractor hereby accepts and assumes from Owner, that certain Purchase Order No. 7670539 (the “**Assigned Owner Equipment Contract**”). Owner represents and warrants to Contractor that Owner is not in breach of any of the provisions of the Assigned Owner Equipment Contract. Owner may, from time to time pursuant to a Change Order, mutually agreed to by the Parties, and in accordance with Article 10, assign any other Owner Equipment Contract to Contractor. The Owner Equipment under the Assigned Owner Equipment Contract and, if Owner assigns any other Owner Equipment Contract to Contractor pursuant to this Section (and, if applicable, Article 10), such other Owner Equipment Contract shall, for all purposes of this Agreement, thereby cease to be, and shall be deemed never to have been, Owner Equipment and shall, for all purposes of this Agreement, thereby become, and be deemed to have always been, Equipment, and the vendor of such Owner Equipment shall, for all purposes of this Agreement, thereby be deemed to be, and to have always been, a Subcontractor.

Should Owner suspend or terminate the Assigned Owner Equipment Contract due to the Assigned Owner Equipment Contract Supplier’s breach thereof, then Owner shall, in its sole discretion, determine whether a suspension or termination of this Agreement is appropriate. If Owner suspends the Work or terminates this Agreement due to the suspension or termination of the Assigned Owner Equipment Contract as described above, then Contractor may be entitled to relief hereunder including, without limitation, the remedies set forth in Section 22.1(d) or 22.6(b), as applicable.

3.3 Subcontracting; Approved Subcontractors; Major Subcontractors.

(a) The Parties have agreed upon the list of approved Subcontractors set forth in Exhibit E-1 for the Services and Equipment listed in Exhibit E-1. Contractor shall have the right to have that portion of the Services identified in Exhibit E-1 performed by the approved Subcontractor for such Service, and the right to purchase Equipment identified in Exhibit E-1 from the approved Subcontractor for such Equipment. All Subcontractors performing Work shall be fully qualified and properly licensed as required by applicable Law and subject to a properly executed Subcontract.

(b) If Contractor desires to engage as an approved Subcontractor, with respect to any of the Services or Equipment listed in Exhibit E-1, a Person that is not identified in Exhibit E-1 as an approved Subcontractor for such Services or Equipment, then Contractor shall provide Owner with written notice thereof containing (i) the name of such proposed Subcontractor, (ii) a statement in reasonable detail of the reasons why such proposed Subcontractor is preferred over any approved Subcontractor identified

in Exhibit E-1, (iii) a description of any anticipated impacts to the Progress Schedule, warranties, interconnection with other Equipment or otherwise attributable to selecting such proposed Subcontractor, (iv) any other information on which Contractor is basing its desire to engage such proposed Subcontractor and (v) any additional information as Owner may reasonably request. Owner shall have the right, in its discretion, to reject any such proposed Subcontractor, provided that Owner's rejection shall occur within ten (10) Business Days after Contractor submits to Owner all of the information noted in clauses (i) through (v) above. If Owner approves (or fails to reject within such ten (10) Business Day period) such proposed Subcontractor, then Contractor may proceed to engage such proposed Subcontractor, subject to the processes set forth in Section 3.3(c) in respect to Major Subcontractors.

(c) Contractor shall provide Owner with an opportunity to participate in Contractor's bid process for all Major Subcontractors, including review and approval of Contractor's bid list and proposals, participation in vendor presentations and meetings, review of proposed subcontractor's bid responses, review and participation in Contractor's technical and commercial evaluations of bid responses, and participation in Contractor's meetings to discuss bid selection. Further, at Owner's reasonable request, Contractor shall perform a quality assurance qualification audit, and Owner shall be permitted to participate in any such audit. In addition, not less than five (5) Days prior to award or execution of a Subcontract with a proposed Major Subcontractor, Contractor shall provide written notice thereof to Owner. If Owner desires that Contractor engage an alternative Major Subcontractor in lieu of the Major Subcontractor that is provided in the foregoing notice from Contractor, then, prior to such award or execution, the Parties shall consult in good faith on the difference in value, if any, between the bid price of the Major Subcontractor desired by Owner and the Major Subcontractor preferred by Contractor, plus any impacts to the Baseline Schedule or warranties attributable to selecting the alternative Major Subcontractor in lieu of the preferred Major Subcontractor. If Owner desires that Contractor engage the alternative Major Subcontractor in lieu of the Major Subcontractor that is provided in the foregoing notice from Contractor, Owner shall provide Contractor with written notice thereof prior to such award or execution (which shall not occur earlier than five (5) Days after Owner's receipt of such notice from Contractor) and Contractor shall engage such alternative Major Subcontractor, in which event Contractor shall be entitled to a Change Order for the schedule, cost, warranty or other impacts in selecting the alternative Major Subcontractor.

(d) Contractor shall not allow any Person that Owner rejects as a Subcontractor to perform any portion of the Work. Unless otherwise mutually agreed in writing, no contractual relationship shall exist between Owner and any Subcontractor with respect to any of the Work. Contractor has complete and sole responsibility as a principal for its agents and all others it hires to perform or assist in performing any of the Work. Without limiting the generality of the foregoing and for all purposes of this Agreement, including Article 5, Contractor shall be fully responsible for all acts, omissions, failures and faults of all Subcontractors as fully as if they were the acts, omissions, failures and faults of Contractor. If Contractor subcontracts any Work, each provision of this Agreement that applies to such Work, including provisions that apply to personnel performing such Work, shall be interpreted to mean that Contractor shall ensure that the Subcontractor for such Work shall comply therewith. Neither the exercise of this right by Contractor to subcontract nor any review and/or acceptance by Owner of any Subcontract or the acceptance of any Person as a Subcontractor shall in any way (i) reduce or limit the Liabilities of Contractor or increase the Liabilities of Owner or (ii) be raised as a claim or as a defense or counterclaim to any claim in connection with this Agreement.

(e) No Owner Privity with Subcontractors. Owner shall not be deemed by virtue of this Agreement to have any contractual obligation to, or, except as expressly provided in Section 3.4, any relationship with, any Subcontractor, and all Work shall be performed solely by Contractor and the Subcontractors.

3.4 Terms of Subcontracts.

(a) Each Subcontract with a Flowdown Subcontractor shall be in writing and, except in any Assigned Owner Equipment Contract, contain provisions: (i) obligating such Flowdown Subcontractor, if such Flowdown Subcontractor may receive access to any Owner Confidential Information, to protect, hold in confidence and restrict use of Owner Confidential Information upon terms substantially similar to the applicable provisions of this Agreement; (ii) as applicable, sufficient to ensure that Contractor has the right to grant the intellectual property rights, licenses and assignments that are granted to Owner herein and to transfer title to work product thereunder to Owner as required herein; (iii) giving Contractor an unrestricted right to assign such Subcontract and all benefits, interests, rights and causes of action arising under it to Owner, an Affiliate of Owner, an operator of the Facility or, if this Agreement is terminated as a result of a Contractor Default, any successor contractor for all or any portion of the Work, as designated by Owner; (iv) obligating such Flowdown Subcontractor to be bound to Contractor to the same extent Contractor is bound to Owner by the terms of this Agreement, as those terms may apply to the portion of the Work to be performed by such Flowdown Subcontractor; (v) providing Owner the benefit of all indemnification provisions contained in such Subcontract; (vi) providing that Owner will be an additional insured on all insurance policies required to be provided by such Flowdown Subcontractor, except workman's compensation and professional liability; (vii) containing warranties customary in the industry, but in any event no less favorable to Owner than the warranty requirements set forth in Article 14; (viii) naming Owner as a direct beneficiary of all warranties under such Subcontract; and (ix) identifying Owner as an intended third-party beneficiary of such Subcontract. At the request of Owner, Contractor shall provide Owner with copies of all warranties of each Subcontractor relating to any of the Work, and, notwithstanding the obligation of Contractor to name Owner as a direct beneficiary of all warranties under each Subcontract with a Flowdown Subcontractor, Contractor shall comply with any request by Owner upon the termination of this Agreement pursuant to Article 22 or prior to the expiration of the Correction Notification Period to assign the benefit of any Subcontractor warranty to Owner, an Affiliate of Owner, an operator of the Facility or, if this Agreement is terminated as a result of a Contractor Default, any successor contractor for all or any portion of the Work, as designated by Owner or otherwise to assist Owner to realize upon the benefits of such warranty.

(b) If any Subcontractor (other than a Flowdown Subcontractor) may receive access to any Owner Confidential Information or is obligated to provide any Documentation, then the Subcontract with such Subcontractor shall be in writing and shall contain provisions, which Contractor shall not waive, release, modify or impair, (i) obligating such Subcontractor under such Subcontract to protect, hold in confidence and restrict use of such Owner Confidential Information upon terms substantially similar to the applicable provisions of this Agreement; and (ii) sufficient to ensure that Contractor has the right to grant the intellectual property rights, licenses and assignments that are granted to Owner herein and to transfer title to the Documentation thereunder to Owner as required herein.

3.5 Diverse and Local Suppliers. Contractor shall adopt and utilize a subcontracting plan (a) to use Subcontractors who meet the description of at least one of the categories of diverse suppliers set forth at <https://www.duke-energy.com/partner-with-us/suppliers/supplier-diversity> ("**Diverse Suppliers**") and (b) to use Subcontractors that have headquarters or branches within the State, including but not limited to Robeson County and its surrounding counties ("**Local Suppliers**"). Contractor shall (i) use

commercially reasonable efforts to utilize Diverse Suppliers and Local Suppliers and (ii) provide Owner a quarterly status report in Owner's reporting tool and in a format reasonably acceptable to Owner containing Contractor's Diverse Supplier and Local Supplier spend. Owner's designated auditors shall have the right of access during normal business hours to inspect Contractor's records related to compliance with this Section.

4. CONTRACTOR RESPONSIBILITIES

4.1 Performance of Work. Contractor shall diligently, duly and properly perform and complete the Work and its other obligations under this Agreement in accordance with, and ensure that all Work shall conform to all requirements of, all applicable Laws, this Agreement and Prudent Industry Practice. If any re-Work is required in order to conform the Work to the requirements of this Agreement or in order to achieve Substantial Completion, Contractor shall perform such re-Work as and when required by Owner without compensation. Contractor shall be responsible, at its own cost, for all construction means, methods, techniques, sequences, procedures, safety and quality assurance, and quality control programs in connection with the performance of the Work. Without limiting the generality of the foregoing, Contractor shall execute the entire Work in a manner that will enable Contractor to achieve Mechanical Completion no later than the Key Contractor Schedule Milestone Date for Mechanical Completion, Substantial Completion no later than the Guaranteed Substantial Completion Date and Final Completion no later than the Key Contractor Schedule Milestone Date for Final Completion.

4.2 Equipment. Contractor shall design and construct the Facility (other than Owner Equipment) and install the Equipment and Owner Equipment on an engineering and construction basis pursuant to this Agreement, which shall include providing all necessary civil, structural, mechanical, and electrical engineering services, all control equipment necessary for the design, construction and operation of the Equipment, the installation of the Owner Equipment, all interconnections set forth in the Scope of Work, and all equipment not specifically described in the Scope of Work (other than Owner Equipment) but which is customary or necessary to meet the requirements of the Scope of Work and the Performance Guarantees. All Equipment shall successfully operate and function in the manner represented by Contractor in accordance with its intended and express purpose as set forth in this Agreement and shall be new and of industry accepted quality. Any Equipment for which neither this Agreement nor Owner provides specifications shall be of industry accepted quality and suitable for the purpose for which it will be used in the operation of the Facility, consistent with the design basis set forth in Exhibit A. All Equipment shall be subject to such tests as Owner may reasonably require at the place of manufacture, fabrication or preparation, or at the Site or at such other place or places as may be mutually agreed upon by the Parties, including any place of a Subcontractor or an independent third party. Owner shall at all reasonable times have access to the Site and to all workshops and places where Equipment is being manufactured, fabricated, prepared or stored. Contractor shall provide Owner a reasonable opportunity to be present for any tests of any Equipment or, if in the possession or control of Contractor, Owner Equipment, including any place of a Subcontractor or an independent third party. Contractor shall provide such assistance, labor, electricity, fuels, stores, apparatus and instruments as are reasonably required for examining, measuring and testing any Equipment and Owner Equipment in accordance with the Scope of Work (other than specialty tools as listed in Owner Equipment Contracts) before incorporation into the Facility. Contractor shall arrange, and pay, for complete handling of all Equipment and Construction Equipment, including inspection, expediting, shipping, loading, unloading, customs clearance, receiving, storage, preventative maintenance (in accordance with the Scope of Work) and claims.

4.3 Local and Site Conditions.

(a) Contractor acknowledges that it has had access to and has inspected the Site and the area in the vicinity of the Site and acknowledges that the characteristics of the Site and its vicinity are sufficient for, and will not hinder, the performance of the Work. Without limiting the generality of the foregoing, Contractor represents and warrants that it has taken all steps reasonably necessary in accordance with Prudent Industry Practice to ascertain the nature of the Work and the location at which the Work will be performed or provided and that it has investigated and satisfied itself in accordance with Prudent Industry Practice as to the general and local conditions that can affect the Facility, the Site or the performance of the Work (collectively, the “**Site Conditions**”), including: (a) conditions bearing on access, egress, transportation, underground utilities and whom to contact before any excavation is done, waste disposal, handling, lay down, parking and storage of materials; (b) the availability of water, electric power, other utilities and roads needed for the Work; (c) uncertainties of weather, climatic conditions and seasons (with the exception of those falling within the definition of Force Majeure); (d) topography, boundaries, layout grades and elevations at the Site; (e) any physical condition of the surface or subsurface of the Site; (f) easements, rights of way and setbacks; (g) generally prevailing and seasonal climatic conditions; (h) labor supply and costs; (i) availability and cost of materials, tools, and equipment; (j) the potential existence of detrimental, obstructing or hampering subsurface conditions; (k) the character of equipment and facilities needed for the performance of the Work and the operation of the Facility; and (l) any other business operations or other activities, whether or not seasonal, in the surrounding area, including any schools or day cares; provided that Contractor and Owner have listed particular items related to the Site Conditions in the Scope of Work that, as of the Effective Date, are not fully detailed or resolved, and that may be subject to a Change Order as set forth herein should such items change. Contractor hereby accepts, and shall bear the risk for all of, the Site Conditions that are patent, discovered or discoverable through the exercise of Prudent Industry Practice. Owner shall not be obligated to adjust either the Contract Price or the Baseline Schedule to compensate for any costs or delays incurred as a result of Site Conditions; however, the Parties may agree to a change order adjusting the Contract Price or the Baseline Schedule for any such Site Conditions.

(b) If Contractor encounters any subsurface Site Conditions that, by applicable Law or Prudent Industry Practice, are not to be disturbed, Contractor shall stop the impacted Work, erect protective fencing and immediately (and in any event within 24 hours of such encounter) notify and seek direction from Owner. All fossils, coins, articles of value or antiquity and all other items of geological, archaeological, historical, religious, cultural or similar interest discovered at the Site shall, as between Owner and Contractor, be deemed to be the absolute property of Owner. Contractor shall prevent all Contractor Persons from removing or damaging any such item. The parties may mutually agree to schedule or cost relief as a result of such subsurface Site Condition. Notice of such subsurface Site Condition, together with a detailed written report substantiating such subsurface Site Condition, shall be given to Owner within two (2) Business Days of encountering or discovering such subsurface Site Condition.

4.4 Verification. Unless otherwise specified in writing, in the performance of its obligations under this Agreement, Contractor shall be entitled to rely on the accuracy of all information relating to Owner Equipment provided by (or through) Owner, provided that Contractor has no reasonable cause to believe that such reliance might be unwarranted. If Owner so specifies that Contractor shall not rely upon information that Owner has provided, then such information (including specifications, designs, geotechnical reports and other data) is provided on an “AS IS” basis without any representation or warranty whatsoever, and Contractor has accepted, and will continue to accept, all such other information on that basis. Contractor shall be responsible for independently verifying all such other information on

which Contractor relies in any way. Without limiting the generality of the foregoing, Contractor shall independently verify the adequacy and accuracy of any designs included in such other information pursuant to which Contractor shall perform any Work, including all dimensions, elevations and quantities indicated therein. Contractor shall promptly notify Owner in writing of any discrepancy, contradiction or ambiguity in any such other information or between this Agreement and any such other information, or any discrepancy between such other information and the conditions at the Site, or any error in such other information, which Contractor may discover in the course of the Work. Failure by Contractor to independently verify all such other information shall be at Contractor's sole risk, and Owner shall have no Liability hereunder in respect thereto. The fact that Owner has provided or will provide any such other information shall not modify or reduce Contractor's obligations under this Agreement.

4.5 Work Components.

(a) Design and Engineering. Prior to the Effective Date and without limiting Section 4.4, Contractor shall have scrutinized, and satisfied itself as to the adequacy of, the specifications contained in the Scope of Work (including design criteria and calculations, if any) and Site Conditions for completion of the Work. Contractor shall at its own expense design and provide engineering services with respect to the Project in a manner that shall be:

- (i) consistent with the actual conditions existing at the Site;
- (ii) consistent with the requirements set forth in the Scope of Work, including the design levels specified in the specifications contained therein;
- (iii) consistent with and satisfy the requirements of all applicable Permits and Owner Policies;
- (iv) sufficient, complete and adequate in all respects necessary to enable the Facility (A) to satisfy all conditions for achievement of Mechanical Completion by the Key Contractor Schedule Milestone Date for Mechanical Completion, (B) to satisfy all conditions for achievement of Substantial Completion, including the Performance Guarantees (assuming that the Owner Equipment performs in accordance with its specifications), by the Guaranteed Substantial Completion Date, and (C) to satisfy all conditions for achievement of Final Completion, including passing the Demonstration Tests (assuming that the Owner Equipment performs in accordance with its specifications), by the Key Contractor Schedule Milestone Date for Final Completion; and
- (v) in conformance with all requirements of the Scope of Work, applicable Law and Prudent Industry Practice.

Contractor shall be solely responsible for the design of the Facility (other than the design of the Owner Equipment) and for the accuracy of the specifications contained in the Scope of Work (other than the specifications of the Owner Equipment). Contractor shall engage duly licensed design professionals, approved by Owner and in good standing before the applicable state licensing board, to perform all Services required to be performed by such professionals pursuant to applicable Law. Contractor shall prepare working drawings and specifications setting forth in detail the requirements for the construction of the Facility in accordance with this Agreement (the "**Design Documents**"). The Design Documents shall include equipment specifications, all required civil works and Facility structures, permits, drawings, schedules, models and computer generated documents, electronic models or other information and data developed by Contractor which describe in detail any aspect or component of the Facility through each

phase of development. All dimensions shall be specified in the primary system of weights and measures (other than the metric system) used in the U.S. today. Contractor shall submit the Design Documents identified in the Scope of Work for Owner's review, and Owner shall complete its review of, and provide any comments to Contractor with respect to, the Design Documents within [**] Business Days [**] of receiving such Design Documents from Contractor. Contractor shall have the obligation to mark such Design Documents as directly affecting the critical path of the Baseline Schedule or otherwise notify Owner, in writing, of such designation, and Owner shall have the opportunity to contest such designation if it believes the designation is inappropriate. If Owner does not provide Contractor comments to any such Design Documents within such [**]-Business Day period, such Design Documents shall be deemed reviewed without comment. If Owner provides Contractor comments to any such Design Documents within such [**]-Business Day period, and Contractor accepts all such comments, then Contractor shall promptly revise accordingly and issue such Design Documents and provide Owner a copy of such revised Design Documents. Owner shall be entitled, but not obligated, to review and comment on all other Design Documents not identified in the Scope of Work. Contractor shall resolve all of the comments presented by Owner. If Contractor determines not to make any revision requested by Owner, Contractor shall provide Owner with a written explanation therefor within five (5) Business Days of such request by Owner. Each of the Parties shall endeavor to cooperate with the other in good faith such that the process of reviewing, editing, revising, correcting and finalizing Design Documents requiring Owner review is as efficient as reasonably possible. Accordingly, Contractor shall endeavor to refrain from submitting to Owner for review Design Documents in such volume, state of completeness or complexity that will make it difficult for Owner to complete its review within the applicable time period. Contractor shall ensure that all Design Documents undergo a comprehensive, independent in-house review and approval process before their submission to Owner. Without limiting the foregoing, Contractor shall in any event comply with the Document Controls Requirements. Notwithstanding the foregoing, no review, comment or approval, or failure to review, comment or approve, by Owner or Owner's Engineer of any Design Document pursuant to this Section shall relieve Contractor from any obligation or responsibility under this Agreement and Contractor remains solely responsible for the accuracy and completeness of the Design Documents. Once any Design Document is released for final design/construction or otherwise not marked "preliminary", Contractor shall be bound to the design set forth in such Design Document and Contractor will be liable to Owner, and Owner shall be entitled to backcharge Contractor, for any additional, actual costs to Owner that result from any design changes subsequent to issuance of such Design Document arising from or caused by Contractor's failure to comply with this Agreement including any changes required to Owner Equipment as a result thereof. Without limiting the foregoing, Contractor acknowledges and agrees that, although Owner may have prepared initial design drawings, if any such initial design drawings were prepared, Contractor has reviewed and inspected them to its satisfaction prior to executing this Agreement and shall be solely responsible for the design of the Project and for the accuracy of the specifications contained herein.

(b) Procurement.

(i) Contractor shall be responsible for the procurement of any materials and equipment required for the Project (other than Owner Equipment) and for ensuring that materials and equipment (other than Owner Equipment), and quantities thereof, are sufficient to complete the Project, including spare parts for start-up, testing and commissioning (other than spare parts for Owner Equipment). A preliminary list of recommended spare parts (including pricing and length of time that such pricing is held firm) that, in accordance with Prudent Industry Practices, are recommended to be held at Substantial Completion for the ongoing operations and maintenance of the Facility (other than Owner Equipment) is included in the Scope of Work (the "**Spare Parts List**"). Contractor shall update and amend the Spare Parts List (including

pricing and length of time that such pricing is held firm) and shall provide a final version of the Spare Parts List to Owner no later than one hundred twenty (120) Days prior to the then anticipated Substantial Completion Date. Contractor shall purchase the quantity and type of spare parts from such Spare Parts List as Owner may request in writing. So long as Owner has provided such purchase instructions in a timely manner as required by such Spare Parts List, Contractor shall ensure that such ordered spare parts are delivered to the Site and properly stored in accordance with the requirements hereunder, the spare part(s) supplier's requirements and Prudent Industry Practice prior to Substantial Completion. Contractor shall be entitled to invoice Owner pursuant to Article 9 for its out-of-pocket costs in making such purchase after receipt of an invoice therefor from the vendor for such spare parts, it being understood that the invoiced costs shall not exceed the actual out-of-pocket cost, without mark-up, of purchasing such spare parts. All spare parts shall be new and supplied in their original packaging, which shall indicate the contents of such packaging. Owner reserves the right to purchase directly from each vendor included in the Spare Parts List, and Contractor shall take such actions as necessary for each such vendor to agree to sell to Owner, the spare parts noted on the Spare Parts List to be provided by such vendor at the pricing set forth thereon.

(ii) If requested by Owner, Contractor shall purchase from Owner's preferred suppliers ("**MRO Suppliers**") all MRO Supplies that are used by Contractor in completing the Work. When purchasing MRO Supplies, Contractor shall notify the MRO Supplier that the MRO Supplies are being purchased for the Project. Owner shall provide Contractor with contact information for such MRO Suppliers upon request.

(c) Project Management. Contractor shall provide all managerial and supervisory labor, with necessary experience and skills, and technology to manage and supervise adequately all Work. Contractor shall fully cooperate and coordinate all activities on or relating to the Project with Owner and Owner's representatives and other contractors.

(d) Technical Assistance for Start-up, Commissioning and Testing. Contractor shall provide all technical assistance requested by Owner to support Owner in the start-up, commissioning and testing of the Facility.

4.6 Delivery of Documentation. Contractor shall supply to Owner physical and electronic copies of all Documentation as and when required by this Agreement. Contractor shall submit all Design Documents to Owner in accordance with the Document Controls Requirements. If this Agreement does not indicate the date by which any Documentation shall be delivered to Owner, such Documentation shall be delivered to Owner in ample time for Owner to review and discuss such Documentation with Contractor before such Documentation is needed for procurement, construction or other aspects of the Work (or for Owner to perform its obligations hereunder), but in any event prior to or concurrently with Substantial Completion. With respect to any Documentation delivered to Owner prior to Substantial Completion, to the extent any corrections, improvements, enhancements or other changes to such Documentation were incorporated after the prior delivery thereof to Owner, Contractor shall re-deliver to Owner such Documentation at Final Completion, including As-Built Drawings, with any such corrections, improvements, enhancements and changes to such Documentation included and such Documentation shall be the then-current revision thereof or on an "as-built" basis as of Final Completion. With respect to any Documentation delivered to Owner prior to Substantial Completion to which no corrections, improvements, enhancements or changes were made after the prior delivery thereof to Owner, Contractor shall notify Owner of such Documentation and certify that such Documentation is in final form as of Final Completion. Contractor shall provide Owner, at no additional cost, any

corrections to errors discovered by Contractor or Owner in the Documentation during the Correction Notification Period. Contractor shall promptly notify Owner of the discovery of any such errors. In all cases, Contractor shall comply with Owner's Document Control Requirements in respect to all Documentation.

4.7 Current Records; Record Drawings. Contractor shall maintain in good order at the Site, and at all times give Owner access to, a copy of each of the "approved for construction" working specifications and drawings (including any available As-Built Drawings) applicable to the Work, the Facility or the Site marked currently to record all changes and modifications made during construction. Anything mentioned in the specifications and not shown on the drawings or shown on the drawings and not mentioned in the specifications, shall be of like effect as if shown or mentioned in both. The drawings shall reflect exact and actual "as-built" conditions of construction, installation, and erection as it progresses. Where drawings are not adequate to show "as-built" conditions, Contractor shall prepare sketches which delineate the necessary "as-built" information. At or prior to Final Completion, Contractor shall have delivered to Owner one set of reproducible As-Built Drawings for the Facility in native format and turned over to Owner all specifications and drawings maintained by Contractor at the Site.

4.8 Cooperation. Contractor hereby acknowledges that, although the Work represents the largest portion of the work required for completion of the entire Project, the Work is only a portion of the work required for the completion of the entire Project and that the completion of the Project will also require coordination and cooperation with other contractors, lenders, regulators and other parties, including suppliers of Owner Equipment. As such, Contractor shall provide good faith, prompt and courteous cooperation, coordination and collaboration with lenders, contractors, subcontractors, regulators and other Persons, including Owner and the suppliers of Owner Equipment, as requested by Owner in order to permit the safe, successful and timely completion of the Project. Contractor also acknowledges that Owner is entering into this Agreement in material reliance on the agreement by Contractor to provide such good faith, prompt and courteous cooperation, coordination and collaboration. Without limiting the generality of the foregoing, Contractor shall, expeditiously and acting in good faith, (a) meet from time to time with such Persons in connection with the implementation of the Project as may be requested by, or on behalf of, Owner, (b) provide reasonable and customary technical assistance and personnel and share such information, subject to reasonable confidentiality restrictions, as may be necessary or prudent for the successful and timely completion of each Person's work in respect of the Project and the proper implementation of the Project as a whole, and (c) avoid unnecessary delays or interference in the Work and the coordination and collaboration with other Persons involved in implementing the Project. By way of example and without charge, Contractor shall (i) provide timely and complete responses to reasonable design and engineering documentation requests from Owner Persons as may be prudent to perform integrated design and construction activities and (ii) provide assistance to Owner Persons during the start-up, commissioning and Performance Testing of the Work.

4.9 Quality Assurance Plan. Contractor shall be responsible to Owner for design and construction quality. Contractor shall develop, implement and maintain a written plan for quality assurance of the Work (the "**Quality Assurance Plan**"), which shall include: work safety; security at the Site; fitness for duty; management and control of the design, engineering, procurement, fabrication and construction services; management and control of Subcontractors; and such other matters as Owner may reasonably request. The Quality Assurance Plan shall conform to and meet Owner Policies and the requirements of all applicable Laws and Prudent Industry Practice. Contractor shall deliver its proposed Quality Assurance Plan to Owner within thirty (30) Days after the Effective Date for Owner's review and comment, and Contractor shall thereafter incorporate Owner's comments therein, including any required

witness points. Following Owner's review of and comment to such proposed Quality Assurance Plan, Contractor shall have the right to rely on the Quality Assurance Plan as revised in accordance with Owner's comments in performing the Work. Contractor shall require all Subcontractors to comply with the Quality Assurance Plan, and Contractor shall require all Flowdown Subcontractors to establish, implement and maintain appropriate quality assurance and quality control programs consistent with the Quality Assurance Plan and this Agreement with respect to their respective portions of the Work. To the extent the approved Quality Assurance Plan requires Owner to execute any forms, checklists, certificates or other similar documents indicating Owner's verification, approval, acceptance, or acknowledgement of a particular Contractor process, method, requirement, activity or other course of action in completion of the Work, no such execution by Owner shall be deemed to be a warranty or acceptance by Owner with respect to such Work or relieve Contractor from any obligation or responsibility under this Agreement and Contractor shall remain solely responsible for the complete and proper completion of such Work in accordance with this Agreement. Contractor shall provide Owner and its employees, agents, representatives and invitees with reasonable access to the Work wherever located for observation and inspection, including auditing of all activities for conformance with the requirements of the Quality Assurance Plan and this Agreement. Inspections and audits of Flowdown Subcontractors will be coordinated with Contractor.

4.10 Examinations and Repair Work.

(a) For those parts of the Work, including foundations, for which Owner has a witness point, Contractor shall give no less than ten (10) Days prior written notice to Owner whenever any such part of the Work is ready for witnessing by Owner and Owner shall, without unreasonable delay, attend (or inform Contractor that it is unnecessary for it to attend) for the purpose of inspecting such part of the Work. No part of such Work shall be covered up or put out of view without affording Owner a reasonable opportunity to inspect such Work. If Owner fails to witness such part of the Work for which Contractor has provided proper notice as provided herein within such ten (ten) day period, then Contractor may proceed with covering up or putting out of view such part of the Work.

(b) Contractor shall be responsible for correcting, at its cost, all Defects discovered prior to the commencement of the Correction Notification Period, at which time the provisions of Article 14 shall control, and for otherwise responding, at its cost, to all corrective action requests issued by Owner.

(c) If, following discovery of defective workmanship or materials in any part of the Work, Owner has reasonable grounds to suspect that further parts of the Work may be similarly defective, Contractor shall, at the request of Owner and at Contractor's cost, provide Owner clear evidence that such other parts are not defective to the reasonable satisfaction of Owner or shall uncover such further parts of the Work or make further openings, in or through the same, and Contractor shall inspect and repair, if necessary, any such parts.

(d) Contractor shall be responsible for all cutting, fitting and patching which is required to complete the Work or to make its parts fit together properly. Contractor shall restore to a completely finished, equivalent to new condition all areas requiring cutting, fitting and patching.

4.11 Tests Generally.

(a) The cost of conducting any test related to the Work, including destructive and non-destructive examinations, shall be considered part of the Contract Price unless such test is clearly intended by or provided for in this Agreement as being the responsibility of Owner, in which case such cost shall be borne by Owner. If the results of any such test indicate that the applicable Work does not conform to the requirements of this Agreement (including the Scope of Work and Prudent Industry Practice) and Owner has reasonable grounds to suspect that any other similar Equipment or workmanship may not conform to the requirements of this Agreement (including the Scope of Work and Prudent Industry Practice), Owner may require Contractor, at Contractor's cost, to carry out further tests, which in the reasonable opinion of Owner are necessary to verify that such other similar Work conforms to the requirements of this Agreement (including the Scope of Work and Prudent Industry Practice). Owner will reimburse Contractor its actual and verifiable costs for such additional testing for other similar Work or Equipment if the results reveal that the Equipment or Work does conform to the requirements of this Agreement.

(b) Any test performed by Contractor (or any Subcontractor) in its shop or in the field shall be done utilizing tools, gauges, instruments, and other measuring devices that are properly controlled and calibrated or adjusted to a known standard. If a known standard does not exist, a written calibration procedure will be developed indicating how calibration was obtained. Records of calibrations and calibration dates for test equipment shall be maintained by Contractor (or its Subcontractors). These records shall include date tested, next due date and standard used.

(c) If Contractor completes any portion of the Work prior to any inspection or test which was timely requested by Owner's Project Manager and mutually agreed to in advance or required by the Scope of Work, so as to render inspection or testing impossible or more difficult, the cost of uncovering and replacing the Work shall be borne by Contractor unless Owner's Project Manager was absent at the agreed time and location. Failure on the part of Owner to refuse or reject Work prior to acceptance of or payment for the Work shall not bar Owner at any time prior to expiration of the Correction Notification Period from requiring the Work to be corrected.

4.12 Temporary Equipment. Contractor shall provide all Construction Equipment reasonably necessary or appropriate for, and replace as needed any Construction Equipment used during, performance of the Work.

4.13 Stop Work Orders. Owner reserves the right to require Contractor (verbally or in writing) to stop performance of all or any portion of the Work (a "**Stop Work Order**") if conditions arise that: (i) cause, or could reasonably be expected to result in, danger or damage to person or property, including the Facility, any Equipment at the Site or the Owner Equipment, (ii) prevent, or could reasonably be expected to prevent, Owner from exercising its inspection or audits rights hereunder, (iii) endanger, or could reasonably be expected to endanger, safe operations at the Site, or (iv) otherwise interfere with the prudent operation of the Facility or other activities in the vicinity of the Site. Contractor shall take prompt corrective actions to resolve such conditions identified by Owner prior to Contractor's resumption of its performance of such stopped Work. To the extent practical prior to Owner's exercise of such right or as soon as practical after a verbal Stop Work Order is given, Owner shall formally notify Contractor in writing of the reason for stopping such portion of the Work and the expected conditions under which such portion of the Work may resume. Examples of significant conditions that may result in stopping Contractor's performance of a portion of the Work include the following items which are not intended to be all inclusive:

- (a) documented lessons learned indicate that Contractor's continued performance of such portion of the Work would result in a nonconformance that could not be corrected to the condition required hereunder or would require extensive or excessive time and retrofit, repair or rework to correct;
- (b) Contractor has not established or implemented required controls in accordance with the Quality Assurance Plan;
- (c) Contractor is performing such portion of the Services in violation of a requirement hereunder;
- (d) Contractor is using nonconforming materials, which Contractor has not corrected and such nonconforming materials have not been approved or conditionally released;
- (e) Contractor is using drawings, procedures or instructions that require prior approval, which has not been received, have not been conditionally released, are out of date, or are not in accordance with this Agreement;
- (f) drawings, procedures or instructions authorized to control such portion of the Work in progress are not available at the Site; or
- (g) such portion of the Work is being performed by Persons who are not qualified pursuant to the requirements hereunder.

Contractor shall not be entitled to an adjustment to the Baseline Schedule, the Contract Price or any other provisions of this Agreement as a result of a Stop Work Order unless such Stop Work Order is solely caused by Owner or a third party who is not a Contractor Person; and in such event, the Parties may mutually agree upon any such adjustments to the Baseline Schedule or Contract Price.

4.14 Utility Use; Office Space. From the Effective Date until Final Completion, Contractor shall be responsible in connection with its scope of Work to maintain and pay for all temporary construction utilities (including interconnection arrangements with such utilities) required to perform the Work, including electricity, fuel, communication systems for Contractor's temporary office facilities, potable water, and non-hazardous construction waste disposal and wastewater disposal. Owner shall provide natural gas to Contractor, subject to Contractor's obligations to pay for all such natural gas provided, as described above. Contractor shall provide Owner's representatives and other contractors with office space, including all utilities, potable water, internet, heating, ventilation and air conditioning, contemporaneously with the existence of Contractor's Site offices, which office space shall be subject to the reasonable approval of Owner and be in compliance with any requirements therefor in the Scope of Work. Contractor shall properly maintain such offices and shall employ sufficient personnel to clean each such office each working day that such offices are used. Contractor shall be responsible for paying all utility deposits and charges, other than telephone charges related to calls made by Owner's representatives, but including charges relating to use of the internet by Owner's representatives and other contractors, related to such offices for Owner.

4.15 Interference with Traffic and Community Relations.

(a) Contractor shall carry out the Work so as not to interfere or disturb unnecessarily or improperly with (a) Owner's or any other Person's operations at or in the vicinity of the Site, (b) those living or operating any business in the vicinity of the Site, or (c) access to, use of or occupation of public

or private roads, bridges, footpaths or properties in the possession of Owner or any other Person. Contractor shall communicate with, and ascertain the requirements of, all Government Authorities in relation to vehicular access to and egress from the Site and shall comply with any such requirements. Contractor shall be deemed to have satisfied itself as to, and shall be fully responsible for, the routing for delivery of heavy or large loads to the Site so as to satisfy any requirements of Government Authorities with respect thereto.

(b) Contractor shall assist Owner with managing an ongoing community/media relations strategy, such strategy to be developed in partnership with Owner to support the overall success of the Project including within the general community at or in the vicinity of the Site. In each case, Contractor shall obtain express prior written approval from Owner before making any public statements or issuing news or photographic releases or similar public communications related to the Project or Work. Contractor shall have a qualified representative to manage such community/media relations strategy on its behalf. Furthermore, Contractor shall have a qualified representative available to respond 24/7 to emergency situations which require handling public, media and community relations needs. Non-emergency requests must be addressed as quickly as reasonably practicable; generally within a few hours in order to honor media cycles.

4.16 Transportation Costs. Contractor shall arrange and pay for all transportation, importing, exporting, storage and transfer costs incurred in connection with the Work, except for such costs for delivery of Owner Equipment by the supplier thereof to the Site, which costs shall be paid by Owner. Contractor is responsible for assuring that the shipments are suitably packaged, sealed and protected to ensure against damage from handling during transit, storage and transportation by the shipping method to be used. All wood material used by Contractor (or any Subcontractor) in packaging, bundling or dunnage that will be subject to international trade/transit shall comply with the requirements set forth in the latest version of the International Plant Protection Convention's ISPM 15 related to the regulation of wood packaging material in international trade. Each shipment shall be unloaded by Contractor at Contractor's expense, including any demurrage charges. Where the laydown area is located at an Owner-owned or leased Site, then, unless otherwise approved by Owner in writing, Contractor shall limit truck deliveries to such laydown area in a manner generally consistent with Prudent Industry Practice and the unloading resources at such laydown yard. In the event a transportation accident that is not caused or contributed to by, or otherwise attributable to Contractor and/or a Contractor Person, and that was unforeseeable, unavoidable and outside the control of Contractor and/or Contractor Person, and that actually causes a delay in the shipment of the Equipment, then Contractor shall be entitled to seek a Change Order pursuant to Article 10.

4.17 Required Manuals. Contractor shall prepare and deliver to Owner the Required Manuals in accordance with the Scope of Work.

4.18 Use of Site. Contractor shall confine its operations at the Site to areas permitted by applicable Laws, this Agreement, including the Exhibits, Owner Permits, Contractor Permits, and Owner Policies. Contractor shall confine operations at the Site to areas permitted by applicable Laws and any site use plans developed by the Parties, and shall not unreasonably encumber the Site with materials or equipment. Contractor shall not interrupt utility service to neighboring properties. Contractor shall not encroach upon neighboring property for storage of materials or any other reason, nor shall any Contractor Workers be permitted on said properties without written permission of the neighboring property owners. Contractor shall use best practices in scheduling, coordination, signage and signals as to limit impact of construction to neighboring properties, and shall endeavor to perform all Work during normal business hours. Contractor shall not display, install, erect or maintain any advertising or other signage at the Site

without Owner's prior written approval, other than temporary signs and notices required by applicable Laws, related safety or work rules, site identification, or used to solicit persons for the performance of the Work. Until Contractor is required to demobilize from the Site, Contractor (a) shall provide Owner and the suppliers of Owner Equipment with the space, utilities and amenities at the Site described in the Scope of Work, (b) shall provide an adequate supply of drinking and other water at the Site for the use of all Persons at the Site and (c) shall provide temporary sanitary facilities (and properly dispose of all sewage therefrom) during performance of the Work.

4.19 Control of Work; Site Security; Access to Work.

(a) Contractor shall have care, custody and control over the Site until Substantial Completion. Contractor shall provide all necessary security for the Site, including a suitable fence to the extent necessary to protect the Site, Equipment, Owner Equipment, Construction Equipment and all Persons at the Site, and shall be responsible for the prohibition and prevention of access and entrance to the Site by all unauthorized Persons. Contractor shall be responsible for any Equipment or Owner Equipment that is lost, damaged or destroyed during the period in which Contractor has risk of loss as provided herein. Contractor shall strictly control the admission of Persons to all Work areas at the Site (and, within the Site, the freedom of movement and access) and no such Person (other than the employees, officers or directors of the Parties or their respective Affiliates) who is not required for the performance or supervision of the Work shall be admitted without the prior approval of Owner (such approval not to be unreasonably withheld or delayed).

(b) Contractor shall provide Owner and such of the Owner Persons and other invitees as Owner may request with reasonable access to the Work, whether located at the Site or off-Site, for observation and inspection, including (i) inspecting the condition and progress of fabrication, production, or prototyping of Equipment prior to the delivery thereof and (ii) auditing of all activities for conformance with the requirements of Contractor's quality assurance program and all requirements of this Agreement; provided, however, that Contractor may provide, and Owner and such other Person being given such access shall accept, an escort or other safety measures that Contractor reasonably deems necessary.

(c) Contractor shall not establish any commercial activity or issue concessions or permits of any kind to any Person for establishing commercial activities on the Site. Contractor shall not, and shall not permit any Contractor Worker to, bring any firearms or weapons of any type upon the Site or any other property owned or controlled by Owner or its Affiliates. Further, Contractor shall not permit or tolerate the introduction or use of intoxicating liquor, narcotic drugs, gambling or gambling paraphernalia at the Site or any other property owned or controlled by Owner or its Affiliates by any Contractor Worker or during the performance of the Work. Any such Person found engaging in such activities shall be removed and permanently barred by Contractor from the Site and any other property of Owner or its Affiliates.

4.20 Permits and Approvals. Contractor shall be responsible for obtaining, renewing and maintaining all permits, licenses, approvals and certifications customary required by applicable Law as necessary for Contractor to clear, demolish, grade and prepare the Site, and engineer, detail, fabricate, furnish, deliver, unload, store, erect, install, construct, inspect and otherwise perform the Work (collectively, the "**Contractor Permits**"). At least ten (10) Days prior to an application by Contractor for any Contractor Permit, Contractor shall give to Owner a copy of such application. If Owner objects to such application, Contractor and Owner shall discuss in good faith alternate language for such application or an alternate, mutually acceptable method to achieve compliance without such Contractor Permit. Contractor shall promptly provide Owner with copies of all such Contractor Permits upon obtaining such Contractor

Permits. Contractor shall provide Owner with reasonable assistance and documents in connection with Owner's efforts to obtain the Owner Permits. Contractor represents that, to the best of its knowledge, the Contractor Permits listed in Appendix U to Exhibit A as the responsibility of Contractor are the sole Contractor Permits. Upon Contractor's request, Owner shall provide Contractor reasonable cooperation and assistance in obtaining and maintaining Contractor Permits.

Subject to Article 11, Owner and Contractor may mutually agree to a Change Order for any Contractor Permit (or Owner Permit that Owner requests Contractor to obtain on its behalf) not included in Appendix U to Exhibit A before the Effective Date but required for the Work due to a Change in Law after the Effective Date.

4.21 Project Controls Requirements; Meetings.

(a) Contractor shall comply with the Project Controls Requirements.

(b) From the Effective Date until the Final Completion Date, Contractor shall attend and participate in regular meetings with Owner which shall occur monthly (or upon such other more frequent interval as Owner may reasonably request) for the purpose of discussing the status of the Work, identifying any areas of concern regarding Contractor's performance of the Work, and anticipating and resolving any other problems ("**Progress Meetings**"). The Progress Meetings may also include, at the request of Owner, consultants and other Persons. Contractor shall prepare and deliver to Owner within seven (7) Days after each meeting (i) written minutes of the meeting and (ii) if reasonably requested by Owner, a written action plan that describes the actions Contractor will take to address any areas of concern identified in such Progress Meeting; provided, however, that the publication or distribution of such minutes or action plan shall not constitute a permitted basis for providing notice, or otherwise asserting claims, under this Agreement by either Party. No implication whatsoever shall be drawn as consequence of a failure by Owner to comment on or object to, or the approval by Owner of, any minutes or action plan prepared or distributed by Contractor. Unless otherwise mutually agreed, Contractor's Site Representative shall attend all Progress Meetings after Contractor mobilizes to the Site. In addition to the above monthly Progress Meetings, Contractor shall hold regularly scheduled (but not less frequently than weekly during construction) status or scheduling meetings with the appropriate Subcontractors, and Owner shall have the right, but not the obligation, to attend and participate in such weekly status or scheduling meetings.

4.22 Training Program. Contractor shall, as part of the Work, coordinate one or more training courses for Owner's plant operating personnel designated by Owner in its discretion, which training courses shall cover the entirety of the Facility, including the Owner Equipment, provided that Contractor shall coordinate training in respect to Owner Equipment with the suppliers thereof. The training courses shall be designed and administered by Contractor (with content regarding Owner Equipment being supplied by the suppliers thereof) in accordance with the Scope of Work. Training course content shall cover, at a minimum, the following topics: (a) the testing of each item of operating Equipment and Owner Equipment; (b) the start-up, operation and shut-down of each item of operating Equipment and Owner Equipment during normal and emergency modes; (c) the performance of routine, preventative and emergency maintenance for each item of operating Equipment and Owner Equipment; (d) recommended spare parts to be maintained for each item of operating Equipment and Owner Equipment, and their installation and removal; and (e) all other topics required by the Scope of Work. Contractor shall submit all training materials for review and approval by Owner in accordance with, and by the schedules outlined in, the Scope of Work. Contractor-supplied training shall be provided in order to

support Owner's overall plant operator training plan and shall be concluded prior to Substantial Completion.

4.23 Housekeeping: Demobilization. Contractor shall keep the Site and surrounding area adjacent to where the Work is performed free from waste materials, rubbish, debris and other garbage, including liquid and non-liquid materials whether spilled, dropped, discharged, blown out or leaked. Contractor shall employ adequate dust control measures and utilize reasonable waste reduction and recycling techniques at the Site. Promptly after Substantial Completion and prior to the Final Completion Date, Contractor shall remove from the Site and its surrounding area all Construction Equipment, waste materials, rubbish, debris and other garbage, and shall otherwise leave the Facility, the Site and its surrounding area in a neat and clean condition. If Contractor fails to perform the foregoing services within ten (10) Days following Owner's written notice of such failure, Owner may perform such services and backcharge Contractor for its costs in performing such services.

4.24 Owner Tools. All tools and equipment furnished by Owner for use by Contractor in the performance of the Work shall remain Owner's property. Contractor shall not use Owner-supplied tools or equipment for any purpose other than Work for which such items were supplied and designed. If Contractor is furnished tools or equipment by Owner, Contractor acknowledges that, by using such tools or equipment, it shall conclusively be deemed to have inspected such tools or equipment prior to their use and to have satisfied itself that they are in good condition, fit for the purpose to be used and will not create a safety hazard or damages to person or property. Contractor further acknowledges that the use of Owner's tools or equipment is at Contractor's sole and exclusive risk and that all the terms of this Agreement, including the insurance and indemnity provisions govern Contractor's use of such tools or equipment. Contractor shall reimburse Owner for its costs to furnish such tools or equipment, irrespective of whether they are returned to Owner, which costs shall include the cost of replacement items that are not returned or, as determined by Owner in its discretion, returned in a damaged or other condition that does not permit their being placed back into service.

4.25 No Waiver. No inspection made, acceptance or approval given by Owner relating to any Work shall relieve Contractor of its obligations for the proper performance of the Work in accordance with the terms hereof. Without limiting the foregoing, to the extent the approved Quality Assurance Plan requires Owner to execute any forms, checklists, certificates or other similar documents indicating Owner's verification, approval, acceptance or acknowledgment of a particular Contractor process, method, requirement, activity or other course of action in completion of the Work, such execution by Owner shall not be deemed to be a warranty or acceptance by Owner with respect to such Work or relieve Contractor from any obligation or responsibility under this Agreement and Contractor shall remain solely responsible for the complete and proper completion of such Work in accordance with this Agreement. Subject to the limitations of Article 14, Owner may reject any Work with Defects or which is not in accordance with the requirements of this Agreement or any Documentation, regardless of the stage of completion, the time or place of discovery of error, and whether Owner previously accepted any or all of such Work through oversight or otherwise. Except with respect to the transfer of care, custody, and control to Owner as expressly provided herein, no approval given by Owner, in and of itself, shall be considered as an assumption of risk or liability by any Person. Any such approval shall mean that the person giving the approval has no objection to the adoption or use by Contractor of the matter approved at Contractor's own risk and responsibility Contractor shall have no claim relating to any such matter approved, including any claims relating to the failure or inefficiency of any method approved.

4.2.6 Milestone Payment Invoices under Assigned Owner Equipment Contract. Immediately upon receipt of a Milestone Payment Invoice from Assigned Owner Equipment Contract supplier, Contractor shall provide a complete copy of the same to Owner. In accordance with Sections 8.4(a) and 8.4(b) of the Assigned Owner Equipment Contract, Contractor shall promptly, but not later than five (5) Business Days after receipt of such invoice, provide Owner with its approval of and any exceptions and recommendations with respect to the Assigned Owner Equipment Contract supplier's Milestone Payment Invoice, including without limitation, any recommendation concerning the withholding or offsetting of funds in accordance with the Assigned Owner Equipment Contract. Based, in part, upon input received by Owner from Contractor, Owner shall issue and/or withhold, in full or part (as appropriate) payment to the Assigned Owner Equipment Contract supplier for such Milestone Payment Invoices in accordance with the Assigned Owner Equipment Contract.

5. CONTRACTOR PERSONNEL

5.1 Sufficient Personnel. Contractor shall employ a sufficient number of qualified Persons, who shall be properly certified and licensed if required by applicable Laws, so that Contractor may complete the Work and Contractor's other obligations under this Agreement in a safe, efficient, prompt, economical and professional manner and in accordance with the Baseline Schedule. Without in any way limiting the foregoing, Contractor shall employ a sufficient number of engineers, designers and draftsmen necessary for the preparation of all Documentation required for the Work and qualified buyers, inspectors, and expeditors necessary to provide all equipment, materials and supplies to be provided by Contractor hereunder.

5.2 Contractor's Key Personnel. Exhibit H contains a list of Contractor's key personnel who shall be responsible for supervising the performance of Contractor's obligations under this Agreement. That list includes the designation of Contractor's Project Manager, Contractor's Site Representative and Contractor's EH&S Manager. Contractor shall remove any such key personnel that Owner believes is not fit or qualified for the Work assigned to such key personnel. Any replacement of the key personnel listed in Exhibit H shall be subject to the prior written approval of Owner. Contractor's Project Manager shall act as Contractor's liaison with Owner and shall have the authority (a) to administer this Agreement on behalf of Contractor, (b) to oversee, direct, and manage the responsibilities of Contractor under this Agreement, and (c) to bind Contractor as to the day-to-day project management operations under this Agreement. Contractor's Site Representative or other authorized Contractor Site supervisory personnel shall be present at the Site at all times when the Work is being performed at the Site.

5.3 Training; Qualification.

(a) Contractor Workers shall be trained, qualified and competent to perform such Work in accordance with this Agreement. Without limiting the generality of the foregoing, all such Contractor Workers shall have received all necessary training regarding environmental, safety, health and any other matters required by applicable Law or Owner Policies as may be relevant to the Work to be performed by such Contractor Workers. Contractor shall permit only Contractor Workers who are in compliance with the requirements of the Drug and Alcohol Policy and otherwise fit at the time they are employed and on each Day they perform the Work and are skilled in, and qualified to perform, the tasks assigned to them to perform such Work. Contractor shall ensure that each such Contractor Worker performs Work only within the scope of work that such Contractor Worker is qualified and equipped to undertake.

(b) Contractor acknowledges that the Office of Pipeline Safety of the Department of Transportation (the “DOT”) has mandated that each natural gas operator (including Owner) develop a qualification program to evaluate an individual’s ability to perform covered tasks and to recognize and react to abnormal operating conditions that may occur while performing covered tasks. To comply with applicable Law, Owner has established an Operator Qualification Plan (“OQ Plan”) to be used in developing, implementing and maintaining a comprehensive Operator Qualification Program. The OQ Plan is designed to reduce the risk of accidents or incidents as a result of human error on Owner’s pipeline facilities with qualified individuals. The OQ Plan contains a list of operating and maintenance tasks that are identified as “covered tasks” which meet the criteria stated in 49 C.F.R. Part 192. Contractor acknowledges that Owner is required to ensure that all Contractor Workers performing construction work on natural gas pipelines are qualified to perform these covered tasks in accordance with the OQ Plan. Accordingly, it is Contractor’s responsibility to ensure, and Contractor shall ensure, that only qualified personnel perform covered tasks in connection with the Work, including that all such personnel complete all necessary training and certification/qualification tests, except to the extent any that such personnel is under the direct observation of a qualified individual who is able to take immediate corrective action. Owner shall be entitled to have an Owner-designated evaluator evaluate Contractor using one or more of the following methods (as selected by such evaluator):

- (i) Examination (written or oral);
- (ii) Performance observation (on the job or at Owner’s simulator site);
- (iii) Owner-approved applicable license or certification; and
- (iv) Owner-approved OQ Plan/Training Program.

If any Contractor Worker fails to qualify for a covered task during initial or subsequent qualification or for suspected incident or poor performance issues, Contractor shall not permit such Contractor Worker to perform the task in question, unsupervised, until the re-evaluation has been completed and such Contractor Worker has been qualified. Upon re-evaluation, if such Contractor Worker’s performance is deemed unsatisfactory by the evaluator, Contractor shall not permit such Contractor Worker to apply for re-evaluation OR perform the task in question for a period of one (1) year following the second unsatisfactory evaluation. All training and OQ related records will be provided to and maintained by Owner. Contractor shall provide sufficient training to ensure that Contractor Workers performing covered tasks have the necessary knowledge and skills to perform the tasks in a manner that ensures the safe operation of Owner’s facilities and the construction of the Project. Training will be required in each of the following instances:

- (i) Development of new hires and existing Contractor Workers for each covered task performed;
- (ii) Preparing the Contractor Worker for performing new or individual tasks;
- (iii) Correction of Contractor Worker performance problems (e.g., poor performance, contribution to an incident); and
- (iv) Significant changes in practices or procedures used in performing covered tasks.

The method of training used by Contractor must be provided to and approved by Owner and is subject to verification audit by Owner from time to time.

5.4 Minimum Screening Guidelines.

(a) Contractor shall comply with all applicable labor, employment and immigration Laws that may impact Contractor's obligations under this Agreement, including all Laws that are now or that become applicable to Contractor during the period Contractor is performing Work. Without limiting the foregoing, Contractor shall comply strictly with all Laws relating to the verification of its workers' eligibility to work in the United States, including the Immigration Reform and Control Act of 1986 and Form I-9 requirements. For any Work performed at the Site or any other site of Owner or its customers or Affiliates and/or requiring access to Owner's or its Affiliates' assets, Contractor shall participate in E-Verify, perform all required employment eligibility and verification checks, and cooperate with the scope, timing, documentation, etc., of audits requested by Owner, which shall be performed by a third party immigration attorney selected by Owner at Owner's cost unless the audit reveals any non-compliance with Laws, in which case Contractor shall be responsible for said costs. Contractor shall maintain all required employment records for at least three (3) years following an employee's date of hire or, if earlier, one year following an employee's termination of employment (or such longer period as may be required by applicable Law).

(b) By providing a Contractor Worker under this Agreement to perform Work at the Site or any other site of Owner or its customers or Affiliates and/or requiring access to Owner's or its Affiliates' assets, Contractor warrants and represents that Owner's Minimum Screening Guidelines, a current copy of which is attached hereto as Exhibit N-1 (the "**Minimum Screening Guidelines**"), have been completed with respect to such Contractor Worker and that they did not reveal any information that could adversely affect such Contractor Worker's suitability for employment or retention by the applicable Contractor Person or competence or ability to perform duties under this Agreement following an individualized assessment of the specific facts and circumstances and consideration of Owner's Potential Disqualification Criteria, a current copy of which is attached hereto as Exhibit N-2 (the "**Potential Disqualification Criteria**"). For Contractor Workers who are performing Work at the Site or any other site of Owner or its customers or Affiliates, the screening measures set forth under "Supplemental Labor with Access to Duke Energy Assets" in the Minimum Screening Guidelines shall have been successfully completed. For Contractor Workers who are not performing Work at the Site or any other site of Owner or its customers or Affiliates, but who may or may not have access to Owner's assets, the screening measures set forth under either (i) "Contracted Service Baseload Work or Contracted Service Other *without* access to Duke Energy assets" in the Minimum Screening Guidelines or (ii) "Contracted Services Baseload Work or Contracted Services Other *with* access to Duke Energy assets and/or badged facilities access" in the Minimum Screening Guidelines (as applicable) shall have been successfully completed. Generally, Owner will rely on Contractor to make a determination as to whether to disqualify a candidate based on the Potential Disqualification Criteria. However, if there is a question as to a candidate's qualifications, Contractor may seek additional input from Owner. Contractor may also perform other screening measures as a reasonably prudent employer would deem appropriate; provided, however, that nothing in this Section shall be interpreted as authorizing or requiring Contractor to perform any screening measures or disqualify any worker in a manner that violates the federal Fair Credit Reporting Act, Title VII of the Civil Rights Act of 1964 or any other applicable Law. Contractor agrees to use additional screening measures that may be required by Owner based upon audit results to ensure Contractor's compliance with this Section. Except where prohibited by applicable Law, Contractor will have the ongoing duty to inform Owner immediately upon learning that any Contractor Worker is not suitable for performance of the Work. Except where prohibited by applicable Law, should Contractor

learn, after assigning a Contractor Worker to perform Work at the Site or requiring access to Owner assets, any information that Contractor, acting reasonably, considers would adversely affect such Contractor Worker's suitability for performance of the Work, Contractor will promptly advise Owner thereof and remove such Contractor Worker immediately from performing Work at the Site or any other site of Owner or its Affiliates and/or Owner's or its Affiliates' assets. Owner, in its sole discretion, shall have the option of barring from the Site any Contractor Worker whom Owner determines does not meet the qualification requirements set forth above.

5.5 **Drug and Alcohol Testing.** Contractor acknowledges that the DOT has instituted rules, with which Contractor shall comply, to control the use of drugs and alcohol in the Natural Gas and Hazardous Liquid Pipeline Industry. Contractor shall not permit any Contractor Worker in any way to use, possess, or be under the influence of illegal drugs or controlled substances or to consume or be under the influence of alcoholic beverages during the performance of the Work or otherwise while at the Site or elsewhere in connection with the Work. Any such Contractor Worker under the influence, or in possession of, alcohol, any illegal drug, or any controlled substance, will be removed from the Site by Contractor and, subject to Owner's fitness for duty program requirements, shall be prohibited by Contractor from performing any future Work at the Site or elsewhere related to the Work. Contractor acknowledges that it is aware of Owner's Alcohol and Drug Free Workplace Policy (the "**Drug and Alcohol Policy**"), a current copy of which is attached hereto as Exhibit N-3. Contractor shall implement and administer an alcohol/drug abuse policy acceptable to Owner and in compliance with (i) 49 C.F.R. Parts 199 and 40 and/or (ii) applicable state requirements for natural gas pipelines or liquefied natural gas facilities. Contractor's alcohol/drug abuse policy shall be at least as stringent as the Drug and Alcohol Policy and further acknowledges that each Contractor Worker shall be subject to "for cause" testing on the basis of Owner's reasonable suspicion of a violation of the Drug and Alcohol Policy. Owner may, at its sole discretion, upon notice to Contractor, audit Contractor's substance abuse testing records relating to the Work. Owner encourages Contractor to offer employee assistance to all employees who test positive and to have employees visit a Substance Abuse Program ("**SAP**").

(a) Contractor's drug and alcohol policy shall be consistent with either the Coalition for Construction Safety ("**CCS**") and/or the Construction Owners Association of the Tri-State ("**COATS**") COATS/Bethesda substance abuse testing programs, and Contractor will use those programs, which includes initial testing and random testing. In order to be eligible to work at the Site, Contractor Workers must possess a valid CCS or COATS ID card or show as valid status in the CCS data system. A valid drug screen chain-of-custody form documenting a pending result of a drug test performed within the past five (5) days may, in the discretion of Owner, be accepted to access at the Site or any other site of Owner or its customers or Affiliates while testing is in process. The following are the minimum substance abuse testing parameters:

- (i) Use of a Substance Abuse and Mental Health Services Administration approved laboratory.
- (ii) Use of a Medical Review Officer for confirmation of positive test results.
- (iii) Use of a NIDA 5 Panel Drug Screen with the following ng/ml cutoff and confirmation levels:

Drug	Ng/ml Cutoff	Ng/ml Confirmation
Marijuana (THC, Cannabinoids)	50	15
Amphetamines	500	250
MDMA – Ecstasy	500	250
Cocaine	150	100
Phencyclidine (PCP)	25	25
Opiates	2000	2000
6-AM - Heroin	10	10

(iv) Use of an evidential breath-testing device to detect the consumption of alcohol with a positive cutoff level of .04 percent.

(v) Unless otherwise prohibited by applicable Law, Contractor and its Subcontractors shall conduct post-accident testing, as well as testing when there is an objective reasonable basis to do so, as determined by Contractor or by Owner.

(b) While performing Work, Contractor Workers shall be subject to random drug and alcohol testing. The random selection method used by CCS/COATS shall be truly random and credible. Random substance abuse testing may be on any day or night and generally encompasses up to approximately 15% of Contractor Workers on Site at a given time. At Owner's discretion, random testing percentages may be adjusted higher or lower where Owner deems appropriate.

(c) Immediately upon receipt of test results, Contractor shall remove from the Site any Contractor Worker who tests positive or in any way does not comply with the Drug and Alcohol Policy. Contractor shall not allow a Contractor Worker who tests positive to return to the Work, unless, at a minimum, the following steps are completed by such Contractor Worker and Owner agrees in writing to allow such Contractor Worker to return to the Site and/or perform the Work: (i) such Contractor Worker completes an evaluation with an SAP; (ii) the SAP must, at a minimum, recommend the following: (1) some type of treatment or education beyond the initial assessment and (2) at least three (3) follow-up tests in the twelve (12) months following the return-to-duty test; (iii) a minimum of fourteen (14) Days must pass from the date of the positive test (date of that collection) before a test can be administered; and (iv) such Contractor Worker presents Midwest Toxicology with written documentation from a qualified SAP that states that he or she is fit for duty (ready to return to work), has completed an evaluation, and has at least started some form of education or treatment beyond the initial evaluation. The written documentation should be on the SAP's letterhead and be personally signed by an authorized representative of the SAP.

5.6 Supervision and Discipline. Contractor shall supervise, coordinate and direct the Work using Contractor's best skill, judgment and attention. Contractor shall enforce strict discipline and good order among all Contractor Workers (and all other Contractor Persons) at, or in the vicinity of, the Site. Contractor shall at all times take all necessary precautions to prevent any unlawful or disorderly conduct by or among all Contractor Workers (and all other Contractor Persons) and for the preservation of the peace and the protection of persons and property at, or in the vicinity of, the Site. Contractor shall be

responsible for labor peace of all Contractor Workers (and all other Contractor Persons) at, or in the vicinity of, the Site, and Contractor shall at all times exert its best efforts and judgment as an experienced contractor to adopt and implement policies and practices designed to avoid work stoppages, slowdowns, disputes and strikes where reasonably possible and practical under the circumstances.

5.7 Removal Rights. If Owner determines, in its reasonable discretion, that the presence of any personnel of any Contractor Person (including any Contractor Worker) at the Site or on any premises of Owner or its Affiliates or the performance by any Contractor Worker is not consistent with performing the Work in accordance with the terms and conditions of this Agreement, Owner may notify Contractor of the determination, and Contractor shall remove that personnel from performing Work at the Site and any other premises of Owner or its Affiliates. Removal and replacement of any such personnel shall be at no cost to Owner. Contractor shall absorb any travel costs or travel time for the replacement personnel to the Site or any such premises and for the replaced personnel from the Site or any such premises. Any such personnel who is removed from the Site, any such premises or the Work for violation of a requirement set forth in this Agreement shall not be eligible to provide any future Work under this Agreement without the express written consent of Owner. Contractor shall indemnify, defend and hold harmless the Owner Persons against, and will, on demand, compensate and reimburse the Owner Persons for, any Liabilities relating to (a) any Contractor Worker who fails a drug or alcohol test, and (b) any claims made by a Contractor Person (including Contractor Worker) resulting from removal as provided in this Agreement, including this Section 5.7; provided that, solely for the purposes of this Section 5.7, Liabilities will not include any Owner Person's defense costs if Contractor promptly accepts and properly carries out its defense and indemnity obligations in this paragraph. For the avoidance of doubt, Contractor shall not seek, and shall not be entitled to receive, any payment hereunder or any relief under the Baseline Schedule as a result of the removal or replacement of any Contractor Person pursuant to this Section 5.7.

5.8 Responsibility. Contractor Workers shall at all times remain the sole responsibility of Contractor for purposes of personal and professional liability. Contractor shall be solely responsible for all aspects of the labor relations of Contractor Workers, including wages, benefits, discipline, hiring, firing, promotions, pay raises, overtime and job and shift assignments. Owner shall have no such responsibility. Such Contractor Workers, while performing any Work, shall be and remain the employees of the applicable Contractor Person at all times. Contractor shall also be responsible for the correct determination of the exemption status, in accordance with the Fair Labor Standards Act of 1938 and all other applicable federal, state, and local Laws, of all Contractor Workers and shall promptly address and resolve any discrepancies or issues discovered with respect to any such personnel's exemption status.

5.9 Compensation of Employees. Contractor shall be responsible for ensuring that payment of compensation, and all taxes, assessments for unemployment insurance, social security and disability benefits, and other fees, benefits (including health and retirement) and taxes that are based upon such compensation, to all Contractor Workers is paid (or withheld and remitted to the appropriate Government Authority) as and when due. Contractor shall indemnify, defend and hold harmless the Owner Persons, including administrators of Owner's or its Affiliates' benefit and health plans, from and against, and will, on demand, compensate and reimburse the Owner Persons for, any Liabilities relating to such compensation and other required payments. Contractor shall maintain payroll and other wage, benefit and tax records related to Contractor Workers in accordance with generally accepted accounting practices and all applicable Laws.

5.10 Non-English Speaking Personnel. Contractor shall notify Owner's Project Manager prior to beginning any Work at the Site for which it anticipates using any non-English speaking Contractor Workers. If such Contractor Workers are used, Contractor shall provide another Contractor Worker who is bilingual or a translator (in the appropriate language(s)) fluent in speaking, reading and writing both English and the applicable non-English language who shall (a) be responsible for communicating safety and hazard related communications, emergency response, and other similar information translated from English for such non-English speaking personnel, (b) be on-Site in the immediate vicinity of non-English speaking employees at all times to communicate emergency information and instructions and (c) conduct a walk-down of the Work area with all non-English speaking employees, translating signs and explaining hazards and warnings, prior to commencing such Work. Contractor shall further ensure that all written and verbal safety training, hazard communications and work rules are provided in the appropriate language for such non-English speaking Contractor Workers while such Contractor Workers are performing Work at the Site.

5.11 Subcontractor Compliance. For the avoidance of doubt and consistent with Section 3.3(d), Contractor shall ensure that each Subcontractor complies with the provisions of this Article 5 and shall be responsible for any failure of such Subcontractor to comply with each such provision to the same extent as though it had failed to comply with such provisions.

6. LAWS; PROJECT AND SITE RULES

6.1 Compliance with Laws. Contractor shall comply, and shall cause all Subcontractors to comply, with all applicable Laws relating to the Work, the Facility or the Site, and Contractor shall give all applicable notices with respect to, and in accordance with, any applicable Laws. Contractor shall ensure that the Facility, as designed and constructed, complies, and, when operated in accordance with Prudent Industry Practice, shall comply with all applicable Laws. Without limiting the foregoing, Contractor shall comply with applicable provisions of Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act, Fair Labor Standards Act of 1938, Executive Order 11246, Executive Order 13672 and Executive Order 13496 (29 C.F.R. Part 471, Appendix A to Subpart A), the Rehabilitation Act of 1973, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, the National Labor Relations Act, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, and their respective implementing regulations, and every other applicable Law concerning employment rights or claims, all of which are made a part hereof as if set out herein. Contractor shall also comply, and cause all Subcontractors to comply, with all applicable Owner Policies. **This contractor (Owner) and subcontractor (Contractor) shall abide by the requirements of 41 C.F.R. 60-300.5(a) and 60-741.5(a), and all amendments of the foregoing that may be made from time to time, all of which are incorporated herein by reference. These regulations prohibit discrimination against qualified individuals on the basis of protected veteran status or disability, and require affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and individuals with disabilities.** To the extent applicable, during the performance of this Agreement, Contractor shall observe and abide by the Equal Employment Opportunity provisions contained in 41 C.F.R. 60-1.4 and the reporting clause set forth in 41 C.F.R. 61-300.10, and all amendments of the foregoing that may be made from time to time, all of which are incorporated herein by reference. In addition, Contractor shall comply with the following Federal Acquisition Regulation ("FAR") clauses as indicated and as applicable: (i) FAR 52.203-13, Contractor Code of Business Ethics and Conduct (Purchase Orders that exceeds \$5 million and have a performance period of more than 120 Days); (ii) 52.219-8, Utilization of Small Business Concerns (Purchase Orders that exceed \$150,000); (iii) 52.222-26, Equal Opportunity (all Purchase Orders unless Contractor is exempt from EO 11246); (iv) 52.222-35, Equal Opportunity for Veterans (all Purchase

Orders of \$100,000 or more unless Contractor is exempt); (v) 52.222-36, Affirmative Action for Workers with Disabilities (Purchase Orders that exceed \$15,000 unless Contractor is exempt); (vi) 52.222-40, Notification of Employee Rights Under the National Labor Relations Act (Purchase Orders that exceed \$10,000 unless Contractor is exempt); (vii) 52.222-50, Combating Trafficking in Persons (all Purchase Orders); and (viii) 52.222.55, Minimum Wages Under Executive Order 13658 (all Purchase Orders).

6.2 Export Control Laws. Contractor shall fully comply with all applicable export and import control Laws with regard to any Work or with regard to information supplied by, or on behalf of, Owner to Contractor under this Agreement. In particular, Contractor shall not directly or indirectly use, export, re-export, distribute, transfer or transmit any such Work or information in whole or in part and in any form without all required United States and foreign government licenses and authorizations, including any applicable export control licenses of the U.S. Nuclear Regulatory Commission, the U.S. Department of Energy or the U.S. Department of Commerce. In no event shall Owner be obligated under this Agreement or any other agreement to provide access to or furnish any Work or information except in compliance with applicable United States export control Laws, policies, licenses and approvals.

6.3 Foreign Corrupt Practices Act. Contractor shall not offer or make payments or anything else of value, directly or indirectly, to any official, agent or employee of a Government Authority, or a candidate of a political party, for the purpose of obtaining or retaining business relating to, or in connection with, the Project or this Agreement, and, if Contractor makes any such offer or payment, Owner may terminate this Agreement immediately and have no further obligation, or any Liability based on such termination, to Contractor. Contractor agrees to comply fully with all applicable anti-corruption and similar Laws of any jurisdiction in which any activity is performed or dealings occur related to, or in connection with, the Project or this Agreement, including the United States Foreign Corrupt Practice Act (15 U.S.C. §78dd-1 and 2), as amended, and the principles set forth in the Organization for Economic Cooperation and Development Convention Combating Bribery of Foreign Public Officials in International Business Transactions and, as applicable, Owner's Code of Business Ethics, a current copy of which is attached hereto as Exhibit N-5.

6.4 Cyber Security. Should any Contractor Worker require or be permitted cyber access or unescorted physical access to Owner's or its Affiliates' assets, that are classified as "critical" under NIST 800-53 and/or ISO 27001-2004 for Cyber Security or the regulatory requirements of the North American Electric Reliability Corporation ("NERC") or pursuant to the Pipeline Security Guidelines issued by the Transportation Security Administration or that are covered by the PHMSA pipeline safety regulatory program (49 CFR Part 190-199), then such Contractor Worker shall be required to meet certain pre-requisites prior to access to any such critical assets. Therefore, when any secured electronic or physical access is needed or permitted, all Persons identified above in this provision shall: (a) successfully complete the Owner-administered background screening requirement; (b) take the Owner-administered Cyber Security training entitled Information Security Awareness Training located at <http://www.duke-energy.com/suppliers/contractor-training.asp>; (c) be given a company identification number in Owner's Human Resources Management System (HRMS) for tracking purposes; and (d) be subject to such additional requirements as Owner may require from time to time in respect to any Person having such access. In the event that Contractor (i) determines that any of the Persons permitted access pursuant to this Section no longer require access or (ii) terminates the employment of any of the Persons permitted access pursuant to this Section, Contractor shall notify Owner within twenty-four (24) hours of such determination or termination.

6.5 Compliance with Regulatory Code of Conduct. Contractor acknowledges that Contractor may be given access to or otherwise become aware of certain operational information of Owner or its Affiliates, the disclosure of which to other departments or Affiliates of Owner is prohibited by federal Law. Such operational information includes (a) planned outage schedules, (b) events of forced outages and derates, (c) construction schedules, (d) operational practices at Owner's or its Affiliates' generating stations, and (e) transmission system planning and operational data. Contractor shall, and shall require its Subcontractors to (i) maintain the strict confidentiality of such operational information, and (ii) not share such operational information with any third parties, including any other departments or Affiliates of Owner, without the prior written consent of Owner (or the applicable Affiliate), which shall be granted in Owner's (or such Affiliate's) sole discretion.

6.6 Fraud and Ethics. Contractor shall be familiar with and shall adhere to the principles of the Supplier Code of Conduct, a current copy of which is attached hereto as Exhibit N-4, as well as Contractor's ethics and compliance guidelines. Contractor shall promptly report any fraud, illegal activity, fiscal waste or abuse, or other violations of the Supplier Code of Conduct by any party, including Contractor's suppliers and service providers. Such activity may be reported by contacting: (a) Owner's contract administrator or assigned project manager; (b) Owner's EthicsLine managed by an independent third party at 866.8ETHICS (866.838.4427), which may be called anonymously, or by web submittal at <https://ethicsline.duke-energy.com>; or (c) by sending an e-mail to Owner's Ethics and Compliance Office at Ethics_Officer@duke-energy.com.

6.7 Conflict of Interest. Contractor represents and warrants that it has given no, and covenants that it will not give any, commissions, payments, gifts, kickbacks, lavish or extensive entertainment or other things of value to any employee or agent of Owner, its Affiliates or anyone else in connection with this Agreement in violation of Owner's Code of Business Ethics, a current copy of which is attached hereto as Exhibit N-5, and acknowledges that the giving of any such payments, gifts, entertainment, or other things of value is strictly in violation of Owner's Code of Business Ethics and shall entitle Owner to terminate without liability this Agreement and any other agreements between the Parties. Contractor shall notify Owner's ethics department of any such solicitation by any of Owner's or its Affiliates' employees or agents.

6.8 Cleanliness Control; Foreign Material Exclusion. Contractor acknowledges and agrees that the Work to be supplied by Contractor under this Agreement is important to the operation of the Facility. Contractor shall establish Cleanliness Control/Foreign Material Exclusion practices to ensure that new, repaired or refurbished parts, Equipment and, after delivery to Contractor hereunder, Owner Equipment are when delivered and installed free from dirt, soil, mill scale, weldsplatter, oil, grease, stains, broken or loose parts, contaminants, or other foreign material that may be detrimental to the operation of the Equipment or interfacing equipment and systems of Owner, including Owner Equipment. Other examples of foreign material include loose fasteners, debris resulting from machining or other manufacturing processes, and tags or labels used in the manufacturing process that are not permanently affixed to internals. Prior to shipment of any Equipment to the Site, Contractor shall, or shall cause its Subcontractors to, inspect the parts and Equipment to ensure that no foreign materials or detrimental contaminants are present, including internal surfaces and cavities of the Equipment. Additional measures shall be taken by Contractor to prevent foreign material from entering the Equipment, including protective caps, plugs, or covers in or over such openings. Precautions shall also be taken to ensure foreign material is not introduced during packaging and shipping. If Equipment is shipped with other parts (such as seals, gaskets, lubricants, mounting hardware), precautions shall be taken to ensure smaller items cannot be introduced into openings or cavities of larger parts and Equipment. The packing list shall clearly identify every item included with the shipment. If desiccants or other preservatives are

used to protect the item(s), the affected part or Equipment shall be clearly labeled or tagged with information including the type of preservative, its location, and any special instructions pertaining to its removal prior to installation.

6.9 Suspect/Counterfeit Parts; Prototypes.

(a) Contractor is hereby notified that the delivery of suspect/counterfeit parts is of special concern to Owner. If any Equipment (or the components thereof) covered by this Agreement is described using a manufacturer part number or using a product description and/or specifies an industry standard, Contractor shall be responsible to assure that the replacement Equipment (or the components thereof) supplied by Contractor meet all requirements of the latest version of the applicable manufacturer data sheet, description, and/or industry standard. If Contractor is not the manufacturer of the applicable Equipment (or the components thereof), Contractor shall ensure that the replacement Equipment (or the components thereof) supplied under this Agreement is made by the original equipment manufacturer and meet the applicable manufacturer data sheet or industry standard. Should Contractor desire to supply replacement Equipment (or the components thereof) that may not meet the requirements of this Section, Contractor shall notify Owner of any exceptions and receive Owner's written approval prior to shipment thereof to Owner. If suspect/counterfeit parts are furnished under this Agreement or are found in any of the Equipment delivered hereunder, such items will be dispositioned by Owner and/or Contractor, and may be returned to Contractor. Contractor shall promptly replace such suspect/counterfeit parts with parts acceptable to Owner and Contractor shall be liable for, and Owner may backcharge Contractor for, all costs, including Owner's internal and external costs, relating to the removal and replacement of said parts.

(b) Contractor shall not provide any Work (or any component thereof) hereunder that Owner reasonably believes to be considered a "prototype," "unproven" or other descriptions of a similar nature. Should Contractor desire to supply such Work (or any component thereof), Contractor shall notify Owner of such desire and shall receive Owner's written approval prior to the provision of such Work. If prototype or unproven Work is furnished under this Agreement, such items will be dispositioned by Owner and/or Contractor and may be returned to Contractor. Contractor shall promptly replace such Work with Work acceptable to Owner and Contractor shall be liable for, and Owner may backcharge Contractor for, all costs, including Owner's internal and external costs, relating to the removal and replacement of such Work.

6.10 Environmental, Health and Safety.

(a) Environmental, Health and Safety Programs. Contractor shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with its performance of this Agreement, including appropriate precautions and programs for areas in, or in the vicinity of, the Site. Without limiting the generality of the foregoing, Contractor shall comply with all applicable Environmental Laws and meet the requirements of all Owner Policies relating to environmental, health, safety, and security, including [**]. Contractor shall develop, implement and maintain a written safety management plan that complies with the requirements set forth in this Agreement. Contractor shall deliver such plan to Owner for its review and approval at least sixty (60) Days prior to the date on which Contractor mobilizes to the Site. Contractor shall be solely responsible for the safety of, and prevention of accident or injury on or about the Site or in providing the Work. Contractor agrees that it and the other Contractor Persons will at all times comply with all of Owner's safety and security regulations, standards and procedures in effect from time to time at the Site. Owner shall bear no responsibility for the safety of the Site or any Contractor Person.

(b) Environmental, Health and Safety Personnel. Contractor shall designate a responsible, qualified, full-time member of Contractor's organization at the Site (an "**EH&S Personnel**") whose duty shall be the prevention of incidents and injuries and addressing unsafe and undesirable behavior for each of the following three (3) areas: environmental matters (U.S. Environmental Protection Agency and any applicable State agency), health matters (industrial hygiene and employee health hazard prevention/mitigation) and safety matters, as each area relates to construction activities generally and the Work specifically. One individual may be designated for more than one of these three areas if the individual is qualified in all such areas. Contractor shall ensure that the ratio of EH&S Personnel to Contractor Workers is always in compliance with the applicable Owner Policy. Each EH&S Personnel (i) shall be qualified to competently conduct a root cause analysis, (ii) shall have sufficient years of experience serving in a case management role that makes such individual competent in fulfilling that role, (iii) shall have sufficient years of experience serving in an incident reporting role that makes such individual competent in fulfilling that role and (iv) shall report directly to Contractor's EH&S Manager. Contractor shall provide reasonable prior written notice to Owner and shall receive Owner's prior written approval (such approval not to be unreasonably withheld) for the designation of or any change in EH&S Personnel.

(c) OSHA and Other Laws. Contractor shall give notices and comply with all applicable Laws bearing on the safety of Persons or property or their protection from damage, injury or loss, including the Occupational Safety and Health Act ("**OSHA**") and the Americans with Disabilities Act.

(i) Contractor represents that it is familiar with the Site and its vicinity, the Work to be performed, the Equipment to be provided, the Facility to which the Equipment will be a part, the hazards of the Work, and, if applicable, the Safety Data Sheets for, and the hazards of, the Hazardous Materials that Contractor is expected to provide. Contractor acknowledges that Safety Data Sheets of all chemicals located at the Site are available to Contractor Workers upon a request made to Owner's Project Manager or other safety representative of Owner at the Site. Contractor also represents that it is familiar with the labeling system used in the workplace.

(ii) Contractor acknowledges that OSHA, its regulations and standards or the State equivalents (collectively, the "**OSHA Standards**") require that Contractor Workers be trained in various subjects, such as, but not limited to, the hazards of, and standards applicable to, the Work (29 C.F.R. § 1926.21(b)(2)) (applicable to construction work), lockout/tagout (29 C.F.R. § 1910.147), confined space entry (29 C.F.R. §§ 1926.21(b)(6) or 1910.146), and asbestos (29 C.F.R. §§ 1910.1001 or 1926.1101). Contractor shall ensure that any person performing any Work shall have been trained, prior to performing such Work, in accordance with all applicable OSHA Standards as well as to recognize and avoid any hazards related to the Work and to perform the Work safely and without danger to any person or to any property.

(iii) Contractor shall ensure that each Contractor Worker shall have been equipped, prior to performing any Work, with the personal protective equipment required by applicable OSHA Standards in 29 C.F.R. Parts 1926 and 1910, and with the personal protective equipment required to protect Contractor Workers against other serious health or safety hazards. Contractor agrees that it shall discipline any Contractor Worker who violates any OSHA Standards or other applicable Laws in accordance with its own policies and procedures.

(iv) Contractor shall comply with all OSHA Standards applicable to the Work, including those requiring pre-employment testing of employees, including pulmonary testing,

blood testing, urine testing, hearing testing, respirator fit testing, drug screening, and/or applicable medical surveillance testing.

(v) Contractor shall fully comply with its safety programs and/or any Site specific safety plans which Owner has reviewed and accepted.

(vi) Within twenty-four (24) hours of a request by Owner and to the extent permitted by applicable Law, Contractor shall provide Owner with copies of any and all training for Contractor Workers concerning any safety and health standard, any substantive or technical training requirement of the job or the results of any occupational testing.

(d) Worksite Safety.

(i) Contractor recognizes the importance of the safety of all workers at the Site and agrees that accident prevention shall be an integral part of Contractor's operations. Contractor shall provide and maintain adequate first-aid facilities and shall cooperate with all other contractors at the Site and with Owner. Contractor's Project staff shall include a full time environmental, health and safety (EH&S) manager ("**Contractor's EH&S Manager**"). Contractor shall furnish all information concerning the safety of its operations as may be reasonably required by Owner, including records of accidents to employees, radiation exposure hours of employees, and time lost due to accidents. In the event that Owner discovers a condition or work practice that it considers to be unsafe, Owner may issue a Stop Work Order pursuant to Section 4.14, for all or a portion of the Work, without cost relief or adjustment to the Baseline Schedule until the unsafe condition or Work practice is made safe.

(ii) Contractor shall take all reasonable precautions for the safety of, and shall provide reasonable protection to prevent damage, injury or loss to Persons and property resulting from the Work, including:

(1) Contractor Workers and all other Persons who may be affected by the performance of the Work;

(2) the Equipment and Owner Equipment to be incorporated into the Facility, whether in storage on or off the Site or under the care, custody or control of Contractor or Subcontractors; and

(3) other property at or adjacent to the Site, including trees, shrubs, lawns, walks, pavements, roadways, structures and utilities.

(iii) Contractor shall give any required notices and shall comply with applicable Laws bearing on safety of persons or property or their protection from damage, injury or loss.

(iv) Contractor shall erect, maintain or undertake, as required by existing conditions and the performance of this Agreement, all reasonable safeguards for the safety and protection of Persons and property, including posting danger signs and other warnings against hazards, promulgating safety regulations, and notifying owners and users of adjacent sites and utilities. Those precautions may include providing security guards.

(v) Contractor agrees to provide to Owner the name, title, and phone number of its emergency contact person prior to the commencement of the Work.

(vi) In addition to reporting to Government Authorities as required by applicable Law, Contractor shall promptly report in writing to Owner all accidents arising out of or in connection with the Work in accordance with Owner's site policies and procedures, including Owner's Health and Safety Supplemental Requirements, a current copy of which is attached hereto as Exhibit N-7. For all accidents that involve Contractor or any Subcontractor (whether the Work or any other project) and that cause death or serious bodily injury, Contractor shall immediately notify Owner's health and safety representative by telephone or messenger, giving full details and statements of any witnesses. In the event of a serious accident, the accident scene shall not be disturbed until released by Owner, except for circumstances where imminent danger exists to those performing emergency services. Contractor shall complete and deliver to Owner a report within 24 hours for all damages, injuries, and near misses. Contractor will collect and maintain safety and health data for the performance of the Work, which will include total hours worked, incidents, near misses, lost work days, restricted duty, recordable injuries, workers compensation experience modifier, and any OSHA or State plan citation history. Upon request, Contractor will provide this data to Owner.

(vii) Upon request from Owner and without limiting the rights of Owner set forth in Section 6.10(e), Contractor shall provide an OSHA log listing injuries or illnesses sustained by Contractor employees during the five (5) years preceding the request in any of Owner's process areas subject to Owner's process safety management standard, 29 C.F.R. § 1910.119, as provided to Contractor. As soon as Contractor's EMR rates become available with respect to a calendar year (commencing with the calendar year of the Effective Date), Contractor shall provide Owner with such EMR rates.

(viii) Contractor shall not load, unload or permit any part of the Equipment or Owner Equipment to be loaded or unloaded at, or in the vicinity of, the Site so as to endanger the safety of Persons or property.

(ix) In the event of any emergency endangering life or property, Contractor shall take all actions as may be reasonable and necessary to prevent, avoid or mitigate injury, damage or loss and shall promptly report each such emergency, and Contractor's responses thereto, to Owner.

(x) Each week, Contractor shall submit to Owner a copy of its records of its daily pre-job safety briefings with respect to the prior week while on-Site.

(e) Owner's Right to Conduct OSHA Audits. To the extent permitted by applicable Law, Owner shall have the right to review and copy all of Contractor's documents that relate to safety and health at the Site, including Contractor's safety and health programs, safety and health training records, OSHA recordkeeping forms (such as 101, 200, 300 and 301), any incident report or first report of injuries form and any industrial hygiene monitoring test results.

6.11 Hazardous Materials.

(a) Safety Data Sheets. Contractor shall provide to Owner, in advance for review (and approval of the presence of materials covered thereby), all Safety Data Sheets covering all Hazardous Materials to be furnished, used, applied, or stored by Contractor at, or in the vicinity of, the Site.

Contractor shall provide Owner's Project Manager with copies of any such Safety Data Sheets prior to entry at the Site or its vicinity or with a document certifying that no Hazardous Materials will be brought onto, or in the vicinity of, the Site by Contractor during the performance of the Work. Contractor shall coordinate with Owner's Project Manager to provide a listing of all of Contractor's Hazardous Materials and their quantities at, or in the vicinity of, the Site for purposes of chemical inventory reporting pursuant to 40 C.F.R. Part 370 and similar State regulations.

(b) Hazardous Waste Minimization Plan. Contractor shall develop, implement and maintain a written Hazardous Waste minimization plan that complies with the requirements of this Agreement and is designed to ensure that Contractor utilizes the best practices for minimizing the generation of Hazardous Waste and avoids increasing the Hazardous Waste generator status for the Facility. Contractor shall deliver such plan to Owner for its review and approval at least sixty (60) Days prior to the date on which Contractor mobilizes to the Site.

(c) Use, Storage & Removal. When the use or storage of explosives or other Hazardous Materials is necessary for the performance of the Work, Contractor shall exercise the utmost care and shall conduct its activities under the supervision of properly qualified Contractor Workers in accordance with all applicable Laws. Before the Mechanical Completion Date, Contractor shall collect (for removal by Owner from the Site) in accordance with all applicable Laws all explosives and other Hazardous Materials that Contractor or the Subcontractors brought onto, or in the vicinity of, the Site or hazardous chemicals and equipment Contractor or the Subcontractors used, stored or located at, or in the vicinity of, the Site, unless the same have been permanently incorporated into the Facility. All such equipment and materials shall be collected, containerized and stored in accordance with all applicable Laws, and Contractor shall so certify in writing to Owner.

(d) Notice of Presence. Prior to bringing any Hazardous Material to, or in the vicinity of, the Site, Contractor shall provide written notice to Owner identifying any such Hazardous Materials that Contractor proposes to bring onto, or in the vicinity of, the Site. Contractor shall cooperate with Owner in reporting the presence and use of such Hazardous Materials to local fire, medical, and law enforcement agencies as required by applicable Law and Government Authorities. Contractor shall obtain Owner's approval to the extent required by any Owner Policies prior to bringing Hazardous Materials, including pesticides, onto, or in the vicinity of, the Site.

(e) Labeling; Training. Contractor shall label all Hazardous Materials that Contractor brings to, or in the vicinity of, the Site and train all persons performing any Work, as necessary, in the safe use of such Hazardous Materials, in each case as required by all applicable Laws and Owner Policies.

(f) Handling, Collection, Removal, Transportation and Disposal.

(i) When the use or storage of explosives or other Hazardous Materials or equipment is necessary for the performance of the Work, Contractor shall exercise the utmost care and shall conduct its activities under the supervision of properly qualified Contractor Workers in accordance with all applicable Laws and Owner Policies.

(ii) Unless otherwise agreed by the Parties in writing, Contractor shall be responsible for the proper handling, collection and containerizing of all Hazardous Materials introduced, generated or brought onto, or in the vicinity of, the Site by Contractor, including any Hazardous Materials furnished, used, applied or stored at, or in the vicinity of, the Site by Contractor, including used oils, greases, and solvents from flushing and cleaning processes performed under

this Agreement, provided that removal and disposal of such Hazardous Materials that have not been permanently incorporated into the Facility as required by the Scope of Work shall be conducted by Owner and Owner shall be entitled to backcharge Contractor for the costs thereof. All activities performed by Contractor in performing its obligations under this Article shall be performed in accordance with the requirements of all Government Authorities and all applicable Laws. For the avoidance of doubt, Contractor has no obligations with respect to the handling, collection, removal, disposal or containerizing of, and shall not disturb, any pre-existing Hazardous Materials, except to the extent Contractor knowingly or negligently caused the release of such pre-existing Hazardous Materials, in which case Contractor shall be responsible for such released contamination, including remediation thereof.

(iii) Before, and as a condition to, Mechanical Completion, Contractor shall have performed its obligations set forth in Section 6.11(f)(ii) in respect to any then existing Hazardous Materials that have not been permanently incorporated into the Facility as required by the Scope of Work. All such Hazardous Materials shall be handled, collected and containerized in accordance with all applicable Laws, and, upon request by Owner, Contractor shall so certify in writing to Owner.

(iv) Contractor shall be responsible for the collection and containerization of Hazardous Wastes that it or any Subcontractor produces or causes to be produced at or in the vicinity of any Site. Contractor's collection and containerization of such Hazardous Wastes shall be performed under the direction of Owner. Owner shall be responsible for the removal, transportation and disposal of all Hazardous Wastes and shall be entitled to backcharge Contractor for the costs thereof.

(v) Contractor shall indemnify, defend and hold harmless the Owner Persons and any other Person with an ownership interest in the Site from and against, and will, on demand, compensate and reimburse the Owner Persons and any other Person with an ownership interest in any Site for, any Liabilities relating to the contamination of the environment or injury to natural resources to the extent caused by any Contractor Person.

(vi) Contractor has included time in the Baseline Schedule for satisfying its obligations under this Agreement as to all Hazardous Materials and Hazardous Wastes that are discovered, or are or should have been reasonably anticipated through the exercise of Prudent Industry Practice, before the Effective Date. Contractor shall not seek, and shall not be entitled to receive, any payment hereunder or any relief under the Baseline Schedule as a result of satisfying its obligations with respect to any such Hazardous Materials or Hazardous Wastes, including the handling, collection or containerizing of such Hazardous Materials or Hazardous Wastes.

(g) Notice of Discovery. Contractor shall provide written notice to Owner of all suspected Hazardous Materials that Contractor finds during performance of the Work promptly, and in any event within two (2) Days, after discovery of such Hazardous Materials.

(h) Policies and Procedures. In respect to its Work at, or in the vicinity of, the Site, Contractor shall adhere to all Owner Policies for environmental compliance, including Owner's Environmental Work Practices Manual and Hazardous Material safety programs. If no such Work Site policies or procedures exist, Contractor shall develop, implement and enforce effective written policies and procedures applicable to the Work, within the framework of all applicable Laws, for general Work Site

safety and the proper labeling, handling, collection and containerizing of any Hazardous Materials at the Site in order to obtain the highest standards of prudent practice at the Site for the safety of all Contractor Persons.

(i) Products Containing Hazardous Constituents.

(i) Except as otherwise authorized by Owner in writing, all Work furnished by Contractor and all materials and tools furnished by Contractor at, or in the vicinity of, the Site shall contain zero percent (0%) asbestos, refractory ceramic fibers, hexavalent chromium or methylene chloride; provided, however, this prohibition shall not apply to: (a) hexavalent chromium in welding rods that are required for welding operations or (b) hexavalent chromium that results as a byproduct from welding operations. For primers or coatings suspected of containing lead, Contractor shall ensure the lead content of such primers or coatings is no more than the current Consumer Product Safety Commission threshold. If Owner authorizes in writing such delivery or use, Contractor shall clearly mark all containers or other materials containing the above constituents, and such containers or materials shall be sealed to prevent any leakage. Contractor shall indemnify, defend and hold harmless the Owner Persons from and against, and will, on demand, compensate and reimburse the Owner Persons for, any and all Liabilities incurred from, arising out of or relating to any such constituents furnished by Contractor at, or in the vicinity of, the Site without the prior written authorization of Owner or, if so authorized, contrary to the terms of such authorization.

(ii) As a condition to Mechanical Completion, Contractor shall provide Owner with a certificate of compliance to the requirements of Section 6.11(i)(i), which certificate shall be in the form attached hereto as Exhibit L.

(iii) To the fullest extent permitted by applicable Law, Contractor shall indemnify and hold harmless each Owner Person from and against any and all Liabilities incurred from, arising out of or relating to any Hazardous Materials brought onto the Site by any Contractor Person.

(j) Owner's Right to Conduct Environmental Audits. Owner shall have the right to conduct an environmental review of any of Contractor's or any Subcontractor's facilities at the Site or related to the Work at any time to verify compliance with applicable Environmental Laws and this Section. Contractor shall ensure that Owner shall have the right to conduct on-site environmental audits of any Subcontractor's facilities to verify compliance with applicable Environmental Laws. Contractor shall perform periodic self-assessments to ensure compliance with applicable Environmental Laws and this Section. Contractor shall fully cooperate and assist with Owner's environmental reporting and self-assessment and shall, as a part of the Work, comply with and prepare all necessary documentation as required therein. Contractor shall provide Owner with original environmental reports or records relating to the Work or the Site within five (5) Days of creation or receipt.

6.12 No Reliance. CONTRACTOR ACKNOWLEDGES AND AGREES THAT ANY TRAINING OR ANY MINIMUM SAFETY, HEALTH, ENVIRONMENTAL OR OTHER REQUIREMENTS AS MAY BE PROVIDED BY OWNER OR ANY OF ITS AFFILIATES TO CONTRACTOR ARE NOT INTENDED TO (AND DO NOT) PROVIDE LEGAL OR OTHER PROFESSIONAL ADVICE AND NEITHER OWNER NOR ANY OF ITS AFFILIATES MAKES ANY REPRESENTATION OR WARRANTY THAT THE INFORMATION CONTAINED THEREIN SATISFIES REQUIREMENTS OF ANY LAWS. CONTRACTOR AGREES THAT IT SHALL CONSULT WITH AND RELY SOLELY

UPON ITS OWN LEGAL COUNSEL OR OTHER QUALIFIED PERSONS WITH RESPECT TO SATISFYING REQUIREMENTS OF ANY LAWS AS ARE APPLICABLE TO THE WORK. CONTRACTOR ACKNOWLEDGES AND AGREES THAT (I) IT IS NOT RELYING ON ANY CLAIM OR REPRESENTATION OF OWNER OR ITS AFFILIATES RELATIVE TO ANY SAFETY, HEALTH, ENVIRONMENTAL OR OTHER REQUIREMENTS, (II) OWNER EXPRESSLY DISCLAIMS ANY CLAIM OR REPRESENTATION THAT THE INFORMATION CONTAINED IN ANY TRAINING OR IN ANY SAFETY, HEALTH, ENVIRONMENTAL OR OTHER REQUIREMENTS FROM OWNER OR ITS AFFILIATES WILL PRODUCE ANY PARTICULAR RESULTS, INCLUDING COMPLIANCE WITH ANY LAWS, AND (III) NEITHER OWNER NOR ITS AFFILIATES SHALL BE RESPONSIBLE FOR ANY ERRORS OR OMISSIONS IN THE DESIGN, IMPLEMENTATION, AND/OR ENFORCEMENT OF ANY TRAINING OR IN ANY SAFETY, HEALTH, ENVIRONMENTAL OR OTHER REQUIREMENTS.

6.13 Cooperation in Governmental Investigation. Contractor shall fully cooperate with and assist, and cause all Contractor Workers to fully cooperate with and assist, Owner in responding to requests by any Government Authority for information in connection with inspections or investigations of Owner relating to the Work. Within one (1) Day of the request, or upon such other reasonable time as agreed by the Parties, Contractor shall make Contractor Workers available at the Site for interviews and shall produce copies of any documents relevant to the investigation to Owner. Except as prohibited by applicable Law, Contractor shall promptly inform Owner of inspections and investigations on Contractor's property, and of subpoenas, document requests, requests for information, deposition notices, discovery requests, or similar requests by any Government Authority, concerning Owner, its Affiliates, the Work, or any accidents, injuries, illnesses or claims resulting from the Work.

6.14 Subcontractor Compliance. For the avoidance of doubt and consistent with Section 3.3(d), Contractor shall ensure that each Subcontractor complies with the provisions of this Article 6 and shall be responsible for any failure of such Subcontractor to comply with each such provision to the same extent as though it had failed to comply with such provisions.

7. OWNER RESPONSIBILITIES

7.1 Owner's Representative. Owner shall appoint Owner's Project Manager with whom Contractor may consult at all reasonable times and whose instructions, requests and decisions shall be binding upon Owner as to all matters pertaining to this Agreement and the performance of the Parties under this Agreement; provided, however, that no amendment or modification of this Agreement shall be effected except by an amendment, and no Change shall be effected except as provided in Article 10. Owner may replace Owner's Project Manager at any time in its discretion.

7.2 Access.

(a) Subject to Section 12.4(c), from the Effective Date until the Substantial Completion Date, Owner shall provide Contractor, at no additional cost to Contractor, access to the Site as Contractor may reasonably require for the construction of the Facility and for Contractor's office. After the Substantial Completion Date, Owner shall allow Contractor reasonable access to the Site in order to achieve each Final Completion and to perform its warranty Work. Access to and use of the Site is granted "AS IS, WHERE IS", WITHOUT REPRESENTATION OR WARRANTY (EXPRESS OR IMPLIED, INCLUDING REPRESENTATION OF FITNESS FOR A PARTICULAR USE), AND WITHOUT RECOURSE TO OWNER OR ANY OF ITS AFFILIATES OR THEIR RESPECTIVE AGENTS.

(b) Owner shall make available to Contractor the Owner Equipment Contracts (subject to any redactions of provisions which are not necessary for Contractor in order for Contractor to perform the Work).

7.3 Permits. Owner shall be responsible for obtaining, renewing and maintaining the permits, licenses, approvals and certifications listed in the Scope of Work as the responsibility of Owner (collectively, the “**Owner Permits**”). Contractor shall provide Owner with all information, documents, data, criteria and performance characteristics of the Facility reasonably requested by Owner to assist Owner in obtaining the Owner Permits.

7.4 Key Owner Schedule Milestones. Owner shall achieve the Key Owner Schedule Milestones by their respective Key Owner Schedule Milestone Dates, including procure and provide the Owner Equipment by its Key Owner Schedule Milestone Date as set forth in the Baseline Schedule. Except to the extent that the failure of any Owner Equipment to be provided by the dates set forth in the Baseline Schedule or to perform in accordance with its manufacturer’s specifications is caused by Contractor’s failure to perform its obligations in accordance with this Agreement, Contractor shall be entitled to a Change Order for any impact to Contractor from the delay in delivery or failure of such performance of the Owner Equipment.

8. SCHEDULE

8.1 Commencement and Prosecution of Work. [**] Contractor shall perform the Work in accordance with the Baseline Schedule and shall achieve the Key Contractor Schedule Milestones by their respective Key Contractor Schedule Milestone Dates. Without limiting the generality of the foregoing, Contractor shall perform the Work so that Mechanical Completion occurs no later than the Key Contractor Schedule Milestone Date for Mechanical Completion, Substantial Completion occurs no later than the Guaranteed Substantial Completion Date and Final Completion occurs no later than the Key Contractor Schedule Milestone Date for Final Completion. Contractor recognizes that, in the utility industry, it is frequently necessary for work to be rescheduled. Therefore, in accepting this Work, Contractor recognizes that portions of the Work may be rescheduled within a reasonable amount of time of the specified dates and agrees to comply with any reasonable rescheduling of the Work, and any Contractor requests for Contract Price adjustments and extension of the Baseline Schedule may be made pursuant to Changer Order process set forth in Article 10. The Baseline Schedule may be modified only with the prior written consent of Owner or as permitted by the Project Controls Requirements and Article 10.

8.2 Progress Schedule. Unless required more often by Owner, Contractor shall update the Progress Schedule on a weekly basis and shall provide a copy to Owner in accordance with the Project Controls Requirements. The Progress Schedule shall measure the Work against the Baseline Schedule and shall comply with the Project Controls Requirements, including all requirements for a Level 3 Schedule. Contractor shall maintain and make available to Owner at all times at the Site, or such other location mutually agreed upon by the Parties, a current, working copy of the Progress Schedule. No update of or revisions to the Progress Schedule shall be deemed to alter, revise or otherwise change the Baseline Schedule or any Key Contractor Schedule Milestone Date.

8.3 Enhanced Project Management Process.

(a) Remedial Plan. If, at any time, Owner reasonably determines that Contractor's methods, equipment or work force are inefficient or inadequate for securing the rate of progress required to comply with the critical path of the Baseline Schedule, including achievement of any Key Contractor Schedule Milestone by its Key Contractor Schedule Milestone Date, or Contractor fails to achieve any Key Contractor Schedule Milestone by its Key Contractor Schedule Milestone Date, Owner may order Contractor in writing to increase such efficiency and adequacy, and Contractor shall, at Contractor's sole cost, improve its methods or change or supplement the work force and Construction Equipment or perform the Work on an overtime or multiple shift basis to such an extent as to give Owner reasonable assurance of compliance (or regaining compliance) with the Baseline Schedule, including achievement of each Key Contractor Schedule Milestone by its Key Contractor Schedule Milestone Date (to the extent not already passed). Within five (5) Business Days of any such order from Owner, or such longer period as approved by Owner, Contractor shall submit to Owner for review and approval a comprehensive plan of corrective actions, including acceleration if appropriate, to overcome any deficiency and to regain a rate of progress to comply (or regain compliance) with the Baseline Schedule (the "**Remedial Plan**"), which Remedial Plan shall represent Contractor's best judgment as to how it shall comply (or regain compliance) with the Baseline Schedule and contain sufficient detail to demonstrate the means by which Contractor shall comply (or regain compliance) with the Baseline Schedule, including the improvements, changes, increases, supplements and performance described above. Such Remedial Plan shall include the period of time in which Contractor proposes to complete the corrective actions, which period of time shall not extend beyond the Key Contractor Schedule Milestone Date for Substantial Completion without the prior written approval of Owner, which approval may be withheld by Owner in its discretion. The Parties shall consult in good faith to determine what measures to include in such Remedial Plan, which shall reflect all comments of Owner. Unless the underlying cause for such deficient rate of progress entitles Contractor to a Change Order, neither the preparation nor the implementation of such Remedial Plan shall entitle Contractor to a Change Order. If Contractor does not comply with Owner's order within five (5) Business Days, Owner may terminate this Agreement, or pursue any other rights or remedies, as a result of a Contractor Default under Section 22.2 (j). The failure of Owner to make any such order shall not relieve Contractor of its obligation to ensure the rate of progress required to comply with the Baseline Schedule.

(b) Owner's Right to Perform. If at any time Contractor fails or refuses to comply with any Key Contractor Schedule Milestone by its Key Contractor Schedule Milestone Date, Owner may, but shall not be obligated to, perform (or cause to be performed) such Work in order to ensure compliance (or regain compliance) with the Baseline Schedule, including achievement of any Key Contractor Schedule Milestone by its Key Contractor Schedule Milestone Date, and Contractor shall pay Owner's backcharges for such Work performed, provided that Owner has notified Contractor by telephone (to be followed up by written communication) or email at least twenty-four (24) hours in advance of Owner's (or its designee's) commencement of such Work and Contractor has not, during such 24-hour period, commenced, and diligently pursued, such actions as will satisfy Owner, in its reasonable judgment, that compliance with the Baseline Schedule, including achievement of any Key Contractor Schedule Milestone by its Key Contractor Schedule Milestone Date, is no longer in jeopardy (or will be regained). No such action by Owner shall waive any of the rights of Owner nor be deemed an election of remedy and Owner specifically reserves the right to terminate this Agreement pursuant to the provisions of Article 22.

(c) Notice of Delay. Without limiting the obligations of Contractor set forth in Sections 8.3(a) and 8.3(b), Contractor shall promptly notify Owner in writing of any actual or anticipated event that is disrupting or delaying or could reasonably be expected to disrupt or delay Contractor's rate of progress in performing the Work such that Contractor may not comply with the Baseline Schedule. Contractor shall indicate the expected duration and anticipated effect of the disruption or delay and the actions being taken to overcome the disruption or delay and make up for lost time. Contractor shall take all steps reasonably available to Contractor to mitigate the impact of any event that is disrupting or delaying or could reasonably be expected to disrupt or delay Contractor's rate of progress in performing the Work.

8.4 TIME OF THE ESSENCE. THE PARTIES EXPRESSLY AGREE THAT TIME IS OF CRITICAL IMPORTANCE FOR THIS AGREEMENT WITH RESPECT TO THE WORK TO BE PERFORMED BY CONTRACTOR PURSUANT TO THIS AGREEMENT AND THAT THE KEY MILESTONE DATES IN THE BASELINE SCHEDULE ARE OF PARAMOUNT IMPORTANCE.

9. CONTRACT PRICE; INVOICES AND PAYMENT

9.1 Fixed Price. Subject to the terms of this Agreement, as full and complete compensation for the timely and proper completion of the Work, and all of its other obligations hereunder, by Contractor in accordance with the terms of this Agreement, Owner shall pay Contractor the firm, fixed, turnkey, lump sum price of [**] (as the same may be adjusted pursuant to this Agreement, the "**Contract Price**"). Notwithstanding anything herein to the contrary and for the avoidance of doubt, the Contract Price may be adjusted solely pursuant to a Change Order in accordance with Article 10.

9.2 Payment Milestones. Each Payment Milestone has allocated to it in Exhibit C the portion of the Contract Price that Contractor shall be entitled to receive upon the completion of such Payment Milestone (the "**Milestone Amount**"). To the best of Contractor's knowledge and judgment, each Milestone Amount is a reasonable representation of the value of the related Payment Milestone.

9.3 Invoicing. Promptly (and in any event within twenty-eight (28) Days) after the end of each calendar month in which any Payment Milestone was completed in accordance with this Agreement, Contractor shall submit to Owner an invoice with respect to each such completed Payment Milestone (the "**Milestone Payment Invoice**"). If, pursuant to any provision of this Agreement, Contractor shall be entitled to payment by Owner of any amount that is not based on completion of a Payment Milestone, then Contractor shall, promptly (and in any event within twenty-eight (28) Days) after the end of the calendar month in which Contractor became entitled to such payment, submit to Owner an invoice with respect to such amount, which invoice shall be deemed to be a Milestone Payment Invoice for all purposes of this Article and Contractor shall comply with all of the provisions of this Article in respect to such Milestone Payment Invoice with any reference to a Payment Milestone meaning the subject matter giving rise to the entitlement to payment. Each Milestone Payment Invoice shall be accompanied by all Documentation that Contractor is required to submit with a Milestone Payment Invoice pursuant to this Article 9. To the extent the 28th Day after the end of a calendar month is not a Business Day, Contractor shall be required to submit such Milestone Payment Invoice on the Business Day immediately preceding such 28th Day. Contractor acknowledges and agrees that, by submitting a Milestone Payment Invoice, Contractor is representing and certifying that (a) to the best of its knowledge, no Contractor Default then exists that is not already known to Owner and (b) each Payment Milestone contained in such Milestone Payment Invoice has been completed in accordance with this Agreement and Contractor is entitled pursuant to the terms of this Agreement to the amount set forth in such Milestone Payment Invoice. At the written request of Owner, Contractor shall provide Owner with such other information

and materials as Owner may reasonably require to substantiate Contractor's right to a Milestone Amount or any other amount in a Milestone Payment Invoice in accordance with this Agreement.

9.4 Deficient Invoices and Payments.

(a) If any Milestone Payment Invoice is deficient in any respect, Contractor shall be required to resubmit such Milestone Payment Invoice in proper form conforming to the requirements of this Agreement. Owner shall review each Milestone Payment Invoice and shall endeavor to make exceptions, if any, by providing Contractor with written notice prior to the date on which such Milestone Payment Invoice is due to be paid by Owner. Notwithstanding anything in this Agreement, at law or in equity to the contrary, the failure of Owner to raise an exception shall not preclude Owner from subsequently seeking, and Contractor from paying, a refund of any amounts to which Contractor was not entitled under this Agreement, and Owner may, by any payment pursuant to Section 9.4(b), make any correction or modification that should properly be made to any amount previously considered due.

(b) Subject to the terms of this Agreement, within [**] of receipt of each Milestone Payment Invoice conforming to the requirements of this Agreement, Owner shall pay Contractor the amount set forth in such Milestone Payment Invoice; provided, however, that, if Owner, in good faith, disputes any amount set forth in such Milestone Payment Invoice, Owner may withhold such disputed amount and pay only such undisputed amounts. Any dispute over amounts that Owner withholds shall be resolved in accordance with Article 25. If, for any reason, Owner fails to pay Contractor for all amounts due and owing (other than amounts that are the subject of a good faith dispute or otherwise permitted to be withheld pursuant to this Agreement) under a Milestone Payment Invoice conforming to the requirements of this Agreement within [**] after receipt of such Milestone Payment Invoice, interest shall thereafter accrue on such amounts due and owing at the Prime Interest Rate plus [**] per annum or the highest rate allowed by applicable Law, whichever is less, until paid.

(c) Owner, without waiver or limitation of any of its rights or remedies, including Owner's right to backcharge and set-off pursuant to other provisions of this Agreement, shall be entitled to deduct or withhold from any amounts due or owing to Contractor under this Agreement, including Milestone Amounts, any and all amounts that Owner, in good faith, reasonably deems necessary to protect Owner for the events listed below; provided, however, that such withheld amount shall be promptly paid to Contractor in the next pay cycle once Contractor demonstrates, to Owner's reasonable satisfaction, that the event has been remedied, cured, corrected, or otherwise resolved.

(i) the cost of correction or replacement of any Work for which payment has been made under this Agreement and that is not in accordance with this Agreement, including any defective or damaged Work;

(ii) failure of Contractor to make timely and proper, payments to any Contractor Person except those that are the subject of a good faith dispute;

(iii) damage caused by Contractor to any Owner Person or the public;

(iv) financial difficulty of Contractor;

(v) failure of Contractor to perform the Work in accordance with the Baseline Schedule such that it does not achieve a Key Contractor Schedule Milestone by the Key Contractor Schedule Milestone Date, or causes Owner to have a reasonable belief that Contractor will be unable to achieve a Key Contractor Schedule Milestone on or before a Key Contractor Schedule Milestone Date in the Baseline Schedule;

(vi) any material breach by Contractor of this Agreement; and

(vii) repeated failure of Contractor to comply with the reporting requirements of the Project Controls Requirements.

(d) Owner may impose backcharges against Contractor or deduct backcharges from monies owed to Contractor for performance or re-performance by Owner or others of any Work hereunder, including costs associated with defective Work, Work that Contractor refuses to perform, acts performed at Contractor's expense or cost as provided herein, clean-up or disposal of debris, damages to Owner's structures, tools or equipment, repairs, warranty or otherwise. Owner shall be entitled to include in such backcharges a [**].

9.5 Cash Flow.

(a) The Parties acknowledge and agree that, in managing its cash flow, Owner is relying on all payments to be made in accordance with the Baseline Cash Flow Plan, and that any significant departure from the amounts set forth in the Baseline Cash Flow Plan would adversely affect Owner's ability to manage its cash flow. Accordingly, Contractor shall not submit any Milestone Payment Invoice that would otherwise be due and payable to the extent that any Milestone Amount referenced in such Milestone Payment Invoice for payment is scheduled in the Baseline Cash Flow Plan to be due and payable not until a month that is two (2) or more months after the month in which payment of such Milestone Amount would otherwise have been due and payable hereunder but for this Section without first notifying Owner, in writing, of Contractor's intent to submit such Milestone Payment Invoice and obtaining Owner's written consent to submit such Milestone Payment.

(b) Unless otherwise required by Owner, Contractor shall update the Progress Cash Flow Plan on a monthly basis and shall provide a copy to Owner in accordance with the Project Controls Requirements. The Progress Cash Flow Plan shall measure the cash flow for the Work against the Baseline Cash Flow Plan and shall comply with the Project Controls Requirements. Contractor shall maintain and make available to Owner at all times at the Site, or such other location mutually agreed upon by the Parties, a current, working copy of the Progress Cash Flow Plan. No update of or revisions to the Progress Cash Flow Plan shall be deemed to alter, revise or otherwise change the Baseline Cash Flow Plan.

9.6 Final Payment. Upon achievement of Final Completion, Contractor shall submit to Owner an invoice for all remaining amounts due to it pursuant to this Agreement (the "**Final Payment Invoice**"). Contractor acknowledges and agrees that, by submitting the Final Payment Invoice, Contractor represents to Owner that the total amount under the Final Payment Invoice is all monies due to Contractor under this Agreement and that, by accepting payment thereof, Contractor shall thereby irrevocably release all Owner Persons from all Liabilities with respect to any Work performed or furnished in connection with this Agreement, or for any act or omission of Owner or of any other Person relating to, arising out of or affecting this Agreement, except claims for which Contractor has delivered a Dispute Engagement Notice to Owner prior to submission of the Final Payment Invoice. The procedures set

forth in Section 9.4 (including application of any late payment charge) shall be followed for payment of the Final Payment Invoice.

9.7 Lien Waivers. Contractor shall include with each Milestone Payment Invoice (other than the Final Payment Invoice) (a) an interim lien waiver and release in the form attached hereto as Exhibit M-1 executed by Contractor and (b) an interim lien waiver and release in the form attached hereto as Exhibit M-2 executed by each Subcontractor who has performed any Work for which Contractor is seeking payment in such Milestone Payment Invoice and is owed any amounts for such Work. Contractor shall include with the Final Payment Invoice (i) a final lien waiver and release in the form attached hereto as Exhibit M-3 executed by Contractor and (ii) a final lien waiver and release in the form attached hereto as Exhibit M-4 executed by each Subcontractor who is owed any amount for any Work. Notwithstanding the foregoing, if the requirements of applicable Law to accomplish the same purposes as reflected in the forms attached hereto as Exhibits M-1, M-2, M-3 and M-4 change, then Owner may, without the necessity of approval of, but by written notice to, Contractor, revise such forms or require additional forms as may be prudent or expedient in order to accomplish such same purposes in accordance with applicable Law, in which event Exhibits M-1, M-2, M-3 and M-4 shall be deemed to have been amended or supplemented accordingly.

9.8 Application of Monies. Contractor shall use the monies paid to it pursuant to this Article 9 first for the purpose of performing, or compensating for the performance of, the Work prior to any other purpose. No provision hereof shall be construed, however, to require Owner to see to the proper disposition or application of the monies so paid to Contractor. Upon request from time to time by Owner, Contractor shall provide to Owner such information as Owner may reasonably request as to the status of payments to Subcontractors and Contractor Workers in respect to the Work.

9.9 No Acceptance by Inspection or Payment. Owner's payment of any invoice, including a Final Payment Invoice, shall not constitute approval or acceptance of any item or cost in that invoice nor shall such payment be construed to relieve Contractor of any of its obligations, or to waive any right or remedy of Owner, under this Agreement or otherwise, and irrespective of any inspection or requests for additional information as Owner may have made.

9.10 Direct Payment; Offset. Owner reserves the right to pay any outstanding obligations of Contractor for labor, Equipment and Construction Equipment used in the Work by a check made payable jointly to Contractor and to the applicable Subcontractor or individual. Any payment made in this manner shall apply as a payment to Contractor under this Agreement. Owner may deduct from any amount owing or to be owing to Contractor hereunder any amounts owed to Owner by Contractor pursuant to this Agreement, including any Liquidated Damages.

9.11 FERC. Contractor shall provide a breakdown of the Contract Price at a minimum of the Property Retirement Unit Catalog (PRUC) level of detail into Owner stipulated system of Federal Energy Regulatory Commission (FERC) accounts prior to Final Completion.

10. CHANGE ORDERS

10.1 Changes. Without invalidating this Agreement, Owner may order changes in the Scope of Work, the Baseline Schedule or the Work, consisting of additions, deletions or other revisions (each, a "**Change**"); provided, however, that Owner may not delete all Work through this Article. If Owner

requests Contractor to perform minor Scope of Work changes or Contractor-caused re-Work or repair, Contractor agrees that such Work shall not be used as a basis to delay the Baseline Schedule; but may be used as the basis for a request for a Change Order to adjust the Contract Price.

10.2 Project Action Request (PAR). All proposals for a Change (a “**Project Action Request**” or “**PAR**”), whether initiated by Owner or Contractor, shall be submitted in writing and in accordance with the process set forth in Exhibit J-1. Contractor shall include in detail in each PAR, whether initiated by Owner or Contractor and with applicable breakdown and supporting documentation, the following:

(a) the effect and impact, if any, that the proposed Change would have, in Contractor’s reasonable judgment, on the Work, the Contract Price, the Baseline Cash Flow Plan, the Baseline Schedule, any warranties herein and the operation or maintenance of the Facility,

(b) Contractor’s proposal for any necessary modifications to the Work, the Contract Price, the Baseline Cash Flow Plan, the Baseline Schedule or any warranties herein, and

(c) Contractor’s proposal for any necessary modifications to any other provisions of this Agreement, including the Scope of Work, the Schedule Milestones, the Payment Milestones or the Performance Guarantees.

Contractor shall provide Owner such supporting documentation for the foregoing as Owner may reasonably request and shall utilize the forms in Exhibits J-2 through J-6. The Parties shall utilize pricing procedures set forth in Exhibit J-1 and consistent with Exhibit J-7 to determine any impacts that the proposed Change would have on the Contract Price. Contractor acknowledges and agrees that any request by Contractor for an extension to the Baseline Schedule must be based upon a demonstrable impact to the Project’s critical path. Except as expressly required by Owner’s Project Manager, Contractor shall not delay any Work (i.e., prior to modification by any such Change) while awaiting a response. If Owner responds with comments or questions, Contractor shall endeavor to address such comments or answer such questions and update the applicable PAR accordingly as soon as practicable.

10.3 Change Orders. If Owner wishes to proceed with a proposed Change or if Contractor is entitled to a Change hereunder, Owner shall, in accordance with, and subject to, Exhibit J-1, accept and approve (whether with or without qualifications) the final PAR relating to such Change and issue an assigned change order number to Contractor, authorizing such Change as provided in, and subject to such qualifications as Owner may require to, such final PAR (the “**Change Order**”). Owner shall subsequently issue a written Change Order that memorializes such final PAR in the form of Exhibit J-2 in accordance with the process set forth in Exhibit J-1. If Contractor refuses to accept any qualifications made by Owner to the final PAR or if Owner rejects any Change to which Contractor claims it is entitled, Contractor shall provide Owner written notice thereof (a “**Change Order Dispute Notice**”) within five (5) Business Days of its receipt of such Change Order, describing in reasonable detail its objections to such Change Order or Owner’s rejection of such Change.

If Contractor has provided Owner the Change Order Dispute Notice within such 5-Business Day period, the Parties shall resolve the Dispute over the necessary or appropriate revisions in accordance with the dispute resolution procedures set forth in Article 25; provided, however, that Owner shall be entitled to require Contractor to continue to perform its obligations hereunder as modified by any Change Order that has been qualified by Owner despite any Change Order Dispute Notice from Contractor in respect to such qualified Change Order; [**].

Once the Dispute is resolved, Contractor shall be entitled to invoice Owner for any amount owing in accordance with Article 9. Contractor shall not be entitled to refuse to accept, or otherwise dispute, any Change Order for which Owner did not introduce qualifications to the related final PAR. Contractor acknowledges that Owner shall be entitled, in an effort to preserve the schedule for the Project, to refuse to alter the Baseline Schedule in instances where Contractor would otherwise be entitled to an extension thereof and instead provide Contractor cost relief in order for Contractor to expedite the Work for the Project and maintain compliance with the Baseline Schedule.

10.4 Expedited Change Work. Notwithstanding anything to the contrary in this Article, Owner shall be entitled, in its discretion and prior to, or during, the processes described in Sections 10.2 and 10.3, to require Contractor, by written notice from Owner's Project Manager, to, and Contractor shall, promptly commence and diligently continue performance of the Work as modified by a Change, in which event Owner shall pay Contractor for any additional Work resulting from such Change pursuant to the payment terms of Section 10.3, subject to agreement on a Change Order with respect to such Change as provided in this Article or resolution of any Dispute pursuant to Article 25 relating to such Change Order. Without limiting the generality of the foregoing, the Parties shall cooperate in good faith to expedite the preparation and review of, and comments to, each PAR, including revisions to Documentation required for any such expedited Change.

10.5 Owner Breaches. If Owner breaches this Agreement, including failure to perform the Owner Work, and such breach causes any increase in costs to Contractor to perform the Work or any delay in completion of any critical path item in the Baseline Schedule, then Contractor shall be entitled, as its sole and exclusive remedy for such breach (other than a failure to pay Contractor any amounts due and owing Contractor as provided herein), to an adjustment to the Contract Price or Baseline Schedule, as applicable, which shall be reflected in a Change Order developed pursuant to the terms of this Article. Contractor shall mitigate the effect of any such breach on its costs to perform and its time to complete the Work.

10.6 Contractor-Proposed Changes. Owner may, in its sole and absolute discretion, reject any request for a Change to which Contractor is not entitled hereunder. Contractor shall have the right to request a Change but shall have no right to require a Change to which it is not expressly entitled as provided in this Agreement without the prior written consent of Owner. Such request shall be made in accordance with the procedures set forth in this Article and Exhibit J-1, including the requirement that any request for a Change be included in a PAR. Notwithstanding anything in this Agreement to the contrary, (a) Contractor shall not be entitled to any payment hereunder or any extension of the Baseline Schedule in respect to any Change if such Change was necessary as a result of the fault of Contractor, including any breach by Contractor of this Agreement, and (b) Contractor shall not be entitled to any Change Order to which it would otherwise have been entitled hereunder if Contractor fails to list the PAR, including the basis for entitlement to the PAR, on the PAR log within fifteen (15) Days after becoming so entitled.

10.7 Adjustment Only Through Change Order. Except as provided in Section 10.4 and without limiting Contractor's entitlement to any Change Order as expressly provided in this Agreement, no change in the requirements of this Agreement, whether an addition to, deletion from or modification to this Agreement, including any Work, shall be the basis for an adjustment for any change in the Contract Price, the Baseline Schedule, the Baseline Cash Flow Plan, any Work or any other obligations of Contractor or right of Owner under this Agreement unless and until such addition, deletion or modification has been authorized by a Change Order number assigned by Owner in respect to the final PAR for such addition, deletion or modification (whether with or without qualifications by Owner) in accordance with and in strict compliance with the requirements of this Article. Contractor shall not

perform any Change in the Work unless and until such Change is authorized pursuant to this Article, and should Contractor perform or claim to perform any Change in the Work prior to authorization by Change Order or pursuant to Section 10.4, all costs and expenses incurred by Contractor in performing such Change or, if required by Owner, reversing or cancelling such Change, if performed, shall be for Contractor's account unless otherwise agreed to by Owner. No course of conduct or dealings between the Parties, nor implied acceptance of additions, deletions or modifications to this Agreement, including any Work, and no claim that Owner or any of its Affiliates have been unjustly enriched by any such addition, deletion or modification to this Agreement, whether or not there is in fact any such unjust enrichment, shall be the basis for any claim for an adjustment in the Contract Price, the Baseline Schedule, the Baseline Cash Flow Plan or any other obligations of Contractor under this Agreement.

10.8 Change Orders Act as Accord and Satisfaction. Unless otherwise expressly stated in the Change Order or as may be reserved by Contractor in a Change Order Dispute Notice pending resolution in accordance with Section 10.3, Change Orders shall constitute a full and final settlement and accord and satisfaction of all effects of the Change reflected in the subject Change Order and shall be deemed to fully compensate Contractor and fully adjust the Baseline Schedule and/or the Baseline Cash Flow Plan for such Change. Accordingly, unless otherwise expressly stated in such Change Order or as may be reserved by Contractor in a Change Order Dispute Notice pending resolution in accordance with Section 10.3, Contractor expressly waives and releases any and all right to make a claim or demand or to take any action or proceeding against Owner for any consequences arising out of, relating to or resulting from such Change reflected in the subject Change Order, including cumulative impact claims.

11. FORCE MAJEURE

11.1 Event of Force Majeure. If a Party is prevented from, or delayed in, performing its obligations under this Agreement by an event of Force Majeure, such Party shall be entitled to an equitable adjustment to the Baseline Schedule, but, with respect to Contractor, only if, and then only to the extent that, such prevention or delay causes a delay in the critical path of the Baseline Schedule, provided that no obligation of either Party that arose before the occurrence of an event of Force Majeure or its effect shall be excused as a result of such occurrence. Contractor shall demonstrate to Owner its entitlement to relief under this Section by providing to Owner a proposed, updated Baseline Schedule with actual durations entered for activities on the critical path and re-forecasted clearly to indicate Contractor's entitlement to a time extension as a result of such event of Force Majeure. The burden of proof shall be on the Party claiming to be affected by an event of Force Majeure. Contractor's sole and exclusive remedy for a Force Majeure event is an extension of time as and to the extent provided in this Section and under no circumstances whatsoever shall Contractor be entitled to any adjustment to the Contract Price. Any equitable adjustment to the Baseline Schedule due to a Force Majeure event shall be reflected in a Change Order that is effected pursuant to Article 10. Nothing herein limits Contractor's ability to seek recovery of costs and expenses Contractor actually incurs, or will incur, to mitigate or minimize the effects of an actual Force Majeure Event under Owner's Builder's Risk policy to the extent such coverage exists; provided, however, Contractor's obligations hereunder, including any mitigation efforts, are not contingent upon recovery under the Builder's Risk policy. If such coverage does not exist or Contractor's claim is denied, Contractor shall be solely responsible for all such costs and expenses and shall not be entitled to an adjustment to the Contract Price. [**].

11.2 Notice. If a Party is or will be reasonably prevented from performing its obligations under this Agreement by an event of Force Majeure, then it shall notify the other Party of the obligations, the performance of which is or will be prevented, and the nature and cause of the event in writing promptly, and in any event within two (2) Business Days after the notifying Party becomes aware, or should

reasonably have become aware, of the impact that such event of Force Majeure would have on its obligations hereunder. The Party affected by an event of Force Majeure shall provide the other Party with weekly updates (a) estimating its expected duration, the cost of any remedial action, and the probable impact on the performance of its obligations hereunder, (b) of the actions taken to remove or overcome the event of Force Majeure and (c) of the efforts taken to mitigate or limit damages to the other Party. The Party affected by an event of Force Majeure shall also provide prompt written notice to the other Party when it ceases to be so affected. The Parties acknowledge and agree that Contractor is acting as Owner's agent pursuant to Section 3.2 and, as such, will or should be aware of the progress of the matters described therein. Accordingly, Owner shall be entitled to the benefits of Section 11.1 with respect to any event of Force Majeure that impacts the matters described in Section 3.2 without being obligated to comply with this Section 11.2.

11.3 Termination Due to Force Majeure. If any event of Force Majeure claimed by Contractor delays, or is expected to delay, Contractor's performance for an aggregate time period greater than [**] Days, then Owner, in its sole discretion, shall have the right to terminate this Agreement (or the affected portion of the Work) without Liability in accordance with Section 22.7.

12. MECHANICAL COMPLETION; START-UP AND COMMISSIONING; PERFORMANCE TESTING; SUBSTANTIAL COMPLETION; FINAL COMPLETION

12.1 Mechanical Completion. "**Mechanical Completion**" shall be deemed to have occurred upon satisfaction of all of the following conditions:

(a) All Work necessary or prudent for the safe start-up, commissioning and testing of the Facility shall have been completed in accordance with this Agreement, including the Scope of Work and applicable Laws, and all Owner Equipment shall have been installed, shall be capable of being functional, and shall be ready for commissioning, in accordance with this Agreement, including the Scope of Work and applicable Laws, and the applicable Owner Equipment Contract, without in each case voiding any warranties relating to Equipment as claimed by any Subcontractor;

(b) All Work that the Baseline Schedule requires to be completed prior to Mechanical Completion shall have been completed, including all P-1 Punchlist items and P-2 Punchlist items;

(c) The Work shall be mechanically, structurally and electrically sound and free from all Defects, excluding P-3 Punchlist items;

(d) All systems shall have undergone pre-commissioning checks and tests, the results of which shall confirm that such systems are correctly installed, in accordance with supplier instructions and Prudent Industry Practice, and are capable of being commissioned safely and reliably without damage thereto or any other portion of the Facility or to any other property or injury to any Person and in compliance with all applicable Laws, including Owner Permits, and verifying documentation of such pre-commissioning checks and tests and the results thereof shall have been provided to and accepted by Owner;

(e) All Turnover Package Completions shall have occurred, including delivery by Contractor to Owner of all Documentation that is needed to start-up, commission and test the Facility (including the Required Manuals);

(f) Contractor shall have complied with its obligations in Sections 6.11(b) and 6.11(f)(iii);

(g) Contractor shall have provided Owner with the certificate of compliance required by Section 6.11(i)(ii);

(h) The Equipment and Owner Equipment shall be capable of being tested in accordance with Exhibit A without damage thereto or any other portion of the Facility or to any other property or injury to any Person and in compliance with all applicable Laws, including Owner Permits;

(i) The Parties shall have agreed upon the outstanding P-3 Punchlist items and the Punchlist shall contain no P-1 Punchlist items or P-2 Punchlist items; and

(j) There shall exist no Contractor Default; and

(k) Contractor shall have delivered to Owner a certificate in a form acceptable to Owner (the “**Mechanical Completion Certificate**”) and signed by Contractor certifying that all of the preceding conditions in this Section 12.1 have been satisfied and including therewith a report in a form acceptable to Owner and with sufficient detail to enable Owner to determine whether Mechanical Completion has occurred.

On the thirtieth (30th) Day prior to the date on which Contractor reasonably anticipates to deliver to Owner the Mechanical Completion Certificate, Contractor shall provide Owner with written notice thereof. Within ten (10) Business Days of receipt of the Mechanical Completion Certificate, Owner shall inspect the Work and either (a) deliver to Contractor a written certification confirming that Mechanical Completion has been achieved or (b) notify Contractor in writing that Mechanical Completion has not been achieved and the reasons therefor. Contractor shall cooperate with Owner in any such inspection by Owner and its representatives, such cooperation to include providing such documents, Contractor Persons and information prudent or convenient for Owner to determine whether Mechanical Completion has been achieved. If Owner notifies Contractor that Mechanical Completion has been achieved, then the date of the Mechanical Completion Certificate shall be deemed to be the date of Mechanical Completion. If Owner notifies Contractor that Mechanical Completion has not been achieved, including failure to agree upon the Punchlist, Contractor shall immediately remedy such deficiencies and, upon completion of such remedial work, shall issue another Mechanical Completion Certificate, which shall include relevant documentary evidence of the completion of such remedial work.

12.2 Punchlist Work and Updating. Prior to each of Mechanical Completion and Substantial Completion, Contractor shall submit its good faith proposal, for Owner’s review and written approval, of the Punchlist, including the schedule for completion of each item included therein. Contractor shall work diligently to complete all items contained in the Punchlist in a timely manner in accordance with such schedule and this Agreement. Contractor shall provide Owner with weekly updates of the Punchlist reflecting status of Work with respect to each item included in the Punchlist through the prior Business Day. If Contractor fails to complete such Punchlist items as may have been agreed upon in the schedule included in the Punchlist, then Owner shall have the right to complete the remaining Punchlist items at Contractor’s expense. Without limiting any remedies of Owner, Owner may deduct from any payment due Contractor hereunder all actual, out-of-pocket costs incurred by Owner in completing the remaining Punchlist items.

12.3 Start-Up and Commissioning. Start-up and commissioning shall be performed by Contractor as contemplated by the Scope of Work. Owner shall be entitled to be present for all such start-up and commissioning Work.

12.4 Performance Testing.

(a) Performance Testing. As soon as reasonably practicable following satisfactory completion of start-up and commissioning as provided in Section 12.3 and after providing Owner at least ten (10) Business Days prior written notice (unless Owner agrees to a shorter notice period or applicable Law, including Owner Permits, requires a longer notice period), Contractor shall perform the Performance Tests in accordance with this Agreement, including the Performance Testing Plan. Owner shall have the right to attend and witness the Performance Testing. No later than three (3) Business Days after completion of the Performance Testing, Contractor shall submit to Owner the complete and accurate raw data and completed results of the Performance Testing, together with a certification comparing such results to the Performance Guarantees (the "**Performance Test Report**"). The Performance Test Report shall contain a certification whether the Facility satisfies the Performance Guarantees. If the Performance Test Report indicates that the Facility failed to satisfy the Performance Guarantees, then Contractor shall promptly (and in any event within seven (7) Business Days) submit to Owner for its review and approval a Remedial Plan and, subject to all operational requirements of the Facility, remedy such deficiencies in accordance with such Owner-approved Remedial Plan. Such Remedial Plan shall include all actions necessary, including engaging additional resources and utilizing overtime, to timely remedy such deficiencies in accordance with this Agreement. Upon completion of the Work set forth in such Owner-approved Remedial Plan to Owner's satisfaction, Contractor shall re-perform the Performance Testing in accordance with this Agreement, including the Performance Testing Plan, and the process set forth in this Section 12.4(a) shall be repeated until the results of the Performance Testing in accordance with this Agreement indicate that the Facility satisfies the Performance Guarantees. Results of repeated Performance Testing conducted in accordance with this Agreement shall supersede the results of earlier Performance Testing. Notwithstanding the foregoing, any such repeated Performance Testing shall be subject to the rights and remedies of Owner hereunder. Unless such re-performance of the Performance Testing is solely caused by Owner, including Owner Equipment, Owner shall be entitled to backcharge Contractor for the reasonable actual costs incurred by Owner, including the cost of any consumables and spare parts associated with the re-performance of any Performance Testing. If such re-performance of the Performance Testing is solely caused by the Assigned Owner Equipment Contract supplier's failure to comply with its requirements under the Assigned Owner Equipment Contract, then Contractor shall promptly notify Owner, in writing, of the same including supporting information and documentation to allow Owner to determine whether the withholding or offsetting of funds due to the Assigned Owner Equipment Contract supplier in accordance with the Assigned Owner Equipment Contract is appropriate. For the avoidance of doubt, nothing in this Section, including the continued effort by Contractor after the Guaranteed Substantial Completion Date to achieve the Performance Guarantees, shall preclude or otherwise prejudice Owner from assessing Liquidated Damages in accordance with Article 13 or from terminating this Agreement, or pursuing any other rights or remedies, as a result of a Contractor Default.

(b) Owner's Waiver or Deferral. Notwithstanding the foregoing, Owner shall have the right, in its sole discretion, to waive or defer all or part of the Performance Testing requirements described in this Section for any Work by providing written notice to Contractor of such determination. If Owner elects to waive or defer any portion of the Performance Testing for any Work, then, in the event of a waiver, such Work shall be deemed to have met that portion of the Performance Guarantees that has been waived for all purposes hereunder or, in the event of deferral, Contractor shall be entitled to a

Change Order for any impact resulting from such deferral. Any such waiver or deferral shall be effective only in respect to the Work indicated by Owner in such waiver or deferral and not for any Work that may be subject to any prior or subsequent Performance Testing or any other Work included in the same Performance Testing as such waived or deferred Work.

(c) Owner's Right to Operate Prior to Satisfaction of Performance Guarantees. If the Facility can be operated in compliance with applicable Laws although the Facility fails to satisfy the Performance Guarantees during the Performance Testing or fails to achieve Substantial Completion by the Guaranteed Substantial Completion Date, then Owner, in its discretion, shall have the right nonetheless to operate the Facility and shall give Contractor written notice of its decision. If Owner elects to operate the Facility and, during such time, does not permit Contractor to cure the Defects necessary to satisfy the Performance Guarantees, then the Guaranteed Substantial Completion Date (if such date has not passed) shall be extended on an equitable basis until such time as Owner tenders the Facility to Contractor for further Services and Performance Testing, and Contractor shall be entitled to a Change Order for an equitable adjustment to schedule. Owner shall bear the risk of loss during such time as it operates the Facility. Owner's operation of the Facility under this Section shall not reduce Contractor's obligations under this Agreement, including Contractor's obligation to cause the Facility to satisfy the specifications in the Scope of Work and applicable Performance Guarantees, except for normal wear and tear and operation not in accordance with Prudent Industry Practice. Owner shall be entitled to all, and Contractor shall have no claim to any, revenue derived from or in connection with operation or use of the Facility before or after the Substantial Completion Date.

12.5 Substantial Completion. "Substantial Completion" shall be deemed to have occurred upon satisfaction of all of the following conditions:

- (a) Mechanical Completion shall have been achieved;
- (b) All Group Turnover Packages shall have been submitted, accepted and in compliance with Turnover Package Completion;
- (c) All P-1 Punchlist items and P-2 Punchlist items arising after the Mechanical Completion Date shall have been completed;
- (d) No Defect shall exist;
- (e) The Facility shall be capable of being operated in accordance with the specifications in the Scope of Work without damage thereto or to any property or injury to any Person and in compliance with all applicable Laws, including the Owner Permits;
- (f) The Performance Testing shall have been conducted in accordance with the Performance Testing Plan and the results of the Performance Testing shall have satisfied the Performance Guarantees;
- (g) Contractor shall have completed the Work (other than P-3 Punchlist items) in accordance with this Agreement;
- (h) Contractor shall have delivered to Owner all Documentation that Contractor is required to deliver to Owner prior to Substantial Completion;

(i) Contractor shall have delivered to Owner the commissioning and operational spare parts as required by Section 4.5(b) in respect to such Project;

(j) Contractor shall have provided all training of Owner's personnel and representatives required to be completed by Substantial Completion as required by Section 4.23;

(k) Contractor shall have provided all Supplier's Publications that Contractor is required to provide to Owner pursuant to Section 14.3(c);

(l) There shall exist no Contractor Default; and

(m) Contractor shall have delivered to Owner a certificate in a form acceptable to Owner (the "**Substantial Completion Certificate**") and signed by Contractor certifying that all of the preceding conditions in this Section 12.5 have been satisfied and including therewith a report in a form acceptable to Owner and with sufficient detail to enable Owner to determine whether Substantial Completion has occurred.

Within ten (10) Business Days of receipt of the Substantial Completion Certificate, Owner shall inspect the Work and either (a) deliver to Contractor a written certification confirming that Substantial Completion has been achieved or (b) notify Contractor in writing that Substantial Completion has not been achieved and the reasons therefor. Contractor shall cooperate with Owner in any such inspection by Owner and its representatives, such cooperation to include providing such documents, Contractor Persons and information prudent or convenient for Owner to determine whether Substantial Completion has been achieved. If Owner notifies Contractor that Substantial Completion has been achieved, then the date of the Substantial Completion Certificate shall be deemed to be the date of Substantial Completion. If Owner notifies Contractor that Substantial Completion has not been achieved, Contractor shall immediately remedy such deficiencies and, upon completion of such remedial work, shall issue another Substantial Completion Certificate, which shall include relevant documentary evidence of the completion of such remedial work. Upon Substantial Completion, Owner shall accept the Facility, subject to Final Completion, by delivering to Contractor notice of that acceptance, and Contractor shall turn over risk of loss and care, custody and control of the Facility to Owner.

12.6 Final Completion. "**Final Completion**" shall be deemed to have occurred upon satisfaction of all of the following conditions:

(a) Contractor shall have achieved Substantial Completion;

(b) The Facility shall have passed all Demonstration Tests;

(c) No Defect shall exist;

(d) The performance of the Work (except for warranty Work) shall be one hundred percent (100%) complete, including all items in the Punchlist, in accordance with this Agreement;

(e) All Liquidated Damages shall have been paid;

(f) Contractor shall have delivered to Owner the Documentation that Contractor is required to deliver to Owner at or prior to Final Completion, including the As-Built Drawings;

(g) Contractor shall have delivered to the Owner the sales tax affidavit required by Section 24.3(d);

(h) There shall exist no Contractor Default and no event which, with the passage of time or the giving of notice or both, would be a Contractor Default;

(i) Contractor shall have complied with its obligations under Section 4.24;

(j) Contractor shall have delivered to Owner the Final Payment Invoice as required by Section 9.6;

(k) Contractor shall have delivered to Owner the breakdown of the Contract Price as required by Section 9.11; Contractor shall have delivered to Owner the sales tax affidavit required by Section 24.3(d);

(l) Contractor shall have delivered to Owner a certificate in a form acceptable to Owner (the “**Final Completion Certificate**”) and signed by Contractor certifying that all of the preceding conditions in this Section 12.6 have been satisfied and including therewith a report in a form acceptable to Owner and with sufficient detail to enable Owner to determine whether Final Completion has occurred.

Within ten (10) Business Days of receipt of the Final Completion Certificate, Owner shall inspect the Work and either (a) deliver to Contractor a written certification confirming that Final Completion has been achieved or (b) notify Contractor in writing that Final Completion has not been achieved and the reasons therefor. Contractor shall cooperate with Owner in any such inspection by Owner and its representatives, such cooperation to include providing such documents, Contractor Persons and information prudent or convenient for Owner to determine whether Final Completion has been achieved. If Owner notifies Contractor that Final Completion has been achieved, then the date of the Final Completion Certificate shall be deemed to be the date of Final Completion. If Owner notifies Contractor that Final Completion has not been achieved, Contractor shall immediately remedy such deficiencies and, upon completion of such remedial work, shall issue another Final Completion Certificate, which shall include relevant documentary evidence of the completion of such remedial work.

12.7 Waiver or Deferral of Demonstration Tests. Owner shall have the right, in its sole discretion, to waive or defer all or part of the Demonstration Tests by providing written notice to Contractor of such determination. If Owner elects to waive or defer any portion of the Demonstration Tests, then, in the event of a waiver, such portion of the Demonstration Tests shall be deemed to have been satisfied for all purposes achieving Final Completion or, in the event of deferral, Contractor shall be entitled to a Change Order for any impact resulting from such deferral, including an equitable extension to the Final Completion Date. Any such waiver or deferral shall be effective only in respect to the portion of the Demonstration Tests indicated by Owner in such waiver or deferral and not for any other portion of the Demonstration Tests.

12.8 Absolute Obligations. For the avoidance of doubt, none of the conditions for Mechanical Completion, Substantial Completion or Final Completion or Contractor’s obligation to ensure that the Facility satisfies the Performance Guarantees shall be waived, excused, delayed, modified or otherwise affected by any circumstance or event other than a circumstance or event that entitles Contractor to a Change Order pursuant to the express terms of this Agreement and then solely to the extent expressly set forth in such Change Order. Notwithstanding anything in this Article 12 to the contrary, no, statement (other than any completion certificate issued by Owner under this Article 12) or other indication of, or the lack thereof from, Owner relating to whether Mechanical Completion, Substantial Completion or

Final Completion was achieved or whether the Performance Testing was conducted according to the Performance Testing Plan or whether the results of the Performance Testing satisfied the Performance Guarantees shall relieve Contractor of any of its obligations under this Agreement.

13. LIQUIDATED DAMAGES

13.1 Liquidated Damages.

(a) The Parties agree that it would be extremely difficult and impracticable under presently known and anticipated facts and circumstances to ascertain and fix the actual damages that Owner would incur if Contractor does not achieve L/D Item Completion for any L/D Item by its Key Contractor Schedule Milestone Date. Accordingly, the Parties agree that, if Contractor does not achieve L/D Item Completion for an L/D Item by its Key Contractor Schedule Milestone Date, then Contractor shall pay to Owner, as Owner's sole and exclusive monetary remedy for not meeting such Key Contractor Schedule Milestone Date, as liquidated damages, and not as a penalty, the amount set forth in Exhibit D as the "Delay LD Amount" for the applicable L/D Item for each day after its Key Contractor Schedule Milestone Date until the date on which L/D Item Completion for such L/D Item occurs (the "**Liquidated Damages**").

(b) Contractor shall have no liability or obligation for any Liquidated Damages to the extent caused by the late delivery or faulty performance of any Owner Equipment, except to the extent such late delivery or faulty performance is due to Contractor's breach of its obligations set forth in this Agreement. Notwithstanding the foregoing, no such late delivery or faulty performance shall absolve Contractor from any of its obligations hereunder, including achieving L/D Item Completion for each L/D Item by its Key Contractor Schedule Milestone Date, provided that, to the extent such late delivery or faulty performance impacts the critical path of the Baseline Schedule, Contractor shall be entitled to a Change Order providing for an equitable extension to the Baseline Schedule, including the applicable Key Contractor Schedule Milestone Dates, for so long as such delivery is late or the performance of such Owner Equipment remains faulty.

(c) If Contractor's failure to achieve L/D Item Completion for any L/D Item by its Key Contractor Schedule Milestone Date is caused solely by the Assigned Owner Equipment Contract Supplier's failure to timely or properly perform its obligations under the Assigned Owner Equipment Contract (as reasonably determined by Owner), then Contractor's liability and obligation for payment of Liquidated Damages to Owner hereunder shall not exceed the maximum liquidated damages the Assigned Owner Equipment Contract Supplier is liable for paying under the Assigned Owner Equipment Contract plus such other damages or amounts that Contractor may recover from the Assigned Owner Equipment Contract Supplier under the Assigned Owner Equipment Contract. For the avoidance of doubt, if Contractor's failure to achieve L/D Item by its Key Contractor Schedule Milestone Date arises from or is caused (in whole or in part) by Contractor, any Contractor Person (including any Subcontractor other than the Assigned Owner Equipment Contract Supplier), or other party over whom Contractor has control or responsibility for, then Contractor shall be fully liable and responsible for paying to Owner any and all Liquidated Damages assessed hereunder and as detailed in Exhibit D. Notwithstanding the foregoing, nothing herein shall absolve Contractor from any of its obligations hereunder, and nothing in this Section 13.1(c) shall impair, alter or otherwise modify Owner's rights and remedies under this Agreement.

(d) Notwithstanding the foregoing, nothing in this Section shall waive or otherwise limit Owner's right to terminate this Agreement at any time for a Contractor Default or any of Owner's other remedies as a result of the failure to achieve L/D Item Completion for any L/D Item, provided that any monetary damages as a result of any related delay (as opposed to failure to achieve L/D Item Completion for any L/D Item), shall be limited to Liquidated Damages.

13.2 Payment. The Liquidated Damages specified in Section 13.1, if owing, shall be due and payable within [**] Days after written demand by Owner. Owner may demand payment of Liquidated Damages from time to time as they accrue without deferring to such time as the total Liquidated Damages are known. Any Liquidated Damages that remain unpaid after the expiration of such ten-Day period shall bear interest at the Prime Interest Rate plus [**] per annum or the highest rate allowed by applicable Law, whichever is less. Any unpaid Liquidated Damages disputed by Contractor and determined to be payable pursuant to the resolution of such dispute in accordance with this Agreement shall also bear interest from the expiration of the ten-Day period referred to above at the Prime Interest Rate plus [**] per annum or the highest rate allowed by applicable Law, whichever is less. Notwithstanding the assessment of interest, and in addition to its other rights and remedies, Owner shall have the right to offset the amount of any unpaid Liquidated Damages plus interest against any amounts due or that may become due to Contractor under this Agreement.

13.3 Limitation on Liquidated Damages. In no event shall the aggregate amount of Liquidated Damages payable by Contractor under this Agreement exceed [**] of the Contract Price; provided, that this maximum amount shall not apply to, and no credit shall be issued against such amount for, any interest that accrues on the Liquidated Damages payable by Contractor pursuant to Section 13.2.

13.4 Certain Acknowledgments. The Parties acknowledge that Owner is entering into this Agreement in material reliance on, among other things, the enforceability of the provisions contained in this Article 13, including payment as and when due of the Liquidated Damages. Accordingly, Contractor agrees that it shall not claim, and hereby irrevocably waives any right to claim, in any litigation, arbitration, mediation or other proceeding whatsoever that the Liquidated Damages are a penalty or that this Article 13 is otherwise not enforceable in any respect in accordance with its terms. If and to the extent that, notwithstanding the foregoing, any or all of the Liquidated Damages payable hereunder are subsequently struck down as not representing a reasonable determination of Owner's damages or otherwise prevented from being fully enforced as written, the balance of this Article and this Agreement shall remain in full force and effect and Contractor shall thereafter be liable to Owner for damages at law for any such delay or failure of performance without regard to Section 18.1.

14. WARRANTY

14.1 Warranty.

Contractor warrants, for the duration of the Correction Notification Period, which shall mean Contractor warrants that as of the date of Substantial Completion and through the end of the Correction Notification Period (and without limiting the obligation of Contractor to complete all Work (other than P-3 Punchlist items) prior to Substantial Completion, including remedying any of the following that may be breached prior to Substantial Completion), as follows (the "**Warranty**");

- (a) the Work shall be performed in a professional and workmanlike manner;

(b) the Work shall conform to the requirements of this Agreement, including the Scope of Work, Design Documents, and Equipment manufacturer's specifications and other requirements;

(c) the Work in respect to the Owner Equipment shall have been performed in accordance with the Owner Equipment manufacturer's specifications, and other requirements including storage, installation and integration;

(d) the Work shall reflect and be performed with competent professional knowledge and judgment;

(e) the Work shall be free from errors and defects in design, workmanship and material;

(f) the Equipment shall be new and of good and suitable quality when installed;

(g) design and engineering services shall have been performed in accordance with Prudent Industry Practice, conform to this Agreement and be free from errors;

(h) the Documentation, including the Design Documents and the written instructions regarding the use of Equipment, such as those in operation and maintenance manuals, shall be free from errors and conform to this Agreement, including Prudent Industry Practice; and

(i) all computer hardware and software and all microchip devices and equipment that are part of the Equipment or Documentation will comply and be compatible with each other and Owner's other hardware, software and microchip devices and equipment listed in Exhibit A, and, together with such other hardware, software and microchip devices and equipment, operate together as a compatible system.

14.2 Correction Obligations.

(a) Without limiting the obligations of Contractor hereunder, if any deviation from, breach of, or failure of any of the Warranties (a "**Defect**") shall exist and Owner provides Contractor with written notice thereof within the Correction Notification Period, then Contractor shall promptly, at its sole expense (including "in and out cost") and whether in or outside of the Correction Notification Period, correct such Defect and any resulting property damage therefrom (whether to Equipment, or Owner Equipment or other property at, or in the vicinity of, the Site) and perform the re-Work required thereby, including engineer, repair, modify, replace, disassemble, remove, transport, store, re-assemble or re-perform the affected portion of the Work and other property, in each case in accordance with this Article 14. Nothing herein limits Contractor's ability to seek recovery of costs it actually incurs, or will incur, to correct any resulting property damage caused by a Defect under the Owner Controlled Insurance Program ("OCIP") to the extent such coverage exists; provided, however, Contractor's obligation to correct any such resulting property damage is not conditioned upon Contractor's ability to recover under the OCIP, and Contractor shall promptly (and at its sole expense) correct the resulting property damage as required hereunder. For the avoidance of doubt, correction of any Defect under this Agreement shall, as applicable, require not only correction of the defective Documentation, but also re-performance of the Work to the extent required for the Work to conform to the corrected Documentation. All such corrective Work shall be performed subject to the same terms and conditions under this Agreement as the original Work was required to be performed. Contractor shall provide Owner with prior written notice if any Subcontractor will perform any warranty Work. Contractor shall reimburse Owner for all reasonable out-of-pocket costs incurred by Owner to ascertain the existence, cause or nature of each Defect, after Contractor having been notified thereof or, if Contractor disclaims the existence of any

such Defect, in establishing the existence of such Defect (if such Defect exists). A Defect shall be deemed to exist in the Work if Owner determines that it deviates from the Documentation or the Scope of Work or fails to conform to any other requirements of this Agreement, including Prudent Industry Practice and applicable Law.

(b) Within five (5) Business Days after receipt by Contractor of notice from Owner specifying any Defect, Contractor and Owner shall confer with regard to the appropriate procedures to utilize in correcting the Defect and the property damage resulting therefrom and performing the re-Work required thereby and shall endeavor in good faith and within a reasonable period thereafter (not to exceed fifteen (15) Days) to mutually agree when and how Contractor shall remedy such Defect and the property damage resulting therefrom and perform such re-Work required thereby, provided that Owner may in good faith shorten the foregoing periods as it determines is needed for the operability, safety, reliability, or mechanical or electrical integrity of the Work or the Facility (or any portion thereof). If Contractor fails to initiate and diligently take steps to pursue such corrective action as so agreed (or, if failing such agreement, within such number of Days and pursuant to such procedures as Owner may in good faith determine is needed) and to pursue that corrective action fully and continuously thereafter or if, in Owner's discretion in light of the circumstances at such time, the operability, safety, reliability, or mechanical or electrical integrity of the Work or the Facility requires exigent corrective action, Owner may, with the cost incurred reimbursed by Contractor, undertake, or arrange for others to undertake, corrective action, which shall not void or otherwise limit Contractor's warranties hereunder; provided, however, that Owner may, in its discretion and in lieu of seeking the foregoing reimbursement from Contractor, make an equitable reduction to the Contract Price for the value of that portion of the Work that suffers from such Defect, in which event Contractor shall reimburse Owner for such equitable reduction to the Contract Price. All warranty Work shall be intended to address and otherwise remedy the cause, and not just the effect, of the Defect necessitating the warranty Work. All warranty Work shall be subject to such tests and inspections as Owner may require in its discretion and Contractor shall demonstrate to the full satisfaction of Owner that such Defect and any resulting property damage therefrom and the re-Work required thereby have been properly corrected and performed.

(c) Contractor shall have no responsibility to perform any warranty Work with respect to Owner Equipment unless any Defect with respect to such Owner Equipment is attributable to Contractor's failure to comply with its obligations in this Agreement.

(d) Contractor acknowledges that the operation of the Facility without interruption or disruption is a matter of paramount importance to Owner and that a Defect that could jeopardize its continued operation in whole or part. Accordingly, Contractor shall use its best efforts, in good faith, to correct any Defect and any property damage resulting therefrom and to perform any re-Work required thereby promptly so as to minimize revenue loss to Owner and to avoid disruption of Owner's operations at, and in the vicinity of, the Site. In its operations, Contractor shall give first priority to such efforts.

14.3 Repairs Based on Supplier Publications.

(a) If, at any time prior to the expiration of the Correction Notification Period for a Project, any Subcontractor for the supply of Equipment issues an advisory, bulletin, notice, product modification or other technical publication ("**Supplier's Publication**") mandating repair, modification, or replacement of one or more parts of the Equipment for such Project to address issues of personnel safety or integrity of Equipment for such Project or to assure continued safe and reliable operation of the Equipment for such Project, Contractor shall, at its cost and expense, repair, modify, or replace the affected parts as per such Supplier's Publication and in accordance with and subject to all the terms of

this Article; provided that, for Owner Equipment, Owner will compensate Contractor, at mutually agreed upon fixed time and material rates, to make such repairs, modifications or replacements required by this Section 14.3.

(b) As with respect to those of such Supplier's Publications for Equipment as can reasonably be implemented prior to completion of manufacture of the Equipment, Contractor will so implement the same. As with respect to those of such Supplier's Publications for Equipment as can reasonably be implemented prior to the achievement of Substantial Completion without disrupting the construction, installation, commissioning, start-up or testing thereof, Contractor will so implement the same. As with respect to any Supplier's Publications for Equipment as cannot reasonably be so implemented prior to the achievement of Substantial Completion, Contractor shall cooperate with Owner in scheduling such implementation so as to avoid disruption to the operations of the Facility.

(c) As a condition precedent to the achievement of Substantial Completion, Contractor will provide Owner with a written list of all Supplier Publications for Equipment (such list to include a report on the status of the implementation of each of the same as provided in this Section).

14.4 Access. Owner shall provide Contractor reasonable working access (subject to such restrictions and conditions as Owner may have instituted generally for its contractors and as Owner may require for the efficient operation of the Facility, which may include limiting access to predetermined outage scheduled times) to the Site to perform the warranty Work, including removal, disassembly, replacement and reinstallation of any Equipment with respect to which a Defect exists. Contractor shall arrange its schedule to best fit the operation schedule of the Facility.

14.5 Extension of Correction Notification Period. If a Defect is discovered within the last twelve (12) months of the Correction Notification Period, then the Correction Notification Period shall be extended to the first anniversary of the date that such Defect and any resulting property damage is corrected and any re-Work required thereby is completed, but only with respect to that portion of the Work that failed to conform to the warranties hereunder and the related warranty Work, including any Work to correct any resulting property damage and any re-Work required thereby. [**].

14.6 Responsibility for Warranty Work.

(a) Contractor shall have primary liability with respect to the warranties in this Agreement, whether or not any Defect or other matter is also covered by a warranty of a Subcontractor, and Owner need only look to Contractor for corrective action.

(b) In addition, Contractor's warranties shall not be restricted in any manner by any warranty of a Subcontractor, and the refusal of a Subcontractor to provide or honor a warranty or to correct defective, deficient or nonconforming Work shall not excuse Contractor from its liability on its warranties to Owner.

(c) In the event the Correction Notification Period as defined in the Assigned Owner Equipment Contract expires prior to the expiration of the Correction Notification Period set forth in this Agreement, Section 14.6(b) above shall not apply to the warranties provided by the Assigned Owner Equipment Contract supplier as defined in the Assigned Owner Equipment Contract.

14.7 Exclusive Warranties. THE WARRANTIES SET FORTH IN THIS AGREEMENT ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES WHETHER STATUTORY, EXPRESS, OR IMPLIED (INCLUDING ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ALL WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE).

15. INDEMNIFICATION

15.1 Indemnification. To the maximum extent permitted by applicable Law, Contractor shall indemnify, defend and hold harmless Owner, its Affiliates, contractors and suppliers (other than any Contractor Person) and their respective officers, employees, agents (other than Contractor), consultants, partners, members and directors (collectively, the “**Owner Persons**”), from and against, and will, on demand, compensate and reimburse the Owner Persons for, all Liabilities, whether or not covered by insurance, to the extent arising or claimed to have arisen:

(a) wholly or in part from acts or omissions of, or as a result of Work done or omitted from being done, or breach of this Agreement by any Contractor Person that, without limitation, resulted in:

- (i) injury to (including mental or emotional) or death of any person, including employees of Owner or any of its Affiliates;
- (ii) damage to or destruction of any property, real or personal, including property of any Owner Person; or
- (iii) any other harm or injury to third parties;

(b) out of injuries sustained and/or occupational diseases contracted by any Contractor Worker of such a nature and arising under such circumstances as to create liability by any Owner Person under the workers’ compensation act of the state having jurisdiction, including all claims and causes of action of any character against any Owner Person by any Contractor Person, any Contractor Worker, or any Person claiming by, under or through any of them resulting from or in any manner growing out of such injuries or occupational diseases;

(c) out of any violation of Law by any Contractor Person or any action taken by any Contractor Person, which action results in any Owner Person violating any Law; or

(d) from any breach by Contractor of the terms of Article 21 or any Security Event involving Confidential Information of Owner in Contractor’s possession, custody or control or for which Contractor is otherwise responsible.

Contractor’s duty to indemnify shall include all costs, including attorneys’ fees, incurred by any Owner Person in pursuing indemnity claims under or enforcing the terms of this Agreement.

15.2 Indemnity Procedures for Third Party Claims.

(a) In the event of a Third Party Claim, then the Owner Person must notify Contractor in writing of the existence of such Third Party Claim and must deliver copies of any documents served on the Owner Person with respect to such Third Party Claim; provided, however, that any failure to notify Contractor or deliver such copies will not relieve Contractor from any obligation hereunder unless (and then solely to the extent that) Contractor is materially prejudiced by such failure.

(b) Contractor shall have the right to conduct and control, through counsel of its own choosing, reasonably acceptable to the Owner Person, any Third Party Claim; provided, however, that (i) if requested by the Owner Person, Contractor provides the Owner Person with evidence reasonably acceptable to the Owner Person that Contractor will have the financial resources to defend against such Third Party Claim and fulfill its indemnification obligations hereunder, (ii) the Owner Person may, at its election, participate in the defense thereof at its sole cost and expense and (iii) if (A) Contractor shall fail to defend such Third Party Claim, (B) in the reasonable opinion of legal counsel for the Owner Person, such Third Party Claim involves the potential imposition of criminal liability on the Owner Person, (C) in the reasonable opinion of legal counsel for the Owner Person, the Third Party Claim involves, or is likely to involve, any claim by any Government Authority or (D) in the reasonable opinion of legal counsel for the Owner Person, an actual or potential conflict of interest exists where it is advisable for such Owner Person to be represented by separate counsel, then the Owner Person shall be entitled to control and assume responsibility for the defense of such Third Party Claim, at the cost and expense of Contractor. Contractor may, in any event, participate in such proceedings at its own cost and expense. If the Owner Person agrees to forego any indemnity claimed under this Article, the Owner Person may, at its election, conduct and control the defense against the Third Party Claim at its sole cost and expense.

(c) Contractor, in the defense of any such litigation, other proceeding or other claim, shall have the right in its sole discretion to compromise or settle such Third Party Claim only if (i) such compromise or settlement involves only the payment of money and execution of appropriate releases of the Owner Persons, (ii) there is no finding or admission of any violation of Law and (iii) the Owner Persons will have no Liability with respect to such compromise or settlement. Otherwise, no such Third Party Claim shall be settled or agreed to without the prior written consent of the Owner Person. The Owner Person and Contractor shall fully cooperate in good faith in connection with such defense and shall cause their legal counsel, accountants and affiliates to do so, and shall make available to the other Party all relevant books, records, and information (in such Party's control) during normal business hours, and shall furnish to each other such other assistance as the other Party may reasonably require in connection with such defense, including making its employees available to testify and assist others in testifying in any such proceedings.

15.3 Indemnification of Assigned Owner Equipment Contracts Supplier. In accordance with Article 14 of the Assigned Owner Equipment Contract, Contractor shall, to the maximum extent permitted by applicable Law, indemnify, defend, and hold harmless the Assigned Owner Equipment Contract supplier for third party death, bodily injury and property damage claims in a manner consistent with Contractor's indemnification obligations owed to Owner set forth in this Article 15. Such indemnification of the Assigned Owner Equipment Contract supplier shall be subject to Article 17 of the Assigned Owner Equipment Contract, including the exceptions to the limitations set forth in Sections 17.1 and 17.2 of the Assigned Owner Equipment Contract.

16. INSURANCE

Contractor shall, and shall cause its Subcontractors to, comply with the insurance requirements set forth in Exhibit O. Contractor shall seek and obtain Owner's written approval of any variations to the requirements set forth in Exhibit O for Contractor's Subcontractors. The provisions of this Article 16 or Exhibit O do not modify or change any responsibility of Contractor or the Subcontractors as stated elsewhere in this Agreement. Owner assumes no responsibility for the solvency of any insurer to settle any claim. The insurance requirements herein are separate and apart from and in no way limit Contractor's indemnity obligations as stated in this Agreement, including Section 15.1. Anything herein to the contrary notwithstanding, the liabilities of Contractor under this Agreement shall survive and not

be terminated, reduced or otherwise limited by any expiration or termination of insurance coverages. Neither approval nor failure to disapprove insurance furnished by Contractor shall relieve Contractor from responsibility to provide insurance as required by this Agreement.

17. PROJECT CREDIT SUPPORT

17.1 Financial Information. From the Effective Date until Final Completion, Contractor shall deliver to Owner (a) within ninety (90) Days following the end of each fiscal year, a copy of Guarantor's annual report containing audited, consolidated financial statements for such fiscal year, and (b) within thirty (30) Days after the end of each of its first three fiscal quarters of each fiscal year, a copy of Guarantor's quarterly report containing unaudited, consolidated financial statements for such fiscal quarter. In all cases, the statements shall be prepared in accordance with generally accepted accounting principles.

17.2 Parent Guaranty. Contractor represents and warrants that, concurrently herewith, it has furnished to Owner the Parent Guaranty, a copy of which is attached hereto as Exhibit I-1, pursuant to which Guarantor unconditionally and irrevocably guarantees to Owner the prompt and full performance of all obligations, duties and liabilities of Contractor under the terms of this Agreement.

17.3 Standby Letter of Credit.

Within three (3) Business Days following the date hereof, Contractor shall obtain and provide to Owner an irrevocable standby letter of credit in an initial notional amount equal to [**] percent [**] of the Contract Price as of the date hereof (rounded up to the nearest million) in favor of Owner in the form attached hereto as Exhibit I-2 (as such standby letter of credit may be amended or replaced from time to time in accordance with this Section 17.3, the "**Standby Letter of Credit**"). The Standby Letter of Credit shall be a source of funds for claims by Owner hereunder.

(a) The Standby Letter of Credit shall (i) be issued by a commercial bank organized under the laws of the United States or any state thereof and having a general long-term senior unsecured debt rating of A- or higher (as rated by Standard & Poor's Rating Group) or A3 or higher (as rated by Moody's Investor Services, Inc.) with total assets greater than ten billion U.S. dollars (\$10,000,000,000); (ii) continue to be issued by an issuer that continuously meets the foregoing requirements while outstanding; and (iii) permit presentation by any of facsimile transmission, electronic transmission in protected document format (PDF) and in person at a bank located in Charlotte, NC or New York, NY.

(b) Contractor shall ensure that the Standby Letter of Credit remains in full force and effect, outstanding and in the required amounts until the expiration of the Correction Notification Period (the "**LOC Expiration Date**"); [**].

(c) If at any time the Standby Letter of Credit fails to meet any of the foregoing requirements, Contractor shall, within five (5) Days thereafter, replace the outstanding Standby Letter of Credit with a Standby Letter of Credit that meets each of the foregoing requirements and is in the form of the Standby Letter of Credit being replaced.

(d) If (i) by the terms of the Standby Letter of Credit, the Standby Letter of Credit will expire prior to the LOC Expiration Date and Contractor fails to renew or replace the Standby Letter of Credit at least thirty (30) Days prior to the expiration thereof, (ii) the terms of this Section 17.3 otherwise require the Standby Letter of Credit to be replaced and Contractor fails to so replace the Standby Letter of Credit, or (iii) any claim remains outstanding thirty (30) Days prior to the LOC Expiration Date (or any extension thereto as provided below) and Contractor fails to renew the Standby Letter of Credit for

an extended period of one year (or such shorter period as Owner may permit in writing in its discretion) in an amount that Owner in its discretion deems sufficient to cover such claim, then, in the discretion of Owner, Owner shall be entitled to draw and retain for claims hereunder the full amount (or, if the draw arises from clause (iii) above, such amount as Owner deemed sufficient to cover such claim) of the Standby Letter of Credit. Such retained amount, less any amount offset against such retained amount, and net of any reasonable attorneys' fee or applicable bank fees incurred by Owner in connection with the exercise of its rights under this Section, shall be returned to Contractor promptly upon the later of (1) the LOC Expiration Date or (2) liquidation of any claim that had been outstanding (and any related offset).

(e) In the event of a Change Order (or series of Change Orders) that increases or decreases, cumulatively, the Contract Price by more than [**] percent [**], Owner, in its discretion, shall be entitled to make an equitable adjustment to the amount of the Standby Letter of Credit, in which case Contractor, within ten (10) Days of notice from Owner of such equitable adjustment, shall amend, replace or supplement the then-outstanding Standby Letter of Credit to reflect such equitable adjustment.

(f) If the outstanding amount under the Standby Letter of Credit or the retained amount pursuant to a draw under Section 17.3(e) has been reduced as a result of one or more draws or claims thereunder (other than, with respect to the outstanding amount under the Standby Letter of Credit, a draw pursuant to Section 17.3(e)) at any time prior to the Substantial Completion Date to an amount equal to or less than one-half of its original amount (as adjusted pursuant to Section 17.3(f)), then Contractor, within ten (10) Days of notice from Owner of such reduction, shall amend, replace or supplement the then-outstanding Standby Letter of Credit to reflect an outstanding amount equal to its original amount (as adjusted pursuant to Section 17.3(f)) or, with respect to any such retained amounts, provide a new Standby Letter of Credit reflecting an outstanding amount equal to such aggregate reduction; [**].

(g) If Contractor fails to so amend, replace or supplement the Standby Letter of Credit or provide a new Standby Letter of Credit as and when required by this Agreement, then, without limiting any obligation of Contractor hereunder, including performance of the Work in accordance with the Baseline Schedule, Owner shall not be obligated to make any further payments to Contractor hereunder or approve any Change Order requested by Contractor that would increase the Contract Price until Contractor shall have provided Owner with such amended, replacement or supplemental Standby Letter of Credit.

17.4 Additional Support If there occurs a material adverse change in the financial condition, including the results of operations, assets, liabilities or business of Contractor or Guarantor, which change could impair Contractor's ability to discharge its obligations under this Agreement or Guarantor's ability to discharge its obligations under the Parent Guaranty, as determined by Owner in a commercially reasonable manner, then, at Owner's option and in its discretion, Contractor shall, within ten (10) Days after written notice from Owner, provide Owner with adequate assurance of performance. Without limitation, adequate assurance of performance may include: (a) a replacement Standby Letter of Credit in an increased amount determined by Owner in a commercially reasonable manner or to request a letter of credit from Contractor or Guarantor and/or (b) cash prepayments. Owner shall also be entitled to retain from any payment due Contractor hereunder a percentage thereof determined by Owner in a commercially reasonable manner, which retainage shall be returned, subject to any offset by Owner, together with payment of the Final Payment Invoice. In either event, the Standby Letter of Credit or retention shall be in amounts sufficient to protect Owner's interests in light of the material adverse change in the financial condition of Contractor or Guarantor. Without limitation, material adverse

change in financial condition may include (a) default by Contractor or Guarantor under any promissory note or loan agreement with any financial institution, (b) inability of Contractor or Guarantor to perform under other contractual obligations with Owner, or (c) inability of Contractor to pay its Subcontractors or vendors.

18. LIMITATION OF LIABILITY

18.1 No Consequential Damages. [**].

18.2 Maximum Total Liability. [**].

Nothing in this Article 18 shall limit, impair, alter, or otherwise excuse Contractor's obligations to (a) diligently prosecute and comply with the Baseline Schedule and/or (b) achieve Substantial Completion by the Guaranteed Substantial Completion Date.

18.3 Relationship to Insurance. No limitation of liability provided to Contractor under this Agreement is intended to, nor shall, run to the benefit of any insurance company or in any way prejudice, alter, diminish, abridge or reduce, in any respect, the amount of proceeds of insurance otherwise payable to Owner under coverage required to be carried by Contractor under this Agreement, it being the intent of the Parties that the full amount of insurance coverage bargained for be actually available notwithstanding any limitation of liability contained in this Agreement.

19. TITLE TO EQUIPMENT; LIENS; RISK OF LOSS

19.1 Transfer of Title; Liens.

(a) Except as otherwise expressly provided in this Agreement, good, exclusive and marketable title, free and clear of all Liens, to the Equipment and to each of the constituent parts thereof shall pass to Owner upon the earlier of (i) delivery of such Equipment or constituent part thereof to the Site and (ii) payment of the amount then due under a Milestone Payment Invoice covering such Equipment or constituent part thereof, notwithstanding any disputed amounts withheld or offset by Owner against any payment sought by Contractor in accordance with the terms of this Agreement. The passage of title to any Equipment to Owner shall not be deemed an acceptance or approval of such Equipment (or any Service), affect the allocation of risk of loss or otherwise relieve Contractor of any obligation under this Agreement, including any obligation to provide and pay for transportation and storage in connection with such Equipment. Further, it is acknowledged by the Parties that, upon the passage of title, the Equipment and the constituent parts thereof shall be specifically excluded from the bankruptcy estate of Contractor in the event of any bankruptcy or insolvency proceeding involving Contractor. Contractor represents and warrants that it has and shall have all rights, power and authority to transfer good, exclusive and marketable title, free and clear of all Liens, to the Documentation, the Equipment and the constituent parts thereof to Owner as and when provided hereunder.

(b) Contractor shall not permit any Liens from any Contractor Person (not including Contractor for Liens arising from non-payment by Owner of a Milestone Payment Invoice which is not the subject of a good faith dispute) and shall promptly notify Owner of any Liens. Without limiting the foregoing, Contractor shall promptly, and in any event within thirty (30) Days, discharge or bond any Lien as required by applicable Law to remove such Lien. If Contractor fails to so discharge or bond such Lien, Owner shall have the right to take any and all actions and steps to satisfy, defend, settle or otherwise remove such Lien and to backcharge Contractor for the costs thereof.

(c) Contractor acknowledges that Owner has selected the below named entity to serve as its designated lien agent, pursuant to North Carolina General Statute § 44A-11.1, for each Project whose Site is located in the State of North Carolina (the “**Lien Agent**”). Contractor is responsible for ensuring that all permits for Work in connection with such Projects include the Lien Agent Information (defined herein, below) on the face of the permit. Contractor shall post a notice at the Site for each such Project that sets forth conspicuously, in a location where the permits are displayed, and continuously for the duration of such Work the following name and contact information for the Lien Agent.

Chicago Title Company, LLC
19 W. Hargett Street, Suite 507
Raleigh, NC 27601
Facsimile Number: 1-913-489-5231
E-mail Address: support@liensnc.com

In addition, Owner may appoint the Lien Agent through the electronic online system found at <http://www.liensnc.com/>. Owner may provide Contractor with project-specific information such as project-specific alphanumeric identifiers or a Quick Response (“**QR**”) code to facilitate notices to the Lien Agent that Contractor shall include along with the name and contact information above in all related postings at each such Project. Such Project-specific information and the name and contact information for the Lien Agent set forth above shall all together constitute the “Lien Agent Information.” Contractor shall provide the Lien Agent Information to its Subcontractors on each such Project contemporaneously with entering such agreements and not later than three (3) Days thereafter. Further, Contractor shall require that the Lien Agent Information is disseminated by its Subcontractors to parties with whom they contract for labor, material or services on each such Project within three (3) Days of entering into such agreements.

(d) Contractor shall defend, indemnify and hold harmless the Owner Persons from and against any Liabilities incurred by such Owner Persons arising out of any failure of Contractor to comply with the terms of this Section 19.1.

(e) This Section shall survive the expiration, cancellation or termination of this Agreement. The Parties acknowledge and agree that this Section is not subject to the Correction Notification Period.

19.2 **Risk of Loss.** Whether or not title has passed to Owner, the risk of loss for all Equipment shall remain with Contractor until, and shall pass to Owner only upon, Substantial Completion. Risk of loss for all Owner Equipment shall pass to Contractor upon its arrival at the Site (at the point prior to being unloaded) and shall remain with Contractor until, and shall pass to Owner only upon, Substantial Completion. Contractor shall be obligated, at its expense, to replace, repair or reconstruct the Equipment or the Owner Equipment that is lost, damaged, or destroyed during the period in which Contractor has risk of loss and perform any re-Work in connection therewith. In the event the loss is caused by a Force Majeure event, the Contractor may be entitled to an extension of time as set forth in Article 11; provided, however, Contractor shall remain obligated, at its expense, to replace, repair or reconstruct the Equipment or the Owner Equipment pursuant to this Section 19.2. Nothing herein limits Contractor’s ability to seek recovery under Owner’s Builder’s Risk policy to the extent such coverage exists; provided, however, in the event such coverage exists and is available to Contractor, Contractor shall still take all reasonable steps to replace, repair or reconstruct the Equipment or the Owner Equipment that is lost, damaged, or destroyed during the period in which Contractor has risk of loss and perform any re-Work in connection therewith. For Equipment that is removed from the Site for repair, replacement or refurbishment under the Warranty, the risk of loss to such Equipment shall pass to Contractor upon it being moved from the

location at which it was installed, and Owner will resume the risk of loss of such Equipment upon completion of re-installation, testing and inspection of the repaired, replaced or refurbished Equipment at the Facility.

19.3 Construction Equipment. Risk of loss or damage to Construction Equipment shall at all times remain with Contractor, and Owner shall have no responsibility for Construction Equipment.

20. TITLE TO DOCUMENTATION; INTELLECTUAL PROPERTY

20.1 Representation and Indemnity. Contractor represents and warrants that (a) none of the Work or the Documentation, when delivered to Owner, infringes or constitutes a misappropriation of any right of any third party, including any copyrights, mask work rights, patent rights, trademark rights, trade secret rights, confidentiality rights or other intellectual property rights and (b) none of the Work, when delivered to Owner and that includes computer hardware or software or microchip devices or equipment, (i) contains computer viruses or other contaminants, including any code or instructions that may be used to modify, delete, render inaccessible or inoperable, or damage any part of the Equipment or Owner's data files or other programs; and (ii) has embedded in them any back door, time bomb, trojan horse, drop dead device or other computer software routine that is designed to permit (or that permits) access to or use of any of the Equipment or Owner's other assets by any Person other than Owner or that is designed to permit (or that permits) the disabling or erasure of any software or data. Contractor shall defend, indemnify and hold harmless the Owner Persons against, and will, on demand, compensate and reimburse the Owner Persons for, any and all Liabilities arising out of or relating to an allegation that any of the Work or the Documentation, or use thereof, constitutes an infringement or misappropriation of any right of any third party, including any copyrights, mask work rights, patent rights, trademark rights, trade secret rights, confidentiality rights or other intellectual property rights. The provisions of Section 15.2 shall apply to any claims for which any Owner Person is entitled to indemnification hereunder. Contractor shall obtain Owner's written consent, which may be withheld in Owner's discretion, prior to entering into any settlement of any such claim suit or proceeding that does not include a complete Liability release for all Owner Persons or that would prohibit or restrict use of any part of the Work or the Documentation by any Owner Person. Contractor shall not permit the use of any of the Work or the Documentation by any of the Owner Persons to be enjoined. If any such use may be enjoined (or, notwithstanding the foregoing, is enjoined), Contractor shall, at its option, either: (i) procure for such Owner Persons the right to continue using the Work and the Documentation to the full extent contemplated herein; (ii) replace the same with substantially equivalent non-infringing Work and Documentation acceptable to Owner; or (iii) modify the same in a manner acceptable to Owner and in conformance with the functional requirements of this Agreement so it becomes non-infringing. For the avoidance of doubt, Contractor's obligations under this Section 20.1 shall not apply to the Owner Equipment (to the extent not modified by Contractor), Owner Work, any other materials or documentation provided by Owner, or any manuals or other documentation provided by any supplier of the Owner Equipment.

20.2 Ownership of Rights in Documentation. Subject to Section 20.4, all rights, title and interests in and to the Documentation, and the intellectual property rights contained therein, including any moral rights, shall be owned solely and exclusively by Owner, provided that nothing in this Agreement shall be construed as limiting Contractor's right to use, and ownership of, its intellectual property, trade secrets, basic know-how, experience and skills in its performance under agreements generally with third parties. Contractor agrees to, and hereby does, assign to Owner, without any further consideration, all rights, title and interests throughout the world in and to all such Documentation immediately upon their creation. Contractor agrees that all such Documentation that are copyrightable shall constitute "works made for hire" under the copyright laws of the United States and, as such, acknowledges that Owner is the author of such Documentation and owns all of the rights comprised in the copyright of such Documentation and Contractor hereby assigns, and agrees to cause each other Person having any rights therein to assign, to Owner, without any further consideration, all of the rights comprised in the copyright and other proprietary rights that Contractor or such other Person may have in any such Documentation upon its creation to the extent that it might not be considered a work made for hire. Contractor agrees to perform or cause to be performed, at its expense, all acts reasonably deemed necessary or desirable by Owner to effectuate the intent of this Section.

20.3 Marking of Documentation. Contractor may mark any Documentation that contains its intellectual property rights, as protected by applicable Law and as set forth in Section 20.4 below, as confidential or proprietary to Contractor; provided, however, Owner shall have the right to reject or contest such markings, in writing (including removing such markings). If Owner so rejects or contests such markings, then the Parties will work together in good faith to resolve such dispute.

20.4 License to Certain Intellectual Property. If Contractor retains any intellectual property rights to any Documentation or the content thereof, then no such intellectual property rights shall be transferred to Owner as provided in Section 20.2 and Section 20.3 shall not apply with respect to such Documentation or content thereof to the extent of such retained intellectual property rights; provided, however, that Contractor hereby grants to Owner a non-transferable (except only as part of the sale or transfer of the Facility), royalty-free, fully paid up, irrevocable, sub-licensable, nonexclusive license to use and copy such retained intellectual property rights, but only for the purposes of Facility construction, design, engineering, commissioning, testing, maintenance, operation, training, modification, consultation, repair, decommissioning and compliance with Laws, and subject to the restrictions on Contractor Confidential Information set forth in Article 21.

20.5 Other Licenses. If, notwithstanding the foregoing, a license is required under any patent, trade secret right or other proprietary right of Contractor or any Subcontractor to maintain, operate, conduct training for, modify, repair, or decommission the Facility (other than the Owner Equipment) or comply with applicable Laws, Contractor hereby grants to Owner a non-transferable (except only as part of the sale or transfer of the Facility), royalty-free, fully paid up, irrevocable, sub-licensable, nonexclusive license under such patent, trade secret and other proprietary right for such purposes.

20.6 Assigned Owner Equipment Contract License. Notwithstanding anything in Section 20.2 or 20.3 to the contrary, Contractor hereby grants to Owner, and Owner hereby shall possess, all rights, title and interests and all licenses in and to the Documentation and Equipment (and the intellectual property therein) provided pursuant to the provisions of the Assigned Owner Equipment Contract as such provisions exist on the date hereof, and no further rights, title and interests or licenses in and to such Documentation or Equipment shall be deemed to have been granted pursuant to Section 20.2 or 20.3.

21. CONFIDENTIAL INFORMATION; SECURITY

21.1 Disclosure Prohibited. Each Party agrees that it shall not use, share, transfer, disclose, publish, or otherwise provide the Confidential Information of the other Party to any third party (including Affiliates and Subcontractors) for any reason unless approved in writing by the disclosing Party or as otherwise permitted by this Article 21. Furthermore, (a) Contractor agrees not to disclose the Confidential Information of a business unit of Owner or its Affiliates to any other business unit of Owner or its Affiliates without the prior written consent of Owner (for purposes of clarity, Owner shall not disclose, nor approve the disclosure of, any proprietary customer information without the prior consent of the applicable customer), (b) where Contractor, with the written consent of Owner, provides a third party access to Confidential Information of Owner, Contractor shall impose obligations on such third party that are substantially similar to those imposed on Contractor in this Article 21 and (c) Contractor shall not disclose or transmit any of its Personal Information to Owner or Owner's Affiliates without the prior written consent of Owner. Contractor shall retain only Subcontractors that Contractor reasonably can expect to be suitable and capable of performing the delegated obligations in accordance with this Article 21, and Contractor shall be responsible for, and remain liable to Owner for, any such third party's compliance with this Article 21.

21.2 Use Restrictions. Each Party agrees to use Confidential Information of the other Party solely for the purpose of this Agreement. Each Party shall (a) provide training, as appropriate, regarding the privacy, confidentiality and information security requirements set forth in this Article 21 and (b) exercise the necessary and appropriate supervision over its relevant personnel to maintain the appropriate privacy, confidentiality and security of Confidential Information of the other Party. Each Party agrees to protect Confidential Information of the other Party with at least the same degree of care used to protect its own most confidential information.

21.3 Disclosures Required by Government Authority. Notwithstanding the foregoing, if the receiving Party is requested or ordered by a Government Authority to disclose any Confidential Information of the other Party, the receiving Party shall (a) promptly notify the disclosing Party of the existence, terms and circumstances surrounding the request or order; (b) consult with the disclosing Party on the advisability of taking steps to resist or narrow the request or order; (c) cooperate with the disclosing Party in any lawful effort the disclosing Party undertakes to obtain any such relief and with any efforts to obtain reliable assurance that confidential treatment will be given to that portion of such Confidential Information that is disclosed; and (d) furnish only the minimal portions of such Confidential Information as the receiving Party is advised by counsel is legally required to be disclosed, unless the disclosing Party expressly authorizes broader disclosure in writing.

21.4 Permitted Disclosures. A Party may disclose the other Party's Confidential Information to third parties as follows:

(a) Contractor may disclose Owner's Confidential Information to a Subcontractor only if (i) such disclosure is necessary for Subcontractor's performance of the Work and (ii) the Subcontract pursuant to which such Subcontractor performs the Work contains obligations substantially similar to those set forth in this Article 21 (to the extent applicable). Contractor may disclose Owner's Confidential Information to Owner's Engineer and Contractor's Affiliates as reasonably necessary or prudent for the cooperative performance of the Work.

(b) Owner may disclose Contractor's Confidential Information to: (i) potential investors; (ii) third parties engaged by Owner to provide consultation regarding the Project or the Facility; (iii)

third parties with which Owner contracts for engineering, construction, designing, commissioning, testing, maintenance, operation, training, modification, repair, consultation or decommissioning of the Facility or other activities relating to the Facility undertaken in order to comply with applicable Law, including Owner's Engineer; (iv) purchasers and prospective purchasers of the Facility; or (v) notwithstanding Sections 21.3 and 21.4(a), any Government Authority having jurisdiction over the Facility or Owner in respect to any aspect of the Facility upon the request of such Government Authority, provided that, in the case of the foregoing clauses (i) – (iv), the third party to which disclosure is made first executes a written confidentiality agreement with Owner containing confidentiality obligations substantially similar to those set forth in Sections 21.1 through 21.4.

21.5 Owner's Name and Logo; No Publication; Web Content Accessibility. Contractor shall not use Owner's or its Affiliates' name or the fact that Contractor is performing Work for Owner in any press releases, media statements or public communications or otherwise publicize this Agreement without Owner's prior written consent; which shall be at Owner's sole discretion. Contractor shall not use Owner's or its Affiliates' name, logos, copyrights, trademarks, service marks, trade names, or trade secrets in any way without Owner's prior written consent, which shall be at Owner's sole discretion; and Owner shall not be deemed to have granted Contractor a license of, or granted Contractor any rights in, any of the foregoing by entering into this Agreement. Additionally, Contractor and Owner agree to cooperate in maintaining good community relations. Owner will issue all public statements, press releases and similar publicity concerning any Work, its progress, completion, and characteristics. Contractor shall not make or assist anyone to make any such statements, releases, photographs or publicity without prior written approval of Owner, which shall be at Owner's sole discretion. If applicable to Contractor's performance of Work under this Agreement, Contractor represents and warrants that all Work has been, or shall be, completed in adherence with Owner's web accessibility guidelines, which are set forth at <https://www.duke-energy.com/customer-service/accessibility>.

21.6 Contractor's Security Program Requirements. Contractor shall maintain a comprehensive data and systems security program ("**Security Program**"), which shall encompass, but is not limited to, any of Contractor's goods that contain software (including firmware) executed or installed on any device connected to an Owner information system or network and any of Contractor's Services that support or maintain such software or connect to an Owner information system or network, which program shall include, but may not be limited to, reasonable and appropriate technical, organizational, administrative and physical security measures to ensure the security and confidentiality of and protect against the destruction, loss, unauthorized access, acquisition, use, disclosure or alteration of: (a) Owner's Confidential Information, (b) Owner's information systems, and (c) Owner's networks. Without limiting the generality of the foregoing, Contractor's Security Program shall (unless otherwise agreed in advance, in writing), at a minimum: (i) use industry standard software and hardware data and system security tools generally available on the market and shall not use Contractor's proprietary technology; (ii) include secure user authentication protocols; secure access control measures; reasonable monitoring of systems on which Owner's Confidential Information is maintained; appropriate segregation of Owner's Confidential Information from information of Contractor or its other customers; effective systems for identifying and responding to threats; effective systems for identifying and addressing information security vulnerabilities; and appropriate personnel security and integrity procedures and practices; and (iii) use best practice cyber security and coding practices that address issues identified in the then current Open Web Application Security Project Top 10, and the SysAdmin, Audit, Networking, and Security ("**SANS**") Top 25 Programming Errors, and SANS top 20 critical controls. Contractor shall promptly, upon Owner's request: (A) disclose to Owner IT security all backdoors, embedded credentials and interactive remote management/support capabilities, and (B) verify that unused features have been disabled. The content and implementation of Contractor's Security Program shall be fully documented

in writing by Contractor. Upon Owner's request, Contractor shall permit Owner to review such documentation and/or inspect Contractor's compliance with the Security Program.

21.7 Storage and Encryption of Owner's Confidential Information and Owner PII.

Contractor shall not store, access, or maintain any of Owner's Confidential Information outside the United States (including its territories and protectorates) or in any cloud service or facility, without the express prior written consent of Owner.

(a) Contractor shall encrypt all of Owner's electronically-stored Confidential Information in its possession both at rest and in transit.

(b) Contractor shall encrypt the following of Owner's electronically-stored Owner PII data elements:

- (i) Social Security Number;
- (ii) State ID Card Number;
- (iii) Driver's License;
- (iv) Checking Account Number;
- (v) Savings Account Number;
- (vi) Credit Card Number;
- (vii) Debit Card Number;
- (viii) Passport Number;
- (ix) Fingerprints;
- (x) Biometric Data;
- (xi) Digital Signatures;
- (xii) Stock or other security certificate or account number;
- (xiii) Parent's Legal Surname prior to marriage;
- (xiv) Medical Information;
- (xv) Health insurance information;
- (xvi) Employer or taxpayer identification number;
- (xvii) Insurance policy number;
- (xviii) Passwords, PINs, or other access codes;
- (xix) Private Phone Numbers;
- (xx) Vital record;
- (xxi) Unique electronic identifier, routing code, account number, credit card number, or debit card number, in combination with any required security code, PIN, access code, or password that would permit access to an individual's financial account; and
- (xxii) Other numbers or information which may be used to access a Person's financial accounts or numbers or information issued by a Government Authority that uniquely will identify an individual,

using the following design elements:

- (1) Owner PII shall be encrypted in all applications where Owner PII is initially acquired.

- (2) Decryption of data elements of Owner PII shall only occur in a consuming application, or in output, with a Legitimate Business Requirement for native data elements of Owner's Personal Information.
- (3) Access to a fully decrypted data element of Owner PII is provided only to individuals/entities with a Legitimate Business Requirement for such access, where such access is authenticated using identity management techniques.
- (4) Masking output is utilized to provide access to, or display, a portion of decrypted data in the absence of a Legitimate Business Requirement for decrypted access (i.e., mask all but last 4 digits of social security number on reports).
- (5) Custom application(s) will be developed to accommodate ad hoc database queries returning decrypted results appropriate for the individual's Legitimate Business Requirement.

(c) Contractor shall use encryption algorithms used for Owner's Confidential Information and Owner PII that are currently endorsed by NIST (www.nist.gov), and such algorithms shall be updated as such NIST endorsements are updated from time-to-time. Contractor may not use proprietary encryption algorithms.

Contractor shall employ encryption / decryption key management such that the keys are managed confidentially.

21.8 Return of Confidential Information. Promptly upon the termination of this Agreement, or such earlier time as Owner requests in writing, Contractor will return to Owner or its designee, or render unreadable or undecipherable if return is not reasonably feasible or desirable to Owner (which decision will be at Owner's sole discretion), each and every original and copy in every media of all of Owner's Confidential Information in Contractor's possession, custody or control, including all information and materials that contain or are derived from Owner's Confidential Information ("**Data Return Requirements**"), except to the extent Contractor needs to maintain an archival copy pursuant to Contractor's written records retention policy or is required to keep copies of Owner's Confidential Information by applicable Law, and then only to the extent necessary for compliance. Archival copies shall continue to be treated as Confidential Information and shall be maintained in accordance with the terms and conditions of this Agreement. To the extent Contractor is required to keep copies of Owner's Confidential Information by Law, Contractor shall, upon the written request of Owner, provide Owner with a written, detailed inventory of such information and a citation to the applicable Law for each such item, in advance of keeping such copies. Promptly following any return or alternate action taken to comply with the Data Return Requirements, Contractor will provide to Owner a written certification from one of Contractor's officers certifying that such return or alternate action occurred.

21.9 Vendor Network. Upon request, Owner may provide Contractor access to an external network to access the internet ("**Vendor Network**") while Contractor works on-premises at any facility of Owner or its Affiliates. Contractor agrees that any use of the internet and electronic mail through the Vendor Network will be solely for necessary business purposes.

21.10 Internal Network. Owner's internal network ("**Internal Network**") is independent of the Vendor Network. Contractor agrees that it may access the Internal Network solely for the purpose of performing the Work. The Internal Network contains Owner's Confidential Information, which Contractor may be required to access to perform the Services. Contractor agrees that access to the Internal Network for

other purposes, or the use of the Internal Network to access other non-Work-related networks, is strictly forbidden, and Contractor shall be responsible and liable for all damages or unauthorized access resulting or arising from such actions, and such activity may result in the discontinuation of any and all Owner network access.

21.11 Internet Access. In accordance with Owner's existing internet usage policies, Contractor and its employees shall not access any gambling, pornography or hate or violence sites from either the Vendor Network or the Internal Network; introduce any viruses, worms, Trojan horses or other bugs or errors in any Owner network; or forward any chain letters, executable "ready to run" files or other files which may cause damage to Owner's computer or network systems. Owner reserves the right to monitor Contractor's use of the Vendor Network, the Internal Network and the internet through the Vendor Network, the Internal Network and Owner's or its Affiliate's information systems, for these or other unauthorized or unlawful activities.

21.12 Access Termination. Owner reserves the right, in its sole discretion, to terminate Contractor's access to and use of the Vendor Network or Internal Network at any time, for any reason, and without notice to Contractor.

21.13 Compliance with Privacy Laws. Contractor shall comply, and shall require its Subcontractors to comply, with (i) all applicable Laws, rules, regulations, directives and governmental requirements currently in effect and as they become effective relating in any way to the privacy, confidentiality or security of Owner's Confidential Information ("**Privacy Laws**"); (ii) all applicable industry standards concerning privacy, confidentiality or information security including the ISO/IEC 27001 and ISO/IEC 27002 Standards, the National Institute of Standards and Technology ("NIST") Framework for Improving Critical Infrastructure Cybersecurity and the Payment Card Industry Data Security Standard; and (iii) applicable provisions of Owner's written requirements currently in effect and as they become effective relating in any way to the privacy, confidentiality or security of Owner's Confidential Information, or applicable privacy policies, statements or notices that are provided to Contractor by Owner in writing.

21.14 Security Breach Notice.

(a) Contractor agrees to:

(i) notify Owner, in accordance with Section 26.12, and with a copy to cirhotline@duke-energy.com, as soon as reasonably possible, but in no case later than twenty-four (24) hours after it becomes aware of any threatened, attempted or successful breach or loss of, destruction of, unauthorized access to, acquisition of, use of, or disclosure of or other compromise of (x) Owner's Confidential Information, (y) Owner's information systems, or (z) Owner's computer networks (each such event referred to herein as a "**Security Event**"). Notwithstanding the twenty-four (24) hour requirement set forth above, Contractor agrees to provide such notification within thirty (30) minutes after it becomes aware of any such Security Event that is reasonably likely to have a material adverse effect on the integrity or operation of a Critical Cyber System. Such notice shall summarize in reasonable detail the effect on Owner, if known, of the Security Event and the corrective action taken or to be taken by Contractor;

(ii) immediately investigate and perform a root cause analysis of such Security Event (with Owner's participation if desired by Owner);

- (iii) cooperate fully with Owner and remediate the effects of such Security Event; and
- (iv) provide Owner with such assurances as Owner shall request that such Security Event is not likely to recur.

(b) The content of any filing, communication, notice, press release or report related to any Security Event must be approved by Owner prior to any publication or communication. Upon the occurrence of a Security Event involving (i) Owner's Confidential Information in the possession, custody or control of Contractor or for which Contractor is otherwise responsible, or (ii) Critical Cyber Systems accessed by or accessible to Contractor in connection with Contractor's performance of the Services for or on behalf of Owner, Contractor shall reimburse Owner on demand for all Notification Related Costs incurred by Owner arising out of or in connection with any such Security Event.

21.15 Data Security and Compliance Audits.

If Contractor: (x) provides any software that is installed on a computer or network of Owner, (y) has access to or stores or processes any Owner's Confidential Information, or (z) connects its computer systems, software, and/or applications to any network of Owner, including the Vendor Network or Internal Network, then Owner shall have the right to monitor Contractor's compliance with the terms of this Article and perform data security and system integrity audits ("**Audits**") on any of Contractor's applicable systems and/or applications used to provide the software or Services. Contractor hereby grants permission to Owner to perform such Audits.

(c) On an annual basis, Contractor, at Contractor's expense, shall require auditors to conduct an examination of the controls placed in operation and a test of operating effectiveness, as defined by Statement on Standards for Attestation Engagements No. 16, Reporting on Controls at a Service Organization ("**SSAE 16**"), of the services performed by Contractor for or on behalf of Owner and issue SOC 1 and SOC 2 reports (Type II) thereon (collectively "**SOC Reports**") for the applicable calendar year. Contractor shall submit the proposed control objectives to Owner for approval prior to conducting the audit. Contractor shall deliver to Owner a copy of the SOC Reports within six (6) weeks after conducting the SSAE 16 assessment for the calendar year. Contractor shall correct any audit control issues, deficiencies or weaknesses identified in any SOC Reports, at no additional cost to Owner. If specific audit recommendations are not implemented by Contractor, then Contractor should implement such alternative steps as are reasonably satisfactory to Owner for the purposes of minimizing or eliminating the risks identified in any such SOC Report.

(d) If Contractor does not cause an SSAE 16 examination of the controls placed in operation and a test of operating effectiveness to be conducted as described in Section 21.14(c) and deliver the SOC Reports to Owner, Owner shall, at its discretion, conduct an audit, or have an audit conducted by a designated representative, at Owner's expense at a date and time mutually agreed to by Owner and Contractor. Such Audits shall include physical inspection of facilities and equipment, external scan, process reviews, and reviews of system configurations, including firewall rule sets, and any information or materials in Contractor's possession, custody or control, relating in any way to Contractor's obligations under this Article. Owner has the right to review copies of the internal scans that have been performed on Contractor's internal servers connected to the Internal Network.

(e) To the fullest extent permitted by applicable Law, Contractor hereby waives the benefit of any state or federal Law which may provide a cause of action against Owner based on actions permitted under this Article.

(f) Should the Audits result in the discovery of material data security or system integrity risks to Owner, Owner shall notify Contractor of such risks and Contractor shall respond to Owner in writing with Contractor's plan to take reasonable measures to promptly correct, repair or modify its network or application to effectively eliminate the risk, at no cost to Owner, and Contractor shall have ten (10) Business Days to cure such data security or system integrity risks, unless Owner agrees to a longer period of time for such cure. If a data security or system integrity risk is, in good faith, found by Owner and such risk cannot be alleviated in the timeframe contemplated by this Section, based on the nature of the risk, Owner may terminate its network connection to Contractor immediately with or without notice to Contractor without cost or liability to Owner.

Upon Owner's written request, Contractor shall complete and submit to Owner an information security due diligence questionnaire provided by Owner within the time-frame requested by Owner

21.16 Injunctive Relief. Contractor agrees that any use, disclosure or handling of Owner's Confidential Information in violation of this Article or any applicable Privacy Law, or any other violation of this Article (including a Security Event) may cause immediate and irreparable harm to Owner and Owner shall be entitled to equitable relief, including an injunction and specific performance, in addition to all other remedies available at law or in equity. Therefore, Contractor agrees that Owner may obtain specific performance and injunctive or other equitable relief for any such violation, in addition to its remedies at law, without proof of actual damages and without the necessity of securing or posting any bond in connection with such remedy.

22. SUSPENSION; DEFAULT; TERMINATION

22.1 Suspension.

(a) Owner may, in its discretion and for any or no reason, order Contractor in writing to suspend all or any portion of the Work for a period of time as Owner may request and Contractor shall immediately comply with such order. The suspension shall commence on the later of (i) the Day on which Contractor is delivered such order and (ii) the Day specified in Owner's written notice to Contractor. Stop Work Orders shall not be deemed to be suspensions under this Section 22.1.

(b) Contractor may suspend the Work without Liability as if Owner had ordered a suspension in accordance with Section 22.1(a) upon written notice to Owner after the occurrence of either of the following:

(i) Nonpayment. Owner fails to pay or cause to be paid any amount that is not subject to a good faith dispute and has become due and payable by it to Contractor under this Agreement within thirty (30) Days after receipt of written notice that such amounts are past due; and

(ii) Insurance. Owner fails to obtain and maintain insurance as required by this Agreement.

(c) Upon suspension of the Work for any reason, Contractor shall cease the Work in a safe manner; protect, store and secure the Work against any deterioration, loss or damage; and ensure the Site is protected from harm.

(d) During periods of suspension, Owner shall reimburse Contractor on a time and material basis consistent with the terms and conditions set forth in Exhibit J for the reasonable, actual and verifiable costs (in accordance with Exhibit J) that (w) are incurred during the suspension period, (x) are documented by Contractor to the reasonable satisfaction of Owner, (y) would not have been incurred but for such suspension and (z) are:

- (i) for the purpose of safeguarding and/or storing the Work and the Owner Equipment;
- (ii) for personnel or Subcontractors, the payments for which, with Owner's prior written concurrence, are continued during the suspension period;
- (iii) for demobilization or remobilization; or
- (iv) for rescheduling the Work (including penalties or additional payments to Subcontractors for the same).

Contractor shall resume any suspended Work promptly, but in no event later than ten (10) Days after Owner gives Contractor written notice to do so, or, for other provisions of this Agreement that allow Contractor to treat an action or inaction by Owner as a suspension, promptly following the reason for such suspension ceasing and, in each case, shall use its best efforts to fully resume the Work as soon as reasonably possible. Contractor shall be entitled, to the extent of any delay to the critical path, to an equitable extension to the Baseline Schedule for any delay in the performance of the Work resulting from suspension pursuant to Section 22.1(b), which adjustment shall be reflected in a Change Order in accordance with Article 10. All claims by Contractor for reimbursement of any costs or to any such equitable adjustment must be made in accordance with Section 10.2 within thirty (30) Days after the suspension period has ended. Failure of Contractor to make any such claim within such 30-Day period shall be deemed a waiver by Contractor of such claim.

(e) Except for suspensions resulting from a Contract Default, if an Owner suspension lasts longer for a period of [**], then Contractor and Owner may mutually agree to terminate this Agreement, and such termination shall be deemed a termination for convenience by Owner under Section 22.6. For the avoidance of doubt, termination under this Section 22.1(e) must be agreed to by Owner.

22.2 Contractor Events of Default. Contractor shall be in default of its obligations pursuant to this Agreement upon the occurrence of any one or more of the following circumstances (each, a "**Contractor Default**"):

(a) Nonpayment. Contractor fails to pay or cause to be paid any amount that is not subject to a good faith dispute and has become due and payable by it to Owner under this Agreement within thirty (30) Days after receipt of written notice that such amounts are past due;

(b) Abandonment. Contractor abandons the Work or Guarantor repudiates the Parent Guaranty or claims that it is unenforceable (for purposes of this Section 22.2(b) only, "abandon" shall mean that Contractor has substantially reduced Contractor Workers at the Site or removed from, or has not placed at, the Site required Construction Equipment or failed to undertake or maintain efforts to

complete items of Work such that, in accordance with Prudent Industry Practice, Contractor will not be capable of maintaining progress in accordance with the Baseline Schedule);

(c) Insolvency. Contractor or Guarantor becomes Insolvent;

(d) Assignment. Contractor assigns or transfers, or attempts to assign or transfer, this Agreement or any right or interest herein, except as expressly permitted by this Agreement;

(e) Insurance. Contractor fails to obtain and maintain insurance as required under this Agreement;

(f) Liquidated Damages Cap. The amount of Liquidated Damages (whether paid or payable) equals or exceeds the maximum aggregate liability for Liquidated Damages as provided in Section 13.3;

(g) Owner's Safety Standards. Contractor fails to comply with Owner's safety standards as required by this Agreement, does not immediately take steps reasonably satisfactory to Owner to cure, does not submit a written plan to Owner as to how the breach is to be cured that is acceptable to Owner within 24 hours (or such longer time period as agreed to by Owner) after Contractor's receipt of written notice from Owner, and Contractor fails to cure such breach in accordance with such written plan;

(h) Inability to Pay for Equipment, Subcontractors or Labor. Contractor generally is unable or unwilling to make timely payments for Equipment or materials or labor used in the Work (in accordance with the Subcontracts, as applicable), provided that such inability or unwillingness is not the result of the non-payment by Owner of a Milestone Payment Invoice which is not the subject of a good faith dispute or (2) a good faith dispute with the Subcontractor or Equipment vendor;

(i) Failure of Progress. Contractor fails to provide as and when due by this Agreement a Remedial Plan as set forth in Section 8.3 or fails to carry forward and complete such Remedial Plan as rapidly as required by its terms;

(j) Laws. Contractor repeatedly disregards applicable Laws;

(k) False or Misleading Representations or Warranties. Any representation or warranty made by Contractor herein was false or materially misleading when made; and

(l) Breach. Contractor breaches any of its material obligations under this Agreement other than those obligations relating to the matters set forth in Section 22.2(a) through 22.2(l) above and for which no exclusive remedy is specified in this Agreement and, if such breach is capable of being cured, Contractor fails to cure such breach within thirty (30) Days after written notice of such breach, provided that such cure period shall be extended for such period as Owner may determine in its discretion after written notice of such breach if such breach is capable of being cured but not within thirty (30) Days, and Contractor immediately commences to cure such breach and diligently and continually prosecutes measures which are reasonably calculated to cure such breach within such thirty (30) Day or other extended period.

22.3 Owner Remedies. In the event of a Contractor Default, Owner shall have any or all of the following rights and remedies:

(a) Suspension. Owner, without prejudice to any of its other rights or remedies under this Agreement and without liability, may suspend the Work (or any portion thereof) by delivery of a notice of suspension to Contractor;

(b) Reduction of Scope of Work. Owner, without prejudice to any of its other rights or remedies under this Agreement, may remove any portion of the Work from Contractor's scope hereunder immediately by deductive Change Order pursuant to Article 10;

(c) Termination. Owner, without prejudice to any of its other rights or remedies under this Agreement, may terminate this Agreement immediately by delivery of a notice of termination to Contractor;

(d) Equitable Remedies. Subject to the limitations on liability set forth in this Agreement, Owner may seek equitable relief, including injunctive relief, to cause Contractor to take action, or to refrain from taking action, pursuant to this Agreement, or to make restitution of amounts improperly retained or received under this Agreement;

(e) Damages. Subject to Section 14.7 and Articles 13 and 18, Owner shall be entitled to seek all other remedies at law or in equity, including "cover damages" or proceeding against any bond, guarantee, letter of credit or other security given by or for the benefit of Contractor for its performance under this Agreement;

(f) Payment for Work Performed. Owner may withhold any payments due and owing to Contractor until all Work is completed or Owner determines to permanently cease the Work and any such withheld amounts shall be subject to offset as provided in this Agreement; and

(g) Direct Payments. Owner may make direct payments or co-payments to Subcontractors and any such payments or co-payments shall be credited against amounts due to Contractor under this Agreement.

If, pursuant to Article 25, it is finally determined that no Contractor Default existed after Owner terminated or suspended this Agreement based on such alleged Contractor Default, such termination or suspension will be deemed to be a termination or suspension for convenience pursuant to Section 22.6(a) or 22.1(a), respectively, and Contractor's sole and exclusive remedy, whether in tort, contract or otherwise, against Owner in respect thereto shall be the same as and shall be strictly limited to those afforded by Section 22.6(b) or Section 22.1(d), as applicable. For the avoidance of doubt, nothing in this Article 22 shall waive or otherwise limit any right of Owner to any remedy at law or in equity as a result of any breach of this Agreement by Contractor, irrespective of whether such breach also constitutes a Contractor Default.

22.4 Owner Event of Default. Owner shall be in default of its obligations pursuant to this Agreement upon the occurrence of any one or more of the following circumstances (each, an "**Owner Default**"):

- (a) Nonpayment. Owner fails to pay or cause to be paid within thirty (30) Days after receipt of written notice of any past due amount that is not subject to a good faith dispute or otherwise withheld pursuant to this Agreement;
- (b) Insurance. Owner fails to maintain insurance as required under this Agreement; or
- (c) Insolvency. Owner becomes Insolvent.

22.5 Contractor Remedies. In the event of an Owner Default, Contractor shall have any or all of the following rights and remedies:

(a) Termination/Suspension. Contractor, without prejudice to any of its other rights or remedies under this Agreement and during the continuance of such Owner Default, may suspend performance of the Work immediately by delivery of written notice thereof to Owner, and such suspension shall be deemed as if done for convenience of Owner under Section 22.1 and, if such suspension continues for more than [**] Days, may terminate this Agreement by delivery of written notice thereof to Owner, and such termination shall be deemed as if done for convenience of Owner under Section 22.6;

(b) Equitable Remedies. Subject to the limitations on liability set forth in this Agreement, Contractor may seek equitable relief, including injunctive relief or specific performance, to cause Owner to take action, or to refrain from taking action, pursuant to this Agreement, or to make restitution of amounts improperly retained or received under this Agreement; and

(c) Damages. Subject to Sections 10.5, 22.3, and 22.6(b) and Article 18, Contractor shall be entitled to seek all other remedies or damages available in equity or at law.

For the avoidance of doubt, nothing in this Article 22 shall waive or otherwise limit any right of Contractor to any remedy at law or in equity as a result of any breach of this Agreement by Owner, irrespective of whether such breach also constitutes an Owner Default.

4.6 Termination for Convenience.

(a) Termination Rights. Owner may terminate this Agreement at its convenience for any or no reason and in its entirety upon written notice to Contractor, in which event Owner shall pay the cancellation charges set forth in Section 22.6(b).

(b) Cancellation Charges. If Owner terminates this Agreement under Section 22.6(a) at any time after the Effective Date, Owner shall pay to Contractor the following as Contractor's sole and exclusive remedy:

(i) All reasonable, direct and verifiable charges validly assessed against Contractor for cancellation of Subcontracts, including restocking fees and cancellation charges, provided that Contractor shall have used commercially reasonable efforts to minimize such charges (whether during negotiation, execution or termination of such Subcontracts);

(ii) For each completed Payment Milestone for which payment has not been made, payment for such completed Payment Milestone as provided herein;

(iii) For each partially completed Payment Milestone, Owner and Contractor will mutually agree upon the percentage of Work completed for such Payment Milestone, and Owner shall pay the reasonable, direct and verifiable charges for such completed percentage of Work; provided, however, that Owner shall not be obligated to pay an amount for costs actually incurred which unreasonably exceeds the percentage of total cost as compared to the percentage of total Work completed prior to termination; and

(iv) For demobilization, all reasonable, direct and verifiable charges on a time and materials basis in accordance with the rates and terms set forth in Exhibit J-7;

provided, however, that (1) any amount payable under this Section 22.6(b) shall be reduced by (A) any rebates, credits or refunds obtained, (B) any overpayment by Owner, (C) the costs to cure any deficiencies in the Work and (D) the reasonable salvage value or the proceeds of the sale to a third party of undelivered and unpaid for Equipment, with the understanding that Owner, at its exclusive preference, may accept delivery of complete or incomplete Equipment included in the termination charges, (2) in no event shall Owner be obligated to pay Contractor an aggregate amount under clauses (ii), (iii) and (iv) of this Section 22.6(b) that exceeds the Contract Price and (3) Owner shall have no obligation to pay Contractor for its anticipated profits or for any sales commissions. Contractor acknowledges and agrees that it has an affirmative duty to mitigate all costs and damages to it in connection with any termination of this Agreement. All claims for payment by Contractor under this Section 22.6(b) must be made by Contractor in accordance with Section 9.6 within sixty (60) Days after the termination of this Agreement. Failure of Contractor to make any such claim within such 60-Day period shall be deemed a waiver by Contractor of such claim.

4.7 Termination for Force Majeure. Upon written notice to Contractor, Owner may terminate this Agreement in its entirety, and without Liability, due to Force Majeure in accordance with Section 11.3, and Owner shall pay to Contractor Cancellation Charges set forth in Section 22.6(b)(i)-(iii),[**].

4.8 Effect of Termination. If this Agreement is terminated or any portion of the Work is removed pursuant to this Article or any such termination or removal is anticipated, Contractor shall not remove from the Site any Equipment, Owner Equipment, Documentation or rented Construction Equipment and Contractor shall execute and deliver all such instruments and take all such steps, including assignment of its contractual rights with third parties, as may be required to fully vest in Owner all right, title, and interest in all Work, including all Documentation, Equipment and contractual rights, and/or cancel or terminate, at Owner's option, such of those contractual rights, including Subcontracts, as may be requested in writing by Owner. Without limiting the generality of the foregoing, within ten (10) Business Days of the date of receipt of the written termination notice, or such later date as the Parties may agree in writing, the Parties shall have their respective project team management meet to permit the Parties to effectively communicate, manage the termination impacts and direct close-out actions resulting from the termination notice. In addition, Contractor shall immediately upon receipt of a written termination notice from Owner, without additional compensation except as may be expressly permitted by this Article:

(a) stop the performance of all applicable Work (or the removed portion of the Work) except as may be necessary to preserve the Equipment and Owner Equipment as requested by Owner;

(b) issue no further purchase orders and enter into no further contracts relating to the Work (or the removed portion of the Work) except with the prior written consent of Owner;

(c) assign to Owner, upon Owner's request, all rights of Contractor under Subcontracts in connection with this Agreement (or the removed portion of the Work);

(d) upon Owner's request, terminate existing contracts and purchase orders entered into by Contractor in connection with this Agreement and to the extent relating to the Work (or the removed portion of the Work);

(e) deliver all then existing Documentation (or the Documentation relating to the removed portion of the Work), including drafts thereof (subject to Article 20), to Owner in hard copy and electronic formats required by this Agreement or as otherwise reasonably requested by Owner;

(f) turn over care, custody and control at the Site of all Equipment (to the extent that Owner does not refuse to accept any such Equipment) and Owner Equipment (in each case, to the extent relating to the removed portion of the Work), and Owner shall have the absolute right, without notice to Contractor, to take over care, custody and control at the Site of all such Equipment and Owner Equipment; and

(g) make available to Owner any of Contractor's Project staff, as requested by Owner, to facilitate the efficient transition of the Work (or the removed portion thereof) to Owner (or any Person(s) that Owner desires to complete the Work), provided that, if this Agreement has been terminated or any portion of the Work has been removed other than as a result of a Contractor Default, then Owner shall pay Contractor for such Project staff on a time and material basis in accordance with the rates and terms set forth in Exhibit J-7.

In the event that this Agreement is terminated by Owner in accordance with its terms, and Owner subsequently signs an agreement to complete the Work (or any portion thereof) with any other Person, then Contractor shall and shall cause its Affiliates to waive the right to make any claims (other than claims by Contractor with respect to amounts specifically provided herein to be paid to Contractor in the event of a termination hereunder) against Owner or any Person with whom Owner negotiates or executes an agreement for completion of any portion of the Work based upon (i) such termination, (ii) any subsequent negotiations with any Person or (iii) execution of such agreement and performance thereunder. Such waiver includes a waiver of any claims against Owner and any Person with whom Owner negotiates or executes an agreement for completion of any portion of the Work, for tortious interference with business relationships.

23. RECORDS; COOPERATION; AUDITS

23.1 Technical Documentation. Except to the extent applicable Laws require a longer retention, Contractor shall maintain and shall require all Flowdown Subcontractors to maintain all technical documentation and procurement records relative to the Equipment and the Owner Equipment for a period of five (5) years after (i) the Final Completion Date or (ii) if this Agreement is terminated as provided in Article 22, the date of such termination. During such period, Contractor shall give Owner ninety (90) Days prior written notice before destroying or disposing of any such documentation or records and a reasonable opportunity for Owner during such period to make copies of any such documentation.

23.2 Accounting Records. Except to the extent applicable Laws require a longer retention, Contractor shall maintain and shall require all Flowdown Subcontractors to maintain complete accounting records relating to all Work and the cost of all Work performed or provided under this Agreement (which records shall include an estimate of installed costs per component in accordance with FERC accounting

requirements) on a time and material basis in accordance with generally accepted accounting principles in the United States, as set forth in pronouncements of the Financial Accounting Standards Board (and its predecessors) and the American Institute of Certified Public Accountants, for a period of five (5) years after (i) the Final Completion Date or (ii) if this Agreement is terminated as provided in Article 22, the date of such termination, except that records relating to Sales Taxes for such items must be retained for seven (7) years as specified in Section 23.4. During such period, Contractor shall give Owner thirty (30) Days prior written notice before destroying or disposing of any such accounting records and a reasonable opportunity for Owner during such period to make copies of any such documentation.

23.3 Owner's Right to Conduct Financial Audits. For a period of five (5) years after (i) the Final Completion Date or (ii) if this Agreement is terminated as provided in Article 22, the date of such termination and for purposes of (a) verification of incurred or estimated costs, including all related direct costs, claimed by Contractor for any Work performed on a time and material basis, including any suspended, terminated, delayed or accelerated Work performed on such basis, or for any claim whatsoever for additional costs outside the Contract Price (including Sales Taxes) or (b) regulatory requirements or required disclosures to Government Authorities, Owner or its authorized representative shall have the right, and free access at any reasonable time during normal business hours, to examine, audit and copy all of Contractor's records and books related to all those costs as reasonably necessary for Owner to verify such costs. As part of any such audit, Contractor shall provide data in the appropriate electronic file format (i.e., Microsoft Word, Excel, Primavera, etc.) such that the data may be effectively sorted, summed, and evaluated. However, Owner or Owner's representative shall have no right to audit records or books concerning the make-up of any agreed upon lump sum amounts in the Contract Price or fixed rates or multipliers. If any audit by the auditor reveals charges or costs charged to or paid by Owner as costs or fees which are not proper or exceed the rates or amounts permitted hereunder for any such matters, then Owner shall be entitled upon demand for a refund from Contractor of all such amounts plus interest thereon from the date of payment by Owner until the date of refund by Contractor at a rate of the lesser of (i) the **[**]** per annum or (ii) the maximum rate allowed by applicable law (provided this interest provision will not apply if Owner utilizes a third party auditor that works on a contingency basis. **[**]**).

23.4 Sales Tax Records. Contractor shall retain, and shall require Subcontractors to retain, copies of all documentation relating to purchases relating to the Work or the payment of Sales Taxes, if any, for a period of not less than seven (7) years from the Final Completion Date. Contractor shall ensure that its contracts with all Subcontractors effectuate the provision of this Section.

24. TAXES

24.1 Contractor Income Taxes. Contractor shall be responsible for, and shall pay directly, any and all corporate and individual Taxes that are measured by net income, profit or gross receipts imposed by any Government Authority on Contractor (or its Affiliates) due to the execution of any agreement or the performance of or payment for Work in accordance with this Agreement. With the exception of any Sales Taxes, the Contract Price includes all applicable foreign, federal, state and local Taxes imposed on any Contractor Person by a Government Authority with respect to the Work or this Agreement.

24.2 Employment Taxes and Contributions. Contractor assumes exclusive liability for all contributions, Taxes or payments required to be made under applicable federal and state unemployment compensation Laws, social security Laws, and all other current or future Laws, requiring payment by Contractor on account of the person hired, employed or paid by Contractor for Work performed under

this Agreement. Contractor shall deduct and remit to the proper Government Authority as and when due all local, state and federal Taxes required of an employer. Contractor shall maintain payroll and other wage, benefit and Tax records related to all workers in accordance with generally accepted and prudent accounting practices and all applicable Laws.

24.3 Sales and Use Taxes.

(a) Generally. The Contract Price does not include any Sales Taxes now or hereafter applicable to, measured by, or imposed upon or with respect to the Work, its sale, its value or its use, or any Services performed in connection therewith, and such Sales Taxes shall be the responsibility of Owner. Contractor shall invoice the sale of tangible personal property separately from the provision of labor or Services. Tangible personal property includes materials, parts or other property that Contractor installs, incorporates, furnishes or otherwise supplies for Owner's use or consumption that becomes the property of Owner. Invoices for tangible personal property sold or leased to Owner shall contain a note stating, "Property Transferred to Piedmont Natural Gas Company, Inc." Contractor shall request reimbursement of applicable Sales Taxes as a separate line item on any Milestone Payment Invoice or Final Payment Invoice for taxable purchases. If Contractor fails to include such Sales Taxes on the Final Payment Invoice for taxable purchases, Owner shall not be responsible for such Sales Taxes and such Sales Taxes shall be the sole obligation of Contractor.

(b) Sales and Use Tax on Contractor Items. Contractor shall pay all taxes on Contractor's purchases of goods, tools, equipment, supplies and consumables that are not permanently incorporated into the Facility or that otherwise remain the property of Contractor. Contractor shall also pay all taxes attributable to Contractor's construction equipment, temporary buildings, other property and specifically taxed services used by Contractor in its performance of this Agreement. Contractor shall pay those taxes when assessed, without claim against Owner for reimbursement. Contractor shall impose a similar obligation on all Subcontractors and shall ensure that no Subcontractor shall have any claim against Owner for reimbursement of those taxes.

(c) Sales and Use Tax on Equipment.

(i) Contractor, on behalf of itself and its Subcontractors, is responsible for consulting with Owner on Equipment purchases and working with Owner to obtain the best Sales Tax benefits for Owner. If Owner is exempt from the payment of any applicable Sales Tax or has a direct pay permit with respect to such Sales Taxes, a copy of the appropriate documentation will be provided by Owner along with instruction on the proper use. If Contractor fails to avail itself of such certificate or permit, Contractor shall be responsible for and shall pay any Sales Tax resulting from such failure. As required by applicable Law, Contractor will accrue Sales Tax on taxable purchases in which the supplier did not charge Sales Tax and remit the appropriate amount to the applicable state. Sales Tax should be billed by Contractor on Contractor's purchases of property subject to the Sales Tax of the State. Owner shall reimburse Contractor for Contractor's actual costs incurred in paying any Sales Tax for which Contractor may become obligated to pay in connection with the Equipment incorporated into the Facility.

(ii) Contractor shall, and shall cause the Subcontractors (including manufacturers) to, make reasonable commercial efforts to purchase Equipment to minimize any Sales Tax, but shall not be restricted from making out-of-state purchases of such Equipment. Contractor shall use commercially reasonable efforts to ensure that Owner is afforded the best Sales Tax treatment by the State or any other applicable state. Contractor shall use all reasonable efforts to ensure

that all out-of-state purchases made by Contractor and the Subcontractors (including manufacturers) are shipped FOB (for domestic shipments) or DDP (Incoterms 2010) (for international shipments) the Facility (the Site) free of Sales Taxes. Owner shall reimburse Contractor for all Sales Taxes on Equipment paid by Contractor and any Subcontractor (including manufacturers) upon written confirmation from Contractor that the items purchased could not reasonably be purchased free of Sales Taxes. Notwithstanding anything herein to the contrary, Contractor shall not be entitled to include fee or other mark-up on any such Taxes.

(iii) Contractor shall, and shall cause the Subcontractors (including manufacturers) to, clearly identify on each original invoice covering the purchase of Equipment, the amount of Sales Tax. Should additional information and detail be required by Owner or the State Department of Revenue (or other applicable Government Authority in the State) to verify amounts paid for purchases of Equipment under this Agreement, Contractor shall, and shall cause the Subcontractors (including manufacturers) to, supply such additional information and invoices in sufficient detail to verify:

- (1) That such Equipment was purchased free of State Sales Taxes; or that for out-of-state purchases, the invoices indicate the amount of foreign Sales Tax separately stated and paid;
- (2) The actual purchase prices of such Equipment;
- (3) The date of delivery to the Site of such Equipment;
- (4) The contractor cost code of such Equipment and, where available, a detailed description of the intended function of such Equipment.

(d) As a condition to Final Completion, Contractor shall provide Owner with an affidavit confirming that all invoices that include Sales Taxes, if any, have been paid and that Contractor and all of the Subcontractors have no outstanding claims or expenses relating to such Sales Taxes, which affidavit shall be in the form attached hereto as Exhibit K.

(e) Both Parties shall provide to the other any documentation or information requested in order to submit and obtain a refund of any Taxes erroneously paid as part of this Agreement or to confirm payment of any Sales Taxes owed in connection with this Agreement. The Parties agree that any refunds received shall belong to the Party which bore the economic burden of paying the Tax. The Parties' obligations under this Section shall survive termination or expiration of this Agreement.

24.4 Property Taxes. Contractor and Owner agree that Owner shall be responsible for the filing requirements and payment obligations for all state and local Taxes on the Site and the Equipment incorporated into the Facility; provided, that Contractor shall be responsible for the filing of property Tax returns and the payment of state and local property Taxes on Construction Equipment, tools and material which is not incorporated into the Facility and which is owned, used or leased by Contractor to perform the Services. Owner and Contractor acknowledge that Construction Equipment property Tax costs are included in the leasing costs included in the Contract Price. If Contractor owns Construction Equipment and leases such Construction Equipment to Owner, Contractor shall remain responsible for the filing and payment of all property Taxes due on such Construction Equipment.

24.5 Notices; Refunds. Contractor shall notify Owner upon receipt by Contractor of any proposed Tax audits or Tax assessments relating to the Work. Contractor shall assist and cooperate with Owner's efforts to minimize potential Tax liability by providing records and other necessary documentation to appropriate authorities in response to such proposed Tax audits or Tax assessments and shall reasonably cooperate with Owner in connection with the reporting or protest of: (a) any Sales Taxes payable with respect to the Work, and (b) any assessment, fines, refund claims or other proceeding relating to Taxes on the Work. Both Parties shall provide to the other any documentation or information requested in order to submit and obtain a refund of any Taxes erroneously paid as part of this Agreement. The Parties agree that any refunds received shall belong to the Party which bore the economic burden of paying the Tax. Contractor shall provide Owner with and access to all information and data that Owner may need from time to time in respect to any Taxes relating to, or arising from, this Agreement.

24.6 Tax Indemnity. Contractor shall indemnify, defend and hold Owner harmless for all Liabilities as a result of Contractor's formal protest of any employment or other related Taxes, or any Sales Taxes and property Taxes paid or assessed on Construction Equipment, or of any payroll or employment compensation taxes, or Social Security taxes, or for labor-related withholding taxes, or any other similar Tax, whether local, state or federal for Contractor, the Subcontractors, or any of their employees, paid or assessed, including any litigation expenses in the event Contractor decides to protest the said employment, withholding, and similar Taxes.

24.7 Green Attributes. Contractor acknowledges that Owner shall own, and may assign or sell in its sole and absolute discretion, all right, title and interest in all green attributes, renewable energy credits, production, investment and/or energy Tax credits (or grants in lieu of) and/or any other environmental financial incentives or similar financial rebates or incentives associated with or resulting from the development, installation, operation or ownership of the Facility or the production, sale, purchase or use of the gas stored at the Facility. If any such incentives are initially credited to or treated as owned by Contractor, Contractor shall cause, to the extent permissible under applicable Law, such incentives to be assigned or transferred to Owner without delay or otherwise pay to Owner the financial benefit of any such incentives obtained by Contractor. Contractor agrees to indemnify, defend, hold harmless and compensate Owner for any Liabilities arising out of or resulting from Contractor claiming any right with respect to any such environmental attribute or incentive. Contractor shall prepare and submit (or, where Owner is required to make such submittals, reasonably assist Owner in the preparation and submittal of) all documents necessary to participate in any governmental or other third party payments or incentives available to Owner in respect of the purchase of the Facility or the sale or distribution of gas therefrom, at Owner's expense. Contractor shall, at Owner's expense, reasonably cooperate with owner in owner's efforts to meet the requirements for any certification, registration, or reporting program relating to environmental attributes or incentives.

25. DISPUTE RESOLUTION

25.1 Dispute Resolution Process. In an effort to promote the highest quality working relationship, the Parties agree that the following steps will be responsively and openly pursued in an effort to resolve any dispute under or arising out of this Agreement (each, a "**Dispute**") before resorting to litigation (except as may be necessary to preserve any rights or the status quo):

(a) All Disputes will be made in a written notice by Contractor or Owner to Owner's Project Manager or Contractor's Project Manager, respectively, initiating the process set forth herein (the "**Dispute Engagement Notice**"). Promptly after receipt of the Dispute Engagement Notice, both Parties shall discuss the issues, present reasonably requested documentation and attempt to reach a settlement that is agreeable to both Parties. As part of the Dispute Engagement Notice, the Party initiating the dispute resolution process will submit a summary of the issues, the requesting Party's position and a summary of the evidence and arguments supporting its position.

(b) If the Dispute cannot be resolved by the Parties as provided in Section 25.1(a) within fifteen (15) Business Days after receipt of the Dispute Engagement Notice, or such later date as the Parties may agree in writing to permit all requested facts to be known and presented to the above personnel, the Dispute shall be escalated to an executive of each Party who has authority to settle the Dispute and who are at a higher level of management than such Party's representative set forth in Section 25.1(a).

(c) If the Dispute cannot be resolved by the Parties as provided in Section 25.1(b) within fifteen (15) Business Days after referral of the Dispute as provided therein (or such other period agreed to by both Parties in writing), then either Party may pursue any rights or remedies available at law or in equity through judicial relief or, if and as agreed to by both Parties in writing, non-judicial relief through an alternative dispute resolution process. The Parties agree that any discussions and negotiations related to any proposed settlement of any Dispute may not be introduced into evidence by either Party in any judicial action or non-judicial alternative dispute resolution forum used to resolve such Dispute.

25.2 Forum Selection; Jurisdiction; Venue.

(a) The Parties select as the exclusive forum for any action or proceeding arising out of or relating to this Agreement or the subject matter hereof, the general courts of justice of the State of North Carolina or the United States District Court for the Western District of North Carolina. Each Party irrevocably and unconditionally submits to the exclusive jurisdiction of the general courts of justice of the State of North Carolina and to the exclusive jurisdiction of the United States District Court for the Western District of North Carolina, and any appellate court from any such court, in any action or proceeding arising out of or relating to this Agreement or the subject matter hereof, and each of the Parties irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in such courts. Each of the Parties agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each Party irrevocably and unconditionally waives, and agrees not to assert, by way of motion, as a defense, or otherwise, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have (i) that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court and (ii) to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any court referred to above. Each of the Parties hereby irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

25.3 Consolidation. No litigation arising under this Agreement shall include, by consolidation, joinder, or any other manner, any Person not a party to this Agreement unless (i) such Person is substantially involved in a common question of fact or law, (ii) the presence of the Person is required if complete relief is to be accorded in the litigation, and (iii) the Person has consented to be included. Notwithstanding the foregoing, Owner, in its sole discretion, shall have the option at any time to consolidate any litigation or Dispute arising hereunder with any existing litigation, arbitration or other similar matter which involves Owner and any Person providing services, equipment or materials to Owner in connection with the Facility, and Contractor hereby consents to any such joinder or consolidation.

25.4 Continuation of Work. Contractor shall proceed diligently with the performance or provision of the Work and its other duties and obligations without diminution of effort during the pendency of any Dispute (including any Dispute regarding the basis on which Contractor purports to exercise any right to suspend the Work). WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, FAILURE BY OWNER TO PAY ANY AMOUNT DISPUTED IN GOOD FAITH UNTIL RESOLUTION OF SUCH DISPUTE IN ACCORDANCE WITH THIS AGREEMENT SHALL NOT ALLEVIATE, DIMINISH, OR MODIFY IN ANY RESPECT CONTRACTOR'S OBLIGATIONS TO PERFORM HEREUNDER, INCLUDING CONTRACTOR'S OBLIGATION TO ACHIEVE EACH KEY CONTRACTOR SCHEDULE MILESTONE BY ITS KEY CONTRACTOR SCHEDULE MILESTONE DATE.

26. MISCELLANEOUS PROVISIONS

26.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of North Carolina, without reference to its conflict of laws principles.

26.2 Entire Agreement. This Agreement represents the entire agreement between Owner and Contractor with respect to the subject matter hereof, and supersedes all prior negotiations, binding documents, representations and agreements, whether written or oral, with respect to the subject matter hereof. This Agreement may be amended or modified only by a written instrument duly executed by each of the Parties.

26.3 Further Assurances. Each Party agrees to execute and deliver all further instruments and documents, and take all further action, as may be reasonably necessary, proper or advisable to complete performance by the Parties hereunder and to effectuate the purposes and intent of this Agreement. In particular, Contractor shall cooperate with and provide reasonable assistance to Owner and its insurers, lenders, contractors, consultants, accountants, attorneys, representatives and agents, in relation to their due diligence, financial, technical, scientific, engineering, accounting, environmental studies, monitoring, inspections, audits, and the creation and administration of milestone and completion tests that shall test the physical, mechanical, legal, reliability, financial, regulatory and other relevant aspects of completion of the Work and the Project.

26.4 Successors and Assigns. Contractor understands that this Agreement is personal to Contractor. Neither this Agreement nor any right, interest or obligation hereunder may be assigned by Contractor without the prior written consent of Owner, and any attempt to do so shall be null, void and ineffective. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the Parties and their respective successors and assigns.

26.5 No Third Party Beneficiaries. Except as expressly set forth in this Agreement, the provisions of this Agreement are intended for the sole benefit of Owner and Contractor, and there are no third party beneficiaries. No reference herein to any other Person shall restrict in any way the ability of the Parties to amend or modify this Agreement from time to time in their sole and absolute discretion.

26.6 No Waiver. No course of dealing or failure of Owner or Contractor to enforce strictly any term, right or condition of this Agreement shall be construed as a waiver of that term, right or condition. No express waiver of any term, right or condition of this Agreement shall operate as a waiver of any other term, right or condition.

26.7 Crisis Response. Notwithstanding anything to the contrary herein, any actions taken or authorized by Owner in a good faith belief that such actions are necessary to ensure safe operations at the Site, including the Facility, or to respond to an emergency or abnormal condition at the Site shall not constitute a breach hereof or absolve Contractor of any of its obligations hereunder.

26.8 Provisions Required by Laws. Any term or condition required to be contained in this Agreement as a matter of Law which is not in this Agreement shall be deemed to be incorporated in this Agreement.

26.9 Survival. Article 14 (Warranty), Article 15 (Indemnification), Article 18 (Limitation of Liability), Article 20 (Title to Documentation; Intellectual Property), Article 21 (Confidential Information), Article 23 (Records; Cooperation; Audits), Article 24 (Taxes), Article 25 (Dispute Resolution), Article 26 (Miscellaneous Provisions) and all other Sections providing for indemnification or limitation of or protection against liability of either Party shall survive the termination, cancellation, or expiration of this Agreement.

26.10 Severability. If any provision of this Agreement or the application of this Agreement to any Person or circumstance shall to any extent be held invalid or unenforceable by a court of competent jurisdiction, then (i) the remainder of this Agreement and the application of that provision to Persons or circumstances other than those as to which it is specifically held invalid or unenforceable shall not be affected, and every remaining provision of this Agreement shall be valid and binding to the fullest extent permitted by Laws, and (ii) a suitable and equitable provision shall be substituted for such invalid or unenforceable provision in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision.

26.11 Language. The language of this Agreement is the English language, which shall be the ruling language in which this Agreement shall be construed and interpreted. All correspondence, notices, certificates, Documentation, including test reports and Required Manuals, shall be entirely in the English language.

26.12 Notices. Except for field communications at the Site in furtherance of the ordinary course of the Work, any notices, demands or other communication to be sent or given hereunder by either Party shall in every case be in writing and shall be deemed properly served if (a) delivered personally to the recipient, (b) sent to the recipient by reputable express courier service (charges paid), (c) mailed to the recipient by registered or certified mail, return receipt requested and postage paid or (d) sent via electronic mail, followed by a reply e-mail acknowledging receipt by the notified Party or a notification that the email has been read by the receiving party in the form of a read receipt. Date of service of such notice, demand or other communication shall be (i) the date such notice, demand or other communication is personally delivered, (ii) three (3) Days after the date of mailing if sent by certified or registered mail, or (iii) one (1) Day after the date of delivery to the overnight courier if sent by overnight courier. Such

notices, demands and other communications shall be sent to the addresses indicated below or such other address or to the attention of such other person as the recipient has indicated by prior written notice to the sending party in accordance with this Section:

If to Owner: Piedmont Natural Gas Company, Inc.
4720 Piedmont Row Drive
Charlotte, NC 28210
Attn: Brad Patterson

with a copy to: Piedmont Natural Gas Company, Inc.
4720 Piedmont Row Drive
Charlotte, NC 28210
Attn: Amanda Johnson

and to: Piedmont Natural Gas Company, Inc.
4720 Piedmont Row Drive
Charlotte, NC 28210
Attn: Jim Ronnenberg

If to Contractor: Matrix Service Inc.
15333 JFK Boulevard
Houston, TX 77032
Attn: Patrick Chambers

with a copy to: Matrix Service Company
5100 E. Skelly Drive, Suite 100
Tulsa, OK 74135-6577
Attn: Justin Sheets

The obligation that each such notice, demand or other communication be sent or given hereunder in writing and in accordance with one of the means described in clauses (a), (b) and (c) above addressed as set forth above may not be waived. Electronic or computerized mail is not an acceptable form of delivery of any such notice, demand or other communication. Each Party expressly and unequivocally waives any claim against the other Party that effective notice, demand or other communication was given under this Agreement based upon actual, verbal, or constructive notices. The provisions of this Section are to be strictly construed, and any claim, right, or remedy of Contractor that can be asserted only by notice shall not be effective, enforceable or otherwise have any validity unless such notice is provided in accordance with the provisions of this Agreement. Without limiting this Section, Contractor shall not, and shall ensure that no Subcontractor shall, address any notice pertaining to or arising out of the subject matter of this Agreement to any individual (or office) at Owner other than as permitted in, or required by, this Agreement.

26.13 Vienna Convention. The Parties hereby expressly agree to exclude and disclaim the application of the provisions of the United Nations Convention on Contracts for the International Sale of Goods (also referred to as the Vienna Convention), and any successor convention or legislation, to this Agreement.

26.14 Counterparts. This Agreement may be executed by the Parties in multiple counterparts and shall be effective as of the Effective Date when each Party shall have executed and delivered a counterpart hereof, whether or not the same counterpart is executed and delivered by each Party. When so executed and delivered, each such counterpart shall be deemed an original and all such counterparts shall be deemed one and the same document. Electronic signature shall be deemed to be, and shall have the same effect as, execution by original signature. Transmission of images of signed signature pages by facsimile, e-mail or other electronic means shall have the same effect as the delivery of manually signed documents in person.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

Duke Energy Business Services LLC, as agent for and on behalf **Matrix Service Inc.**
of **Piedmont Natural Gas Company, Inc.**

By: /s/ MELODY BIRMINGHAM-BYRD

Name: Melody Birmingham-Byrd

Title: SVP Supply Chain and CPO

By: /s/ ALAN R. UPDYKE

Name: Alan R Updyke

Title: President

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EXHIBIT 10.3

Certain identified information marked with brackets and asterisks ([**]) has been excluded from this exhibit because it is both material and would be competitively harmful if disclosed.

DECOMMISSIONING SERVICES AGREEMENT

BY AND BETWEEN

DUKE ENERGY FLORIDA, LLC, as COMPANY

AND

ADP CR3, LLC, as CONTRACTOR

AND

ADP SF1, LLC, as BUYER

Dated as of May 29, 2019

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Exhibit C Form of SNF Services Agreement
Exhibit D Form of Amended and Restated LLC Agreement
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Exhibit F Fourth Amendment to Amended and Restated NDF Agreement
Exhibit G Form of Contractor's Provisional Trust Agreement
Exhibit H-1 Form of Parent Support Agreement (NorthStar)
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Exhibit I **[**]**
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DECOMMISSIONING SERVICES AGREEMENT

THIS DECOMMISSIONING SERVICE AGREEMENT dated as of May 29, 2019 (the "Contract Date"), is entered into by and among DUKE ENERGY FLORIDA, LLC, a Florida limited liability company ("Company"), ADP CR3, LLC, a Delaware limited liability company ("Contractor"), and ADP SF1, LLC, a Delaware limited liability company ("Buyer"). Company, Contractor and Buyer are referred to individually herein from time to time as a "Party," and collectively as the "Parties".

RECITALS

WHEREAS, Company owns a one hundred percent (100%) undivided interest in the Crystal River 3 nuclear power station located in Citrus County, Florida, including the spent nuclear fuel stored in the independent spent fuel storage installation on the Crystal River Energy Complex site.

WHEREAS, the Crystal River 3 nuclear power station has been permanently shut down and is currently in SAFSTOR.

WHEREAS, Company desires to (a) engage Contractor to perform the activities necessary to decommission the CR-3 Facility and the NRC-Licensed Site, including permitting activities, demolishing, decontaminating and dismantling existing structures and facilities, and waste disposal, as further described herein, and to achieve ISFSI-Only Interim End-State Conditions and End-State Conditions (each as defined below), upon the terms and conditions set forth in this Agreement; and (b) sell and assign to Buyer the Spent Nuclear Fuel, storage canisters, HLW, including Greater Than Class C waste from the CR-3 Facility as currently stored on the ISFSI, or otherwise located at the CR-Facility and to be stored on the ISFSI, and the ISFSI and certain related assets, together with certain associated liabilities and obligations, and Buyer desires to assume such liabilities and obligations and purchase such spent nuclear fuel, HLW and the ISFSI and related assets, upon the terms and conditions as set forth in the Spent Nuclear Fuel Purchase and Sale Agreement attached hereto as Exhibit A (the "SNF PSA"). Capitalized terms used and not defined in these recitals are defined below.

WHEREAS, Company is requiring that Contractor provide guarantees in the form attached hereto as Exhibit B from the Parent Guarantors (as defined herein) as a condition to Company's willingness to enter into and perform its obligations under this Agreement and the Ancillary Agreements (as defined below).

WHEREAS, Contractor and its Affiliates, including the Parent Guarantors, are experienced and qualified in providing technical assistance, design, licensing, engineering, procurement, supply, construction management, construction, decommissioning services, and nuclear waste packaging, storage transportation and disposal services, and possesses the requisite expertise and resources to achieve the ISFSI-Only Interim End-State Conditions and the End-State Conditions.

WHEREAS, pursuant to and in accordance with the SNF PSA, Company will transfer title for the Spent Nuclear Fuel, HLW and all rights and obligations under the Spent Fuel Disposal Contract, together with the other Assets as defined therein, to Buyer.

WHEREAS, Contractor desires to perform the Decommissioning for a fixed price, and Company has agreed to pay Contractor the fixed price for the Decommissioning from the qualified trust fund maintained within the NDF, on the terms and conditions as set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual promises and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Company and Contractor agree as follows:

ARTICLE 1 DEFINITIONS; INTERPRETATION; EFFECTIVENESS

1.1 Definitions.

1.1.1 As used in this Agreement, the following terms have the meanings specified in this Section 1.1.1.

“Affiliate” means, with respect to a specified Person, a Person that, directly or indirectly, through one or more intermediaries, now or hereafter, owns or controls, is owned or controlled by, or is under common ownership or control with a Party, where “control” (including the terms “controlled by” and “under common control with”) means (i) at least a fifty percent (50%) ownership interest, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of stock or other securities, as trustee or executor, by contract or credit arrangement or otherwise.

“Agreed Amount” means, as of the Closing Date, an amount of cash in the IOI Decommissioning Subaccount that is equal to Five Hundred Forty Million Dollars (\$540,000,000) [**]

“Agreed Outage Period” has the meaning set forth in Section 8.6.4.

“Agreement” means this Decommissioning Services Agreement, and all of the Attachments and Exhibits attached hereto, each of which is incorporated herein in its entirety by the reference, as the same may be amended, supplemented or modified from time to time in accordance with the terms hereof.

“Amended and Restated LLC Agreement” means the amended and restated limited liability company agreement governing Contractor in accordance with the Laws of the State of Delaware, in the form attached hereto as Exhibit D.

“Amended and Restated NDF Agreement” means the Amended and Restated Nuclear Decommissioning Trust Agreement dated May 1, 2008 by and between the Trustee and Company, as amended as of November 13, 2013, January 29, 2014 and December 31, 2015, and following the Closing, as amended by the Fourth Amendment to Amended and Restated NDF Agreement.

“Ancillary Agreements” means the SNF PSA, the Parent Guaranties, the Pledge Agreement, the Parent Support Agreements, the Fourth Amendment to Amended and Restated

NDF Agreement, the Contractor's Provisional Trust Agreement, [**] the ISFSI Decommissioning Trust Agreement, the Amended and Restated LLC Agreement, the Assignment and Assumption Agreement, the SNF Services Agreement, and the Bill of Sale.

“ANI” means American Nuclear Insurers, or any successors thereto.

“Assignment and Assumption Agreement” means the Assignment and Assumption Agreement between Company and Buyer in the form attached hereto as Exhibit J, whereby at the Closing, Company (as Seller under the SNF PSA) shall assign and Buyer shall assume the Assets and the Assumed Liabilities, as applicable.

“Atomic Energy Act” means the Atomic Energy Act of 1954, as amended (42 U.S.C. Section 2011 et seq.).

“Bankruptcy Code” means Title 11 of the United States Code, as amended from time to time, or any similar federal or state Law for the relief of debtors.

“Bankruptcy Event” means, with respect to any Person, that any one or more of the following has occurred:

- (a) that Person has commenced a voluntary case concerning itself under the Bankruptcy Code;
- (b) an involuntary case is commenced against that Person under the Bankruptcy Code and the petition is not controverted within thirty (30) days, or is not dismissed within ninety (90) days after commencement of the case;
- (c) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or any substantial part of the property of that Person;
- (d) that Person commences any other proceedings under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar Law of any jurisdiction whether now or hereafter in effect relating to that Person;
- (e) there is commenced against such Person any proceeding of the type described in clause (d) above and such proceeding is not controverted within thirty (30) days or is not dismissed for a period of ninety (90) days;
- (f) any order of relief or other order is entered approving any case or proceeding of the types described in clauses (b) or (d) above;
- (g) that Person makes a general assignment for the benefit of creditors; or
- (h) that Person admits in writing its general inability to pay its debts when due or shall, by any act consents to, approves or acquiesces in any of the foregoing.

“Bill of Sale” means the Bill of Sale, in the form attached hereto as Exhibit K, whereby at the Closing, Company (as Seller under the SNF PSA) shall transfer and Buyer shall acquire certain of the Assets, as applicable.

“Business Books and Records” means all books, operating records, licensing records, quality assurance records, purchasing records, and equipment repair, maintenance or service records of Company relating to the design, construction, licensing, operation or Decommissioning of the CR-3 Facility, including operating, safety and maintenance manuals, inspection reports, Environmental assessments, engineering design plans, Company’s costs estimates with respect to Decommissioning under its Decommissioning Plan, blueprints and as built plans, specifications, operating procedures and other similar items of Company, wherever located, including those records related to CR-3-related structures, or operations or activities anywhere on the NRC-Licensed Site, whether existing in hard copy or magnetic or electronic form; provided, however, that Business Books and Records do not include the records of Company primarily relating to the design, construction, licensing, or operation of Excluded Facilities. After the Closing, Business Books and Records shall include all books, operating records, licensing records, quality assurance records and other records relating to the Decommissioning of the CR-3 Facility and the NRC-Licensed Site that Contractor is required to maintain under applicable Laws, including Nuclear Laws.

“Business Day” any day other than Saturdays; Sundays; New Year’s Day; Birthday of Dr. Martin Luther King, Jr.; Memorial Day; Independence Day; Labor Day; Veterans’ Day; Thanksgiving Day; Friday after Thanksgiving and Christmas Day.

“Buyer” has the meaning set forth in the preamble.

“Byproduct Material” means any radioactive material (except Special Nuclear Material) yielded in, or made radioactive by, exposure to the radiation incident to the process of producing or utilizing Special Nuclear Material.

“Change in End-State Conditions” means a material deviation by the Florida Department of Environmental Protection from the positions regarding the end state conditions reflected in the FDEP Letter.

“Change in Law” means a change in any applicable Law, including a change in (a) release criteria for the NRC-Licensed Site under Environmental Laws or Nuclear Laws; and (b) regulations that implement such Environmental Laws or Nuclear Laws, that adversely impacts Contractor’s costs to obtain termination or partial termination of the NRC License and unrestricted release of all or part of the NRC-Licensed Site, as applicable, but not including a Change in End-State Conditions.

“Closing” has the meaning set forth in Section 4.1.

“Closing Date” has the meaning set forth in Section 4.1.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“Company” has the meaning set forth in the preamble.

“Company Indemnified Parties” means Company, its Affiliates and the respective officers, directors, employees and agents of Company and its Affiliates; provided that none of Contractor or any of its Affiliates or their respective officers, directors, employees or agents shall be a Company Indemnified Party.

“Company Permit” means each Environmental Permit to be obtained or maintained by Company as described in Attachment 14-A, and each other Permit that Company agrees to obtain and maintain under this Agreement in accordance with Section 8.2.5.

“Company Proprietary Information” means, (a) the following furnished by or on behalf of Company, its Affiliates or their respective Representatives to Contractor, its Affiliates or their respective Representatives, in each case whether furnished under this Agreement, the SNF PSA, the Pre-Closing Decommissioning Services Contract or any Ancillary Agreement, or before or after the Contract Date or the Closing Date: (i) all drawings, reports, data, software, materials or other information relating to the operation and maintenance or Decommissioning, actual or proposed, of the CR-3 Facility, the NRC-Licensed Site or the Crystal River Site; (ii) any financial, operational or other information concerning Company or any of its Affiliates or their respective assets and properties, including geologic, geophysical, scientific or other technical information, and know-how, inventions and trade secrets; (iii) any Third Party Proprietary Information; or (iv) any other information, whether oral or written or in electronic or digital media, and regardless of the manner in which it is furnished, that is provided by or on behalf of Company, its Affiliates or their respective Representatives to Contractor, its Affiliates or their respective Representatives, including any such information that may be included or reflected in reports, analysis or other documents prepared by or on behalf of Contractor, its Affiliates or their respective Representatives; and (b) any deliverables, submittals or information (other than with respect to the financial condition of Contractor or the Parent Guarantors or with respect to the Spent Nuclear Fuel and other Assets acquired by Buyer pursuant to the SNF PSA) prepared and furnished by Contractor hereunder or in connection with the SNF PSA, and the Business Books and Records to be maintained by Contractor hereunder with respect to the CR-3 Facility, the NRC-Licensed Site and the Decommissioning; provided that Company Proprietary Information does not include any such information which (i) is or becomes generally available to the public other than as a result of a disclosure by Contractor, its Affiliates or their respective Representatives; (ii) was available to Contractor, its Affiliates or their respective Representatives on a non-confidential basis prior to its disclosure by or on behalf of Company or its Affiliates; (iii) becomes available to Contractor, its Affiliates or their respective Representatives on a non-confidential basis from a Person other than Company, its Affiliates or their respective Representatives who is not otherwise bound by a confidentiality agreement with Company or any of its Affiliates, or is otherwise not under any obligation to Company or any of its Affiliates not to transmit the information to Contractor, its Affiliates or their respective Representatives; or (iv) was independently developed by Contractor, its Affiliates or their respective Representatives without reference to or reliance upon Company Proprietary Information.

“Company’s EH&S Requirements” means the environmental, health and safety procedures and requirements set forth in Attachment 8.

“Company’s Non-Exclusive Access Right” has the meaning set forth in Section 8.6.3.

“Company’s Required Regulatory Approvals” means the regulatory approvals required by Company as a condition to the Closing, as identified in Attachment 17.

“Condemned” has the meaning set forth in Section 8.5.1.

“Contract Date” has the meaning set forth in the preamble.

“Contractor” has the meaning set forth in the preamble.

“Contractor Event of Default” has the meaning set forth in Section 15.1.

“Contractor Indemnified Parties” means Contractor, its Affiliates and the respective officers, directors, employees and agents of Contractor and its Affiliates.

“Contractor Lien” has the meaning set forth in Section 6.9.

“Contractor Permit” means each Environmental Permit that is identified on Attachment 14-A as a Permit that will be transferred to or be obtained by Contractor, and each other Permit that Contractor is required to obtain and maintain under this Agreement.

“Contractor Proprietary Information” means information provided by or on behalf of Contractor, its Affiliates or their respective Representatives to Company, its Affiliates or their respective Representatives relating to Contractor’s plans for the possession and maintenance of the Assets and the Decommissioning of the CR-3 Facility and the NRC-Licensed Site, and any financial, operational or other information concerning Contractor or any of its Affiliates or their respective assets and properties, and any deliverables, submittals or information with respect to the Spent Nuclear Fuel, and other Assets acquired by Buyer pursuant to the SNF PSA prepared and furnished by Contractor hereunder or in connection with the SNF PSA, whether oral or written, and regardless of the manner in which it is furnished; provided that Contractor Proprietary Information does not include any such information which (a) is or becomes generally available to the public other than as a result of a disclosure by Company, its Affiliates or their respective Representatives; (b) was available to Company, its Affiliates or their respective Representatives on a non-confidential basis prior to its disclosure by Contractor, its Affiliates or their respective Representatives; (c) becomes available to Company, its Affiliates or their respective Representatives on a non-confidential basis from a Person other than Contractor, its Affiliates or their respective Representatives that is not, to Company’s Knowledge, otherwise bound by a confidentiality agreement with Contractor or any of its Affiliates, or is otherwise not under any obligation to Contractor or any of its Affiliates not to transmit the information to Company, its Affiliates or their respective Representatives; or (d) was independently developed by Company, its Affiliates or their respective Representatives without reference to or reliance upon Contractor Proprietary Information; provided, further, that any deliverables, submittals or information prepared and furnished by Contractor hereunder (other than with respect to the financial condition of Contractor or the Parent Guarantors or with respect to the Spent Nuclear Fuel and the other Assets acquired by Buyer pursuant to the SNF PSA, which, for the avoidance of doubt, shall be considered only Contractor Proprietary Information), and the Business Books and Records to be maintained by Contractor hereunder with respect to the CR-3 Facility, the

NRC-Licensed Site and the Decommissioning, shall be treated as both Contractor Proprietary Information and Company Proprietary Information for the purposes of this Agreement.

“Contractor’s Non-Exclusive Access Right” has the meaning set forth in Section 8.6.2.

“Contractor’s Provisional Trust Agreement” means the trust agreement, substantially in the form set forth in Exhibit G, by and between Contractor and a qualified trustee governing Contractor’s Provisional Trust Fund.

“Contractor’s Provisional Trust Fund” has the meaning set forth in Section 3.14.

“Contractor’s Required Regulatory Approvals” means the regulatory approvals required by Contractor as a condition to the Closing, as identified in Attachment 17.

“CR-3 Facility” means the pressurized reactor power plant and all of the ancillary facilities, equipment, supplies, structures and buildings, including the ISFSI and underground structures, that form the Crystal River nuclear power plant, commonly known as Crystal River Unit 3, located on the Gulf of Mexico in Citrus County, Florida, and including the real property underlying the ISFSI Site and the other portions of the Crystal River Site on which the CR-3 Facility is located, but in any event not including the Excluded Facilities. The CR-3 Facility is depicted by the green areas set forth on page 27 of Attachment 1.

“CREC Committee” means Company’s Crystal River Energy Complex management committee.

“Crystal River Decommissioning Reserve Subaccount” means a segregated subaccount within the NDF created and maintained solely for the purposes of holding the assets, funds and investments that are not otherwise held in the IOI Decommissioning Subaccount.

“Crystal River Site” means the area commonly known as the “Crystal River Energy Complex” that contains the CR-3 Facility, the NRC-Licensed Site, the ISFSI, and the Excluded Facilities, as further described and occupying the area as depicted in Attachment 1.

“Decommission” and “Decommissioning” means (a) the dismantlement and removal of the structures, and any reduction or removal of radioactivity, at the CR-3 Facility and the NRC-Licensed Site to a level that permits the release of all or any specified portion of the NRC-Licensed Site consistent with the radiological criteria for license termination specified by the NRC in 10 C.F.R. § 20.1402 for unrestricted use; (b) all other activities necessary for the retirement, dismantlement, decontamination or storage of the CR-3 Facility and NRC-Licensed Site in compliance with all applicable Nuclear Laws and Environmental Laws, including the applicable requirements of the Atomic Energy Act and the NRC’s rules, regulations, orders and pronouncements thereunder; (c) operation and maintenance of the ISFSI, management of Spent Nuclear Fuel, the packaging of the Greater Than Class C Waste generated during the Decommissioning of the CR-3 Facility, and the removal of all of the Spent Nuclear Fuel and HLW from the ISFSI and the Crystal River Site; (d) restoration of the NRC-Licensed Site in accordance with applicable Laws; and (e) any planning and administration activities incidental thereto.

“Decommissioning Costs” means the costs and expenditures incurred for goods and services (including any planning and administrative activities incidental thereto) provided in connection with the Decommissioning of the CR-3 Facility and the NRC-Licensed Site, but excluding costs incurred for the operation and maintenance of the ISFSI, management of Spent Nuclear Fuel, and the removal of all of the Spent Nuclear Fuel and HLW from the ISFSI and the Crystal River Site, and Decommissioning of the ISFSI.

“Decommissioning Plan” means the activities contemplated by the Post Shutdown Decommissioning Activities Report submitted by Company to the NRC on December 2, 2013.

“Department of Energy” or “DOE” means the United States Department of Energy and any successor agency thereto.

“Department of Energy Decommissioning and Decontamination Fees” means all fees related to the Department of Energy’s Special Assessment of utilities for the Uranium Enrichment Decontamination and Decommissioning Funds pursuant to Sections 1801, 1802 and 1803 of the Atomic Energy Act and the Department of Energy’s implementing regulations at 10 C.F.R. Part 766, as those statutes and regulations exist at the time of execution of this Agreement, applicable to separative work units purchased from the Department of Energy in order to decontaminate and decommission the Department of Energy’s gaseous diffusion enrichment facilities.

[**]

“Dispute” has the meaning set forth in Section 16.7.1.

“Dispute Engagement Notice” has the meaning set forth in Section 16.7.1(a).

“Diverse Suppliers” has the meaning set forth in Section 6.11.

“End-State Conditions” means all of the following conditions, collectively, and “achieving” or “satisfying” the End-State Conditions, or terms of similar import, means the satisfaction of all of the following conditions:

- (a) Contractor has satisfied all of the ISFSI-Only Interim End-State Conditions;
- (b) Contractor has fully performed all of its obligations under the License Termination Plan as approved by the NRC, including removal of Spent Nuclear Fuel from the NRC-Licensed Site and the Decommissioning of the ISFSI;
- (c) Contractor has completed the Remediation of all Hazardous Substances present in, on or under the CR-3 Facility sufficient to comply with Environmental Laws and all applicable Permits;
- (d) without limiting Contractor’s obligation to satisfy the criteria to complete the Decommissioning of the ISFSI, all buildings and structures constituting the ISFSI, including foundations, have been removed to a minimum of three feet (3’) below grade and

backfilled, graded and seeded to prevent erosion, and any underground storage tanks and large diameter pipes that are part of or located on or under the ISFSI and not otherwise required by Law or this Agreement to be removed, have been filled in compliance with all applicable Permits;

(e) Contractor has completed all of the work necessary to comply with the conditions set forth in the FDEP Letter and any Change in End-State Conditions, as applicable; and

(f) the NRC has approved the termination of the NRC License and released the ISFSI Site from NRC jurisdiction for unrestricted use pursuant to 10 C.F.R. § 20.1402.

“Environment” means all soil, real property, air, water (including surface waters, streams, ponds, drainage basins and wetlands), groundwater, water body sediments, drinking water supply, stream sediments or land, including land surface or subsurface strata, including all fish, plant, wildlife, and other biota and any other environmental medium or natural resource.

“Environmental Claim” means any and all written communications, administrative or judicial actions, suits, orders, liens, complaints, notices, including notices of violations of Environmental Laws, requests for information relating to the Release or threatened Release into the Environment of Hazardous Substances, proceedings, or other written communication, pursuant to or relating to any applicable Environmental Law by any Governmental Authority based upon, alleging, asserting, or claiming any actual or potential, and whether civil, criminal or administrative: (i) violation of, or Liability under any Environmental Laws; (ii) violation of any Environmental Permit; or (iii) Liability for investigatory costs, cleanup costs, removal costs, remedial costs, response costs, monitoring costs, natural resource damages, property damage, personal injury, fines, or penalties arising out of, based on, resulting from, or related to the presence, Release, or threatened Release into the Environment of any Hazardous Substances.

“Environmental Clean-up Site” means any location which is listed or formally proposed for listing on the National Priorities List, the Comprehensive Environmental Response, Compensation and Liability Information System, or on any similar state list of sites requiring investigation or cleanup.

“Environmental Laws” means all Laws, other than Nuclear Laws, relating to pollution, the protection, restoration or remediation of or prevention of harm to the Environment or natural resources, or the protection of human health and safety from the presence of Hazardous Substances, including Laws relating to Releases of Hazardous Substances (including Releases to the Environment) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport, disposal or handling of Hazardous Substances, and Laws regarding the treatment, storage, handling, transportation, and disposal of solid waste. “Environmental Laws” include the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Oil Pollution Act

(33 U.S.C. §§ 2701 et seq.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. §§ 11001 et seq.), the Occupational Safety and Health Act (29 U.S.C. §§ 651 et seq.) only as it relates to Hazardous Substances, and the Florida Laws governing hazardous materials and solid waste.

“Environmental Liabilities” means any Liability relating to (a) the disposal, storage, transportation, Release, recycling, or the arrangement for such activities of Hazardous Substances from the CR-3 Facility; (b) the presence of Hazardous Substances in, on or under the CR-3 Facility, regardless of how the Hazardous Substances came to rest at, on or under the CR-3 Facility; and (c) the failure of the CR-3 Facility to be in compliance with any Environmental Laws.

“EPA” means the United States Environmental Protection Agency and any successor agency thereto.

“Environmental Permit” means any federal, state or local permits, licenses, approvals, consents, registrations or authorizations required by any Governmental Authority with respect to the CR-3 Facility or the NRC-Licensed Site under or in connection with any Environmental Law, including any and all orders, consent orders or binding agreements issued or entered into by a Governmental Authority under any applicable Environmental Law, but excluding the NRC License.

“Excluded Facilities” means the facilities on the Crystal River Site (and the real property upon which the same are located) that are not related to the CR-3 Facility, including the switchyard, operating and non-operating fossil fuel-fired (coal, natural gas) power generation facilities cooling towers, coal delivery and storage areas, ash storage area, office buildings, warehouses, barge handling docks, railroad, and the other buildings or facilities that are not to be Decommissioned hereunder as identified in Attachment 1.

“Exclusion Area” has the meaning as defined under NRC rules and regulations, and with respect to the CR-3 Facility, means the area within the Exclusion Area Boundary that completely surrounds the ISFSI, as depicted in Attachment 1.

“Exclusion Area Boundary” means the boundary that completely surrounds the ISFSI and defines the Exclusion Area, as depicted in Attachment 1.

“FDEP Letter” means the letter from the Florida Department of Environmental Protection dated February 15, 2019, a copy of which is attached hereto as Attachment 13.

“Federal Trade Commission Act” means the Federal Trade Commission Act of 1914 (15 U.S.C. Section 41 et seq.), as amended.

“First Amendment to DSA” means an amendment to this Agreement to be entered into by Company and Contractor on or before the Closing Date, whereby the Parties agree to amend this Agreement by attaching the mutually agreed exhibits and attachments to be finalized between the Contract Date and the Closing Date, including [**], the Environmental Permits, the Non-Environmental Permits and the Project Schedule.

“Force Majeure” means events or circumstances that are outside the non-performing Party’s reasonable control, e.g., acts of God; war; acts of civil disobedience; acts of terrorism; fires; explosions; earthquakes; epidemics; landslides; hurricanes or windstorms; riots; floods; sabotage or other malevolent acts; labor strikes or other similar acts of industrial disturbance (other than acts of employees of the nonperforming Party or its Affiliates); acts, delays in acting, or failure to act of a Governmental Authority (including a taking or condemnation); or any similar events or occurrences; provided, however, an event shall only be considered an event of Force Majeure to the extent: (a) the non-performing Party is unable to prevent, avoid, overcome or cure such event through the exercise of commercially reasonable efforts; (b) such event is not the proximate result of the non-performing Party’s act, omission, fault or negligence, including failure to maintain equipment in good working order, failure to comply with any contract, or failure to comply with all applicable Laws; and (c) such event results in a material impairment of the non-performing Party’s ability to perform; provided, further, that the unavailability of a disposal facility for Low Level Waste, is not an event of Force Majeure.

“Fourth Amendment to Amended and Restated NDF Agreement” means the Fourth Amendment to the Amended and Restated NDF Agreement in the form attached hereto as Exhibit F.

“Good Utility Practices” means any of the practices, methods and activities generally accepted by a significant portion of the nuclear industry in the United States of America as good practices applicable to: (a) nuclear generating facilities that have ceased operating in anticipation of decommissioning, or the decommissioning of a nuclear generating facility, as applicable, of similar design, size and capacity as the CR-3 Facility; or (b) any of the practices, methods or activities which, in the exercise of reasonable judgment by a prudent Person decommissioning a nuclear facility of similar design, size and capacity as the CR-3 Facility, in light of the facts known at the time the decision was made, would reasonably have been expected to accomplish the desired result at a reasonable cost and consistent with good safety practices and applicable Laws including Nuclear Laws and Environmental Laws. Good Utility Practices are not intended to be limited to the optimal practices, methods or acts to the exclusion of all others.

“Governmental Authority” means any federal, state, local provincial, foreign, international or other governmental, regulatory or administrative agency, taxing authority, commission, department, board, or other government subdivision, court or tribunal.

“Greater Than Class C Waste” means radioactive waste that contains radionuclide concentrations exceeding the values in Table 1 or Table 2 of 10 C.F.R. § 61.55, and therefore is currently not generally acceptable for disposal at existing (near surface) low level radioactive waste disposal facilities.

“Hazardous Substances” means: (a) any petroleum (or any fraction thereof), asbestos, asbestos-containing material, and urea formaldehyde foam insulation and transformers or other equipment that contains polychlorinated biphenyl; (b) any chemicals, materials or substances defined as or included in the definition of “hazardous substances”, “hazardous wastes”, “hazardous materials”, “hazardous constituents”, “restricted hazardous materials”, “extremely hazardous substances”, “toxic substances”, “contaminants”, “pollutants”, “toxic pollutants”, “hazardous air pollutants” or words of similar meaning and regulatory effect under any

applicable Environmental Law; and (c) any other chemical, material, waste or substance that can form the basis of any Liability under any applicable Environmental Law; except that, in each case and notwithstanding any other provision of this Agreement, Hazardous Substances shall not include Nuclear Material.

“Health and Safety Laws” means any Laws pertaining to safety and health in the workplace, including the Occupational Safety and Health Act, 29 U.S.C. 651 et seq., and the Toxic Substances Control Act, 15 U.S.C. 2601, et seq.

“High Level Waste” or “HLW” means: (a) the highly radioactive material resulting from the reprocessing of spent nuclear fuel, including liquid waste produced directly in reprocessing and any solid material derived from such liquid waste that contains fission products in sufficient concentrations; and (b) other highly radioactive material that the NRC, consistent with existing Law, determines by rule requires permanent isolation, including Greater Than Class C Waste.

“High Level Waste Repository” means a facility which is designed, constructed and operated by or on behalf of the Department of Energy for the storage and disposal of Spent Nuclear Fuel in accordance with the requirements set forth in the Nuclear Waste Policy Act of 1982, as amended.

“IOI Subaccount Investment Manager” has the meaning set forth in Section 9.2.3.

“IOI Decommissioning Subaccount” means a formally separate and segregated subaccount within the NDF, the assets of which are not commingled with any of the other assets of the NDF, which is created and maintained solely for the purpose of funding the compensation to be paid to Contractor for Decommissioning the CR-3 Facility (not including costs for operation and maintenance of the ISFSI, management of Spent Nuclear Fuel, and the removal of all of the Spent Nuclear Fuel and HLW from the ISFSI and the Crystal River Site) and achieving the ISFSI-Only Interim End-State Conditions.

“IOI Disbursement” means a withdrawal from the IOI Decommissioning Subaccount used to compensate Contractor for Decommissioning the CR-3 Facility (not including costs for operation and maintenance of the ISFSI, management of Spent Nuclear Fuel, and the removal of all of the Spent Nuclear Fuel and HLW from the ISFSI and the Crystal River Site), including achieving the ISFSI-Only Interim End-State Conditions, in accordance with this Agreement.

“IOI Disbursement Certificate” has the meaning set forth in Section 9.3.

“ISFSI” means the existing dry spent fuel storage installation on the Crystal River Site where the Spent Nuclear Fuel and HLW from the CR-3 Facility is located and stored, and the ancillary facilities related thereto, but excluding the Spent Nuclear Fuel and High Level Waste stored thereon, and excluding the storage canisters that will be shipped together with the Spent Nuclear Fuel and the HLW when it is removed from the ISFSI and the NRC-Licensed Site.

“ISFSI-Only Interim End-State Conditions” means all of the following conditions, collectively, and “achieving” or “satisfying” the ISFSI-Only Interim End-State Conditions, or terms of similar import, means the satisfaction of all of the following conditions:

(a) without limiting Contractor's obligation to satisfy the criteria to complete the Decommissioning of the CR-3 Facility, all buildings and structures constituting the CR-3 Facility, other than the ISFSI, have been removed to a minimum of three feet (3') below grade and backfilled, graded and seeded to prevent erosion;

(b) underground storage tanks and large diameter pipes that are part of the CR-3 Facility, other than the ISFSI, and not otherwise required by Law or this Agreement to be removed have been filled in compliance with all applicable Permits;

(c) Contractor has otherwise completed the Decommissioning of the CR-3 Facility and fully performed all of its obligations under the PLTA, with the exception of removal of Spent Nuclear Fuel and HLW from the NRC-Licensed Site and the Decommissioning of the ISFSI;

(d) Contractor has completed the Remediation of Hazardous Substances present in, on or under the CR-3 Facility other than with respect to the ISFSI Site, sufficient to comply with Environmental Laws and all applicable Permits;

(e) Contractor has completed all of the work necessary to comply with the conditions set forth in the FDEP Letter except with respect to the ISFSI Site, and any Change in End-State Conditions that have occurred prior to such date, as applicable; and

(f) the NRC has approved an amendment to the NRC License to release the NRC-Licensed Site from NRC jurisdiction for unrestricted use pursuant to 10 C.F.R. § 20.1402, except for the ISFSI Site.

"ISFSI Decommissioning Trust" means a nuclear decommissioning trust fund established by Buyer pursuant to an appropriate trust agreement in compliance with 10 CFR 72.30 in order to hold funds dedicated to the Decommissioning of the ISFSI.

"ISFSI Decommissioning Trust Agreement" means the trust agreement, substantially in the form set forth in Exhibit M, by and between Buyer and a qualified trustee governing the ISFSI Decommissioning Trust.

"ISFSI Site" means the portion of the Crystal River Site where the ISFSI is located, as further described and occupying the area as depicted in Attachment 1, and including the area that lies within the Exclusion Area Boundary, as that area may be modified from time to time under the NRC License.

"Knowledge" means: (a) with respect to Contractor, the actual knowledge of the officers and employees of Contractor listed on Attachment 6; (b) with respect to Buyer, the actual knowledge of the officers and employees of Buyer listed on Attachment 6; and (c) with respect to Company, the actual knowledge of the officers and employees of Company listed on Attachment 6, but without independent investigation or inquiry by or on behalf of Company or any such officer or employee.

"Law" or "Laws" means all laws, rules, regulations, codes, statutes, ordinances, decrees, treaties, or administrative orders of any Governmental Authority including administrative and

judicial interpretations thereof, including Environmental Laws, Health and Safety Laws and Nuclear Laws, and common law.

“Letter of Credit” has the meaning set forth in Section 10.1.

“Liability” or “Liabilities” means any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), and in the case of the NRC License, includes the NRC Commitments.

“License Termination” has the meaning defined in applicable NRC regulations.

“License Termination Plan” has the meaning defined in applicable NRC regulations.

“Local Suppliers” means a subcontractor (of any tier) of Contractor who has a headquarters or branch within Florida.

“Loss” or “Losses” means any and all damages, fines, fees, penalties, deficiencies, losses and expenses (including all Remediation costs, reasonable attorneys’ fees, accountants, and other experts, or other expenses of litigation or proceedings or of any claim, default or assessment).

“Low Level Waste” means radioactive material that (a) is neither Spent Nuclear Fuel nor HLW; and (b) any other substance that the NRC, consistent with existing Law and in accordance with clause (a), classifies as low-level radioactive waste.

“Milestone One” means that (a) Contractor has submitted the PLTA to the NRC; and (b) the ISFSI-Only Interim End-State Conditions as stated in subparagraphs (a) through and including (e) of the definition of ISFSI-Only Interim End-State Conditions have been satisfied.

“NDF” means the qualified trust fund meeting the requirements of Code Section 468A and Treas. Reg. § 1.468A-5 and the non-qualified trust fund that is maintained by Company pursuant to and in accordance with the Amended and Restated NDF Agreement for purposes of Decommissioning the CR-3 Facility and the NRC-Licensed Site.

“NEIL” means Nuclear Electric Insurance Limited, or any successor or replacement thereto.

“Notice of End-State Conditions” has the meaning set forth in Section 9.6.

“Notice of ISFSI-Only Interim End-State Conditions” has the meaning set forth in Section 9.6.

“Notice of Milestone One” has the meaning set forth in Section 9.6.

“NRC” means the United States Nuclear Regulatory Commission and any successor agency thereto.

“NRC Commitments” means all written regulatory commitments made by Company to the NRC prior to the Closing Date with respect to the CR-3 Facility or the NRC-Licensed Site.

“NRC License” means the NRC Operating License No DPR-72, Docket No. 50-302 for the CR-3 Facility and the NRC-Licensed Site, and all amendments thereto.

“NRC-Licensed Site” means all of the real property subject to the NRC License, as more particularly described in Attachment 1. Any reference to the NRC-Licensed Site shall include, by definition, the surface and subsurface elements, including the soils and groundwater present at the NRC-Licensed Site and any references to items “at the NRC-Licensed Site” shall include all items “at, in, on, upon, over, across, under, and within” the NRC-Licensed Site.

“NRC MARSSIM” means the Multi-Agency Radiation Survey and Site Investigation Manual, published by NRC (NUREG-1575, Revision 1) (August 2000), as amended and supplemented from time to time.

“Nuclear Insurance Policies” means all nuclear insurance policies carried by or for the benefit of Company with respect to the ownership, operation or maintenance of the CR-3 Facility and the NRC-Licensed Site, including all nuclear liability and nuclear property damage policies in respect thereof, including all policies issued or administered by ANI or NEIL.

“Nuclear Laws” means all Laws, other than Environmental Laws, relating to the regulation of nuclear power plants, Source Material, Byproduct Material and Special Nuclear Material; the regulation of Low Level Waste, HLW and Spent Nuclear Fuel; the transportation and storage of Nuclear Material; the regulation of Safeguards Information (as defined in 10 C.F.R. 2.4); the enrichment of uranium; the disposal and storage of Spent Nuclear Fuel; contracts for and payments into the Nuclear Waste Fund; and the antitrust Laws and the Federal Trade Commission Act, as applicable to specified activities or proposed activities of certain licensees of commercial nuclear reactors. Nuclear Laws include the Atomic Energy Act; the Price-Anderson Act; the Energy Reorganization Act of 1974 (42 U.S.C. Section 5801 et seq.); Convention on the Physical Protection of Nuclear Material Implementation Act of 1982 (Public Law 97 -351; 96 Stat. 1663); the Foreign Assistance Act of 1961 (22 U.S.C. Section 2429 et seq.); the Nuclear Non-Proliferation Act of 1978 (22 U.S.C. Section 3201); the Low-Level Radioactive Waste Policy Act (42 U.S.C. Section 2021b et seq.); the Nuclear Waste Policy Act (42 U.S.C. Section 10101 et seq. as amended); the Low-Level Radioactive Waste Policy Amendments Act of 1985 (42 U.S.C. Section 2021d, 471); the Energy Policy Act of 1992 (4 U.S.C. Section 13201 et seq.); the provisions of 10 C.F.R. Section 73.21, and any state or local Laws, other than Environmental Laws, analogous to the foregoing.

“Nuclear Material” means Source Material, Byproduct Material, Low Level Waste, HLW, and Special Nuclear Material, including Spent Nuclear Fuel.

“Nuclear Waste Fund” means the fund established by Section 302(c) of the Nuclear Waste Policy Act in which the Spent Nuclear Fuel fees to be used for the design, construction and operation of a High Level Waste Repository and other activities related to the storage and disposal of Spent Nuclear Fuel is deposited.

“Outage Work” has the meaning set forth in Section 8.6.4.

“Parent Guarantors” means each of NorthStar Group Services, Inc., a Delaware corporation, and Orano USA LLC, a Delaware limited liability company.

“Parent Guaranty” means a guaranty in the form attached hereto as Exhibit B issued by each Parent Guarantor in favor of Company, pursuant to which such Parent Guarantor, severally (and not jointly) with the other Parent Guarantor and in accordance with the terms and conditions set forth therein, guarantees the payment and performance of the obligations of Contractor under this Agreement and the Ancillary Agreements to which Contractor is a party, and the obligations of Buyer under the SNF PSA and the Ancillary Agreements to which Buyer is a party.

“Parent Support Agreement” means a Support Agreement in the form attached hereto as Exhibit H-1 and Exhibit H-2 by and among each Parent Guarantor, Contractor and Buyer, pursuant to which such Parent Guarantor agrees to provide up to a specified amount of funding to Contractor and Buyer totaling One Hundred Forty Million Dollars (\$140,000,000), in the aggregate, to perform their obligations under this Agreement and complete the Decommissioning of the CR-3 Facility, including the ISFSI.

“Party” or “Parties” has the meaning set forth in the preamble.

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“Permits” means any federal, state or local permits, licenses, approvals, consents, registrations or authorizations required by any Governmental Authority in connection with the Decommissioning, but not including the NRC License or any Environmental Permits.

“Person” means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, association, or Governmental Authority.

“Pledge Agreement” means the Pledge Agreement to be entered into by Company and Contractor’s sole member, Accelerated Decommissioning Partners, LLC, whereby Accelerated Decommissioning Partners, LLC will pledge its equity interest in Contractor to Company as collateral for Contractor’s obligations hereunder, in the form attached hereto as Exhibit E.

“PLR” has the meaning set forth in Section 3.11.3.

“PLTA” means the partial License Termination application to be submitted to the NRC in order to obtain the release of the NRC-Licensed Site, other than the ISFSI Site, from NRC jurisdiction for unrestricted use pursuant to 10 C.F.R. § 20.1402, and achieve the ISFSI-Only Interim End-State Conditions.

“Pre-Closing Decommissioning Services Contract” means one or more services agreements between Contractor and Company for Contractor’s performance of Decommissioning planning activities and such other activities as stated therein, prior to the Closing Date.

“Pre-Closing Period” means the period beginning on the Contract Date and ending on the calendar day immediately preceding the Closing Date.

“Price-Anderson Act” means Section 170 of the Atomic Energy Act, as amended, and related provisions of Section 11 of the Atomic Energy Act.

“Project Schedule” means a schedule meeting the requirements of Section 6.7 that sets forth Contractor’s schedule for completion of Decommissioning, including the Target Completion Date and the scheduled date for achievement of the End-State Conditions, and as of the Contract Date, means such schedule as set forth in Attachment 2 hereto.

“Project Specifications” means the specifications regarding the Decommissioning as set forth in Attachment 1 hereto.

“Proprietary Information” means the Contractor Proprietary Information or the Company Proprietary Information, or both, as the context requires.

“Provisional IOI Account” means a formally separate and segregated account within the Contractor’s Provisional Trust Fund, the assets of which are not commingled with any of the other assets of the Contractor’s Provisional Trust Fund, that may not be terminated until Contractor has achieved the ISFSI-Only Interim End-State Conditions.

“Provisional Milestone Account” means a formally separate and segregated account within the Contractor’s Provisional Trust Fund, the assets of which are not commingled with any of the other assets of the Contractor’s Provisional Trust Fund, that may be terminated when Contractor has achieved Milestone One.

“Release” means any actual or threatened spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of a Hazardous Substance or Nuclear Material into the Environment or within any building, structure, facility or fixture; provided, however, that Release shall not include any release that is permissible under applicable Environmental Laws or any Permit.

“Remediation” means action of any kind required by any applicable Law or order of a Governmental Authority to address a Release, the threat of a Release or the presence of Hazardous Substances, including any or all of the following activities:
(a) monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work;
(b) obtaining any permits, consents, approvals or authorizations of any Governmental Authority necessary to conduct any such activity;
(c) preparing and implementing any plans or studies for any such activity; (d) obtaining a written notice from a Governmental Authority with jurisdiction under Environmental Laws that no material additional work is required by such Governmental Authority;
(e) the use, implementation, application, installation, operation or maintenance of remedial action, remedial technologies applied to the surface or subsurface soils, excavation and treatment or disposal of soils, systems for long term treatment of surface water or ground water, engineering controls or institutional controls; and (f) any other activities required under Environmental Laws to address the presence or Release of Hazardous Substances.

“Representatives” of a Party or its Affiliates means such Party’s and such Affiliates’ respective directors, managers, officers, employees, agents, partners, advisors (including accountants, legal counsel, environmental consultants, and financial advisors) and other authorized representatives, but in no event shall Representatives of Company include Contractor or any of its Affiliates, notwithstanding Contractor’s designation as an agent of Company pursuant to this Agreement.

“SAFSTOR Condition” means the occurrence after the Closing Date of: (a) with respect to Contractor, (i) a Change in Law that occurs after the Closing Date; or (ii) an Environmental Liability which Contractor is responsible for Remediating hereunder that was not disclosed to or known by Contractor prior to the Closing Date, and which results in a material increase in Contractor’s costs to complete the Decommissioning, as a result of which Contractor reasonably believes that the remaining amount of funds in the IOI Decommissioning Subaccount, or the Contractor’s Provisional Trust Fund are insufficient to pay for the remaining costs of Decommissioning after taking such Change in Law or the Remediation of such Environmental Liability into account; and (b) with respect to Company, the occurrence following the Closing Date of a Change in End-State Conditions for which Company is obligated to reimburse costs to Contractor pursuant to Section 11.2, or an Environmental Liability for which Company is obligated to indemnify the Contractor Indemnified Parties pursuant to Section 13.2, the costs of which Company reasonably believes would exceed the amounts in the Crystal River Decommissioning Reserve Subaccount.

“Schedule Extension Condition” means any of the following: (a) delays caused by events of Force Majeure; and (b) delays caused by the issuance of a preliminary injunction or other order or decree by a Governmental Authority having jurisdiction halting all or substantially all of the Decommissioning work to be performed by Contractor hereunder; provided, however, an event that causes delays shall only be a Schedule Extension Condition to the extent (i) Contractor is unable to prevent, avoid or overcome such event or the delay through the exercise of commercially reasonable efforts and proceed with work not affected by the Schedule Extension Condition; and (ii) such event is not the result of Contractor’s or of its Affiliates’ (or any Person performing any work or activities on Contractor’s or such Affiliate’s behalf) act, omission, fault or negligence. For purpose of this definition, it is expressly agreed that delay due to the unavailability of a disposal facility for radiological waste is not a Schedule Extension Condition.

“SNF PSA” has the meaning set forth in the recitals.

“SNF Services Agreement” means an agreement substantially in the form set forth in Exhibit C between Contractor and Buyer, wherein Buyer agrees to pay Contractor’s costs incurred in performance of the services associated with packaging the Greater than Class C Waste generated during Decommissioning of the ISFSI, operating and maintaining the ISFSI, and ultimately removing all material owned by Buyer located at the CR-3 Facility from the Crystal River Site.

“Source Material” means: (a) uranium or thorium or any combination thereof, in any physical or chemical form, or (b) ores which contain by weight one-twentieth of one percent (0.05%) or more of (i) uranium, (ii) thorium, or (iii) any combination thereof. Source Material does not include Special Nuclear Material.

“Special Nuclear Material” means (a) plutonium, uranium-233, uranium enriched in the isotope-233 or in the isotope-235, and any other material that the NRC determines to be “Special Nuclear Material,” and (b) any material artificially enriched by any of the materials or isotopes described in clause (a). Special Nuclear Material includes the Spent Nuclear Fuel; provided, however, that Special Nuclear Material does not include Source Material.

“Spent Fuel Disposal Contract” means the U.S. Department of Energy Contract No. DE-CR01-83NE44382 Contract for Disposal of Spent Nuclear Fuel and/or High-Level Radioactive Waste dated as of June 30, 1983, by and between the DOE and Florida Power Corporation (which, by virtue of intervening corporate reorganizations, is now known as Duke Energy Florida, LLC), for the disposal of Spent Nuclear Fuel and HLW from the CR-3 Facility.

“Spent Nuclear Fuel” means all nuclear fuel located at the ISFSI that has been permanently withdrawn from the nuclear reactor in the CR-3 Facility following irradiation, and has not been chemically separated into its constituent elements by reprocessing.

“Target Completion Date” means the date by which Contractor shall have completed Milestone One, which shall be January 21, 2029, as such date may be extended under Article 11.

“Tax” or “Taxes” means, all taxes, charges, fees, levies, penalties or other assessments imposed by any federal, state, local, provincial or foreign taxing authority, including income, gross receipts, excise, real or personal property, sales, transfer, customs, duties, franchise, payroll, withholding, social security, receipts, license, stamp, occupation, employment, or other taxes, including any interest, penalties or additions attributable thereto, and any payments to any state, local, provincial or foreign taxing authorities in lieu of any such taxes, charges, fees, levies or assessments.

“Tax Return” means any return, report, information return, declaration, claim for refund or other document (including any schedule or related or supporting information) required to be supplied to any Governmental Authority with respect to Taxes including amendments thereto, including any information return filed by a tax exempt organization and any return filed by a nuclear decommissioning trust.

“Termination Date” has the meaning set forth in Section 5.1.6.

“Third Party Proprietary Information” means any drawings, reports, data, software, materials, scientific or other technical information, know-how, inventions and trade secrets pertaining to any proprietary or confidential information provided to Company or its predecessors by, or intellectual property of, any third party that has or is providing goods or services to Company with respect to the CR-3 Facility or the NRC-Licensed Site, including in connection with the ISFSI and the storage of Spent Nuclear Fuel and HLW on the ISFSI.

“Trustee” means the trustee of the NDF appointed by Company pursuant to the Amended and Restated NDF Agreement.

“U.S. Government” means the government of the United States of America.

1.1.1 As used in this Agreement, the following terms have the meanings specified in the SNF PSA:

Assets	Seller Material Adverse Effect
Assumed Liabilities	Transfer Taxes
Buyer Material Adverse Effect	

1.2 Certain Interpretive Matters.

1.2.1 Unless otherwise required by the context in which any term appears:

(a) The singular shall include the plural, the plural shall include the singular, and the masculine shall include the feminine and neuter.

(b) References to “Articles,” “Sections” or “Attachments” shall be to articles, sections or attachments of or to this Agreement, and references to “paragraphs” or “clauses” shall be to separate paragraphs or clauses of the section or subsection in which the reference occurs.

(c) The words “herein,” “hereof” and “hereunder” shall refer to this Agreement as a whole and not to any particular section or subsection, of this Agreement; and the words “include,” “includes” or “including” shall mean “including, but not limited to” or “including, without limitation.” The word “threatened” refers to threats made in writing.

(d) The term “day” shall mean a calendar day, commencing at 12:01 a.m. Eastern time. The term “week” shall mean any seven (7) consecutive day period, and the term “month” shall mean a calendar month; provided, however, that when a period measured in months commences on a date other than the first day of a month, the period shall run from the date on which it starts to the corresponding date in the next month and, as appropriate, to succeeding months thereafter. Whenever a payment is to be made by a particular date and the date in question falls on a day which is not a Business Day, the payment shall be made on the next succeeding Business Day; provided, however, that all calculations shall be made regardless of whether any given day is a Business Day and whether or not any given period ends on a Business Day.

(e) All references to a particular entity shall include such entity’s permitted successors and permitted assigns unless otherwise specifically provided herein.

(f) All references herein to any Law or to any contract or other agreement shall be to such Law, contract or other agreement as amended, supplemented or modified from time to time unless otherwise specifically provided herein.

1.2.2 The table of contents and the titles or headings of the Articles and Sections hereof and Attachments hereto have been inserted as a matter of convenience of reference only,

and shall not control or affect the meaning or construction of any of the terms or provisions hereof.

1.2.3 This Agreement was negotiated and prepared by the Parties with advice of counsel to the extent deemed necessary by each Party; the Parties have agreed to the wording of this Agreement; and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Agreement or any part hereof.

1.2.4 The Attachments hereto are incorporated herein and are intended to be a part of this Agreement.

1.3 Effectiveness; Survival. [**]

ARTICLE 2 REPRESENTATIONS AND WARRANTIES.

2.1 Contractor and Buyer Representations and Warranties.

2.1.1 Organization; Qualification. Contractor is and at all times during the term of this Agreement shall be a limited liability company validly existing and in good standing under the Laws of the State of Delaware. Contractor has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted. Contractor is and at all times during the terms of this Agreement shall be qualified to conduct business in the State of Florida.

2.1.2 Capitalization. Accelerated Decommissioning Partners, LLC is and at all times during the term of this Agreement shall be the sole member and owner of all of the outstanding equity interests in Contractor.

2.1.3 Authority Relative to this Agreement. Contractor and Buyer have full corporate power and authority to execute and deliver this Agreement and to perform their obligations hereunder. The execution and delivery of this Agreement has been duly and validly authorized by all necessary corporate action required on the part of Contractor and Buyer and no other corporate proceedings on the part of Contractor or Buyer are necessary to authorize this Agreement or to perform its obligations hereunder. This Agreement has been duly and validly executed and delivered by Contractor and Buyer, and assuming that this Agreement constitutes the valid and binding agreement of Company, this Agreement constitutes the legal, valid and binding agreement of Contractor and Buyer, enforceable against Contractor and Buyer in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles.

2.1.4 No Violation. Neither the execution and delivery of this Agreement by Contractor and Buyer, nor the performance by Contractor or by Buyer of their obligations hereunder will (a) conflict with or result in any breach of any provision of the certificate of formation or organization, or limited liability company or operating agreement, of Contractor; (b) require consent, notice or other action, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or the lapse of time or both, would

constitute a default under, or give rise to any right of termination, cancellation, modification or acceleration, under any of the terms, conditions or provisions of any material contract or Permit to which Contractor or Buyer is a party or by which any of its assets may be bound, other than the Contractor's Required Regulatory Approvals; or (c) violate in any material respect any Laws applicable to Contractor or Buyer.

2.1.5 Professional Licenses. As of the Closing Date, and at all times after the Closing Date during the term of this Agreement, Contractor will have a valid certified contractor's license in the appropriate category or specialty issued by the Florida Department of Business and Professional Regulation, and such license shall remain in full force and affect at all times during the term of this Agreement. All Persons who perform any portion of the Decommissioning have and shall at all times during the performance of Contractor's obligations hereunder have all business and professional certifications required by applicable Laws to perform such work.

2.2 Company Representations and Warranties. Company represents and warrants to Contractor as follows:

2.2.1 Organization; Qualification. Company is a limited liability company validly existing and in good standing under the Laws of the State of Florida and has all requisite corporate power and authority to own, transfer, lease and operate its properties and to carry on its business as is now being conducted. Company is duly licensed or qualified to do business and is in good standing in Florida and each other jurisdiction, if any, in which the operation of the business related to the CR-3 Facility as currently conducted makes licensing or qualification necessary.

2.2.2 Authority Relative to this Agreement. Company has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement has been duly and validly authorized by all necessary corporate action required on the part of Company and no other corporate proceedings on the part of Company are necessary to authorize this Agreement or to perform its obligations hereunder. This Agreement has been duly and validly executed and delivered by Company, and assuming that this Agreement constitutes the valid and binding agreement of Contractor, this Agreement constitutes the legal, valid and binding agreement of Company, enforceable against Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles.

2.2.3 No Violation. Neither the execution and delivery of this Agreement by Company, nor the performance by Company of its obligations hereunder will (a) conflict with or result in any breach of any provision of the certificate of formation or organization, or limited liability company or operating agreement, of Company; (b) require consent, notice or other action, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or the lapse of time or both, would constitute a default under, or give rise to any right of termination, cancellation, modification or acceleration, under any of the terms, conditions or provisions of any material contract or Permit to which Company is a party or by which any of its assets may be bound, other than Company's Required Regulatory Approvals; or

(c) violate in any material respect any Laws applicable to Company; provided, however, that Company makes no warranty or representation that the Permits that it currently holds are or will be adequate or the only Permits necessary for Contractor's activities or actions necessary to complete the Decommissioning or achieve the End-State Conditions.

2.2.4 Filings and Reports. Company has filed or caused to be filed with the applicable state or local regulatory bodies, the NRC, and the Department of Energy, and the State of Florida, as the case may be, all material forms, statements, reports and documents (including all exhibits, amendments and supplements thereto) required to be filed by Company with respect to the NRC-Licensed Site or the ownership or operation thereof under each of the applicable state public utility Laws, the Atomic Energy Act, the Energy Reorganization Act, and the Price-Anderson Act and the respective rules and regulations thereunder. All such filings complied in all material respects with all applicable requirements of the appropriate act and the rules and regulations thereunder in effect on the date each such report was filed. The representations and warranties under this Section 2.2.4 do not apply to any statement by Company in any filing regarding the cost estimated by Company to perform the Decommissioning of the CR-3 Facility or the NRC-Licensed Site.

2.2.5 Real Property. Company has not entered into any real property agreements, including any leases, subleases, licenses or other rental agreements or occupancy agreements (written or verbal), mortgages, deeds of trust, easements, or agreements regarding potential ingress and egress, with respect to any part of the NRC-Licensed Site, that would reasonably be expected to materially impair Contractor's intended operation, possession, or use of the NRC-Licensed Site with respect to the performance of the Decommissioning or its obligations under this Agreement.

2.2.6 Spent Fuel Disposal Contract. Company has paid the one-time fee required to be paid as contemplated under Article VIII.A.3 of the Spent Fuel Disposal Contract.

2.2.7 ANI Insurance Policy. All premiums with respect to the ANI nuclear liability insurance policy covering the CR-3 Facility due prior to the Closing Date shall have been paid by Company, other than retroactive premiums which may be payable with respect thereto.

2.2.8 NRC License. Company has not received any written notification which remains unresolved that it is in violation of any of the NRC License, or any order, rule, regulation, or decision of the NRC with respect to the NRC-Licensed Site.

2.2.9 Environmental Matters. With respect to the CR-3 Facility and the ownership or operation thereof, except as disclosed in Schedule 2.2.9:

(a) To the Knowledge of Company, there are no material Environmental Liabilities with respect to the CR-3 Facility as of the Contract Date.

(b) Company has obtained and holds the Environmental Permits listed on Attachment 14-A. Such Environmental Permits are all of the material Environmental Permits used in or necessary for Company's ownership and possession of the CR-3 Facility as of the Contract Date; provided, that Company makes no representation or warranty that such

Environmental Permits include any or are all of the Environmental Permits that would be necessary for Contractor to perform Contractor's obligations under this Agreement. Each such Environmental Permit is in full force and effect. Company is in compliance in all material respects with all of its obligations under each such Environmental Permit. There are no proceedings pending, or to the Knowledge of Company, threatened, that could reasonably be expected to result in the revocation, termination, modification or amendment of any such Environmental Permit. Company has not failed to make in a timely fashion any application or other filing required for the renewal of any such Environmental Permit which failure could reasonably be expected to result in the termination of such Environmental Permit or such Environmental Permit being revoked, suspended or adversely modified.

(c) There are no Environmental Claims pending or, to the Knowledge of Company, threatened against Company, with respect to the CR-3 Facility, and to Company's Knowledge there are no facts or circumstances which are reasonably likely to form the basis for any material Environmental Claim against Company with respect to the CR-3 Facility.

(d) To Company's Knowledge, the CR-3 Facility is not an Environmental Clean-up Site.

(e) To the Knowledge of Company, there are no (i) underground storage tanks, active or abandoned; or (ii) polychlorinated biphenyls-containing equipment located at the CR-3 Facility.

(f) To the Knowledge of Company, there are no material Encumbrances, other than Permitted Encumbrances, arising under or pursuant to an Environmental Law with respect to the CR-3 Facility and, to the Knowledge of Company, there are no facts, circumstances, or conditions that could reasonably be expected to materially restrict, encumber or result in the imposition of special conditions under any Environmental Law with respect to the Decommissioning of the CR-3 Facility, except those facts, circumstances or conditions relating to the status of the CR-3 Facility as a nuclear facility.

(g) There have been no Environmental audits or assessments with respect to the CR-3 Facility by, on behalf of, or which are in the possession of Company, which have not been made available to Contractor prior to the Contract Date.

The representations and warranties set forth in this Section 2.2.9 are Company's sole and exclusive representations and warranties regarding any Environmental matters and Environmental Laws.

2.2.10 Compliance with Permits, Laws. Company has not received any written notification which remains unresolved that it is in violation of (a) any of the material Permits held by Company that are used in, or necessary for its maintenance, ownership, use, or possession of, the CR-3 Facility as presently conducted or as required by Law (other than Environmental Laws or Nuclear Laws); or (b) any Law (other than Environmental Laws or Nuclear Laws) applicable to the CR-3 Facility or activities at the CR-3 Facility. Company is in compliance in all material respects with all such Permits and Laws (other than Environmental Permits, Environmental Laws or Nuclear Laws) applicable to the CR-3 Facility or activities at

the CR-3 Facility; provided, that Company makes no representation or warranty that such Permits include any or are all of the Permits that would be necessary for Contractor to perform Contractor's obligations under this Agreement.

2.2.11 NDF.

(a) With respect to all periods ending on or prior to the Closing Date: (i) the NDF is a trust, validly existing under the Laws of the Commonwealth of Pennsylvania with all requisite authority to conduct its affairs as it now does; (ii) the qualified trust fund maintained within the NDF satisfies all requirements necessary for it to be treated as a nuclear decommissioning fund as defined in Treas. Reg. Sections 1.468A-1(b)(4) and 1.468A-5; and (iii) the NDF is in compliance in all material respects with all applicable Laws of the NRC and any other Governmental Authority.

(b) Company has heretofore delivered to Contractor a copy of the Amended and Restated NDF Agreement, as in effect on the Contract Date.

(c) With respect to all periods ending on or prior to the Closing Date: (i) Company or the Trustee of the NDF has filed or caused to be filed with the NRC and any other Governmental Authority all material forms, statements, reports, documents (including all exhibits, amendments and supplements thereto) required to be filed by such entities; and (i) Company is not subject to any Governmental Authority's regulation over its rates that could reasonably be expected to pose a material risk of requiring disbursements to be made from the NDF.

(d) With respect to all taxable periods ending prior to the Closing Date, Company has filed all required Tax Returns with respect to the NDF, and such Tax Returns were true, correct and complete in all material respects, and all Taxes due have been paid in full. No notice of deficiency or assessment has been received from any taxing authority with respect to any Liability for Taxes of the NDF which have not been fully paid or finally settled.

(e) Attachment 15 to this Agreement sets forth a statement of assets of the NDF as of December 31, 2018 and such statement presents fairly in all material respects as of such date the fair market value of the assets of the NDF. There are no Encumbrances for Taxes affecting the assets of the NDF other than Permitted Encumbrances.

ARTICLE 3 PRE-CLOSING COVENANTS OF THE PARTIES

3.1 Company's Conduct of Business Relating to the Assets and the CR-3 Facility.

3.1.1 During the Pre-Closing Period, Company shall use and maintain, or cause to be used and maintained, the Assets and the CR-3 Facility in the ordinary course of present use consistent with Good Utility Practices such that at the Closing, the CR-3 Facility and the NRC-Licensed Site will conform with the descriptions thereof in of the Project Specifications; it being understood that any actions deemed reasonably necessary in the use and maintenance of the Assets or the CR-3 Facility in accordance with Good Utility Practices shall be deemed to be in the ordinary course unless Company would reasonably expect such actions to impair in any material respect Contractor's performance of its obligations under this Agreement or any of the Ancillary Agreements. Without limiting the generality of the foregoing, and, except as contemplated in this Agreement, without the prior written consent of Contractor (unless the requirement for such consent would be prohibited by Law), which consent will not be unreasonably withheld, delayed or conditioned, Company shall not directly do any of the following with respect to the CR-3 Facility or, where expressly indicated, the NRC-Licensed Site:

(a) sell, transfer, remove, lease, pledge, mortgage, encumber, restrict, dispose of, grant any right or interest with respect to any Assets;

(b) amend or extend in any material respect, or voluntarily terminate prior to the expiration date thereof or allow to expire, the Spent Fuel Disposal Contract or any Company Permit used in, or necessary for the maintenance, ownership, use, or possession of, the CR-3 Facility or the ISFSI or the NRC-Licensed Site; provided, however, that Contractor's consent shall not be required for actions with respect to Company Permits for which applications have been filed and approval is pending as of the Contract Date as described in Attachment 14-A, or for the settlement of any claims pending with respect to the Spent Fuel Disposal Contract;

(c) fail to maintain in effect the Nuclear Insurance Policies with the limits of liability as in effect on the Contract Date or as otherwise allowed by the NRC;

(d) move any Nuclear Material to, or bring any Hazardous Substances onto, the CR-3 Facility or the NRC-Licensed Site, other than in the ordinary course of business and in accordance with Good Utility Practices;

(e) make any modification to the CR-3 Facility, except for Decommissioning activities in the ordinary course of business and consistent with Company's Decommissioning plan as contemplated by the Post Shutdown Decommissioning Activities Report submitted by Company to the NRC on December 2, 2013;

(f) settle any claim or litigation that results in a material obligation that would adversely impact the CR-3 Facility or the performance of Contractor's obligations under this Agreement with respect to the NRC-Licensed Site, or expands in any material respect the NRC Commitments; provided, however, that Company may settle alleged violations of

Company Permits without the consent of Contractor if the settlement would not reasonably be expected to adversely affect the performance of Contractor's obligations under this Agreement;

(g) knowingly engage in any practice, take any action, fail to take any action, or enter into any transaction that will result or could reasonably be expected to result in any misrepresentation of Company hereunder or of Seller under the SNF PSA as of the Closing Date;

(h) amend the Amended and Restated NDF Agreement in any way that would alter in any material respect the business and investment practices with respect to the NDF, except as contemplated by the Fourth Amendment to Amended and Restated NDF Agreement;

(i) except as required by any Law or generally accepted accounting principles, change, in any material respect, its Tax practice or policy with respect to the NDF (including making new Tax elections or changing Tax elections and settling Tax controversies not in the ordinary course of business) or make any change in any method of accounting or accounting practice with respect to the Assets to the extent such change or settlement would be binding on Contractor; or

(j) agree to enter into any of the transactions set forth in the foregoing provisions of this Section 3.1.1.

3.1.2 Company shall also:

(a) maintain the CR-3 Facility in the ordinary course of business and in compliance in all material respects with applicable Laws, the NRC License, the Permits and Environmental Permits;

(b) make all required deposits, if any, to the NDF and cause Trustee to pay all Taxes, if any, and expenses and fees relating to the NDF; and

(c) not amend the Amended and Restated NDF Agreement, other than the Fourth Amendment to Amended and Restated NDF Agreement entered into in accordance with this Agreement and the SNF PSA, without the consent of Contractor, which consent shall not be unreasonably withheld or delayed.

3.2 Contractor's Conduct of Business. During the Pre-Closing Period, Contractor shall not:

3.2.1 Amend Contractor's certificate of formation or operating agreement without the prior written consent of Company, except as set forth in the Amended and Restated LLC Agreement.

3.2.2 Sell or transfer the membership interests in Contractor to any third party, without the prior written consent of Company.

3.2.3 Engage in any business activity or incur any Liability by or on behalf of Contractor, except as reasonably necessary in connection with the transactions contemplated by this Agreement.

3.2.4 Knowingly engage in any practice, take any action, fail to take any action, or enter into any transaction that will result or may reasonably be anticipated to result in any misrepresentation or breach of any warranty or covenant of Contractor or the Parent Guarantors hereunder or under the Ancillary Agreements.

3.2.5 Agree to take any action or enter into any transaction that would violate the foregoing provisions of this Section 3.2.

3.3 Further Assurances. Subject to the terms and conditions of this Agreement, prior to the Closing, each of the Parties will use commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate the Closing. Notwithstanding anything in the previous sentence to the contrary, Company shall use commercially reasonable efforts to obtain any Company Permits, if any, and Contractor shall use commercially reasonable efforts to obtain all Contractor Permits, that are necessary as of the Closing Date for Contractor to perform its obligations under this Agreement at the NRC-Licensed Site. Each Party shall cooperate with the other Party in all commercially reasonable efforts to (a) obtain the Company Permits and Contractor Permits; and (b) lift any preliminary or permanent injunction or other order or decree by any federal or state court or Governmental Authority that restrains or prevents the Closing.

3.4 Consents and Approvals.

3.4.1 As promptly as practicable after the Contract Date, Contractor and Company, as applicable, shall make the filings necessary to obtain the Required Regulatory Approvals. In fulfilling their respective obligations under this Section 3.4.1, Contractor and Company shall each use commercially reasonable efforts to effect or cause to be effected any such filings (other than as contemplated in Section 3.4.2) within sixty (60) days after the Contract Date. Prior to any Party's submission of the applications contemplated by this Section 3.4.1, the submitting Party shall provide a draft of such application to the other Party for review and comment and the submitting Party shall in good faith consider any revisions reasonably requested by the reviewing Party. Each Party will bear its own costs of the preparation and review of any such filings; [**]

3.4.2 As promptly as practicable after the Contract Date, Contractor and Company shall file an application with the NRC requesting consent under Section 184 of the Atomic Energy Act and 10 C.F.R. § 50.80 for the transfer of the NRC License authorizing possession and maintenance, including Decommissioning, of the NRC-Licensed Site, from Company to Contractor, and approval of any conforming license amendments, and any other related approvals; provided, however, that Company shall retain its rights as the owner of the CR-3 Facility and the NRC-Licensed Site (other than the ISFSI) under the NRC License. In fulfilling their respective obligations set forth in the immediately preceding sentence, each of Contractor and Company shall use its commercially reasonable efforts to effect any such filing within sixty (60) days after the Contract Date. [**] Thereafter, Contractor and Company shall cooperate with one another to facilitate NRC review of the application by promptly providing the NRC staff with such documents or information that the NRC staff may reasonably request or require any of the Parties to provide or generate.

3.4.3 The Parties shall respond promptly to any requests for additional information made by Governmental Authorities, use their respective commercially reasonable efforts to participate in any hearings, settlement proceedings or other proceedings ordered with respect to the applications, and use their respective commercially reasonable efforts to cause regulatory approval to be obtained at the earliest possible date after the date of filing. Company shall have the right to review in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any application or filing made in connection with the transactions contemplated hereby by Contractor, and Contractor shall consider in good faith any revisions reasonably requested by Company.

3.4.4 During the Pre-Closing Period, Contractor and Company shall cooperate with each other, including by establishment of a transition committee with representatives of each of Contractor and Company that shall develop a transition plan to be implemented to transition the CR-3 Facility from Company to Contractor upon the Closing. Without limiting the foregoing, among other things, Contractor and Company shall prepare the procedures as described in Attachment 14-B.

3.5 Notice of Significant Changes; Revised Schedules; First Amendment to DSA.

3.5.1 Each Party will promptly advise the other Party in writing of any change or circumstance arising, or being discovered, after the Contract Date that would constitute a material breach of any representation or warranty of such Party under this Agreement or the SNF PSA. No later than fifteen (15) Business Days prior to the Closing, each Party shall provide the other Party with any and all revisions, modifications and updates to the Schedules to the SNF PSA such that the Schedules to the SNF PSA will be true and correct as of such date, including with respect to any breach of any representation or warranty of a Party under the SNF PSA. Such revisions, modifications and updates will be incorporated into the Schedules prior to the Closing; provided, however, that to the extent that such revisions, modifications and updates have a Seller Material Adverse Effect or a Buyer Material Adverse Effect, as the case may be, then such revisions, modifications or updates to the Schedules will not be deemed to have cured any inaccuracy or breach of any representation or warranty in this Agreement for purposes of the termination rights contained in this Agreement or of determining whether the conditions to Closing under Section 6.1 or Section 6.2 of the SNF PSA have been satisfied.

3.5.2 Notwithstanding anything to the contrary herein, if either Party becomes aware of a Change in Law or a Change in End-State Condition prior to the Closing, the Party becoming aware of such change shall promptly notify the other Party in writing. Within thirty (30) days thereafter, the Parties, acting reasonably and in good faith, shall meet to review an estimate, prepared by Contractor of the changes in its cost to perform the Decommissioning and its obligations under this Agreement taking into account such Change in Law or Change in End-State Condition. If the Parties are able to agree on an adjustment to the Agreed Amount, the Parties shall enter into an amendment to this Agreement to make such adjustment prior to the Closing, and such change shall not be a Seller Material Adverse Effect or a Buyer Material Adverse Effect and shall be deemed waived by the Parties for purposes of the obligation of the Parties with respect to the Closing.

3.5.3 No later than forty five (45) days prior to the expected Closing Date, the Parties shall prepare and deliver a draft of the First Amendment to DSA, together with any Attachments hereto that will be updated pursuant to the First Amendment to DSA, as the Parties have determined during the Pre-Closing Period. The Parties shall cooperate in good faith to finalize the First Amendment to DSA and the updated Attachments by no later than ten (10) Business Days prior to the expected Closing Date. If the Parties are not able to mutually agree on revisions to Attachment 2 and Attachment 7 and to mutually agree on a final First Amendment to DSA by the Closing Date, either Party may terminate this Agreement pursuant to Section 5.1.5.

3.6 Contractor's Delivery of Financial Statements. During the Pre-Closing Period, Contractor shall deliver to Company:

3.6.1 As soon as available and in any event within sixty (60) days after the end of each of the first three quarters of each fiscal year of Northstar Group Services, Inc., a copy of such Parent Guarantor's unaudited consolidated balance sheet as of the end of such quarter and the related unaudited consolidated statement of income and cash flow statement of such Parent Guarantor for the portion of the fiscal year of such Parent Guarantor ending on the last day of such quarter, in each case prepared in accordance with generally accepted accounting principles, subject to the absence of footnotes and to year-end audit adjustments, together with a certificate of the chief financial officer of such Parent Guarantor to the effect that such financial statements fairly present the consolidated financial condition of such Parent Guarantor as of the date thereof and results of operations for the period then ended.

3.6.2 As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of NorthStar Group Services, Inc., a Delaware corporation, an audited copy of the consolidated balance sheet of such Parent Guarantor as of the last day of such fiscal year and the related audited consolidated statements of income, retained earnings, cash flows, and notes to consolidated financial statements of such Parent Guarantor for such fiscal year, together with an opinion of certified public accountants of recognized national standing.

3.6.3 As soon as available and in any event within sixty (60) days after the end of each of the first three quarters of each fiscal year of Orano USA LLC, a Delaware limited liability company, a copy of such Parent Guarantor's unaudited consolidated balance sheet as of

the end of such quarter and the related unaudited consolidated statement of income of such Parent Guarantor for the portion of the fiscal year of such Parent Guarantor ending on the last day of such quarter, in each case prepared in accordance with international financial reporting standards, subject to the absence of footnotes and to year-end audit adjustments, together with a certificate of the chief financial officer of such Parent Guarantor to the effect that such financial statements fairly present the consolidated financial condition of such Parent Guarantor as of the date thereof and results of operations for the period then ended.

3.6.4 As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of Orano USA LLC, a Delaware limited liability company, a copy of such Parent Guarantor's unaudited consolidated balance sheet as of the last day of such fiscal year and the related unaudited consolidated statements of income of such Parent Guarantor for such fiscal year, prepared in accordance with international financial reporting standards, subject to the absence of footnotes, together with a certificate of the chief financial officer of such Parent Guarantor to the effect that such financial statements fairly present the consolidated financial condition of such Parent Guarantor as of the date thereof and results of operations for the period then ended.

3.7 Access to Information.

3.7.1 During the Pre-Closing Period, Company will, during ordinary business hours, upon reasonable notice and subject to compliance with all applicable NRC rules and regulations and other applicable Laws: (a) allow Contractor and its representatives reasonable access to Company management personnel engaged in the management of the Assets, the CR-3 Facility, the NRC-Licensed Site and the Business Books and Records; (b) permit Contractor to make such reasonable inspections thereof as Contractor may reasonably request; (c) furnish Contractor with such other information with respect to the Assets or the CR-3 Facility or the NRC-Licensed Site that is in Company's possession, as Contractor may from time to time reasonably request; and (d) furnish Contractor a copy of each material report, schedule or other document filed or received by it with respect to the Assets or the CR-3 Facility with the NRC or any other Governmental Authority having jurisdiction over any of the Assets or the CR-3 Facility; provided, however, that (i) any such investigation shall be conducted in such a manner as not to interfere unreasonably with the ownership, use or management of the other activities of Company or its other contractors at the NRC-Licensed Site; (ii) Company shall not be required to provide Contractor any information which would reasonably be expected to result in a waiver of the attorney-client privilege; provided, however, that Company shall use commercially reasonable efforts to allow for such access or disclosure in a manner that does not result in a waiver of the attorney-client privilege (including, if applicable, by entering into a common interest or similar agreement to preserve such privilege); and (iii) Company need not supply Contractor with any information that Company is legally or contractually prohibited from supplying; provided, however, that Company shall use commercially reasonable efforts (not including payment of any money or granting of any concessions) to obtain any consents necessary in order to provide Contractor with the information from the contractual counterparty to the extent such prohibition exists.

3.7.2 Prior to the Closing Date, Contractor shall not, and shall not allow its Affiliates to, contact any vendors, suppliers, employees, or other contracting parties of Company

or Company's Affiliates with respect to any aspect of the Assets or the CR-3 Facility or the NRC-Licensed Site, or the transactions contemplated hereby or under the SNF PSA, without the prior written consent of Company, which consent shall not be unreasonably withheld, delayed or conditioned.

3.8 Protection of Proprietary Information.

3.8.1 From and after the Contract Date: (a) Contractor shall use and disclose, and shall cause its Affiliates and their respective Representatives to use and disclose, Company's Proprietary Information only to the extent necessary to consummate the transactions contemplated by, and perform their obligations under, this Agreement and the Ancillary Agreements; and (b) Company shall use and disclose, and shall cause its Affiliates and its Representatives to use and disclose, Contractor's Proprietary Information only to the extent necessary to consummate the transactions contemplated by, and perform its obligations under, this Agreement and the Ancillary Agreements. Any disclosure to Affiliates or Representatives of a Party shall only be made after such Affiliates and Representatives are advised of the confidentiality obligations hereunder and required by the disclosing Party to comply, and the disclosing Party shall be responsible for any violations of the obligations of this Section 3.8 by any such Affiliates or Representatives. Any disclosure to third parties other than a Party's Affiliates or Representatives by either Company or Contractor shall only be made subject to confidentiality agreements with such third parties that are at least as stringent as the requirements of this Section 3.8.

3.8.2 Upon Contractor's, or Company's (as the case may be), prior written approval (which approval shall not be unreasonably withheld, delayed or conditioned), Company or Contractor, respectively, may provide Proprietary Information of the other Party to the NRC or any other Governmental Authority having jurisdiction over the Assets, the CR-3 Facility, the NRC-Licensed Site or any portion thereof, as may be necessary to obtain Company's Required Regulatory Approvals or Contractor's Required Regulatory Approvals, respectively. The disclosing Party shall seek confidential treatment for the Proprietary Information provided to any such Governmental Authority and the disclosing Party shall notify the other Party whose Proprietary Information is to be disclosed, as far in advance as reasonably practical, of its intention to release to any Governmental Authority any such Proprietary Information. In the event that disclosure of Proprietary Information is required by order of a court or other Governmental Authority or by subpoena or other similar legal process, the Party subject to such order, subpoena or other legal process shall, to the extent permitted by Law, notify the other Party whose Proprietary Information is to be disclosed and the Parties shall consult and cooperate in seeking a protective order or other relief to preserve the confidentiality of Proprietary Information.

3.8.3 Company or Contractor may, without the prior consent of the other Party, disclose Proprietary Information of the other Party as may be necessary to comply generally with any applicable Laws or with the rules of any applicable stock exchange. The disclosing Party shall notify the other Party whose Proprietary Information is to be disclosed, as far in advance as reasonably practical, of its intention to release to any third party any such Proprietary Information.

3.8.4 Notwithstanding anything to the contrary in the foregoing, nothing in this Section 3.8 authorizes or permits Contractor to disclose any Third Party Proprietary Information that Contractor obtains as part of the Company Proprietary Information to any other Person. Contractor acknowledges and agrees that to the extent Company is prohibited or restricted by any non-disclosure or confidentiality obligation to any third party from disclosing any Third Party Proprietary Information to Contractor, Company shall have the right to not disclose such Third Party Proprietary Information to Contractor until Contractor has reached agreement with such third party and such third party has notified Company in writing that Company may disclose such Third Party Proprietary Information to Contractor. Company shall notify Contractor if there is any Third Party Proprietary Information of which Company is aware that Company is prohibited or restricted from disclosing to Contractor, and advise Contractor of such third party so that Contractor may make appropriate arrangements with such third party. Company's failure to disclose any Third Party Proprietary Information pursuant to this Section 3.8.4 shall not serve as the basis for a claim of any breach of a representation, warranty or other obligation of Company hereunder.

3.8.5 If this Agreement is terminated before the Closing, this Section 3.8 shall survive the termination of this Agreement for five (5) years. In addition, if this Agreement is terminated before the Closing, Contractor shall, within thirty (30) days after receipt of a written request from Company, return or destroy Company's Proprietary Information in the possession or control of Contractor, any of its Affiliates or their respective Representatives, and Company shall, within thirty (30) days after receipt of a written request from Contractor, return or destroy Contractor's Proprietary Information in the possession or control of Company, any of its Affiliates or their respective Representatives. Notwithstanding the foregoing, a recipient or another Party's Proprietary Information shall not be required to return or destroy such other Party's Proprietary Information to the extent that it (a) is commingled with other electronic records that are collected and maintained in a separate secure facility as part of information technology backup procedures in accordance with the normal course of business; (b) is included in a Party's disclosures to its or its Affiliate's board of directors or similar governing body or the records of deliberations of such body in connection with the consideration of the authorization and approval of this Agreement and the transactions contemplated hereby; (c) the recipient is required to retain such Proprietary Information under applicable Law; or (d) the recipient is a legal or other professional advisor to a Party with professional responsibilities to maintain client confidences; provided, however, that such retained Proprietary Information shall remain subject to the provisions of this Section 3.8.

3.9 Expenses. [**]

3.10 Public Statements.

3.10.1 During the Pre-Closing Period: (a) Company shall issue all news releases, public statements and similar publicity concerning this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby, in form and substance mutually agreed by the Parties; and (b) Contractor shall not, and shall not permit any of its Affiliates or subcontractors to, engage in any form of publicity or publish, release, disclose or disseminate to any member of the public, media, Governmental Authority or any other Person other than Company, whether in writing or orally, this Agreement, the Ancillary Agreements or any information regarding the transactions contemplated hereby or thereby, without Company's express prior written consent, except as may be required by applicable Law or stock exchange rules, such as required filings and other required public statements or testimony before regulatory authorities, and then only to the extent that Company has, to the extent permitted by applicable Law, been provided an opportunity to review and comment on such release or disclosure. Notwithstanding anything to the contrary in the foregoing, Contractor may also disclose information regarding this Agreement, the Ancillary Agreement and the transactions contemplated hereby and thereby in accordance with Sections 3.4 and 3.8.1.

3.10.2 During the Pre-Closing Period, on a case-by-case basis, as determined by Company and with Company's express prior written consent: (a) Contractor may be requested to provide media interviews concerning this Agreement, the Ancillary Agreement and the transactions contemplated hereby and thereby; and (b) Contractor may share Company's news releases, social media posts and other external content in Contractor's internal and external communication channels. Contractor shall cooperate with Company in maintaining good community relations during the Pre-Closing Period.

3.10.3 Contractor shall not, and shall not permit any of its Affiliates or subcontractors to, use Company's or any of its Affiliates' names, logos, trademarks, service marks or trade names in any way without Company's prior written consent.

3.10.4 Upon the Closing, the Parties will issue a joint press release or coordinated separate press releases concerning the consummation of the transactions contemplated hereby, in form and substance to be mutually agreed. The Parties shall reasonably cooperate in matters relating to the content and timing of public announcements and other public disclosures (other than required filings and other required public statements or testimony before regulatory authorities) relating to this Agreement or the transactions contemplated hereby.

3.11 Taxes.

3.11.1 Any Transfer Taxes incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by Contractor and Company in equal proportions. Contractor and Company will file, to the extent required by applicable Law, all necessary Tax Returns and other documentation with respect to any such Transfer Taxes, and, if required by applicable Law, will each join in the execution of any such Tax Returns or other documentation. The Parties shall use commercially reasonable efforts to comply with all requirements and secure applicable sales tax exemptions for the transactions contemplated by this Agreement.

3.11.2 The Parties acknowledge, agree, and intend, as a result of the agreements and arrangements set forth in this Agreement and the Ancillary Agreements, as follows for all Tax purposes: (a) Company shall have retained ownership and use of all of its assets and shall not have transferred ownership of the NRC-Licensed Site or any other of its assets to Contractor or any of its Affiliates (whether by application of Section 7701(e) of the Code or otherwise) except for the Assets transferred to Buyer pursuant to the SNF PSA; (b) Company shall be treated as the owner of the NDF, and the NDF shall be the owner of the assets held in the IOI Decommissioning Subaccount, as well as any proceeds held or earned therein unless, until, and to the extent such proceeds are paid to Contractor or any of its Affiliates in payment of services performed, and obligations discharged, by Contractor or any of its Affiliates pursuant to this Agreement and the Amended and Restated NDF Agreement; and (c) the rights and obligations of Company, Contractor and any of its Affiliates set forth in this Agreement and the Ancillary Agreements shall be respected (after the application of Section 7701(e) of the Code and other relevant Tax ownership principles) as representing only an arrangement whereby Contractor and its Affiliates will perform Decommissioning and other services for Company on Company's behalf in exchange for disbursements of cash consideration from the IOI Decommissioning Subaccount within the NDF as a fixed price fee for these services equal to the Agreed Amount, with such Agreed Amount to be paid in portions periodically to Contractor when the services necessary to discharge the Decommissioning liabilities are performed in accordance with the terms of this Agreement. The Parties hereto, as well as their Affiliates, shall prepare all applicable Tax books, records, and filings, and otherwise act, in a manner consistent with this Section 3.11.2, unless otherwise required by Law.

3.11.3 Promptly following the Contract Date, Company shall use commercially reasonable efforts to obtain a private letter ruling (the "PLR") from the IRS regarding [**] Company shall (i) provide Contractor with a draft of the PLR prior to filing (and allow Contractor a reasonable opportunity to review and comment); (ii) notify Contractor once the PLR is submitted, and promptly provide Contractor with a copy of the PLR request as submitted to the IRS; and (iii) notify Contractor once the final response is received from the IRS, and promptly provide Contractor with a copy of the PLR issued by IRS.

3.12 NRC Commitments. Until the Closing, Company shall maintain and use the Assets in accordance with the NRC Commitments, the NRC License, applicable NRC regulations and policies and with applicable Laws, including Nuclear Laws.

3.13 Decommissioning. Contractor shall commit to the NRC and other applicable Governmental Authorities that Contractor will complete the Decommissioning of the CR-3 Facility and the Crystal River Site, and that it will complete all Decommissioning activities as contemplated under this Agreement in accordance with all Nuclear Laws and Environmental Laws, including applicable requirements of the Atomic Energy Act and the NRC's rules, regulations, orders and guidance thereunder. Contractor shall, and shall cause the Parent Guarantors to, take commercially reasonable steps necessary to satisfy any requirements imposed by the NRC regarding decommissioning funds, in a manner sufficient to obtain NRC approval of the transfer of the NRC License from Company to Contractor. In the event that the NRC or other Governmental Authority reasonably requires Contractor to provide Decommissioning funding assurance, Contractor, the Parent Guarantors, or such other entity as shall be acceptable to the NRC, shall post a guaranty or other financial assurances or take such other action as is sufficient to satisfy such reasonable additional assurance requirement in such form as reasonably required by such Governmental Authority.

3.14 Contractor's Provisional Trust. On or before the Closing Date, Contractor shall establish a separate trust fund, the "Contractor's Provisional Trust Fund", which shall: (a) be a trust, validly existing under the Laws of the Commonwealth of Pennsylvania with all requisite authority to conduct its affairs; (b) satisfy all requirements necessary for such trust to be treated as a "grantor trust" for federal and state income tax purposes pursuant to Sections 671-678 of the Code of which Contractor is the "grantor"; and (c) be in compliance in all material respects with all applicable Laws of the NRC and any other Governmental Authority. The Contractor's Provisional Trust Fund shall be governed by a trust agreement in substantially in the form set forth in Exhibit G. Within such trust fund, the Contractor's Provisional Trust Agreement shall establish a Provisional Milestone Account and a Provisional IOI Account. On or before the Closing Date, Contractor shall deposit Twenty Million Dollars (\$20,000,000) into the Provisional IOI Account. [**] On-going funding of Contractor's Provisional Trust Fund shall be made in accordance with Section 6.14, and disbursements from the Provisional Milestone Account shall be made in accordance with Section 9.4.

3.15 ISFSI Decommissioning Trust. On or before the Closing Date, Buyer shall establish the ISFSI Decommissioning Trust. The ISFSI Decommissioning Trust shall be governed by a trust agreement in substantially in the form set forth in Exhibit M. On or before the Closing Date, Contractor shall provide financial assurance in a form and in an amount meeting the requirements of 10 CFR 70.32(e) to the ISFSI Decommissioning Trust. The ISFSI Decommissioning Trust shall be established to hold the financial assurance until Contractor achieves the End-State Conditions.

3.16 Appointment of Company Designee. On or before the Closing Date, Contractor shall have taken such actions as necessary to cause a person to be duly appointed to serve as an independent manager of Contractor, with such rights as set forth in and in accordance with the Amended and Restated LLC Agreement.

3.17 Pre-Closing Decommissioning Services. If Company and Contractor agree on any services related to the Decommissioning that will be performed by Contractor prior to the Closing, the Parties shall enter into a Pre-Closing Decommissioning Services Contract that

establishes the scope of such services, related deliverables and payments to be made to Contractor thereunder.

3.18 Administration of Security Screening. The Parties acknowledge and agree that, as of the Contract Date, the administration of security screening for the CR-3 Facility is performed by Duke Energy Nuclear Security Service, a centralized, nuclear fleet organization.

3.18.1 As promptly as practicable after the Contract Date, Company will modify the existing security processes such that all provisions of the CR-3 Facility security plan, including security screening, shall be solely and exclusively performed by Company employees assigned to the CR-3 Facility or contractors engaged to perform such functions for the CR-3 Facility.

3.18.2 On the Closing Date, Contractor shall adopt the approved CR-3 Facility security plan. On or before the Closing Date, Contractor will engage sufficient qualified personnel or enter into subcontracts as may be required for Contractor to perform all functions of the CR-3 Facility security plan adopted by Contractor, including security screening, physical security, training and qualification, and safeguards contingency plans.

ARTICLE 4 THE CLOSING OF THE SNF PSA

4.1 Closing. The consummation of the transactions as contemplated by the SNF PSA (the "Closing") shall be held within ten (10) Business Days after the date on which the last of the conditions precedent to Closing set forth in Sections 6.1 and 6.2 of the SNF PSA have been either satisfied or waived by the respective Party for whose benefit such conditions precedent exist (except with respect to those conditions which by their terms are to be satisfied at Closing), but in any event not after the termination of this Agreement pursuant to Article 5. The date on which the Closing occurs under the SNF PSA is referred to herein as the "Closing Date."

4.2 Deliveries by Company.

At the Closing, Company will deliver, or cause to be delivered, the following to Contractor:

4.2.1 the SNF PSA, duly executed and delivered by Company as Seller thereunder;

4.2.2 the PLR;

4.2.3 the other Ancillary Agreements to which Company is a party, duly executed and delivered by Company and such other Persons (other than Contractor, or any Parent Guarantor or other Affiliate of Contractor) as indicated therein, as applicable;

4.2.4 the First Amendment to DSA, duly executed and delivered by Company;

4.2.5 copies of any and all governmental and other third party consents, waivers or approvals obtained by Company with respect to the consummation of the transactions

contemplated by this Agreement and the SNF PSA, including the Company's Required Regulatory Approvals obtained by Company;

4.2.6 the procedures to be maintained and implemented by Company in accordance with Attachment 14-B;

4.2.7 copies, certified by the Secretary or any Assistant Secretary of Company, of corporate resolutions authorizing the execution and delivery of this Agreement, the Ancillary Agreements and any other agreements and instruments to be executed and delivered by Company in connection herewith, and the consummation of the transactions contemplated hereby;

4.2.8 a certificate of the Secretary or any Assistant Secretary of Company identifying the name and title and bearing the signatures of the officers of Company authorized to execute and deliver this Agreement, the Ancillary Agreements and the other agreements and instruments contemplated hereby and thereby;

4.2.9 a certificate of good standing with respect to Company issued by the Secretary of State of the State of Florida no earlier than ten (10) days prior to the Closing Date; and

4.2.10 such other agreements, consents, documents, instruments and writings as are required to be delivered by Company at or prior to the Closing Date pursuant to this Agreement, the SNF PSA or the Ancillary Agreements or otherwise reasonably required in connection herewith or therewith.

4.3 Deliveries by Contractor and Buyer.

At the Closing, Contractor will deliver, or cause to be delivered, the following to Company:

4.3.1 the SNF PSA, duly executed by Buyer, and the consideration to be paid thereunder;

4.3.2 all of the Ancillary Agreements to which Contractor, Buyer or any Parent Guarantor is a party, duly executed and delivered, as applicable, by Contractor, Buyer, the Parent Guarantors, and such other Persons (other than Company) as indicated therein, as applicable;

4.3.3 the First Amendment to DSA, duly executed and delivered by Contractor and Buyer;

4.3.4 evidence of the required deposits having been made into the Contractor's Provisional Trust Fund;

4.3.5 evidence of financial assurance in a form and in an amount meeting the requirements of 10 CFR 70.32(e) having been provided to the ISFSI Decommissioning Trust;

4.3.6 certificates of insurance and such other evidence as reasonably acceptable to Company demonstrating that Contractor has obtained the insurance policy as described in Section 14.3;

4.3.7 the procedures to be maintained and implemented by Contractor in accordance with Attachment 14-B;

4.3.8 evidence that Contractor has engaged personnel to perform the security screening and other functions required under Contractor's security plan, or has engaged a subcontractor to perform such functions, in compliance with NRC regulations;

4.3.9 copies of any and all governmental and other third party consents, waivers or approvals obtained by Contractor with respect to the Closing, including the Contractor's Required Regulatory Approvals obtained by Contractor;

4.3.10 copies, certified by the Secretary or any Assistant Secretary of Contractor, Buyer and each Parent Guarantor, as applicable, of resolutions authorizing the execution and delivery of this Agreement, the Ancillary Agreements and any other agreements and instruments to be executed and delivered by Contractor, Buyer and each Parent Guarantor in connection herewith, and the consummation of the transactions contemplated hereby and thereby, including the adoption of the Amended and Restated LLC Agreement, and appointment of Company's designee (as identified in Section 3.16) to the governing board of Contractor;

4.3.11 a certificate of the Secretary or any Assistant Secretary of Contractor, Buyer and each Parent Guarantor, as applicable, identifying the name and title and bearing the signatures of the officers of Contractor and such Parent Guarantor authorized to execute and deliver this Agreement, the Ancillary Agreements and the other agreements and instruments contemplated hereby;

4.3.12 certificates of good standing with respect to each of Contractor and Buyer issued by the Secretary of State of the State of Delaware no earlier than ten (10) days prior to the Closing Date;

4.3.13 a copy of the certificate of authority or qualification of Contractor to do business in the State of Florida, issued by the Secretary of State of the State of Florida no earlier than ten (10) days prior to the Closing Date;

4.3.14 a copy of Contractor's license to perform contractor services as issued by the State of Florida and evidence reasonably satisfactory to Company that such license is in full force and effect dated no earlier than ten (10) days prior to the Closing Date;

4.3.15 a certificate of good standing of each Parent Guarantor issued by the Secretary of State of the State of Delaware, no earlier than ten (10) days prior to the Closing Date;

4.3.16 (a) a copy of the actual compliance calculation of NorthStar Group Services, Inc. with respect to the financial covenants under its long-term debt agreements showing that NorthStar Group Services, Inc. satisfies such financial covenants as of such date, as

certified by the chief financial officer of NorthStar Group Services, Inc.; (b) a copy of NorthStar Group Services, Inc.'s most recent audited or reviewed financial statements underlying such calculations of such financial covenants, as certified by the chief financial officer of NorthStar Group Services, Inc.; and (c) a certification by the chief financial officer of NorthStar Group Services, Inc. that such entity is not in a position where it is unable to renew any credit facility to which it is a party by reason of NorthStar Group Services, Inc.'s financial condition;

4.3.17 all such other instruments of assumption as shall, in the reasonable opinion of Company and its counsel, be necessary for Buyer to assume the Assumed Liabilities in accordance with the SNF PSA;

4.3.18 a legal opinion from Pillsbury Winthrop Shaw Pittman LLP, addressed to Company to the effect set forth in Exhibit L and otherwise in form and substance reasonably satisfactory to Company; and

4.3.19 such other agreements, documents, instruments and writings as are required to be delivered by Contractor, Buyer or any Parent Guarantor at or prior to the Closing Date pursuant to this Agreement or the Ancillary Agreements or otherwise reasonably required in connection herewith or therewith.

ARTICLE 5 TERMINATION

5.1 Termination. This Agreement may be terminated at any time prior to the Closing Date as follows:

5.1.1 By mutual written consent of Company and Contractor;

5.1.2 By Company or Contractor if: (a) any federal or state court of competent jurisdiction shall have issued an order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the Closing, and such order, judgment or decree shall have become final and non-appealable; or (b) any statute, rule, order or regulation shall have been enacted or issued by any Governmental Authority which, directly or indirectly, prohibits the consummation of the Closing, unless the Party seeking to terminate is responsible for the imposition of the prohibition;

5.1.3 By Company or Contractor if any Contractor's Required Regulatory Approval or Company's Required Regulatory Approval has been denied and is non-appealable, or Contractor or Company, as applicable, elects not to appeal, or in the case of the PLR, Company is unable to obtain a PLR confirming the items described in Section 3.11.3;

5.1.4 By Company or Contractor if Closing does not occur within three (3) months following receipt of the last of the Contractor's Required Regulatory Approvals and the Company's Required Regulatory Approvals, unless the Party seeking to terminate is responsible for any failure to meet any condition to Closing;

5.1.5 By Company or Contractor if the Parties have not agreed on revisions to Attachment 2, Attachment 7 and a final form of the First Amendment to DSA on or before the Closing Date;

5.1.6 By Company or Contractor if Closing does not occur within two (2) years following the Contract Date (the “Termination Date”), unless the Party seeking to terminate is responsible for any failure to meet any condition to Closing; provided that the foregoing shall not apply to diminish or limit Contractor’s or Company’s respective right to terminate this Agreement pursuant to Section 5.1.4;

5.1.7 By Contractor if there has been a material violation or breach by Company of any applicable covenant, representation or warranty contained in this Agreement or the SNF PSA, and such violation or breach (a) is not cured by the earlier of the Closing Date or thirty (30) days after receipt by Company of written notice specifying particularly such violation or breach (provided that in the event Company is attempting to cure the violation or breach in good faith, then Contractor may not terminate pursuant to this provision unless the violation or breach is not cured within thirty (30) days after all other conditions precedent to Closing set forth in Article 6 of the SNF PSA have been either satisfied or waived); and (b) such violation or breach has not been waived by Contractor; provided that the foregoing shall not apply to diminish or limit Contractor’s or Company’s respective right to terminate this Agreement pursuant to Section 5.1.4 or 5.1.6;

5.1.8 By Company if there has been a material violation or breach by Contractor of any covenant, representation or warranty contained in this Agreement and such violation or breach (a) is not cured by the earlier of the Closing Date or thirty (30) days after receipt by Contractor of written notice specifying particularly such violation or breach (provided that in the event Contractor, as the case may be, is attempting to cure the violation or breach in good faith, then Company may not terminate pursuant to this provision unless the violation or breach is not cured within thirty (30) days after all other conditions precedent to Closing set forth in Article 6 of the SNF PSA have been either satisfied or waived); and (b) such violation or breach has not been waived by Company; provided that the foregoing shall not apply to diminish or limit Contractor’s or Company’s respective right to terminate this Agreement pursuant to Section 5.1.4 or 5.1.6.

5.1.9 By Company if, at any time up to or prior to Closing:

(a) the financial condition of NorthStar Group Services, Inc. or NorthStar Group Holdings, LLC causes it to be (i) out of compliance with the covenants of its long-term debt agreements or other similar scenarios that would force a non-discretionary acceleration of debt service payments beyond the level deemed “current” in the most recent audited financial statements of NorthStar Group Services, Inc. or NorthStar Group Holdings, LLC, as applicable, notwithstanding any waiver by the lender(s) for being out of compliance; or (ii) unable to renew any credit facility; and

(b) the senior unsecured debt rating or long-term issuer rating of Orano SA falls below “BB-” by S&P Global Ratings or its successor.

Notwithstanding anything to the contrary herein, (a) if Contractor is in material breach of any agreement, covenant, representation or warranty in this Agreement, then Contractor may not exercise any right it may otherwise have under this Section 5.1 to elect to terminate this Agreement until such material breach has been cured, and (b) if Company is in

material breach of any agreement, covenant, representation or warranty in this Agreement, then Company may not exercise any right it may otherwise have under this Section 5.1 to elect to terminate this Agreement until such material breach has been cured; provided that the foregoing shall not apply to diminish or limit Contractor's or Company's respective right to terminate this Agreement pursuant to Section 5.1.4 or 5.1.6.

5.1.10 Effect of Termination. In the event of a termination of this Agreement by Company or Contractor pursuant to Section 5.1, written notice thereof shall promptly be given by the terminating Party to the other Party, and this Agreement shall immediately become void and neither Party shall thereafter have any further liability hereunder to the other Parties; provided, however, that nothing in this Agreement shall relieve a Party from liability for any willful breach of or willful failure to perform under this Agreement.

ARTICLE 6

CONTRACTOR'S AND BUYER'S POST-CLOSING RIGHTS, OBLIGATIONS AND RESPONSIBILITIES

6.1 Authority for Operations; Limitations. Contractor shall possess, maintain and Decommission the CR-3 Facility and NRC-Licensed Site, and shall control all activities at the NRC-Licensed Site as permitted and required by, and subject to the provisions and limitations set forth in, this Agreement, including Section 8.6. In carrying out its responsibilities, Contractor shall have the authority, in accordance with this Agreement and in compliance with NRC regulations and the requirements of applicable Laws, to take any and all action necessary or desirable to obtain and maintain in effect the NRC License and Contractor Permits relating to the NRC-Licensed Site that are necessary to effectuate the Decommissioning and amendment and termination of the NRC License as contemplated by this Agreement, and to enter into agreements and make other commitments necessary or desirable to carry out its responsibility to accomplish Decommissioning of the NRC-Licensed Site and achieve the ISFSI-Only Interim End-State Conditions and the End-State Conditions. Contractor shall have the sole authority to make all decisions necessary for NRC licensed activities at the NRC-Licensed Site, including Decommissioning and to protect the public health and safety as required by the NRC License.

6.2 Decommissioning. Contractor shall perform the Decommissioning and other work required under this Agreement in accordance with the Project Specifications, the Project Schedule, all applicable Laws, the applicable Permits and Good Utility Practices, and shall complete Milestone One by the Target Completion Date. Without limiting the generality of the foregoing, Buyer and Contractor shall be solely responsible for the operation and maintenance of the ISFSI, including providing NRC-mandated security, at all times from the Closing Date until achievement of the End-State Conditions. With respect to the majority of the Decommissioning work, Contractor will enter into fixed price subcontracts with an Affiliate of NorthStar Group Services, Inc., and an Affiliate of Orano USA LLC, and expects to enter into fixed price subcontracts with specialty trade subcontractors. With respect to each fixed price subcontract, Contractor will obtain payment and performance bonds or similar guaranties in the amount of the fixed price work covered by that fixed price subcontract; provided, however, because a small portion of the work covered by certain fixed price subcontracts with specialty trade subcontractors may not be bonded, Contractor will use commercially reasonable efforts to obtain bonds from subcontractors covering an aggregate of [**] of the value of the work covered by

fixed price subcontracts. Contractor anticipates that that it will enter into a unit price subcontract with Waste Control Specialists, LLC for waste disposal services; provided, however, in the event that Contractor is able to obtain a fixed price subcontract, Waste Control Specialists, LLC shall post a payment and performance bond that complies with the requirements of this Section 6.2. Each payment and performance bond shall be issued by surety issuer(s) with a credit rating of A-VII or higher.

6.3 [**]

6.4 Security. From and after the Closing Date, Contractor shall be responsible for the provision of security and access control for all NRC-mandated security and access control at the NRC-Licensed Site in accordance with applicable Laws; provided, however, Company shall be responsible for all other security and access control at the Crystal River Site. Contractor shall implement access control and security programs with respect to the CR-3 Facility and the ISFSI and Exclusion Area to be adhered to and followed during performance of Contractor's obligations under this Agreement.

6.5 Safety. Contractor shall prepare safety and environmental policies and procedures ("Contractor's Safety Plan") for the performance of the Decommissioning in compliance with all applicable Laws, including health and safety and Environmental Laws, which shall apply to all activities and aspects of the Decommissioning at the CR-3 Facility, but shall not apply to the Excluded Facilities or the other portions of the NRC-Licensed Site. Company's EH&S Site Requirements shall apply to the Excluded Facilities and the NRC-Licensed Site other than the CR-3 Facility.

6.6 Decommissioning in Compliance with Laws. Contractor shall, at its expense, in compliance with NRC regulations and the requirements of applicable Law, perform all Decommissioning work at the NRC-Licensed Site required to complete Milestone One and achieve the ISFSI-Only Interim End-State Conditions and the End-State Conditions. The NRC-Licensed Site (including the Excluded Facilities) shall be radiologically released upon meeting applicable NRC requirements, in a manner consistent with NRC MARSSIM guidance, and any other applicable Laws, subject to any rights of Contractor to employ regulatory processes or litigation to challenge or modify any standards, including work practices, more stringent and pre-empted by those adopted by the NRC. Contractor shall promptly provide Company with copies of any reports to the NRC on the adequacy of Decommissioning financial assurance provided by Contractor or Buyer, or NRC notices or requests for additional information on the conduct of the Decommissioning or Contractor's or Buyer's compliance with NRC requirements or Nuclear Laws.

6.7 Project Schedule. As of the Contract Date, the Parties have agreed on the Project Schedule for the performance of the Decommissioning as set forth in Attachment 2, subject to modification as agreed to by the Parties pursuant to the First Amendment to DSA; provided, however, that the scheduled date of Milestone One shall only be subject to change to the same extent (day for day) of the change in the scheduled Closing Date if the actual Closing Date is other than March 31, 2020, whether earlier or later. Following the Closing Date, Contractor shall prepare and provide Company on at least a quarterly basis an updated Project Schedule prepared using critical path methodology, that fully integrates schedules for performance of any of the

Decommissioning activities by any subcontractors, suppliers or vendors, and is sufficiently detailed to show the progress of the Decommissioning. The Project Schedule shall, among other things, show the scheduled date for completion of the [**] and completion of Milestone One, compared to the Target Completion Date, achievement of the ISFSI-Only Interim End-State Conditions, and the then-projected date for achievement of the End-State Conditions, giving effect to any extension of the schedule for such work by reason of the occurrence of any Schedule Extension Conditions. If the Project Schedule does not project that Contractor will complete Milestone One on or before the Target Completion Date, Contractor shall also provide its written plans to address any projected failure to meet the Target Completion Date.

6.8 Removal of Improvements; Site Restoration. Contractor shall only construct structures or install any equipment on the NRC-Licensed Site as reasonably necessary for Contractor to perform its obligations under this Agreement and in compliance with Company's EH&S Site Requirements. Contractor shall coordinate with the CREC Committee prior to the construction or installation of any such structure or equipment. Within sixty (60) days after the date that the ISFSI-Only Interim End-State Conditions are achieved, Contractor shall remove all of its personnel, all rubbish generated by Contractor prior to such date, and all structures that it has constructed or equipment that it has installed on the NRC-Licensed Site except as necessary for Contractor to carry out NRC licensed activities and complete Decommissioning and achieve the End-State Conditions. Once the End-State Conditions are achieved, Contractor shall, at its expense, remove all of its personnel, all rubbish generated by Contractor during the performance of its obligations hereunder, and all structures that it has constructed or equipment that it has installed and that is located at the NRC-Licensed Site.

6.9 Covenant Against Liens. Contractor shall not cause or permit any right of retention, mortgage, pledge, assessment, security interest, lease, advance claim, levy, claim, lien, charge or encumbrance, including any mechanic's or materialman's lien (each, a "Contractor Lien"), to be asserted against any part of the Crystal River Site or any other property of Company or any of its Affiliates, as a result of any act or omission of Contractor, its agents, contractors and employees. In the event any such Contractor Lien is filed, Contractor will within fifteen (15) days after receiving written notice thereof, cause such Contractor Lien to be discharged or released in accordance with the Laws of the State of Florida. In the event such Contractor Lien is not timely released or discharged, Company, at its sole option and in addition to any of its other rights and remedies, may obtain the release or discharge of same, and Contractor shall promptly upon notice thereof reimburse Company for the cost of obtain the release or discharge of such Contractor Lien. Contractor shall indemnify, defend and hold harmless Company from and against any and all Contractor Liens arising out of or in any way connected with Contractor's use and occupancy of the NRC-Licensed Site or the performance of its obligations hereunder. Without limiting the generality of the foregoing, Contractor shall, to the fullest extent permitted by Law, cause all contractors, subcontractors, material suppliers, service providers, and other vendors performing work or providing materials or services with respect to the NRC-Licensed Site with a value in excess of [**] on behalf of Contractor to provide lien waivers to Company reasonably satisfactory to Company, and Contractor shall, unless unconditional lien waivers have been provided, provide evidence of payment of amounts noted as due under such lien waivers. Contractor's obligations under this Section 6.9 shall be subject to Company's compliance with its obligations pursuant to Article 9.

6.10 Maintenance of Records. Contractor shall maintain all CR-3 Facility records required to be maintained and held by the licensee of the NRC-Licensed Site until the completion of the End-State Conditions and the completion of performance of all work required to be performed by Contractor under this Agreement. Such records shall be considered Business Books and Records for purposes of this Agreement.

6.11 Diverse Suppliers. Contractor shall adopt and utilize a subcontracting plan to use commercially reasonable efforts to: (a) use subcontractors who meet the description of at least one of the categories of diverse suppliers set forth at <http://www.duke-energy.com/suppliers/supplier-diversity-definitions.asp> ("Diverse Suppliers"); and (b) use Local Suppliers. Contractor shall: (i) use commercially reasonable efforts to utilize Diverse Suppliers and Local Suppliers; and (ii) provide a quarterly status report to Company in Company's Power Advocate reporting tool and in a format reasonably acceptable to Company containing Contractor's Diverse Supplier and Local Supplier spend. Company's designated auditors shall have the right of access in accordance with Section 9.9 to inspect Contractor's records related to compliance with this Section 6.11.

6.12 Reporting; Walk-downs; Compliance Meetings.

6.12.1 Contractor shall provide Company with all reports and notifications required by and in accordance with Attachment 9.

6.12.2 Subject to compliance with Contractor's Safety Plan, Company shall have the right to review and walk-down the Decommissioning work from time to time; provided that such walk-downs do not interfere with or impede the progress of the Decommissioning work. Contractor shall also, within three (3) Business Days after a request by Company, but no more than once in a month, walk-down the progress of the Decommissioning work with Company or its designee, answering questions and allowing Company or its designee to inspect any aspect of the work, subject to compliance of such Persons with Contractor's Safety Plan; provided that Contractor shall also walk-down the progress of the Decommissioning work with Company or its designee as described above more frequently than monthly if requested by Company in connection with unresolved disputed costs.

6.12.3 At Company's request, Contractor shall meet with Company to discuss any concerns with the performance of the Decommissioning work, including Contractor's performance of its obligations under this Article 6 and pursuant to Article 8, regardless of whether there has been a Contractor Event of Default or not. If the Parties are not able to resolve such concerns in a mutually satisfactory manner following discussion by the Project managers of Contractor and Company, either Party may escalate such concerns for resolution by executives of each Party who has authority to resolve such concerns and who is at a higher level of management than such Party's representative that participated in the initial meetings and discussions of the Parties with respect to such issues by submitting the same to executive management, who shall then meet within fifteen (15) Business Days to further attempt to resolve such concerns.

6.13 Claims Under the Spent Fuel Disposal Contract. In no event shall this Agreement affect or impact in any way Company's claims under the Spent Fuel Disposal Contract that are Excluded Assets, and Company shall pay for and be entitled exclusively to control, defend and settle any litigation, administrative or regulatory proceeding under the Spent Fuel Disposal Contract against the U.S. Government, including claims for damages for breach of the Nuclear Waste Policy Act and the Spent Fuel Disposal Contract for any period prior to the Closing Date. Buyer shall pay for and be entitled exclusively to control, defend and settle any litigation, administrative or regulatory proceeding under the Spent Fuel Disposal Contract against the U.S. Government, including claims for damages for breach of the Nuclear Waste Policy Act and the Spent Fuel Disposal Contract for the period from and after the Closing Date.

6.14 Contractor's Provisional Trust Fund. From and after the Closing, Company shall direct payment of an amount equal to six percent (6%) of each disbursement requested from the IOI Decommissioning Subaccount pursuant to Section 9.3 into the Provisional Milestone Account in Contractor's Provisional Trust Fund, until the date on which amounts held in the Provisional Milestone Account are equal to Thirty Million Dollars (\$30,000,000). Any earnings on the Twenty Million Dollars (\$20,000,000) in the Provisional IOI Account shall also be deposited into the Provisional Milestone Account. [**] when the aggregate amount on deposit in the Contractor's Provisional Trust Fund (including the Provisional IOI Account and the Provisional Milestone Account) equals Fifty Million Dollars (\$50,000,000). Contractor shall maintain and shall continue to fund the Contractor's Provisional Trust Fund in accordance with this Section 6.14 and (a) shall maintain and fund the Provisional Milestone Account until Milestone One is completed; and (b) shall maintain and fund the Provisional IOI Account until the ISFSI-Only Interim End-State Conditions are achieved. Disbursements from the Contractor's Provisional Trust Fund shall be made in accordance with Section 9.5. Contractor shall provide Company with quarterly statements from the trustee of the Contractor's Provisional Trust Fund throughout the term of this Agreement until the ISFSI-Only Interim End-State Conditions are achieved in accordance with Section 9.6.

6.15 Amended and Restated LLC Agreement. Contractor shall not amend or modify the Amended and Restated LLC Agreement, and shall not transfer any equity interest in Contractor, without the prior written consent of Company (which may be withheld or denied in Company's sole discretion). Until the date on which the End-State Conditions are achieved, at Company's request to replace Company's designated member of the governing body, Contractor shall take any actions necessary to appoint Company's designated replacement serve as an independent manager of Contractor. During any period in which a Company designee is serving as an independent manager of Contractor, Contractor shall, to the maximum extent permitted by applicable Law, indemnify and save harmless such independent manager, and their respective Affiliates, officers, employees and agents from all liabilities, expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any proceeding arising out of or as a result of any event or occurrence related to the fact that such Person is or was serving as an independent manager of Contractor, in accordance with the Amended and Restated LLC Agreement.

6.16 Parent Guaranties and Parent Support Agreements. Contractor shall cause the Parent Guarantors to maintain the Parent Guaranties and the Parent Support Agreements in full force and effect in accordance with their respective terms. Contractor shall not allow the Parent Guarantors to amend or modify the Parent Guaranties, and Contractor shall not, and shall not allow the Parent Guarantors to, amend or modify the Parent Support Agreements, without the prior written consent of Company, which Company may grant or withhold in its sole discretion.

6.17 Utilities and Site Maintenance Services. Contractor, at its own expense, shall arrange with the appropriate utility companies and service providers for the provision to the CR-3 Facility of water, sewer, trash collection, electricity, telephone, vegetation control, access control and similar utility and site maintenance services reasonably required for the performance of Contractor's obligations under this Agreement.

6.18 Intent of Agreement. The Parties acknowledge that pursuant to, and subject to, the specific provisions of this Agreement: (a) Contractor is assuming all responsibility for the Decommissioning of the CR-3 Facility, including the ISFSI, and the NRC-Licensed Site; (b) Company remains the NRC owner licensee for the site and retains liability for Decommissioning of the CR-3 Facility and the NRC-Licensed Site, which it has engaged Contractor to discharge through Decommissioning services rendered on Company's behalf as Company's agent pursuant to the terms of this Agreement; and (c) Contractor shall Decommission the CR-3 Facility and the NRC-Licensed Site in compliance with all applicable Laws, the NRC License and the Permits, in exchange for payment of the Agreed Amount in accordance with Article 9.

6.19 Third Party Contracts. Contractor will cause each party to any agreement with Contractor to covenant and agree that such party shall not institute, or join any other Person in instituting, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or any other proceeding under the Bankruptcy Code, against Contractor.

6.20 SNF Services Agreement. Contractor and Buyer shall each perform their respective obligations under the SNF Services Agreement and shall maintain the SNF Services Agreement in full force and effect until all of the End-State Conditions have been achieved. Buyer shall not institute, or join any other Person in instituting, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or any other proceeding under the Bankruptcy Code, against Contractor.

6.21 Property Taxes. In accordance with the SNF PSA, Contractor shall be responsible to pay any Taxes assessed with respect to the ISFSI Assets. To the extent that any Taxes are imposed on Company, or Company is assessed any Taxes, with respect to the ISFSI or the ISFSI Assets, Company shall invoice Contractor, and Contractor shall within thirty (30) days after receipt of such invoice pay to Company, the amount of any such Taxes, and Company shall pay such Taxes to the applicable Governmental Authority. Contractor shall be responsible to pay any fines or penalties assessed against Company for late or overdue payments of such Taxes to the extent that Contractor does not make payments to Company when due pursuant to this Section 6.21.

6.22 Financial Statements. From and after the Closing, until the Parent Guaranties have expired in accordance with their terms, Contractor shall deliver to Company:

6.22.1 As soon as available and in any event: (a) within sixty (60) days after the end of the first six months of each fiscal year of Orano SA, a copy of Orano SA's unaudited consolidated balance sheet and the related unaudited consolidated statement of income as of the end of such six months, prepared in accordance with international financial reporting standards, subject to the absence of footnotes and to year-end audit adjustments; and (b) within one hundred twenty (120) days after the end of each fiscal year of Orano SA, an audited copy of Orano SA's consolidated balance sheet as of the last day of such fiscal year and the related audited consolidated statements of income, cash flows, and notes to such consolidated financial statements of Orano SA for such fiscal year, prepared in accordance with international financial reporting standards, together with an opinion of certified public accountants of recognized national standing; provided that Contractor's delivery requirement in the case of the documents to be delivered under this Section 6.22.1 may be satisfied by Orano SA's making such documents available to the public online at the following URL (or a successor URL): www.orano.group/en/finance/publications-and-regulated-information.

6.22.2 As soon as available and in any event within sixty (60) days after the end of each of the first three quarters of each fiscal year of Northstar Group Services, Inc., a copy of such Parent Guarantor's unaudited consolidated balance sheet as of the end of such quarter and the related unaudited consolidated statement of income and cash flow statement of such Parent Guarantor for the portion of the fiscal year of such Parent Guarantor ending on the last day of such quarter, in each case prepared in accordance with generally accepted accounting principles, subject to the absence of footnotes and to year-end audit adjustments, together with a certificate of the chief financial officer of such Parent Guarantor to the effect that such financial statements fairly present the consolidated financial condition of such Parent Guarantor as of the date thereof and results of operations for the period then ended.

6.22.3 As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of NorthStar Group Services, Inc., a Delaware corporation, an audited copy of the consolidated balance sheet of such Parent Guarantor as of the last day of such fiscal year and the related audited consolidated statements of income, retained earnings, cash flows, and notes to consolidated financial statements of such Parent Guarantor for such fiscal year, together with an opinion of certified public accountants of recognized national standing.

6.22.4 As soon as available and in any event within sixty (60) days after the end of each of the first three quarters of each fiscal year of Orano USA LLC, a Delaware limited liability company, a copy of such Parent Guarantor's unaudited consolidated balance sheet as of the end of such quarter and the related unaudited consolidated statement of income of such Parent Guarantor for the portion of the fiscal year of such Parent Guarantor ending on the last day of such quarter, in each case prepared in accordance with international financial reporting standards, subject to the absence of footnotes and to year-end audit adjustments, together with a certificate of the chief financial officer of such Parent Guarantor to the effect that such financial statements fairly present the consolidated financial condition of such Parent Guarantor as of the date thereof and results of operations for the period then ended.

6.22.5 As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of Orano USA LLC, a Delaware limited liability company, a copy of such Parent Guarantor's unaudited consolidated balance sheet as of the last day of such fiscal year and the related unaudited consolidated statements of income of such Parent Guarantor for such fiscal year, prepared in accordance with international financial reporting standards, subject to the absence of footnotes, together with a certificate of the chief financial officer of such Parent Guarantor to the effect that such financial statements fairly present the consolidated financial condition of such Parent Guarantor as of the date thereof and results of operations for the period then ended.

ARTICLE 7

COMPANY'S POST-CLOSING RIGHTS, OBLIGATIONS AND RESPONSIBILITIES

7.1 Company Access. Consistent with Section 8.6 and in accordance with Section 8.6.3, Company shall have access to the NRC-Licensed Site, subject to the requirements of the NRC License, Contractor's security obligations hereunder, and Contractor's Safety Plan, for purposes of Company's continued ownership and operation of the Excluded Facilities.

7.2 Department of Energy Decommissioning and Decontamination Fees. Company will continue to pay all Department of Energy Decommissioning and Decontamination Fees relating to Spent Nuclear Fuel purchased and consumed at CR-3 prior to the Closing Date, including all annual Special Assessment invoices (if any) to be issued after the Closing Date by the Department of Energy, as contemplated by its regulations at 10 C.F.R. Part 766 implementing Sections 1801, 1802, and 1803 of the Atomic Energy Act.

7.3 Cooperation for Claims Under Standard Contract. Company shall reasonably cooperate with Contractor at Contractor's reasonable cost with regard to any future litigation, settlement efforts or other claims that Contractor may pursue against the U.S. Government for damages for breach of the Nuclear Waste Policy Act and the Spent Fuel Disposal Contract in accordance with Section 6.13.

ARTICLE 8

RIGHTS, OBLIGATIONS AND RESPONSIBILITIES OF BOTH PARTIES

8.1 Compliance with Laws and Permits. Each Party shall conduct its operations on and adjacent to the NRC-Licensed Site in compliance with all Laws, including Environmental Laws, and Permits applicable to that Party, and neither (a) Company nor (b) Contractor shall use, bring, transport, store, keep or cause or allow the discharge or spill (or allow a threatened discharge or spill) of any Hazardous Substances in, on, under or from the NRC-Licensed Site or the areas adjacent thereto (including, without limitation, the switchyard) in violation of Environmental Law. Each Party shall immediately notify the other in writing upon obtaining Knowledge of any material violation of any applicable Laws relating to the NRC-Licensed Site or upon receiving any written notice, correspondence, written demand or written communication from any Governmental Authority alleging a material violation of any Laws or Permits relating to the NRC-Licensed Site.

8.2 Permits.

8.2.1 Contractor shall obtain and maintain the Environmental Permits as described in Attachment 14-A, and shall obtain and maintain any and all other non-Environmental Permits required to perform the Decommissioning work.

8.2.2 Company shall obtain and maintain all of the Company Permits to be obtained or maintained by Company as described in Attachment 14-A. Notwithstanding anything to the contrary in Attachment 14-A, Company shall have the right from time to time to elect to maintain or to close out any of the Company Permits; provided, however, that to the extent such Company Permit is required for Contractor to perform the Decommissioning work, Company shall first notify Contractor, and if such Permit is transferable, shall reasonably cooperate with Contractor in its efforts to transfer such Permit to Contractor.

8.2.3 Contractor shall cooperate with and shall provide reasonable assistance to Company in obtaining and maintaining the Company Permits. Contractor shall appoint a Person to coordinate with Company and to serve as a single point of contact with Contractor with respect to all such matters. Contractor shall provide data and other information reasonably available to Contractor that is requested by Company and required for any applications for the Company Permits and any amendments to such Permits that may become necessary during the performance of Contractor's obligations under this Agreement, and shall notify Company of any violations of any Company Permits by Contractor or any Person performing any of the Decommissioning on its behalf. Contractor understands that the Company Permits may require further approvals or authorizations for the performance of Contractor's obligations under this Agreement and that Company's ability to obtain and maintain such Permits and further approvals or authorizations may be in part dependent on Contractor's assistance and cooperation.

8.2.4 Company shall cooperate with and shall provide reasonable assistance to Contractor in obtaining the Contractor Permits. Company shall appoint a Person to coordinate with Contractor and to serve as a single point of contact with Company with respect to all such matters. Company shall provide data and other information reasonably available to Company that is requested by Contractor and required for any applications for the Contractor Permits and any amendments to such Permits that may become necessary during the performance of Contractor's obligations under this Agreement. Company understands that the Contractor Permits may require further approvals or authorizations for the performance of Contractor's obligations under this Agreement and that Contractor's ability to obtain and maintain such Permits and further approvals or authorizations may be in part dependent on Company's assistance and cooperation. Company's reasonable assistance shall not include or require Company to identify the Permits necessary for Contractor's activities, or Company's agreement to modify any of the provisions in any of Company's permits for the Excluded Facilities.

8.2.5 In the event that a Permit is subsequently identified as being required for the performance of Contractor's obligations under this Agreement and such Permit is not included in the Environmental Permits set forth in Attachment 14-A, Contractor or Company, as applicable, shall promptly, after it becomes aware of the need for such Permit, notify the other Party that such Permit is required. Unless such Permit may only be obtained by Company, or Company notifies Contractor in writing that Company elects to obtain such Permit (in which

case such Permit shall be a Company Permit for the purpose of this Agreement), Contractor shall obtain and maintain the Permit and such Permit shall be a Contractor Permit for the purposes of this Agreement.

8.2.6 The Parties shall comply with the terms and conditions of Attachment 14-B with respect to the protection of sea turtle species at the intake area of the Crystal River Energy Complex.

8.3 Release of any Hazardous Substance. Each Party shall provide the other with telephonic or electronic notice within twenty-four (24) hours of obtaining knowledge of any Release of any Hazardous Substances or Nuclear Material on, in or under the NRC-Licensed Site in violation of Environmental Laws or Nuclear Laws or that requires reporting under Environmental Laws or Nuclear Laws. Contractor shall be responsible for making any required reports to Governmental Authorities of the Release of Hazardous Substances or Nuclear Material arising from or caused by Contractor's Decommissioning or Contractor's acts or omissions at the NRC-Licensed Site. If, after a Party provides the other with telephonic or electronic notice of a Release of any Hazardous Substances or Nuclear Material, there is a material delay in or a disagreement in determining which Party is responsible for making a required report to Governmental Authorities that either Party believes in good faith might result in a violation of Environmental Laws, either Party may make any required reports. The notifying Party shall provide the other Party with copies of any and all reports concerning such a Release, including the reports on investigation and Remediation of the Release and any final reports to or approvals from Governmental Authorities relating to the Release or its Remediation.

8.4 Protection of Wetlands. The Parties shall comply with and observe all applicable Laws related to the use and protection of wetlands. Contractor shall not change the physical characteristics of any wetland areas located on the Crystal River Site or any adjoining land, without in each instance obtaining Company's prior written consent (which may be granted or withheld in Company's sole discretion), and then only in compliance with all applicable Permits and all applicable Laws.

8.5 Condemnation.

8.5.1 If the entire NRC-Licensed Site, or the use or occupancy thereof, shall be permanently taken or condemned by any Governmental Authority or quasi-Governmental Authority for any public or quasi-public use or purpose or sold under threat of such a taking or condemnation (collectively, "Condemned") so as to render Contractor unable to perform its obligations with respect to the entire NRC-Licensed Site, then Contractor's obligations under this Agreement will terminate on the day prior to the date that Contractor is required to cease performance of such obligations, except that Contractor will remain entitled to compensation for all [**] completed before the date of termination. If less than the entire NRC-Licensed Site is permanently Condemned, and such partial Condemnation renders Contractor unable to perform its obligations with respect to a portion of the NRC-Licensed Site, then this Agreement shall continue in full force and effect with respect to the portion of the NRC-Licensed Site that Contractor is able to continue Decommissioning, and Contractor shall prepare a revised [**] for Company's review and approval for the Decommissioning that Contractor is able to continue performing. If all or any portion of the NRC-Licensed Site is permanently Condemned and such

Condemnation does not render Contractor unable to perform all of its obligations or delay the performance of such obligations, then this Agreement shall remain in full force and effect. If and to the extent that any such Condemnation prevents or delays performance of Contractor's obligations with respect to the NRC-Licensed Site or any portion of the NRC-Licensed Site, such Condemnation shall be deemed a Force Majeure condition with respect to the portion of the NRC-Licensed Site affected by such Condemnation. For purposes of this section, the NRC-Licensed Site or portions thereof, as applicable, shall be deemed to be permanently Condemned if Condemned for a period in excess of thirty six (36) consecutive calendar months.

8.5.2 If all or any portion of the NRC-Licensed Site is Condemned for a period of thirty six (36) consecutive calendar months or less, all of the terms and conditions of this Agreement shall remain in full force and effect, notwithstanding such Condemnation. If and to the extent that any such Condemnation prevents or delays performance of Contractor's obligations with respect to the NRC-Licensed Site or any portion of the NRC-Licensed Site, such Condemnation shall be deemed a Force Majeure condition with respect to the portion of the NRC-Licensed Site affected by such Condemnation.

8.5.3 All awards, damages and other compensation paid on account of condemnation shall belong to Company, and Contractor assigns to Company all rights to such awards, damages and compensation, except to the extent the condemnation applies to the ISFSI. Contractor shall not make any claim against Company or such authority for such portion of such award, damages or compensation, including, without limitation, any such award, damage or compensation attributable to damage to the NRC-Licensed Site, loss of goodwill, NRC-Licensed Site improvements or severance damages.

8.6 Access to the NRC-Licensed Site; Coordination of Access.

8.6.1 Subject to the remaining provisions of this Section 8.6, Company shall provide Contractor access to the Crystal River Site and the NRC-Licensed Site in accordance with Company's securities policies and procedures in effect for the Crystal River Site, during the time in which Contractor is performing its obligations under this Agreement and holds the NRC License with responsibility for possession and maintenance, including Decommissioning, of the NRC-Licensed Site, to the extent required to comply with the NRC License or to the extent reasonably necessary or appropriate in connection with Contractor's performance of its obligations under this Agreement.

8.6.2 Contractor shall presumptively have the primary right to access, occupy, use, perform activities on and control the area of the NRC-Licensed Site containing the CR-3 Facility, including the ISFSI and other areas within the Exclusion Area Boundary, as shown in Attachment 1. Such right to access includes the right for the benefit of and on behalf of Company (i) to exclusively process, dispose of or salvage, including transfer of title for, any plant, material or equipment associated with the CR-3 Facility, but excluding all plant, property, materials or equipment associated with the Excluded Facilities; (ii) subject to the terms of this Agreement, for ingress and egress onto the Crystal River Site and the NRC-Licensed Site at any time during the term of this Agreement, 24 hours a day, 7 days a week, 365 days per year, using the roads and routes of access agreed to by the Parties from time to time, and subject to Contractor's compliance with the Company EH&S Site Requirements and security and safety

policies and procedures of Company in effect for the Crystal River Site from time to time, as the same have been coordinated with Contractor's requirements for performance of the Decommissioning. Such rights of ingress and egress shall be only for the purposes of Decommissioning of the CR-3 Facility and the NRC-Licensed Site, and satisfaction of all of the End-State Conditions, including all site restoration obligations, and for no other purpose. Contractor shall be exclusively entitled to control all policies, procedures, means and methods with respect to the access, maintenance and performance of services at the CR-3 Facility. Subject to compliance with Company's EH&S Site Requirements, Contractor shall presumptively have the non-exclusive right to access at all reasonable times over and across the other portions of the NRC-Licensed Site to the extent reasonably required by Contractor to access the CR-3 Facility or the ISFSI (that non-exclusive right, the "Contractor's Non-Exclusive Access Right"). Notwithstanding the foregoing, Contractor acknowledges and agrees that Company intends to have other contractors working on the NRC-Licensed Site from time to time, sometimes in close proximity to the CR-3 Facility. Contractor shall participate in Company's regular CREC Committee coordination meetings and shall cooperate and coordinate with such other contractors and Company's representatives in order to avoid interfering with or hindering such other contractors or Company's personnel from the performance or completion of their activities.

8.6.3 Subject to Section 8.6.5, Company shall presumptively have (a) the primary right to access, use, perform activities on and control the portions of the Crystal River Site that does not contain the CR-3 Facility; and (b) the non-exclusive right to access the CR-3 Facility at all reasonable times to the extent reasonably required by Company to access the other portions of the Crystal River Site (that non-exclusive right, the "Company's Non-Exclusive Access Right"). Contractor shall not erect any barriers, fences or other obstructions that unreasonably interfere with Company's Non-Exclusive Access Right. Notwithstanding anything to the contrary in this Section 8.6.3, to the extent necessary to assure compliance with all applicable NRC requirements and Nuclear Laws, Contractor (i) is authorized to direct maintenance and security within the NRC-Licensed Site as required under the NRC License; and (ii) has the authority under any emergency conditions to control and determine all activities performed on and within the NRC-Licensed Site.

8.6.4 No later than six (6) months before the performance of any work by Contractor that requires an outage of an Excluded Facility ("Outage Work"), the Parties shall agree on the time period during which that outage of the Excluded Facility will occur (an "Agreed Outage Period"). Contractor shall perform the Outage Work during the Agreed Outage Period. If Contractor does not complete the Outage Work during the Agreed Outage Period, then Company may direct that the Outage Work be suspended by Contractor at the conclusion of the Agreed Outage Period and carried over for completion during the next Agreed Outage Period, and no Schedule Extension Condition will occur. If the time of the outage of an Excluded Facility differs from the Agreed Outage Period and the differing time of the outage affects Contractor in its performance of the Outage Work or if Company does not permit Contractor to perform the Outage Work during the Agreed Outage Period, then a Schedule Extension Condition may occur.

8.6.5 Contractor has the authority under any emergency conditions to control and determine all activities performed at the Exclusion Area Boundary and within the Exclusion

Area to the extent necessary to assure compliance with all applicable NRC requirements and Nuclear Laws. Company and Contractor shall reasonably cooperate and communicate regarding their respective operations around the ISFSI.

8.6.6 During the term of this Agreement, at all times while on any part of the Crystal River Site other than the CR-3 Facility, Contractor shall comply with Company's EH&S Site Requirements, including participation in Company's Crystal River Site meetings as contemplated therein, the requirements with respect to stopping work and notifying the CREC Committee or its members or personnel upon encountering Hazardous Substances or archeological or cultural discoveries, and requirements for notice and Remediation in the event of a Release of Hazardous Substances by Contractor or any person performing any of the Decommissioning work on behalf of Contractor. Prior to accessing any part of the Crystal River Site other than the CR-3 Facility, Contractor shall contact the CREC Committee, and at the request of Contractor, the CREC Committee shall advise Contractor of any Environmental Liabilities or Hazardous Substances in the area to be accessed by Contractor of which the CREC Committee has actual knowledge. Contractor acknowledges and agrees that Company may update, amend or modify Company's EH&S Site Requirements as they apply to the Crystal River Site from time to time. Company shall give Contractor as much advance notice as possible through the use of use commercially reasonable efforts of any such updates, amendments or modifications, and Contractor shall comply with such revised practices, policies or procedures once they are put into effect. Company shall comply with Contractor's Safety Plan, as provided in writing to Company, while at the CR-3 Facility.

8.6.7 Contract information for the CREC Committee is as follows; provided, however, that Company may change the contact person and contract information from time to time upon written notice to Contractor:

Marty Drango
GM – Citrus County Combined Cycle
Telephone: 352 501-2003 (O)
863 344-0059 (M)
E-mail: martin.drango@duke-energy.com

8.7 Books and Records. From and after the Closing, the Business Books and Records shall be maintained at the CR-3 Facility and off-site storage (with Contractor to provide reasonable access to Company to the Business Books and Records in Contractor's possession), or, if the CR-3 Facility or such off-site is no longer in use and the Business Books and Records are in Contractor's possession at another location, at a facility to which Contractor shall provide reasonable access to Company. At Contractor's request, Contractor may have reasonable access to other Company books and records related to the NRC-Licensed Site or the CR-3 Facility, and that may reasonably be useful for planning or conducting Decommissioning activities; provided, however, that (a) Company shall not be required to provide Contractor any information which would reasonably be expected to result in a waiver of the attorney-client privilege (but Company shall use commercially reasonable efforts to allow for such access or disclosure in a manner that does not result in a waiver of the attorney-client privilege (including, if applicable, by entering into a common interest or similar agreement to preserve such privilege)); and (b) Company need

not supply Contractor with any information that Company is legally or contractually prohibited from supplying.

8.8 Post-Closing - Further Assurances. Subject to the terms and conditions of this Agreement, each of the Parties will use commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to facilitate the performance of Contractor's obligations at the NRC-Licensed Site to achieve the ISFSI-Only Interim End-State Conditions and the End-State Conditions. Each Party shall cooperate with the other Party in all commercially reasonable efforts to lift any preliminary or permanent injunction or other order or decree by any federal or state court or Governmental Authority that restrains or prevents the performance of Contractor's work or activities or the achievement of the ISFSI-Only Interim End-State Conditions and the End-State Conditions.

8.9 Occurrence of SAFSTOR Condition. If following the Closing, a SAFSTOR Condition occurs and either Contractor or Company reasonably believes it is in the best interest of the Decommissioning and Company's retail ratepayers to return the CR-3 Facility to SAFSTOR under the NRC rules and regulations, such Party may give a written notice to the other Party that it is requesting the CR-3 Facility be returned to SAFSTOR, which notice shall include a reasonably detailed explanation as to why the CR-3 Facility should be returned to SAFSTOR, how long the CR-3 Facility would be expected to remain in SAFSTOR, the impact on the Project Schedule and the relevant [**], and such other matters that such Party reasonably determines. Within 30 days of the receipt of such notice, executive-level representatives from both Parties will meet to discuss the matter. The Parties shall each notify the other of their approval or disapproval of such request within fifteen (15) days after such meeting, such approval not to be unreasonably withheld, delayed or conditioned. Notwithstanding anything to the contrary herein or in the Amended and Restated LLC Agreement, if the Parties mutually agree to return the CR-3 Facility to SAFSTOR, the independent manager of Contractor appointed by Company shall not veto the submission of a request to the NRC to return the CR-3 Facility to SAFSTOR that is made in accordance with the mutual agreement of the Parties under this Section 8.9.

ARTICLE 9

NDF; CONTRACTOR'S PROVISIONAL TRUST FUND; DISBURSEMENTS

9.1 Compensation; [**] As compensation for completion of the Decommissioning and performance of its obligations hereunder [**]

9.2 NDF; IOI Decommissioning Subaccount.

9.2.1 As of the Closing Date, Company has entered into the Fourth Amendment to Amended and Restated NDF Agreement with the Trustee and established the IOI Decommissioning Subaccount. Company shall retain ownership and title to the NDF, and the NDF shall retain ownership of the IOI Decommissioning Subaccount (which subaccount shall as of the Closing Date be funded with cash equal in the aggregate to the Agreed Amount), the Crystal River Decommissioning Reserve Subaccount and the assets, funds and investments contained therein. Company has the exclusive right, in its sole discretion, to appoint the Trustee for the NDF and any is for the Crystal River Decommissioning Reserve Subaccount.

9.2.2 Company shall: (a) cause the investment manager(s) to implement and follow the investment policies and guidelines set forth Attachment 12, applicable to the assets, funds and investments contained in the IOI Decommissioning Subaccount; (b) monitor Trustee's acts in the administration of the NDF; and (c) provide Contractor on or before February 15 of each calendar year during the term of this Agreement with summary reports that include the current balance of, and assets contained in, the IOI Decommissioning Subaccount, and the Crystal River Decommissioning Reserve Subaccount as of December 31 of the previous calendar year, and such other information as Contractor reasonably requests and is necessary for Contractor to comply with the NRC reporting requirements set forth in 10 C.F.R. §§ 50.75, 50.82 & 72.30 (which reports when submitted by Contractor will be consistent in form and detail with the reports issued by Company before the Closing Date with respect to the NDF).

9.2.3 Within thirty (30) days after the Closing Date, Company shall appoint an investment manager for the IOI Decommissioning Subaccount (the "IOI Subaccount Investment Manager"). The IOI Subaccount Investment Manager shall be bound by the investment policies and guidelines applicable to the IOI Decommissioning Subaccount, set forth in Attachment 12, and shall have full authority to direct the acquisition, retention and disposition of assets in the IOI Decommissioning Subaccount in accordance therewith. Except after a Contractor Event of Default or termination of this Agreement, (a) Company shall not remove or replace any IOI Subaccount Investment Manager without the prior written consent of Contractor, such consent to not be unreasonably withheld, delayed or conditioned; (b) Company shall not change the investment policies and guidelines set forth in Attachment 12, without the prior written consent of Contractor, such consent to not be unreasonably withheld, delayed or conditioned; and (c) Company shall not amend the Amended and Restated NDF Agreement with respect to the IOI Decommissioning Subaccount without the prior written consent of Contractor, such consent to not be unreasonably withheld, delayed or conditioned.

9.2.4 Fees and Taxes shall be paid from the NDF as follows: (a) investment management fees for the IOI Subaccount Investment Manager shall be paid from the IOI Decommissioning Subaccount; (b) investment management fees for any investment manager appointed to manage the Crystal River Decommissioning Reserve Subaccount shall be paid from the Crystal River Decommissioning Reserve Subaccount; (c) transaction fees associated with sales, trades and other investment activities executed by the IOI Subaccount Investment Manager shall be paid from the IOI Decommissioning Subaccount; (d) transaction fees associated with sales, trades and other investment activities executed by the investment manager for the Crystal River Decommissioning Reserve Subaccount shall be paid from the Crystal River

Decommissioning Reserve Subaccount; (e) fees paid to the Trustee and fees paid for the preparation of Tax Returns prepared for the NDF (including any of the IOI Decommissioning Subaccount and the Crystal River Decommissioning Reserve Subaccount) shall be paid from the Crystal River Decommissioning Reserve Subaccount or the nonqualified trust fund as maintained with the NDF, in Company's sole discretion; (f) any Taxes due with respect to earnings on the IOI Decommissioning Subaccount shall be paid from the IOI Decommissioning Subaccount; (g) any Taxes due with respect to earnings on the Crystal River Decommissioning Reserve Subaccount shall be paid from the Crystal River Decommissioning Reserve Subaccount; and (h) any Taxes due with respect to the nonqualified trust fund maintained within the NDF will be paid from the nonqualified trust fund.

9.2.5 The Company shall not withdraw funds from the IOI Decommissioning Subaccount for any purpose other than to make payments to Contractor pursuant to Section 9.3, to make the payments as contemplated to be made from the IOI Decommissioning Subaccount in Section 9.2.4, or in accordance with Section 9.8.

9.3 Withdrawals from IOI Decommissioning Subaccount. Contractor shall have the right to request payments from the IOI Decommissioning Subaccount (including interest earned thereon from and after the Closing in accordance with Section 9.3.4) for services rendered under the terms of this Agreement, [**] Contractor may submit a request for Company (each, an "IOI Disbursement Certificate") to instruct the Trustee to make a disbursement from the IOI Decommissioning Subaccount to Contractor once each month [**] Company shall cause the disbursement of funds from the IOI Decommissioning Subaccount in accordance with Section 9.7.

9.3.1 In order to allow the Trustee to coordinate planning for availability of liquid funds for withdrawals from the IOI Decommissioning Subaccount, Contractor shall provide Company monthly written notices, by the twenty-fifth (25th) day of each month, estimating the amount of liquid funds that Contractor estimates it may request for withdrawals during the following calendar month. Payments to Contractor may be delayed for the reasonable period necessary for the Trustee to liquidate IOI Decommissioning Subaccount investments to disburse funds if Contractor submits withdrawal requests that exceed the estimated monthly withdrawal stated in the written notice.

9.3.2 Until the date that the ISFSI-Only Interim End-State Conditions are achieved, Contractor may request Disbursements under this Section 9.3.1 as follows:

(a) Contractor may request payment for amounts to be paid [**];

(b) Contractor shall include with the IOI Disbursement Certificate a certificate duly executed by an authorized officer of Contractor attesting as follows:

(i) [**]

(ii) The requested disbursement is due and owing to Contractor for goods or services provided in connection with the Decommissioning and other work to achieve the ISFSI-Only Interim End-State Conditions;

(iii) All requested disbursement amounts constitute Decommissioning Costs incurred to achieve the ISFSI-Only Interim End-State Conditions; and

(iv) Any necessary authorizations of the NRC or any corresponding Governmental Authority having jurisdiction over the Decommissioning of the NRC-Licensed Site or the possession and maintenance of the ISFSI have been obtained and all requirements of Law have been satisfied.

9.3.3 The Parties agree that at the end of each calendar quarter during the period beginning on the Closing Date and ending on the date on which Contractor achieves the last of the ISFSI-Only Interim End-State Conditions (or on the date on which Contractor achieves the last of the ISFSI-Only Interim End-State Conditions if it occurs on a date other than the last day of a calendar quarter), or more frequently than quarterly if requested by a Party, the Parties shall review the amounts of any IOI Disbursement Certificates that are then in dispute. Notwithstanding anything to the contrary herein, including Section 9.7, if the total amount of unresolved disputed costs exceeds [**], Company shall be entitled to reduce the payment made under any subsequent IOI Disbursement Certificate by the amount in dispute that exceeds [**], and the withholding of such amounts shall not entitle Contractor to suspend the Decommissioning work pursuant to Section 9.7. Such payment may be withheld until such time as and to the extent that the total amount of unresolved disputed costs is less than [**].

9.3.4 Upon achievement of all of the ISFSI-Only Interim End-State Conditions in accordance with Section 9.6 and resolution of any disputed amounts that are still outstanding under any IOI Disbursement Certificates, Contractor shall have the right to any funds remaining in the IOI Decommissioning Subaccount be disbursed and paid to Contractor as a final payment for achievement of the ISFSI-Only Interim End-State Conditions.

9.4 Maintenance of ISFSI Decommissioning Trust. Buyer shall at all times maintain the ISFSI Decommissioning Trust and establish financial assurance meeting the requirements of 10 CFR 72.30, or any successor regulation, until the End-State Conditions are satisfied. Any amounts remaining in the ISFSI Decommissioning Trust after all of the End-State Conditions are achieved in accordance with Section 9.6, shall be disbursed from the ISFSI Decommissioning Trust as directed by Buyer in its discretion.

9.5 Maintenance and Termination of Contractor's Provisional Trust Fund. Contractor shall maintain the Contractor's Provisional Trust Fund throughout the term of this Agreement until all of the ISFSI-Only Interim End-State Conditions are achieved in accordance with Section 9.6. Once the aggregate amount of funds [**] held in the Contractor's Provisional Trust Fund exceeds Fifty Million Dollars (\$50,000,000), Contractor shall have the right to receive disbursements from the Provisional Milestone Account ; provided, that the aggregate of the amounts held in the Contractor's Provisional Trust Fund following any such disbursement shall be no less than Fifty Million Dollars (\$50,000,000); provided, further, that the Provisional Milestone Account may be terminated and all of the funds therein may be disbursed to Contractor (or as Contractor directs) following Contractor's completion of Milestone One in accordance with Section 9.6. Following the completion of Milestone One and the closing of the Provisional Milestone Account, Contractor shall have the right to receive disbursements from the Provisional IOI Account; provided, that the amount held in the Provisional IOI Account following any such disbursement shall be no less than Twenty Million Dollars (\$20,000,000); provided, further, that the Provisional IOI Account may be terminated and all of the funds therein may be disbursed to Contractor (or as Contractor directs) once all of the ISFSI-Only Interim End-State Conditions are achieved in accordance with Section 9.6. Contractor shall provide Company with quarterly statements from the trustee of the Contractor's Provisional Trust Fund throughout the term of this Agreement until all of the ISFSI-Only Interim End-State Conditions are achieved in accordance with Section 9.6. Any amounts remaining in the Contractor's Provisional Trust Fund after all of the ISFSI-Only Interim End-State Conditions are achieved in accordance with Section 9.6, shall be disbursed from the fund as directed by Contractor in its discretion.

9.6 Notice of Milestone One and End-State Conditions; Actions of Parties. Upon completion of Milestone One, and upon achievement of all of the ISFSI-Only Interim End-State Conditions or all of the End-State Conditions, Contractor shall provide notice to Company (a "Notice of Milestone One", "Notice of ISFSI-Only Interim End-State Conditions" or "Notice of End-State Conditions," respectively), including copies of any NRC determinations or license amendments related to or comprising the achievement of Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions. Within sixty (60) days after receipt of a Notice of Milestone One, Notice of ISFSI-Only Interim End-State Conditions or Notice of End-State Conditions, Company shall by notice to Contractor either indicate its agreement that Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions, as applicable, have been achieved or that Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions have not been achieved, identifying with particularity the reason(s) why Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions have not been achieved. Contractor shall take reasonable actions to cause Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions to be achieved after receiving that notice. If Company either indicates its agreement that Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions have been achieved or fails to provide notice within that sixty (60) day period, then Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions, as applicable, will be deemed to have been achieved.

9.7 Payment of IOI Disbursement Certificates. After receiving an IOI Disbursement Certificate containing the required certifications under Section 9.3, Company shall instruct the Trustee under the Amended and Restated NDF Agreement to make a disbursement to Contractor from the IOI Decommissioning Subaccount, and Company shall cause the Trustee to make such disbursement within thirty (30) days after Company's receipt of such IOI Disbursement Certificate. Notwithstanding any disagreement between the Parties over the amounts requested or the progress of the Decommissioning or other performance of Contractor, if the Disbursement Certificate contains the required certifications and supporting documentation under Section 9.3, Company shall instruct the Trustee to make the disbursement from the IOI Decommissioning Subaccount, but Company will not by submitting the disbursement request to the Trustee waive any rights to contest the amounts claimed by Contractor in the IOI Disbursement Certificate, or the performance by Contractor under this Agreement with respect to the Decommissioning work for which Contractor seeks payment, or otherwise, and Company shall retain the right to challenge whether such amounts were properly payable from the IOI Decommissioning Subaccount. Subject to Company's withholding rights pursuant to Section 9.3.3, if Company does not instruct the Trustee to make the disbursement for an IOI Disbursement Certificate that contains the required certifications and supporting documentation under Section 9.3, Contractor may suspend all work and performance of obligations to be performed by Contractor under this Agreement until payment of the requested amounts and will be entitled to payment for incremental costs incurred as a result of such suspension in accordance with Section 11.2.

9.8 Effect of Termination on Contractor's Rights to Disbursement from the IOI Decommissioning Subaccount. If this Agreement is terminated by Company due to a Contractor Event of Default before the End-State Conditions are achieved, Contractor shall suspend requests for withdrawals of funds from the IOI Decommissioning Subaccount, and Company shall no longer have any obligation to cause the Trustee to disburse funds from such subaccount; provided, that Contractor may request a disbursement in accordance with Section 9.3 for amounts to be paid [**].

9.9 Audit Rights.

9.9.1 Company shall have the right to audit the [**] Contractor's Decommissioning work, including the supporting documentation, underlying Contractor's IOI Disbursement Certificates, as required to demonstrate that Contractor has expended such costs in the amounts and for the purposes indicated in such disbursement requests, and in connection with any disputes with respect to any IOI Disbursement Certificates. Such audits shall be conducted during normal business hours of Contractor on Business Days upon reasonable advance written notice to Contractor and may be conducted no more than once in a calendar year, or more frequently if requested by Company in connection with unresolved disputed costs, ending on the date that is eighteen (18) months after the date on which Contractor achieves the last of the End-State Conditions. Contractor shall provide Company's auditors with reasonable access to its books and records, including in computer readable format, and Contractor's personnel shall cooperate with the auditors, in order to effectuate the audit or audits hereunder. The auditors shall have the right to copy the books and records reviewed or examined in the course of the audit.

9.9.2 If Contractor is not able to substantiate any of the [**] of Contractor's Decommissioning work underlying an IOI Disbursement Certificate, or such costs do not constitute Decommissioning Costs necessary to achieve the ISFSI-Only Interim End-State Conditions or End-State Conditions, as applicable, Contractor shall reimburse Company for such amounts, or Company may withhold such amounts (and the withholding of such amounts shall not entitle Contractor to suspend the Decommissioning work pursuant to Section 9.7). If any such audit reveals that: (a) Contractor has not been paid [**] for progress achieved on any [**], Company shall cause the Trustee to disburse such amounts from the IOI Decommissioning Subaccount; or (b) Company otherwise owes any amounts to Contractor that have not been paid to Contractor in accordance with this Agreement, Company shall cause the disbursement of such amounts from the Crystal River Decommissioning Reserve Subaccount or otherwise from the NDF, and in each case Company shall use commercially reasonable efforts to cause the disbursement of such amounts to Contractor within thirty (30) days after Contractor's written request for payment.

9.9.3 At Contractor's written request, Company shall require its third party auditors performing any such audit on behalf of Company to sign a customary, commercially reasonable confidentiality agreement with Contractor prior to commencement of any such audit conducted by such third parties.

ARTICLE 10 TARGET COMPLETION DATE

10.1 Guaranteed Completion. If Contractor fails to complete Milestone One on or before the Target Completion Date, Contractor shall within five (5) Business Days after the Target Completion Date, deliver to Company a letter of credit issued in favor of Company by a Qualified Institution in the amount of [**] payable upon demand by the Company to an account in the NDF as directed by Company for use as directed by the Company (the "Letter of Credit"). Such Letter of Credit shall be in a form reasonably acceptable to Company and issued by a Qualified Institution. Contractor shall ensure that the Letter of Credit remains in full force and effect until Milestone One is completed, and if at any time the Letter of Credit fails to meet the conditions of this Section 10.1, Contractor shall replace the outstanding Letter of Credit with a Letter of Credit that meets the foregoing conditions. Company shall have the right to draw upon the Letter of Credit immediately upon issuance.

10.2 Qualified Institution. For purposes of this Agreement a "Qualified Institution" means a commercial bank or trust company incorporated under the laws of the United States or any state thereof, with an office or branch in New York, New York, with an aggregate capital surplus in excess of Twenty Five Billion Dollars (\$25,000,000,000), and with senior unsecured debt rated at least "A" by S&P Global Ratings or its successor, and "A2" by Moody's Investors Service, Inc., or such other financial institution that is reasonably acceptable to Company.

ARTICLE 11 EXTENSIONS OF TIME; ADJUSTMENTS TO COSTS

11.1 Occurrence of Schedule Extension Condition; Adjustment of Project Schedule.

11.1.1 Upon the occurrence of a Schedule Extension Condition, Contractor shall have the right to a day-for-day extension (pro-rated) to the Project Schedule, including extending the Target Completion Date. Contractor shall give written notice to Company within a reasonable amount of time after Contractor knew or would reasonably have been expected to know of the impact of Schedule Extension Condition that has occurred, stating the events or conditions that constitute the Schedule Extension Condition and the steps Contractor is taking or intends to take to overcome such events or conditions, if any. Failure or delay of Contractor to provide Company any of the notices required by the preceding sentence shall not waive Contractor's rights relating to or arising from the occurrence of a Schedule Extension Condition, unless such failure causes material prejudice to Company or such notice is provided more than ninety (90) days after the occurrence of such Schedule Extension Condition. A Schedule Extension Condition will continue only so long as Contractor is using diligent efforts to overcome such Schedule Extension Condition and only until it has been remediated, resolved or complied with. Contractor shall give prompt written notice to Company upon the termination of any continuing Schedule Extension Condition.

11.1.2 Contractor shall submit its request for adjustment to the Project Schedule, together with the proposed Project Schedule as adjusted, in native file format, and reasonable supporting documentation of the impacts of such Schedule Extension Condition, for Company's review and approval. Company shall provide any comments or questions that is regarding the Schedule Extension Condition or the proposed adjustments to Contractor, and Contractor shall respond to such comments or questions. The Parties will repeat this process until the Parties agree on an adjusted Project Schedule, which, once it is accepted by Company in writing, will thereafter be the Project Schedule for all purposes of this Agreement.

11.1.3 Except as provided in Section 11.2, the agreed adjusted Project Schedule shall be Contractor's sole and exclusive remedy for a Schedule Extension Condition.

11.2 Occurrence of a Change in End-State Conditions; Inability to Access; Failure to Disburse Funds. Upon the occurrence of one or more of the following events or circumstances described in Section 11.2.1, 11.2.2 or 11.2.3, Contractor shall have the right to the relief as further described in this Section 11.2.

11.2.1 In the case of the occurrence of a Change in End-State Conditions, Contractor shall have the right to payment of its actual, direct incremental costs to comply with the changes in the End-State Conditions that result from such Change in End-State Conditions, which costs may include general and administrative and overhead costs, and profit, margin or fees. Such work occasioned by the Change in End-State Conditions may be performed by Contractor on a cost plus, time and material or lump sum basis (or a combination thereof) as mutually agreed upon between Contractor and Company. General and administrative and overhead costs, and profit, margin or fees shall be up to [**] of direct cost. In addition, Contractor shall have the right to an equitable adjustment to the Project Schedule, including the

Target Completion Date, as necessary based on the additional activities required to perform the Decommissioning as modified by the Change in End-State Conditions.

11.2.2 If Contractor is unable to access the CR-3 Facility for seven (7) or more consecutive calendar days, or sixteen (16) or more days in the aggregate, with each occurrence lasting at least forty eight (48) consecutive hours, during any ninety (90) day period, due to Company's acts or omissions that are not caused by the occurrence of an event of Force Majeure, Contractor shall have the right to payment of its actual, direct incremental costs (not including any amounts in respect of general and administrative and overhead costs, and profit, margin or fees) incurred due to the resulting delay, if any, in the Project Schedule as a result of Contractor's inability to access the CR-3 Facility, including mitigation costs. In addition, Contractor shall have the right to an equitable adjustment to the Project Schedule, including the Target Completion Date, with respect to such delay. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, COMPANY'S MAXIMUM AGGREGATE LIABILITY WITH RESPECT TO THE PAYMENT OF ANY AMOUNTS TO CONTRACTOR UNDER THIS SECTION 11.2.2 SHALL IN NO EVENT EXCEED [**]. In the event of extraordinary circumstances, Company and Contractor shall confer.

11.2.3 If Company fails to disburse funds to Contractor in accordance with its obligations under Article 9, Contractor shall have the right to payment of its actual, direct incremental costs incurred due to Contractor's suspension of the Decommissioning work in accordance with Section 9.7, including reasonable demobilization and remobilization costs, which costs may include up to [**] in respect of general and administrative and overhead costs and profit, margin or fees. In addition, Contractor shall have the right to an equitable adjustment to the Project Schedule, including the Target Completion Date, with respect to the delay incurred due to such suspension.

11.2.4 In the case of an occurrence of any of the events or circumstances described in Section 11.2, Contractor shall promptly notify Company in writing of the expected direct, actual incremental costs that Contractor will incur as a result of such event or circumstance, including any demobilization or remobilization costs, along with a reasonably detailed description of the activities that will be performed, and of the anticipated impact to the Project Schedule. Contractor shall provide monthly invoices to Company, together with reasonable supporting documentation of costs when incurred, and shall submit requests for reimbursement of its costs in accordance with Section 11.2.1, 11.2.2 or 11.2.3, as applicable, and Company shall disburse funds to reimburse Contractor for such costs from the Crystal River Decommissioning Reserve Subaccount or otherwise from the NDF within thirty (30) days after Company receives such invoice and supporting documentation.

11.3 Duty to Mitigate. Contractor shall act diligently to mitigate the effects of any Schedule Extension Condition and to minimize the incremental costs or delays to the Project Schedule resulting from the occurrence of an event or circumstance as described in Section 11.2. Among other things: (a) in the case of the occurrence of an event of Force Majeure, Contractor shall, as reasonably practicable under the given circumstances, adopt measures in anticipation of the occurrence of the event of Force Majeure in an effort to mitigate potential damage; and (b) if Contractor is unable to access the CR-3 Facility for seven (7) or more consecutive calendar days due to Company's acts or omissions that are not caused by the occurrence of an event of Force

Majeure, Contractor shall use commercially reasonable efforts to identify and utilize alternative routes to access to the CR-3 Facility.

11.4 No Duplicate Relief. In no event shall Contractor be entitled to adjustments to the Project Schedule pursuant to Section 11.1 in connection with the same events or circumstances for which Contractor receives any relief under Section 11.2.

ARTICLE 12

CONFIDENTIALITY; PUBLIC STATEMENTS

12.1 Access to Information. Subject to all applicable NRC rules and regulations and other applicable Laws, each Party shall have reasonable access to all of the Business Books and Records in the possession of the other Party to the extent that such access may reasonably relate to or be affected by the ownership, possession or use of the CR-3 Facility, including the ISFSI, or performance of the Decommissioning. Such access shall be afforded by the Party in possession of such Business Books and Records upon receipt of reasonable advance notice and during normal business hours. The Party exercising this right of access shall be solely responsible for any costs or expenses incurred by it or them pursuant to this Section 12.1. The Party or Parties in possession of such Business Books and Records shall retain such Business Books and Records; provided, however, that all of the Business Books and Records held by Contractor that are required to be maintained by NRC regulations or Nuclear Law shall be retained by Contractor. If the Party in possession of such Business Books and Records desire to dispose of any such Business Books and Records, such Party shall, prior to such disposition, give the other Party a reasonable opportunity at such other Party's expense, to segregate and remove such Business Books and Records as such other Party may select. Notwithstanding the foregoing, the right of access to medical records and other confidential employee records shall be subject to all applicable Laws.

12.2 Protection of Proprietary Information. From and after the Closing Date: (a) Contractor shall use and disclose, and shall cause its Affiliates and their respective Representatives to use and disclose, Company's Proprietary Information only to the extent necessary to consummate the transactions contemplated by, and perform their obligations under, this Agreement and the Ancillary Agreements; and (b) Company shall use and disclose, and shall cause its Affiliates and its Representatives to use and disclose, Contractor's Proprietary Information only to the extent necessary to consummate the transactions contemplated by, and perform its obligations under, this Agreement and the Ancillary Agreements. Any disclosure to Affiliates or Representatives of a Party shall only be made after such Affiliates and Representatives are advised of the confidentiality obligations hereunder and required by the disclosing Party to comply, and the disclosing Party shall be responsible for any violations of the obligations of this Section 12.2 by any such Affiliates or Representatives. Any disclosure to third parties other than a Party's Affiliates or Representatives by either Company or Contractor shall only be made subject to confidentiality agreements with such third parties that are at least as stringent as the requirements of this Section 12.2.

12.2.1 Notwithstanding anything to the contrary in Section 12.2, Contractor may reveal or disclose Proprietary Information to such Persons with whom Contractor expects may act as potential suppliers or subcontractors to Contractor in connection with the performance of

the Decommissioning and its other obligations hereunder to the extent necessary or appropriate in connection with the performance of Contractor's obligations under this Agreement, in each case so long as each such Person has entered into a confidentiality agreement with Contractor with at least equivalent terms with respect to maintaining the confidentiality of Proprietary Information.

12.2.2 Upon Contractor's or Company's (as the case may be) prior written approval (which approval shall not be unreasonably withheld, delayed or conditioned), Company or Contractor (as the case may be) may provide Proprietary Information of any other Party to the NRC or any other Governmental Authority having jurisdiction over the NRC-Licensed Site or any portion thereof, as may be necessary in connection with the Decommissioning or as required under the Permits. The disclosing Party shall reasonably seek confidential treatment for the Proprietary Information provided to any such Governmental Authority and shall notify the other Party whose Proprietary Information is to be disclosed, as far in advance as reasonably practical, of its intention to release to any Governmental Authority any such Proprietary Information. In the event that disclosure of Proprietary Information is required by order of a court or other Governmental Authority or by subpoena or other similar legal process, the Party subject to such order, subpoena or other legal process shall, to the extent permitted by Law, notify the other Party whose Proprietary Information is to be disclosed and the Parties shall consult and cooperate in seeking a protective order or other relief to preserve the confidentiality of Proprietary Information.

12.2.3 Company or Contractor (as the case may be) may, without the prior consent of the other Party, disclose Proprietary Information of any other Party as may be necessary to comply generally with any applicable Laws or with the rules of any applicable stock exchange. The disclosing Party shall notify the other Party whose Proprietary Information is to be disclosed, as far in advance as reasonably practical, of its intention to release to any third party any such Proprietary Information.

12.2.4 Notwithstanding anything to the contrary in the foregoing, nothing in this Section 12.2 authorizes or permits Contractor to disclose any Third Party Proprietary Information that Contractor obtains as part of the Company Proprietary Information to any other Person. Contractor acknowledges and agrees that to the extent Company is prohibited or restricted by any non-disclosure or confidentiality obligation to any third party from disclosing any Third Party Proprietary Information to Contractor, Company shall have the right to not disclose such Third Party Proprietary Information to Contractor until Contractor has reached agreement with such third party and such third party has notified Company in writing that Company may disclose such Third Party Proprietary Information to Contractor. Company shall notify Contractor if there is any Third Party Proprietary Information of which Company is aware that Company is prohibited or restricted from disclosing to Contractor, and advise Contractor of such third party so that Contractor may make appropriate arrangements with such third party. Company's failure to disclose any Third Party Proprietary Information pursuant to this Section 12.2.4 shall not serve as the basis for a claim of any breach of any obligation of Company hereunder.

12.2.5 If this Agreement is terminated before the End-State Conditions have been achieved, this Section 12.2 shall survive the termination of this Agreement for five (5) years. In

addition, if this Agreement is terminated before the End-State Conditions have been achieved, Contractor shall, within thirty (30) days after receipt of a written request from Company, return or destroy Company's Proprietary Information in the possession or control of Contractor, any of its Affiliates or their respective Representatives, and Company shall, within thirty (30) days after receipt of a written request from Contractor, return or destroy Contractor's Proprietary Information in the possession or control of Company, any of its Affiliates or their respective Representatives. Notwithstanding the foregoing, a recipient or another Party's Proprietary Information shall not be required to return or destroy such other Party's Proprietary Information to the extent that it (a) is commingled with other electronic records that are collected and maintained in a separate secure facility as part of information technology backup procedures in accordance with the normal course of business; (b) is included in a Party's disclosures to its or its Affiliate's board of directors or similar governing body or the records of deliberations of such body in connection with the consideration of the authorization and approval of this Agreement and the transactions contemplated hereby; or (c) the recipient is a legal or other professional advisor to a Party with professional responsibilities to maintain client confidences; provided, however, that such retained Proprietary Information shall remain subject to the provisions of this Article 12.

12.3 Public Statements. Except as may be required by applicable Law or stock exchange rules, Contractor shall not issue any press release or other public disclosure (other than required filings and other required public statements or testimony before regulatory authorities) with respect to this Agreement or the performance of the Decommissioning, without Company's prior written approval. If Contractor determines it has to make any such public disclosure, it shall, to the extent permitted by applicable Law, first afford Company a reasonable opportunity to review and comment on such press release or public disclosure, and to seek appropriate confidential treatment. Contractor shall not, and shall not permit any of its Affiliates or subcontractors to, use Company's or any of its Affiliates' names, logos, trademarks, service marks or trade names in any way without Company's prior written consent. Contractor shall cooperate with Company in maintaining good community relations.

ARTICLE 13 INDEMNIFICATION

13.1 Contractor Indemnification. From and after the Closing Date, Contractor shall indemnify, defend and hold harmless the Company Indemnified Parties from and against [**].

13.2 Company Indemnification. From and after the Closing Date, Company shall indemnify, defend and hold harmless the Contractor Indemnified Parties from and against [**].

ARTICLE 14 INSURANCE

14.1 Contractor Insurance. With respect to transportation services for Nuclear Material: (a) Contractor and its Affiliates will, in the aggregate, maintain ANI domestic Suppliers and Transporters insurance in amounts no less than [**], and (b) Contractor shall cause any subcontractor to maintain ANI domestic Suppliers and Transporters insurance in amounts no less than [**]. In addition, Contractor shall maintain the insurance coverages as required under Attachment 10, and shall obtain all additional insured provisions and waivers of subrogation and provide all written confirmations for the benefit of Company in accordance with Attachment 10.

14.2 Company Insurance. Company shall maintain the Nuclear Insurance Policies with ANI and NEIL, in such form and amount as will satisfy the then-current minimum requirements of the applicable Nuclear Laws or NRC license obligations for the CR-3 Facility. Contractor and Buyer shall be named as additional insureds, and Company shall obtain a waiver of rights of subrogation by NEIL against Contractor and Buyer.

14.2.1 Pursuant to the SNF PSA, Buyer has assumed the liability and responsibility for insurance costs relating to the ISFSI, and therefore: (a) during the period beginning on the Closing Date and ending on the date on which the last of the ISFSI-Only Interim End-State Conditions are achieved, Buyer shall, within thirty (30) days of receipt of an invoice for payment from Company, reimburse Company for the insurance premiums paid by Company for the NEIL property damage insurance policy relating to the CR-3 Facility attributable to the ISFSI (based on the insurance premium for coverage of the ISFSI as shown on the applicable NEIL endorsement); and (b) from and after the date on which the last of the ISFSI-Only Interim End-State Conditions are achieved and until the last of the End-State Conditions are achieved, Buyer shall, within thirty (30) days of receipt of an invoice for payment from Company, reimburse Company for [**] of any insurance premiums paid by Company for the ANI nuclear insurance liability policy and NEIL property damage insurance policy relating to the CR-3 Facility.

14.2.2 Company shall have the sole right to any and all return premiums, refunds, distributions and continuity or other credits received from ANI or NEIL during any period before or after the Closing Date.

14.2.3 Without limiting Contractor's obligations under Section 13.1, Contractor shall be solely responsible for the payment of the deductibles under any of the Nuclear Insurance Policies with respect to each claim made for losses suffered during the period beginning on the Closing Date and ending on the date on which the last of the End-State Conditions are achieved, that arise out of, result from or are connected with (a) the acts or omissions of Contractor, or any third party acting on behalf of Contractor, or the performance by Contractor, or any third party acting on behalf of Contractor, of any Decommissioning or other obligations under this Agreement; or (b) any loss or damage to the ISFSI caused by an event of Force Majeure.

14.3 Environmental Liability Insurance Coverage. Without limiting the generality of the foregoing provisions of this Article 14, Contractor shall on or before the Closing Date, obtain environmental liability insurance coverage substantially in the form of Attachment 16 with the maximum limit of liability that Contractor can obtain for a premium of [**]. Subject to Contractor having provided Company with the certificates of insurance and such other information required for Company to confirm the coverage provided complies with the requirements of this Section 14.3, Contractor may submit a request for payment to Company, together with evidence of Contractor's payment of the premium for such environmental liability insurance coverage, and Company shall, within thirty (30) days after receipt of such request for payment, pay Contractor up to [**] to reimburse Contractor for the cost of the premium paid for such environmental liability insurance coverage. Company and Contractor acknowledge and agree that the payment contemplated in this Section 14.3 is in addition to and not included within the [**] or the Agreed Amount. Contractor further acknowledges and agrees that Company shall not have any liability or obligation to reimburse Contractor for any premiums or deductibles or other payments made by Contractor to obtain and maintain the insurance coverages as set forth in Attachment 10, other than as may be included within the [**] and the Agreed Amount.

ARTICLE 15 DEFAULT; REMEDIES

15.1 Contractor Events of Default. Each of the following shall constitute a "Contractor Event of Default":

15.1.1 Contractor fails to pay or cause to be paid when due and payable any amount owed by Contractor to Company in accordance with this Agreement, and such failure continues and is not cured within ten (10) Business Days after written notice from Company regarding such failure.

15.1.2 The occurrence of a Bankruptcy Event with respect to Contractor.

15.1.3 The occurrence of a Bankruptcy Event with respect to a Parent Guarantor, and Contractor's failure to provide a replacement Parent Guaranty from a replacement guarantor with equivalent or better financial condition to that of such Parent Guarantor as of the Contract Date, within five (5) Business Days thereafter.

15.1.4 [**]

15.1.5 Contractor fails to provide or the Parent Guarantors fail to maintain in effect the Parent Guaranties or the Parent Support Agreements, any Parent Guarantor fails to make any payment or render performance when due under the respective Parent Guaranty or Parent Support Agreement, or a Parent Guarantor breaches, defaults or fails to comply with any covenant or obligation of such Parent Guarantor under the respective Parent Guaranty or Parent Support Agreement, and such failure, breach, failure to comply or event of default continues and is not cured within ten (10) Business Days after written notice from Company regarding such failure.

15.1.6 Contractor's performance of its Decommissioning obligations under this Agreement at the NRC-Licensed Site is suspended by NRC order for a period in excess of one

hundred eighty (180) days for Contractor's deficient activities, including failure to comply with NRC regulations.

15.1.7 Contractor fails to discharge or obtain the release of any Contractor Lien in accordance with this Agreement, and such failure continues and is not cured within ten (10) Business Days after written notice from Company regarding such failure.

15.1.8 Contractor fails to mobilize or retain sufficient qualified personnel and equipment to and at the Crystal River Site as necessary to commence and progress the Decommissioning and perform its obligations hereunder in accordance with the Project Schedule, or stops, suspends, terminates or refuses to perform its obligations hereunder, such that Contractor would not reasonably be capable of maintaining progress on the Decommissioning or the performance of its obligations hereunder in accordance with the Project Schedule, and such failure, or the stoppage, suspension or termination of performance of its obligations hereunder, is not cured within ten (10) Business Days after written notice from Company regarding such failure, stoppage, suspension or termination.

15.1.9 Contractor fails to complete Milestone One on or before the Target Completion Date.

15.1.10 Contractor submits a Disbursement Certificate which Contractor knows contains false information.

15.1.11 Contractor fails to perform any material covenant or obligation hereunder not otherwise addressed in this Section 15.1, and Contractor fails to commence the cure of such failure within thirty (30) Days after receipt of notice from Company identifying such failure, or if, having commenced the cure within such period, Company fails (a) to diligently pursue such cure in a manner and pursuant to a schedule reasonably acceptable to Company; or (b) to cure such failure, within ninety (90) Days after Contractor's receipt of such notice.

15.2 Remedies Upon a Contractor Event of Default.

15.2.1 If a Contractor Event of Default occurs and is continuing, Company shall have the right but not the obligation, at its sole option, to exercise its rights under the Pledge Agreement or terminate this Agreement by written notice to Contractor, or both, or pursue any other remedy provided by law or equity, including specific performance, or any other remedy provided in the Ancillary Agreements.

15.2.2 To the fullest extent permitted by Law, if Company elects to terminate this Agreement due to a Contractor Event of Default or Company elects to exercise its rights under the Pledge Agreement, Company may proceed to remove Contractor from the NRC-Licensed Site in accordance with applicable Laws and Contractor agrees to cooperate with Company to the fullest extent necessary in connection with Company's recovery of, or the transfer to a third party designated by Company of, full possession and use of the NRC-Licensed Site and the Contractor's Provisional Trust Fund, and the transfer of the membership interests in Contractor to Company or its designee, including in connection with obtaining any approval of the NRC or other Governmental Authority required to permit Company to (a) transfer the NRC License authorizing possession and maintenance, including Decommissioning, of the NRC-Licensed Site, to Company (or its designee) from Contractor, and approval of any conforming license amendments, and any other related approvals; and (b) recover full possession and use of NRC-Licensed Site.

15.2.3 To the fullest extent permitted by Law, if Company elects to terminate this Agreement due to a Contractor Event of Default, at Company's request: (a) Contractor shall assign the SNF Services Agreement to Company or a third party designated by Company that will hold the NRC License authorizing possession and maintenance of the NRC-Licensed Site, except that Contractor shall not assign and Company shall not assume any rights or obligations thereunder with respect to the Spent Fuel Disposal Contract; and (b) neither Contractor nor Buyer shall terminate the SNF Services Agreement.

15.3 Obligations Upon Termination. Despite the termination of this Agreement, Contractor and Buyer, as applicable, shall:

15.3.1 so long as it holds the NRC License authorizing possession and maintenance of the NRC-Licensed Site, perform and carry out all NRC licensed activities with respect to security, safety, emergency preparedness, the operation and maintenance of the ISFSI, management of Spent Nuclear Fuel, and the removal of all of the Spent Nuclear Fuel and HLW from the ISFSI and the Crystal River Site, and any other obligations of Contractor as the holder of the NRC License, in accordance with this Agreement;

15.3.2 so long as it holds the NRC License authorizing possession and maintenance of the NRC-Licensed Site, continue to perform its obligations under the SNF Services Agreement; and

15.3.3 maintain the ISFSI Decommissioning Trust and Contractor's Provisional Trust Fund in accordance with Section 9.4 and Section 9.5, respectively.

During the period following termination during which Contractor holds the NRC License authorizing possession and maintenance of the NRC-Licensed Site, Company shall provide Contractor with access to the Crystal River Site and the ISFSI in accordance with this Agreement so that Contractor may perform such functions.

ARTICLE 16 MISCELLANEOUS PROVISIONS

16.1 Amendment and Modification. Subject to applicable Law, this Agreement may be amended, modified or supplemented only by written agreement of Company and Contractor.

16.2 Waiver of Compliance; Consents. Except as otherwise provided in this Agreement, any failure of any of the Parties to comply with any obligation, covenant, agreement or condition herein may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver, but such waiver of such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent failure to comply therewith.

16.3 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by electronic mail, provided that delivery by electronic mail is confirmed in writing (which may be by return electronic mail), or mailed by overnight courier or registered or certified mail (return receipt requested), postage prepaid, to the recipient Party at its address (or at such other address or facsimile number for a Party as shall be specified by like notice; provided, however, that notices of a change of address shall be effective only upon receipt thereof):

16.3.1 If to Company, to:

Duke Energy Florida, LLC
15760 W. Power Line Street
Crystal River, FL 34428
Attn.: Terry Hobbs, CR-3 Decommissioning Manager
E-mail: terry.hobbs@duke-energy.com

with a copy (which shall not constitute notice) to:

Duke Energy Florida, LLC
550 South Tryon Street, DEC 45A
Charlotte, NC 28202
Attn: Tracey LeRoy, Legal Counsel, Nuclear (Crystal River Unit 3)
Email: tracey.leroy@duke-energy.com

and

Morgan, Lewis & Bockius LLP
300 S. Grand Avenue, 22nd Floor
Los Angeles, CA 90071
Attn: Ingrid A. Myers
E-mail: Ingrid.myers@morganlewis.com

16.3.2 if to Contractor, to:

ADP CR3, LLC
c/o Accelerated Decommissioning Partners, LLC
17101 Preston Road, Suite 115
Dallas, TX 75248
Attn: Scott State, CEO
E-mail: ssate@northstar.com

with a copy (which shall not constitute notice) to:

NorthStar Group Services, Inc.
35 Corporate Drive, Suite 1155
Trumbull, CT 06611
Attn: Gregory G. DiCarlo, Vice President & General Counsel
E-mail: gdicarlo@northstar.com

Orano USA, LLC
1155 F St. NW, Suite 800
Washington, DC 20004
Attn: Michael Woods, General Counsel
E-mail: michael.woods@orano.group

Pillsbury Winthrop Shaw Pittman LLP
31 West 52nd Street
New York, NY 10019-6131
Attn: Stephen B. Amdur, Esq.
Email: stephen.amdur@pillsburylaw.com

16.3.3 if to Buyer, to:

ADP SF1, LLC
c/o Accelerated Decommissioning Partners, LLC
17101 Preston Road, Suite 115
Dallas, TX 75248
Attn: Scott State, CEO
E-mail: ssate@northstar.com

with a copy (which shall not constitute notice) to:

NorthStar Group Services, Inc.
35 Corporate Drive, Suite 1155
Trumbull, CT 06611
Attn: Gregory G. DiCarlo, Vice President & General Counsel
E-mail: gdicarlo@northstar.com

Orano USA, LLC
1155 F St. NW, Suite 800
Washington, DC 20004
Attn: Michael Woods, General Counsel
E-mail: michael.woods@orano.group

Pillsbury Winthrop Shaw Pittman LLP
31 West 52nd Street
New York, NY 10019-6131
Attn: Stephen B. Amdur, Esq.
Email: stephen.amdur@pillsburylaw.com

16.4 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but no Party may assign this Agreement or its rights under this Agreement, including by operation of law, without the prior written consent of the other Party, such consent not to be unreasonably withheld, delayed or conditioned. Any assignment in contravention of the foregoing sentence shall be null and void and without legal effect on the rights and obligations of the Parties.

16.5 Third Party Beneficiaries. This Agreement does not, and is not intended to confer upon any other Person except the Parties any rights, interests, obligations or remedies hereunder.

16.6 Governing Law. This Agreement shall be governed by and construed in accordance with the Law of the State of Florida (without giving effect to conflict of law principles) as to all matters, including matters of validity, construction, effect, performance and remedies.

16.7 Dispute Resolution.

16.7.1 In an effort to promote the highest quality working relationship, the Parties agree that the following steps will be responsively and openly pursued in an effort to resolve any dispute under or arising out of this Agreement (each, a “Dispute”) before resorting to litigation (except as may be necessary to preserve any rights or the status quo):

(a) All Disputes will be made in a written notice by authorized representatives of either Party initiating the process set forth herein (the “Dispute Engagement Notice”). Promptly after receipt of the Dispute Engagement Notice, both Parties shall discuss the issues, present reasonably requested documentation and attempt to reach a settlement that is agreeable to both Parties. As part of the Dispute Engagement Notice, the Party initiating the

dispute resolution process will submit a summary of the issues, the requesting Party's position and a summary of the evidence and arguments supporting its position.

(b) If the Dispute cannot be resolved by the Parties as provided in Section 16.7.1(a) within fifteen (15) Business Days after receipt of the Dispute Engagement Notice, or such later date as the Parties may agree in writing to permit all requested facts to be known and presented to the above personnel, the Dispute shall be escalated to an executive of each Party who has authority to settle the Dispute and who is at a higher level of management than such Party's representative set forth in Section 16.7.1(a).

(c) If the Dispute cannot be resolved by the Parties as provided in Section 16.7.1(b) within fifteen (15) Business Days after referral of the Dispute as provided therein (or such other period agreed to by both Parties in writing), then either Party may pursue any rights or remedies available at law or in equity through judicial relief or, if and as agreed to by both Parties in writing, non-judicial relief through an alternative dispute resolution process. The Parties agree that any discussions and negotiations related to any proposed settlement of any Dispute may not be introduced into evidence by either Party in any judicial action or non-judicial alternative dispute resolution forum used to resolve such Dispute.

16.7.2 Each Party irrevocably and unconditionally submits to the exclusive jurisdiction of the federal courts of the United States of America or the courts of the State of Florida, in each case located in the City of St. Petersburg and County of Pinellas, and any appellate courts from any such court, in any action or proceeding arising out of or relating to this Agreement or the subject matter hereof or for recognition or enforcement of any judgment, and each of the Parties irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in such courts. Each of the Parties agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each Party irrevocably and unconditionally waives, and agrees not to assert, by way of motion, as a defense, or otherwise, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have (a) that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court and (b) to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any court referred to above. Each of the Parties hereby irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

16.7.3 No litigation arising under this Agreement shall include, by consolidation, joinder, or any other manner, any Person not a party to this Agreement unless (a) such Person is substantially involved in a common question of fact or law, (b) the presence of the Person is required if complete relief to the requesting Party is to be accorded in the litigation, and (c) the Person has consented.

16.7.4 Contractor shall proceed diligently with the performance or provision of the Decommissioning work and its other duties and obligations without diminution of effort

during the pendency of any Dispute (including any Dispute regarding the basis on which Contractor purports to exercise any right to suspend the work).

16.8 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BETWEEN THE PARTIES OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT, THE ANCILLARY AGREEMENTS OR ANY OTHER DOCUMENTS ENTERED INTO IN CONNECTION HERewith.

16.9 Entire Agreement. This Agreement, the SNF PSA and the Ancillary Agreements, including the Attachments, exhibits, schedules, documents, certificates and instruments referred to herein or therein, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement and shall supersede all previous oral and written and all contemporaneous oral negotiations, commitments and understandings including all letters, memoranda or other documents or communications, whether oral, written or electronic, submitted or made by (a) either Company, its Affiliates or any of their respective Representatives; or (b) Contractor, its Affiliates, including the Parent Guarantors, or any of their respective Representatives, in connection with the negotiation and execution of this Agreement.

16.10 No Joint Venture. Nothing in this Agreement creates or is intended to create an association, trust, partnership, joint venture or other entity or similar legal relationship among the Parties, or impose a trust, partnership or fiduciary duty, obligation, or liability on or with respect to the Parties. Except as expressly provided herein, no Party is or shall act as or be the agent or representative of any other Party.

16.11 Change in Law. If and to the extent that any Laws or regulations that govern any aspect of this Agreement shall change, so as to make any aspect of this transaction unlawful, then the Parties agree to make such modifications to this Agreement as may be reasonably necessary for this Agreement to accommodate any such legal or regulatory changes, without materially changing the overall benefits or consideration expected hereunder by any Party.

16.12 Severability. Any term or provision of this Agreement that is held invalid or unenforceable in any situation shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation; provided, however, that the remaining terms and provisions of this Agreement may be enforced only to the extent that such enforcement in the absence of any invalid terms and provisions would not result in (a) deprivation of a Party of a material aspect of its original bargain upon execution of this Agreement, (b) unjust enrichment of a Party, or (c) any other manifestly unfair or inequitable result.

16.13 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

16.14 EXCLUSIVITY OF WARRANTIES. THERE ARE NO WARRANTIES OF CONTRACTOR TO COMPANY HEREUNDER WITH RESPECT TO THE PERFORMANCE

OF ITS OBLIGATIONS UNDER THIS AGREEMENT, EXPRESS OR IMPLIED, OTHER THAN AS EXPRESSLY SET FORTH IN THIS AGREEMENT. CONTRACTOR DOES NOT MAKE ANY OTHER EXPRESS WARRANTIES, OR ANY IMPLIED WARRANTIES, OF ANY KIND, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. ALL IMPLIED WARRANTIES (INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED.

16.15 LIMITATION ON CONSEQUENTIAL DAMAGES. NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS AGREEMENT TO THE CONTRARY, NONE OF THE PARTIES SHALL BE LIABLE TO ANY OTHER PARTY (OR TO ANY OTHER PERSON CLAIMING THROUGH THEM OR UNDER THIS AGREEMENT) PURSUANT TO THIS AGREEMENT OR UNDER ANY CAUSE OF ACTION RELATED TO THE SUBJECT MATTER OF THIS AGREEMENT, FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL LOSSES OR DAMAGES, OR ANY LOSS, DAMAGE OR OTHER LIABILITY OTHERWISE EQUIVALENT TO OR IN THE NATURE OF SUCH LOSSES OR DAMAGES, OR ANY LOSS OF PROFITS, LOSS OF REVENUE, LOSS OF USE DOWNTIME COSTS, LOSS OF OPPORTUNITY OR GOODWILL, LOSS OF PRODUCTIVITY, LOSS OF OR REDUCTION IN BONDING CAPACITY, LOSSES DUE TO THEORIES SUCH AS CUMULATIVE IMPACT, COST OF PURCHASED OR REPLACEMENT POWER, COST OF CAPITAL OR CLAIMS OF CUSTOMERS, WHETHER SUCH LIABILITY ARISES IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), MISREPRESENTATION (INCLUDING NEGLIGENT MISREPRESENTATION), STRICT LIABILITY OR OTHERWISE.

{Remainder of this page intentionally left blank}

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized officers as of the date first written above.

COMPANY:

DUKE ENERGY FLORIDA, LLC

By: /s/ MELODY BIRMINGHAM-BYRD

Name: Melody Birmingham-Byrd

Title: SVP & Chief Procurement Officer

CONTRACTOR:

ADP CR3, LLC

By: /s/ SCOTT SLATE

Name: Scott State

Title: Chief Executive Officer

BUYER:

ADP SF1, LLC

By: /s/ SCOTT SLATE

Name: Scott State

Title: Chief Executive Officer

[Signature Page to the Decommissioning Services Agreement]

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

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I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Puge Ener; y 2ro; ress, LLBk
- b) 3ased on my gnowed; e, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to mage the statements made, in li; ht of the circumstances under which such statements were made, not misleadin; with respect to the period covered 4y this reportk
- T) 3ased on my gnowed; e, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the re; istrant as of, and for, the periods presented in this reportk
- ') (he re; istrant's other certifyin; officerA) and I are responsi4le for esta4lishin; and maintainin; disclosure controls and procedures Aas defined in ERchan; e 5ct – ules 1Ta-1DA) and 1Dd-1DA)) and internal control over financial reportin; Aas defined in ERchan; e 5cts – ules 1Taz1DA) and 1Ddz1DA)) for the re; istrant and have:
 - a) Pes; ned such disclosure controls and procedures, or caused such disclosure controls and procedures to 4e desi; ned under our supervision, to ensure that material information relatin; to the re; istrant, includin; its consolidated su4sidiaries, is made known to us 4y others within those entities, particularly durin; the period in which this report is 4ein; preparedk
 - 4) Pes; ned such internal control over financial reportin; , or caused such internal control over financial reportin; to 4e desi; ned under our supervision, to provide reasona4le assurance re; ardin; the relia4ility of financial reportin; and the preparation of financial statements for eRternal purposes in accordance with ; enerally accepted accountin; principlesk
 - c) Evaluated the effectiveness of the re; istrant's disclosure controls and procedures and presented in this report our conclusions a4out the effectiveness of the disclosure controls and procedures, as of the end of the period covered 4y this report 4ased on such evaluationkand
 - d) Disclosed in this report any chan; e in the re; istrant's internal control over financial reportin; that occurred durin; the re; istrant's most recent fiscal quarter Athe re; istrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly ligely to materially affect, the re; istrant's internal control over financial reportin; kand
- D) (he re; istrant's other certifyin; officerA) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reportin; , to the re; istrant's auditors and the audit committee of the re; istrant's 4oard of directors Aor persons performin; the equivalent functions):
 - a) 5ll si; nificant deficiencies and material weagnesses in the desi; n or operation of internal control over financial reportin; which are reasona4ly ligely to adversely affect the re; istrant's a4ility to record, process, summari6e and report financial informationkand
 - 4) 5ny fraud, whether or not material, that involves mana; ement or other employees who have a si; nificant role in the re; istrant's internal control over financial reportin; .

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¥YLN00 J. GCCP

Lynn J. Good
Bhief ERecutive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLO;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ LYNN J. GCCD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 10/15/2021

Lynn J. Good

Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC; 2
- B) based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 2
- 4) based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 2
- T) ' he registrant(s) other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures as defined in EExchange Act 5 ules 14a-1-~~(e)~~ and 1-d-1-~~(e)~~) and internal control over financial reporting as defined in EExchange Act 5 ules 14a-1-~~(f)~~ and 1-d-1-~~(f)~~) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; 2
 - 3) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; 2
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; 2 and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; 2 and
-) ' he registrant(s) other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 2 and
 - 3) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2011

/s/ ENEO K. YU GOP

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, QCL ;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Chio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ STEVEN K. YCONU

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.
- k) based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report
- T) based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report
- ') (the registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures as defined in Rule 13a-15 and 13d-15 and internal control over financial reporting as defined in Rule 13a-15 and 13d-15 for the registrant and have:
- a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared
- 4) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting
- z) (the registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) –All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information
- 4) –Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2011

Steven K. Young

Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chairman, President and Chief Executive Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 19(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

August 6, 2018

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 19(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 6, 2018

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 19(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 6, 2018

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Crogre((" " ") FrDuke Energy Crogre((10on - ord J3,Q for the perio2 en2ing 8une s3" S3Jx" a(file2 with the
Lecuritie(an2 E. change) od d i((ion on the 2ate hereof Rthe rReport10" l" " ynn 8GP oo2") hief E. ecutive Officer of Duke Energy Crogre((" certify" pur(uant to JU5 6 6 G
Lectio nJs93" a(a2opte2 pur(uant to Lectio n36 of the Larbonate, O. ley Act of S33S" that:

FJ0 The Report fully cod plie(with the required ent(of Lectio nJsFa0or J9F20of the Lecuritie(E. change Act of Jxs4; an2

FS0 The inford ation containe2 in the Report fairly pre(ent(" in all d aterial re(pect(" the financial con2ition an2 re(ult(of operation(of Duke Energy Crogre((G

/(/ " YNN 8GP OOD

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) hief E. ecutive Officer

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In connection with the Quarterly Report of Duke Energy Clorisa, LL(""Duke Energy Clorisa)Fon Corm 10-Q for the perios ensing dune J0, 3012, a8 files with the Securitie8 ans Exchange (ommi88ion on the sate hereof "the "Report)F, I, Lynn d. Goos, (hief Executive Officer of Duke Energy Clorisa, certify, pur8uant to 1U5.S.(. Section 1J90, a8 asoptes pur8uant to Section 206 of the Sarbane8-Oxley Act of 3003, that:

"1F The Report fully complie8 with the requirement8 of Section 1J"aFor 19"sFof the Securitie8 Exchange Act of 12J4; ans

"3F The information containes in the Report fairly pre8ent8, in all material re8pect8, the financial consition ans re8ult8 of operation8 of Duke Energy Clorisa.

/8/ LYNN d. GOOD

Lynn d. Goos
(hief Executive Officer

Augu8t 6, 3012

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Step 13 2021

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In connection with the Quarterly Report of Duke Energy Chios Inc, L (Duke Energy Chio" on) or F m10Q for the perio- en- ing dune J1s31n2sa8 file- with the Securitie8 an- Exchange . oF i88ion on the - ate hereof Lthe (Report""sIsGynn d, v oo- s. hief ExecutiOe Cfficer of Duke Energy Chioscertifyspur8uant to nU5,S,. , Section mJ91sa8 a- opte- pur8uant to Section 216 of the Sarbane8Cxley Act of 3113sthat:

LnI The Report fully coF plie8 with the requireF ent8 of Section mJLa" or n9L- " of the Securitie8 Exchange Act of n2J4; an-

L3" The inforF ation containe- in the Report fairly pre8ent8sin all F aterial re8pect8sthe financial con- ition an- re8ult8 of operation8 of Duke Energy Chio,

/8/ GYNN d, v CCD

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SEP 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy InQana, , L ("Duke Energy InQana") on Form 10-Q for the period ending June 30, 2012, filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, YNN d. GOOD, Chief Executive Officer of Duke Energy InQana, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(c) of the Securities Exchange Act of 1934; and
- (3) The information contained in the Report fairly presents in all material respects the financial condition and results of operations of Duke Energy InQana.

/s/ , YNN d. GOOD

, YNN d. GOOD
Chief Executive Officer

August 6, 2012

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SEP 13 2012

REF TIA ROTINP USF8SOPT TN
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In connection with the Quarterly Report of Piegs ont Eatural, a. (os pany" Inc")Piegsontr1 on 0ors - dJQ for the perioq engin3 2une 8d" Sd- x" a. fileg with the Ceuritie. ang
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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 19(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 6, 2018

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In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Carolinas, certify, pursuant to 1U5 .S.C. Section 1390, as adopted pursuant to Section 806 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 19(d) of the Securities Exchange Act of 1834; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ STEVEN K. YO5NG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 6, 2018

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In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1390, as adopted pursuant to Section 806 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 19(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 6, 2018

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"0F The Report fully co1 plies with the require1 ents of xection 02"aFor 09"JFof the xecurities Evchange Act of 0S24; anJ

"8F The infor1 ation containeJ in the Report fairly presents, in all 1 aterial respects, the financial conJition anJ results of operations of Duke Energy CrogressY

/s/ xTEPEN . YVO5NG

xteKen . YYoung
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August 6, 8- 0S

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**CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 8310,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Clorisa, LL ("Duke Energy Clorisa") Form 10-Q for the period ending June 30, 2012, and files with the Securities and Exchange Commission on the date hereof ("the Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Clorisa, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 206 of the Sarbanes-Oxley Act of 2002, that:

"1F The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

"3F The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Clorisa.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 6, 2012

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**CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 830, D
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In connection with the Quarterly Report of Duke Energy Chio(Inc" ")Duke Energy ChioFrom 1 or0 - dJQ for the perio3 en3ing , une 2d(8d- s(aS file3 with the xecuritieS an3
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In connection with the Quarterly Report of Duke Energy Inc. ("Duke Energy Inc.") on Form 10-Q for the period ending June 30, 2012, filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Inc., certify pursuant to 18 U.S.C. Section 1350a as adopted pursuant to Section 206 of the Sarbanes-Oxley Act of 2002 that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(c) of the Securities Exchange Act of 1934; and
- (3) The information contained in the Report fairly presents in all material respects the financial condition and results of operations of Duke Energy Inc.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 6, 2012

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Sep 15 2021

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification Number
		
1-32853	DUKE ENERGY CORPORATION (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218
1-4928	DUKE ENERGY CAROLINAS, LLC (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853	56-0205520
1-15929	PROGRESS ENERGY, INC. (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-2155481
1-3382	DUKE ENERGY PROGRESS, LLC (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-0165465
1-3274	DUKE ENERGY FLORIDA, LLC (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853	59-0247770
1-1232	DUKE ENERGY OHIO, INC. (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853	31-0240030
1-3543	DUKE ENERGY INDIANA, LLC (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853	35-0594457
1-6196	PIEDMONT NATURAL GAS COMPANY, INC. (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120	56-0556998

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SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Name of each exchange on

<u>Registrant</u>	<u>Title of each class registered</u>	<u>Trading symbols</u>	<u>which</u>	
Duke Energy	Common Stock, \$0.001 par value LLC	DUK	New York Stock Exchange	
Duke Energy	5.125% Junior Subordinated Debentures due January 15, 2073	DUKH	New York Stock Exchange	
Duke Energy	5.625% Junior Subordinated Debentures due September 15, 2078	DUKB	New York Stock Exchange	
Duke Energy	Depository Shares, each representing a 1/1,000th LLC interest in a share of 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share	DUK PR A	New York Stock Exchange	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Duke Energy Corporation (Duke Energy)	Yes	No	Duke Energy Florida, LLC (Duke Energy Florida)	Yes	No
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes	No	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes	No
Progress Energy, Inc. (Progress Energy)	Yes	No	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes	No
Duke Energy Progress, LLC (Duke Energy Progress)	Yes	No	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes	No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Duke Energy	Yes	No	Duke Energy Florida	Yes	No
Duke Energy Carolinas	Yes	No	Duke Energy Ohio	Yes	No
Progress Energy	Yes	No	Duke Energy Indiana	Yes	No
Duke Energy Progress	Yes	No	Piedmont	Yes	No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Duke Energy	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Duke Energy Carolinas	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Progress Energy	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Duke Energy Progress	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Duke Energy Florida	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Duke Energy Ohio	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Duke Energy Indiana	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Piedmont	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Duke Energy	Yes	No	Duke Energy Florida	Yes	No
Duke Energy Carolinas	Yes	No	Duke Energy Ohio	Yes	No
Progress Energy	Yes	No	Duke Energy Indiana	Yes	No
Duke Energy Progress	Yes	No	Piedmont	Yes	No

Number of shares of common stock outstanding at October 31, 2019:

Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	729,032,868

This combined Form 10-Q is filed separately by eight registrants: Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format specified in General Instructions H(2) of Form 10-Q.

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FORWARD-LOOKING STATEMENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources;
- The ability to obtain the necessary permits and approvals and to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, operational accidents, information technology failures or other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- Employee workforce factors, including the potential inability to attract and retain key personnel;
- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);

FORWARD-LOOKING STATEMENTS

- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of U.S. tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy, including enhancing existing technology systems.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' reports filed with the SEC and available at the SEC's website at sec.gov. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

GLOSSARY OF TERMS

Glossary of Terms

The following terms or acronyms used in this Form 10-Q are defined below:

Term or Acronym	Definition
2013 Settlement	Revised and Restated Stipulation and Settlement Agreement approved in November 2013 among Duke Energy Florida, the Florida OPC and other customer representatives
2017 Settlement	Second Revised and Restated Settlement Agreement in 2017 among Duke Energy Florida, the Florida OPC and other customer representatives, which replaces and supplants the 2013 Settlement
ACP	Atlantic Coast Pipeline, LLC, a limited liability company owned by Dominion Energy, Inc., Duke Energy and Southern Company Gas
ACP pipeline	The approximately 600-mile proposed interstate natural gas pipeline
AFS	Available for Sale
AFUDC	Allowance for funds used during construction
the Agents	Wells Fargo Securities, LLC, Citigroup Global Market Inc., J.P. Morgan Securities, LLC
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
AMT	Alternative Minimum Tax
AOCI	Accumulated Other Comprehensive Income (Loss)
ARO	Asset retirement obligations
ATM	At-the-market
Beckjord	Beckjord Generating Station
Belews Creek	Belews Creek Steam Station
Bison	Bison Insurance Company Limited
Cardinal	Cardinal Pipeline Company, LLC
CECL	Current expected credit loss
CC	Combined Cycle
CCR	Coal Combustion Residuals
Citrus County CC	Citrus County Combined Cycle Facility
Coal Ash Act	North Carolina Coal Ash Management Act of 2014
the Company	Duke Energy Corporation and its subsidiaries
Constitution	Constitution Pipeline Company, LLC
CPCN	Certificate of Public Convenience and Necessity
CPRE	Competitive Procurement of Renewable Energy
CRC	Cinergy Receivables Company, LLC
Crystal River Unit 3	Crystal River Unit 3 Nuclear Plant
CWA	Clean Water Act
D.C. Circuit Court	U.S. Court of Appeals for the District of Columbia Circuit
DEFPPF	Duke Energy Florida Project Finance, LLC
DEFR	Duke Energy Florida Receivables, LLC
DEPR	Duke Energy Progress Receivables, LLC
DERF	Duke Energy Receivables Finance Company, LLC
DRIP	Dividend Reinvestment Program
Duke Energy	Duke Energy Corporation (collectively with its subsidiaries)

GLOSSARY OF TERMS

Duke Energy Progress	Duke Energy Progress, LLC
Duke Energy Carolinas	Duke Energy Carolinas, LLC
Duke Energy Florida	Duke Energy Florida, LLC
Duke Energy Indiana	Duke Energy Indiana, LLC
Duke Energy Kentucky	Duke Energy Kentucky, Inc.
Duke Energy Registrants	Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
EDA	Equity Distribution Agreement
EDIT	Excess deferred income tax
EPA	U.S. Environmental Protection Agency
EPC	Engineering, Procurement and Construction agreement
EPS	Earnings Per Share
ESP	Electric Security Plan
ETR	Effective tax rate
Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FES	FirstEnergy Solutions Corp.
Fitch	Fitch Ratings, Inc.
Fluor	Fluor Enterprises, Inc.
FPSC	Florida Public Service Commission
FTR	Financial transmission rights
FV-NI	Fair value through net income
GAAP	Generally accepted accounting principles in the U.S.
GAAP Reported Earnings	Net Income Attributable to Duke Energy Corporation
GAAP Reported EPS	Diluted EPS Attributable to Duke Energy Corporation common stockholders
GWh	Gigawatt-hours
Hardy Storage	Hardy Storage Company, LLC
HLBV	Hypothetical Liquidation at Book Value
ICPA	Inter-Company Power Agreement
IGCC	Integrated Gasification Combined Cycle
IMR	Integrity Management Rider
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
Investment Trusts	NDTF investments and grantor trusts of Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana
IURC	Indiana Utility Regulatory Commission
JDA	Joint Dispatch Agreement
KPSC	Kentucky Public Service Commission
Lee Nuclear Station	William States Lee III Nuclear Station
MGP	Manufactured gas plant

MISO	Midcontinent Independent System Operator, Inc.
MMBtu	Million British Thermal Unit

GLOSSARY OF TERMS

Moody's	Moody's Investors Service, Inc.
MW	Megawatt
MWh	Megawatt-hour
NAV	Net asset value
NCDEQ	North Carolina Department of Environmental Quality
NCUC	North Carolina Utilities Commission
NDTF	Nuclear decommissioning trust funds
NMC	National Methanol Company
NPDES	National Pollutant Discharge Elimination System
NPNS	Normal purchase/normal sale
NRC	U.S. Nuclear Regulatory Commission
OPEB	Other Post-Retirement Benefit Obligations
ORS	South Carolina Office of Regulatory Staff
OTTI	Other-than-temporary impairment
OVEC	Ohio Valley Electric Corporation
Piedmont	Piedmont Natural Gas Company, Inc.
Piedmont Term Loan	Term loan facility with commitments totaling \$350M entered in June 2017
Pine Needle	Pine Needle LNG Company, LLC
Pioneer	Pioneer Transmission, LLC
PJM	PJM Interconnection, LLC
PMPA	Piedmont Municipal Power Agency
PPA	Purchase Power Agreement
Progress Energy	Progress Energy, Inc.
PSCSC	Public Service Commission of South Carolina
PUCO	Public Utilities Commission of Ohio
REC	Renewable Energy Certificate
ROU assets	Right-of-use assets
RRBA	Roanoke River Basin Association
SELC	Southern Environmental Law Center
S&P	Standard & Poor's Rating Services
Subsidiary Registrants	Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the Tax Act	Tax Cuts and Jobs Act
TPUC	Tennessee Public Utility Commission
U.S.	United States
VIE	Variable Interest Entity
WACC	Weighted Average Cost of Capital
WNA	Weather normalization adjustment
W.S. Lee CC	William States Lee Combined Cycle Facility

FINANCIAL STATEMENTS

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

(in millions, except per-share amounts)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Operating Revenues				
Regulated electric	\$ 6,515	\$ 6,216	\$ 17,223	\$ 16,678
Regulated natural gas	223	230	1,231	1,221
Nonregulated electric and other	202	182	522	507
Total operating revenues	6,940	6,628	18,976	18,406
Operating Expenses				
Fuel used in electric generation and purchased power	1,978	1,931	5,228	5,181
Cost of natural gas	48	58	451	460
Operation, maintenance and other	1,484	1,584	4,337	4,592
Depreciation and amortization	1,186	1,039	3,364	2,979
Property and other taxes	335	323	1,012	954
Impairment charges	(20)	124	(16)	339
Total operating expenses	5,011	5,059	14,376	14,505
Gains (Losses) on Sales of Other Assets and Other, net	—	10	—	(87)
Operating Income	1,929	1,579	4,600	3,814
Other Income and Expenses				
Equity in earnings of unconsolidated affiliates	50	37	137	49
Other income and expenses, net	104	131	308	327
Total other income and expenses	154	168	445	376
Interest Expense	572	517	1,657	1,550
Income From Continuing Operations Before Income Taxes	1,511	1,230	3,388	2,640
Income Tax Expense From Continuing Operations	188	168	424	449
Income From Continuing Operations	1,323	1,062	2,964	2,191
Income (Loss) From Discontinued Operations, net of tax	—	4	—	(1)
Net Income	1,323	1,066	2,964	2,190
Less: Net Loss Attributable to Noncontrolling Interests	(19)	(16)	(110)	(12)
Less: Preferred Dividends	15	—	27	—
Net Income Attributable to Duke Energy Corporation	\$ 1,327	\$ 1,082	\$ 3,047	\$ 2,202

Earnings Per Share – Basic and Diluted

Income from continuing operations attributable to Duke Energy Corporation common stockholders

Basic	\$ 1.82	\$ 1.51	\$ 4.18	\$ 3.12
Diluted	\$ 1.82	\$ 1.51	\$ 4.18	\$ 3.11

Income (Loss) from discontinued operations attributable to Duke Energy Corporation common stockholders

Basic and Diluted	\$ —	\$ —	\$ —	\$ —
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Net income attributable to Duke Energy Corporation common stockholders

Basic	\$ 1.82	\$ 1.51	\$ 4.18	\$ 3.12
Diluted	\$ 1.82	\$ 1.51	\$ 4.18	\$ 3.11

Weighted average shares outstanding

Basic	729	713	728	705
Diluted	729	714	728	706

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Net Income	\$ 1,323	\$ 1,066	\$ 2,964	\$ 2,190
Other Comprehensive (Loss) Income, net of tax				
Pension and OPEB adjustments	(2)	1	1	3
Net unrealized (losses) gains on cash flow hedges	(16)	(3)	(62)	10
Reclassification into earnings from cash flow hedges	1	6	4	5
Unrealized gains (losses) on available-for-sale securities	2	—	10	(5)
Other Comprehensive (Loss) Income, net of tax	(15)	4	(47)	13
Comprehensive Income	1,308	1,070	2,917	2,203
Less: Comprehensive Loss Attributable to Noncontrolling Interests	(19)	(16)	(110)	(12)
Less: Preferred Dividends	15	—	27	—
Comprehensive Income Attributable to Duke Energy Corporation	\$ 1,312	\$ 1,086	\$ 3,000	\$ 2,215

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 379	\$ 442
Receivables (net of allowance for doubtful accounts of \$20 at 2019 and \$16 at 2018)	755	962
Receivables of VIEs (net of allowance for doubtful accounts of \$53 at 2019 and \$55 at 2018)	2,322	2,172
Inventory	3,107	3,084
Regulatory assets (includes \$52 at 2019 and 2018 related to VIEs)	1,723	2,005
Other (includes \$188 at 2019 and \$162 at 2018 related to VIEs)	1,333	1,049
Total current assets	9,619	9,714
Property, Plant and Equipment		
Cost	143,794	134,458
Accumulated depreciation and amortization	(45,149)	(43,126)
Generation facilities to be retired, net	267	362
Net property, plant and equipment	98,912	91,694
Other Noncurrent Assets		
Goodwill	19,303	19,303
Regulatory assets (includes \$1,002 at 2019 and \$1,041 at 2018 related to VIEs)	13,916	13,617
Nuclear decommissioning trust funds	7,695	6,720
Operating lease right-of-use assets, net	1,703	—
Investments in equity method unconsolidated affiliates	1,864	1,409
Other (includes \$63 at 2019 and \$261 at 2018 related to VIEs)	2,905	2,935
Total other noncurrent assets	47,386	43,984
Total Assets	\$ 155,917	\$ 145,392
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 2,946	\$ 3,487
Notes payable and commercial paper	2,469	3,410
Taxes accrued	712	577
Interest accrued	559	559
Current maturities of long-term debt (includes \$231 at 2019 and \$227 at 2018 related to VIEs)	3,096	3,406
Asset retirement obligations	861	919
Regulatory liabilities	673	598
Other	2,074	2,085
Total current liabilities	13,390	15,041
Long-Term Debt (includes \$4,060 at 2019 and \$3,998 at 2018 related to VIEs)	54,818	51,123
Other Noncurrent Liabilities		
Deferred income taxes	8,776	7,806
Asset retirement obligations	11,740	9,548
Regulatory liabilities	15,202	14,834
Operating lease liabilities	1,456	—
Accrued pension and other post-retirement benefit costs	900	988
Investment tax credits	579	568
Other (includes \$218 at 2019 and \$212 at 2018 related to VIEs)	1,649	1,650
Total other noncurrent liabilities	40,302	35,394
Commitments and Contingencies		
Equity		
Preferred stock, Series A, \$0.001 par value, 40 million depositary shares authorized and outstanding at 2019	973	—
Preferred stock, Series B, \$0.001 par value, 1 million shares authorized and outstanding at 2019	990	—
Common stock, \$0.001 par value, 2 billion shares authorized; 729 million shares outstanding at 2019 and 727 million shares outstanding at 2018	1	1
Additional paid-in capital	40,488	40,795
Retained earnings	4,139	3,113

Accumulated other comprehensive loss	(153)	(92)
Total Duke Energy Corporation stockholders' equity	46,438	43,817
Noncontrolling interests	969	17
Total equity	47,407	43,834
Total Liabilities and Equity	\$ 155,917	\$ 145,392

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,964	\$ 2,190
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	3,831	3,447
Equity component of AFUDC	(99)	(175)
Losses on sales of other assets	—	87
Impairment charges	(16)	339
Deferred income taxes	736	1,099
Equity in earnings of unconsolidated affiliates	(137)	(49)
Accrued pension and other post-retirement benefit costs	13	46
Contributions to qualified pension plans	(77)	(141)
Payments for asset retirement obligations	(582)	(389)
Payment for disposal of other assets	—	(105)
Other rate case adjustments	—	37
Provision for rate refunds	61	375
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(4)	15
Receivables	62	(288)
Inventory	(3)	104
Other current assets	(134)	(648)
Increase (decrease) in		
Accounts payable	(538)	389
Taxes accrued	125	122
Other current liabilities	(198)	(180)
Other assets	(264)	(585)
Other liabilities	(103)	(23)
Net cash provided by operating activities	5,637	5,667
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(8,084)	(6,752)
Contributions to equity method investments	(264)	(298)
Purchases of debt and equity securities	(3,105)	(2,763)
Proceeds from sales and maturities of debt and equity securities	3,092	2,718
Other	(272)	(175)
Net cash used in investing activities	(8,633)	(7,270)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	6,131	4,110
Issuance of preferred stock	1,963	—
Issuance of common stock	41	834
Payments for the redemption of long-term debt	(2,737)	(2,278)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	339	243
Payments for the redemption of short-term debt with original maturities greater than 90 days	(479)	(207)
Notes payable and commercial paper	(879)	638
Contributions from noncontrolling interests	615	—
Dividends paid	(1,990)	(1,835)
Other	(17)	42
Net cash provided by financing activities	2,987	1,547
Net decrease in cash, cash equivalents and restricted cash	(9)	(56)
Cash, cash equivalents and restricted cash at beginning of period	591	505

Cash, cash equivalents and restricted cash at end of period	\$	582	\$	449
Supplemental Disclosures:				
Significant non-cash transactions:				
Accrued capital expenditures	\$	1,073	\$	1,016
Non-cash dividends		81		79

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three Months Ended September 30, 2018 and 2019																			
(in millions)	Accumulated Other Comprehensive (Loss) Income																		
	Common		Additional		Retained Earnings	Net Gains (Losses) on Cash Flow Hedges	Net Unrealized (Losses) Gains on Available- for-Sale- Securities	Pension and OPEB Adjustments	Total Duke Energy Corporation Stockholders' Equity	Noncontrolling Interests	Total Equity								
	Preferred Stock	Stock Shares	Common Stock	Paid-in Capital															
Balance at June 30, 2018	\$	—	712	\$	1	\$	39,682	\$	2	\$	(5)	\$	(67)	\$	42,507	\$	8	\$	42,515
Net income (loss)		—	—		—		1,082		—		—		1,082		(16)		1,066		
Other comprehensive income		—	—		—		—		3		—		1		4		—		4
Common stock issuances, including dividend reinvestment and employee benefits		—	1		—		65		—		—		—		65		—		65
Common stock dividends		—	—		—		(663)		—		—		—		(663)		—		(663)
Other		—	—		—		—		—		—		—		—		26		26
Balance at September 30, 2018	\$	—	713	\$	1	\$	39,747	\$	5	\$	(5)	\$	(66)	\$	42,995	\$	18	\$	43,013
Balance at June 30, 2019	\$	973	728	\$	1	\$	40,885	\$	(63)	\$	4	\$	(89)	\$	45,213	\$	119	\$	45,332
Net income (loss)		—	—		—		1,327		—		—		—		1,327		(19)		1,308
Other comprehensive (loss) income		—	—		—		—		(15)		2		(2)		(15)		—		(15)
Preferred stock, Series B, issuances, net of issuance costs ^(c)		990	—		—		—		—		—		—		990		—		990
Common stock issuances, including dividend reinvestment and employee benefits		—	1		—		69		—		—		—		69		—		69
Common stock dividends		—	—		—		(690)		—		—		—		(690)		—		(690)
Sale of noncontrolling interest ^(d)		—	—		—		(465)		10		—		—		(455)		863		408
Contribution from noncontrolling interest in subsidiaries ^(e)		—	—		—		—		—		—		—		—		7		7
Other		—	—		—		(1)		—		—		—		(1)		(1)		(2)
Balance at September 30, 2019	\$	1,963	729	\$	1	\$	40,488	\$	(68)	\$	6	\$	(91)	\$	46,438	\$	969	\$	47,407

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Nine Months Ended September 30, 2018 and 2019																					
(in millions)	Accumulated Other Comprehensive (Loss) Income																				
	Common Preferred Stock Shares Common Stock Paid-in Capital Retained Earnings					Net Gains (Losses) on Cash Flow Hedges			Net Unrealized (Losses) Gains on Available- for-Sale- Securities		Pension and OPEB Adjustments		Total Duke Energy Corporation Stockholders' Equity Noncontrolling Interests		Total Equity						
						for-Sale- Securities	Pension and OPEB Adjustments	Total Duke Energy Corporation Stockholders' Equity Noncontrolling Interests	Total Equity												
Balance at December 31, 2017	\$	—	700	\$	1	\$	38,792	\$	3,013	\$	(10)	\$	12	\$	(69)	\$	41,739	\$	(2)	\$	41,737
Net income (loss)		—	—		—		2,202		—		—		—		2,202		(12)		2,190		
Other comprehensive income (loss)		—	—		—		—		15		(5)		3		13		—		13		
Common stock issuances, including dividend reinvestment and employee benefits		—	13		—		955		—		—		—		955		—		955		
Common stock dividends		—	—		—		(1,914)		—		—		—		(1,914)		—		(1,914)		
Distributions to noncontrolling interest in subsidiaries		—	—		—		—		—		—		—		—		(1)		(1)		
Other ^(a)		—	—		—		12		—		(12)		—		—		33		33		
Balance at September 30, 2018	\$	—	713	\$	1	\$	39,747	\$	3,313	\$	5	\$	(5)	\$	(66)	\$	42,995	\$	18	\$	43,013
Balance at December 31, 2018	\$	—	727	\$	1	\$	40,795	\$	3,113	\$	(14)	\$	(3)	\$	(75)	\$	43,817	\$	17	\$	43,834
Net income (loss)		—	—		—		3,047		—		—		—		3,047		(110)		2,937		
Other comprehensive (loss) income		—	—		—		—		(58)		10		1		(47)		—		(47)		
Preferred stock, Series A, issuances, net of issuance costs ^(b)		973	—		—		—		—		—		—		973		—		973		
Preferred stock, Series B, issuances, net of issuance costs ^(c)		990	—		—		—		—		—		—		990		—		990		
Common stock issuances, including dividend reinvestment and employee benefits		—	2		—		158		—		—		—		158		—		158		
Common stock dividends		—	—		—		(2,044)		—		—		—		(2,044)		—		(2,044)		
Sale of noncontrolling interest ^(d)		—	—		—		(465)		10		—		—		(455)		863		408		
Contributions from noncontrolling interest in subsidiaries ^(e)		—	—		—		—		—		—		—		—		200		200		
Distributions to noncontrolling interest in subsidiaries		—	—		—		—		—		—		—		—		(1)		(1)		
Other ^(f)		—	—		—		23		(6)		(1)		(17)		(1)		—		(1)		
Balance at September 30, 2019	\$	1,963	729	\$	1	\$	40,488	\$	4,139	\$	(68)	\$	6	\$	(91)	\$	46,438	\$	969	\$	47,407

- (a) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement.
- (b) Duke Energy issued 40 million depository shares of preferred stock, series A, in the first quarter of 2019.
- (c) Duke Energy issued 1 million shares of preferred stock, series B, in the third quarter of 2019.

- (d) See Note 2 for additional discussion of the transaction.
- (e) Relates to tax equity financing activity in the Commercial Renewables segment. See Note 1 for additional discussion.
- (f) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating Revenues	\$ 2,162	\$ 2,090	\$ 5,619	\$ 5,525
Operating Expenses				
Fuel used in electric generation and purchased power	504	490	1,371	1,370
Operation, maintenance and other	443	514	1,324	1,464
Depreciation and amortization	350	305	1,013	866
Property and other taxes	66	67	221	214
Impairment charges	6	1	11	191
Total operating expenses	1,369	1,377	3,940	4,105
Losses on Sales of Other Assets and Other, net	—	—	—	(1)
Operating Income	793	713	1,679	1,419
Other Income and Expenses, net	34	34	106	108
Interest Expense	119	106	346	323
Income Before Income Taxes	708	641	1,439	1,204
Income Tax Expense	118	145	255	268
Net Income	\$ 590	\$ 496	\$ 1,184	\$ 936
Other Comprehensive Income, net of tax				
Reclassification into earnings from cash flow hedges	—	—	—	1
Comprehensive Income	\$ 590	\$ 496	\$ 1,184	\$ 937

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 23	\$ 33
Receivables (net of allowance for doubtful accounts of \$2 at 2019 and 2018)	234	219
Receivables of VIEs (net of allowance for doubtful accounts of \$7 at 2019 and 2018)	775	699
Receivables from affiliated companies	108	182
Inventory	943	948
Regulatory assets	573	520
Other	19	72
Total current assets	2,675	2,673
Property, Plant and Equipment		
Cost	47,815	44,741
Accumulated depreciation and amortization	(16,359)	(15,496)
Net property, plant and equipment	31,456	29,245
Other Noncurrent Assets		
Regulatory assets	3,587	3,457
Nuclear decommissioning trust funds	4,104	3,558
Operating lease right-of-use assets, net	135	—
Other	1,061	1,027
Total other noncurrent assets	8,887	8,042
Total Assets	\$ 43,018	\$ 39,960
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 644	\$ 988
Accounts payable to affiliated companies	174	230
Notes payable to affiliated companies	49	439
Taxes accrued	262	171
Interest accrued	138	102
Current maturities of long-term debt	457	6
Asset retirement obligations	214	290
Regulatory liabilities	197	199
Other	545	571
Total current liabilities	2,680	2,996
Long-Term Debt	11,001	10,633
Long-Term Debt Payable to Affiliated Companies	300	300
Other Noncurrent Liabilities		
Deferred income taxes	3,853	3,689
Asset retirement obligations	5,184	3,659
Regulatory liabilities	6,364	5,999
Operating lease liabilities	108	—
Accrued pension and other post-retirement benefit costs	88	99
Investment tax credits	232	231
Other	617	671
Total other noncurrent liabilities	16,446	14,348
Commitments and Contingencies		
Equity		
Member's equity	12,598	11,689
Accumulated other comprehensive loss	(7)	(6)
Total equity	12,591	11,683
Total Liabilities and Equity	\$ 43,018	\$ 39,960

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended	
	September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,184	\$ 936
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	1,227	1,084
Equity component of AFUDC	(29)	(57)
Losses on sales of other assets	—	1
Impairment charges	11	191
Deferred income taxes	96	266
Accrued pension and other post-retirement benefit costs	(5)	3
Contributions to qualified pension plans	(7)	(46)
Payments for asset retirement obligations	(234)	(174)
Provision for rate refunds	34	163
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(7)	2
Receivables	(80)	(154)
Receivables from affiliated companies	74	(63)
Inventory	5	(11)
Other current assets	(117)	(54)
Increase (decrease) in		
Accounts payable	(284)	69
Accounts payable to affiliated companies	(56)	(67)
Taxes accrued	91	(47)
Other current liabilities	44	(129)
Other assets	2	18
Other liabilities	(43)	(47)
Net cash provided by operating activities	1,906	1,884
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,984)	(2,006)
Purchases of debt and equity securities	(1,658)	(1,386)
Proceeds from sales and maturities of debt and equity securities	1,658	1,386
Other	(80)	(103)
Net cash used in investing activities	(2,064)	(2,109)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	819	991
Payments for the redemption of long-term debt	(5)	(704)
Notes payable to affiliated companies	(390)	700
Distributions to parent	(275)	(750)
Other	(1)	(1)
Net cash provided by financing activities	148	236
Net (decrease) increase in cash and cash equivalents	(10)	11
Cash and cash equivalents at beginning of period	33	16
Cash and cash equivalents at end of period	\$ 23	\$ 27
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 261	\$ 299

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Three Months Ended September 30, 2018 and 2019			
			Accumulated Other Comprehensive Loss	
(in millions)	Member's Equity	Net Income (Losses) on Cash Flow Hedges		Total Equity
Balance at June 30, 2018	\$ 11,308	\$	(6)	\$ 11,302
Net income	496		—	496
Distributions to parent	(250)		—	(250)
Balance at September 30, 2018	\$ 11,554	\$	(6)	\$ 11,548
Balance at June 30, 2019	\$ 12,283	\$	(7)	\$ 12,276
Net income	590		—	590
Distributions to parent	(275)		—	(275)
Balance at September 30, 2019	\$ 12,598	\$	(7)	\$ 12,591
	Nine Months Ended September 30, 2018 and 2019			
			Accumulated Other Comprehensive Loss	
(in millions)	Member's Equity	Net Income (Losses) on Cash Flow Hedges		Total Equity
Balance at December 31, 2017	\$ 11,368	\$	(7)	\$ 11,361
Net income	936		—	936
Other comprehensive income	—		1	1
Distributions to parent	(750)		—	(750)
Balance at September 30, 2018	\$ 11,554	\$	(6)	\$ 11,548
Balance at December 31, 2018	\$ 11,689	\$	(6)	\$ 11,683
Net income	1,184		—	1,184
Distributions to parent	(275)		—	(275)
Other	—		(1)	(1)
Balance at September 30, 2019	\$ 12,598	\$	(7)	\$ 12,591

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating Revenues	\$ 3,242	\$ 3,045	\$ 8,558	\$ 8,119
Operating Expenses				
Fuel used in electric generation and purchased power	1,187	1,148	3,100	3,019
Operation, maintenance and other	640	680	1,813	1,913
Depreciation and amortization	496	419	1,377	1,183
Property and other taxes	159	145	439	399
Impairment charges	(25)	1	(25)	34
Total operating expenses	2,457	2,393	6,704	6,548
Gains on Sales of Other Assets and Other, net	1	11	—	23
Operating Income	786	663	1,854	1,594
Other Income and Expenses, net	41	51	106	128
Interest Expense	212	214	650	626
Income Before Income Taxes	615	500	1,310	1,096
Income Tax Expense	94	94	212	186
Net Income	521	406	1,098	910
Less: Net Income Attributable to Noncontrolling Interests	—	2	—	6
Net Income Attributable to Parent	\$ 521	\$ 404	\$ 1,098	\$ 904
Net Income	\$ 521	\$ 406	\$ 1,098	\$ 910
Other Comprehensive Income, net of tax				
Pension and OPEB adjustments	—	—	2	2
Net unrealized gains on cash flow hedges	1	2	4	5
Unrealized gains (losses) on available-for-sale securities	1	—	2	(1)
Other Comprehensive Income, net of tax	2	2	8	6
Comprehensive Income	523	408	1,106	916
Less: Comprehensive Income Attributable to Noncontrolling Interests	—	2	—	6
Comprehensive Income Attributable to Parent	\$ 523	\$ 406	\$ 1,106	\$ 910

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 82	\$ 67
Receivables (net of allowance for doubtful accounts of \$6 at 2019 and \$5 at 2018)	181	220
Receivables of VIEs (net of allowance for doubtful accounts of \$8 at 2019 and 2018)	1,042	909
Receivables from affiliated companies	33	168
Inventory	1,434	1,459
Regulatory assets (includes \$52 at 2019 and 2018 related to VIEs)	881	1,137
Other (includes \$16 at 2019 and \$39 at 2018 related to VIEs)	242	125
Total current assets	3,895	4,085
Property, Plant and Equipment		
Cost	53,491	50,260
Accumulated depreciation and amortization	(16,917)	(16,398)
Generation facilities to be retired, net	267	362
Net property, plant and equipment	36,841	34,224
Other Noncurrent Assets		
Goodwill	3,655	3,655
Regulatory assets (includes \$1,002 at 2019 and \$1,041 at 2018 related to VIEs)	6,733	6,564
Nuclear decommissioning trust funds	3,590	3,162
Operating lease right-of-use assets, net	814	—
Other	989	974
Total other noncurrent assets	15,781	14,355
Total Assets	\$ 56,517	\$ 52,664
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 1,095	\$ 1,172
Accounts payable to affiliated companies	354	360
Notes payable to affiliated companies	1,789	1,235
Taxes accrued	271	109
Interest accrued	212	246
Current maturities of long-term debt (includes \$54 at 2019 and \$53 at 2018 related to VIEs)	1,276	1,672
Asset retirement obligations	478	514
Regulatory liabilities	296	280
Other	850	821
Total current liabilities	6,621	6,409
Long-Term Debt (includes \$1,631 at 2019 and \$1,636 at 2018 related to VIEs)	17,693	17,089
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	4,389	3,941
Asset retirement obligations	5,610	4,897
Regulatory liabilities	5,165	5,049
Operating lease liabilities	710	—
Accrued pension and other post-retirement benefit costs	455	521
Other	361	351
Total other noncurrent liabilities	16,690	14,759
Commitments and Contingencies		
Equity		
Common stock, \$0.01 par value, 100 shares authorized and outstanding at 2019 and 2018	—	—
Additional paid-in capital	9,143	9,143
Retained earnings	6,236	5,131
Accumulated other comprehensive loss	(19)	(20)

Total Progress Energy, Inc. stockholders' equity	15,360	14,254
Noncontrolling interests	3	3
Total equity	15,363	14,257
Total Liabilities and Equity	\$ 56,517	\$ 52,664

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,098	\$ 910
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,649	1,458
Equity component of AFUDC	(48)	(80)
Gains on sales of other assets	—	(23)
Impairment charges	(25)	34
Deferred income taxes	342	342
Accrued pension and other post-retirement benefit costs	14	18
Contributions to qualified pension plans	(57)	(45)
Payments for asset retirement obligations	(309)	(164)
Other rate case adjustments	—	37
Provision for rate refunds	13	101
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	9	14
Receivables	(128)	(316)
Receivables from affiliated companies	135	16
Inventory	45	119
Other current assets	79	(156)
Increase (decrease) in		
Accounts payable	(64)	427
Accounts payable to affiliated companies	(6)	76
Taxes accrued	150	143
Other current liabilities	(96)	(28)
Other assets	(281)	(668)
Other liabilities	(90)	(34)
Net cash provided by operating activities	2,430	2,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,866)	(2,689)
Purchases of debt and equity securities	(1,304)	(1,216)
Proceeds from sales and maturities of debt and equity securities	1,300	1,225
Net proceeds from the sales of other assets	—	20
Notes receivable from affiliated companies	—	(205)
Other	(130)	(142)
Net cash used in investing activities	(3,000)	(3,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,295	1,785
Payments for the redemption of long-term debt	(1,263)	(719)
Notes payable to affiliated companies	554	(11)
Dividends to parent	—	(250)
Other	8	(3)
Net cash provided by financing activities	594	802
Net increase (decrease) in cash, cash equivalents and restricted cash	24	(24)
Cash, cash equivalents and restricted cash at beginning of period	112	87
Cash, cash equivalents and restricted cash at end of period	\$ 136	\$ 63
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 400	\$ 441

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three Months Ended September 30, 2018 and 2019								
(in millions)	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income			Total Progress		
			Net Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for- Sale Securities	Pension and OPEB Adjustments	Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at June 30, 2018	\$ 9,143	\$ 4,855	\$ (15)	\$ (1)	\$ (10)	\$ 13,972	\$ —	\$13,972
Net income	—	404	—	—	—	404	2	406
Other comprehensive income	—	—	2	—	—	2	—	2
Dividends to parent	—	(250)	—	—	—	(250)	—	(250)
Balance at September 30, 2018	\$ 9,143	\$ 5,009	\$ (13)	\$ (1)	\$ (10)	\$ 14,128	\$ 2	\$14,130
Balance at June 30, 2019	\$ 9,143	\$ 5,715	\$ (13)	\$ —	\$ (8)	\$ 14,837	\$ 2	\$14,839
Net income	—	521	—	—	—	521	—	521
Other comprehensive income	—	—	1	1	—	2	—	2
Other	—	—	—	(1)	1	—	1	1
Balance at September 30, 2019	\$ 9,143	\$ 6,236	\$ (12)	\$ —	\$ (7)	\$ 15,360	\$ 3	\$15,363

Nine Months Ended September 30, 2018 and 2019								
(in millions)	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income			Total Progress		
			Net Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for- Sale Securities	Pension and OPEB Adjustments	Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2017	\$ 9,143	\$ 4,350	\$ (18)	\$ 5	\$ (12)	\$ 13,468	\$ (3)	\$13,465
Net income	—	904	—	—	—	904	6	910
Other comprehensive income (loss)	—	—	5	(1)	2	6	—	6
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Dividends to parent	—	(250)	—	—	—	(250)	—	(250)
Other ^(a)	—	5	—	(5)	—	—	—	—
Balance at September 30, 2018	\$ 9,143	\$ 5,009	\$ (13)	\$ (1)	\$ (10)	\$ 14,128	\$ 2	\$14,130
Balance at December 31, 2018	\$ 9,143	\$ 5,131	\$ (12)	\$ (1)	\$ (7)	\$ 14,254	\$ 3	\$14,257
Net income	—	1,098	—	—	—	1,098	—	1,098
Other comprehensive income	—	—	4	2	2	8	—	8
Other ^(b)	—	7	(4)	(1)	(2)	—	—	—
Balance at September 30, 2019	\$ 9,143	\$ 6,236	\$ (12)	\$ —	\$ (7)	\$ 15,360	\$ 3	\$15,363

- (a) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement.
- (b) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating Revenues	\$ 1,688	\$ 1,582	\$ 4,559	\$ 4,333
Operating Expenses				
Fuel used in electric generation and purchased power	577	535	1,571	1,452
Operation, maintenance and other	378	431	1,070	1,187
Depreciation and amortization	314	253	855	723
Property and other taxes	46	40	131	115
Impairment charges	—	—	—	33
Total operating expenses	1,315	1,259	3,627	3,510
Gains on Sales of Other Assets and Other, net	—	7	—	9
Operating Income	373	330	932	832
Other Income and Expenses, net	27	24	75	61
Interest Expense	74	82	232	241
Income Before Income Taxes	326	272	775	652
Income Tax Expense	48	56	125	120
Net Income and Comprehensive Income	\$ 278	\$ 216	\$ 650	\$ 532

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 49	\$ 23
Receivables (net of allowance for doubtful accounts of \$2 at 2019 and 2018)	75	75
Receivables of VIEs (net of allowance for doubtful accounts of \$5 at 2019 and 2018)	564	547
Receivables from affiliated companies	34	23
Inventory	939	954
Regulatory assets	515	703
Other	95	62
Total current assets	2,271	2,387
Property, Plant and Equipment		
Cost	33,594	31,459
Accumulated depreciation and amortization	(11,761)	(11,423)
Generation facilities to be retired, net	267	362
Net property, plant and equipment	22,100	20,398
Other Noncurrent Assets		
Regulatory assets	4,363	4,111
Nuclear decommissioning trust funds	2,872	2,503
Operating lease right-of-use assets, net	397	—
Other	595	612
Total other noncurrent assets	8,227	7,226
Total Assets	\$ 32,598	\$ 30,011
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 550	\$ 660
Accounts payable to affiliated companies	198	278
Notes payable to affiliated companies	79	294
Taxes accrued	101	53
Interest accrued	89	116
Current maturities of long-term debt	306	603
Asset retirement obligations	476	509
Regulatory liabilities	210	178
Other	416	408
Total current liabilities	2,425	3,099
Long-Term Debt	8,593	7,451
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	2,316	2,119
Asset retirement obligations	5,038	4,311
Regulatory liabilities	4,152	3,955
Operating lease liabilities	360	—
Accrued pension and other post-retirement benefit costs	230	237
Investment tax credits	138	142
Other	105	106
Total other noncurrent liabilities	12,339	10,870
Commitments and Contingencies		
Equity		
Member's Equity	9,091	8,441
Total Liabilities and Equity	\$ 32,598	\$ 30,011

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 650	\$ 532
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	996	869
Equity component of AFUDC	(44)	(41)
Gains on sales of other assets	—	(9)
Impairment charges	—	33
Deferred income taxes	144	187
Accrued pension and other post-retirement benefit costs	2	11
Contributions to qualified pension plans	(4)	(25)
Payments for asset retirement obligations	(288)	(133)
Other rate case adjustments	—	37
Provision for rate refunds	13	101
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(4)	3
Receivables	(9)	(154)
Receivables from affiliated companies	(11)	(3)
Inventory	15	62
Other current assets	65	(239)
Increase (decrease) in		
Accounts payable	(54)	325
Accounts payable to affiliated companies	(80)	73
Taxes accrued	37	28
Other current liabilities	(17)	(27)
Other assets	(197)	(358)
Other liabilities	33	11
Net cash provided by operating activities	1,247	1,283
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,592)	(1,526)
Purchases of debt and equity securities	(656)	(831)
Proceeds from sales and maturities of debt and equity securities	632	807
Net proceeds from the sales of other assets	—	20
Notes receivable from affiliated companies	—	(52)
Other	(56)	(82)
Net cash used in investing activities	(1,672)	(1,664)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,270	796
Payments for the redemption of long-term debt	(603)	(2)
Notes payable to affiliated companies	(215)	(240)
Distributions to parent	—	(175)
Other	(1)	(1)
Net cash provided by financing activities	451	378
Net increase (decrease) in cash and cash equivalents	26	(3)
Cash and cash equivalents at beginning of period	23	20
Cash and cash equivalents at end of period	\$ 49	\$ 17
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 182	\$ 261

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Three Months Ended September 30, 2018 and 2019	
	Member's Equity	
(in millions)		
Balance at June 30, 2018	\$	8,265
Net income		216
Distributions to parent		(175)
Balance at September 30, 2018	\$	8,306
Balance at June 30, 2019	\$	8,813
Net income		278
Balance at September 30, 2019	\$	9,091

	Nine Months Ended September 30, 2018 and 2019	
	Member's Equity	
(in millions)		
Balance at December 31, 2017	\$	7,949
Net income		532
Distributions to parent		(175)
Balance at September 30, 2018	\$	8,306
Balance at December 31, 2018	\$	8,441
Net income		650
Balance at September 30, 2019	\$	9,091

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating Revenues	\$ 1,548	\$ 1,462	\$ 3,987	\$ 3,780
Operating Expenses				
Fuel used in electric generation and purchased power	610	614	1,529	1,567
Operation, maintenance and other	256	245	730	719
Depreciation and amortization	182	166	522	460
Property and other taxes	113	105	309	284
Impairment charges	(25)	1	(25)	1
Total operating expenses	1,136	1,131	3,065	3,031
Gains on Sales of Other Assets and Other, net	1	—	—	—
Operating Income	413	331	922	749
Other Income and Expenses, net	14	28	39	75
Interest Expense	81	73	246	210
Income Before Income Taxes	346	286	715	614
Income Tax Expense	57	43	129	100
Net Income	\$ 289	\$ 243	\$ 586	\$ 514
Other Comprehensive Income (Loss), net of tax				
Unrealized gains (losses) on available-for-sale securities	1	—	2	(1)
Comprehensive Income	\$ 290	\$ 243	\$ 588	\$ 513

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FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 24	\$ 36
Receivables (net of allowance for doubtful accounts of \$3 at 2019 and 2018)	104	143
Receivables of VIEs (net of allowance for doubtful accounts of \$3 at 2019 and 2018)	478	362
Receivables from affiliated companies	1	28
Inventory	495	504
Regulatory assets (includes \$52 at 2019 and 2018 related to VIEs)	367	434
Other (includes \$16 at 2019 and \$39 at 2018 related to VIEs)	42	46
Total current assets	1,511	1,553
Property, Plant and Equipment		
Cost	19,887	18,792
Accumulated depreciation and amortization	(5,148)	(4,968)
Net property, plant and equipment	14,739	13,824
Other Noncurrent Assets		
Regulatory assets (includes \$1,002 at 2019 and \$1,041 at 2018 related to VIEs)	2,370	2,454
Nuclear decommissioning trust funds	718	659
Operating lease right-of-use assets, net	417	—
Other	307	311
Total other noncurrent assets	3,812	3,424
Total Assets	\$ 20,062	\$ 18,801
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 542	\$ 511
Accounts payable to affiliated companies	158	91
Notes payable to affiliated companies	356	108
Taxes accrued	175	74
Interest accrued	72	75
Current maturities of long-term debt (includes \$54 at 2019 and \$53 at 2018 related to VIEs)	621	270
Asset retirement obligations	2	5
Regulatory liabilities	87	102
Other	423	406
Total current liabilities	2,436	1,642
Long-Term Debt (includes \$1,306 at 2019 and \$1,336 at 2018 related to VIEs)	6,511	7,051
Other Noncurrent Liabilities		
Deferred income taxes	2,199	1,986
Asset retirement obligations	572	586
Regulatory liabilities	1,013	1,094
Operating lease liabilities	350	—
Accrued pension and other post-retirement benefit costs	196	254
Other	102	93
Total other noncurrent liabilities	4,432	4,013
Commitments and Contingencies		
Equity		
Member's equity	6,683	6,097
Accumulated other comprehensive loss	—	(2)
Total equity	6,683	6,095
Total Liabilities and Equity	\$ 20,062	\$ 18,801

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 586	\$ 514
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	647	581
Equity component of AFUDC	(4)	(40)
Impairment charges	(25)	1
Deferred income taxes	164	169
Accrued pension and other post-retirement benefit costs	8	4
Contributions to qualified pension plans	(53)	(20)
Payments for asset retirement obligations	(21)	(31)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	9	7
Receivables	(119)	(163)
Receivables from affiliated companies	27	(18)
Inventory	29	57
Other current assets	100	51
Increase (decrease) in		
Accounts payable	(11)	101
Accounts payable to affiliated companies	67	9
Taxes accrued	101	198
Other current liabilities	(77)	1
Other assets	(81)	(308)
Other liabilities	(127)	(58)
Net cash provided by operating activities	1,220	1,055
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,274)	(1,162)
Purchases of debt and equity securities	(648)	(385)
Proceeds from sales and maturities of debt and equity securities	668	418
Notes receivable from affiliated companies	—	(80)
Other	(73)	(61)
Net cash used in investing activities	(1,327)	(1,270)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	25	989
Payments for the redemption of long-term debt	(210)	(717)
Notes payable to affiliated companies	248	—
Distributions to parent	—	(75)
Other	9	(1)
Net cash provided by financing activities	72	196
Net decrease in cash, cash equivalents and restricted cash	(35)	(19)
Cash, cash equivalents and restricted cash at beginning of period	75	53
Cash, cash equivalents and restricted cash at end of period	\$ 40	\$ 34
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 218	\$ 180

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Three Months Ended September 30, 2018 and 2019			
		Accumulated Other Comprehensive Income (Loss)		
	Member's Equity	Net Unrealized Gains (Losses) on Available-for-Sale Securities		Total Equity
(in millions)				
Balance at June 30, 2018	\$ 5,890	\$ (2)	\$	5,888
Net income	243	—		243
Distributions to parent	(75)	—		(75)
Balance at September 30, 2018	\$ 6,058	\$ (2)	\$	6,056
Balance at June 30, 2019	\$ 6,394	\$ (1)	\$	6,393
Net income	289	—		289
Other comprehensive income	—	1		1
Balance at September 30, 2019	\$ 6,683	\$ —	\$	6,683
	Nine Months Ended September 30, 2018 and 2019			
		Accumulated Other Comprehensive Income (Loss)		
	Member's Equity	Net Unrealized Gains (Losses) on Available-for-Sale Securities		Total Equity
(in millions)				
Balance at December 31, 2017	\$ 5,614	\$ 4	\$	5,618
Net income	514	—		514
Other comprehensive loss	—	(1)		(1)
Distributions to parent	(75)	—		(75)
Other ^(a)	5	(5)		—
Balance at September 30, 2018	\$ 6,058	\$ (2)	\$	6,056
Balance at December 31, 2018	\$ 6,097	\$ (2)	\$	6,095
Net income	586	—		586
Other comprehensive income	—	2		2
Balance at September 30, 2019	\$ 6,683	\$ —	\$	6,683

(a) Amounts in Member's Equity and Accumulated Other Comprehensive Income (Loss) represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating Revenues				
Regulated electric	\$ 408	\$ 373	\$ 1,099	\$ 1,055
Regulated natural gas	81	84	354	361
Nonregulated electric and other	—	12	—	36
Total operating revenues	489	469	1,453	1,452
Operating Expenses				
Fuel used in electric generation and purchased power – regulated	114	99	293	284
Fuel used in electric generation and purchased power – nonregulated	—	14	—	43
Cost of natural gas	4	4	68	73
Operation, maintenance and other	123	76	378	337
Depreciation and amortization	69	64	199	196
Property and other taxes	71	73	229	218
Total operating expenses	381	330	1,167	1,151
Losses on Sales of Other Assets and Other, net	—	—	—	(106)
Operating Income	108	139	286	195
Other Income and Expenses, net	4	3	19	17
Interest Expense	27	23	81	68
Income Before Income Taxes	85	119	224	144
Income Tax Expense	11	19	34	23
Net Income and Comprehensive Income	\$ 74	\$ 100	\$ 190	\$ 121

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 11	\$ 21
Receivables (net of allowance for doubtful accounts of \$4 at 2019 and \$2 at 2018)	81	102
Receivables from affiliated companies	63	114
Notes receivable from affiliated companies	74	—
Inventory	128	126
Regulatory assets	47	33
Other	28	24
Total current assets	432	420
Property, Plant and Equipment		
Cost	9,993	9,360
Accumulated depreciation and amortization	(2,785)	(2,717)
Net property, plant and equipment	7,208	6,643
Other Noncurrent Assets		
Goodwill	920	920
Regulatory assets	553	531
Operating lease right-of-use assets, net	22	—
Other	48	41
Total other noncurrent assets	1,543	1,492
Total Assets	\$ 9,183	\$ 8,555
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 266	\$ 316
Accounts payable to affiliated companies	69	78
Notes payable to affiliated companies	167	274
Taxes accrued	162	202
Interest accrued	29	22
Current maturities of long-term debt	100	551
Asset retirement obligations	3	6
Regulatory liabilities	64	57
Other	74	74
Total current liabilities	934	1,580
Long-Term Debt	2,594	1,589
Long-Term Debt Payable to Affiliated Companies	25	25
Other Noncurrent Liabilities		
Deferred income taxes	901	817
Asset retirement obligations	82	87
Regulatory liabilities	793	840
Operating lease liabilities	21	—
Accrued pension and other post-retirement benefit costs	103	79
Other	95	93
Total other noncurrent liabilities	1,995	1,916
Commitments and Contingencies		
Equity		
Common stock, \$8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2019 and 2018	762	762
Additional paid-in capital	2,776	2,776
Retained Earnings (Accumulated deficit)	97	(93)
Total equity	3,635	3,445
Total Liabilities and Equity	\$ 9,183	\$ 8,555

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 190	\$ 121
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	202	199
Equity component of AFUDC	(9)	(10)
Losses on sales of other assets	—	106
Deferred income taxes	68	9
Accrued pension and other post-retirement benefit costs	1	3
Contributions to qualified pension plans	(2)	—
Payments for asset retirement obligations	(7)	(3)
Provision for rate refunds	5	23
(Increase) decrease in		
Receivables	24	(44)
Receivables from affiliated companies	51	62
Inventory	(2)	(2)
Other current assets	(15)	12
Increase (decrease) in		
Accounts payable	(40)	(47)
Accounts payable to affiliated companies	(9)	(8)
Taxes accrued	(40)	(31)
Other current liabilities	(4)	19
Other assets	(10)	3
Other liabilities	(25)	(17)
Net cash provided by operating activities	378	395
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(714)	(588)
Notes receivable from affiliated companies	(74)	14
Other	(45)	(62)
Net cash used in investing activities	(833)	(636)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,003	—
Payments for the redemption of long-term debt	(451)	(3)
Notes payable to affiliated companies	(107)	239
Net cash provided by financing activities	445	236
Net decrease in cash and cash equivalents	(10)	(5)
Cash and cash equivalents at beginning of period	21	12
Cash and cash equivalents at end of period	\$ 11	\$ 7
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 100	\$ 83
Non-cash equity contribution from parent	—	106

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Three Months Ended September 30, 2018 and 2019				
	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity	
Balance at June 30, 2018	\$ 762	\$ 2,776	\$ (248)	\$ 3,290	
Net income	—	—	100	100	
Balance at September 30, 2018	\$ 762	\$ 2,776	\$ (148)	\$ 3,390	
Balance at June 30, 2019	\$ 762	\$ 2,776	\$ 23	\$ 3,561	
Net income	—	—	74	74	
Balance at September 30, 2019	\$ 762	\$ 2,776	\$ 97	\$ 3,635	

(in millions)	Nine Months Ended September 30, 2018 and 2019				
	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity	
Balance at December 31, 2017	\$ 762	\$ 2,670	\$ (269)	\$ 3,163	
Net income	—	—	121	121	
Contribution from parent ^(a)	—	106	—	106	
Balance at September 30, 2018	\$ 762	\$ 2,776	\$ (148)	\$ 3,390	
Balance at December 31, 2018	\$ 762	\$ 2,776	\$ (93)	\$ 3,445	
Net income	—	—	190	190	
Balance at September 30, 2019	\$ 762	\$ 2,776	\$ 97	\$ 3,635	

(a) Represents a non-cash settlement through equity of an intercompany payable from Duke Energy Ohio to its parent.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating Revenues	\$ 807	\$ 819	\$ 2,289	\$ 2,288
Operating Expenses				
Fuel used in electric generation and purchased power	234	272	720	730
Operation, maintenance and other	192	198	569	576
Depreciation and amortization	130	130	393	386
Property and other taxes	16	16	55	56
Impairment charges	—	30	—	30
Total operating expenses	572	646	1,737	1,778
Operating Income	235	173	552	510
Other Income and Expenses, net	8	23	35	36
Interest Expense	40	42	111	125
Income Before Income Taxes	203	154	476	421
Income Tax Expense	47	35	113	104
Net Income and Comprehensive Income	\$ 156	\$ 119	\$ 363	\$ 317

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 20	\$ 24
Receivables (net of allowance for doubtful accounts of \$3 at 2019 and \$2 at 2018)	56	52
Receivables from affiliated companies	85	122
Notes receivable from affiliated companies	213	—
Inventory	478	422
Regulatory assets	91	175
Other	29	35
Total current assets	972	830
Property, Plant and Equipment		
Cost	16,137	15,443
Accumulated depreciation and amortization	(5,200)	(4,914)
Net property, plant and equipment	10,937	10,529
Other Noncurrent Assets		
Regulatory assets	1,088	982
Operating lease right-of-use assets, net	58	—
Other	211	194
Total other noncurrent assets	1,357	1,176
Total Assets	\$ 13,266	\$ 12,535
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 196	\$ 200
Accounts payable to affiliated companies	74	83
Notes payable to affiliated companies	—	167
Taxes accrued	29	43
Interest accrued	54	58
Current maturities of long-term debt	651	63
Asset retirement obligations	165	109
Regulatory liabilities	39	25
Other	107	107
Total current liabilities	1,315	855
Long-Term Debt	3,407	3,569
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	1,119	1,009
Asset retirement obligations	659	613
Regulatory liabilities	1,684	1,722
Operating lease liabilities	55	—
Accrued pension and other post-retirement benefit costs	157	115
Investment tax credits	161	147
Other	57	16
Total other noncurrent liabilities	3,892	3,622
Commitments and Contingencies		
Equity		
Member's Equity	4,502	4,339
Total Liabilities and Equity	\$ 13,266	\$ 12,535

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 363	\$ 317
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	395	388
Equity component of AFUDC	(13)	(28)
Impairment charges	—	30
Deferred income taxes	108	94
Accrued pension and other post-retirement benefit costs	3	5
Contributions to qualified pension plans	(2)	(8)
Payments for asset retirement obligations	(31)	(49)
Provision for rate refunds	—	58
(Increase) decrease in		
Receivables	1	1
Receivables from affiliated companies	37	27
Inventory	(56)	16
Other current assets	91	(59)
Increase (decrease) in		
Accounts payable	1	28
Accounts payable to affiliated companies	(9)	(6)
Taxes accrued	(14)	(51)
Other current liabilities	(12)	6
Other assets	(73)	29
Other liabilities	62	(13)
Net cash provided by operating activities	851	785
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(663)	(619)
Purchases of debt and equity securities	(19)	(42)
Proceeds from sales and maturities of debt and equity securities	15	18
Notes receivable from affiliated companies	(213)	—
Other	(33)	3
Net cash used in investing activities	(913)	(640)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	485	—
Payments for the redemption of long-term debt	(60)	(1)
Notes payable to affiliated companies	(167)	40
Distributions to parent	(200)	(175)
Other	—	(1)
Net cash provided by (used in) financing activities	58	(137)
Net (decrease) increase in cash and cash equivalents	(4)	8
Cash and cash equivalents at beginning of period	24	9
Cash and cash equivalents at end of period	\$ 20	\$ 17
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 82	\$ 71

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Three Months Ended September 30, 2018 and 2019	
	Member's Equity	
(in millions)		
Balance at June 30, 2018	\$	4,244
Net income		119
Distributions to parent		(100)
Balance at September 30, 2018	\$	4,263
Balance at June 30, 2019	\$	4,546
Net income		156
Distributions to parent		(200)
Balance at September 30, 2019	\$	4,502

	Nine Months Ended September 30, 2018 and 2019	
	Member's Equity	
(in millions)		
Balance at December 31, 2017	\$	4,121
Net income		317
Distributions to parent		(175)
Balance at September 30, 2018	\$	4,263
Balance at December 31, 2018	\$	4,339
Net income		363
Distributions to parent		(200)
Balance at September 30, 2019	\$	4,502

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating Revenues	\$ 168	\$ 172	\$ 956	\$ 940
Operating Expenses				
Cost of natural gas	46	54	384	387
Operation, maintenance and other	78	85	241	252
Depreciation and amortization	43	40	127	118
Property and other taxes	14	12	39	36
Total operating expenses	181	191	791	793
Operating (Loss) Income	(13)	(19)	165	147
Other Income and Expenses, net	7	6	19	15
Interest Expense	22	19	65	60
(Loss) Income Before Income Taxes	(28)	(32)	119	102
Income Tax (Benefit) Expense	(10)	(11)	22	21
Net (Loss) Income and Comprehensive (Loss) Income	\$ (18)	\$ (21)	\$ 97	\$ 81

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2019	December 31, 2018
ASSETS		
Current Assets		
Receivables (net of allowance for doubtful accounts of \$5 at 2019 and \$2 at 2018)	\$ 78	\$ 266
Receivables from affiliated companies	10	22
Inventory	47	70
Regulatory assets	48	54
Other	122	19
Total current assets	305	431
Property, Plant and Equipment		
Cost	8,234	7,486
Accumulated depreciation and amortization	(1,652)	(1,575)
Net property, plant and equipment	6,582	5,911
Other Noncurrent Assets		
Goodwill	49	49
Regulatory assets	306	303
Operating lease right-of-use assets, net	25	—
Investments in equity method unconsolidated affiliates	82	64
Other	42	52
Total other noncurrent assets	504	468
Total Assets	\$ 7,391	\$ 6,810
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 140	\$ 203
Accounts payable to affiliated companies	50	38
Notes payable to affiliated companies	262	198
Taxes accrued	33	84
Interest accrued	32	31
Current maturities of long-term debt	—	350
Regulatory liabilities	77	37
Other	63	58
Total current liabilities	657	999
Long-Term Debt	2,384	1,788
Other Noncurrent Liabilities		
Deferred income taxes	663	551
Asset retirement obligations	20	19
Regulatory liabilities	1,154	1,181
Operating lease liabilities	24	—
Accrued pension and other post-retirement benefit costs	6	4
Other	145	177
Total other noncurrent liabilities	2,012	1,932
Commitments and Contingencies		
Equity		
Common stock, no par value: 100 shares authorized and outstanding at 2019 and 2018	1,310	1,160
Retained earnings	1,028	931
Total equity	2,338	2,091
Total Liabilities and Equity	\$ 7,391	\$ 6,810

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 97	\$ 81
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	129	120
Deferred income taxes	110	2
Equity in earnings from unconsolidated affiliates	(6)	(6)
Accrued pension and other post-retirement benefit costs	(7)	(3)
Contributions to qualified pension plans	(1)	—
Provision for rate refunds	9	31
(Increase) decrease in		
Receivables	192	192
Receivables from affiliated companies	12	(3)
Inventory	23	16
Other current assets	(95)	58
Increase (decrease) in		
Accounts payable	(93)	(48)
Accounts payable to affiliated companies	12	14
Taxes accrued	(51)	11
Other current liabilities	(6)	8
Other assets	(4)	(4)
Other liabilities	(4)	(5)
Net cash provided by operating activities	317	464
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(751)	(497)
Contributions to equity method investments	(16)	—
Notes receivable from affiliated companies	—	(11)
Other	(10)	(5)
Net cash used in investing activities	(777)	(513)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	596	100
Payments for the redemption of long-term debt	(350)	—
Notes payable to affiliated companies	64	(364)
Capital contributions from parent	150	300
Net cash provided by financing activities	460	36
Net decrease in cash and cash equivalents	—	(13)
Cash and cash equivalents at beginning of period	—	19
Cash and cash equivalents at end of period	\$ —	\$ 6
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 121	\$ 89

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Three Months Ended September 30, 2018 and 2019		
	Common Stock	Retained Earnings	Total Equity
Balance at June 30, 2018	\$ 1,160	\$ 904	\$ 2,064
Net loss	—	(21)	(21)
Balance at September 30, 2018	\$ 1,160	\$ 883	\$ 2,043
Balance at June 30, 2019	\$ 1,310	\$ 1,046	\$ 2,356
Net loss	—	(18)	(18)
Balance at September 30, 2019	\$ 1,310	\$ 1,028	\$ 2,338

(in millions)	Nine Months Ended September 30, 2018 and 2019		
	Common Stock	Retained Earnings	Total Equity
Balance at December 31, 2017	\$ 860	\$ 802	\$ 1,662
Net income	—	81	81
Contribution from parent	300	—	300
Balance at September 30, 2018	\$ 1,160	\$ 883	\$ 2,043
Balance at December 31, 2018	\$ 1,160	\$ 931	\$ 2,091
Net income	—	97	97
Contribution from parent	150	—	150
Balance at September 30, 2019	\$ 1,310	\$ 1,028	\$ 2,338

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Index to Combined Notes to Condensed Consolidated Financial Statements

The unaudited notes to the Condensed Consolidated Financial Statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

Registrant	Applicable Notes																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Duke Energy
Duke Energy Carolinas
Progress Energy
Duke Energy Progress
Duke Energy Florida
Duke Energy Ohio
Duke Energy Indiana
Piedmont

Tables within the notes may not sum across due to (i) Progress Energy's consolidation of Duke Energy Progress, Duke Energy Florida and other subsidiaries that are not registrants and (ii) subsidiaries that are not registrants but included in the consolidated Duke Energy balances.

1. ORGANIZATION AND BASIS OF PRESENTATION

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2018.

The information in these combined notes relates to each of the Duke Energy Registrants as noted in the Index to Combined Notes to Condensed Consolidated Financial Statements. However, none of the registrants make any representations as to information related solely to Duke Energy or the subsidiaries of Duke Energy other than itself.

These Condensed Consolidated Financial Statements, in the opinion of the respective companies' management, reflect all normal recurring adjustments necessary to fairly present the financial position and results of operations of each of the Duke Energy Registrants. Amounts reported in Duke Energy's interim Condensed Consolidated Statements of Operations and each of the Subsidiary Registrants' interim Condensed Consolidated Statements of Operations and Comprehensive Income are not necessarily indicative of amounts expected for the respective annual periods due to effects of seasonal temperature variations on energy consumption, regulatory rulings, timing of maintenance on electric generating units, changes in mark-to-market valuations, changing commodity prices and other factors.

In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

BASIS OF CONSOLIDATION

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries or VIEs where the respective Duke Energy Registrants have control. See Note 13 for additional information on VIEs. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities.

NONCONTROLLING INTEREST

Duke Energy maintains a controlling financial interest in certain less-than wholly owned non-regulated subsidiaries. As a result, Duke Energy consolidates these subsidiaries and presents the third-party investors' portion of Duke Energy's net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Condensed Consolidated Balance Sheet.

Several operating agreements of Duke Energy's subsidiaries with noncontrolling interest are subject to allocations of earnings, tax attributes and cash flows in accordance with contractual agreements that vary throughout the lives of the subsidiaries. Therefore, Duke Energy and the other investors' (the owners) interests in the subsidiaries are not fixed, and the subsidiaries apply the HLBV method in allocating book profit or loss and other comprehensive income or loss (all measured on a pretax basis) to the owners. The HLBV method measures the amounts that each owner would hypothetically claim at each balance sheet reporting date, including tax benefits realized by the owners, upon a hypothetical liquidation of the subsidiary at the net book value of its underlying assets. The change in the amount that each owner would hypothetically receive at the reporting date compared to the amount it would have received on the previous reporting date represents the amount of profit or loss allocated to each owner for the reporting period. Duke Energy's North Rosamond solar farm commenced commercial operations resulting in the allocation of losses to the noncontrolling tax equity members of \$12 million and \$86 million for the three and nine months ended September 30, 2019, respectively, utilizing the HLBV method.

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Other operating agreements of Duke Energy's subsidiaries with noncontrolling interest allocate profit and loss based on their pro rata shares of the ownership interest in the respective subsidiary. Therefore, Duke Energy allocates net income or loss and other comprehensive income or loss of these subsidiaries to the owners based on their pro rata shares.

During the third quarter of 2019, Duke Energy completed a sale of a minority interest in a portion of certain renewable assets to John Hancock. John Hancock's ownership interest in the assets represents a noncontrolling interest. See Note 2 for additional information on the sale.

OTHER CURRENT ASSETS

Included in Other within Current Assets on the Piedmont Condensed Consolidated Balance Sheets are income taxes receivable of \$90 million and \$11 million as of September 30, 2019, and December 31, 2018, respectively, and prepaid assets of \$30 million and \$5 million as of September 30, 2019, and December 31, 2018, respectively. The income taxes receivable relates to increased projected NOL utilization for Piedmont as well as intercompany tax settlements. The prepaid assets relate to replenishment of depleted natural gas supply as required by natural gas supply asset management contracts.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Duke Energy, Progress Energy and Duke Energy Florida have restricted cash balances related primarily to collateral assets, escrow deposits and VIEs. See Note 13 for additional information. Restricted cash amounts are included in Other within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets. The following table presents the components of cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets.

	September 30, 2019			December 31, 2018		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	\$ 379	\$ 82	\$ 24	\$ 442	\$ 67	\$ 36
Other	163	16	16	141	39	39
Other Noncurrent Assets						
Other	40	38	—	8	6	—
Total cash, cash equivalents and restricted cash	\$ 582	\$ 136	\$ 40	\$ 591	\$ 112	\$ 75

INVENTORY

Provisions for inventory write-offs were not material at September 30, 2019, and December 31, 2018. The components of inventory are presented in the tables below.

(in millions)	September 30, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,284	\$ 749	\$ 1,056	\$ 710	\$ 346	\$ 75	\$ 325	\$ 4
Coal	490	153	172	118	54	12	152	—
Natural gas, oil and other fuel	333	41	206	111	95	41	1	43
Total inventory	\$ 3,107	\$ 943	\$ 1,434	\$ 939	\$ 495	\$ 128	\$ 478	\$ 47

(in millions)	December 31, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,238	\$ 731	\$ 1,049	\$ 734	\$ 315	\$ 84	\$ 312	\$ 2
Coal	491	175	192	106	86	14	109	—
Natural gas, oil and other fuel	355	42	218	114	103	28	1	68
Total inventory	\$ 3,084	\$ 948	\$ 1,459	\$ 954	\$ 504	\$ 126	\$ 422	\$ 70

NEW ACCOUNTING STANDARDS

Except as noted below, the new accounting standards adopted for 2018 and 2019 had no material impact on the presentation or results of operations, cash flows or financial position of the Duke Energy Registrants.

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Leases. In February 2016, the FASB issued revised accounting guidance for leases. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases on the balance sheet. This resulted in a material impact on the presentation for the statement of financial position of the Duke Energy Registrants for the period ended September 30, 2019, and an immaterial impact to the Duke Energy Registrants' results of operations for the three and nine months ended September 30, 2019, and cash flows for the nine months ended September 30, 2019.

Duke Energy elected the modified retrospective method of adoption effective January 1, 2019. Under the modified retrospective method of adoption, prior year reported results are not restated. For adoption, Duke Energy has elected to apply the following practical expedients:

Practical Expedient	Description
Package of transition practical expedients (for leases commenced prior to adoption date and must be adopted as a package)	Do not need to 1) reassess whether any expired or existing contracts are/or contain leases, 2) reassess the lease classification for any expired or existing leases and 3) reassess initial direct costs for any existing leases.
Short-term lease expedient (elect by class of underlying asset)	Elect as an accounting policy to not apply the recognition requirements to short-term leases by asset class.
Lease and non-lease components (elect by class of underlying asset)	Elect as an accounting policy to not separate non-lease components from lease components and instead account for each lease and associated non-lease component as a single lease component by asset class.
Hindsight expedient (when determining lease term)	Elect to use hindsight to determine the lease term.
Existing and expired land easements not previously accounted for as leases	Elect to not evaluate existing or expired easements under the new guidance and carry forward current accounting treatment.
Comparative reporting requirements for initial adoption	Elect to apply transition requirements at adoption date, recognize cumulative effect adjustment to retained earnings in period of adoption and not apply the new requirements to comparative periods, including disclosures.
Lessor expedient (elect by class of underlying asset)	Elect as an accounting policy to aggregate non-lease components with the related lease component when specified conditions are met by asset class. Account for the combined component based on its predominant characteristic (revenue or operating lease).

Duke Energy evaluated the financial statement impact of adopting the standard and monitored industry implementation issues. Under agreements considered leases, where Duke Energy is the lessee, for the use of certain aircraft, space on communication towers, industrial equipment, fleet vehicles, fuel transportation (barges and railcars), land, office space and PPAs are now recognized on the balance sheet. The Duke Energy Registrants did not have a material change to the financial statements from the adoption of the new standard for contracts where it is the lessor. See Note 5 for further information.

The following new accounting standard has been issued but not yet adopted by the Duke Energy Registrants as of September 30, 2019.

Credit Losses. In June 2016, the FASB issued new accounting guidance for credit losses. This guidance establishes the new CECL impairment model applicable to certain financial assets, including trade and other receivables, net investments in leases, and debt securities classified as held-for-sale investments. The model also applies to financial guarantees.

For Duke Energy, this guidance is effective for interim and annual periods beginning January 1, 2020. This guidance will be applied using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of January 1, 2020. The updated guidance requires Duke Energy to establish an allowance for credit losses based on management's estimate of losses expected to be incurred over the life of the asset or guarantee. Duke Energy is currently evaluating the impact of adopting this standard.

2. BUSINESS SEGMENTS

Duke Energy

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment primarily includes Duke Energy's regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment includes Piedmont, Duke Energy's natural gas local distribution companies in Ohio and Kentucky, and Duke Energy's natural gas storage and midstream pipeline investments.

The Commercial Renewables segment is primarily comprised of nonregulated utility-scale wind and solar generation assets located throughout the U.S. On April 24, 2019, Duke Energy executed an agreement to sell a minority interest in a portion of certain renewable assets. The sale closed on September 6, 2019, and resulted in pretax proceeds to Duke Energy of \$415 million. The portion of Duke Energy's commercial renewables energy portfolio sold includes 49% of 37 operating wind, solar and battery storage assets and 33% of 11 operating solar assets across the U.S. Duke Energy retained control of these assets, and, therefore, no gain or loss was recognized on the Condensed Consolidated Statements of Operations. The difference between the fair value of the consideration received and the carrying value of the noncontrolling interest claim on net assets of \$465 million, net of a tax benefit of \$8 million, was recorded in equity.

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BUSINESS SEGMENTS

During 2019, Duke Energy evaluated recoverability of the wind and solar generation assets included in the minority interest sale as a result of the portfolio fair value of consideration received being less than the carrying value of the assets and determined the assets were all recoverable. Additionally, in 2019, Duke Energy evaluated recoverability of its renewable merchant plants principally located in the Electric Reliability Council of Texas West market due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. Duke Energy determined that the assets were not impaired because the carrying value of \$160 million approximates the aggregate estimated future cash flows and further testing was not required. A continued decline in energy market pricing would likely result in a future impairment.

The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of interest expense on holding company debt, unallocated corporate costs, Duke Energy's wholly owned captive insurance company, Bison, and Duke Energy's interest in NMC.

Business segment information is presented in the following tables. Segment assets presented exclude intercompany assets.

Three Months Ended September 30, 2019							
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	\$ 6,569	\$ 225	\$ 138	\$ 6,932	\$ 8	\$ —	\$ 6,940
Intersegment revenues	8	24	—	32	17	(49)	—
Total revenues	\$ 6,577	\$ 249	\$ 138	\$ 6,964	\$ 25	\$ (49)	\$ 6,940
Segment income (loss) ^(a)	\$ 1,385	\$ 26	\$ 40	\$ 1,451	\$ (124)	\$ —	\$ 1,327
Add back noncontrolling interests ^(b)							(19)
Add back preferred stock dividend							15
Net income							\$ 1,323
Segment assets	\$ 133,296	\$ 13,424	\$ 5,278	\$ 151,998	\$ 3,734	\$ 185	\$ 155,917

Three Months Ended September 30, 2018							
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	\$ 6,253	\$ 232	\$ 127	\$ 6,612	\$ 16	\$ —	\$ 6,628
Intersegment revenues	7	24	—	31	18	(49)	—
Total revenues	\$ 6,260	\$ 256	\$ 127	\$ 6,643	\$ 34	\$ (49)	\$ 6,628
Segment income (loss) ^{(c)(d)(e)}	\$ 1,167	\$ 17	\$ (62)	\$ 1,122	\$ (44)	\$ —	\$ 1,078
Add back noncontrolling interests							(16)
Loss from discontinued operations, net of tax							4
Net income							\$ 1,066

Nine Months Ended September 30, 2019							
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	\$ 17,357	\$ 1,239	\$ 362	\$ 18,958	\$ 18	\$ —	\$ 18,976
Intersegment revenues	24	72	—	96	53	(149)	—
Total revenues	\$ 17,381	\$ 1,311	\$ 362	\$ 19,054	\$ 71	\$ (149)	\$ 18,976
Segment income (loss) ^(a)	\$ 2,944	\$ 292	\$ 139	\$ 3,375	\$ (328)	\$ —	\$ 3,047
Add back noncontrolling interests ^(b)							(110)
Add back preferred stock dividend							27
Net income							\$ 2,964

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Nine Months Ended September 30, 2018								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total	
Unaffiliated revenues	\$ 16,783	\$ 1,229	\$ 347	\$ 18,359	\$ 47	\$ —	\$	18,406
Intersegment revenues	23	72	—	95	54	(149)		—
Total revenues	\$ 16,806	\$ 1,301	\$ 347	\$ 18,454	\$ 101	\$ (149)	\$	18,406
Segment income (loss) ^{(c)(d)(e)(f)(g)(h)}	\$ 2,492	\$ 161	\$ (4)	\$ 2,649	\$ (446)	\$ —	\$	2,203
Add back noncontrolling interests								(12)
Loss from discontinued operations, net of tax								(1)
Net income							\$	2,190

- (a) Electric Utilities and Infrastructure includes a reduction of a prior year impairment at Citrus County CC related to the plant's cost cap. See Note3 for additional information.
- (b) Includes the allocation of losses to noncontrolling tax equity members. See Note 1 for additional information.
- (c) All segments include adjustments of prior year tax estimates related to the Tax Act.
- (d) Commercial Renewables includes an impairment charge related to goodwill.
- (e) Other includes costs to achieve the Piedmont acquisition.
- (f) Electric Utilities and Infrastructure includes regulatory and legislative charges related to rate case orders, settlements or other actions of regulators or legislative bodies. See Note 3 for additional information.
- (g) Gas Utilities and Infrastructure includes an impairment of the investment in Constitution. See Note3 for additional information.
- (h) Other includes the loss on the sale of Beckjord described below and a valuation allowance recorded against the AMT credits.

In February 2018, Duke Energy sold Beckjord, a nonregulated facility retired during 2014, and recorded a pretax loss of \$106 million within Gains (Losses) on Sales of Other Assets and Other, net and \$1 million within Operation, maintenance and other on Duke Energy's Condensed Consolidated Statements of Operations for the nine months ended September 30, 2018. The sale included the transfer of coal ash basins and other real property and indemnification from any and all potential future claims related to the property, whether arising under environmental laws or otherwise.

Duke Energy Ohio

Duke Energy Ohio has two reportable segments, Electric Utilities and Infrastructure and Gas Utilities and Infrastructure. The remainder of Duke Energy Ohio's operations is presented as Other.

Three Months Ended September 30, 2019								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Eliminations	Total		
Total revenues	\$ 408	\$ 81	\$ 489	\$ —	\$ —	\$		489
Segment income/Net (loss) income	\$ 62	\$ 13	\$ 75	\$ (1)	\$ —	\$		74
Segment assets	\$ 6,107	\$ 3,049	\$ 9,156	\$ 30	\$ (3)	\$		9,183

Three Months Ended September 30, 2018								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Eliminations	Total		
Total revenues	\$ 373	\$ 84	\$ 457	\$ 12	\$			469
Segment income/Net income	\$ 85	\$ 12	\$ 97	\$ 3	\$			100

Nine Months Ended September 30, 2019								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Eliminations	Total		
Total revenues	\$ 1,099	\$ 354	\$ 1,453	\$ —	\$			1,453
Segment income/Net (loss) income	\$ 129	\$ 65	\$ 194	\$ (4)	\$			190

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Nine Months Ended September 30, 2018

(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Total
Total revenues	\$ 1,055	\$ 361	\$ 1,416	\$ 36	\$ 1,452
Segment income/Net (loss) income ^(a)	\$ 157	\$ 64	\$ 221	\$ (100)	\$ 121

(a) Other includes the loss on the sale of Beckjord described above.

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

The NCUC, PSCSC, FPSC, IURC, PUCO, TPUC and KPSC approve rates for retail electric and natural gas services within their states. The FERC approves rates for electric sales to wholesale customers served under cost-based rates (excluding Ohio and Indiana), as well as sales of transmission service. The FERC also regulates certification and siting of new interstate natural gas pipeline projects.

Duke Energy Carolinas and Duke Energy Progress

Hurricane Florence, Hurricane Michael and Winter Storm Diego Deferral Filings

On December 21, 2018, Duke Energy Carolinas and Duke Energy Progress filed with the NCUC petitions for approval to defer the incremental costs incurred in connection with the response to Hurricane Florence, Hurricane Michael and Winter Storm Diego to a regulatory asset for recovery in the next base rate case. The NCUC issued an order requesting comments on the deferral positions. On March 5, 2019, the North Carolina Public Staff (Public Staff) filed comments. On April 2, 2019, Duke Energy Carolinas and Duke Energy Progress filed reply comments, which included revised estimates of approximately \$553 million in incremental operation and maintenance expenses (\$171 million and \$382 million for Duke Energy Carolinas and Duke Energy Progress, respectively) and approximately \$96 million in capital costs (\$20 million and \$76 million for Duke Energy Carolinas and Duke Energy Progress, respectively). On September 30, 2019, Duke Energy Carolinas requested that the NCUC consolidate its pending deferral request with its general rate case filed on that date. On October 30, 2019, Duke Energy Progress requested that the NCUC consolidate its pending deferral request with its general rate case filed on that date. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of these matters. Duke Energy Progress filed a deferral request for these storms with the PSCSC on January 11, 2019, which also included a request for the continuation of prior deferrals requested for ice storms and Hurricane Matthew, and on January 30, 2019, the PSCSC issued a directive approving the deferral request, followed by an order issued on February 21, 2019. On March 15, 2019, Duke Energy Progress filed a request with FERC requesting permission to defer transmission-related storm costs that would be charged to wholesale transmission customers through Duke Energy Progress' Open Access Transmission Tariff (OATT) and to recover those costs from wholesale transmission customers over a three-year recovery period. FERC accepted the filing on May 14, 2019, which allows Duke Energy Progress to proceed with the proposed cost deferral and recovery.

Duke Energy Carolinas

2017 North Carolina Rate Case

On August 25, 2017, Duke Energy Carolinas filed an application with the NCUC for a rate increase for retail customers of approximately \$647 million, which represented an approximate 13.6% increase in annual base revenues. The request for rate increase was driven by capital investments subsequent to the previous base rate case, including the W.S. Lee CC, grid improvement projects, AMI, investments in customer service technologies, costs of complying with CCR regulations and the Coal Ash Act and recovery of costs related to licensing and development of the Lee Nuclear Station.

On February 28, 2018, Duke Energy Carolinas and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt. As a result of the settlement, Duke Energy Carolinas recorded a pretax charge of approximately \$4 million in the first quarter of 2018 to Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

On June 22, 2018, the NCUC issued an order approving the Stipulation of Partial Settlement and requiring a revenue reduction. As a result of the order, Duke Energy Carolinas recorded a pretax charge of approximately \$150 million to Impairment charges and Operation, maintenance and other on the Condensed Consolidated Statements of Operations. The charge was primarily related to the denial of a return on the Lee Nuclear Project and the assessment of a \$70 million management penalty by reducing the annual recovery of deferred coal ash costs by \$14 million per year over a five-year recovery period. On July 27, 2018, NCUC approved Duke Energy Carolinas' compliance filing. As a result, revised customer rates were effective on August 1, 2018.

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On July 20, 2018, the North Carolina Attorney General filed a Notice of Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction issued by the NCUC. The Attorney General contends the commission's order should be reversed and remanded, as it is in excess of the commission's statutory authority; affected by errors of law; unsupported by competent, material and substantial evidence in view of the entire record as submitted; and arbitrary or capricious. The Sierra Club, North Carolina Sustainable Energy Association, North Carolina Justice Center, North Carolina Housing Coalition, Natural Resource Defense Council and Southern Alliance for Clean Energy also filed Notices of Appeal to the North Carolina Supreme Court. On August 8, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court, which contends the commission's June 22, 2018, order should be reversed and remanded, as it is affected by errors of law, and is unsupported by substantial evidence with regard to the commission's failure to consider substantial evidence of coal ash related environmental violations. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Carolinas and Duke Energy Progress appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. On November 29, 2018, the North Carolina Supreme Court adopted a schedule for briefing set forth in the motion to consolidate the Duke Energy Carolinas and Duke Energy Progress appeals. Appellant's brief was filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Duke Energy Carolinas cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On September 30, 2019, Duke Energy Carolinas filed an application with the NCUC for a net rate increase for retail customers of approximately \$291 million, which represents an approximate 6% increase in annual base revenues. The gross rate case revenue increase request is \$445 million, which is offset by an EDIT rider of \$154 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for rate increase is driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Carolinas requests rates be effective no later than August 1, 2020. Duke Energy Carolinas cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Carolinas filed an application with the PSCSC for a rate increase for retail customers of approximately \$168 million, which represents an approximate 10% increase in retail revenues. The request for rate increase was driven by capital investments and environmental compliance progress made by Duke Energy Carolinas since its previous rate case, including the further implementation of Duke Energy Carolinas' generation modernization program, which consists of retiring, replacing and upgrading generation plants, investments in customer service technologies and continued investments in base work to maintain its transmission and distribution systems. The request included net tax benefits resulting from the Tax Act of \$66 million to reflect the change in ongoing tax expense, primarily from the reduction in the federal income tax rate from 35% to 21%. The request also included \$46 million to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change and benefits of \$17 million from a reduction in North Carolina state income taxes allocable to South Carolina (EDIT Rider).

Duke Energy Carolinas also requested approval of its proposed Grid Improvement Plan (GIP), adjustments to its Prepaid Advantage Program and a variety of accounting orders related to ongoing costs for environmental compliance, including recovery over a five-year period of \$242 million of deferred coal ash related compliance costs, grid investments between rate changes, incremental depreciation expense, a result of new depreciation rates from the depreciation study approved in the 2017 North Carolina Rate Case above, and the balance of development costs associated with the cancellation of the Lee Nuclear Project. Finally, Duke Energy Carolinas sought approval to establish a reserve and accrual for end-of-life nuclear costs for nuclear fuel and materials and supplies. On March 8, 2019, the ORS moved to establish a new and separate hearing docket to review and consider the GIP proposed by Duke Energy Carolinas. Subsequently, on March 12, 2019, the ORS and Duke Energy Carolinas executed a Stipulation resolving the ORS's motion. The Stipulation provided that costs incurred for the GIP after January 1, 2019, will be deferred with a return, subject to evaluation in a future rate proceeding, and that Duke Energy Carolinas will refile for consideration of the GIP in a new docket for resolution by January 1, 2020. The Stipulation was approved by the PSCSC on June 19, 2019.

After hearings in March 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of cancellation of the Lee Nuclear Project, with Duke Energy Carolinas maintaining the Combined Operating License;
- Approval of recovery of \$125 million (South Carolina retail portion) of Lee Nuclear Project development costs (including AFUDC through December 2017) over a 12-year period, but denial of a return on the deferred balance of costs;
- Approval of recovery of \$96 million of coal ash costs over a five-year period with a return at Duke Energy Carolinas' WACC;
- Denial of recovery of \$115 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a \$66 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a \$45 million decrease through the EDIT Rider to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with the Average Rate Assumption Method (ARAM) for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a five-year period for the deferred revenues; and
- Approval of a \$17 million decrease through the EDIT Rider related to reductions in the North Carolina state income tax rate from 6.9% to 2.5% to be returned over a five-year period.

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As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Carolinas filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Carolinas were prejudiced by unlawful, arbitrary and capricious rulings by the commission on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Carolinas' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Carolinas intends to file a notice of appeal within 30 days of the date of the order with the South Carolina Supreme Court. Based on legal analysis and Duke Energy Carolinas' intention to file such an appeal, Duke Energy Carolinas has not recorded an adjustment for its deferred coal ash costs. Duke Energy Carolinas cannot predict the outcome of this matter.

FERC Formula Rate Matter

On July 31, 2017, PMPA filed a complaint with FERC alleging that Duke Energy Carolinas misapplied the formula rate under the PPA between the parties by including in its rates amortization expense associated with regulatory assets and recorded in a certain account without FERC approval. On February 15, 2018, FERC issued an order ruling in favor of PMPA and ordered Duke Energy Carolinas to refund to PMPA all amounts improperly collected under the PPA. Duke Energy Carolinas has issued to PMPA and similarly situated wholesale customers refunds of approximately \$25 million. FERC also set the matter for settlement and hearing. PMPA and other customers filed a protest to Duke Energy Carolinas' refund report claiming that the refunds are inadequate in that (1) Duke Energy Carolinas invoked the limitations periods in the contracts to limit the time period for which the refunds were paid and the customers disagree that this limitation applies, and (2) Duke Energy Carolinas refunded only amounts recovered through a certain account and the customers have asserted that the order applies to all regulatory assets. On July 3, 2018, FERC issued an order accepting Duke Energy Carolinas' refund report and ruling that these two claims are outside the scope of FERC's February order. The settlement agreements and revised formula rates for all parties to the proceeding were filed on December 28, 2018. On April 2, 2019, FERC issued an order approving the settlement agreement as filed. Since then, Duke Energy Carolinas has implemented the terms of the settlement in rates with all wholesale customers, including non-intervening customers. On July 25, 2019, Duke Energy Carolinas received FERC approval for the accounting treatment requested for certain assets included in the settlement agreements. This is the final approval needed from FERC and concludes this proceeding.

Sale of Hydroelectric (Hydro) Plants

In May 2018, Duke Energy Carolinas entered an agreement for the sale of five hydro plants with a combined 18.7-MW generation capacity in the Western Carolinas region to Northbrook Energy. The completion of the transaction was subject to approval from FERC for the four FERC-licensed plants, as well as other state regulatory agencies and was contingent upon regulatory approval from the NCUC and PSCSC to defer the total estimated loss on the sale of approximately \$40 million. On July 5, 2018, Duke Energy Carolinas filed with NCUC for approval of the sale of the five hydro plants to Northbrook, to transfer the CPCNs for the four North Carolina hydro plants and to establish a regulatory asset for the North Carolina retail portion of the difference between sales proceeds and net book value. On June 5, 2019, the NCUC issued an order approving the transfer of the hydro plants from Duke Energy Carolinas to Northbrook, granting deferral accounting and denying the Public Staff's motion for reconsideration.

On August 28, 2018, Duke Energy Carolinas filed with PSCSC an Application for Approval of Transfer and Sale of Hydroelectric Generation Facilities, Acceptance for Filing of a Power Purchase Agreement and an Accounting Order to Establish a Regulatory Asset. On September 10, 2018, the ORS provided a letter to the commission stating its position on the application and on September 18, 2018, Duke Energy Carolinas requested this matter be carried over to allow Duke Energy Carolinas time to discuss certain accounting issues with the ORS. At their June 26, 2019, agenda meeting, the PSCSC voted to approve the transfer and sale subject to the recommendation of the ORS that the issuance of an Accounting Order will not preclude the ORS, the commission or any other party from addressing the reasonableness of these costs, any return sought and including any carrying costs in the next rate case.

On August 9, 2018, Duke Energy Carolinas and Northbrook filed a joint Application for Transfer of Licenses with the FERC. On December 27, 2018, the FERC issued its Order Approving Transfer of Licenses ("Order") for the four FERC-licensed hydro plants. On January 18, 2019, Duke Energy Carolinas and Northbrook Carolina Hydro II, LLC requested a six-month extension of time to comply with the requirement of the Order that Northbrook submit to FERC certified copies of all instruments of conveyance and signed acceptance sheets within 60 days of the date of the Order. On February 14, 2019, FERC issued an order granting extensions until August 26, 2019, to comply with the requirements of the December 27, 2018, Order.

The closing occurred on August 16, 2019. A regulatory asset was established for approximately \$32 million, which represents the total deferral amount for North Carolina and South Carolina retail. The North Carolina retail portion will be amortized pursuant to an order from the NCUC. Duke Energy Carolinas will purchase all the capacity and energy generated by these facilities at the avoided cost for five years through power purchase agreements.

Duke Energy Progress

2017 North Carolina Rate Case

On June 1, 2017, Duke Energy Progress filed an application with the NCUC for a rate increase for retail customers of approximately \$477 million, which represented an approximate 14.9% increase in annual base revenues. Subsequent to the filing, Duke Energy Progress adjusted the requested amount to \$420 million, representing an approximate 13% increase. The request for rate increase was driven by capital investments subsequent to the previous base rate case, costs of complying with CCR regulations and the Coal Ash Act, costs relating to storm recovery, investments in customer service technologies and recovery of costs associated with renewable purchased power.

On November 22, 2017, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt. On February 23, 2018, the NCUC issued an order approving the stipulation.

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The order also impacted certain amounts that were similarly recorded on Duke Energy Carolinas' Condensed Consolidated Balance Sheets. As a result of the order, Duke Energy Progress and Duke Energy Carolinas recorded pretax charges of \$68 million and \$14 million, respectively, in the first quarter of 2018 to Impairment charges, Operation, maintenance and other and Interest Expense on the Condensed Consolidated Statements of Operations. Revised customer rates became effective on March 16, 2018.

On May 15, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court from the NCUC's February 23, 2018, Order. The Public Staff contends the NCUC's order should be reversed and remanded, as it is affected by errors of law, and is unsupported by competent, material and substantial evidence in view of the entire record as submitted. The North Carolina Attorney General and Sierra Club also filed Notices of Appeal to the North Carolina Supreme Court from the February 23, 2018, Order. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Progress and Duke Energy Carolinas appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. Appellant's brief was filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Duke Energy Progress cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On October 30, 2019, Duke Energy Progress filed an application with the NCUC for a net rate increase for retail customers of approximately \$464 million, which represents an approximate 12.3% increase in annual base revenues. The gross rate case revenue increase request is \$586 million, which is offset by riders of \$122 million, primarily an EDIT rider of \$120 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for rate increase is driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Progress seeks to defer and recover incremental Hurricane Dorian storm costs in this proceeding and requests rates be effective no later than September 1, 2020. Duke Energy Progress cannot predict the outcome of this matter.

Hurricane Dorian

Hurricane Dorian reached the Carolinas in September 2019 as a Category 2 hurricane making landfall within Duke Energy Progress' service territory. Approximately 270,000 North Carolina customers and 30,000 South Carolina customers were impacted by the slow-moving storm that brought high winds, tornadoes and heavy rain. With storm-response mobilization occurring in preparation for the storm and the assistance of mutual aid partners, full restoration was accomplished within four days for all customers able to receive service. Total estimated incremental operation and maintenance expenses incurred to repair and restore the system are approximately \$208 million with an additional \$10 million in capital investments made for restoration efforts. Approximately \$182 million of the operation and maintenance expenses are deferred in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of September 30, 2019. The balance of operation and maintenance expenses are included in Operation, maintenance and other on the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2019.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Progress filed an application with the PSCSC for a rate increase for retail customers of approximately \$59 million, which represents an approximate 10.3% increase in annual base revenues. The request for rate increase was driven by capital investments and environmental compliance progress made by Duke Energy Progress since its previous rate case, including the further implementation of Duke Energy Progress' generation modernization program, which consists of retiring, replacing and upgrading generation plants, investments in customer service technologies and continued investments in base work to maintain its transmission and distribution systems. The request included a decrease resulting from the Tax Act of \$17 million to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%. The request also included \$10 million to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change (EDIT Rider) and a \$12 million increase due to the expiration of EDITs related to reductions in North Carolina state income taxes allocable to South Carolina.

Duke Energy Progress also requested approval of its proposed GIP, approval of a Prepaid Advantage Program and a variety of accounting orders related to ongoing costs for environmental compliance, including recovery over a five-year period of \$51 million of deferred coal ash related compliance costs, AMI deployment, grid investments between rate changes and regulatory asset treatment related to the retirement of a generating plant located in Asheville, North Carolina. Finally, Duke Energy Progress sought approval to establish a reserve and accrual for end-of-life nuclear costs for materials and supplies and nuclear fuel. On March 8, 2019, the ORS moved to establish a new and separate hearing docket to review and consider the GIP proposed by Duke Energy Progress. Subsequently, on March 12, 2019, the ORS and Duke Energy Carolinas executed a Stipulation resolving the ORS's motion, and Duke Energy Progress agreed to the Stipulation, as did other parties in the rate case. The Stipulation provides that costs incurred for the GIP after January 1, 2019, will be deferred with a return, with all costs subject to evaluation in a future rate proceeding, and that Duke Energy Progress will refile for consideration of the GIP in a new docket for resolution by January 1, 2020. The Stipulation was approved by the PSCSC on June 19, 2019.

After hearings in April 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of recovery of \$4 million of coal ash costs over a five-year period with a return at Duke Energy Progress' WACC;
- Denial of recovery of \$65 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a \$17 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;

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- Approval of a \$12 million decrease through the EDIT Tax Savings Rider resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with ARAM for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a three-year period for the deferred revenues; and
- Approval of a \$12 million increase due to the expiration of EDIT related to reductions in the North Carolina state income tax rate from 6.9% to 2.5%.

As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Progress filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Progress were prejudiced by unlawful, arbitrary and capricious rulings by the commission on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Progress' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses, but allowing additional litigation-related costs. As a result of the Directive allowing litigation-related costs, customer rates were revised effective July 1, 2019. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Progress intends to file a notice of appeal within 30 days of the date of the order with the South Carolina Supreme Court. Based on legal analysis and Duke Energy Progress' intention to file such an appeal, Duke Energy Progress has not recorded an adjustment for its deferred coal ash costs. Duke Energy Progress cannot predict the outcome of this matter.

Western Carolinas Modernization Plan

On November 4, 2015, Duke Energy Progress announced a Western Carolinas Modernization Plan, which included retirement of the existing Asheville coal-fired plant, the construction of two 280-MW combined-cycle natural gas plants having dual-fuel capability, with the option to build a third natural gas simple cycle unit in 2023 based upon the outcome of initiatives to reduce the region's power demand. The plan also included upgrades to existing transmission lines and substations, installation of solar generation and a pilot battery storage project. These investments will be made within the next seven years. Duke Energy Progress worked with the local natural gas distribution company to upgrade and lease an existing natural gas pipeline to serve the natural gas plant. The lease for the new pipeline became effective on March 2, 2019.

On March 28, 2016, the NCUC issued an order approving a CPCN for the new combined-cycle natural gas plants, but is requiring Duke Energy Progress to refile for CPCN approval for the contingent simple cycle unit. On March 28, 2019, Duke Energy Progress filed an annual progress report for the construction of the combined-cycle plants with the NCUC, with an estimated cost of \$893 million. Site preparation activities for the combined-cycle plants are complete and construction of these plants began in 2017, with an expected in-service date in late 2019.

On October 8, 2018, Duke Energy Progress filed an application with the NCUC for a CPCN to construct the Hot Springs Microgrid Solar and Battery Storage Facility. On March 22, 2019, Duke Energy Progress and the Public Staff filed a Joint Proposed Order. On May 10, 2019, the NCUC issued an Order Granting Certificate of Public Convenience and Necessity with Conditions.

The carrying value of the 376-MW Asheville coal-fired plant, including associated ash basin closure costs, of \$234 million and \$327 million is included in Generation facilities to be retired, net on Duke Energy Progress' Condensed Consolidated Balance Sheets as of September 30, 2019, and December 31, 2018, respectively. Duke Energy Progress' request for a regulatory asset at the time of retirement with amortization over a 10-year period was approved by the NCUC on February 23, 2018.

FERC Return on Equity Complaint

On October 11, 2019, North Carolina Eastern Municipal Power Agency (Power Agency) filed a complaint at FERC against Duke Energy Progress pursuant to Section 206 of the Federal Power Act (FPA). The complaint alleges that the return on equity component in the formula rate contained within the Full Requirements Power Purchase Agreement (FRPPA) is unjust and unreasonable. The FRPPA's return on equity is 11% as applied to the Production Capacity Rate for the full requirements service provided by Duke Energy Progress. The complaint does not definitively propose a replacement return on equity. Under FPA Section 206, the earliest refund effective date that FERC can establish is the date of the filing of the complaint. The complaint could raise risks across the Duke Energy Progress wholesale business because, depending on how FERC treats Power Agency's complaint, other parties may come forward with similar complaints. Duke Energy Progress cannot predict the outcome of this matter.

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Duke Energy Florida

Storm Restoration Cost Recovery

In September 2017, Duke Energy Florida's service territory suffered significant damage from Hurricane Irma, resulting in approximately 1 million customers experiencing outages. In the fourth quarter of 2017, Duke Energy Florida also incurred preparation costs related to Hurricane Nate. On December 28, 2017, Duke Energy Florida filed a petition with the FPSC to recover incremental storm restoration costs for Hurricane Irma and Hurricane Nate and to replenish the storm reserve. On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed a petition for approval of actual storm restoration costs and associated recovery process related to Hurricane Irma and Hurricane Nate. The petition sought the approval for the recovery in the amount of \$510 million in actual recoverable storm restoration costs, including the replenishment of Duke Energy Florida's storm reserve of \$132 million, and the process for recovering these recoverable storm costs. On August 20, 2018, the FPSC approved Duke Energy Florida's unopposed Motion for Continuance filed August 17, 2018, to allow for an evidentiary hearing in this matter. On January 28, 2019, Duke Energy Florida made a supplemental filing to reduce the total storm cost recovery from \$510 million to \$508 million. On April 3, 2019, the FPSC issued an Order abating all remaining filing dates. On April 9, 2019, Duke Energy Florida filed an unopposed motion to approve a settlement agreement resolving all outstanding issues in this docket. On June 13, 2019, the FPSC issued its order approving the settlement agreement. The Storm Cost Settlement Agreement obligates Duke Energy Florida to capitalize \$18 million of storm costs and remove \$6 million of operating and maintenance expense, thereby reducing the requested storm cost recovery amount by \$24 million. Duke Energy Florida will also implement process changes with respect to storm cost restoration. At September 30, 2019, and December 31, 2018, Duke Energy Florida's Condensed Consolidated Balance Sheets included approximately \$80 million and \$217 million, respectively, of recoverable costs under the FPSC's storm rule in Regulatory assets within Current Assets and Other Noncurrent Assets related to storm recovery for Hurricane Irma and Hurricane Nate.

In October 2018, Duke Energy Florida's service territory suffered damage when Hurricane Michael made landfall as a Category 5 hurricane with maximum sustained winds of 160 mph. The storm caused catastrophic damage from wind and storm surge, particularly from Panama City Beach to Mexico Beach, resulting in widespread outages and significant damage to transmission and distribution facilities across the central Florida Panhandle. In response to Hurricane Michael, Duke Energy Florida restored service to approximately 72,000 customers. Total estimated incremental operation and maintenance and capital costs are \$360 million. Approximately \$85 million and \$35 million of the costs are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of September 30, 2019, and December 31, 2018, respectively. Approximately \$220 million and \$165 million of costs are included in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of September 30, 2019, and December 31, 2018, respectively, representing recoverable costs under the FPSC's storm rule and Duke Energy Florida's OATT formula rates.

Duke Energy Florida filed a petition with the FPSC on April 30, 2019, to recover the retail portion of incremental storm restoration costs for Hurricane Michael. The estimated recovery amount is approximately \$221 million. On June 11, 2019, the FPSC approved the petition for recovery of incremental storm restoration costs related to Hurricane Michael. The FPSC also approved the stipulation Duke Energy Florida filed, which will allow Duke Energy Florida to use the tax savings resulting from the Tax Act to recover these storm costs in lieu of implementing a storm surcharge. Approved storm costs are currently expected to be fully recovered by approximately year-end 2021. Duke Energy Florida expects to file actual costs for approval with the FPSC in 2019. Duke Energy Florida cannot predict the outcome of this matter.

Hurricane Dorian

In September 2019, Duke Energy Florida's service territory was threatened by Hurricane Dorian with landfall as a possible Category 5 hurricane. For several days, various forecasts and models predicted significant impact to Duke Energy Florida's service territory; accordingly, Duke Energy Florida incurred costs to secure necessary resources to be prepared for that potential impact. Although Hurricane Dorian never made landfall in Florida, affects were still felt, and outages did occur. Preparations were required so that, if Hurricane Dorian had made landfall and impacts had been more severe, Duke Energy Florida would have been prepared to restore its customers' power in a timely fashion.

Total current estimated incremental costs are approximately \$153 million. These costs are included in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of September 30, 2019, representing recoverable costs under the FPSC's storm rule and Duke Energy Florida's OATT formula rates. Duke Energy Florida anticipates filing a petition with the FPSC to recover these costs, consistent with the provisions in the 2017 Settlement. Duke Energy Florida cannot predict the outcome of this matter.

Tax Act

Pursuant to Duke Energy Florida's 2017 Settlement, on May 31, 2018, Duke Energy Florida filed a petition related to the Tax Act, which included revenue requirement impacts of annual tax savings of \$134 million and estimated annual amortization of EDIT of \$67 million for a total of \$201 million. Of this amount, \$50 million would be offset by accelerated depreciation of Crystal River 4 and 5 coal units and an estimated \$151 million would be offset by Hurricane Irma storm cost recovery as explained in the Storm Restoration Cost Recovery section above. On December 27, 2018, Duke Energy Florida filed actual EDIT balances and amortization based on its 2017 filed tax return. This increased the revenue requirement impact of the amortization of EDIT by \$4 million, from \$67 million to \$71 million, which increased the total storm amortization from \$151 million to \$155 million. On January 8, 2019, the FPSC approved a joint motion by Duke Energy Florida and the Office of Public Counsel resolving all stipulated positions. As part of that stipulation, Duke Energy Florida agreed to seek a Private Letter Ruling (PLR) from the IRS on its treatment of cost of removal (COR) as mostly protected by tax normalization rules. If the IRS rules that COR is not protected by tax normalization rules, then Duke Energy Florida will make a final adjustment to the amortization of EDIT and an adjustment to the storm recovery amount retroactive to January 2018. The IRS has communicated that it will not issue individual PLRs on the treatment of COR. Rather, the IRS is drafting a notice that will request comments on a number of issues, including COR, and the IRS plans to issue industrywide guidance on those issues. Duke Energy Florida cannot predict the outcome of this matter.

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Solar Base Rate Adjustment

On July 31, 2018, Duke Energy Florida petitioned the FPSC to include in base rates the revenue requirements for its first two solar generation projects, the Hamilton Project and the Columbia Project, as authorized by the 2017 Settlement. The Hamilton Project, which was placed into service on December 22, 2018, has an annual retail revenue requirement of \$15 million. At its October 30, 2018, Agenda Conference, the FPSC approved the rate increase related to the Hamilton Project to go into effect beginning with the first billing cycle in January 2019 under its file and suspend authority, and revised customer rates became effective in January 2019. The Columbia Project has a projected annual revenue requirement of \$14 million and a projected in-service date in early 2020; the associated rate increase would take place with the first month's billing cycle after the Columbia Project goes into service. On April 2, 2019, the commission approved both solar projects as filed.

On March 25, 2019, Duke Energy Florida petitioned the FPSC to include in base rates the revenue requirements for its next wave of solar generation projects, the Trenton, Lake Placid and DeBary Solar Projects, as authorized by the 2017 Settlement. The annual retail revenue requirement for the Trenton and Lake Placid Projects is \$13 million and \$8 million, respectively, with projected in-service dates in the fourth quarter of 2019. The DeBary Project has a projected annual revenue requirement of \$11 million and a projected in-service date in the first quarter of 2020. The associated rate increase would take place with the first month's billing cycle after each solar generation project goes into service. On July 22, 2019, the FPSC issued an order approving Duke Energy Florida's request.

Crystal River Unit 3 Accelerated Decommissioning Filing

On May 29, 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of the Crystal River Unit 3 nuclear power station located in Citrus County, Florida, with ADP CR3, LLC and ADP SF1, LLC, each of which is a wholly owned subsidiary of Accelerated Decommissioning Partners, LLC, a joint venture between NorthStar Group Services, Inc. and Orano USA LLC. Closing of this agreement is contingent upon the approval of the NRC and FPSC. If approved, the decommissioning will be accelerated starting in 2020 and continuing through 2027, rather than the expected time frame under SAFSTOR of starting in 2067 and ending in 2074. Duke Energy Florida expects that the assets of the Nuclear Decommissioning Trust Fund will be sufficient to cover the contract price. On July 10, 2019, Duke Energy Florida petitioned the FPSC for approval of the agreement. Duke Energy Florida cannot predict the outcome of this matter.

Citrus County CC

Construction of the 1,640-MW combined-cycle natural gas plant in Citrus County, Florida, began in October 2015 with an estimated cost of \$1.5 billion, including AFUDC. Both units came on-line in the fourth quarter of 2018. The ultimate cost of the facility was estimated to be \$1.6 billion, and Duke Energy Florida recorded Impairment charges on Duke Energy's Consolidated Statements of Operations of \$60 million in the fourth quarter of 2018 for the overrun. In September 2019, Duke Energy Florida recorded a \$25 million reduction to a prior-year impairment due to a decrease in the cost estimate of the Citrus County CC, primarily related to the settlement agreement with Fluor, the EPC contractor. See Note 4 for additional information.

Duke Energy Ohio

2017 Electric Security Plan Filing

On June 1, 2017, Duke Energy Ohio filed with the PUCO a request for a standard service offer in the form of an ESP. On February 15, 2018, the procedural schedule was suspended to facilitate ongoing settlement discussions. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases pending before the PUCO, including, but not limited to, its Electric Base Rate Case. Additionally, on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation and Recommendation (Stipulation) with the PUCO resolving certain issues in this proceeding. The term of the ESP would be from June 1, 2018, to May 31, 2025, and included continuation of market-based customer rates through competitive procurement processes for generation, continuation and expansion of existing rider mechanisms and proposed new rider mechanisms relating to regulatory mandates, costs incurred to enhance the customer experience and transform the grid and a service reliability rider for vegetation management. The Stipulation established a regulatory model for the next seven years via the approval of the ESP and continued the current model for procuring supply for non-shopping customers, including recovery mechanisms. On December 19, 2018, the PUCO approved the Stipulation without material modification. Several parties filed applications for rehearing. On February 6, 2019, the PUCO granted the parties rehearing. The PUCO issued its Second Entry on Rehearing on July 17, 2019, upholding its December 19, 2018 order and denying all assignments of error raised by the non-stipulating parties. On September 13, 2019, Interstate Gas Supply/Retail Supply Association filed appeals to the Ohio Supreme Court claiming the PUCO's order was in error because it approved unsupported charges to competitive suppliers and cost subsidies shopping customers pay for non-shopping customers. On September 16, 2019, the Office of the Ohio Consumers' Counsel (OCC) filed an appeal challenging the PUCO's approval of OVEC recovery through Duke Energy Ohio's Price Stability Rider (Rider PSR) alleging the FPA pre-empts the commission's jurisdiction and that the record does not support finding that Rider PSR results in a limitation on shopping. On October 11, 2019, the OCC filed its Third Application for Rehearing arguing the PUCO erred in finding OCC's Second Application for Rehearing as improper. Duke Energy Ohio filed its Memorandum Contra on October 21, 2019. Duke Energy Ohio cannot predict the outcome of this matter.

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Electric Base Rate Case

Duke Energy Ohio filed with the PUCO an electric distribution base rate case application and supporting testimony in March 2017. Duke Energy Ohio requested an estimated annual increase of approximately \$15 million and a return on equity of 10.4%. The application also included requests to continue certain current riders and establish new riders. On September 26, 2017, the PUCO staff filed a report recommending a revenue decrease between approximately \$18 million and \$29 million and a return on equity between 9.22% and 10.24%. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases pending before the PUCO. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed the Stipulation with the PUCO resolving numerous issues including those in this base rate proceeding. Major components of the Stipulation related to the base distribution rate case included a \$19 million decrease in annual base distribution revenue with a return on equity unchanged from the current rate of 9.84% based upon a capital structure of 50.75% equity and 49.25% debt. Upon approval of new rates, Duke Energy Ohio's rider for recovering its initial SmartGrid implementation ended as these costs would be recovered through base rates. The Stipulation also renewed 14 existing riders, some of which were included in the company's ESP, and added two new riders including the Enhanced Service Reliability Rider to recover vegetation management costs not included in base rates, up to \$10 million per year (operation and maintenance only) and the PowerForward Rider to recover costs incurred to enhance the customer experience and further transform the grid (operation and maintenance and capital). In addition to the changes in revenue attributable to the Stipulation, Duke Energy Ohio's capital-related riders, including the Distribution Capital Investments Rider, began to reflect the lower federal income tax rate associated with the Tax Act with updates to customers' bills beginning April 1, 2018. This change reduced electric revenue by approximately \$20 million on an annualized basis. On December 19, 2018, the PUCO approved the Stipulation without material modification. New base rates were implemented effective January 2, 2019. Several parties filed applications for rehearing. On February 6, 2019, the PUCO granted the parties rehearing. The PUCO issued its Second Entry on Rehearing on July 17, 2019, upholding its December 19, 2018 order and denying all assignments of error raised by the non-stipulating parties. On September 13, 2019, Interstate Gas Supply/Retail Supply Association filed appeals to the Ohio Supreme Court claiming the PUCO's order was in error because it approved unsupported charges to competitive suppliers and cost subsidies shopping customers pay for non-shopping customers. On September 16, 2019, the OCC filed an appeal challenging the PUCO's approval of OVEC recovery through Rider PSR alleging the FPA pre-empts the commission's jurisdiction and that the record does not support finding that Rider PSR results in a limitation on shopping. On October 11, 2019, the OCC filed its Third Application for Rehearing arguing the PUCO erred in finding OCC's Second Application for Rehearing as improper. Duke Energy Ohio filed its Memorandum Contra on October 21, 2019. Duke Energy Ohio cannot predict the outcome of this matter.

Ohio Valley Electric Corporation

On March 31, 2017, Duke Energy Ohio filed for approval to adjust its existing Rider PSR to pass through net costs related to its contractual entitlement to capacity and energy from the generating assets owned by OVEC. Duke Energy Ohio sought deferral authority for net costs incurred from April 1, 2017, until the new rates under Rider PSR were put into effect. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the PUCO. Also, on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation with the PUCO resolving numerous issues including those related to Rider PSR. The Stipulation activated Rider PSR for recovery of net costs incurred from January 1, 2018, through May 2025. On December 19, 2018, the PUCO approved the Stipulation without material modification. The PSR rider became effective April 1, 2019. Several parties filed applications for rehearing. On February 6, 2019, the PUCO granted the parties rehearing. The PUCO issued its Second Entry on Rehearing on July 17, 2019, upholding its December 19, 2018 order and denying all assignments of error raised by the non-stipulating parties. On September 13, 2019, Interstate Gas Supply/Retail Supply Association filed appeals to the Ohio Supreme Court claiming the PUCO's order was in error because it approved unsupported charges to competitive suppliers and cost subsidies shopping customers pay for non-shopping customers. On September 16, 2019, the OCC filed an appeal challenging the PUCO's approval of OVEC recovery through Rider PSR alleging the FPA pre-empts the commission's jurisdiction and that the record does not support finding that Rider PSR results in a limitation on shopping. On October 11, 2019, the OCC filed its Third Application for Rehearing arguing the PUCO erred in finding OCC's Second Application for Rehearing as improper. Duke Energy Ohio filed its Memorandum Contra on October 21, 2019. Duke Energy Ohio cannot predict the outcome of this matter.

On July 23, 2019, an Ohio bill was signed into law that will be effective January 1, 2020. Among other things, the bill allows for recovery of prudently incurred costs, net of any revenues, for Ohio investor-owned utilities that are participants under the OVEC power agreement. The recovery shall be through a non-bypassable rider that is to replace any existing recovery mechanism approved by the PUCO and will remain in place through 2030. The amounts recoverable from customers will be subject to an annual cap, with incremental costs that exceed such cap eligible for deferral and recovery subject to review. See Note 13 for additional discussion of Duke Energy Ohio's ownership interest in OVEC.

Tax Act – Ohio

On July 25, 2018, Duke Energy Ohio filed an application to establish a new rider to implement the benefits of the Tax Act for electric distribution customers. The new rider will flow through to customers the benefit of the lower statutory federal tax rate from 35% to 21% since January 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normalization rules will be refunded consistent with federal law and deferred income taxes not subject to normalization rules will be refunded over a 10-year period. Duke Energy Ohio's transmission rates reflect lower federal income tax but guidance from FERC on amortization of both protected and unprotected transmission-related EDITs is still pending. On October 24, 2018, the PUCO issued a Finding and Order that, among other things, directed all utilities over which the commission has ratemaking authority to file an application to pass the benefits of the Tax Act to customers by January 1, 2019, unless otherwise exempted or directed by the PUCO. Duke Energy Ohio's July 25, 2018, filing for electric distribution operations is consistent with the commission's October 24, 2018, Finding and Order and no further action is needed. On February 20, 2019, the PUCO approved the application without material modification. Rates became effective March 1, 2019.

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On December 21, 2018, Duke Energy Ohio filed an application to change its base rates and establish a new rider to implement the benefits of the Tax Act for natural gas customers. Duke Energy Ohio requested commission approval to implement the changes and rider effective April 1, 2019. The new rider will flow through to customers the benefit of the lower statutory federal tax rate from 35% to 21% since January 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normalization rules will be refunded consistent with federal law and deferred income taxes not subject to normalization rules will be refunded over a 10-year period. The PUCO established a procedural schedule and testimony was filed on July 31, 2019. An evidentiary hearing occurred on August 7, 2019. Initial briefs were filed on September 11, 2019. Reply briefs were filed on September 25, 2019. Duke Energy Ohio cannot predict the outcome of this matter.

Energy Efficiency Cost Recovery

On March 28, 2014, Duke Energy Ohio filed an application for recovery of program costs, lost distribution revenue and performance incentives related to its energy efficiency and peak demand reduction programs. These programs are undertaken to comply with environmental mandates set forth in Ohio law. The PUCO approved Duke Energy Ohio's application but found that Duke Energy Ohio was not permitted to use banked energy savings from previous years in order to calculate the amount of allowed incentive. This conclusion represented a change to the cost recovery mechanism that had been agreed upon by intervenors and approved by the PUCO in previous cases. The PUCO granted the applications for rehearing filed by Duke Energy Ohio and an intervenor. On January 6, 2016, Duke Energy Ohio and the PUCO Staff entered into a stipulation, pending the PUCO's approval, to resolve issues related to performance incentives and the PUCO Staff audit of 2013 costs, among other issues. In December 2015, based upon the stipulation, Duke Energy Ohio re-established approximately \$20 million of the revenues that had been previously reversed. On October 26, 2016, the PUCO issued an order approving the stipulation without modification. In December 2016, the PUCO granted the intervenors request for rehearing for the purpose of further review. On April 10, 2019, the PUCO issued an Entry on Rehearing denying the rehearing applications.

On June 15, 2016, Duke Energy Ohio filed an application for approval of a three-year energy efficiency and peak demand reduction portfolio of programs. A stipulation and modified stipulation were filed on December 22, 2016, and January 27, 2017, respectively. Under the terms of the stipulations, which included support for deferral authority of all costs and a cap on shared savings incentives, Duke Energy Ohio has offered its energy efficiency and peak demand reduction programs throughout 2017. On February 3, 2017, Duke Energy Ohio filed for deferral authority of its costs incurred in 2017 in respect of its proposed energy efficiency and peak demand reduction portfolio. On September 27, 2017, the PUCO issued an order approving a modified stipulation. The modifications impose an annual cap of approximately \$38 million on program costs and shared savings incentives combined, but allowed for Duke Energy Ohio to file for a waiver of costs in excess of the cap in 2017. The PUCO approved the waiver request for 2017 up to a total cost of \$56 million. On November 21, 2017, the PUCO granted Duke Energy Ohio's and intervenor's applications for rehearing of the September 27, 2017, order. On January 10, 2018, the PUCO denied the OCC's application for rehearing of the PUCO order granting Duke Energy Ohio's waiver request; however, a decision on Duke Energy Ohio's application for rehearing remains pending. Duke Energy Ohio cannot predict the outcome of this matter.

2014 Electric Security Plan

On May 30, 2018, the PUCO approved an extension of Duke Energy Ohio's then-current ESP, including all terms and conditions thereof, excluding an extension of Duke Energy Ohio's Rider DCI. Following rehearing, on July 25, 2018, the PUCO granted the request and allowed a continuing cap on recovery under Rider DCI. The orders were upheld on rehearing requested by the Ohio Manufacturers' Association (OMA) and OCC. The time period for parties to file for rehearing or appeal has expired.

In 2018, the OMA and OCC filed separate appeals of PUCO's approval of Duke Energy Ohio's ESP with the Ohio Supreme Court, challenging PUCO's approval of Duke Energy Ohio's Rider PSR as a placeholder and its Rider DCI to recover incremental revenue requirement for distribution capital since Duke Energy Ohio's last base rate case. The Ohio Supreme Court issued an order on March 13, 2019, for the appellants to show cause why the appeals should not be dismissed as moot in light of the commission's approval of Duke Energy Ohio's current ESP. The OCC and OMA made the requested filings on March 20, 2019, and Duke Energy Ohio filed its response on March 27, 2019. Subsequent to OCC and OMA making the requested filings, the Ohio Supreme Court dismissed the appeals as moot on May 8, 2019.

Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. Duke Energy Ohio currently estimates the pipeline development costs and construction activities will range from \$163 million to \$245 million in direct costs (excluding overheads and AFUDC). On January 20, 2017, Duke Energy Ohio filed an amended application with the Ohio Power Siting Board (OPSB) for approval of one of two proposed routes. A public hearing was held on June 15, 2017. In April 2018, Duke Energy Ohio filed a motion with OPSB to establish a procedural schedule and filed supplemental information supporting its application. On December 18, 2018, the OPSB established a procedural schedule that included a local public hearing on March 21, 2019. An evidentiary hearing began on April 9, 2019, and concluded on April 11, 2019. Briefs were filed on May 13, 2019, and reply briefs were filed on June 10, 2019. If approved, construction of the pipeline extension is expected to be completed before the 2021/2022 winter season. Duke Energy Ohio expects a decision by the end of 2019. Duke Energy Ohio cannot predict the outcome of this matter.

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2012 Natural Gas Rate Case/MGP Cost Recovery

As part of its 2012 natural gas base rate case, Duke Energy Ohio has approval to defer and recover costs related to environmental remediation at two sites (East End and West End) that housed former MGP operations. Duke Energy Ohio has made annual applications for recovery of these deferred costs. Duke Energy Ohio has collected approximately \$55 million in environmental remediation costs between 2009 through 2012 through a separate rider, Rider MGP, which is currently suspended. Duke Energy Ohio has made annual applications with the PUCO to recover its incremental remediation costs consistent with the PUCO's directive in Duke Energy Ohio's 2012 natural gas rate case. To date, the PUCO has not ruled on Duke Energy Ohio's annual applications for the calendar years 2013 through 2017. On September 28, 2018, the staff of the PUCO issued a report recommending a disallowance of approximately \$12 million of the \$26 million in MGP remediation costs incurred between 2013 through 2017 that staff believes are not eligible for recovery. Staff interprets the PUCO's 2012 Order granting Duke Energy Ohio recovery of MGP remediation as limiting the recovery to work directly on the East End and West End sites. On October 30, 2018, Duke Energy Ohio filed reply comments objecting to the staff's recommendations and explaining, among other things, the obligation Duke Energy Ohio has under Ohio law to remediate all areas impacted by the former MGPs and not just physical property that housed the former plants and equipment. To date, the PUCO has not ruled on Duke Energy Ohio's applications. On March 29, 2019, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2018 seeking recovery of approximately \$20 million in remediation costs. On July 12, 2019, the staff recommended a disallowance of approximately \$11 million for work that staff believes occurred in areas not authorized for recovery. Additionally, staff recommended that any discussion pertaining to Duke Energy Ohio's recovery of ongoing MGP costs should be directly tied to or netted against insurance proceeds collected by Duke Energy Ohio. The PUCO has established a procedural schedule with an evidentiary hearing to commence on November 18, 2019. Duke Energy Ohio cannot predict the outcome of this matter.

The 2012 PUCO order also contained conditional deadlines for completing the MGP environmental investigation and remediation costs at the MGP sites. Subsequent to the order, the deadline was extended to December 31, 2019. On May 10, 2019, Duke Energy Ohio filed an application requesting a continuation of its existing deferral authority for MGP remediation and investigation that must occur after December 31, 2019. On September 13, 2019, intervenor comments were filed opposing Duke Energy Ohio's request for continuation of existing deferral authority and on October 2, 2019, Duke Energy Ohio filed reply comments. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky Natural Gas Base Rate Case

On August 31, 2018, Duke Energy Kentucky filed an application with the KPSC requesting an increase in natural gas base rates of approximately \$11 million, an approximate 11.1% average increase across all customer classes. The increase was net of approximately \$5 million in annual savings as a result of the Tax Act. The drivers for this case were capital invested since Duke Energy Kentucky's last rate case in 2009. Duke Energy Kentucky also sought implementation of a Weather Normalization Adjustment Mechanism, amortization of regulatory assets and to implement the impacts of the Tax Act, prospectively. On January 30, 2019, Duke Energy Kentucky entered into a settlement agreement with the Attorney General of Kentucky, the only intervenor in the case. The settlement provided for an approximate \$7 million increase in natural gas base revenue, a return on equity of 9.7% and approval of the proposed Weather Normalization Mechanism. A hearing was held on February 5, 2019. The commission issued its order approving the settlement without material modification on March 27, 2019. Revised customer rates were effective April 1, 2019.

Duke Energy Kentucky Electric Base Rate Case

On September 3, 2019, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately \$46 million, which represents an approximate 12.5% increase across all customer classes. The request for rate increase is driven by increased investment in utility plant since the last electric base rate case in 2017. Duke Energy Kentucky seeks to implement a Storm Deferral Mechanism that will enable Duke Energy Kentucky to defer actual costs incurred for major storms that are over or under amounts in base rates. In response to large customers' desire to have access to renewable resources, Duke Energy Kentucky is proposing a Green Source Advantage tariff designed for those large customers that wish to invest in renewable energy resources to meet sustainability goals. Duke Energy Kentucky is proposing an electric vehicle (EV) infrastructure pilot and modest incentives to assist customers in investing in EV technologies. Additionally, Duke Energy Kentucky is proposing to build an approximate 5.5 MW distribution battery energy storage system to be attached to Duke Energy Kentucky's distribution system providing frequency regulation and enhanced reliability to Kentucky customers. The commission issued a procedural schedule with two rounds of discovery and opportunities for intervenor and rebuttal testimony. Duke Energy Kentucky anticipates that rates will go into effect in the second quarter of 2020. Duke Energy Kentucky cannot predict the outcome of this matter.

Duke Energy Indiana

2019 Indiana Rate Case

On July 2, 2019, Duke Energy Indiana filed a general rate case with the IURC, its first general rate case in Indiana in 16 years, for a rate increase for retail customers of approximately \$395 million. The request for rate increase is driven by strategic investments to generate cleaner electricity, improve reliability and serve a growing customer base. The request is premised upon a Duke Energy Indiana rate base of \$10.2 billion as of December 31, 2018, and adjusted for projected changes through December 31, 2020. On September 9, 2019, Duke Energy Indiana revised its revenue request from \$395 million to \$393 million and filed updated testimony for the Retail Rate Case. The updated filing reflects a clarification in the presentation of Utility Receipts Tax, a \$2 million reduction in the revenue requirement for revenues that will remain in riders and changes to allocation of revenue requirements within rate classes. The Utility Receipts Tax is currently embedded in base rates and rider rates. The proposed treatment is to include the Utility Receipts Tax as a line item on the customer bill rather than included in rates. The request is an approximate 15% increase in retail revenues and approximately 17% when including estimated Utility Receipts Tax. Hearings are expected to commence in early 2020, with rates to be effective by mid-2020. Duke Energy Indiana cannot predict the outcome of this matter.

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FERC Transmission Return on Equity Complaint

Customer groups have filed with the FERC complaints against MISO and its transmission-owning members, including Duke Energy Indiana, alleging, among other things, that the current base rate of return on equity earned by MISO transmission owners of 12.38% is unjust and unreasonable. The complaints claim, among other things, that the current base rate of return on equity earned by MISO transmission owners should be reduced to 8.67%. On January 5, 2015, the FERC issued an order accepting the MISO transmission owners' adder of 0.5% to the base rate of return on equity based on participation in an RTO subject to it being applied to a return on equity that is shown to be just and reasonable in the pending return on equity complaints. On December 22, 2015, the presiding FERC ALJ in the first complaint issued an Initial Decision in which the base rate of return on equity was set at 10.32%. On September 28, 2016, the Initial Decision in the first complaint was affirmed by FERC, but is subject to rehearing requests. On June 30, 2016, the presiding FERC ALJ in the second complaint issued an Initial Decision setting the base rate of return on equity at 9.7%. The Initial Decision in the second complaint is pending FERC review. On April 14, 2017, the D.C. Circuit Court, in *Emera Maine v. FERC*, reversed and remanded certain aspects of the methodology employed by FERC to establish rates of return on equity. On October 16, 2018, FERC issued an order in response to the Emera remand proceeding proposing a new method for determining whether an existing return on equity is unjust and unreasonable, and a new process for determining a just and reasonable return on equity. On November 14, 2018, FERC directed parties to the MISO complaints to file briefs on how the new process for determining return on equity proposed in the Emera proceeding should be applied to the complaints involving the MISO transmission owners' return on equity. Initial briefs were filed on February 13, 2019, and reply briefs were filed April 10, 2019. Duke Energy Indiana currently believes these matters will not have a material impact on its results of operations, cash flows and financial position.

Edwardsport Integrated Gasification Combined Cycle Plant

On September 20, 2018, Duke Energy Indiana, the Indiana Office of Utility Consumer Counselor, the Duke Industrial Group and Nucor Steel – Indiana entered into a settlement agreement to resolve IGCC ratemaking issues for calendar years 2018 and 2019. The agreement will remain in effect until new rates are established in Duke Energy Indiana's next base rate case, which was filed on July 2, 2019, with rates to be effective in mid-2020. An evidentiary hearing was held in December 2018, and on June 5, 2019, the IURC issued an order approving the 2018 Settlement Agreement.

Piedmont

North Carolina Integrity Management Rider Filing

On October 31, 2019, Piedmont filed a petition under the IMR mechanism to collect an additional \$11 million in annual revenues effective December 1, 2019, based on the eligible capital investments closed to integrity and safety projects between July 1, 2019, and September 30, 2019. Piedmont cannot predict the outcome of this matter.

On April 30, 2019, Piedmont filed a petition under the IMR mechanism to update rates, based on the eligible capital investments closed to integrity and safety projects over the six-month period ending March 31, 2019. The NCUC approved the petition on May 29, 2019, and rates became effective June 1, 2019. The effect of the update was an increase to annual revenues of approximately \$9 million.

Tennessee Integrity Management Rider Filing

In November 2018, Piedmont filed a petition with the TPUC under the IMR mechanism to collect an additional \$3 million in annual revenues, effective January 2019, based on the eligible capital investments closed to integrity and safety projects over the 12-month period ending October 31, 2018. A hearing on the matter was held on March 11, 2019. On May 20, 2019, the TPUC approved Piedmont's IMR application as filed and revised customer rates were effective June 1, 2019.

2019 North Carolina Rate Case

On April 1, 2019, Piedmont filed an application with the NCUC, its first general rate case in North Carolina in six years, for a rate increase for retail customers of approximately \$83 million, which represents an approximate 9% increase in retail revenues. The request for rate increase is driven by significant infrastructure upgrade investments (plant additions) since the last general rate case through June 30, 2019, offset by savings that customers will begin receiving due to federal and state tax reform. Approximately half of the plant additions being included in rate base are categories of plant investment not covered under the IMR mechanism, which was originally approved as part of the 2013 North Carolina Rate Case.

On August 13, 2019, Piedmont, the Public Staff, and two groups representing industrial customers filed an Agreement and Stipulation Settlement resolving issues in the base rate proceeding, which included a return on equity of 9.7% and a capital structure of 52% equity and 48% debt. The North Carolina Attorney General's Office did not support the settlement. Other major components of the Stipulation included:

- An annual increase in revenues of \$109 million before consideration of riders associated with federal and state tax reform;
- A decrease through a rider mechanism of \$23 million per year to return unprotected federal EDIT over a five-year period and deferred revenues related to the federal rate reduction of \$37 million to be returned over one year;
- A decrease through a rider mechanism of \$21 million per year related to reductions in the North Carolina state income tax rate to be returned over a three-year period;
- An overall cap on net revenue increase of \$83 million. This will impact Piedmont beginning November 1, 2022 only if the company does not file another general rate case in the interim;
- Continuation of the IMR mechanism; and

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- Establishment of a new Distribution Integrity Management Program (DIMP) deferral mechanism for average annual pretax operations and maintenance expenses of approximately \$11 million.

An evidentiary hearing began on August 19, 2019. On October 31, 2019, the NCUC approved the Stipulation and the revised customer rates were effective November 1, 2019.

OTHER REGULATORY MATTERS

Atlantic Coast Pipeline, LLC

On September 2, 2014, Duke Energy, Dominion Energy, Inc. (Dominion), Piedmont and Southern Company Gas announced the formation of Atlantic Coast Pipeline, LLC (ACP) to build and own the proposed Atlantic Coast Pipeline (ACP pipeline), an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. The ACP pipeline is designed to meet, in part, the needs identified by Duke Energy Carolinas, Duke Energy Progress and Piedmont. Dominion will be responsible for building and operating the ACP pipeline and holds a leading ownership percentage in ACP of 48%. Duke Energy owns a 47% interest, which is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment. Southern Company Gas maintains a 5% interest. See Note 13 for additional information related to Duke Energy's ownership interest. Duke Energy Carolinas, Duke Energy Progress and Piedmont, among others, will be customers of the pipeline. Purchases will be made under several 20-year supply contracts, subject to state regulatory approval.

In 2018, the FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route, including supply header and compressors. On May 11, 2018, and October 19, 2018, FERC issued Notices to Proceed allowing full construction activities in all areas of West Virginia except in the Monongahela National Forest. On July 24, 2018, FERC issued a Notice to Proceed allowing full construction activities along the project route in North Carolina. On October 19, 2018, the conditions to effectiveness of the Virginia 401 water quality certification were satisfied and, following receipt of the Virginia 401 certification, ACP filed a request for FERC to issue a Notice to Proceed with full construction activities in Virginia. Due to legal challenges not directly related to the request for a Notice to Proceed in Virginia, this request is still pending.

ACP is the subject of challenges in state and federal courts and agencies, including, among others, challenges of the project's biological opinion (BiOp) and incidental take statement (ITS), crossings of the Blue Ridge Parkway, the Appalachian Trail, and the Monongahela and George Washington National Forests, the project's U.S. Army Corps of Engineers (USACE) 404 permit, the project's air permit for a compressor station at Buckingham, Virginia, the FERC Environmental Impact Statement order and the FERC order approving the Certificate of Public Convenience and Necessity. Each of these challenges alleges non-compliance on the part of federal and state permitting authorities and adverse ecological consequences if the project is permitted to proceed. Since December 2018, notable developments in these challenges include a stay in December 2018 issued by the U.S. Court of Appeals for the Fourth Circuit (Fourth Circuit) and the same court's July 26, 2019, vacatur of the project's BiOp and ITS (which stay and subsequent vacatur halted most project construction activity), a Fourth Circuit decision vacating the project's permits to cross the Monongahela and George Washington National Forests and the Appalachian Trail, the Fourth Circuit's remand to USACE of ACP's Huntington District 404 verification and the Fourth Circuit's remand to the National Park Service of ACP's Blue Ridge Parkway right-of-way. ACP is vigorously defending these challenges and coordinating with the federal and state authorities which are the direct parties to the challenges. The Solicitor General of the United States and ACP filed petitions for certiorari to the Supreme Court of the United States on June 25, 2019, regarding the Appalachian Trail crossing and certiorari was granted on October 4, 2019. A ruling is expected in the second quarter of 2020. ACP is also evaluating possible legislative remedies to this issue.

In anticipation of the Fourth Circuit's vacatur of the BiOp and ITS, ACP and the FWS commenced work in mid-May of 2019 to set the basis for a reissued BiOp and ITS. ACP continues coordinating and working with FWS and other parties in preparation for a reissuance of the BiOp and ITS.

Given the legal challenges described above and ongoing discussions with customers, ACP expects mechanical completion of the full project in late 2021 with in-service likely in the first half of 2022.

The delays resulting from the legal challenges described above have impacted the cost and schedule for the project. Project cost estimates are \$7.3 billion to \$7.8 billion, excluding financing costs. Given the status of current discussions with FWS regarding a new BiOp and ITS, as well as discussions with contractors regarding efficiencies which may be realized going forward, these estimates are under review and subject to upward pressure. Abnormal weather, work delays (including delays due to judicial or regulatory action) and other conditions may also result in cost or schedule modifications, a suspension of AFUDC for ACP and/or impairment charges potentially material to Duke Energy's cash flows, financial position and results of operations.

Duke Energy's investment in ACP was \$1.1 billion at September 30, 2019. Duke Energy evaluated this investment for impairment at September 30, 2019, and determined that fair value approximated carrying value and therefore no impairment was necessary. Duke Energy also has a guarantee agreement supporting its share of the ACP revolving credit facility. Duke Energy's maximum exposure to loss under the terms of the guarantee is \$802 million, which represents 47% of the outstanding borrowings under the credit facility as of September 30, 2019. See Note 13 for additional information.

Constitution Pipeline Company, LLC

Duke Energy owns a 24% ownership interest in Constitution, which is accounted for as an equity method investment. Constitution is a natural gas pipeline project slated to transport natural gas supplies from the Marcellus supply region in northern Pennsylvania to major northeastern markets. The pipeline will be constructed and operated by Williams Partners L.P., which has a 41% ownership share. The remaining interest is held by Cabot Oil and Gas Corporation and WGL Holdings, Inc. Before the permitting delays discussed below, Duke Energy's total anticipated contributions were approximately \$229 million. As a result of the permitting delays and project uncertainty, total anticipated contributions by Duke Energy can no longer be reasonably estimated. Since April 2016, with the actions of the New York State Department of Environmental Conservation (NYSDEC), Constitution stopped construction and discontinued capitalization of future development costs until the project's uncertainty is resolved.

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In December 2014, Constitution received approval from the FERC to construct and operate the proposed pipeline. However, on April 22, 2016, the NYSDEC denied Constitution's application for a necessary water quality certification for the New York portion of the Constitution pipeline. Constitution filed a series of legal actions challenging the legality and appropriateness of the NYSDEC's decision, culminating in an appeal to the Supreme Court of the United States, which appeal was denied on April 30, 2018. In addition, in October 2017, Constitution filed a petition for declaratory order requesting FERC to find that, by not acting on Constitution's application within a reasonable period of time as required by statute, the NYSDEC waived its rights to issue a Section 401 water quality certification. Constitution's petition was denied on January 11, 2018.

On January 25, 2019, the D.C. Circuit Court rendered a decision in *Hoopa Valley Tribe v. FERC* that withdrawal and resubmission of an application for a Section 401 water quality certification constituted a waiver by the relevant state agency when such withdrawals and resubmissions were intended to extend the one-year limit on accepting or rejecting such an application. As Constitution had made similar arguments in its 2018 petition to FERC for a declaratory order, on April 1, 2019, Constitution filed a new petition for declaratory order requesting FERC find a waiver on the part of NYSDEC in accordance with the D.C. Circuit Court's newly established precedent. On August 28, 2019, FERC issued an order declaring that NYSDEC had in fact waived its water quality certification authority. On September 27, 2019, NYSDEC and numerous intervenors filed requests for rehearing of FERC's August 28, 2019, waiver determination.

Constitution is currently unable to approximate an in-service date for the project due to the NYSDEC's denial of the water quality certification. The Constitution partners remain committed to the project and are evaluating next steps to move the project forward. On June 25, 2018, Constitution filed with FERC a Request for Extension of Time until December 2, 2020, for construction of the project. On November 5, 2018, FERC issued an Order Granting Extension of Time.

During the nine months ended September 30, 2018, Duke Energy recorded an OTTI of \$55 million within Equity in earnings of unconsolidated affiliates on Duke Energy's Condensed Consolidated Statements of Income. The charge represented the excess carrying value over the estimated fair value of the project, which was based on a Level 3 Fair Value measurement that was determined from the income approach using discounted cash flows. The impairment was primarily due to actions taken by the courts and regulators to uphold the NYSDEC's denial of the certification and uncertainty associated with the remaining legal and regulatory challenges.

See Note 13 for additional information related to ownership interest and carrying value of the investment.

Potential Coal Plant Retirements

The Subsidiary Registrants periodically file IRPs with their state regulatory commissions. The IRPs provide a view of forecasted energy needs over a long term (10 to 20 years) and options being considered to meet those needs. IRPs filed by the Subsidiary Registrants included planning assumptions to potentially retire certain coal-fired generating facilities in North Carolina and Indiana earlier than their current estimated useful lives. Duke Energy continues to evaluate the potential need to retire these coal-fired generating facilities earlier than the current estimated useful lives and plans to seek regulatory recovery for amounts that would not be otherwise recovered when any of these assets are retired.

The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of September 30, 2019, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net Book Value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-3 ^(a)	585	\$ 154
Duke Energy Indiana		
Gallagher Units 2 and 4 ^(b)	280	116
Gibson Units 1-5 ^(c)	3,132	1,949
Cayuga Units 1-2 ^(c)	1,005	974
Total Duke Energy	5,002	\$ 3,193

(a) Duke Energy Carolinas will retire Allen Steam Station Units 1 through 3 by December 31, 2024, as part of the resolution of a lawsuit involving alleged New Source Review violations.

(b) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher Units 2 and 4 by December 31, 2022, as part of the 2016 settlement of Edwardsport IGCC matters.

(c) On July 1, 2019, Duke Energy Indiana filed its 2018 IRP with the IURC. The 2018 IRP included scenarios evaluating the potential retirement of coal-fired generating units at Gibson and Cayuga. The rate case filed July 2, 2019, includes proposed depreciation rates reflecting retirement dates from 2026 to 2038.

Duke Energy continues to evaluate the potential need to retire generating facilities earlier than the current estimated useful lives, and plans to seek regulatory recovery, as necessary, for amounts that would not be otherwise recovered when any of these assets are retired. However, such recovery, including recovery of carrying costs on remaining book values, could be subject to future approvals and therefore cannot be assured.

Duke Energy Carolinas and Duke Energy Progress are evaluating the potential for coal-fired generating unit retirements with a net carrying value of approximately \$732 million and \$1.2 billion, respectively, included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of September 30, 2019.

Refer to the "Western Carolinas Modernization Plan" discussion above for details of Duke Energy Progress' planned retirements.

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COMMITMENTS AND CONTINGENCIES

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal, coal ash and other environmental matters. These regulations can be changed from time to time, imposing new obligations on the Duke Energy Registrants. The following environmental matters impact all Duke Energy Registrants.

Remediation Activities

In addition to AROs recorded as a result of various environmental regulations, the Duke Energy Registrants are responsible for environmental remediation at various sites. These include certain properties that are part of ongoing operations and sites formerly owned or used by Duke Energy entities. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site conditions and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, the Duke Energy Registrants could potentially be held responsible for environmental impacts caused by other potentially responsible parties and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined at all sites. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other on the Condensed Consolidated Statements of Operations unless regulatory recovery of the costs is deemed probable.

The following tables contain information regarding reserves for probable and estimable costs related to the various environmental sites. These reserves are recorded in Accounts Payable within Current Liabilities and Other within Other Noncurrent Liabilities on the Condensed Consolidated Balance Sheets.

Nine Months Ended September 30, 2019								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at beginning of period	\$ 77	\$ 11	\$ 11	\$ 4	\$ 6	\$ 48	\$ 5	\$ 2
Provisions/adjustments	30	4	9	3	5	10	—	6
Cash reductions	(35)	(4)	(3)	(2)	(1)	(28)	—	—
Balance at end of period	\$ 72	\$ 11	\$ 17	\$ 5	\$ 10	\$ 30	\$ 5	\$ 8

Nine Months Ended September 30, 2018								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at beginning of period	\$ 81	\$ 10	\$ 15	\$ 3	\$ 12	\$ 47	\$ 5	\$ 2
Provisions/adjustments	7	3	2	3	(1)	3	1	—
Cash reductions	(20)	(2)	(5)	(1)	(4)	(12)	(1)	—
Balance at end of period	\$ 68	\$ 11	\$ 12	\$ 5	\$ 7	\$ 38	\$ 5	\$ 2

Additional losses in excess of recorded reserves that could be incurred for the stages of investigation, remediation and monitoring for environmental sites that have been evaluated at this time are not material except as presented in the table below.

(in millions)	
Duke Energy	\$ 49
Duke Energy Carolinas	11
Duke Energy Ohio	31
Piedmont	2

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LITIGATION

Duke Energy Carolinas and Duke Energy Progress

NCDEQ Closure Litigation

The Coal Ash Act requires CCR surface impoundments in North Carolina to be closed, with the closure method and timing based on a risk ranking classification determined by legislation or state regulators. The NCDEQ previously classified the impoundments at Allen, Belews Creek, Rogers, Marshall, Mayo and Roxboro as low risk and Duke Energy expected to close those sites through a combination of a cap system and a groundwater monitoring system. However, on April 1, 2019, NCDEQ issued a closure determination (NCDEQ's April 1 Order) requiring Duke Energy Carolinas and Duke Energy Progress to excavate all remaining coal ash impoundments at these facilities. On April 26, 2019, Duke Energy Carolinas and Duke Energy Progress filed Petitions for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. On May 9, 2019, NCDEQ issued a supplemental order requiring that closure plans be submitted on December 31, 2019, but providing that the corrective action plans are not due until March 31, 2020. Duke Energy Carolinas and Duke Energy Progress filed amended petitions on May 24, 2019, incorporating the May 9, 2019 order.

On June 14, 2019, NCDEQ filed a motion to dismiss several claims in Duke Energy Carolinas' and Duke Energy Progress' appeals. On August 2, 2019, the court entered an order granting NCDEQ's motion to dismiss several of the claims. Duke Energy has filed a petition with the North Carolina Superior Court seeking review of this order. The lawsuit will proceed on the remaining issues, including whether the NCDEQ's decision was arbitrary and capricious. On September 24, 2019, NCDEQ filed a Motion for Partial Summary Judgment on the issue of whether Duke Energy had notice that NCDEQ was going to make a closure determination on April 1, 2019. On October 28, 2019, the court entered an order granting NCDEQ's Partial Motion for Summary Judgment. Duke Energy has until November 27, 2019 to file an appeal of that decision. The trial is expected to occur in June 2020. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Coal Ash Insurance Coverage Litigation

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Superior Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. On May 14, 2019, the court granted an extension of stay, until September 15, 2019, to allow the parties to discuss potential resolution. As no resolution was reached, litigation has resumed with fact discovery. The trial is now scheduled for February 2021. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

NCDEQ State Enforcement Actions

In the first quarter of 2013, the SELC sent notices of intent to sue Duke Energy Carolinas and Duke Energy Progress related to alleged CWA violations from coal ash basins at two of their coal-fired power plants in North Carolina. The NCDEQ filed enforcement actions against Duke Energy Carolinas and Duke Energy Progress alleging violations of water discharge permits and North Carolina groundwater standards. The cases have been consolidated and are being heard before a single judge in the North Carolina Superior Court.

On August 16, 2013, the NCDEQ filed an enforcement action against Duke Energy Carolinas and Duke Energy Progress related to their remaining plants in North Carolina, alleging violations of the CWA and violations of the North Carolina groundwater standards. Both of these cases have been assigned to the judge handling the enforcement actions discussed above. SELC is representing several environmental groups who have been permitted to intervene in these cases.

The court issued orders in 2016 granting Motions for Partial Summary Judgment for seven of the 14 North Carolina plants named in the enforcement actions. On February 13, 2017, the court issued an order denying motions for partial summary judgment brought by both the environmental groups and Duke Energy Carolinas and Duke Energy Progress for the remaining seven plants. On March 15, 2017, Duke Energy Carolinas and Duke Energy Progress filed a Notice of Appeal with the North Carolina Court of Appeals to challenge the trial court's order. The parties were unable to reach an agreement at mediation in April 2017 and submitted briefs to the trial court on remaining issues to be tried. On August 1, 2018, the Court of Appeals dismissed the appeal and the matter is proceeding before the trial court. The court decided to stay any activity in the case and has been holding periodic status conferences while NCDEQ works through the Coal Ash Act process and the ongoing appeal of the April 1 closure decision. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Federal Citizens Suits

On June 13, 2016, the RRBA filed a federal citizen suit in the Middle District of North Carolina alleging unpermitted discharges to surface water and groundwater violations at the Mayo Plant. On August 19, 2016, Duke Energy Progress filed a Motion to Dismiss. On April 26, 2017, the court entered an order dismissing four of the claims in the federal citizen suit. Two claims relating to alleged violations of NPDES permit provisions survived the motion to dismiss, and Duke Energy Progress filed its response on May 10, 2017. Duke Energy Progress and RRBA each filed motions for summary judgment on March 23, 2018. The court has not yet ruled on these motions.

On May 16, 2017, RRBA filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina, which asserts two claims relating to alleged violations of NPDES permit provisions at the Roxboro Plant and one claim relating to the use of nearby water bodies. Duke Energy Progress and RRBA each filed motions for summary judgment on April 17, 2018, and the court has not yet ruled on these motions.

On May 8, 2018, on motion from Duke Energy Progress, the court ordered trial in both of the above matters to be consolidated. On April 5, 2019, Duke Energy Progress filed a motion to stay the case following the NCDEQ's April 1 Order. On August 2, 2019, the court ordered that this case is stayed and shall remain stayed pending further order from the court.

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On December 5, 2017, various parties filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina for alleged violations at Duke Energy Carolinas' Belews Creek under the CWA. Duke Energy Carolinas' answer to the complaint was filed on August 27, 2018. On October 10, 2018, Duke Energy Carolinas filed Motions to Dismiss for lack of standing, Motion for Judgment on the Pleadings and Motion to Stay Discovery. On January 9, 2019, the court entered an order denying Duke Energy Carolinas' motion to stay discovery. There has been no ruling on the other pending motions. On April 5, 2019, Duke Energy Carolinas filed a motion to stay the case following the NCDEQ's April 1 Order. On August 2, 2019, the court ordered that this case is stayed and shall remain stayed pending further order from the court.

Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of these matters.

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of September 30, 2019, there were 121 asserted claims for non-malignant cases with cumulative relief sought of up to \$32 million, and 40 asserted claims for malignant cases with cumulative relief sought of up to \$13 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recognized asbestos-related reserves of \$592 million at September 30, 2019, and \$630 million at December 31, 2018. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon Duke Energy Carolinas' best estimate for current and future asbestos claims through 2038 and are recorded on an undiscounted basis. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2038 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas' cumulative payments began to exceed the self-insured retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is \$747 million in excess of the self-insured retention. Receivables for insurance recoveries were \$722 million at September 30, 2019, and \$739 million at December 31, 2018. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

Duke Energy Progress and Duke Energy Florida

Spent Nuclear Fuel Matters

On June 18, 2018, Duke Energy Progress and Duke Energy Florida sued the U.S. in the U.S. Court of Federal Claims for damages incurred for the period 2014 through 2018. The lawsuit claimed the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserted damages for the cost of on-site storage in the amount of \$100 million and \$203 million for Duke Energy Progress and Duke Energy Florida, respectively. Discovery is ongoing and a trial is expected to occur in 2020.

Duke Energy Florida

Fluor Contract Litigation

On January 29, 2019, Fluor filed a breach of contract lawsuit in the U.S. District Court for the Middle District of Florida against Duke Energy Florida related to an EPC agreement for the combined-cycle natural gas plant in Citrus County, Florida. Fluor filed an amended complaint on February 13, 2019. Fluor's multicount complaint sought civil, statutory and contractual remedies related to Duke Energy Florida's \$67 million draw in early 2019, on Fluor's letter of credit and offset of invoiced amounts. Duke Energy Florida moved to dismiss all counts of Fluor's amended complaint, and on April 16, 2019, the court dismissed Fluor's complaint without prejudice. On April 26, 2019, Fluor filed a second amended complaint.

On August 1, 2019, Duke Energy Florida and Fluor reached a settlement to resolve the pending litigation and other outstanding issues related to completing the Citrus County CC. Pursuant to the terms of the settlement, Fluor filed a notice of voluntary dismissal, and on August 27, 2019, the court dismissed the case with prejudice. As a result of the settlement with Fluor, Duke Energy Florida recorded a \$25 million reduction to a prior-year impairment within Impairment charges on Duke Energy's Condensed Consolidated Statements of Operations in the third quarter of 2019.

Other Litigation and Legal Proceedings

The Duke Energy Registrants are involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. The Duke Energy Registrants believe the final disposition of these proceedings will not have a material effect on their results of operations, cash flows or financial position.

FINANCIAL STATEMENTS COMMITMENTS AND CONTINGENCIES

The table below presents recorded reserves based on management's best estimate of probable loss for legal matters, excluding asbestos-related reserves discussed above. Reserves are classified on the Condensed Consolidated Balance Sheets in Other within Other Noncurrent Liabilities and Other within Current Liabilities. The reasonably possible range of loss in excess of recorded reserves is not material, other than as described above.

(in millions)	September 30, 2019		December 31, 2018	
Reserves for Legal Matters				
Duke Energy	\$	62	\$	65
Duke Energy Carolinas		8		9
Progress Energy		52		54
Duke Energy Progress		13		12
Duke Energy Florida		22		24
Piedmont		1		1

OTHER COMMITMENTS AND CONTINGENCIES

General

As part of their normal business, the Duke Energy Registrants are party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. These guarantees involve elements of performance and credit risk, which are not fully recognized on the Condensed Consolidated Balance Sheets and have unlimited maximum potential payments. However, the Duke Energy Registrants do not believe these guarantees will have a material effect on their results of operations, cash flows or financial position.

In addition, the Duke Energy Registrants enter into various fixed-price, noncancelable commitments to purchase or sell power or natural gas, take-or-pay arrangements, transportation, or throughput agreements and other contracts that may or may not be recognized on their respective Condensed Consolidated Balance Sheets. Some of these arrangements may be recognized at fair value on their respective Condensed Consolidated Balance Sheets if such contracts meet the definition of a derivative and the NPNS exception does not apply. In most cases, the Duke Energy Registrants' purchase obligation contracts contain provisions for price adjustments, minimum purchase levels and other financial commitments.

5. LEASES

As described in Note 1, Duke Energy adopted the revised accounting guidance for Leases effective January 1, 2019, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. Adoption of the new standard resulted in the recording of ROU assets and operating lease liabilities as follows:

(in millions)	As of January 1, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
ROU assets	\$ 1,750	\$ 153	\$ 863	\$ 407	\$ 456	\$ 23	\$ 61	\$ 26
Operating lease liabilities – current	205	28	96	35	61	1	4	4
Operating lease liabilities – noncurrent	1,504	127	766	371	395	22	58	25

As part of its operations, Duke Energy leases certain aircraft, space on communication towers, industrial equipment, fleet vehicles, fuel transportation (barges and railcars), land and office space under various terms and expiration dates. Additionally, Duke Energy Carolinas, Duke Energy Progress and Duke Energy Indiana have finance leases related to firm natural gas pipeline transportation capacity. Duke Energy Progress and Duke Energy Florida have entered into certain PPAs, which are classified as finance and operating leases.

Duke Energy has certain lease agreements, which include variable lease payments that are based on the usage of an asset. These variable lease payments are not included in the measurement of the ROU assets or operating lease liabilities on the Condensed Consolidated Financial Statements.

Certain Duke Energy lease agreements include options for renewal and early termination. The intent to renew a lease varies depending on the lease type and asset. Renewal options that are reasonably certain to be exercised are included in the lease measurements. The decision to terminate a lease early is dependent on various economic factors. No termination options have been included in any of the lease measurements.

Duke Energy operates various renewable energy projects and sells the generated output to utilities, electric cooperatives, municipalities and commercial and industrial customers through long-term PPAs. In certain situations, these PPAs and the associated renewable energy projects qualify as operating leases. Rental income from these leases is accounted for as Nonregulated electric and other revenues in the Condensed Consolidated Statements of Operations. There are no minimum lease payments as all payments are contingent based on actual electricity generated by the renewable energy projects. Contingent lease payments were \$69 million and \$205 million for the three and nine months ended September 30, 2019, respectively. As of September 30, 2019, renewable energy projects owned by Duke Energy and accounted for as operating leases had a cost basis of \$3,347 million and accumulated depreciation of \$692 million. These assets are principally classified as nonregulated electric generation and transmission assets.

FINANCIAL STATEMENTS LEASES

The following tables present the components of lease expense.

Three Months Ended September 30, 2019								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Operating lease expense ^(a)	\$ 75	\$ 13	\$ 39	\$ 16	\$ 23	\$ 3	\$ 5	\$ 1
Short-term lease expense ^(a)	2	—	—	—	—	—	1	—
Variable lease expense ^(a)	27	6	22	21	1	—	—	—
Finance lease expense								
Amortization of leased assets ^(b)	28	2	9	1	8	—	—	—
Interest on lease liabilities ^(c)	7	3	12	10	2	—	—	—
Total finance lease expense	35	5	21	11	10	—	—	—
Total lease expense	\$ 139	\$ 24	\$ 82	\$ 48	\$ 34	\$ 3	\$ 6	\$ 1

Nine Months Ended September 30, 2019								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Operating lease expense ^(a)	\$ 220	\$ 36	\$ 121	\$ 52	\$ 69	\$ 9	\$ 15	\$ 4
Short-term lease expense ^(a)	15	4	7	3	4	1	2	—
Variable lease expense ^(a)	48	18	29	24	5	—	—	—
Finance lease expense								
Amortization of leased assets ^(b)	84	4	17	3	14	1	—	—
Interest on lease liabilities ^(c)	44	10	31	24	7	—	1	—
Total finance lease expense	128	14	48	27	21	1	1	—
Total lease expense	\$ 411	\$ 72	\$ 205	\$ 106	\$ 99	\$ 11	\$ 18	\$ 4

- (a) Included in Operations, maintenance and other or, for barges and railcars, Fuel used in electric generation and purchased power on the Condensed Consolidated Statements of Operations.
- (b) Included in Depreciation and amortization on the Condensed Consolidated Statements of Operations.
- (c) Included in Interest Expense on the Condensed Consolidated Statements of Operations.

The following table presents rental expense for operating leases, as reported under the old lease standard. These amounts are included in Operation, maintenance and other and Fuel used in electric generation and purchased power on the Condensed Consolidated Statements of Operations.

(in millions)	Year Ended December 31, 2018
Duke Energy	\$ 268
Duke Energy Carolinas	49
Progress Energy	143
Duke Energy Progress	75
Duke Energy Florida	68
Duke Energy Ohio	13
Duke Energy Indiana	21
Piedmont	11

FINANCIAL STATEMENTS LEASES

The following table presents operating lease maturities and a reconciliation of the undiscounted cash flows to operating lease liabilities.

(in millions)	Twelve Months Ended September 30,							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
2020	\$ 278	\$ 32	\$ 129	\$ 51	\$ 78	\$ 2	\$ 6	\$ 5
2021	220	20	100	45	55	2	4	5
2022	201	19	95	40	55	2	4	5
2023	192	18	95	41	54	2	4	5
2024	179	14	95	41	54	2	4	5
Thereafter	1,008	60	480	291	189	22	63	6
Total operating lease payments	2,078	163	994	509	485	32	85	31
Less: present value discount	(410)	(28)	(185)	(113)	(72)	(10)	(27)	(3)
Total operating lease liabilities ^(a)	\$ 1,668	\$ 135	\$ 809	\$ 396	\$ 413	\$ 22	\$ 58	\$ 28

(a) Certain operating lease payments include renewal options that are reasonably certain to be exercised.

The following table presents future minimum lease payments under operating leases, which at inception had a noncancelable term of more than one year, as reported under the old lease standard.

(in millions)	December 31, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
2019	\$ 239	\$ 33	\$ 97	\$ 49	\$ 48	\$ 2	\$ 6	\$ 5
2020	219	29	90	46	44	2	5	5
2021	186	19	79	37	42	2	4	5
2022	170	19	76	34	42	2	4	5
2023	160	17	77	35	42	2	5	6
Thereafter	1,017	68	455	314	141	23	66	11
Total	\$ 1,991	\$ 185	\$ 874	\$ 515	\$ 359	\$ 33	\$ 90	\$ 37

The following table presents finance lease maturities and a reconciliation of the undiscounted cash flows to finance lease liabilities.

(in millions)	Twelve Months Ended September 30,						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	
2020	\$ 179	\$ 19	\$ 69	\$ 44	\$ 25	\$ 1	
2021	184	16	69	44	25	1	
2022	177	14	69	44	25	1	
2023	173	14	69	44	25	1	
2024	149	14	57	44	13	1	
Thereafter	827	189	552	539	13	27	
Total finance lease payments	1,689	266	885	759	126	32	
Less: amounts representing interest	(699)	(160)	(477)	(451)	(26)	(22)	
Total finance lease liabilities	\$ 990	\$ 106	\$ 408	\$ 308	\$ 100	\$ 10	

FINANCIAL STATEMENTS LEASES

The following table presents future minimum lease payments under finance leases, as reported under the old lease standard.

(in millions)	December 31, 2018						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana
2019	\$ 170	\$ 20	\$ 45	\$ 20	\$ 25	\$ 2	\$ 1
2020	174	20	46	21	25	—	1
2021	177	15	45	20	25	—	1
2022	165	15	45	21	24	—	1
2023	165	15	45	21	24	—	1
Thereafter	577	204	230	209	21	—	27
Minimum annual payments	1,428	289	456	312	144	2	32
Less: amount representing interest	(487)	(180)	(205)	(175)	(30)	—	(22)
Total	\$ 941	\$ 109	\$ 251	\$ 137	\$ 114	\$ 2	\$ 10

The following tables contain additional information related to leases.

September 30, 2019									
(in millions)	Classification	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Assets									
Operating	Operating lease ROU assets, net	\$ 1,703	\$ 135	\$ 814	\$ 397	\$ 417	\$ 22	\$ 58	\$ 25
Finance	Net property, plant and equipment	952	125	448	309	139	—	10	—
Total lease assets		\$ 2,655	\$ 260	\$ 1,262	\$ 706	\$ 556	\$ 22	\$ 68	\$ 25
Liabilities									
Current									
Operating	Other current liabilities	\$ 212	\$ 27	\$ 99	\$ 36	\$ 63	\$ 1	\$ 3	\$ 4
Finance	Current maturities of long-term debt	117	6	23	6	17	—	—	—
Noncurrent									
Operating	Operating lease liabilities	1,456	108	710	360	350	21	55	24
Finance	Long-Term Debt	873	100	385	302	83	—	10	—
Total lease liabilities		\$ 2,658	\$ 241	\$ 1,217	\$ 704	\$ 513	\$ 22	\$ 68	\$ 28

FINANCIAL STATEMENTS

LEASES

Nine Months Ended September 30, 2019

(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Cash paid for amounts included in the measurement of lease liabilities^(a)								
Operating cash flows from operating leases	\$ 221	\$ 26	\$ 104	\$ 43	\$ 61	\$ 1	\$ 5	\$ 6
Operating cash flows from finance leases	44	10	31	24	7	—	1	—
Financing cash flows from finance leases	84	4	17	3	14	1	—	—
Lease assets obtained in exchange for new lease liabilities (non-cash)								
Operating ^(b)	\$ 147	\$ 44	\$ 30	\$ 30	\$ —	\$ —	\$ —	\$ 1
Finance	175	—	175	175	—	—	—	—

(a) No amounts were classified as investing cash flows from operating leases for the nine months ended September 30, 2019.

(b) Does not include ROU assets recorded as a result of the adoption of the new lease standard.

September 30, 2019

	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Weighted-average remaining lease term (years)								
Operating leases	11	9	10	12	8	18	18	6
Finance leases	13	18	16	18	11	—	27	—
Weighted-average discount rate^(a)								
Operating leases	3.9%	3.5%	3.8%	3.9%	3.8%	4.3%	4.1%	3.6%
Finance leases	8.0%	12.9%	11.8%	12.4%	8.3%	—%	11.9%	—%

(a) The discount rate is calculated using the rate implicit in a lease if it is readily determinable. Generally, the rate used by the lessor is not provided to Duke Energy and in these cases the incremental borrowing rate is used. Duke Energy will typically use its fully collateralized incremental borrowing rate as of the commencement date to calculate and record the lease. The incremental borrowing rate is influenced by the lessee's credit rating and lease term and as such may differ for individual leases, embedded leases or portfolios of leased assets.

FINANCIAL STATEMENTS

DEBT AND CREDIT FACILITIES

6. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

The following table summarizes significant debt issuances (in millions).

Issuance Date	Maturity Date	Interest Rate	Nine Months Ended September 30, 2019								
			Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Ohio	Duke Energy Indiana	Piedmont		
Unsecured Debt											
March 2019 ^(a)	March 2022	2.788% ^(b)	\$ 300	\$ 300	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
March 2019 ^(a)	March 2022	3.227%	300	300	—	—	—	—	—	—	—
May 2019 ^(e)	June 2029	3.500%	600	—	—	—	—	—	—	—	600
June 2019 ^(a)	June 2029	3.400%	600	600	—	—	—	—	—	—	—
June 2019 ^(a)	June 2049	4.200%	600	600	—	—	—	—	—	—	—
July 2019 ^(g)	July 2049	4.320%	40	—	—	—	—	40	—	—	—
September 2019 ^(g)	October 2025	3.230%	95	—	—	—	—	95	—	—	—
September 2019 ^(g)	October 2029	3.560%	75	—	—	—	—	75	—	—	—
First Mortgage Bonds											
January 2019 ^(c)	February 2029	3.650%	400	—	—	—	—	400	—	—	—
January 2019 ^(c)	February 2049	4.300%	400	—	—	—	—	400	—	—	—
March 2019 ^(d)	March 2029	3.450%	600	—	—	—	600	—	—	—	—
August 2019 ^(a)	August 2029	2.450%	450	—	450	—	—	—	—	—	—
August 2019 ^(a)	August 2049	3.200%	350	—	350	—	—	—	—	—	—
September 2019 ^(f)	October 2049	3.250%	500	—	—	—	—	—	500	—	—
Total issuances			\$ 5,310	\$ 1,800	\$ 800	\$ 600	\$ 1,010	\$ 500	\$ 600	\$ —	\$ —

(a) Debt issued to pay down short-term debt and for general corporate purposes.

(b) Debt issuance has a floating interest rate.

(c) Debt issued to repay at maturity \$450 million first mortgage bonds due April 2019, pay down short-term debt and for general corporate purposes.

(d) Debt issued to fund eligible green energy projects in the Carolinas.

(e) Debt issued to repay in full the outstanding \$350 million Piedmont unsecured term loan due September 2019, pay down short-term debt and for general corporate purposes.

(f) Debt issued to retire \$150 million of pollution control bonds, pay down short-term debt and for general corporate purposes.

(g) Debt issued to repay at maturity \$100 million debentures due October 2019, pay down short-term debt and for general corporate purposes.

FINANCIAL STATEMENTS

DEBT AND CREDIT FACILITIES

CURRENT MATURITIES OF LONG-TERM DEBT

The following table shows the significant components of Current Maturities of Long-Term Debt on the Condensed Consolidated Balance Sheets. The Duke Energy Registrants currently anticipate satisfying these obligations with cash on hand and proceeds from additional borrowings.

(in millions)	Maturity Date	Interest Rate	September 30, 2019
Unsecured Debt			
Duke Energy Kentucky	October 2019	4.650%	\$ 100
Progress Energy	December 2019	4.875%	350
Duke Energy (Parent)	June 2020	2.100%	330
First Mortgage Bonds			
Duke Energy Florida	January 2020	1.850%	250
Duke Energy Florida	April 2020	4.550%	250
Duke Energy Carolinas	June 2020	4.300%	450
Duke Energy Indiana	July 2020	3.750%	500
Duke Energy Progress	September 2020	2.282% ^(a)	300
Other^(b)			566
Current maturities of long-term debt		\$	3,096

(a) Debt issuance has a floating interest rate.

(b) Includes finance lease obligations, amortizing debt and small bullet maturities.

AVAILABLE CREDIT FACILITIES

Master Credit Facility

In March 2019, Duke Energy amended its existing \$8 billion Master Credit Facility to extend the termination date to March 2024. The Duke Energy Registrants, excluding Progress Energy (Parent), have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder. Duke Energy Carolinas and Duke Energy Progress are also required to each maintain \$250 million of available capacity under the Master Credit Facility as security to meet obligations under plea agreements reached with the U.S. Department of Justice in 2015 related to violations at North Carolina facilities with ash basins. The table below includes the current borrowing sublimits and available capacity under the Master Credit Facility.

(in millions)	September 30, 2019							
	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Facility size ^(a)	\$ 8,000	\$ 2,650	\$ 1,750	\$ 1,250	\$ 800	\$ 450	\$ 600	\$ 500
Reduction to backstop issuances								
Commercial paper ^(b)	(1,971)	(627)	(338)	(211)	(277)	(164)	(150)	(204)
Outstanding letters of credit	(51)	(43)	(4)	(2)	—	—	—	(2)
Tax-exempt bonds	(81)	—	—	—	—	—	(81)	—
Coal ash set-aside	(500)	—	(250)	(250)	—	—	—	—
Available capacity under the Master Credit Facility	\$ 5,397	\$ 1,980	\$ 1,158	\$ 787	\$ 523	\$ 286	\$ 369	\$ 294

(a) Represents the sublimit of each borrower.

(b) Duke Energy issued \$625 million of commercial paper and loaned the proceeds through the money pool to Duke Energy Carolinas, Duke Energy Progress, Duke Energy Ohio and Duke Energy Indiana. The balances are classified as Long-Term Debt Payable to Affiliated Companies on the Condensed Consolidated Balance Sheets.

FINANCIAL STATEMENTS DEBT AND CREDIT FACILITIES

Other Credit Facilities

(in millions)	September 30, 2019	
	Facility size	Amount drawn
Duke Energy (Parent) Three-Year Revolving Credit Facility ^(a)	\$ 1,000	\$ 500
Duke Energy Progress Term Loan Facility	700	700

(a) In May 2019, Duke Energy (Parent) extended the termination date to May 2022.

In May 2019, the \$350 million Piedmont term loan was paid off in full with proceeds from the \$600 million Piedmont debt offering.

7. ASSET RETIREMENT OBLIGATIONS

The Duke Energy Registrants record AROs when there is a legal obligation to incur retirement costs associated with the retirement of a long-lived asset and the obligation can be reasonably estimated. Actual closure costs incurred could be materially different from current estimates that form the basis of the recorded AROs.

The following table presents the AROs recorded on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Decommissioning of nuclear power facilities ^(a)	\$ 5,789	\$ 2,435	\$ 3,295	\$ 2,769	\$ 526	\$ —	\$ —	\$ —
Closure of ash impoundments	6,486	2,917	2,722	2,707	15	43	804	—
Other	326	46	71	38	33	42	20	20
Total ARO	\$ 12,601	\$ 5,398	\$ 6,088	\$ 5,514	\$ 574	\$ 85	\$ 824	\$ 20
Less: current portion	861	214	478	476	2	3	165	—
Total noncurrent ARO	\$ 11,740	\$ 5,184	\$ 5,610	\$ 5,038	\$ 572	\$ 82	\$ 659	\$ 20

(a) Duke Energy amount includes purchase accounting adjustments related to the merger with Progress Energy.

ARO Liability Rollforward

The following table presents the change in liability associated with AROs for the Duke Energy Registrants.

(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at December 31, 2018 ^(a)	\$ 10,467	\$ 3,949	\$ 5,411	\$ 4,820	\$ 591	\$ 93	\$ 722	\$ 19
Accretion expense ^(b)	377	173	190	171	19	3	21	1
Liabilities settled ^(c)	(691)	(276)	(375)	(341)	(34)	(9)	(32)	—
Revisions in estimates of cash flows ^(d)	2,448	1,552	862	864	(2)	(2)	113	—
Balance at September 30, 2019	\$ 12,601	\$ 5,398	\$ 6,088	\$ 5,514	\$ 574	\$ 85	\$ 824	\$ 20

(a) Primarily relates to decommissioning nuclear power facilities, closure of ash impoundments, asbestos removal, closure of landfills at fossil generation facilities, retirement of natural gas mains and removal of renewable energy generation assets.

(b) For the nine months ended September 30, 2019, substantially all accretion expense relates to Duke Energy's regulated operations and has been deferred in accordance with regulatory accounting treatment.

(c) Primarily relates to ash impoundment closures.

(d) Primarily relates to increases in closure estimates for certain ash impoundments as a result of the NCDEQ's April 1 Order. See Note 4 for more information. The incremental amount recorded represents the discounted cash flows for estimated closure costs based upon the probability weightings of the potential closure methods as evaluated on a site-by-site basis.

Asset retirement costs associated with the AROs for operating plants and retired plants are included in Net property, plant and equipment and Regulatory assets within Other Noncurrent Assets, respectively, on the Condensed Consolidated Balance Sheets.

FINANCIAL STATEMENTS

ASSET RETIREMENT OBLIGATIONS

Nuclear Decommissioning Trust Funds

Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida each maintain NDTFs that are intended to pay for the decommissioning costs of their respective nuclear power plants. The following table presents the fair value of NDTF assets legally restricted for purposes of settling AROs associated with nuclear decommissioning. Duke Energy Florida is actively decommissioning Crystal River Unit 3 and was granted an exemption from the NRC, which allows for use of the NDTF for all aspects of nuclear decommissioning. The entire balance of Duke Energy Florida's NDTF may be applied toward license termination, spent fuel and site restoration costs incurred to decommission Crystal River Unit 3 and is excluded from the table below. See Note 12 for additional information related to the fair value of the Duke Energy Registrants' NDTFs.

(in millions)	September 30, 2019	December 31, 2018
Duke Energy	\$ 6,403	\$ 5,579
Duke Energy Carolinas	3,614	3,133
Duke Energy Progress	2,789	2,446

8. GOODWILL

Duke Energy

The following table presents the goodwill by reportable segment included on Duke Energy's Condensed Consolidated Balance Sheets at September 30, 2019, and December 31, 2018.

(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total
Goodwill balance	\$ 17,379	\$ 1,924	\$ 122	\$ 19,425
Accumulated impairment charges	—	—	(122)	(122)
Goodwill, adjusted for accumulated impairment charges	\$ 17,379	\$ 1,924	—	\$ 19,303

Duke Energy Ohio

Duke Energy Ohio's Goodwill balance of \$920 million, allocated \$596 million to Electric Utilities and Infrastructure and \$324 million to Gas Utilities and Infrastructure, is presented net of accumulated impairment charges of \$216 million on the Condensed Consolidated Balance Sheets at September 30, 2019, and December 31, 2018.

Progress Energy

Progress Energy's Goodwill is included in the Electric Utilities and Infrastructure segment and there are no accumulated impairment charges.

Piedmont

Piedmont's Goodwill is included in the Gas Utilities and Infrastructure segment and there are no accumulated impairment charges.

Impairment Testing

Duke Energy, Progress Energy, Duke Energy Ohio and Piedmont are required to perform an annual goodwill impairment test as of the same date each year and, accordingly, perform their annual impairment testing of goodwill as of August 31. Duke Energy, Progress Energy, Duke Energy Ohio and Piedmont update their test between annual tests if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying value. As the fair value for Duke Energy, Progress Energy, Duke Energy Ohio and Piedmont exceeded their respective carrying values at the date of the annual impairment analysis, no goodwill impairment charges were recorded in the third quarter of 2019.

FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

9. RELATED PARTY TRANSACTIONS

The Subsidiary Registrants engage in related party transactions in accordance with applicable state and federal commission regulations. Refer to the Condensed Consolidated Balance Sheets of the Subsidiary Registrants for balances due to or due from related parties. Material amounts related to transactions with related parties included on the Condensed Consolidated Statements of Operations and Comprehensive Income are presented in the following table.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Duke Energy Carolinas				
Corporate governance and shared service expenses ^(a)	\$ 197	\$ 214	\$ 606	\$ 647
Indemnification coverages ^(b)	5	6	15	17
JDA revenue ^(c)	12	13	52	66
JDA expense ^(c)	32	61	145	134
Intercompany natural gas purchases ^(d)	—	3	7	11
Progress Energy				
Corporate governance and shared service expenses ^(a)	\$ 194	\$ 216	\$ 553	\$ 613
Indemnification coverages ^(b)	8	8	27	25
JDA revenue ^(c)	32	61	145	134
JDA expense ^(c)	12	13	52	66
Intercompany natural gas purchases ^(d)	19	20	57	58
Duke Energy Progress				
Corporate governance and shared service expenses ^(a)	\$ 114	\$ 138	\$ 328	\$ 382
Indemnification coverages ^(b)	3	3	11	9
JDA revenue ^(c)	32	61	145	134
JDA expense ^(c)	12	13	52	66
Intercompany natural gas purchases ^(d)	19	20	57	58
Duke Energy Florida				
Corporate governance and shared service expenses ^(a)	\$ 80	\$ 78	\$ 225	\$ 231
Indemnification coverages ^(b)	5	5	16	16
Duke Energy Ohio				
Corporate governance and shared service expenses ^(a)	\$ 90	\$ 85	\$ 258	\$ 264
Indemnification coverages ^(b)	1	1	3	3
Duke Energy Indiana				
Corporate governance and shared service expenses ^(a)	\$ 109	\$ 105	\$ 299	\$ 302
Indemnification coverages ^(b)	2	2	5	6
Piedmont				
Corporate governance and shared service expenses ^(a)	\$ 33	\$ 39	\$ 102	\$ 115
Indemnification coverages ^(b)	1	1	2	2
Intercompany natural gas sales ^(d)	19	23	64	69
Natural gas storage and transportation costs ^(e)	6	6	17	18

- (a) The Subsidiary Registrants are charged their proportionate share of corporate governance and other shared services costs, primarily related to human resources, employee benefits, information technology, legal and accounting fees, as well as other third-party costs. These amounts are primarily recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (b) The Subsidiary Registrants incur expenses related to certain indemnification coverages through Bison, Duke Energy's wholly owned captive insurance subsidiary. These expenses are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (c) Duke Energy Carolinas and Duke Energy Progress participate in a JDA, which allows the collective dispatch of power plants between the service territories to reduce customer rates. Revenues from the sale of power and expenses from the purchase of power pursuant to the JDA are recorded in Operating Revenues and Fuel used in electric generation and purchased power, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (d) Piedmont provides long-term natural gas delivery service to certain Duke Energy Carolinas and Duke Energy Progress natural gas-fired generation facilities. Piedmont records the sales in Operating revenues, and Duke Energy Carolinas and Duke Energy Progress record the related purchases as a component of Fuel used in electric generation and purchased power on their respective Condensed Consolidated Statements of Operations and Comprehensive Income.
- (e) Piedmont has related party transactions as a customer of its equity method investments in Pine Needle, Hardy Storage, and Cardinal natural gas storage and transportation facilities. These expenses are included in Cost of natural gas on Piedmont's Condensed Consolidated Statements of Operations and Comprehensive Income.

FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

In addition to the amounts presented above, the Subsidiary Registrants have other affiliate transactions, including rental of office space, participation in a money pool arrangement, other operational transactions and their proportionate share of certain charged expenses. These transactions of the Subsidiary Registrants are incurred in the ordinary course of business and are eliminated in consolidation.

As discussed in Note 13, certain trade receivables have been sold by Duke Energy Ohio and Duke Energy Indiana to CRC, an affiliate formed by a subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price.

Intercompany Income Taxes

Duke Energy and the Subsidiary Registrants file a consolidated federal income tax return and other state and jurisdictional returns. The Subsidiary Registrants have a tax sharing agreement with Duke Energy for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts the Subsidiary Registrants would incur as separate C-Corporations. The following table includes the balance of intercompany income tax receivables and payables for the Subsidiary Registrants.

(in millions)	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
September 30, 2019							
Intercompany income tax receivable	\$ —	\$ 178	\$ 60	\$ 10	\$ 14	\$ 3	\$ 85
Intercompany income tax payable	71	—	—	—	—	—	—
December 31, 2018							
Intercompany income tax receivable	\$ 52	\$ 47	\$ 29	\$ —	\$ —	\$ 8	\$ —
Intercompany income tax payable	—	—	—	16	3	—	45

10. DERIVATIVES AND HEDGING

The Duke Energy Registrants use commodity and interest rate contracts to manage commodity price risk and interest rate risk. The primary use of commodity derivatives is to hedge the generation portfolio against changes in the prices of electricity and natural gas. Piedmont enters into natural gas supply contracts to provide diversification, reliability and natural gas cost benefits to its customers. Interest rate derivatives are used to manage interest rate risk associated with borrowings.

All derivative instruments not identified as NPNS are recorded at fair value as assets or liabilities on the Condensed Consolidated Balance Sheets. Cash collateral related to derivative instruments executed under master netting arrangements is offset against the collateralized derivatives on the Condensed Consolidated Balance Sheets. The cash impacts of settled derivatives are recorded as operating activities on the Condensed Consolidated Statements of Cash Flows.

INTEREST RATE RISK

The Duke Energy Registrants are exposed to changes in interest rates as a result of their issuance or anticipated issuance of variable-rate and fixed-rate debt and commercial paper. Interest rate risk is managed by limiting variable-rate exposures to a percentage of total debt and by monitoring changes in interest rates. To manage risk associated with changes in interest rates, the Duke Energy Registrants may enter into interest rate swaps, U.S. Treasury lock agreements and other financial contracts. In anticipation of certain fixed-rate debt issuances, a series of forward-starting interest rate swaps or Treasury locks may be executed to lock in components of current market interest rates. These instruments are later terminated prior to or upon the issuance of the corresponding debt.

Cash Flow Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of AOCI for the three and nine months ended September 30, 2019, and 2018, were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables business and forward-starting interest rate swaps not accounted for under regulatory accounting.

Undesignated Contracts

Undesignated contracts primarily include contracts not designated as a hedge because they are accounted for under regulatory accounting or contracts that do not qualify for hedge accounting.

Duke Energy's interest rate swaps for its regulated operations employ regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the swaps are deferred as regulatory liabilities or regulatory assets, respectively. Regulatory assets and liabilities are amortized consistent with the treatment of the related costs in the ratemaking process. The accrual of interest on the swaps is recorded as Interest Expense on the Duke Energy Registrant's Condensed Consolidated Statements of Operations and Comprehensive Income.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

The following table shows notional amounts of outstanding derivatives related to interest rate risk.

(in millions)	September 30, 2019						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	
Cash flow hedges	\$ 1,031	\$ —	\$ —	\$ —	\$ —	\$ —	
Undesignated contracts	1,577	450	1,100	250	850	27	
Total notional amount ^(a)	\$ 2,608	\$ 450	\$ 1,100	\$ 250	\$ 850	\$ 27	

(in millions)	December 31, 2018						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	
Cash flow hedges	\$ 923	\$ —	\$ —	\$ —	\$ —	\$ —	
Undesignated contracts	1,721	300	1,200	650	550	27	
Total notional amount ^(a)	\$ 2,644	\$ 300	\$ 1,200	\$ 650	\$ 550	\$ 27	

(a) Duke Energy includes amounts related to consolidated VIEs of \$731 million in cash flow hedges as of September 30, 2019, and \$422 million in cash flow hedges and \$194 million in undesignated contracts as of December 31, 2018.

COMMODITY PRICE RISK

The Duke Energy Registrants are exposed to the impact of changes in the prices of electricity purchased and sold in bulk power markets and coal and natural gas purchases, including Piedmont's natural gas supply contracts. Exposure to commodity price risk is influenced by a number of factors including the term of contracts, the liquidity of markets and delivery locations. For the Subsidiary Registrants, bulk power electricity and coal and natural gas purchases flow through fuel adjustment clauses, formula-based contracts or other cost-sharing mechanisms. Differences between the costs included in rates and the incurred costs, including undesignated derivative contracts, are largely deferred as regulatory assets or regulatory liabilities. Piedmont policies allow for the use of financial instruments to hedge commodity price risks. The strategy and objective of these hedging programs are to use the financial instruments to reduce natural gas costs volatility for customers.

Volumes

The tables below include volumes of outstanding commodity derivatives. Amounts disclosed represent the absolute value of notional volumes of commodity contracts excluding NPNS. The Duke Energy Registrants have netted contractual amounts where offsetting purchase and sale contracts exist with identical delivery locations and times of delivery. Where all commodity positions are perfectly offset, no quantities are shown.

	September 30, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electricity (GWh)	25,658	—	—	—	—	2,774	22,884	—
Natural gas (millions of dekatherms)	729	130	175	175	—	—	4	420

	December 31, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electricity (GWh)	15,286	—	—	—	—	1,786	13,500	—
Natural gas (millions of dekatherms)	739	121	169	166	3	—	1	448

U.S. EQUITY SECURITIES RISK

In May 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of Crystal River Unit 3 with ADP CR3, LLC and ADP SF1, LLC. See Note 3 for additional information on the accelerated decommissioning. Duke Energy Florida executed U.S. equity option collars within the NDTF in May 2019 to preserve the U.S. equity portfolio value in the Duke Energy Florida NDTF in the event the accelerated decommissioning is approved. These option collars were executed as a purchase of a put option and the sale of a call option on certain U.S. equity index funds. The put and call options create a collar to guarantee a minimum and maximum investment value for the Duke Energy Florida NDTF U.S. equity portfolio. The put and call options were entered into at zero-cost, with the price to purchase the puts offset entirely by the funds received to sell the calls. As of September 30, 2019, the aggregate notional amount of both the put and call options was 305,000 units in U.S. equity security index funds. The options are not designated as hedging instruments. Substantially all of Duke Energy Florida's NDTF qualifies for regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the options are deferred as regulatory liabilities or regulatory assets, respectively.

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DERIVATIVES AND HEDGING

LOCATION AND FAIR VALUE OF DERIVATIVE ASSETS AND LIABILITIES RECOGNIZED ON THE CONDENSED CONSOLIDATED BALANCE SHEETS

The following tables show the fair value and balance sheet location of derivative instruments. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

Derivative Assets				September 30, 2019												
	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont	
(in millions)																
Commodity Contracts																
Not Designated as Hedging Instruments																
Current	\$	23	\$	—	\$	—	\$	—	\$	—	\$	5	\$	16	\$	2
Total Derivative Assets – Commodity Contracts	\$	23	\$	—	\$	—	\$	—	\$	—	\$	5	\$	16	\$	2
Interest Rate Contracts																
Designated as Hedging Instruments																
Current	\$	3	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Total Derivative Assets – Interest Rate Contracts	\$	3	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Equity Securities Contracts																
Not Designated as Hedging Instruments																
Current		5		—		5		—		5		—		—		—
Total Derivative Assets – Equity Securities Contracts	\$	5	\$	—	\$	5	\$	—	\$	5	\$	—	\$	—	\$	—
Total Derivative Assets	\$	31	\$	—	\$	5	\$	—	\$	5	\$	5	\$	16	\$	2

Derivative Liabilities				September 30, 2019												
	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont	
(in millions)																
Commodity Contracts																
Not Designated as Hedging Instruments																
Current	\$	66	\$	33	\$	24	\$	24	\$	—	\$	—	\$	—	\$	9
Noncurrent		147		12		34		18		—		—		—		102
Total Derivative Liabilities – Commodity Contracts	\$	213	\$	45	\$	58	\$	42	\$	—	\$	—	\$	—	\$	111
Interest Rate Contracts																
Designated as Hedging Instruments																
Current	\$	2	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Noncurrent		56		—		—		—		—		—		—		—
Not Designated as Hedging Instruments																
Current		64		22		42		1		41		1		—		—
Noncurrent		8		—		3		—		3		5		—		—
Total Derivative Liabilities – Interest Rate Contracts	\$	130	\$	22	\$	45	\$	1	\$	44	\$	6	\$	—	\$	—
Equity Securities Contracts																
Not Designated as Hedging Instruments																
Current		10		—		10		—		10		—		—		—
Total Derivative Liabilities – Equity Securities Contracts	\$	10	\$	—	\$	10	\$	—	\$	10	\$	—	\$	—	\$	—
Total Derivative Liabilities	\$	353	\$	67	\$	113	\$	43	\$	54	\$	6	\$	—	\$	111

FINANCIAL STATEMENTS DERIVATIVES AND HEDGING

Derivative Assets		December 31, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 35	\$ 2	\$ 2	\$ 2	\$ —	\$ 6	\$ 23	\$ 3	
Noncurrent	4	1	2	2	—	—	—	—	
Total Derivative Assets – Commodity Contracts	\$ 39	\$ 3	\$ 4	\$ 4	\$ —	\$ 6	\$ 23	\$ 3	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	3	—	—	—	—	—	—	—	
<i>Not Designated as Hedging Instruments</i>									
Current	2	—	—	—	—	—	—	—	
Noncurrent	12	—	—	—	—	—	—	—	
Total Derivative Assets – Interest Rate Contracts	\$ 18	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Total Derivative Assets	\$ 57	\$ 3	\$ 4	\$ 4	\$ —	\$ 6	\$ 23	\$ 3	
Derivative Liabilities		December 31, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 33	\$ 14	\$ 10	\$ 5	\$ 6	\$ —	\$ —	\$ 8	
Noncurrent	158	10	15	6	—	—	—	133	
Total Derivative Liabilities – Commodity Contracts	\$ 191	\$ 24	\$ 25	\$ 11	\$ 6	\$ —	\$ —	\$ 141	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 12	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	6	—	—	—	—	—	—	—	
<i>Not Designated as Hedging Instruments</i>									
Current	23	9	13	11	2	1	—	—	
Noncurrent	10	—	6	5	1	4	—	—	
Total Derivative Liabilities – Interest Rate Contracts	\$ 51	\$ 9	\$ 19	\$ 16	\$ 3	\$ 5	\$ —	\$ —	
Total Derivative Liabilities	\$ 242	\$ 33	\$ 44	\$ 27	\$ 9	\$ 5	\$ —	\$ 141	

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

OFFSETTING ASSETS AND LIABILITIES

The following tables present the line items on the Condensed Consolidated Balance Sheets where derivatives are reported. Substantially all of Duke Energy's outstanding derivative contracts are subject to enforceable master netting arrangements. The gross amounts offset in the tables below show the effect of these netting arrangements on financial position, and include collateral posted to offset the net position. The amounts shown are calculated by counterparty. Accounts receivable or accounts payable may also be available to offset exposures in the event of bankruptcy. These amounts are not included in the tables below.

Derivative Assets									September 30, 2019								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont									
Current																	
Gross amounts recognized	\$ 31	\$ —	\$ 5	\$ —	\$ 5	\$ 5	\$ 16	\$ 2									
Gross amounts offset	(5)	—	(5)	—	(5)	—	—	—									
Net amounts presented in Current Assets: Other	\$ 26	\$ —	\$ —	\$ —	\$ —	\$ 5	\$ 16	\$ 2									
Derivative Liabilities									September 30, 2019								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont									
Current																	
Gross amounts recognized	\$ 142	\$ 55	\$ 76	\$ 25	\$ 51	\$ 1	\$ —	\$ 9									
Gross amounts offset	(10)	—	(10)	—	(10)	—	—	—									
Net amounts presented in Current Liabilities: Other	\$ 132	\$ 55	\$ 66	\$ 25	\$ 41	\$ 1	\$ —	\$ 9									
Noncurrent																	
Gross amounts recognized	\$ 211	\$ 12	\$ 37	\$ 18	\$ 3	\$ 5	\$ —	\$ 102									
Gross amounts offset	—	—	—	—	—	—	—	—									
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 211	\$ 12	\$ 37	\$ 18	\$ 3	\$ 5	\$ —	\$ 102									
Derivative Assets									December 31, 2018								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont									
Current																	
Gross amounts recognized	\$ 38	\$ 2	\$ 2	\$ 2	\$ —	\$ 6	\$ 23	\$ 3									
Gross amounts offset	(3)	(2)	(2)	(2)	—	—	—	—									
Net amounts presented in Current Assets: Other	\$ 35	\$ —	\$ —	\$ —	\$ —	\$ 6	\$ 23	\$ 3									
Noncurrent																	
Gross amounts recognized	\$ 19	\$ 1	\$ 2	\$ 2	\$ —	\$ —	\$ —	\$ —									
Gross amounts offset	(3)	(1)	(2)	(2)	—	—	—	—									
Net amounts presented in Other Noncurrent Assets: Other	\$ 16	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —									

FINANCIAL STATEMENTS DERIVATIVES AND HEDGING

Derivative Liabilities				December 31, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont			
Current											
Gross amounts recognized	\$ 68	\$ 23	\$ 23	\$ 16	\$ 8	\$ 1	\$ —	\$ 8			
Gross amounts offset	(4)	(2)	(2)	(2)	—	—	—	—			
Net amounts presented in Current Liabilities: Other	\$ 64	\$ 21	\$ 21	\$ 14	\$ 8	\$ 1	\$ —	\$ 8			
Noncurrent											
Gross amounts recognized	\$ 174	\$ 10	\$ 21	\$ 11	\$ 1	\$ 4	\$ —	\$ 133			
Gross amounts offset	(3)	(1)	(2)	(2)	—	—	—	—			
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 171	\$ 9	\$ 19	\$ 9	\$ 1	\$ 4	\$ —	\$ 133			

OBJECTIVE CREDIT CONTINGENT FEATURES

Certain derivative contracts contain objective credit contingent features. These features include the requirement to post cash collateral or letters of credit if specific events occur, such as a credit rating downgrade below investment grade. The following tables show information with respect to derivative contracts that are in a net liability position and contain objective credit-risk-related payment provisions.

September 30, 2019				
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	\$ 82	\$ 40	\$ 42	\$ 42
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	82	40	42	42

December 31, 2018				
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	\$ 44	\$ 19	\$ 25	\$ 25
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	44	19	25	25

The Duke Energy Registrants have elected to offset cash collateral and fair values of derivatives. For amounts to be netted, the derivative and cash collateral must be executed with the same counterparty under the same master netting arrangement.

11. INVESTMENTS IN DEBT AND EQUITY SECURITIES

Duke Energy's investments in debt and equity securities are primarily comprised of investments held in (i) the NDTF at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, (ii) the grantor trusts at Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana related to OPEB plans and (iii) Bison. The Duke Energy Registrants classify investments in debt securities as AFS and investments in equity securities as FV-NI.

For investments in debt securities classified as AFS, the unrealized gains and losses are included in other comprehensive income until realized, at which time, they are reported through net income. For investments in equity securities classified as FV-NI, both realized and unrealized gains and losses are reported through net income. Substantially all of Duke Energy's investments in debt and equity securities qualify for regulatory accounting, and accordingly, all associated realized and unrealized gains and losses on these investments are deferred as a regulatory asset or liability.

Duke Energy classifies the majority of investments in debt and equity securities as long term, unless otherwise noted.

Investment Trusts

The investments within the Investment Trusts are managed by independent investment managers with discretion to buy, sell and invest pursuant to the objectives set forth by the trust agreements. The Duke Energy Registrants have limited oversight of the day-to-day management of these investments. As a result, the ability to hold investments in unrealized loss positions is outside the control of the Duke Energy Registrants. Accordingly, all unrealized losses associated with debt securities within the Investment Trusts are considered OTTI and are recognized immediately and deferred to regulatory accounts where appropriate.

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INVESTMENTS IN DEBT AND EQUITY SECURITIES

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment is other-than-temporarily impaired. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value should be considered other-than-temporary. If an OTTI exists, the unrealized credit loss is included in earnings. There were no material credit losses as of September 30, 2019, and December 31, 2018.

Other Investments amounts are recorded in Other within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

DUKE ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 114	\$ —	\$ —	\$ 88
Equity securities	3,118	63	5,222	2,402	95	4,475
Corporate debt securities	40	1	633	4	13	566
Municipal bonds	14	—	370	1	4	353
U.S. government bonds	39	—	1,217	14	12	1,076
Other debt securities	4	—	142	—	2	148
Total NDTF Investments	\$ 3,215	\$ 64	\$ 7,698	\$ 2,421	\$ 126	\$ 6,706
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 53	\$ —	\$ —	\$ 22
Equity securities	48	—	112	36	1	99
Corporate debt securities	2	—	72	—	2	60
Municipal bonds	5	—	94	—	1	85
U.S. government bonds	3	—	40	1	—	45
Other debt securities	1	—	65	—	1	58
Total Other Investments	\$ 59	\$ —	\$ 436	\$ 37	\$ 5	\$ 369
Total Investments	\$ 3,274	\$ 64	\$ 8,134	\$ 2,458	\$ 131	\$ 7,075

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2019, and 2018, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
FV-NI:				
Realized gains	\$ 60	\$ 19	\$ 161	\$ 85
Realized losses	43	16	136	60
AFS:				
Realized gains	53	4	110	14
Realized losses	36	7	83	32

FINANCIAL STATEMENTS INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY CAROLINAS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 36	\$ —	\$ —	\$ 29
Equity securities	1,680	15	2,901	1,309	54	2,484
Corporate debt securities	24	1	409	2	9	341
Municipal bonds	4	—	96	—	1	81
U.S. government bonds	19	—	517	5	8	475
Other debt securities	4	—	137	—	2	143
Total NDTF Investments	\$ 1,731	\$ 16	\$ 4,096	\$ 1,316	\$ 74	\$ 3,553

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2019, and 2018, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
FV-NI:				
Realized gains	\$ 34	\$ 11	\$ 101	\$ 47
Realized losses	26	8	95	30
AFS:				
Realized gains	21	4	46	13
Realized losses	13	6	34	24

PROGRESS ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 78	\$ —	\$ —	\$ 59
Equity securities	1,438	48	2,321	1,093	41	1,991
Corporate debt securities	16	—	224	2	4	225
Municipal bonds	10	—	274	1	3	272
U.S. government bonds	20	—	700	9	4	601
Other debt securities	—	—	5	—	—	5
Total NDTF Investments	\$ 1,484	\$ 48	\$ 3,602	\$ 1,105	\$ 52	\$ 3,153
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 49	\$ —	\$ —	\$ 17
Municipal bonds	4	—	52	—	—	47
Total Other Investments	\$ 4	\$ —	\$ 101	\$ —	\$ —	\$ 64
Total Investments	\$ 1,488	\$ 48	\$ 3,703	\$ 1,105	\$ 52	\$ 3,217

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2019, and 2018, were as follows.

(in millions)	Three Months Ended				Nine Months Ended			
	September 30, 2019		September 30, 2018		September 30, 2019		September 30, 2018	
FV-NI:								
Realized gains	\$	26	\$	8	\$	60	\$	38
Realized losses		17		8		41		30
AFS:								
Realized gains		31		—		62		1
Realized losses		23		1		49		8

DUKE ENERGY PROGRESS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 52	\$ —	\$ —	\$ 46
Equity securities	1,107	30	1,907	833	30	1,588
Corporate debt securities	16	—	224	2	3	171
Municipal bonds	10	—	274	1	3	271
U.S. government bonds	19	—	420	6	3	415
Other debt securities	—	—	5	—	—	3
Total NDTF Investments	\$ 1,152	\$ 30	\$ 2,882	\$ 842	\$ 39	\$ 2,494
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 6
Total Other Investments	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 6
Total Investments	\$ 1,152	\$ 30	\$ 2,884	\$ 842	\$ 39	\$ 2,500

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2019, and 2018, were as follows.

(in millions)	Three Months Ended			Nine Months Ended		
	September 30, 2019		September 30, 2018	September 30, 2019		September 30, 2018
FV-NI:						
Realized gains	\$	10	\$	7	\$	27
Realized losses		9		7		24
AFS:						
Realized gains		2		—		4
Realized losses		—		1		2

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY FLORIDA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 26	\$ —	\$ —	\$ 13
Equity securities	331	18	414	260	11	403
Corporate debt securities	—	—	—	—	1	54
Municipal bonds	—	—	—	—	—	1
U.S. government bonds	1	—	280	3	1	186
Other debt securities	—	—	—	—	—	2
Total NDTF Investments^(a)	\$ 332	\$ 18	\$ 720	\$ 263	\$ 13	\$ 659
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 4	\$ —	\$ —	\$ 1
Municipal bonds	4	—	52	—	—	47
Total Other Investments	\$ 4	\$ —	\$ 56	\$ —	\$ —	\$ 48
Total Investments	\$ 336	\$ 18	\$ 776	\$ 263	\$ 13	\$ 707

(a) During the nine months ended September 30, 2019, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of Crystal River Unit 3.

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2019, and 2018, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
FV-NI:				
Realized gains	\$ 16	\$ 1	\$ 33	\$ 6
Realized losses	8	1	17	3
AFS:				
Realized gains	29	—	58	—
Realized losses	23	—	47	2

DUKE ENERGY INDIANA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are measured at FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Investments						
Equity securities	\$ 37	\$ —	\$ 74	\$ 29	\$ —	\$ 67
Corporate debt securities	—	—	6	—	—	8
Municipal bonds	1	—	36	—	1	33
U.S. government bonds	—	—	1	—	—	—
Total Investments	\$ 38	\$ —	\$ 117	\$ 29	\$ 1	\$ 108

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DEBT SECURITY MATURITIES

The table below summarizes the maturity date for debt securities.

September 30, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	
Due in one year or less	\$ 400	\$ 65	\$ 328	\$ 48	\$ 280	\$ 4	
Due after one through five years	524	220	253	243	10	15	
Due after five through 10 years	450	187	209	201	8	5	
Due after 10 years	1,259	687	465	431	34	19	
Total	\$ 2,633	\$ 1,159	\$ 1,255	\$ 923	\$ 332	\$ 43	

12. FAIR VALUE MEASUREMENTS

Fair value is the exchange price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The fair value definition focuses on an exit price versus the acquisition cost. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, corroborated by market data or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

Fair value measurements are classified in three levels based on the fair value hierarchy as defined by GAAP. Certain investments are not categorized within the fair value hierarchy. These investments are measured at fair value using the NAV per share practical expedient. The NAV is derived based on the investment cost, less any impairment, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

Fair value accounting guidance permits entities to elect to measure certain financial instruments that are not required to be accounted for at fair value, such as equity method investments or the company's own debt, at fair value. The Duke Energy Registrants have not elected to record any of these items at fair value.

Transfers between levels represent assets or liabilities that were previously (i) categorized at a higher level for which the inputs to the estimate became less observable or (ii) classified at a lower level for which the inputs became more observable during the period. The Duke Energy Registrant's policy is to recognize transfers between levels of the fair value hierarchy at the end of the period. There were no transfers between levels during the nine months ended September 30, 2019, and 2018.

Valuation methods of the primary fair value measurements disclosed below are as follows.

Investments in equity securities

The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market as of the last business day of the quarter. Principal active markets for equity prices include published exchanges such as the New York Stock Exchange and Nasdaq Stock Market. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market. There was no after-hours market activity that was required to be reflected in the reported fair value measurements.

Investments in debt securities

Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. If the market for a particular fixed-income security is relatively inactive or illiquid, the measurement is Level 3.

Commodity derivatives

Commodity derivatives with clearinghouses are classified as Level 1. Other commodity derivatives, including Piedmont's natural gas supply contracts, are primarily valued using internally developed discounted cash flow models that incorporate forward price, adjustments for liquidity (bid-ask spread) and credit or non-performance risk (after reflecting credit enhancements such as collateral), and are discounted to present value. Pricing inputs are derived from published exchange transaction prices and other observable data sources. In the absence of an active market, the last available price may be used. If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. In isolation, increases (decreases) in natural gas forward prices result in favorable (unfavorable) fair value adjustments for natural gas purchase contracts; and increases (decreases) in electricity forward prices result in unfavorable (favorable) fair value adjustments for electricity sales contracts. Duke Energy regularly evaluates and validates pricing inputs used to estimate the fair value of natural gas commodity contracts by a market participant price verification procedure. This procedure provides a comparison of internal forward commodity curves to market participant generated curves.

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

Interest rate derivatives

Most over-the-counter interest rate contract derivatives are valued using financial models that utilize observable inputs for similar instruments and are classified as Level 2. Inputs include forward interest rate curves, notional amounts, interest rates and credit quality of the counterparties.

Other fair value considerations

See Note 11 in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018, for a discussion of the valuation of goodwill and intangible assets.

DUKE ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets. Derivative amounts in the tables below for all Duke Energy Registrants exclude cash collateral, which is disclosed in Note 10. See Note 11 for additional information related to investments by major security type for the Duke Energy Registrants.

(in millions)	September 30, 2019				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	\$ 5,222	\$ 5,168	\$ —	\$ —	54
NDTF debt securities	2,476	804	1,672	—	—
Other equity securities	112	112	—	—	—
Other debt securities	324	92	232	—	—
Derivative assets	31	2	8	21	—
Total assets	8,165	6,178	1,912	21	54
Derivative liabilities	(353)	(25)	(217)	(111)	—
Net assets (liabilities)	\$ 7,812	\$ 6,153	\$ 1,695	\$ (90)	54

(in millions)	December 31, 2018				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	\$ 4,475	\$ 4,410	\$ —	\$ —	65
NDTF debt securities	2,231	576	1,655	—	—
Other equity securities	99	99	—	—	—
Other debt securities	270	67	203	—	—
Derivative assets	57	4	25	28	—
Total assets	7,132	5,156	1,883	28	65
Derivative liabilities	(242)	(11)	(90)	(141)	—
Net assets (liabilities)	\$ 6,890	\$ 5,145	\$ 1,793	\$ (113)	65

The following tables provide reconciliations of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Balance at beginning of period	\$ (79)	\$ (97)	\$ (113)	\$ (114)
Purchases, sales, issuances and settlements:				
Purchases	—	—	38	56
Settlements	(9)	(14)	(32)	(43)
Total (losses) gains included on the Condensed Consolidated Balance Sheet	(2)	(5)	17	(15)
Balance at end of period	\$ (90)	\$ (116)	\$ (90)	\$ (116)

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY CAROLINAS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2019			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF equity securities	\$ 2,901	\$ 2,847	\$ —	\$ 54
NDTF debt securities	1,195	189	1,006	—
Total assets	4,096	3,036	1,006	54
Derivative liabilities	(67)	—	(67)	—
Net assets	\$ 4,029	\$ 3,036	\$ 939	\$ 54

(in millions)	December 31, 2018			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF equity securities	\$ 2,484	\$ 2,419	\$ —	\$ 65
NDTF debt securities	1,069	149	920	—
Derivative assets	3	—	3	—
Total assets	3,556	2,568	923	65
Derivative liabilities	(33)	—	(33)	—
Net assets	\$ 3,523	\$ 2,568	\$ 890	\$ 65

PROGRESS ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2019			December 31, 2018		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 2,321	\$ 2,321	\$ —	\$ 1,991	\$ 1,991	\$ —
NDTF debt securities	1,281	615	666	1,162	427	735
Other debt securities	101	49	52	64	17	47
Derivative assets	5	—	5	4	—	4
Total assets	3,708	2,985	723	3,221	2,435	786
Derivative liabilities	(113)	—	(113)	(44)	—	(44)
Net assets	\$ 3,595	\$ 2,985	\$ 610	\$ 3,177	\$ 2,435	\$ 742

DUKE ENERGY PROGRESS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2019			December 31, 2018		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 1,907	\$ 1,907	\$ —	\$ 1,588	\$ 1,588	\$ —
NDTF debt securities	975	309	666	906	294	612
Other debt securities	2	2	—	6	6	—
Derivative assets	—	—	—	4	—	4
Total assets	2,884	2,218	666	2,504	1,888	616
Derivative liabilities	(43)	—	(43)	(27)	—	(27)
Net assets	\$ 2,841	\$ 2,218	\$ 623	\$ 2,477	\$ 1,888	\$ 589

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY FLORIDA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2019			December 31, 2018		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 414	\$ 414	\$ —	\$ 403	\$ 403	\$ —
NDTF debt securities	306	306	—	256	133	123
Other debt securities	56	4	52	48	1	47
Derivative assets	5	—	5	—	—	—
Total assets	781	724	57	707	537	170
Derivative liabilities	(54)	—	(54)	(9)	—	(9)
Net assets	\$ 727	\$ 724	\$ 3	\$ 698	\$ 537	\$ 161

DUKE ENERGY OHIO

The recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets were not material at September 30, 2019, and December 31, 2018.

DUKE ENERGY INDIANA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2019				December 31, 2018			
	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	\$ 74	\$ 74	\$ —	\$ —	\$ 67	\$ 67	\$ —	\$ —
Other debt securities	43	—	43	—	41	—	41	—
Derivative assets	16	—	—	16	23	1	—	22
Total assets	\$ 133	\$ 74	\$ 43	\$ 16	\$ 131	\$ 68	\$ 41	\$ 22

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Balance at beginning of period	\$ 28	\$ 44	\$ 22	\$ 27
Purchases, sales, issuances and settlements:				
Purchases	—	—	29	49
Settlements	(7)	(13)	(26)	(41)
Total losses included on the Condensed Consolidated Balance Sheet	(5)	(2)	(9)	(6)
Balance at end of period	\$ 16	\$ 29	\$ 16	\$ 29

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

PIEDMONT

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2019			December 31, 2018		
	Total Fair Value	Level 1	Level 3	Total Fair Value	Level 1	Level 3
Derivative assets	\$ 2	\$ 2	\$ —	\$ 3	\$ 3	\$ —
Derivative liabilities	(111)	—	(111)	(141)	—	(141)
Net (liabilities) assets	\$ (109)	\$ 2	\$ (111)	\$ (138)	\$ 3	\$ (141)

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Balance at beginning of period	\$ (114)	\$ (150)	\$ (141)	\$ (142)
Total gains (losses) and settlements	3	(3)	30	(11)
Balance at end of period	\$ (111)	\$ (153)	\$ (111)	\$ (153)

QUANTITATIVE INFORMATION ABOUT UNOBSERVABLE INPUTS

The following tables include quantitative information about the Duke Energy Registrants' derivatives classified as Level 3.

September 30, 2019				
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range
Duke Energy Ohio				
FTRs	\$ 5	RTO auction pricing	FTR price – per MWh	\$ 0.57 - \$ 3.38
Duke Energy Indiana				
FTRs	16	RTO auction pricing	FTR price – per MWh	(0.52) - 6.85
Piedmont				
Natural gas contracts	(111)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.85 - 2.99
Duke Energy				
Total Level 3 derivatives	\$ (90)			
December 31, 2018				
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range
Duke Energy Ohio				
FTRs	\$ 6	RTO auction pricing	FTR price – per MWh	\$ 1.19 - \$ 4.59
Duke Energy Indiana				
FTRs	22	RTO auction pricing	FTR price – per MWh	(2.07) - 8.27
Piedmont				
Natural gas contracts	(141)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.87 - 2.95
Duke Energy				
Total Level 3 derivatives	\$ (113)			

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

OTHER FAIR VALUE DISCLOSURES

The fair value and book value of long-term debt, including current maturities, is summarized in the following table. Estimates determined are not necessarily indicative of amounts that could have been settled in current markets. Fair value of long-term debt uses Level 2 measurements.

(in millions)	September 30, 2019		December 31, 2018	
	Book Value	Fair Value	Book Value	Fair Value
Duke Energy ^(a)	\$ 57,914	\$ 63,276	\$ 54,529	\$ 54,534
Duke Energy Carolinas	11,758	13,462	10,939	11,471
Progress Energy	19,119	21,952	18,911	19,885
Duke Energy Progress	9,049	9,995	8,204	8,300
Duke Energy Florida	7,132	8,356	7,321	7,742
Duke Energy Ohio	2,719	3,096	2,165	2,239
Duke Energy Indiana	4,208	5,018	3,782	4,158
Piedmont	2,384	2,664	2,138	2,180

(a) Book value of long-term debt includes \$1.5 billion as of September 30, 2019, and \$1.6 billion as of December 31, 2018, of unamortized debt discount and premium, net in purchase accounting adjustments related to the mergers with Progress Energy and Piedmont that are excluded from fair value of long-term debt.

At both September 30, 2019, and December 31, 2018, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper, and nonrecourse notes payable of VIEs are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

13. VARIABLE INTEREST ENTITIES

CONSOLIDATED VIEs

The obligations of the consolidated VIEs discussed in the following paragraphs are nonrecourse to the Duke Energy registrants. The registrants have no requirement to provide liquidity to, purchase assets of or guarantee performance of these VIEs unless noted in the following paragraphs.

No financial support was provided to any of the consolidated VIEs during the nine months ended September 30, 2019, and the year ended December 31, 2018, or is expected to be provided in the future that was not previously contractually required.

Receivables Financing – DERF / DEPR / DEFR

DERF, DEPR and DEFR are bankruptcy remote, special purpose subsidiaries of Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, respectively. DERF, DEPR and DEFR are wholly owned limited liability companies with separate legal existence from their parent companies, and their assets are not generally available to creditors of their parent companies. On a revolving basis, DERF, DEPR and DEFR buy certain accounts receivable arising from the sale of electricity and related services from their parent companies.

DERF, DEPR and DEFR borrow amounts under credit facilities to buy these receivables. Borrowing availability from the credit facilities is limited to the amount of qualified receivables purchased. The sole source of funds to satisfy the related debt obligations is cash collections from the receivables. Amounts borrowed under the credit facilities are reflected on the Condensed Consolidated Balance Sheets as Long-Term Debt.

The most significant activity that impacts the economic performance of DERF, DEPR and DEFR are the decisions made to manage delinquent receivables. Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida are considered primary beneficiaries and consolidate DERF, DEPR and DEFR, respectively, as they make those decisions.

Receivables Financing – CRC

CRC is a bankruptcy remote, special purpose entity indirectly owned by Duke Energy. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Ohio and Duke Energy Indiana. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Ohio and Duke Energy Indiana. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables. Amounts borrowed under the credit facility are reflected on Duke Energy's Condensed Consolidated Balance Sheets as Long-Term Debt.

The proceeds Duke Energy Ohio and Duke Energy Indiana receive from the sale of receivables to CRC are approximately 75% cash and 25% in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Depending on collection experience, additional equity infusions to CRC may be required by Duke Energy to maintain a minimum equity balance of \$3 million.

CRC is considered a VIE because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact the economic performance of the entity are not performed by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy is considered the primary beneficiary and consolidates CRC as it makes these decisions. Neither Duke Energy Ohio nor Duke Energy Indiana consolidate CRC.

FINANCIAL STATEMENTS VARIABLE INTEREST ENTITIES

Receivables Financing – Credit Facilities

The following table summarizes the amounts and expiration dates of the credit facilities and associated restricted receivables described above.

(in millions)	Duke Energy			
	CRC	Duke Energy	Duke Energy	Duke Energy
		Carolinas	Progress	Florida
		DERF	DEPR	DEFR
Expiration date	December 2020	December 2020	February 2021	April 2021
Credit facility amount	\$ 350	\$ 475	\$ 325	\$ 250
Amounts borrowed at September 30, 2019	350	475	325	250
Amounts borrowed at December 31, 2018	325	450	300	225
Restricted Receivables at September 30, 2019	505	775	564	471
Restricted Receivables at December 31, 2018	564	699	547	357

Nuclear Asset-Recovery Bonds – DEFPF

DEFPF is a bankruptcy remote, wholly owned special purpose subsidiary of Duke Energy Florida. DEFPF was formed in 2016 for the sole purpose of issuing nuclear asset-recovery bonds to finance Duke Energy Florida's unrecovered regulatory asset related to Crystal River Unit 3.

In June 2016, DEFPF issued senior secured bonds and used the proceeds to acquire nuclear asset-recovery property from Duke Energy Florida. The nuclear asset-recovery property acquired includes the right to impose, bill, collect and adjust a non-bypassable nuclear asset-recovery charge from all Duke Energy Florida retail customers until the bonds are paid in full and all financing costs have been recovered. The nuclear asset-recovery bonds are secured by the nuclear asset-recovery property, and cash collections from the nuclear asset-recovery charges are the sole source of funds to satisfy the debt obligation. The bondholders have no recourse to Duke Energy Florida.

DEFPF is considered a VIE primarily because the equity capitalization is insufficient to support its operations. Duke Energy Florida has the power to direct the significant activities of the VIE as described above, and therefore Duke Energy Florida is considered the primary beneficiary and consolidates DEFPF.

The following table summarizes the impact of DEFPF on Duke Energy Florida's Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2019	December 31, 2018
Receivables of VIEs	\$ 7	\$ 5
Regulatory Assets: Current	52	52
Current Assets: Other	16	39
Other Noncurrent Assets: Regulatory assets	1,002	1,041
Current Liabilities: Other	2	10
Current maturities of long-term debt	54	53
Long-Term Debt	1,056	1,111

Commercial Renewables

Certain of Duke Energy's renewable energy facilities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Assets are restricted and cannot be pledged as collateral or sold to third parties without prior approval of debt holders. Additionally, Duke Energy has VIEs associated with tax equity arrangements entered into with third-party investors in order to finance the cost of solar energy systems eligible for tax credits. The activities that most significantly impacted the economic performance of these renewable energy facilities were decisions associated with siting, negotiating PPAs and EPC agreements, and decisions associated with ongoing operations and maintenance-related activities. Duke Energy is considered the primary beneficiary and consolidates the entities as it is responsible for all of these decisions.

The table below presents material balances reported on Duke Energy's Condensed Consolidated Balance Sheets related to Commercial Renewables VIEs.

(in millions)	September 30, 2019	December 31, 2018
Current Assets: Other	\$ 172	\$ 123
Property, Plant and Equipment: Cost	5,160	4,007
Accumulated depreciation and amortization	(996)	(698)
Other Noncurrent Assets: Other	63	261
Current maturities of long-term debt	177	174
Long-Term Debt	1,604	1,587
Other Noncurrent Liabilities: Asset retirement obligations	125	106
Other Noncurrent Liabilities: Other	218	212

FINANCIAL STATEMENTS

VARIABLE INTEREST ENTITIES

NON-CONSOLIDATED VIEs

The following tables summarize the impact of non-consolidated VIEs on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2019						
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana	
	Pipeline Investments	Commercial Renewables	Other VIEs	Total			
Receivables from affiliated companies	\$ —	\$ —	\$ —	\$ —	\$ 48	\$ 76	
Investments in equity method unconsolidated affiliates	1,152	235	55	1,442	—	—	
Total assets	\$ 1,152	\$ 235	\$ 55	\$ 1,442	\$ 48	\$ 76	
Taxes accrued	(2)	—	—	(2)	—	—	
Other current liabilities	—	—	3	3	—	—	
Deferred income taxes	57	—	—	57	—	—	
Other noncurrent liabilities	—	—	11	11	—	—	
Total liabilities	\$ 55	\$ —	\$ 14	\$ 69	\$ —	\$ —	
Net assets	\$ 1,097	\$ 235	\$ 41	\$ 1,373	\$ 48	\$ 76	

(in millions)	December 31, 2018						
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana	
	Pipeline Investments	Commercial Renewables	Other VIEs	Total			
Receivables from affiliated companies	\$ —	\$ —	\$ —	\$ —	\$ 93	\$ 118	
Investments in equity method unconsolidated affiliates	822	190	48	1,060	—	—	
Total assets	\$ 822	\$ 190	\$ 48	\$ 1,060	\$ 93	\$ 118	
Taxes accrued	(1)	—	—	(1)	—	—	
Other current liabilities	—	—	4	4	—	—	
Deferred income taxes	21	—	—	21	—	—	
Other noncurrent liabilities	—	—	12	12	—	—	
Total liabilities	\$ 20	\$ —	\$ 16	\$ 36	\$ —	\$ —	
Net assets	\$ 802	\$ 190	\$ 32	\$ 1,024	\$ 93	\$ 118	

The Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above except for the PPA with OVEC, which is discussed below, and various guarantees, including Duke Energy's guarantee agreement to support its share of the ACP revolving credit facility. Duke Energy's maximum exposure to loss under the terms of the guarantee is \$802 million, which represents 47% of the outstanding borrowings under the credit facility as of September 30, 2019. For more information on various guarantees, refer to Note 4.

Pipeline Investments

Duke Energy has investments in various joint ventures with pipeline projects currently under construction. These entities are considered VIEs due to having insufficient equity to finance their own activities without subordinated financial support. Duke Energy does not have the power to direct the activities that most significantly impact the economic performance, the obligation to absorb losses or the right to receive benefits of these VIEs and therefore does not consolidate these entities.

The table below presents Duke Energy's ownership interest and investment balances in these joint ventures.

Entity Name	Ownership Interest	VIE Investment Amount (in millions)	
		September 30,	December 31,
		2019	2018
ACP ^(a)	47%	\$ 1,127	\$ 797
Constitution	24%	25	25
Total		\$ 1,152	\$ 822

(a) Duke Energy evaluated this investment for impairment as of September 30, 2019, and December 31, 2018, and determined that fair value approximated carrying value and therefore no impairment was necessary.

FINANCIAL STATEMENTS VARIABLE INTEREST ENTITIES

Commercial Renewables

Duke Energy has investments in various renewable energy project entities. Some of these entities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Duke Energy does not consolidate these VIEs because power to direct and control key activities is shared jointly by Duke Energy and other owners.

Pioneer

Duke Energy holds a 50% equity interest in Pioneer. During the nine months ended September 30, 2019, Pioneer was considered a VIE due to having insufficient equity to finance its own activities without subordinated financial support. On October 1, 2019, Pioneer closed on a private placement debt offering that gave Pioneer sufficient equity to finance its own activities and, therefore, is no longer considered a VIE. Duke Energy's investment in Pioneer was \$55 million at September 30, 2019.

OVEC

Duke Energy Ohio's 9% ownership interest in OVEC is considered a non-consolidated VIE due to OVEC having insufficient equity to finance its activities without subordinated financial support. The activities that most significantly impact OVEC's economic performance include fuel strategy and supply activities and decisions associated with ongoing operations and maintenance-related activities. Duke Energy Ohio does not have the unilateral power to direct these activities, and therefore, does not consolidate OVEC.

As a counterparty to an ICPA, Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in OVEC's cost of business. On March 31, 2018, FES, a subsidiary of FirstEnergy and an ICPA counterparty with a power participation ratio of 4.85%, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. Duke Energy Ohio cannot predict the impact of the bankruptcy filing on its OVEC interests. In addition, certain proposed environmental rulemaking could result in future increased OVEC cost allocations.

CRC

See discussion under Consolidated VIEs for additional information related to CRC.

Amounts included in Receivables from affiliated companies in the above table for Duke Energy Ohio and Duke Energy Indiana reflect their retained interest in receivables sold to CRC. These subordinated notes held by Duke Energy Ohio and Duke Energy Indiana are stated at fair value.

The following table shows the gross and net receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Receivables sold	\$ 217	\$ 269	\$ 326	\$ 336
Less: Retained interests	48	93	76	118
Net receivables sold	\$ 169	\$ 176	\$ 250	\$ 218

The following table shows sales and cash flows related to receivables sold.

(in millions)	Duke Energy Ohio				Duke Energy Indiana			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	September 30,		September 30,		September 30,		September 30,	
	2019	2018	2019	2018	2019	2018	2019	2018
Sales								
Receivables sold	\$ 479	\$ 450	\$ 1,483	\$ 1,478	\$ 762	\$ 754	\$ 2,172	\$ 2,140
Loss recognized on sale	4	4	11	10	4	5	13	12
Cash flows								
Cash proceeds from receivables sold	\$ 471	\$ 449	\$ 1,516	\$ 1,499	\$ 762	\$ 743	\$ 2,200	\$ 2,140
Collection fees received	—	—	1	1	—	—	1	1
Return received on retained interests	1	2	5	5	2	3	7	7

Cash flows from sales of receivables are reflected within Operating Activities on Duke Energy Ohio's and Duke Energy Indiana's Condensed Consolidated Statements of Cash Flows.

FINANCIAL STATEMENTS REVENUE

14. REVENUE

Duke Energy earns substantially all of its revenues through its reportable segments, Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

Electric Utilities and Infrastructure

Electric Utilities and Infrastructure earns the majority of its revenues through retail and wholesale electric service through the generation, transmission, distribution and sale of electricity. Duke Energy generally provides retail and wholesale electric service customers with their full electric load requirements or with supplemental load requirements when the customer has other sources of electricity.

The majority of wholesale revenues are full requirements contracts where the customers purchase the substantial majority of their energy needs and do not have a fixed quantity of contractually required energy or capacity. As such, related forecasted revenues are considered optional purchases. Supplemental requirements contracts that include contracted blocks of energy and capacity at contractually fixed prices have the following estimated remaining performance obligations:

(in millions)	Remaining Performance Obligations						Total
	2019	2020	2021	2022	2023	Thereafter	
Progress Energy	\$ 31	\$ 121	\$ 86	\$ 81	\$ 38	\$ 41	398
Duke Energy Progress	2	8	8	8	8	8	42
Duke Energy Florida	29	113	78	73	30	33	356
Duke Energy Indiana	2	10	5	—	—	—	17

Revenues for block sales are recognized monthly as energy is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates.

Gas Utilities and Infrastructure

Gas Utilities and Infrastructure earns its revenues through retail and wholesale natural gas service through the transportation, distribution and sale of natural gas. Duke Energy generally provides retail and wholesale natural gas service customers with all natural gas load requirements. Additionally, while natural gas can be stored, substantially all natural gas provided by Duke Energy is consumed by customers simultaneously with receipt of delivery.

Fixed capacity payments under long-term contracts for the Gas Utilities and Infrastructure segment include minimum margin contracts and supply arrangements with municipalities and power generation facilities. Revenues for related sales are recognized monthly as natural gas is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates. Estimated remaining performance obligations are as follows:

(in millions)	Remaining Performance Obligations						Total
	2019	2020	2021	2022	2023	Thereafter	
Piedmont	\$ 17	\$ 69	\$ 64	\$ 64	\$ 61	\$ 430	705

Commercial Renewables

Commercial Renewables earns the majority of its revenues through long-term PPAs and generally sells all of its wind and solar facility output, electricity and RECs to customers. The majority of these PPAs have historically been accounted for as leases. For PPAs that are not accounted for as leases, the delivery of electricity and the delivery of RECs are considered separate performance obligations.

Other

The remainder of Duke Energy's operations is presented as Other, which does not include material revenues from contracts with customers.

FINANCIAL STATEMENTS REVENUE

Disaggregated Revenues

Disaggregated revenues are presented as follows:

	Three Months Ended September 30, 2019								
(in millions)									
By market or type of customer	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
<i>Electric Utilities and Infrastructure</i>									
Residential	\$ 2,923	\$ 892	\$ 1,522	\$ 625	\$ 897	\$ 215	\$ 294	\$ —	
General	1,885	687	843	399	444	127	225	—	
Industrial	869	372	255	189	66	40	204	—	
Wholesale	617	113	429	368	61	13	63	—	
Other revenues	198	76	118	70	48	18	22	—	
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 6,492	\$ 2,140	\$ 3,167	\$ 1,651	\$ 1,516	\$ 413	\$ 808	\$ —	
<i>Gas Utilities and Infrastructure</i>									
Residential	\$ 113	\$ —	\$ —	\$ —	\$ —	\$ 53	\$ —	\$ 59	
Commercial	68	—	—	—	—	21	—	47	
Industrial	26	—	—	—	—	4	—	25	
Power Generation	—	—	—	—	—	—	—	13	
Other revenues	16	—	—	—	—	3	—	13	
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 223	\$ —	\$ —	\$ —	\$ —	\$ 81	\$ —	\$ 157	
<i>Commercial Renewables</i>									
Revenue from contracts with customers	\$ 69	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
<i>Other</i>									
Revenue from contracts with customers	\$ 8	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Total revenue from contracts with customers	\$ 6,792	\$ 2,140	\$ 3,167	\$ 1,651	\$ 1,516	\$ 494	\$ 808	\$ 157	
Other revenue sources ^(a)	\$ 148	\$ 22	\$ 75	\$ 37	\$ 32	\$ (5)	\$ (1)	\$ 11	
Total revenues	\$ 6,940	\$ 2,162	\$ 3,242	\$ 1,688	\$ 1,548	\$ 489	\$ 807	\$ 168	

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

FINANCIAL STATEMENTS REVENUE

		Three Months Ended September 30, 2018							
(in millions)		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
By market or type of customer									
<i>Electric Utilities and Infrastructure</i>									
Residential	\$	2,729	\$ 823	\$ 1,425	\$ 572	\$ 853	\$ 203	\$ 279	\$ —
General		1,763	635	800	373	427	112	218	—
Industrial		835	352	246	177	69	33	202	—
Wholesale		589	132	372	335	37	3	81	—
Other revenues		225	109	134	90	44	20	29	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$	6,141	\$ 2,051	\$ 2,977	\$ 1,547	\$ 1,430	\$ 371	\$ 809	\$ —
<i>Gas Utilities and Infrastructure</i>									
Residential	\$	116	\$ —	\$ —	\$ —	\$ —	\$ 59	\$ —	\$ 57
Commercial		66	—	—	—	—	20	—	46
Industrial		28	—	—	—	—	3	—	24
Power Generation		—	—	—	—	—	—	—	13
Other revenues		23	—	—	—	—	1	—	22
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$	233	\$ —	\$ —	\$ —	\$ —	\$ 83	\$ —	\$ 162
<i>Commercial Renewables</i>									
Revenue from contracts with customers	\$	61	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>									
Revenue from contracts with customers	\$	16	\$ —	\$ —	\$ —	\$ —	\$ 12	\$ —	\$ —
Total revenue from contracts with customers	\$	6,451	\$ 2,051	\$ 2,977	\$ 1,547	\$ 1,430	\$ 466	\$ 809	\$ 162
Other revenue sources ^(a)	\$	177	\$ 39	\$ 68	\$ 35	\$ 32	\$ 3	\$ 10	\$ 10
Total revenues	\$	6,628	\$ 2,090	\$ 3,045	\$ 1,582	\$ 1,462	\$ 469	\$ 819	\$ 172

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

FINANCIAL STATEMENTS REVENUE

(in millions) By market or type of customer	Nine Months Ended September 30, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
<i>Electric Utilities and Infrastructure</i>								
Residential	\$ 7,597	\$ 2,331	\$ 3,879	\$ 1,657	\$ 2,222	\$ 563	\$ 825	\$ —
General	4,896	1,714	2,225	1,044	1,181	335	619	—
Industrial	2,339	927	708	514	194	109	595	—
Wholesale	1,685	341	1,133	992	141	36	176	—
Other revenues	557	222	389	239	150	59	66	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 17,074	\$ 5,535	\$ 8,334	\$ 4,446	\$ 3,888	\$ 1,102	\$ 2,281	\$ —
<i>Gas Utilities and Infrastructure</i>								
Residential	\$ 673	\$ —	\$ —	\$ —	\$ —	\$ 229	\$ —	\$ 443
Commercial	359	—	—	—	—	96	—	263
Industrial	103	—	—	—	—	14	—	91
Power Generation	—	—	—	—	—	—	—	39
Other revenues	101	—	—	—	—	13	—	88
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 1,236	\$ —	\$ —	\$ —	\$ —	\$ 352	\$ —	\$ 924
<i>Commercial Renewables</i>								
Revenue from contracts with customers	\$ 157	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>								
Revenue from contracts with customers	\$ 18	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total Revenue from contracts with customers	\$ 18,485	\$ 5,535	\$ 8,334	\$ 4,446	\$ 3,888	\$ 1,454	\$ 2,281	\$ 924
Other revenue sources ^(a)	\$ 491	\$ 84	\$ 224	\$ 113	\$ 99	\$ (1)	\$ 8	\$ 32
Total revenues	\$ 18,976	\$ 5,619	\$ 8,558	\$ 4,559	\$ 3,987	\$ 1,453	\$ 2,289	\$ 956

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

FINANCIAL STATEMENTS REVENUE

Nine Months Ended September 30, 2018																
(in millions)	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont	
By market or type of customer	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont	
<i>Electric Utilities and Infrastructure</i>																
Residential	\$	7,264	\$	2,263	\$	3,636	\$	1,540	\$	2,096	\$	564	\$	802	\$	—
General		4,619		1,608		2,109		972		1,137		318		584		—
Industrial		2,235		893		678		481		197		96		567		—
Wholesale		1,737		366		1,140		1,019		121		5		226		—
Other revenues		558		261		359		222		137		57		66		—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$	16,413	\$	5,391	\$	7,922	\$	4,234	\$	3,688	\$	1,040	\$	2,245	\$	—
<i>Gas Utilities and Infrastructure</i>																
Residential	\$	682	\$	—	\$	—	\$	—	\$	—	\$	236	\$	—	\$	446
Commercial		354		—		—		—		—		97		—		257
Industrial		107		—		—		—		—		13		—		93
Power Generation		—		—		—		—		—		—		—		40
Other revenues		101		—		—		—		—		13		—		88
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$	1,244	\$	—	\$	—	\$	—	\$	—	\$	359	\$	—	\$	924
<i>Commercial Renewables</i>																
Revenue from contracts with customers	\$	141	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
<i>Other</i>																
Revenue from contracts with customers	\$	47	\$	—	\$	—	\$	—	\$	—	\$	36	\$	—	\$	—
Total Revenue from contracts with customers	\$	17,845	\$	5,391	\$	7,922	\$	4,234	\$	3,688	\$	1,435	\$	2,245	\$	924
<i>Other revenue sources^(a)</i>																
Other revenue sources ^(a)	\$	561	\$	134	\$	197	\$	99	\$	92	\$	17	\$	43	\$	16
Total revenues	\$	18,406	\$	5,525	\$	8,119	\$	4,333	\$	3,780	\$	1,452	\$	2,288	\$	940

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

UNBILLED REVENUE

Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes, timing of rendering customer bills and meter reading schedules, and the impact of weather normalization or margin decoupling mechanisms.

Unbilled revenues are included within Receivables and Receivables of VIEs on the Condensed Consolidated Balance Sheets as shown in the following table.

(in millions)	September 30, 2019		December 31, 2018	
Duke Energy	\$	831	\$	896
Duke Energy Carolinas		312		313
Progress Energy		265		244
Duke Energy Progress		141		148
Duke Energy Florida		124		96
Duke Energy Ohio		2		2
Duke Energy Indiana		19		23
Piedmont		2		73

FINANCIAL STATEMENTS REVENUE

Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail accounts receivable, including receivables for unbilled revenues, to an affiliate, CRC, and account for the transfers of receivables as sales. Accordingly, the receivables sold are not reflected on the Condensed Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana. See Note 13 for further information. These receivables for unbilled revenues are shown in the table below.

(in millions)	September 30, 2019		December 31, 2018	
Duke Energy Ohio	\$	74	\$	86
Duke Energy Indiana		124		128

15. STOCKHOLDERS' EQUITY

Basic EPS is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income attributable to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the diluted weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options and equity forward sale agreements, were exercised or settled. Duke Energy's participating securities are restricted stock units that are entitled to dividends declared on Duke Energy common stock during the restricted stock unit's vesting periods. Dividends declared on preferred stock are recorded on the income statement as a reduction of net income to arrive at net income attributable to Duke Energy common stockholders. Dividends accumulated on preferred stock are a reduction to net income used in the calculation of basic and diluted EPS.

The following table presents Duke Energy's basic and diluted EPS calculations, the weighted average number of common shares outstanding and common and preferred share dividends declared.

(in millions, except per-share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Income from continuing operations attributable to Duke Energy common stockholders excluding impact of participating securities	\$ 1,324	\$ 1,077	\$ 3,041	\$ 2,199
Weighted average common shares outstanding – basic	729	713	728	705
Equity Forwards	—	1	—	1
Weighted average common shares outstanding – diluted	729	714	728	706
EPS from continuing operations attributable to Duke Energy common stockholders				
Basic	\$ 1.82	\$ 1.51	\$ 4.18	\$ 3.12
Diluted	\$ 1.82	\$ 1.51	\$ 4.18	\$ 3.11
Potentially dilutive items excluded from the calculation ^(a)	2	2	2	2
Dividends declared per common share	\$ 0.945	\$ 0.9275	\$ 2.800	\$ 2.7075
Dividends declared on Series A preferred stock per depositary share	\$ 0.359	\$ —	\$ 0.667	\$ —

(a) Performance stock awards were not included in the dilutive securities calculation because the performance measures related to the awards had not been met.

Common Stock

On February 20, 2018, Duke Energy filed a prospectus supplement and executed an EDA under which it may sell up to \$1 billion of its common stock through an ATM offering program, including an equity forward sales component. The EDA was entered into with the Agents. Under the terms of the EDA, Duke Energy was allowed to issue and sell, through any of the Agents, shares of common stock. The existing ATM offering program expired on September 23, 2019. Duke Energy expects to reestablish an ATM offering program during November 2019.

In June 2018, Duke Energy marketed two separate tranches, each for 1.3 million shares, of common stock through equity forward transactions under the ATM program. In December 2018, Duke Energy physically settled these equity forwards by delivering 2.6 million shares of common stock in exchange for net proceeds of approximately \$195 million.

Separately, in March 2018, Duke Energy marketed an equity offering of 21.3 million shares of common stock through an Underwriting Agreement. In connection with the offering, Duke Energy entered into equity forward sale agreements. The equity forwards required Duke Energy to either physically settle the transactions by issuing 21.3 million shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements, or net settle in whole or in part through the delivery or receipt of cash or shares. In June 2018, Duke Energy physically settled one-half of the equity forwards by delivering approximately 10.6 million shares of common stock in exchange for net cash proceeds of approximately \$781 million. In December 2018, Duke Energy physically settled the remaining equity forward by delivering 10.6 million shares of common stock in exchange for net cash proceeds of approximately \$766 million.

FINANCIAL STATEMENTS

STOCKHOLDERS' EQUITY

In 2018, Duke Energy also issued 2.2 million shares through its DRIP with an increase in additional paid-in capital of approximately \$174 million. For the nine months ended September 30, 2019, Duke Energy issued 1.4 million shares through its DRIP with an increase in additional paid-in capital of approximately \$120 million.

In March and April 2019, Duke Energy marketed two separate tranches, each for 1.1 million shares, of common stock through equity forward transactions under the ATM program. The first tranche had an initial forward price of \$89.83 per share and the second tranche had an initial forward price of \$88.82 per share. In May and June 2019, a third tranche of 1.6 million shares of common stock was marketed and had an initial forward price of \$86.23. The equity forwards require Duke Energy to either physically settle the transaction by issuing shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements or net settle in whole or in part through the delivery or receipt of cash or shares. The settlement alternative is at Duke Energy's election. No amounts have or will be recorded in Duke Energy's Condensed Consolidated Financial Statements with respect to these ATM offerings until settlements of the equity forwards occur, which is expected by December 31, 2019. The initial forward sale price will be subject to adjustment based on a floating interest rate factor and other fixed amounts specified in the relevant forward sale agreements. Until settlement of the equity forwards, EPS dilution resulting from the agreements, if any, will be determined under the treasury stock method.

Preferred Stock

On March 29, 2019, Duke Energy completed the issuance of 40 million depositary shares, each representing 1/1,000th share of its Series A Cumulative Redeemable Perpetual Preferred Stock, at a price of \$25 per depositary share. The transaction resulted in net proceeds of \$973 million after issuance costs with proceeds used for general corporate purposes and to reduce short-term debt. The preferred stock has a \$25 liquidation preference per depositary share and earns dividends on a cumulative basis at a rate of 5.75% per annum. Dividends are payable quarterly in arrears on the 16th day of March, June, September and December, and began on June 16, 2019.

The Series A Preferred Stock has no maturity or mandatory redemption date, is not redeemable at the option of the holders and includes separate call options. The first call option allows Duke Energy to call the Series A Preferred Stock at a redemption price of \$25.50 per depositary share prior to June 15, 2024, in whole but not in part, at any time within 120 days after a ratings event where a rating agency amends, clarifies or changes the criteria it uses to assign equity credit for securities such as the preferred stock. The second call option allows Duke Energy to call the preferred stock, in whole or in part, at any time, on or after June 15, 2024, at a redemption price of \$25 per depositary share. Duke Energy is also required to redeem all accumulated and unpaid dividends if either call option is exercised.

On September 12, 2019, Duke Energy completed the issuance of 1 million shares of its Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, at a price of \$1,000 per share. The transaction resulted in net proceeds of \$990 million after issuance costs with proceeds being used to pay down short-term debt, repay at maturity \$500 million senior notes due September 2019 and for general corporate purposes. The preferred stock has a \$1,000 liquidation preference per share and earns dividends on a cumulative basis at an initial rate of 4.875% per annum. Dividends are payable semiannual in arrears on the 16th day of March and September, beginning on March 16, 2020. On September 16, 2024, the First Call Date, and any fifth anniversary of the First Call Date (each a Reset Date), the dividend rate will reset based on the then current five-year U.S. treasury rate plus a spread of 3.388%.

The Series B Preferred Stock has no maturity or mandatory redemption date, is not redeemable at the option of the holders and includes separate call options. The first call option allows Duke Energy to call the Series B Preferred Stock at a redemption price of \$1,020 per share, in whole but not in part, at any time within 120 days after a ratings event. The second call option allows Duke Energy to call the preferred stock, in whole or in part, on the First Call Date or any subsequent Reset Date at a redemption price in cash equal to \$1,000 per share. Duke Energy is also required to redeem all accumulated and unpaid dividends if either call option is exercised.

Dividends issued on its Series A and Series B Preferred Stock are subject to approval by the Duke Energy Board of Directors. However, the deferral of dividend payments on the preferred stock prohibits the declaration of common stock dividends.

The Series A and Series B Preferred Stock rank, with respect to dividends and distributions upon liquidation or dissolution:

- senior to Common Stock and to each other class or series of capital stock established after the original issue date of the Series A and Series B Preferred Stock that is expressly made subordinated to the Series A and Series B Preferred Stock;
- on a parity with any class or series of capital stock established after the original issue date of the Series A and Series B Preferred Stock that is not expressly made senior or subordinated to the Series A or Series B Preferred Stock;
- junior to any class or series of capital stock established after the original issue date of the Series A and Series B Preferred Stock that is expressly made senior to the Series A or Series B Preferred Stock;
- junior to all of existing and future indebtedness (including indebtedness outstanding under Duke Energy's credit facilities, unsecured senior notes, junior subordinated debentures and commercial paper) and other liabilities with respect to assets available to satisfy claims against Duke Energy; and
- structurally subordinated to existing and future indebtedness and other liabilities of Duke Energy's subsidiaries and future preferred stock of subsidiaries.

FINANCIAL STATEMENTS

STOCKHOLDERS' EQUITY

Holders of Series A and Series B Preferred Stock have no voting rights with respect to matters that generally require the approval of voting stockholders. The limited voting rights of holders of Series A or Series B Preferred Stock include the right to vote as a single class, respectively, on certain matters that may affect the preference or special rights of the preferred stock, except in the instance that Duke Energy elects to defer the payment of dividends for a total of six quarterly full dividend periods for Series A Preferred Stock or three semiannual full dividend periods for Series B Preferred Stock. If dividends are deferred for a cumulative total of six quarterly full dividend periods for Series A Preferred Stock or three semiannual full dividend periods for Series B Preferred Stock, whether or not for consecutive dividend periods, holders of the respective preferred stock have the right to elect two additional Board members to the Duke Energy Board of Directors.

16. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy and certain subsidiaries maintain, and the Subsidiary Registrants participate in, qualified and non-qualified, non-contributory defined benefit retirement plans. Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants.

The following table includes information related to the Duke Energy Registrants' contributions to its qualified defined benefit pension plans.

	Nine Months Ended September 30, 2019									
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont		
Contributions made	\$ 77	\$ 7	\$ 57	\$ 4	\$ 53	\$ 2	\$ 2		\$	1

Duke Energy uses a December 31 measurement date for its qualified non-contributory defined benefit retirement plan assets and obligations. However, because Duke Energy believed it was probable in 2019 that total lump-sum benefit payments would exceed the settlement threshold, which is defined as the sum of the service cost and interest cost on projected benefit obligation components of net periodic pension costs, Duke Energy remeasured the plan assets and plan obligations associated with one of its qualified pension plans as of June 30, 2019, and September 30, 2019, (total lump-sum benefit payments exceeded the settlement threshold as of September 30, 2019). The discount rate used for the remeasurements was 3.5% and 3.2% as of June 30, 2019, and September 30, 2019, respectively. The cash balance interest crediting rate was 4.0% as of June 30, 2019, and September 30, 2019. All other assumptions used for the June 30, 2019, and September 30, 2019, remeasurements were consistent with the measurement as of December 31, 2018.

As a result of the June 30, 2019, remeasurement, Duke Energy recognized a remeasurement gain of \$18 million, which was recorded in Other within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of June 30, 2019. The remeasurement gain, which represents an increase in funded status, reflects an increase of \$275 million in the fair value of plan assets and an increase of \$257 million in the projected benefit obligation. As a result of the September 30, 2019, remeasurement, Duke Energy recognized a remeasurement loss of \$136 million, which was recorded in Other within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of September 30, 2019. The remeasurement loss, which represents a decrease in funded status, reflects a decrease of \$10 million in the fair value of plan assets and an increase of \$126 million in the projected benefit obligation.

As the result of settlement accounting, Duke Energy recognized settlement charges of \$69 million and \$16 million, primarily as a regulatory asset within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of June 30, 2019, and September 30, 2019, respectively (an immaterial amount was recorded in Other income and expenses, net within the Condensed Consolidated Statement of Operations). Settlement charges recognized by the Subsidiary Registrants as of June 30, 2019, were \$43 million for Duke Energy Carolinas, \$16 million for Duke Energy Progress, \$3 million for Duke Energy Florida, \$3 million for Duke Energy Indiana, \$1 million for Duke Energy Ohio and \$3 million for Piedmont. Settlement charges recognized by the Subsidiary Registrants as of September 30, 2019 were \$6 million for Duke Energy Carolinas, \$3 million for Duke Energy Progress, \$2 million for Duke Energy Florida, \$1 million for Duke Energy Indiana and \$3 million for Piedmont. The settlement charges reflect the recognition of a pro-rata portion of previously unrecognized actuarial losses, equal to the percentage of reduction in the projected benefit obligation resulting from total lump-sum benefits payments as of September 30, 2019.

FINANCIAL STATEMENTS

EMPLOYEE BENEFIT PLANS

QUALIFIED PENSION PLANS

The following tables include the components of net periodic pension costs for qualified pension plans.

Three Months Ended September 30, 2019									
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Service cost	\$ 42	\$ 13	\$ 13	\$ 7	\$ 5	\$ 1	\$ 2	\$ 1	
Interest cost on projected benefit obligation	77	17	24	10	14	5	6	2	
Expected return on plan assets	(140)	(36)	(45)	(22)	(22)	(7)	(11)	(5)	
Amortization of actuarial loss	28	6	10	4	6	2	3	2	
Amortization of prior service credit	(8)	(2)	(1)	—	—	—	—	(2)	
Net periodic pension costs	\$ (1)	\$ (2)	\$ 1	\$ (1)	\$ 3	\$ 1	\$ —	\$ (2)	

Three Months Ended September 30, 2018									
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Service cost	\$ 47	\$ 15	\$ 13	\$ 7	\$ 5	\$ 2	\$ 2	\$ 2	
Interest cost on projected benefit obligation	74	18	24	10	13	4	6	3	
Expected return on plan assets	(140)	(37)	(45)	(21)	(23)	(7)	(10)	(6)	
Amortization of actuarial loss	33	7	11	6	6	1	2	3	
Amortization of prior service credit	(8)	(2)	(1)	—	—	—	—	(3)	
Net periodic pension costs	\$ 6	\$ 1	\$ 2	\$ 2	\$ 1	\$ —	\$ —	\$ (1)	

Nine Months Ended September 30, 2019									
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Service cost	\$ 116	\$ 37	\$ 34	\$ 19	\$ 15	\$ 3	\$ 6	\$ 4	
Interest cost on projected benefit obligation	242	58	76	34	41	14	19	8	
Expected return on plan assets	(426)	(111)	(134)	(66)	(66)	(21)	(32)	(16)	
Amortization of actuarial loss	77	17	28	10	18	3	6	5	
Amortization of prior service credit	(24)	(6)	(2)	(1)	(1)	—	(1)	(7)	
Net periodic pension costs	\$ (15)	\$ (5)	\$ 2	\$ (4)	\$ 7	\$ (1)	\$ (2)	\$ (6)	

Nine Months Ended September 30, 2018									
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Service cost	\$ 137	\$ 45	\$ 39	\$ 22	\$ 16	\$ 4	\$ 7	\$ 6	
Interest cost on projected benefit obligation	224	54	70	31	38	13	18	9	
Expected return on plan assets	(420)	(111)	(133)	(63)	(69)	(21)	(31)	(18)	
Amortization of actuarial loss	99	21	33	16	18	3	6	9	
Amortization of prior service credit	(24)	(6)	(3)	(1)	(1)	—	—	(9)	
Net periodic pension costs	\$ 16	\$ 3	\$ 6	\$ 5	\$ 2	\$ (1)	\$ —	\$ (3)	

NON-QUALIFIED PENSION PLANS

Net periodic pension costs for non-qualified pension plans were not material for the three and nine months ended September 30, 2019, and 2018.

OTHER POST-RETIREMENT BENEFIT PLANS

Net periodic costs for OPEB plans were not material for the three and nine months ended September 30, 2019, and 2018.

FINANCIAL STATEMENTS

INCOME TAXES

17. INCOME TAXES

EFFECTIVE TAX RATES

The ETRs from continuing operations for each of the Duke Energy Registrants are included in the following table.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Duke Energy	12.4%	13.7%	12.5%	17.0%
Duke Energy Carolinas	16.7%	22.6%	17.7%	22.3%
Progress Energy	15.3%	18.8%	16.2%	17.0%
Duke Energy Progress	14.7%	20.6%	16.1%	18.4%
Duke Energy Florida	16.5%	15.0%	18.0%	16.3%
Duke Energy Ohio	12.9%	16.0%	15.2%	16.0%
Duke Energy Indiana	23.2%	22.7%	23.7%	24.7%
Piedmont	35.7%	34.4%	18.5%	20.6%

The decrease in the ETR for Duke Energy for the three months ended September 30, 2019, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy for the nine months ended September 30, 2019, was primarily due to a one-time valuation allowance charge in the prior year, an adjustment related to the income tax recognition for equity method investments recorded in the first quarter of 2019 and an increase in the amortization of excess deferred taxes. The equity method investment adjustment was immaterial and relates to prior years.

The decrease in the ETR for Duke Energy Carolinas for the three and nine months ended September 30, 2019, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Progress Energy for the three months ended September 30, 2019, was primarily due to an increase in the amortization of excess deferred taxes and favorable tax return true ups partially offset by a decrease in AFUDC equity in the current year.

The decrease in the ETR for Duke Energy Progress for the three and nine months ended September 30, 2019, was primarily due to an increase in the amortization of excess deferred taxes and favorable tax return true ups.

The increase in the ETR for Duke Energy Florida for the three and nine months ended September 30, 2019, was primarily due to a decrease in AFUDC equity in the current year.

The decrease in the ETR for Duke Energy Ohio for the three months ended September 30, 2019, was primarily due to an increase in the amortization of excess deferred taxes.

The increase in the ETR, in relation to pretax losses, for Piedmont for the three months ended September 30, 2019, was primarily due to an increase in the amortization of excess deferred taxes and partially offset by a decrease in favorable tax return true ups. The decrease in the ETR for the nine months ended September 30, 2019, was primarily due to an increase in the amortization of excess deferred taxes and partially offset by a decrease in favorable tax return true ups.

OTHER TAX MATTERS

On October 23, 2019, Duke Energy received a refund of \$573 million related to AMT credit carryforwards based on the filing of Duke Energy's 2018 income tax return in 2019.

18. SUBSEQUENT EVENTS

For information on subsequent events related to regulatory matters, stockholders' equity and income taxes, see Notes 3, 15 and 17, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Duke Energy and Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. However, none of the registrants make any representation as to information related solely to Duke Energy or the Subsidiary Registrants of Duke Energy other than itself.

DUKE ENERGY

Duke Energy is an energy company headquartered in Charlotte, North Carolina. Duke Energy operates in the U.S. primarily through its wholly owned subsidiaries, Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. When discussing Duke Energy's consolidated financial information, it necessarily includes the results of the Subsidiary Registrants, which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2019, and with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

Executive Overview

Global Climate Change

On September 17, 2019, Duke Energy announced an updated climate strategy with a new goal of net-zero carbon emissions from electric generation by 2050. Timelines and initiatives, as well as implementation of new technologies, will vary in each state in which the company operates and will involve collaboration with regulators, customers and other stakeholders.

Hurricane Dorian

In the third quarter of 2019, Hurricane Dorian impacted approximately 270,000 North Carolina customers and 30,000 South Carolina customers within the Duke Energy Progress service territory. Duke Energy Florida's service territory was also threatened by Hurricane Dorian and therefore, Duke Energy Florida also incurred costs to be prepared for potential impact. Estimated restoration costs for Duke Energy are approximately \$400 million. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Regulatory Activity

In 2019, Duke Energy advanced regulatory activity in multiple jurisdictions. The following rate cases are underway:

- Duke Energy Carolinas and Duke Energy Progress filed general rate cases with the NCUC on September 30, 2019, and October 30, 2019, respectively, requesting rate increases go into effect in the third quarter of 2020.
- Duke Energy Kentucky filed an electric rate case with the KPSC on September 3, 2019. Hearings are expected to begin in the first quarter of 2020 with rates anticipated to go into effect in the second quarter of 2020.
- Duke Energy Indiana filed a general rate case with the IURC on July 2, 2019. Hearings are expected to begin in early 2020, with rates to be effective mid-2020.

Additionally, as a result of regulatory orders or settlements, customer rates were impacted in 2019 as follows:

- On October 31, 2019, Piedmont received an order from the NCUC and revised customer rates became effective on November 1, 2019.
- In May 2019, Duke Energy Carolinas and Duke Energy Progress received orders from the PSCSC and revised customer rates became effective June 1, 2019. As a result of the Directive allowing litigation-related costs, Duke Energy Progress customer rates were revised again July 1, 2019.
- Duke Energy Kentucky revised customer rates on April 1, 2019, following settlement on January 30, 2019, of its 2018 Natural Gas Base Rate Case.
- At Duke Energy Florida, revised customer rates went into effect in January 2019 as a result of a July 2018 petition to the FPSC to include in base rates the revenue requirement for Duke Energy Florida's first solar generation project, the Hamilton Project. The FPSC in July 2019, issued an order to allow Duke Energy Florida to include in base rates the revenue requirements for its next wave of three solar generation projects, with projected in-service dates ranging from the fourth quarter of 2019 to the first quarter of 2020.

See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information.

Results of Operations

Non-GAAP Measures

Management's Discussion and Analysis includes financial information prepared in accordance with GAAP in the U.S., as well as certain non-GAAP financial measures such as adjusted earnings and adjusted EPS discussed below. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as a supplement to, and not a substitute for, financial measures presented in accordance with GAAP. Non-GAAP measures presented may not be comparable to similarly titled measures used by other companies because other companies may not calculate the measures in the same manner.

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted EPS. Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy common stockholders in dollar and per-share amounts, adjusted for the dollar and per-share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are GAAP Reported Earnings and GAAP Reported EPS, respectively.

Special items in the periods presented below include the following:

- Impairment Charges represents a reduction of a prior year impairment at Citrus County CC, an OTTI of an investment in Constitution and a Commercial Renewables goodwill impairment.
- Costs to Achieve Piedmont Merger represents charges that resulted from the Piedmont acquisition.
- Regulatory and Legislative Impacts represents charges related to rate case orders, settlements or other actions of regulators or legislative bodies.
- Sale of Retired Plant represents the loss associated with selling Beckjord, a nonregulated generating facility in Ohio.
- Impacts of the Tax Act represents an AMT valuation allowance recognized and a true up of prior year tax estimates related to the Tax Act.

Three Months Ended September 30, 2019, as compared to September 30, 2018

GAAP Reported EPS was \$1.82 for the third quarter of 2019 compared to \$1.51 for the third quarter of 2018. The increase in GAAP reported earnings was primarily due to favorable weather, positive rate case impacts, and lower operating expenses in Electric Utilities and Infrastructure and a prior year goodwill impairment charge in Commercial Renewables; these items were partially offset by higher corporate interest expense.

As discussed above, management also evaluates financial performance based on adjusted diluted EPS. Duke Energy's third quarter 2019 adjusted diluted EPS was \$1.79 compared to \$1.65 for the third quarter of 2018.

The following table reconciles non-GAAP measures, including adjusted diluted EPS, to their most directly comparable GAAP measures.

(in millions, except per-share amounts)	Three Months Ended September 30,			
	2019		2018	
	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	\$ 1,327	\$ 1.82	\$ 1,082	\$ 1.51
Adjustments:				
Impairment charges ^(a)	(19)	(0.03)	91	0.12
Costs to Achieve Piedmont Merger ^(b)	—	—	13	0.02
Impacts of the Tax Act ^(c)	—	—	(3)	—
Discontinued Operations	—	—	(4)	—
Adjusted Earnings/Adjusted Diluted EPS	\$ 1,308	\$ 1.79	\$ 1,179	\$ 1.65

(a) Net of \$6 million tax expense in 2019. Net of \$2 million Noncontrolling Interests in 2018.

(b) Net of \$3 million tax benefit.

(c) Represents a true up of prior year tax estimates related to the Tax Act.

Nine Months Ended September 30, 2019, as compared to September 30, 2018

GAAP Reported EPS was \$4.18 for the nine months ended September 30, 2019, compared to \$3.11 for the nine months ended September 30, 2018. The increase in GAAP Reported earnings was primarily due to positive rate case impacts and lower operating expenses in Electric Utilities and Infrastructure, partially offset by higher depreciation and share dilution from equity issuances; the allocation of losses to noncontrolling tax equity members resulting primarily from the Commercial Renewables North Rosamond solar farm commencing commercial operations; an adjustment related to income tax recognition for equity method investments in Gas Utilities and Infrastructure; and prior year regulatory and legislative impacts, impairments charges, an AMT valuation allowance and a loss on sale of a retired plant.

As discussed above, management also evaluates financial performance based on adjusted diluted EPS. Duke Energy's adjusted diluted EPS was \$4.15 for the nine months ended September 30, 2019, compared to \$3.87 for the nine months ended September 30, 2018.

MD&A DUKE ENERGY

The following table reconciles non-GAAP measures, including adjusted diluted EPS, to their most directly comparable GAAP measures.

(in millions, except per-share amounts)	Nine Months Ended September 30,			
	2019		2018	
	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	\$ 3,047	\$ 4.18	\$ 2,202	\$ 3.11
Adjustments:				
Costs to Achieve Piedmont Merger ^(a)	—	—	41	0.06
Regulatory and Legislative Impacts ^(b)	—	—	202	0.29
Sale of Retired Plant ^(c)	—	—	82	0.12
Impairment Charges ^(d)	(19)	(0.03)	133	0.19
Impacts of the Tax Act ^(e)	—	—	73	0.10
Discontinued Operations	—	—	1	—
Adjusted Earnings/Adjusted Diluted EPS	\$ 3,028	\$ 4.15	\$ 2,734	\$ 3.87

(a) Net of \$12 million tax benefit.

(b) Net of \$63 million tax benefit.

(c) Net of \$25 million tax benefit.

(d) Net of \$6 million tax expense in 2019. Net of \$13 million tax benefit and \$2 million Noncontrolling Interests in 2018.

(e) Represents a recognition of AMT valuation allowance and true up of prior year tax estimates related to the Tax Act.

SEGMENT RESULTS

The remaining information presented in this discussion of results of operations is on a GAAP basis. Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests and preferred stock dividends. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements.

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. See Note 2 to the Condensed Consolidated Financial Statements, "Business Segments," for additional information on Duke Energy's segment structure.

Electric Utilities and Infrastructure

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Variance	2019	2018	Variance
Operating Revenues	\$ 6,577	\$ 6,260	\$ 317	\$ 17,381	\$ 16,806	\$ 575
Operating Expenses						
Fuel used in electric generation and purchased power	1,994	1,935	59	5,286	5,202	84
Operation, maintenance and other	1,357	1,431	(74)	3,957	4,151	(194)
Depreciation and amortization	1,026	897	129	2,924	2,570	354
Property and other taxes	301	289	12	899	842	57
Impairment charges	(20)	31	(51)	(16)	246	(262)
Total operating expenses	4,658	4,583	75	13,050	13,011	39
Gains on Sales of Other Assets and Other, net	—	8	(8)	—	9	(9)
Operating Income	1,919	1,685	234	4,331	3,804	527
Other Income and Expenses, net	87	107	(20)	267	286	(19)
Interest Expense	336	322	14	1,004	955	49
Income Before Income Taxes	1,670	1,470	200	3,594	3,135	459
Income Tax Expense	285	303	(18)	650	643	7
Segment Income	\$ 1,385	\$ 1,167	\$ 218	\$ 2,944	\$ 2,492	\$ 452

Duke Energy Carolinas GWh sales	25,587	25,607	(20)	69,019	70,506	(1,487)
Duke Energy Progress GWh sales	19,502	19,625	(123)	52,072	52,747	(675)
Duke Energy Florida GWh sales	12,996	12,375	621	32,468	31,798	670
Duke Energy Ohio GWh sales	7,135	6,964	171	18,959	19,183	(224)
Duke Energy Indiana GWh sales	8,711	9,114	(403)	24,181	25,900	(1,719)
Total Electric Utilities and Infrastructure GWh sales	73,931	73,685	246	196,699	200,134	(3,435)
Net proportional MW capacity in operation				49,711	48,757	954

Three Months Ended September 30, 2019, as compared to September 30, 2018

Electric Utilities and Infrastructure's results were impacted by a positive contribution from the Duke Energy Carolinas North and South Carolina rate cases, Duke Energy Florida's base rate adjustments due to the Citrus County CC being placed in service, favorable weather in the current year and lower operation, maintenance and other expense.

These drivers were partially offset by higher depreciation from a growing asset base and higher interest expense. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$167 million increase in retail pricing primarily due to the Duke Energy Carolinas North and South Carolina rate cases and Duke Energy Florida's base rate adjustments related to Citrus County CC being placed in service;
- an \$88 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year; and
- a \$51 million increase in fuel related revenues.

Operating Expenses. The variance was driven primarily by:

- a \$129 million increase in depreciation and amortization expense primarily due to additional plant in service and new depreciation rates associated with the prior year Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases and Duke Energy Florida's Citrus County CC being placed in service;
- a \$59 million increase in fuel used in electric generation and purchased power primarily due to an increase in the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement from the prior year at Duke Energy Progress; and
- a \$12 million increase in property and other taxes primarily due to higher property taxes for additional plant in service at Duke Energy Florida.

Partially offset by:

- a \$74 million decrease in operation, maintenance and other expense primarily due to lower storm costs at Duke Energy Progress and Duke Energy Carolinas in the current year and lower payroll costs resulting from prior year workforce reductions; and
- a \$51 million decrease in impairment charges primarily due to a reduction of a prior year impairment at Duke Energy Florida's Citrus County CC and the prior year Edwardsport IGCC settlement at Duke Energy Indiana.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity return ending on the Citrus County CC in the fourth quarter of 2018 at Duke Energy Florida.

Interest Expense. The variance was driven primarily by higher debt outstanding in the current year and AFUDC debt return ending in the fourth quarter of 2018 on the Citrus County CC at Duke Energy Florida.

Income Tax Expense. The decrease in tax expense was primarily due to an increase in the amortization of excess deferred taxes, partially offset by an increase in pretax income. The ETRs for the three months ended September 30, 2019, and 2018, were 17.1% and 20.6%, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Nine Months Ended September 30, 2019, as compared to September 30, 2018

Electric Utilities and Infrastructure's results were impacted by a positive contribution from the 2018 Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases, Duke Energy Florida's base rate adjustments due to the Citrus County CC being placed in service and lower operation, maintenance and other expense.

These drivers were partially offset by higher depreciation from a growing asset base and higher interest expense. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$493 million increase in retail pricing primarily due to the prior year Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases and Duke Energy Florida's base rate adjustments related to Citrus County CC being placed in service; and
- an \$85 million increase in fuel related revenues.

Operating Expenses. The variance was driven primarily by:

- a \$354 million increase in depreciation and amortization expense primarily due to additional plant in service and new depreciation rates associated with the prior year Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases and Duke Energy Florida's Citrus County CC being placed in service;
- an \$84 million increase in fuel used in electric generation and purchased power primarily due to an increase in the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement from the prior year at Duke Energy Progress; and

- a \$57 million increase in property and other taxes primarily due to higher property taxes for additional plant in service at Duke Energy Florida and current year property tax reassessments at Duke Energy Progress.

Partially offset by:

- a \$262 million decrease in impairment charges primarily due to the impacts associated with the prior year Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases; and
- a \$194 million decrease in operation, maintenance and other expense primarily due to lower payroll and benefit costs resulting from prior year workforce reductions and lower storm costs at Duke Energy Progress and Duke Energy Carolinas in the current year.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity return ending on the Citrus County CC in the fourth quarter of 2018 at Duke Energy Florida.

Interest Expense. The variance was driven primarily by higher debt outstanding in the current year and AFUDC debt return ending in the fourth quarter of 2018 on the Citrus County CC at Duke Energy Florida.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income, mostly offset by an increase in the amortization of excess deferred taxes. The ETRs for the nine months ended September 30, 2019, and 2018, were 18.1% and 20.5%, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Matters Impacting Future Electric Utilities and Infrastructure Results

On May 21, 2019, Duke Energy Carolinas and Duke Energy Progress received orders from the PSCSC granting the companies' requests for retail rate increases but denying recovery of certain coal ash costs. Duke Energy Carolinas and Duke Energy Progress intend to file notices of appeals with the South Carolina Supreme Court within 30 days of the order that was received on October 18, 2019. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas and Duke Energy Progress to excavate all remaining coal ash impoundments in North Carolina, even though they had been deemed low risk by NCDEQ on November 14, 2018. On April 26, 2019, Duke Energy Carolinas and Duke Energy Progress filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. Duke Energy Carolinas and Duke Energy Progress intend to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy is a party to multiple lawsuits and could be subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. In addition, the orders issued in the Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases supporting recovery of past coal ash remediation costs have been appealed by various parties. The outcome of these appeals, lawsuits and potential fines and penalties could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas and Duke Energy Progress have petitioned for deferral of future grid improvement costs in their 2019 rate cases. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territories of Duke Energy Carolinas and Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. In September 2019, Hurricane Dorian impacted Duke Energy Progress and Duke Energy Florida's service territories. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

In 2019, Duke Energy Indiana filed a general rate case with the IURC, and Duke Energy Carolinas and Duke Energy Progress filed general rate cases with the NCUC. The outcome of these rate cases could materially impact Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

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SEGMENT RESULTS — GAS UTILITIES AND INFRASTRUCTURE

Gas Utilities and Infrastructure

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Variance	2019	2018	Variance
Operating Revenues	\$ 249	\$ 256	\$ (7)	\$ 1,311	\$ 1,301	\$ 10
Operating Expenses						
Cost of natural gas	48	58	(10)	451	460	(9)
Operation, maintenance and other	108	101	7	325	312	13
Depreciation and amortization	64	61	3	192	182	10
Property and other taxes	24	24	—	84	81	3
Total operating expenses	244	244	—	1,052	1,035	17
Operating Income	5	12	(7)	259	266	(7)
Other Income and Expenses, net	42	29	13	119	16	103
Interest Expense	29	25	4	86	78	8
Income Before Income Taxes	18	16	2	292	204	88
Income Tax (Benefit) Expense	(8)	(1)	(7)	—	43	(43)
Segment Income	\$ 26	\$ 17	\$ 9	\$ 292	\$ 161	\$ 131
Piedmont LDC throughput (dekatherms)	121,378,484	135,403,188	(14,024,704)	377,729,141	407,144,529	(29,415,388)
Duke Energy Midwest LDC throughput (Mcf)	9,997,444	9,370,743	626,701	62,278,623	62,111,858	166,765

Three Months Ended September 30, 2019, as compared to September 30, 2018

Gas Utilities and Infrastructure's results were primarily impacted by tax benefits related to current year AFUDC equity and higher equity earnings from ACP. These drivers are partially offset by lower revenues. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven by:

- a \$10 million decrease primarily due to lower natural gas costs passed through to customers and lower volumes due to unfavorable weather.

Partially offset by:

- a \$3 million increase primarily due to North Carolina and Tennessee IMR increases.

Operating Expenses. The drivers were:

- a \$10 million decrease in cost of natural gas primarily due to lower off-system sales natural gas costs and lower natural gas prices.

Partially offset by:

- a \$7 million increase in operation, maintenance and other expense primarily due to increased information technology outside services costs and increased bad debt expense related to a Piedmont industrial customer; and
- a \$3 million increase in depreciation and amortization expense primarily due to additional plant in service.

Other Income and Expenses, net. The variance was driven by higher equity earnings from ACP in the current year.

Interest Expense. The variance was driven by higher debt outstanding in the current year, higher interest expense due to customers as a result of tax reform deferrals, and intercompany interest, partially offset by favorable AFUDC debt interest.

Income Tax (Benefit) Expense. The increase in the tax benefit was primarily due to current year AFUDC equity.

Nine Months Ended September 30, 2019, as compared to September 30, 2018

Gas Utilities and Infrastructure's results were primarily impacted by the prior year OTTI recorded on the Constitution investment and a 2019 adjustment related to the income tax recognition for equity method investments. The equity method investment adjustment was immaterial and relates to prior years. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven by:

- a \$12 million increase primarily due to North Carolina and Tennessee IMR increases;
- a \$9 million increase primarily due to NCUC approval related to tax reform accounting from fixed rate contracts; and

- a \$4 million increase in pricing primarily in residential and commercial sectors in the Midwest.

Partially offset by:

- an \$8 million decrease due to lower natural gas costs passed through to customers and unfavorable weather in the Midwest, partially offset by higher natural gas prices associated with off-system sales at Piedmont; and
- a \$7 million decrease primarily due to a reduction of rates in South Carolina.

Operating Expenses. The variance was driven by:

- a \$13 million increase in operation, maintenance and other expense primarily due to information technology outside services, higher gas operations labor costs, and increased bad debt expense related to a Piedmont industrial customer; and
- a \$10 million increase in depreciation and amortization expense primarily due to additional plant in service.

Partially offset by:

- a \$9 million decrease in cost of natural gas primarily due to lower natural gas prices in the Midwest and lower sales volumes partially offset by higher off-system sales natural gas costs at Piedmont.

Other Income and Expenses, net. The increase was primarily due to the prior year OTTI recorded on the Constitution investment and higher earnings from ACP in the current year.

Interest Expense. The variance was driven by higher debt outstanding in the current year and higher interest expense due to customers as a result of tax reform deferrals, partially offset by favorable AFUDC debt interest.

Income Tax Expense. The decrease in tax expense was primarily due to an adjustment related to the income tax recognition for equity method investments and current year AFUDC equity, partially offset by an increase in pretax income. The equity method investment adjustment was immaterial and relates to prior years. The ETRs for the nine months ended September 30, 2019, and 2018, were 0.0% and 21.1%, respectively. The decrease in the ETR was primarily due to an adjustment related to the income tax recognition for equity method investments that was recorded during the first quarter of 2019 and current year AFUDC equity. The equity method investment adjustment was immaterial and relates to prior years.

Matters Impacting Future Gas Utilities and Infrastructure Results

Gas Utilities and Infrastructure has a 47% ownership interest in ACP, which is building an approximately 600-mile interstate natural gas pipeline intended to transport diverse natural gas supplies into southeastern markets. Affected states (West Virginia, Virginia and North Carolina) have issued certain necessary permits; the project remains subject to other pending federal and state approvals, which will allow full construction activities to begin. In 2018, FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route. Given legal challenges and ongoing discussions with customers, ACP expects mechanical completion of the full project in late 2021 with in-service likely in the first half of 2022. The delays resulting from legal challenges have impacted the cost and schedule for the project. Project cost estimates are \$7.3 billion to \$7.8 billion, excluding financing costs. Given the status of current discussions with FWS regarding a new BiOp and ITS, as well as discussions with contractors regarding efficiencies which may be realized going forward, these estimates are under review and subject to upward pressure. Abnormal weather, work delays (including delays due to judicial or regulatory action) and other conditions may also result in cost or schedule modifications, a suspension of AFUDC for ACP and/or impairment charges potentially material to Duke Energy's cash flows, financial position and results of operations. ACP and Duke Energy will continue to consider their options with respect to the foregoing given their existing contractual and legal obligations. See Notes 3 and 13 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Variable Interest Entities," respectively, for additional information.

On November 13, 2013, the PUCO issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact on Gas Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

MD&A SEGMENT RESULTS — COMMERCIAL RENEWABLES

Commercial Renewables

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Variance	2019	2018	Variance
Operating Revenues	\$ 138	\$ 127	\$ 11	\$ 362	\$ 347	\$ 15
Operating Expenses						
Operation, maintenance and other	81	85	(4)	211	209	2
Depreciation and amortization	43	40	3	123	116	7
Property and other taxes	6	6	—	18	19	(1)
Impairment charges	—	93	(93)	—	93	(93)
Total operating expenses	130	224	(94)	352	437	(85)
Operating Income (Loss)	8	(97)	105	10	(90)	100
Other Income and Expenses, net	13	2	11	3	22	(19)
Interest Expense	35	21	14	78	66	12
Loss Before Income Taxes	(14)	(116)	102	(65)	(134)	69
Income Tax Benefit	(35)	(37)	2	(94)	(112)	18
Less: Loss Attributable to Noncontrolling Interests	(19)	(17)	(2)	(110)	(18)	(92)
Segment Income (Loss)	\$ 40	\$ (62)	\$ 102	\$ 139	\$ (4)	\$ 143
Renewable plant production, GWh	2,146	1,897	249	6,528	6,548	(20)
Net proportional MW capacity in operation ^(a)				3,162	2,976	186

(a) Certain projects are included in tax equity structures where investors have differing interests in the project's economic attributes. One hundred percent of the tax equity project's capacity is included in the table above.

Three Months Ended September 30, 2019, as compared to September 30, 2018

Commercial Renewables' results were favorable primarily due to higher revenues and prior year goodwill impairment charges. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase was primarily due to favorable wind portfolio revenue due to favorable wind resource.

Operating Expenses. The decrease was primarily due to goodwill impairment charges in the prior year.

Interest Expense. The increase was primarily due to mark-to-market losses in the solar portfolio in the current year.

Nine Months Ended September 30, 2019, as compared to September 30, 2018

Commercial Renewables' results were favorable primarily due to higher revenues, new tax equity solar projects in the current year and prior year goodwill impairment charges, partially offset by mark-to-market losses in the solar portfolio in the current year and FES settlement agreement in the prior year. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase was primarily due to favorable solar portfolio revenue due to new solar projects placed in service and higher irradiance.

Operating Expenses. The decrease was primarily due to goodwill impairment charges in the prior year.

Other Income and Expenses, net. The decrease was primarily due to income from the North Allegheny Wind, LLC and FES settlement agreement in the prior year.

Interest Expense. The increase was primarily due to mark-to-market losses in the solar portfolio in the current year.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by taxes associated with Duke Energy's interest in a tax equity solar project recorded in the second quarter of 2019 and a reduction in production tax credits generated.

Loss Attributable to Noncontrolling Interests. The increase was primarily due to the new tax equity solar projects entered into during 2019.

Matters Impacting Future Commercial Renewables Results

During 2019, Duke Energy evaluated recoverability of the wind and solar generation assets included in the minority interest sale as a result of the portfolio fair value of consideration received being less than the carrying value of the assets and determined the assets were all recoverable. Additionally, in 2019, Duke Energy evaluated recoverability of its renewable merchant plants principally in the Electric Reliability Council of Texas West market, due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. These assets were not impaired; however, a continued decline in energy market pricing would likely result in a future impairment. Impairment of these assets could result in adverse impacts to the future results of operations, financial position and cash flows of Commercial Renewables. See Note 2 to the Condensed Consolidated Financial Statements, "Business Segments," for additional information.

MD&A

SEGMENT RESULTS — COMMERCIAL RENEWABLES

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

Other

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Variance	2019	2018	Variance
Operating Revenues	\$ 25	\$ 34	\$ (9)	\$ 71	\$ 101	\$ (30)
Operating Expenses	27	54	(27)	66	167	(101)
Gains (Losses) on Sales of Other Assets and Other, net	—	3	(3)	—	(96)	96
Operating (Loss) Income	(2)	(17)	15	5	(162)	167
Other Income and Expenses, net	24	40	(16)	98	81	17
Interest Expense	185	163	22	536	484	52
Loss Before Income Taxes	(163)	(140)	(23)	(433)	(565)	132
Income Tax Benefit	(54)	(98)	44	(132)	(125)	(7)
Less: Net Income Attributable to Noncontrolling Interests	—	2	(2)	—	6	(6)
Less: Preferred Dividends	15	—	15	27	—	27
Net Loss	\$ (124)	\$ (44)	\$ (80)	\$ (328)	\$ (446)	\$ 118

Three Months Ended September 30, 2019, as compared to September 30, 2018

The variance was driven by lower income tax benefit, higher interest expense, and the declaration of the preferred stock dividends, offset by the absence in the current year of costs related to the Piedmont acquisition. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The decrease was primarily due to costs related to the Piedmont acquisition and OVEC fuel expense in the prior year.

Other Income and Expenses, net. The variance was primarily due to lower returns on investments that fund certain employee benefit obligations and lower earnings on the NMC investment.

Interest Expense. The variance was primarily due to higher outstanding debt in the current year.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by favorable tax return true ups and tax levelization in the prior year, partially offset by an increase in pretax losses.

Preferred Dividends. The variance was driven by the declaration of the preferred stock dividend on preferred stock issued in 2019.

Nine Months Ended September 30, 2019, as compared to September 30, 2018

The variance was driven by the prior year loss on sale of the retired Beckjord station, prior year valuation allowance against AMT credits, and absence in the current year of costs related to the Piedmont acquisition, offset by higher interest expense and the declarations of the preferred stock dividend. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. Lower operating revenues were due to amounts in the prior year related to Duke Energy Ohio's entitlement of capacity and energy from OVEC's power plants. In the current year, the revenues and expenses for OVEC are reflected in the Electric Utilities and Infrastructure segment due to the 2018 PUCO Order that approved Duke Energy to recover or credit amounts through Rider PSR. These amounts are deemed immaterial. Therefore, the prior period amounts were not restated.

Operating Expenses. The variance was primarily due to costs associated with the Piedmont acquisition and OVEC fuel expense in the prior year.

Gains (Losses) on Sales of Other Assets and Other, net. The variance was driven by the prior year loss on sale of the retired Beckjord station, including the transfer of coal ash basins and other real property and indemnification from all potential future claims related to the property, whether arising under environmental laws or otherwise.

Other Income and Expenses, net. The variance was primarily due to higher returns on investments that fund certain employee benefit obligations.

Interest Expense. The variance was primarily due to higher outstanding debt in the current year and higher short-term interest rates.

Income Tax Benefit. The increase in the tax benefit was primarily driven by a prior year valuation allowance against AMT credits, partially offset by a decrease in pretax losses.

Preferred Dividends. The variance was driven by the declarations of preferred stock dividend on preferred stock issued in 2019.

MD&A DUKE ENERGY CAROLINAS

DUKE ENERGY CAROLINAS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2019	2018	Variance
Operating Revenues	\$ 5,619	\$ 5,525	\$ 94
Operating Expenses			
Fuel used in electric generation and purchased power	1,371	1,370	1
Operation, maintenance and other	1,324	1,464	(140)
Depreciation and amortization	1,013	866	147
Property and other taxes	221	214	7
Impairment charges	11	191	(180)
Total operating expenses	3,940	4,105	(165)
Losses on Sales of Other Assets and Other, net	—	(1)	1
Operating Income	1,679	1,419	260
Other Income and Expenses, net	106	108	(2)
Interest Expense	346	323	23
Income Before Income Taxes	1,439	1,204	235
Income Tax Expense	255	268	(13)
Net Income	\$ 1,184	\$ 936	\$ 248

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2019
Residential sales	(3.2)%
General service sales	(1.8)%
Industrial sales	(4.1)%
Wholesale power sales	(13.4)%
Joint dispatch sales	23.0 %
Total sales	(2.1)%
Average number of customers	2.2 %

Nine Months Ended September 30, 2019, as compared to September 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$151 million increase in retail pricing due to the impacts of the prior year North Carolina rate case and the current year South Carolina rate case; and
- a \$7 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year.

Partially offset by:

- a \$47 million decrease in rider revenues primarily due to excess deferred taxes and energy efficiency programs, partially offset by a decrement rider relating to nuclear decommissioning that ended in the prior year; and
- a \$24 million decrease in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by:

- a \$180 million decrease in impairment charges primarily due to impacts of the prior year North Carolina rate order and charges related to coal ash costs in South Carolina; and
- a \$140 million decrease in operation, maintenance and other expense primarily due to decreased labor costs and higher storm restoration costs in the prior year.

Partially offset by:

- a \$147 million increase in depreciation and amortization expense primarily due to additional plant in service, new depreciation rates associated with the prior year North Carolina rate case and the current year South Carolina rate case and higher amortization of deferred coal ash costs associated with the prior year North Carolina rate case.

Interest Expense. The variance was primarily due to higher debt outstanding in the current year.

Income Tax Expense. The decrease in tax expense was primarily due to an increase in the amortization of excess deferred taxes and favorable tax return true ups, partially offset by an increase in pretax income.

Matters Impacting Future Results

Duke Energy Carolinas filed a general rate case with the NCUC on September 30, 2019. The outcome of this rate case could materially impact Duke Energy Carolina's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 21, 2019, the PSCSC issued an order granting Duke Energy Carolinas request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Carolinas intends to file a notice of appeal with the South Carolina Supreme Court within 30 days of the order that was received on October 18, 2019. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas to excavate all remaining coal ash impoundments in North Carolina, even though they had been deemed low risk by NCDEQ on November 14, 2018. On April 26, 2019, Duke Energy Carolinas filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. Duke Energy Carolinas intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy Carolinas' results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Carolinas is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. In addition, the order issued in the Duke Energy Carolinas North Carolina rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas has petitioned for deferral of future grid improvement costs in its 2019 rate case. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Carolinas' service territory was impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

PROGRESS ENERGY

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2019	2018	Variance
Operating Revenues	\$ 8,558	\$ 8,119	\$ 439
Operating Expenses			
Fuel used in electric generation and purchased power	3,100	3,019	81
Operation, maintenance and other	1,813	1,913	(100)
Depreciation and amortization	1,377	1,183	194
Property and other taxes	439	399	40
Impairment charges	(25)	34	(59)
Total operating expenses	6,704	6,548	156
Gains on Sales of Other Assets and Other, net	—	23	(23)
Operating Income	1,854	1,594	260
Other Income and Expenses, net	106	128	(22)
Interest Expense	650	626	24
Income Before Income Taxes	1,310	1,096	214
Income Tax Expense	212	186	26
Net Income	1,098	910	188
Less: Net Income Attributable to Noncontrolling Interests	—	6	(6)
Net Income Attributable to Parent	\$ 1,098	\$ 904	\$ 194

Nine Months Ended September 30, 2019, as compared to September 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$299 million increase in retail pricing primarily due to the impacts of the prior year North Carolina rate case and current year South Carolina rate case at Duke Energy Progress, Duke Energy Florida's base rate adjustments related to Citrus County CC being placed in service and annual increases from the 2017 Settlement Agreement;
- a \$76 million increase in fuel revenues primarily related to increased fuel cost recovery due to extreme weather in the prior year at Duke Energy Progress, partially offset by a decrease in fuel and capacity rates billed to retail customers at Duke Energy Florida;
- a \$56 million increase in wholesale power revenues, net of fuel, primarily due to increased demand;
- a \$17 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year at Duke Energy Florida; and
- a \$17 million increase in other revenues primarily due to increased transmission revenues and non-regulated products and services revenues at Duke Energy Florida.

Partially offset by:

- a \$32 million decrease in retail rider revenues primarily related to decreased revenue requirements in the current year.

Operating Expenses. The variance was driven primarily by:

- a \$194 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs, new depreciation rates associated with the prior year Duke Energy Progress North Carolina rate case and Duke Energy Florida's base rate adjustments related to Citrus County CC being placed in service;
- an \$81 million increase in fuel used in electric generation and purchased power primarily due to an increase in the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement from the prior year at Duke Energy Progress, partially offset by lower purchased power and lower fuel costs, net of deferrals, at Duke Energy Florida; and
- a \$40 million increase in property and other taxes primarily due to current year property tax reassessments and a favorable sales and use tax credit in the prior year at Duke Energy Progress, and higher property taxes for additional plant in service at Duke Energy Florida.

Partially offset by:

- a \$100 million decrease in operation, maintenance and other expense primarily due to lower storm costs, reduced outage costs, and lower employee benefit costs, partially offset by increased vegetation management costs at Duke Energy Florida; and
- a \$59 million decrease in impairment charges primarily due to prior year impacts associated with the North Carolina rate case at Duke Energy Progress and a reduction of a prior year impairment at Duke Energy Florida's Citrus County CC.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity return ending on the Citrus County CC in the fourth quarter of 2018 at Duke Energy Florida, partially offset by life insurance proceeds at Duke Energy Progress.

Interest Expense. The variance was driven primarily by AFUDC debt return ending in the fourth quarter of 2018 on the Citrus County CC at Duke Energy Florida.

Income Tax Expense. The increase in tax expense was primarily due to an increase pretax income, partially offset by an increase in the amortization of excess deferred taxes.

Matters Impacting Future Results

Duke Energy Progress filed a general rate case with the NCUC on October 30, 2019. The outcome of this rate case could materially impact Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 21, 2019, the PSCSC issued an order granting Duke Energy Progress' request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Progress intends to file a notice of appeal with the South Carolina Supreme Court within 30 days of the order that was received on October 18, 2019. Progress Energy's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Progress to excavate all remaining coal ash impoundments in North Carolina, even though they had been deemed low risk by NCDEQ on November 14, 2018. On April 26, 2019, Duke Energy Progress filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. Duke Energy Progress intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Progress Energy's results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. As noted above, the order issued in the Duke Energy Progress North Carolina rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

Duke Energy Progress has petitioned for deferral of future grid improvement costs in its 2019 rate case. Progress Energy's results of operations, financial position and cash flows could be adversely impacted if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territory of Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. In September 2019, Hurricane Dorian impacted Duke Energy Progress' and Duke Energy Florida's service territories. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

MD&A DUKE ENERGY PROGRESS

DUKE ENERGY PROGRESS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2019	2018	Variance
Operating Revenues	\$ 4,559	\$ 4,333	\$ 226
Operating Expenses			
Fuel used in electric generation and purchased power	1,571	1,452	119
Operation, maintenance and other	1,070	1,187	(117)
Depreciation and amortization	855	723	132
Property and other taxes	131	115	16
Impairment charges	—	33	(33)
Total operating expenses	3,627	3,510	117
Gains on Sales of Other Assets and Other, net	—	9	(9)
Operating Income	932	832	100
Other Income and Expenses, net	75	61	14
Interest Expense	232	241	(9)
Income Before Income Taxes	775	652	123
Income Tax Expense	125	120	5
Net Income	\$ 650	\$ 532	\$ 118

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2019
Residential sales	(4.1)%
General service sales	(1.6)%
Industrial sales	1.6 %
Wholesale power sales	(2.2)%
Joint dispatch sales	(0.3)%
Total sales	(1.3)%
Average number of customers	1.3 %

Nine Months Ended September 30, 2019, as compared to September 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$101 million increase in fuel revenues primarily related to increased fuel cost recovery due to extreme weather in the prior year;
- a \$91 million increase in retail pricing due to the impacts of the prior year North Carolina rate case and the current year South Carolina rate case; and
- a \$47 million increase in wholesale power revenues, net of fuel, primarily due to coal ash cost recovery in the current year.

Partially Offset by:

- a \$17 million decrease primarily due to the return of excess deferred incomes taxes created by the reduction in the corporate income tax rate, partially offset by increase in rider revenues related to energy efficiency programs.

Operating Expenses. The variance was driven primarily by:

- a \$132 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs and new depreciation rates associated with the prior year North Carolina and current year South Carolina rate cases, partially offset by the amortization credit for the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement increase from prior year;
- a \$119 million increase in fuel used in electric generation and purchased power primarily due to a higher deferred fuel balance and an increase in the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement from prior year, partially offset by lower demand and changes in generation mix; and
- a \$16 million increase in property and other taxes primarily due to current year property tax reassessments and a favorable sales and use tax credit in the prior year.

Partially offset by:

- a \$117 million decrease in operation, maintenance and other expense primarily due to lower storm costs in current year, reduced outage costs and lower employee benefit costs; and
- a \$33 million decrease in impairment charges due to prior year impacts associated with the North Carolina rate case.

Other Income and Expenses, net. The variance was driven primarily by life insurance proceeds.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income, partially offset by an increase in the amortization of excess deferred taxes.

Matters Impacting Future Results

Duke Energy Progress filed a general rate case with the NCUC on October 30, 2019. The outcome of this rate case could materially impact Duke Energy Progress' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 21, 2019, the PSCSC issued an order granting Duke Energy Progress' request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Progress intends to file a notice of appeal with the South Carolina Supreme Court within 30 days of the order that was received on October 18, 2019. Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Progress to excavate all remaining coal ash impoundments in North Carolina, even though they had been deemed low risk by NCDEQ on November 14, 2018. On April 26, 2019, Duke Energy Progress filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. Duke Energy Progress intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy Progress' results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. As noted above, the order issued in the Duke Energy Progress North Carolina rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

Duke Energy Progress has petitioned for deferral of future grid improvement costs in its 2019 rate case. Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Progress' service territory was impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. In September 2019, Hurricane Dorian reached the Carolinas bringing high winds, tornadoes and heavy rain, impacting about 300,000 customers within the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

MD&A

DUKE ENERGY FLORIDA

DUKE ENERGY FLORIDA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2019	2018	Variance
Operating Revenues	\$ 3,987	\$ 3,780	\$ 207
Operating Expenses			
Fuel used in electric generation and purchased power	1,529	1,567	(38)
Operation, maintenance and other	730	719	11
Depreciation and amortization	522	460	62
Property and other taxes	309	284	25
Impairment charges	(25)	1	(26)
Total operating expenses	3,065	3,031	34
Operating Income	922	749	173
Other Income and Expenses, net	39	75	(36)
Interest Expense	246	210	36
Income Before Income Taxes	715	614	101
Income Tax Expense	129	100	29
Net Income	\$ 586	\$ 514	\$ 72

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Wholesale power sales include both billed and unbilled sales. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2019
Residential sales	2.2 %
General service sales	1.0 %
Industrial sales	(6.3)%
Wholesale and other	32.4 %
Total sales	2.1 %
Average number of customers	1.6 %

Nine Months Ended September 30, 2019, as compared to September 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$208 million increase in retail pricing due to base rate adjustments related to Citrus County CC being placed in service, annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment;
- a \$17 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year;
- a \$17 million increase in other revenues primarily due to increased transmission revenues and non-regulated products and services revenues; and
- a \$9 million increase in wholesale power revenues, net of fuel, primarily due to increased demand.

Partially offset by:

- a \$25 million decrease in fuel and capacity revenues primarily due to a decrease in fuel and capacity rates billed to retail customers; and
- a \$22 million decrease in retail rider revenues primarily related to decreased revenue requirements in the current year.

Operating Expenses. The variance was driven primarily by:

- a \$62 million increase in depreciation and amortization expense primarily due to base rate adjustments related to Citrus County CC being placed in service, other additional plant in service and increases resulting from the 2018 Crystal River Unit 3 nuclear decommissioning cost study;
- a \$25 million increase in property and other taxes primarily due to higher property taxes from additional plant in service; and

- an \$11 million increase in operation, maintenance and other expense primarily due to increased vegetation management costs and Hurricane Dorian costs, partially offset by lower outage costs.

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DUKE ENERGY FLORIDA

Partially offset by:

- a \$38 million decrease in fuel used in electric generation and purchased power primarily due to lower purchased power and lower fuel costs, net of deferrals; and
- a \$26 million decrease in impairment charges primarily due to a reduction of a prior year impairment at Citrus County CC.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity return ending on the Citrus County CC in the fourth quarter of 2018.

Interest Expense. The variance was driven primarily by AFUDC debt return ending on the Citrus County CC in the fourth quarter of 2018 and higher debt outstanding in the current year.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income.

Matters Impacting Future Results

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 5 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused significant damage within the service territory of Duke Energy Florida, particularly from Panama City Beach to Mexico Beach. In September 2019, Duke Energy Florida's service territory was threatened by Hurricane Dorian with landfall as a possible Category 5 hurricane and therefore Duke Energy Florida incurred costs to secure necessary resources to be prepared for that potential impact. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the future recovery of storm restoration costs could have an adverse impact on Duke Energy Florida's financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

DUKE ENERGY OHIO

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2019	2018	Variance
Operating Revenues			
Regulated electric	\$ 1,099	\$ 1,055	\$ 44
Regulated natural gas	354	361	(7)
Nonregulated electric and other	—	36	(36)
Total operating revenues	1,453	1,452	1
Operating Expenses			
Fuel used in electric generation and purchased power – regulated	293	284	9
Fuel used in electric generation and purchased power – nonregulated	—	43	(43)
Cost of natural gas	68	73	(5)
Operation, maintenance and other	378	337	41
Depreciation and amortization	199	196	3
Property and other taxes	229	218	11
Total operating expenses	1,167	1,151	16
Losses on Sales of Other Assets and Other, net	—	(106)	106
Operating Income	286	195	91
Other Income and Expenses, net	19	17	2
Interest Expense	81	68	13
Income Before Income Taxes	224	144	80
Income Tax Expense	34	23	11
Net Income	\$ 190	\$ 121	\$ 69

The following table shows the percent changes in GWh sales of electricity, dekatherms of natural gas delivered and average number of electric and natural gas customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

	Electric	Natural Gas
Increase (Decrease) over prior year	2019	2019
Residential sales	(4.7)%	(1.2)%
General service sales	(2.6)%	0.8 %
Industrial sales	(1.4)%	1.9 %
Wholesale electric power sales	46.8 %	n/a
Other natural gas sales	n/a	1.4 %
Total sales	(1.2)%	0.3 %
Average number of customers	0.6 %	0.8 %

Nine Months Ended September 30, 2019, as compared to September 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$52 million increase in retail pricing primarily due to rate case impacts; and
- a \$15 million increase in point-to-point transmission revenues.

Partially offset by:

- a \$28 million decrease in fuel related revenues primarily due to a decrease in price;
- a \$15 million decrease in FTR rider revenues;
- a \$14 million decrease in rider revenues primarily related to the implementation of new base rates; and
- a \$9 million decrease in OVEC revenues.

Operating Expenses. The variance was driven primarily by:

- a \$41 million increase in operations, maintenance and other expense primarily due to the FERC approved settlement refund of certain transmission costs previously billed by PJM recorded in 2018; and
- an \$11 million increase in property and other taxes primarily due to additional plant in service.

Partially offset by:

- a \$34 million decrease in fuel used in electric generation and purchased power expense due to the prior year outage at East Bend Station and the deferral of OVEC related purchased power costs.

Losses on Sales of Other Assets and Other, net. The increase was driven by the loss on the prior year sale of Beckjord.

Interest Expense. The variance was driven primarily by higher debt outstanding in the current year.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income, partially offset by an increase in the amortization of excess deferred taxes.

Matters Impacting Future Results

On November 13, 2013, the PUCO issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact on Duke Energy Ohio's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

DUKE ENERGY INDIANA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2019	2018	Variance
Operating Revenues	\$ 2,289	\$ 2,288	\$ 1
Operating Expenses			
Fuel used in electric generation and purchased power	720	730	(10)
Operation, maintenance and other	569	576	(7)
Depreciation and amortization	393	386	7
Property and other taxes	55	56	(1)
Impairment charges	—	30	(30)
Total operating expenses	1,737	1,778	(41)
Operating Income	552	510	42
Other Income and Expenses, net	35	36	(1)
Interest Expense	111	125	(14)
Income Before Income Taxes	476	421	55
Income Tax Expense	113	104	9
Net Income	\$ 363	\$ 317	\$ 46

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2019
Residential sales	(4.9)%
General service sales	(2.5)%
Industrial sales	(2.3)%
Wholesale power sales	(28.9)%
Total sales	(6.6)%
Average number of customers	1.2 %

Nine Months Ended September 30, 2019, as compared to September 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$25 million increase in revenues primarily due to higher TDSIC rider revenues.

Partially offset by:

- an \$18 million decrease in wholesale power revenues primarily due to the expiration of a contract with a wholesale customer; and
- an \$8 million decrease in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by:

- a \$30 million decrease in impairments primarily due to the prior year Edwardsport IGCC settlement; and
- a \$10 million decrease in fuel used in electric generation and purchased power expense primarily due to lower coal and natural gas costs, partially offset by higher amortization of deferred fuel costs and higher purchase power fuel clause.

Interest Expense. The variance was primarily due to recording a debt return on the cumulative balance of deferred coal ash spend based on probability of recovery. This adjustment was immaterial and primarily relates to prior years.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income.

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DUKE ENERGY INDIANA

Matters Impacting Future Results

On April 17, 2015, the EPA published in the Federal Register a rule to regulate the disposal of CCR from electric utilities as solid waste. Duke Energy Indiana has interpreted the rule to identify the coal ash basin sites impacted and has assessed the amounts of coal ash subject to the rule and a method of compliance. Duke Energy Indiana's interpretation of the requirements of the CCR rule is subject to potential legal challenges and further regulatory approvals, which could result in additional ash basin closure requirements, higher costs of compliance and greater AROs. Additionally, Duke Energy Indiana has retired facilities that are not subject to the CCR rule. Duke Energy Indiana may incur costs at these facilities to comply with environmental regulations or to mitigate risks associated with on-site storage of coal ash. An order from regulatory authorities disallowing recovery of costs related to closure of ash basins could have an adverse impact on Duke Energy Indiana's results of operations, financial position and cash flows.

Duke Energy Indiana filed a general rate case with the IURC on July 2, 2019, its first general rate case in Indiana in 16 years. The outcome of this rate case could materially impact Duke Energy Indiana's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

PIEDMONT

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2019, and 2018, and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2019	2018	Variance
Operating Revenues	\$ 956	\$ 940	\$ 16
Operating Expenses			
Cost of natural gas	384	387	(3)
Operation, maintenance and other	241	252	(11)
Depreciation and amortization	127	118	9
Property and other taxes	39	36	3
Total operating expenses	791	793	(2)
Operating Income	165	147	18
Other Income and Expenses, net	19	15	4
Interest Expense	65	60	5
Income Before Income Taxes	119	102	17
Income Tax Expense	22	21	1
Net Income	\$ 97	\$ 81	\$ 16

The following table shows the percent changes in dekatherms delivered and average number of customers. The percentages for all throughput deliveries represent billed and unbilled sales. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2019
Residential deliveries	(7.5)%
Commercial deliveries	(4.2)%
Industrial deliveries	2.9 %
Power generation deliveries	(10.5)%
For resale	5.9 %
Total throughput deliveries	(7.2)%
Secondary market volumes	2.0 %
Average number of customers	1.3 %

Due to the margin decoupling mechanism in North Carolina and the WNA in South Carolina and Tennessee, changes in throughput deliveries do not have a material impact on Piedmont's revenues or earnings. The margin decoupling mechanism adjusts for variations in residential and commercial use per customer, including those due to weather and conservation. The WNA mostly offsets the impact of weather on bills rendered, but do not ensure precise recovery of approved margin during periods when winter weather is significantly warmer or colder than normal.

Nine Months Ended September 30, 2019, as compared to September 30, 2018

Operating Revenues. The variance was driven primarily by:

- a \$12 million increase primarily due to North Carolina and Tennessee IMR increases; and
- a \$9 million increase primarily due to NCUC approval related to tax reform accounting from fixed rate contracts.

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Partially offset by:

- a \$7 million decrease primarily due to a reduction of rates in South Carolina.

Operating Expenses. The variance was driven primarily by:

- an \$11 million decrease in operations, maintenance and other expense primarily due to lower labor and information technology outside services costs and a portion of rent expense being charged to shared services in the current year.

Partially offset by:

- a \$9 million increase in depreciation and amortization expense primarily due to additional plant in service.

Interest Expense. The variance was driven by higher debt outstanding in the current year, higher interest expense due to customers as a result of tax reform deferrals and intercompany interest, partially offset by favorable AFUDC debt interest.

Matters Impacting Future Results

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt and equity issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. See Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018, for a summary and detailed discussion of projected primary sources and uses of cash for 2019 to 2021.

Duke Energy issued \$5.3 billion of debt, drew \$650 million under the Duke Energy Progress Term Loan Facility and paid off in full the \$350 million Piedmont term loan during the nine months ended September 30, 2019. Refer to Note 6 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for information regarding Duke Energy's debt issuances, debt maturities and available credit facilities including the Master Credit Facility.

In March 2019 and September 2019, Duke Energy issued preferred stock for net proceeds of \$973 million and \$990 million, respectively. In addition, for the nine months ended September 30, 2019, Duke Energy raised approximately \$120 million of common equity through its DRIP. Refer to Note 15 to the Condensed Consolidated Financial Statements, "Stockholders' Equity," for information regarding Duke Energy's equity issuances.

In November 2019, Duke Energy announced plans to issue approximately \$2.5 billion of incremental equity by the end of 2020. This equity would support Duke Energy's five-year growth plan by strengthening the balance sheet and allowing the Company to absorb a wide range of outcomes associated with ACP.

Credit Ratings

In May 2019, S&P revised the credit ratings outlook for Duke Energy Corporation and all other Duke Energy Registrants from stable to negative, principally due to concerns of weaker financial measures due to 2018 storms, uncertainty over coal ash remediation costs and recovery in the Carolinas, regulatory lag during a period of robust capital spending and delays related to the ACP pipeline. There have been no changes to the credit ratings of any of the Duke Energy Registrants during 2019 by any of the rating agencies. Moody's and Fitch continue to maintain a stable outlook on Duke Energy Corporation.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

(in millions)	Nine Months Ended	
	September 30,	
	2019	2018
Cash flows provided by (used in):		
Operating activities	\$ 5,637	\$ 5,667
Investing activities	(8,633)	(7,270)
Financing activities	2,987	1,547
Net decrease in cash, cash equivalents and restricted cash	(9)	(56)
Cash, cash equivalents and restricted cash at beginning of period	591	505
Cash, cash equivalents and restricted cash at end of period	\$ 582	\$ 449

MD&A LIQUIDITY AND CAPITAL RESOURCES

OPERATING CASH FLOWS

The following table summarizes key components of Duke Energy's operating cash flows.

(in millions)	Nine Months Ended September 30,		
	2019	2018	Variance
Net income	\$ 2,964	\$ 2,190	\$ 774
Non-cash adjustments to net income	4,389	5,206	(817)
Contributions to qualified pension plans	(77)	(141)	64
Payments for asset retirement obligations	(582)	(389)	(193)
Payment for disposal of other assets	—	(105)	105
Working capital	(1,057)	(1,094)	37
Net cash provided by operating activities	\$ 5,637	\$ 5,667	\$ (30)

The variance was primarily due to:

- a \$193 million increase in payments for asset retirement obligations.

Partially offset by:

- a \$64 million decrease in contributions to qualified pension plans;
and
- a \$105 million payment for disposal of Beckjord in the prior year.

INVESTING CASH FLOWS

The following table summarizes key components of Duke Energy's investing cash flows.

(in millions)	Nine Months Ended September 30,		
	2019	2018	Variance
Capital, investment and acquisition expenditures	\$ (8,348)	\$ (7,050)	\$ (1,298)
Other investing items	(285)	(220)	(65)
Net cash used in investing activities	\$ (8,633)	\$ (7,270)	\$ (1,363)

The variance relates primarily to an increase in capital expenditures due to higher overall investments in the Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables segments.

FINANCING CASH FLOWS

The following table summarizes key components of Duke Energy's financing cash flows.

(in millions)	Nine Months Ended September 30,		
	2019	2018	Variance
Issuances of long-term debt, net	\$ 3,394	\$ 1,832	\$ 1,562
Issuances of common stock	41	834	(793)
Issuances of preferred stock	1,963	—	1,963
Notes payable and commercial paper	(1,019)	674	(1,693)
Dividends paid	(1,990)	(1,835)	(155)
Contributions from noncontrolling interests	615	—	615
Other financing items	(17)	42	(59)
Net cash provided by financing activities	\$ 2,987	\$ 1,547	\$ 1,440

The variance was primarily due to:

- a \$1,963 million increase in proceeds from the issuance of preferred stock;
- a \$1,562 million increase in proceeds from net issuances of long-term debt primarily due to the timing of issuances and redemptions of long-term debt;
- a \$415 million increase related to the sale of a noncontrolling interest in the Commercial Renewables segment;
and

- a \$200 million increase related to contributions from noncontrolling interests for tax equity financing activity in the Commercial Renewables segment.

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LIQUIDITY AND CAPITAL RESOURCES

Partially offset by:

- a \$1,693 million decrease in net proceeds from issuances of notes payable and commercial paper primarily due to the use of proceeds from the preferred stock issuance and increased long-term debt issuances to pay down outstanding commercial paper; and
- a \$793 million decrease in proceeds from the issuance of common stock due primarily to prior year issuances under equity forward agreements.

OTHER MATTERS

Environmental Regulations

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal, coal ash and other environmental matters. These regulations can be changed from time to time and result in new obligations of the Duke Energy Registrants. Refer to Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for further information regarding potential plant retirements and regulatory filings related to the Duke Energy Registrants.

Coal Ash Management Act of 2014

On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas and Duke Energy Progress to excavate all remaining coal ash impoundments at the Allen, Belews Creek, Rogers, Marshall, Mayo and Roxboro facilities in North Carolina. With respect to the final six sites, which NCDEQ has ruled as low risk, science and engineering support a variety of closure methods including capping in place and hybrid cap-in-place as appropriate solutions that protect public health and the environment. On April 26, 2019, Duke Energy Carolinas and Duke Energy Progress filed Petitions for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. For more information, see Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements.

Duke Energy estimates the undiscounted, unadjusted cost to close the remaining impoundments by excavation, as outlined in the NCDEQ closure determination, will be approximately \$4 billion to \$5 billion more than the prior project cost estimate of \$5.6 billion in the aggregate for the closure for all Duke Energy Carolinas and Duke Energy Progress impoundments. Excavation would likely extend beyond the required federal and state deadlines for impoundment closure. Duke Energy intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. AROs recorded on the Duke Energy Carolinas and Duke Energy Progress Condensed Consolidated Balance Sheets at September 30, 2019, and December 31, 2018, include the legal obligation for closure of coal ash basins and the disposal of related ash as a result of the Coal Ash Act, the EPA CCR rule and other agreements. For more information, see Note 7, "Asset Retirement Obligations," to the Condensed Consolidated Financial Statements.

Duke Energy has completed excavation of all coal ash at the Riverbend and Dan River plants and coal ash regulated by the Coal Ash Act at the Sutton plant.

North Carolina Competitive Procurement

Based on an independent evaluation process, Duke Energy will own or purchase a total of 551 MW of renewable energy from projects under the North Carolina's CPRE program. The process used was approved by the NCUC to select projects that would deliver the lowest cost renewable energy for customers. Five Duke Energy projects, totaling about 190 MW, were selected during the competitive bidding process. Duke Energy has completed the contracting process for the winning projects. A second tranche for CPRE opened in October 2019, and the current target date for completion of all tranche 2 contracts is August 2020.

Off-Balance Sheet Arrangements

During the three and nine months ended September 30, 2019, there were no material changes to Duke Energy's off-balance sheet arrangements. See Note 13 to the Condensed Consolidated Financial Statements, "Variable Interest Entities," for a discussion of off-balance sheet arrangements regarding ACP. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Balance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

Contractual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three and nine months ended September 30, 2019, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the three and nine months ended September 30, 2019, there were no material changes to the Duke Energy Registrants' disclosures about market risk. For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K for the Duke Energy Registrants.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the SEC rules and forms.

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OTHER MATTERS

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2019, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) that occurred during the fiscal quarter ended September 30, 2019, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements. For additional information, see Item 3, "Legal Proceedings," in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in the Duke Energy Registrants' Annual Report on Form 10-K for the year ended December 31, 2018, which could materially affect the Duke Energy Registrants' financial condition or future results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

EXHIBITS

ITEM 6. EXHIBITS

Exhibits filed herein are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated. Items constituting management contracts or compensatory plans or arrangements are designated by a double asterisk (**). The company agrees to furnish upon request to the commission a copy of any omitted schedules or exhibits upon request on all items designated by a triple asterisk (***).

Exhibit Number	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
3.1	X							
4.1		X						
4.2							X	
*31.1.1	X							
*31.1.2		X						
*31.1.3			X					
*31.1.4				X				
*31.1.5					X			
*31.1.6						X		
*31.1.7							X	
*31.1.8								X
*31.2.1	X							
*31.2.2		X						
*31.2.3			X					
*31.2.4				X				
*31.2.5					X			
*31.2.6						X		

EXHIBITS

*31.2.7	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.									X	
*31.2.8	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.										X
*32.1.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X									
*32.1.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X								
*32.1.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X							
*32.1.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X						
*32.1.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X					
*32.1.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X				
*32.1.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X			
*32.1.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.										X
*32.2.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X									
*32.2.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X								
*32.2.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X							
*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X						
*32.2.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X					
*32.2.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X				
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X			
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.										X
*101.INS	XBRL Instance Document (this does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).	X	X	X	X	X	X	X	X	X	X

EXHIBITS

*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X
*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X

The total amount of securities of the registrant or its subsidiaries authorized under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the SEC, to furnish copies of any or all of such instruments to it.

SIGNATURES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION
DUKE ENERGY CAROLINAS, LLC
PROGRESS ENERGY, INC.
DUKE ENERGY PROGRESS, LLC
DUKE ENERGY FLORIDA, LLC
DUKE ENERGY OHIO, INC.
DUKE ENERGY INDIANA, LLC
PIEDMONT NATURAL GAS COMPANY, INC.

Date: November 8, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer (Principal
Financial Officer)

Date: November 8, 2019

/s/ DWIGHT L. JACOBS

Dwight L. Jacobs
Senior Vice President, Chief Accounting Officer,
Tax and Controller
(Principal Accounting Officer)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

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I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Puge Ener; y 2ro; ress, LLBk
- b) 3ased on my gnowed; e, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to mage the statements made, in li; ht of the circumstances under which such statements were made, not misleadin; with respect to the period covered 4y this reportk
- T) 3ased on my gnowed; e, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the re; istrant as of, and for, the periods presented in this reportk
- ') (he re; istrant's other certifyin; officerA) and I are responsi4le for esta4lishin; and maintainin; disclosure controls and procedures Aas defined in ERchan; e 5 ct – ules 1Ta-1DA) and 1Dd-1DA)) and internal control over financial reportin; Aas defined in ERchan; e 5 cts – ules 1Taz1DA) and 1Ddz1DA)) for the re; istrant and have:
 - a) Pes; ned such disclosure controls and procedures, or caused such disclosure controls and procedures to 4e desi; ned under our supervision, to ensure that material information relatin; to the re; istrant, includin; its consolidated su4sidiaries, is made gnown to us 4y others within those entities, particularly durin; the period in which this report is 4ein; preparedk
 - 4) Pes; ned such internal control over financial reportin; , or caused such internal control over financial reportin; to 4e desi; ned under our supervision, to provide reasona4le assurance re; ardin; the relia4ility of financial reportin; and the preparation of financial statements for eRternal purposes in accordance with ; enerally accepted accountin; principlesk
 - c) Evaluated the effectiveness of the re; istrant's disclosure controls and procedures and presented in this report our conclusions a4out the effectiveness of the disclosure controls and procedures, as of the end of the period covered 4y this report 4ased on such evaluationkand
 - d) Disclosed in this report any chan; e in the re; istrant's internal control over financial reportin; that occurred durin; the re; istrant's most recent fiscal quarter Ahe re; istrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly ligely to materially affect, the re; istrant's internal control over financial reportin; kand
- D) (he re; istrant's other certifyin; officerA) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reportin; , to the re; istrant's auditors and the audit committee of the re; istrant's 4oard of directors Aor persons performin; the equivalent functions):
 - a) 5ll si; nificant deficiencies and material weagnesses in the desi; n or operation of internal control over financial reportin; which are reasona4ly ligely to adversely affect the re; istrant's a4ility to record, process, summariz and report financial informationkand
 - 4) 5ny fraud, whether or not material, that involves mana; ement or other employees who have a si; nificant role in the re; istrant's internal control over financial reportin; .

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¥YLO88 J. GCCP

Lynn J. Good
Chief ERecutive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLO;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

/s/ LYNN J. GCCD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report.
- 4) The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.
- 5) The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 9, 2021

Lynn J. Good

Chief Executive Officer

OFFICIAL COPY

Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC; 2
- B) based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 2
- 4) based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 2
- T) ' he registrant(s) other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures as defined in Exchange Act Rules 14a-1-~~(e)~~ and 1-d-1-~~(e)~~) and internal control over financial reporting as defined in Exchange Act Rules 14a-1-~~(f)~~ and 1-d-1-~~(f)~~) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; 2
 - 3) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; 2
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; 2 and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; 2 and
-) ' he registrant(s) other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant(s) auditors and the audit committee of the registrant(s) board of directors or persons performing the equivalent functions:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 2 and
 - 3) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2017

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Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, QCL ;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Chio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

/s/ STEVEN K. YCONU

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.
- k) based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report
- T) based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report
- ') (the registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures as defined in Rule 13a-15 and 13d-15 and internal control over financial reporting as defined in Rule 13a-15 and 13d-15 for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared
 - 4) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting
- z) (the registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) –all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information
 - 4) –any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2017

/s/ Steven K. Young

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chairman, President and Chief Executive Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

November 8, 2019

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

November 8, 2019

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

November 8, 2019

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Crogre((" " ") F Duke Energy Crogre((10on - ord Sb3Q for the perio, en, ing 2epte d 9er sb" xbSL" a(file, with the 2ecuritie(an, EJchange) od d i((ion on the , ate hereof fthe rReport10 I" " ynn . GPoo, ") hief EJecutive Officer of Duke Energy Crogre((" certify" pur(uant to S8 UQ \$ G 2ection Ss5b" a(a, opte, pur(uant to 2ection Lb6 of the 2ar9ane(3QJley Act of xbbx" that:

FS0 The Report fully cod plie(with the required ent(of 2ection SsFa0or S5F, 0of the 2ecuritie(EJchange Act of SLs4;
an,

Fx0 The inford ation containe, in the Report fairly pre(ent(" in all d aterial re(pect(" the financial con, ition an, re(ult(of operation(of Duke Energy Crogre((G

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In connection with the Quarterly Report of Duke Energy Clorisa, LL(""Duke Energy Clorisa)Fon Corm 10-Q for the perios ensing deptemSer b0, 3012, a9 files with the decuritie9 ans Exchange (ommi99ion on the sate hereof "the "Report)F, I, Lynn J. Goos, (hief Executive Officer of Duke Energy Clorisa, certify, pur9uant to 18 U.d.(. dection 1b50, a9 asoptes pur9uant to dection 206 of the darSane9-Oxley Act of 3003, that:

"1F The Report fully complie9 with the requirement9 of dection 1b"aFor 15"sFof the decuritie9 Exchange Act of 12b4;
ans

"3F The information containes in the Report fairly pre9ent9, in all material re9pect9, the financial consition ans re9ult9 of operation9 of Duke Energy Clorisa.

/s/ LYNN J. GOOD

Lynn J. Goos
(hief Executive Officer

NovemSer 8, 3012

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Ln The Report fully coF plie9 with the requireF ent9 of dection n8La" or n5L- " of the decurtie9 Exchange Act of n2b4;
an-

L3 The inforF ation containe- in the Report fairly pre9ent9sin all F aterial re9pect9sthe financial con- ition an- re9ult9 of operation9 of Duke Energy Chio,

/9/ . YNN G v CCD

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Inc. ("Duke Energy Inc.") on Form 10-Q for the period ended September 30, 2021, I, YNN J. GOOD, Chief Executive Officer of Duke Energy Inc., certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(c) of the Securities Exchange Act of 1934;
- (2) The information contained in the Report fairly presents in all material respects the financial condition and results of operations of Duke Energy Inc.

/s/ , YNN J. GOOD

, YNN J. GOOD
Chief Executive Officer

November 8, 2021

OFFICIAL COPY

Step 13 2021

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) - 1 qhe Report fully cos plie. with the re4uires ent. of 3ection - 9)a1or - 6)g1 of the 3ecuritie. LJchanbe : ct of - C9; / ang

)x1 qhe infors ation containeg in the Report fairly pre. ent. " in all s aterial re. pect. " the financial congition ang re. ult. of operation. of Piegs ont"

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

November 8, 2019

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In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

November 8, 2019

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Step 13 2021

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In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

November 8, 2019

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In connection with the Quarterly Report of Duke Energy Crogress, LL(""Duke Energy Crogress)Fon mör1 0- dQ for the perioSenSing bepte1 3er 2- , 9- 0x, as fileS with the becurities anS Evchange (o1 1 ission on the Sate hereof "the "Report)F, I, bteKen . YVoung, EvecutiKe Pice CresiSent anS (hief minancial Officer of Duke Energy Crogress, certify, pursuant to 08 UY Ybection 025- , as aSopteS pursuant to bection x- 6 of the bar3anesdVley Act of 9- - 9, that:

"0F The Report fully co1 plies with the require1 ents of bection 02"aFor 05"Sfof the becurities Evchange Act of 0x24;
anS

"9F The infor1 ation containeS in the Report fairly presents, in all 1 aterial respects, the financial conSition anS results of operations of Duke Energy CrogressY

/s/ bTEPEN . YVOUNG

b teKen . YVoung
EvecutiKe Pice CresiSent anS (hief minancial Officer

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**CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 8310,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Clorisa, LL(""Duke Energy Clorisa)Fon Corm 10-Q for the perios ensing d'epemSer b0, 3012, a9 files with the decuritie9 ans Exchange (ommi99ion on the sate hereof "the "Report)F, I, d'teven K. Young, Executive Vice Pre9isent ans (hief Cnancial Officer of Duke Energy Clorisa, certify, pur9uant to 18 U.d.(. dection 1b50, a9 asoptes pur9uant to dection 206 of the darSane9-Oxley Act of 3003, that:

"1F The Report fully complie9 with the requirement9 of dection 1b"aFor 15"sFof the decuritie9 Exchange Act of 12b4;
ans

"3F The information containes in the Report fairly pre9ent9, in all material re9pect9, the financial consition ans re9ult9 of operation9 of Duke Energy Clorisa.

/9/ dTEVEN K. YOUNG

d'teven K. Young
Executive Vice Pre9isent ans (hief Cnancial Officer

NovemSer 8, 3012

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**CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 830, D
AS A9 OPTES9 PURSUANT TO
SECTION 6, 1 OF THE SARBANES-OXLEY ACT OF 2, , 2**

In connection with the Quarterly Report of Duke Energy Chio(Inc" ")Duke Energy ChioFrom 1or0 - dSQ for the perio b enbing 3epte0 , er 2d(9d- s(ax fileb with the 3e curitiex
anb Evchange Ko0 0 ixxion on the bate hereof "the)Reportff(1(3te. en Y" Voug(Evecuti. e Pice Orexibent anb Khief 1inancial Cfficer of Duke Energy Chio(certify(purxuant
to - 8 U"3"K" 3ection - 25d(ax abopteb purxuant to 3ection sd6 of the 3ar, anexSQvley Act of 9dd9(that:

"- m The Report fully co0 plie x with the require0 entx of 3ection - 2"amor - 5"bmof the 3e curitiex Evchange Act of - s24;
anb

"9m The infor0 ation containeb in the Report fairly pre xentx(in all 0 aterial re xpectx(the financial conbition anb rexultx of operationx of Duke Energy Chio"

/x/ 3TEPEN Y" VCUNG

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In connection with the Quarterly Report of Duke Energy InQanas, , L ("Duke Energy InQana") on Form 10-Q for the perioCenQng deptemSer b0s3012sa9 fileC with the decuritie9 anC Exchange L ommi99ion on the Cate hereof (the "Report")sIsd teven K. YoungsExecutive Vice Pre9iCent anCL hief Financial Officer of Duke Energy InQanas certifyspur9uant to 18 U.d.L . dection 1b50sa9 aCopteCpur9uant to dection 206 of the darSane9-Oxley Act of 3003sthat:

- (1) The Report fully complie9 with the requirement9 of dection 1b(a) or 15(C) of the decuritie9 Exchange Act of 12b4;
anC
- (3) The information containeC in the Report fairly pre9ent9sin all material re9pect9sthe financial conQtion anCre9ult9 of operation9 of Duke Energy InQana.

/9/ d TEVEN K. YOUNG

d teven K. Young
Executive Vice Pre9iCent anCL hief Financial Officer

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**CERTIFICATION PURSUANT TO
81 U.S.C. SECTION 8350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Piedmont Natural Gas Company, Inc. (the "Company") for the period ending September 30, 2021, I, the undersigned, being a duly qualified officer or director of the Company, certify that I am a duly qualified officer or director of the Company, and I am not aware of any violation of the provisions of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

I-1 The Report fully complies with the requirements of Section 906(a) or (b) of the Securities Exchange Act of 1934.

I-2 The information contained in the Report fairly presents in all material respects the financial condition and results of operations of the Company.

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification Number
		
1-32853	DUKE ENERGY CORPORATION (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218
1-4928	DUKE ENERGY CAROLINAS, LLC (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853	56-0205520
1-15929	PROGRESS ENERGY, INC. (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-2155481
1-3382	DUKE ENERGY PROGRESS, LLC (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-0165465
1-3274	DUKE ENERGY FLORIDA, LLC (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853	59-0247770
1-1232	DUKE ENERGY OHIO, INC. (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853	31-0240030
1-3543	DUKE ENERGY INDIANA, LLC (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853	35-0594457
1-6196	PIEDMONT NATURAL GAS COMPANY, INC. (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120	56-0556998

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SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Name of each exchange on

<u>Registrant</u>	<u>Title of each class</u>	<u>Trading symbols</u>	<u>which registered</u>	
Duke Energy	Common Stock, \$0.001 par value	DUK	New York Stock Exchange LLC	
Duke Energy	5.125% Junior Subordinated Debentures due January 15, 2073	DUKH	New York Stock Exchange LLC	
Duke Energy	5.625% Junior Subordinated Debentures due September 15, 2078	DUKB	New York Stock Exchange LLC	
Duke Energy	Depository Shares, each representing a 1/1,000th interest in a share of 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share	DUK PR A	New York Stock Exchange LLC	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Duke Energy Corporation (Duke Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Florida, LLC (Duke Energy Florida)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Progress Energy, Inc. (Progress Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Progress, LLC (Duke Energy Progress)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Duke Energy	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Florida	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Progress Energy	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Progress	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Piedmont	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Duke Energy	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Carolinas	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Progress Energy	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Progress	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Florida	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Ohio	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Indiana	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Piedmont	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Duke Energy	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Florida	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Duke Energy Carolinas	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Ohio	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Progress Energy	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Indiana	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Duke Energy Progress	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Piedmont	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

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Number of shares of common stock outstanding at April 30, 2020:

--/A

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Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	734,852,539

This combined Form 10-Q is filed separately by eight registrants: Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format specified in General Instructions H(2) of Form 10-Q.

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Cautionary Statement Regarding Forward-Looking Information

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- The impact of the COVID-19 pandemic;
- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the United States electric grid or generating resources;
- The ability to obtain the necessary permits and approvals and to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, operational accidents, information technology failures or other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- The ability to obtain adequate insurance at acceptable costs;
- Employee workforce factors, including the potential inability to attract and retain key personnel;

- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);
- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of United States tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy, including enhancing existing technology systems.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' reports filed with the SEC and available at the SEC's website at sec.gov. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Glossary of Terms

The following terms or acronyms used in this Form 10-Q are defined below:

Term or Acronym	Definition
2013 Settlement	Revised and Restated Stipulation and Settlement Agreement approved in November 2013 among Duke Energy Florida, the Florida OPC and other customer representatives
2017 Settlement	Second Revised and Restated Settlement Agreement in 2017 among Duke Energy Florida, the Florida OPC and other customer representatives, which replaces and supplants the 2013 Settlement
ACP	Atlantic Coast Pipeline, LLC, a limited liability company owned by Dominion Energy, Inc. and Duke Energy
ACP pipeline	The approximately 600-mile proposed interstate natural gas pipeline
AFS	Available for Sale
AFUDC	Allowance for funds used during construction
AMI	Advanced Metering Infrastructure
AMT	Alternative Minimum Tax
ARO	Asset retirement obligations
Bison	Bison Insurance Company Limited
CC	Combined Cycle
CCR	Coal Combustion Residuals
CARES Act	Coronavirus Aid, Relief and Economic Security Act
Citrus County CC	Citrus County Combined Cycle Facility
Coal Ash Act	North Carolina Coal Ash Management Act of 2014
the Company	Duke Energy Corporation and its subsidiaries
Constitution	Constitution Pipeline Company, LLC
COVID-19	Coronavirus Disease 2019
CRC	Cinergy Receivables Company, LLC
Crystal River Unit 3	Crystal River Unit 3 Nuclear Plant
DEFPF	Duke Energy Florida Project Finance, LLC
DEFR	Duke Energy Florida Receivables, LLC
DEPR	Duke Energy Progress Receivables, LLC
DERF	Duke Energy Receivables Finance Company, LLC
Duke Energy	Duke Energy Corporation (collectively with its subsidiaries)
Duke Energy Ohio	Duke Energy Ohio, Inc.
Duke Energy Progress	Duke Energy Progress, LLC
Duke Energy Carolinas	Duke Energy Carolinas, LLC
Duke Energy Florida	Duke Energy Florida, LLC
Duke Energy Indiana	Duke Energy Indiana, LLC
Duke Energy Kentucky	Duke Energy Kentucky, Inc.
Duke Energy Registrants	Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
EDIT	Excess deferred income tax
EPA	U.S. Environmental Protection Agency
EPS	Earnings Per Share
ESP	Electric Security Plan
ETR	Effective tax rate

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Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FPSC	Florida Public Service Commission
FTR	Financial transmission rights
GAAP	Generally accepted accounting principles in the U.S.
GAAP Reported Earnings	Net Income Available to Duke Energy Corporation Common Stockholders
GAAP Reported EPS	Basic EPS Available to Duke Energy Corporation common stockholders
GWh	Gigawatt-hours
IGCC	Integrated Gasification Combined Cycle
IMR	Integrity Management Rider
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
Investment Trusts	NDTF investments and grantor trusts of Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana
IURC	Indiana Utility Regulatory Commission
KPSC	Kentucky Public Service Commission
LLC	Limited Liability Company
MGP	Manufactured gas plant
MMBtu	Million British Thermal Unit
MW	Megawatt
MWh	Megawatt-hour
NCDEQ	North Carolina Department of Environmental Quality
NCUC	North Carolina Utilities Commission
NDTF	Nuclear decommissioning trust funds
NPNS	Normal purchase/normal sale
OPEB	Other Post-Retirement Benefit Obligations
ORS	South Carolina Office of Regulatory Staff
OTTI	Other-than-temporary impairment
OVEC	Ohio Valley Electric Corporation
Piedmont	Piedmont Natural Gas Company, Inc.
PPA	Purchase Power Agreement
Progress Energy	Progress Energy, Inc.
PSCSC	Public Service Commission of South Carolina
PUCO	Public Utilities Commission of Ohio
ROU assets	Right-of-use assets
Subsidiary Registrants	Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the Tax Act	Tax Cuts and Jobs Act
TPUC	Tennessee Public Utility Commission
U.S.	United States
VIE	Variable Interest Entity
WACC	Weighted Average Cost of Capital

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FINANCIAL STATEMENTS

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

(in millions, except per share amounts)	Three Months Ended	
	March 31,	
	2020	2019
Operating Revenues		
Regulated electric	\$ 5,124	\$ 5,285
Regulated natural gas	638	728
Nonregulated electric and other	187	150
Total operating revenues	5,949	6,163
Operating Expenses		
Fuel used in electric generation and purchased power	1,447	1,609
Cost of natural gas	199	327
Operation, maintenance and other	1,339	1,419
Depreciation and amortization	1,130	1,089
Property and other taxes	345	343
Impairment charges	2	—
Total operating expenses	4,462	4,787
Gains (Losses) on Sales of Other Assets and Other, net	1	(3)
Operating Income	1,488	1,373
Other Income and Expenses		
Equity in earnings of unconsolidated affiliates	44	43
Other income and expenses, net	46	115
Total other income and expenses	90	158
Interest Expense	551	543
Income Before Income Taxes	1,027	988
Income Tax Expense	137	95
Net Income	890	893
Less: Net Loss Attributable to Noncontrolling Interests	(48)	(7)
Net Income Attributable to Duke Energy Corporation	938	900
Less: Preferred Dividends	39	—
Net Income Available to Duke Energy Corporation Common Stockholders	\$ 899	\$ 900
Earnings Per Share – Basic and Diluted		
Net income available to Duke Energy Corporation common stockholders		
Basic and Diluted	\$ 1.24	\$ 1.24
Weighted average shares outstanding		
Basic	734	727
Diluted	736	727

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
Net Income	\$ 890	\$ 893
Other Comprehensive Loss, net of tax^(a)		
Pension and OPEB adjustments	1	—
Net unrealized losses on cash flow hedges	(81)	(17)
Reclassification into earnings from cash flow hedges	2	1
Unrealized gains on available-for-sale securities	1	4
Other Comprehensive Loss, net of tax	(77)	(12)
Comprehensive Income	813	881
Less: Comprehensive Loss Attributable to Noncontrolling Interests	(62)	(7)
Comprehensive Income Attributable to Duke Energy	875	888
Less: Preferred Dividends	39	—
Comprehensive Income Available to Duke Energy Corporation Common Stockholders	\$ 836	\$ 888

(a) Net of income tax impact of approximately \$23 million in the first quarter of 2020 and immaterial income tax impact in the first quarter of 2019.

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,450	\$ 311
Receivables (net of allowance for doubtful accounts of \$28 at 2020 and \$22 at 2019)	809	1,066
Receivables of VIEs (net of allowance for doubtful accounts of \$61 at 2020 and \$54 at 2019)	1,828	1,994
Inventory	3,324	3,232
Regulatory assets (includes \$53 at 2020 and \$52 at 2019 related to VIEs)	1,770	1,796
Other (includes \$300 at 2020 and \$242 at 2019 related to VIEs)	1,000	764
Total current assets	10,181	9,163
Property, Plant and Equipment		
Cost	149,676	147,654
Accumulated depreciation and amortization	(46,599)	(45,773)
Generation facilities to be retired, net	31	246
Net property, plant and equipment	103,108	102,127
Other Noncurrent Assets		
Goodwill	19,303	19,303
Regulatory assets (includes \$980 at 2020 and \$989 at 2019 related to VIEs)	13,413	13,222
Nuclear decommissioning trust funds	7,052	8,140
Operating lease right-of-use assets, net	1,633	1,658
Investments in equity method unconsolidated affiliates	2,067	1,936
Other (includes \$87 at 2020 and \$110 at 2019 related to VIEs)	3,315	3,289
Total other noncurrent assets	46,783	47,548
Total Assets	\$ 160,072	\$ 158,838
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 2,364	\$ 3,487
Notes payable and commercial paper	3,033	3,135
Taxes accrued	493	392
Interest accrued	571	565
Current maturities of long-term debt (includes \$216 at 2020 and 2019 related to VIEs)	5,077	3,141
Asset retirement obligations	802	881
Regulatory liabilities	826	784
Other	2,004	2,367
Total current liabilities	15,170	14,752
Long-Term Debt (includes \$3,966 at 2020 and \$3,997 at 2019 related to VIEs)	56,311	54,985
Other Noncurrent Liabilities		
Deferred income taxes	9,321	8,878
Asset retirement obligations	12,497	12,437
Regulatory liabilities	14,029	15,264
Operating lease liabilities	1,414	1,432
Accrued pension and other post-retirement benefit costs	919	934
Investment tax credits	659	624
Other (includes \$258 at 2020 and \$228 at 2019 related to VIEs)	1,669	1,581
Total other noncurrent liabilities	40,508	41,150
Commitments and Contingencies		
Equity		
Preferred stock, Series A, \$0.001 par value, 40 million depositary shares authorized and outstanding at 2020 and 2019	973	973
Preferred stock, Series B, \$0.001 par value, 1 million shares authorized and outstanding at 2020 and 2019	989	989
Common stock, \$0.001 par value, 2 billion shares authorized; 735 million shares outstanding at 2020 and 733 million shares outstanding at 2019	1	1

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Total Duke Energy Corporation stockholders' equity	46,921	46,822
Noncontrolling interests	1,162	1,129
Total equity	48,083	47,951
Total Liabilities and Equity	\$ 160,072	\$ 158,838

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 890	\$ 893
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,301	1,238
Equity component of AFUDC	(40)	(31)
(Gains) Losses on sales of other assets	(1)	3
Impairment charges	2	—
Deferred income taxes	422	97
Equity in earnings of unconsolidated affiliates	(44)	(43)
Payments for asset retirement obligations	(132)	(152)
Provision for rate refunds	(13)	35
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	10
Receivables	466	388
Inventory	(92)	(31)
Other current assets	(131)	98
Increase (decrease) in		
Accounts payable	(657)	(636)
Taxes accrued	113	(107)
Other current liabilities	(455)	(407)
Other assets	(25)	(162)
Other liabilities	(50)	46
Net cash provided by operating activities	1,554	1,239
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,832)	(2,536)
Contributions to equity method investments	(77)	(94)
Purchases of debt and equity securities	(1,392)	(860)
Proceeds from sales and maturities of debt and equity securities	1,347	851
Other	(68)	(74)
Net cash used in investing activities	(3,022)	(2,713)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	1,954	2,737
Issuance of preferred stock	—	974
Issuance of common stock	40	13
Payments for the redemption of long-term debt	(292)	(1,201)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	1,784	135
Payments for the redemption of short-term debt with original maturities greater than 90 days	(17)	(239)
Notes payable and commercial paper	(198)	(304)
Contributions from noncontrolling interests	103	6
Dividends paid	(707)	(649)
Other	(74)	(39)
Net cash provided by financing activities	2,593	1,433
Net increase (decrease) in cash, cash equivalents and restricted cash	1,125	(41)
Cash, cash equivalents and restricted cash at beginning of period	573	591
Cash, cash equivalents and restricted cash at end of period	\$ 1,698	\$ 550

Supplemental Disclosures:

Significant non-cash transactions:

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DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Accumulated Other Comprehensive										
	(Loss) Income										
	Total										
	Duke Energy Corporation										
	Common Preferred Stock	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flow Hedges	Net Unrealized (Losses) Gains on Available-for-Sale Securities	Pension and OPEB Adjustments	Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2018	\$ —	727	\$ 1	\$ 40,795	\$ 3,113	\$ (14)	\$ (3)	\$ (75)	\$ 43,817	\$ 17	\$ 43,834
Net income (loss)	—	—	—	—	900	—	—	—	900	(7)	893
Other comprehensive (loss) income	—	—	—	—	—	(16)	4	—	(12)	—	(12)
Preferred stock, Series A, issuances, net of issuance costs ^(a)	974	—	—	—	—	—	—	—	974	—	974
Common stock issuances, including dividend reinvestment and employee benefits	—	1	—	28	—	—	—	—	28	—	28
Common stock dividends	—	—	—	—	(676)	—	—	—	(676)	—	(676)
Other ^(b)	—	—	—	—	23	(6)	(1)	(17)	(1)	5	4
Balance at March 31, 2019	\$ 974	728	\$ 1	\$ 40,823	\$ 3,360	\$ (36)	\$ —	\$ (92)	\$ 45,030	\$ 15	\$ 45,045
Balance at December 31, 2019	\$ 1,962	733	\$ 1	\$ 40,881	\$ 4,108	\$ (51)	\$ 3	\$ (82)	\$ 46,822	\$ 1,129	\$ 47,951
Net income (loss)	—	—	—	—	899	—	—	—	899	(48)	851
Other comprehensive (loss) income	—	—	—	—	—	(65)	1	1	(63)	(14)	(77)
Common stock issuances, including dividend reinvestment and employee benefits	—	2	—	50	—	—	—	—	50	—	50
Common stock dividends	—	—	—	—	(695)	—	—	—	(695)	—	(695)
Contributions from noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	103	103
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(7)	(7)
Other ^(c)	—	—	—	(1)	(91)	—	—	—	(92)	(1)	(93)
Balance at March 31, 2020	\$ 1,962	735	\$ 1	\$ 40,930	\$ 4,221	\$ (116)	\$ 4	\$ (81)	\$ 46,921	\$ 1,162	\$ 48,083

- (a) Duke Energy issued 40 million depository shares of preferred stock, Series A.
- (b) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.
- (c) Amounts in Retained earnings primarily represent impacts due to implementation of a new accounting standard related to Current Estimated Credit Losses. See Note 1 for additional discussion.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
Operating Revenues	\$ 1,748	\$ 1,744
Operating Expenses		
Fuel used in electric generation and purchased power	453	472
Operation, maintenance and other	386	440
Depreciation and amortization	343	317
Property and other taxes	81	80
Impairment charges	2	—
Total operating expenses	1,265	1,309
Gains on Sales of Other Assets and Other, net	1	—
Operating Income	484	435
Other Income and Expenses, net	43	31
Interest Expense	123	110
Income Before Income Taxes	404	356
Income Tax Expense	65	63
Net Income and Comprehensive Income	\$ 339	\$ 293

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 16	\$ 18
Receivables (net of allowance for doubtful accounts of \$3 at 2020 and 2019)	212	324
Receivables of VIEs (net of allowance for doubtful accounts of \$8 at 2020 and \$7 at 2019)	616	642
Receivables from affiliated companies	87	114
Notes receivable from affiliated companies	436	—
Inventory	1,067	996
Regulatory assets	524	550
Other	31	21
Total current assets	2,989	2,665
Property, Plant and Equipment		
Cost	49,534	48,922
Accumulated depreciation and amortization	(16,884)	(16,525)
Net property, plant and equipment	32,650	32,397
Other Noncurrent Assets		
Regulatory assets	3,427	3,360
Nuclear decommissioning trust funds	3,717	4,359
Operating lease right-of-use assets, net	132	123
Other	1,136	1,149
Total other noncurrent assets	8,412	8,991
Total Assets	\$ 44,051	\$ 44,053
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 605	\$ 954
Accounts payable to affiliated companies	225	210
Notes payable to affiliated companies	—	29
Taxes accrued	132	46
Interest accrued	144	115
Current maturities of long-term debt	457	458
Asset retirement obligations	197	206
Regulatory liabilities	275	255
Other	479	611
Total current liabilities	2,514	2,884
Long-Term Debt	12,050	11,142
Long-Term Debt Payable to Affiliated Companies	300	300
Other Noncurrent Liabilities		
Deferred income taxes	3,968	3,921
Asset retirement obligations	5,552	5,528
Regulatory liabilities	5,766	6,423
Operating lease liabilities	112	102
Accrued pension and other post-retirement benefit costs	82	84
Investment tax credits	230	231
Other	640	627
Total other noncurrent liabilities	16,350	16,916
Commitments and Contingencies		
Equity		
Member's equity	12,844	12,818
Accumulated other comprehensive loss	(7)	(7)
Total equity	12,837	12,811

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FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 339	\$ 293
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	414	388
Equity component of AFUDC	(14)	(9)
Gains on sales of other assets	(1)	—
Impairment charges	2	—
Deferred income taxes	22	64
Payments for asset retirement obligations	(41)	(65)
Provision for rate refunds	—	19
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	1
Receivables	156	124
Receivables from affiliated companies	27	94
Inventory	(72)	(59)
Other current assets	96	(35)
Increase (decrease) in		
Accounts payable	(253)	(266)
Accounts payable to affiliated companies	15	18
Taxes accrued	87	(91)
Other current liabilities	(108)	(70)
Other assets	(60)	(31)
Other liabilities	(11)	(7)
Net cash provided by operating activities	598	368
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(724)	(721)
Purchases of debt and equity securities	(607)	(405)
Proceeds from sales and maturities of debt and equity securities	607	405
Notes receivable from affiliated companies	(436)	—
Other	(18)	(9)
Net cash used in investing activities	(1,178)	(730)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	910	25
Payments for the redemption of long-term debt	(2)	(1)
Notes payable to affiliated companies	(29)	306
Distributions to parent	(300)	—
Other	(1)	(1)
Net cash provided by financing activities	578	329
Net decrease in cash and cash equivalents	(2)	(33)
Cash and cash equivalents at beginning of period	18	33
Cash and cash equivalents at end of period	\$ 16	\$ —
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 254	\$ 221

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Member's Equity	Accumulated Other Comprehensive Loss			Total Equity
		Net Losses on Cash Flow Hedges			
Balance at December 31, 2018	\$ 11,689	\$	(6)	\$	11,683
Net income	293		—		293
Other	—		(1)		(1)
Balance at March 31, 2019	\$ 11,982	\$	(7)	\$	11,975
Balance at December 31, 2019	\$ 12,818	\$	(7)	\$	12,811
Net income	339		—		339
Distributions to parent	(300)		—		(300)
Other ^(a)	(13)		—		(13)
Balance at March 31, 2020	\$ 12,844	\$	(7)	\$	12,837

(a) Amounts primarily represent impacts due to implementation of a new accounting standard related to Current Estimated Credit Losses. See Note 1 for additional discussion.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
Operating Revenues	\$ 2,422	\$ 2,572
Operating Expenses		
Fuel used in electric generation and purchased power	763	925
Operation, maintenance and other	554	567
Depreciation and amortization	452	455
Property and other taxes	135	137
Total operating expenses	1,904	2,084
Losses on Sales of Other Assets and Other, net	(1)	—
Operating Income	517	488
Other Income and Expenses, net	32	31
Interest Expense	206	219
Income Before Income Taxes	343	300
Income Tax Expense	60	52
Net Income	283	248
Less: Net Loss Attributable to Noncontrolling Interests	—	(1)
Net Income Attributable to Parent	\$ 283	\$ 249
Net Income	\$ 283	\$ 248
Other Comprehensive Income, net of tax		
Pension and OPEB adjustments	—	1
Net unrealized gains on cash flow hedges	1	2
Unrealized gains on available-for-sale securities	1	—
Other Comprehensive Income, net of tax	2	3
Comprehensive Income	285	251
Less: Comprehensive Loss Attributable to Noncontrolling Interests	—	(1)
Comprehensive Income Attributable to Parent	\$ 285	\$ 252

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 52	\$ 48
Receivables (net of allowance for doubtful accounts of \$8 at 2020 and \$7 at 2019)	159	220
Receivables of VIEs (net of allowance for doubtful accounts of \$12 at 2020 and \$9 at 2019)	745	830
Receivables from affiliated companies	49	76
Notes receivable from affiliated companies	—	164
Inventory	1,463	1,423
Regulatory assets (includes \$53 at 2020 and \$52 at 2019 related to VIEs)	954	946
Other (includes \$13 at 2020 and \$39 at 2019 related to VIEs)	196	210
Total current assets	3,618	3,917
Property, Plant and Equipment		
Cost	55,788	55,070
Accumulated depreciation and amortization	(17,461)	(17,159)
Generation facilities to be retired, net	31	246
Net property, plant and equipment	38,358	38,157
Other Noncurrent Assets		
Goodwill	3,655	3,655
Regulatory assets (includes \$980 at 2020 and \$989 at 2019 related to VIEs)	6,489	6,346
Nuclear decommissioning trust funds	3,335	3,782
Operating lease right-of-use assets, net	762	788
Other	1,121	1,049
Total other noncurrent assets	15,362	15,620
Total Assets	\$ 57,338	\$ 57,694
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 730	\$ 1,104
Accounts payable to affiliated companies	329	310
Notes payable to affiliated companies	2,300	1,821
Taxes accrued	117	46
Interest accrued	214	228
Current maturities of long-term debt (includes \$54 at 2020 and 2019 related to VIEs)	1,828	1,577
Asset retirement obligations	421	485
Regulatory liabilities	347	330
Other	821	902
Total current liabilities	7,107	6,803
Long-Term Debt (includes \$1,603 at 2020 and \$1,632 at 2019 related to VIEs)	17,377	17,907
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	4,537	4,462
Asset retirement obligations	6,020	5,986
Regulatory liabilities	4,708	5,225
Operating lease liabilities	678	697
Accrued pension and other post-retirement benefit costs	480	488
Other	404	383
Total other noncurrent liabilities	16,827	17,241
Commitments and Contingencies		
Equity		
Common Stock, \$0.01 par value, 100 shares authorized and outstanding at 2020 and 2019	—	—
Additional paid-in capital	9,143	9,143

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Piedmont Natural Gas Company, Inc.		3	3
Noncontrolling interests			
Docket No. G-9, Sub 781			
G-1, Item 30			
Attachment 13 of 16			
Total equity		15,877	15,593
Total Liabilities and Equity		\$ 57,338	\$ 57,694

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 283	\$ 248
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	552	546
Equity component of AFUDC	(14)	(15)
Losses on sales of other assets	1	—
Deferred income taxes	80	82
Payments for asset retirement obligations	(79)	(75)
Provision for rate refunds	2	6
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	1	1
Receivables	149	187
Receivables from affiliated companies	27	122
Inventory	(40)	(18)
Other current assets	43	35
Increase (decrease) in		
Accounts payable	(211)	(196)
Accounts payable to affiliated companies	19	(94)
Taxes accrued	71	26
Other current liabilities	(128)	(196)
Other assets	(41)	(111)
Other liabilities	(56)	(7)
Net cash provided by operating activities	659	541
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(972)	(1,012)
Purchases of debt and equity securities	(651)	(409)
Proceeds from sales and maturities of debt and equity securities	643	405
Notes receivable from affiliated companies	164	(31)
Other	(39)	(45)
Net cash used in investing activities	(855)	(1,092)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	1,295
Payments for the redemption of long-term debt	(283)	(1,132)
Notes payable to affiliated companies	479	370
Other	(1)	1
Net cash provided by financing activities	195	534
Net decrease in cash, cash equivalents and restricted cash	(1)	(17)
Cash, cash equivalents and restricted cash at beginning of period	126	112
Cash, cash equivalents and restricted cash at end of period	\$ 125	\$ 95
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 310	\$ 310

See Notes to Condensed Consolidated Financial Statements

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Accumulated Other Comprehensive Loss														
	Additional Paid-in Capital		Retained Earnings	Net Losses on Cash Flow Hedges	Net Unrealized Losses on Available-for- Sale Securities	Pension and OPEB Adjustments	Total Progress Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity						
Balance at December 31, 2018	\$	9,143	\$	5,131	\$	(12)	\$	(1)	\$	(7)	\$	14,254	\$	3	\$14,257
Net income (loss)		—		249		—		—		—		249		(1)	248
Other comprehensive income		—		—		2		—		1		3		—	3
Other ^(a)		—		6		(4)		—		(2)		—		—	—
Balance at March 31, 2019	\$	9,143	\$	5,386	\$	(14)	\$	(1)	\$	(8)	\$	14,506	\$	2	\$14,508
Balance at December 31, 2019	\$	9,143	\$	6,465	\$	(10)	\$	(1)	\$	(7)	\$	15,590	\$	3	\$15,593
Net income		—		283		—		—		—		283		—	283
Other comprehensive income		—		—		1		1		—		2		—	2
Other		—		(1)		—		—		—		(1)		—	(1)
Balance at March 31, 2020	\$	9,143	\$	6,747	\$	(9)	\$	—	\$	(7)	\$	15,874	\$	3	\$15,877

(a) Amounts in Retained Earnings and Accumulated Other Comprehensive Loss primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
Operating Revenues	\$ 1,338	\$ 1,484
Operating Expenses		
Fuel used in electric generation and purchased power	405	515
Operation, maintenance and other	305	335
Depreciation and amortization	287	290
Property and other taxes	47	44
Total operating expenses	1,044	1,184
Losses on Sales of Other Assets and Other, net	(1)	—
Operating Income	293	300
Other Income and Expenses, net	22	24
Interest Expense	69	77
Income Before Income Taxes	246	247
Income Tax Expense	42	44
Net Income and Comprehensive Income	\$ 204	\$ 203

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 32	\$ 22
Receivables (net of allowance for doubtful accounts of \$2 at 2020 and \$3 at 2019)	77	123
Receivables of VIEs (net of allowance for doubtful accounts of \$7 at 2020 and \$5 at 2019)	410	489
Receivables from affiliated companies	50	52
Inventory	956	934
Regulatory assets	503	526
Other	48	60
Total current assets	2,076	2,206
Property, Plant and Equipment		
Cost	34,898	34,603
Accumulated depreciation and amortization	(12,114)	(11,915)
Generation facilities to be retired, net	31	246
Net property, plant and equipment	22,815	22,934
Other Noncurrent Assets		
Regulatory assets	4,392	4,152
Nuclear decommissioning trust funds	2,644	3,047
Operating lease right-of-use assets, net	377	387
Other	682	651
Total other noncurrent assets	8,095	8,237
Total Assets	\$ 32,986	\$ 33,377
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 319	\$ 629
Accounts payable to affiliated companies	208	203
Notes payable to affiliated companies	229	66
Taxes accrued	43	17
Interest accrued	90	110
Current maturities of long-term debt	1,006	1,006
Asset retirement obligations	421	485
Regulatory liabilities	263	236
Other	429	478
Total current liabilities	3,008	3,230
Long-Term Debt		
	7,903	7,902
Long-Term Debt Payable to Affiliated Companies		
	150	150
Other Noncurrent Liabilities		
Deferred income taxes	2,446	2,388
Asset retirement obligations	5,442	5,408
Regulatory liabilities	3,790	4,232
Operating lease liabilities	344	354
Accrued pension and other post-retirement benefit costs	235	238
Investment tax credits	135	137
Other	83	92
Total other noncurrent liabilities	12,475	12,849
Commitments and Contingencies		
Equity		
Member's Equity	9,450	9,246
Total Liabilities and Equity	\$ 32,986	\$ 33,377

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FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 204	\$ 203
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	331	336
Equity component of AFUDC	(10)	(14)
Losses on sales of other assets	1	—
Deferred income taxes	43	33
Payments for asset retirement obligations	(75)	(68)
Provision for rate refunds	2	6
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(2)	(3)
Receivables	133	87
Receivables from affiliated companies	2	(5)
Inventory	(22)	(5)
Other current assets	54	96
Increase (decrease) in		
Accounts payable	(220)	(196)
Accounts payable to affiliated companies	5	(57)
Taxes accrued	26	(4)
Other current liabilities	(73)	(109)
Other assets	(51)	(47)
Other liabilities	(8)	(7)
Net cash provided by operating activities	340	246
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(466)	(548)
Purchases of debt and equity securities	(550)	(315)
Proceeds from sales and maturities of debt and equity securities	540	308
Notes receivable from affiliated companies	—	(38)
Other	(16)	(20)
Net cash used in investing activities	(492)	(613)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	1,270
Payments for the redemption of long-term debt	(1)	(601)
Notes payable to affiliated companies	163	(294)
Other	—	(1)
Net cash provided by financing activities	162	374
Net increase in cash and cash equivalents	10	7
Cash and cash equivalents at beginning of period	22	23
Cash and cash equivalents at end of period	\$ 32	\$ 30
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 87	\$ 117

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

		Member's Equity
(in millions)		
Balance at December 31, 2018	\$	8,441
Net income		203
Balance at March 31, 2019	\$	8,644
Balance at December 31, 2019	\$	9,246
Net income		204
Balance at March 31, 2020	\$	9,450

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FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
Operating Revenues	\$ 1,080	\$ 1,086
Operating Expenses		
Fuel used in electric generation and purchased power	358	410
Operation, maintenance and other	245	230
Depreciation and amortization	165	165
Property and other taxes	88	93
Total operating expenses	856	898
Operating Income	224	188
Other Income and Expenses, net	10	13
Interest Expense	84	82
Income Before Income Taxes	150	119
Income Tax Expense	30	23
Net Income	\$ 120	\$ 96
Other Comprehensive Income, net of tax		
Unrealized gains on available-for-sale securities	1	1
Comprehensive Income	\$ 121	\$ 97

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2020		December 31, 2019	
ASSETS				
Current Assets				
Cash and cash equivalents	\$	12	\$	17
Receivables (net of allowance for doubtful accounts of \$6 at 2020 and \$3 at 2019)		80		96
Receivables of VIEs (net of allowance for doubtful accounts of \$5 at 2020 and \$4 at 2019)		335		341
Notes receivable from affiliated companies		—		173
Inventory		508		489
Regulatory assets (includes \$53 at 2020 and \$52 at 2019 related to VIEs)		451		419
Other (includes \$13 at 2020 and \$39 at 2019 related to VIEs)		37		58
Total current assets		1,423		1,593
Property, Plant and Equipment				
Cost		20,880		20,457
Accumulated depreciation and amortization		(5,339)		(5,236)
Net property, plant and equipment		15,541		15,221
Other Noncurrent Assets				
Regulatory assets (includes \$980 at 2020 and \$989 at 2019 related to VIEs)		2,097		2,194
Nuclear decommissioning trust funds		691		734
Operating lease right-of-use assets, net		386		401
Other		329		311
Total other noncurrent assets		3,503		3,640
Total Assets	\$	20,467	\$	20,454
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	\$	411	\$	474
Accounts payable to affiliated companies		111		131
Notes payable to affiliated companies		305		—
Taxes accrued		74		43
Interest accrued		79		75
Current maturities of long-term debt (includes \$54 at 2020 and 2019 related to VIEs)		322		571
Regulatory liabilities		84		94
Other		383		415
Total current liabilities		1,769		1,803
Long-Term Debt (includes \$1,278 at 2020 and \$1,307 at 2019 related to VIEs)		7,384		7,416
Other Noncurrent Liabilities				
Deferred income taxes		2,192		2,179
Asset retirement obligations		578		578
Regulatory liabilities		918		993
Operating lease liabilities		334		343
Accrued pension and other post-retirement benefit costs		214		218
Other		169		136
Total other noncurrent liabilities		4,405		4,447
Commitments and Contingencies				
Equity				
Member's equity		6,909		6,789
Accumulated other comprehensive loss		—		(1)
Total equity		6,909		6,788
Total Liabilities and Equity	\$	20,467	\$	20,454

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 120	\$ 96
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	219	207
Equity component of AFUDC	(4)	(1)
Deferred income taxes	34	45
Payments for asset retirement obligations	(5)	(7)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	3	2
Receivables	15	55
Receivables from affiliated companies	—	(6)
Inventory	(19)	(13)
Other current assets	7	(35)
Increase (decrease) in		
Accounts payable	11	—
Accounts payable to affiliated companies	(20)	(62)
Taxes accrued	31	20
Other current liabilities	(58)	(84)
Other assets	13	(63)
Other liabilities	(46)	(1)
Net cash provided by operating activities	301	153
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(506)	(422)
Purchases of debt and equity securities	(101)	(95)
Proceeds from sales and maturities of debt and equity securities	103	97
Notes receivable from affiliated companies	173	—
Other	(23)	(25)
Net cash used in investing activities	(354)	(445)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	25
Payments for the redemption of long-term debt	(282)	(81)
Notes payable to affiliated companies	305	291
Other	(1)	2
Net cash provided by financing activities	22	237
Net decrease in cash, cash equivalents and restricted cash	(31)	(55)
Cash, cash equivalents and restricted cash at beginning of period	56	75
Cash, cash equivalents and restricted cash at end of period	\$ 25	\$ 20
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 223	\$ 193

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)			Accumulated Other Comprehensive Income (Loss)		Total Equity
	Member's Equity	Available-for-Sale Securities	Net Unrealized Gains on		
Balance at December 31, 2018	\$ 6,097	\$ (2)	\$		6,095
Net income	96	—			96
Other comprehensive income	—	1			1
Balance at March 31, 2019	\$ 6,193	\$ (1)	\$		6,192
Balance at December 31, 2019	\$ 6,789	\$ (1)	\$		6,788
Net income	120	—			120
Other comprehensive income	—	1			1
Balance at March 31, 2020	\$ 6,909	\$ —	\$		6,909

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
Operating Revenues		
Regulated electric	\$ 346	\$ 355
Regulated natural gas	152	176
Total operating revenues	498	531
Operating Expenses		
Fuel used in electric generation and purchased power	87	93
Cost of natural gas	37	54
Operation, maintenance and other	123	132
Depreciation and amortization	68	64
Property and other taxes	83	84
Total operating expenses	398	427
Operating Income	100	104
Other Income and Expenses, net	3	9
Interest Expense	24	30
Income Before Income Taxes	79	83
Income Tax Expense	14	14
Net Income and Comprehensive Income	\$ 65	\$ 69

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 14	\$ 17
Receivables (net of allowance for doubtful accounts of \$5 at 2020 and \$4 at 2019)	84	84
Receivables from affiliated companies	52	92
Inventory	121	135
Regulatory assets	33	49
Other	11	21
Total current assets	315	398
Property, Plant and Equipment		
Cost	10,401	10,241
Accumulated depreciation and amortization	(2,883)	(2,843)
Net property, plant and equipment	7,518	7,398
Other Noncurrent Assets		
Goodwill	920	920
Regulatory assets	567	549
Operating lease right-of-use assets, net	21	21
Other	56	52
Total other noncurrent assets	1,564	1,542
Total Assets	\$ 9,397	\$ 9,338
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 227	\$ 288
Accounts payable to affiliated companies	68	68
Notes payable to affiliated companies	399	312
Taxes accrued	170	219
Interest accrued	30	30
Asset retirement obligations	3	1
Regulatory liabilities	66	64
Other	68	75
Total current liabilities	1,031	1,057
Long-Term Debt	2,595	2,594
Long-Term Debt Payable to Affiliated Companies	25	25
Other Noncurrent Liabilities		
Deferred income taxes	942	922
Asset retirement obligations	78	79
Regulatory liabilities	760	763
Operating lease liabilities	20	21
Accrued pension and other post-retirement benefit costs	101	100
Other	97	94
Total other noncurrent liabilities	1,998	1,979
Commitments and Contingencies		
Equity		
Common Stock, \$8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2020 and 2019	762	762
Additional paid-in capital	2,776	2,776
Retained earnings	210	145
Total equity	3,748	3,683
Total Liabilities and Equity	\$ 9,397	\$ 9,338

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 65	\$ 69
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	69	65
Equity component of AFUDC	(1)	(3)
Deferred income taxes	14	20
Payments for asset retirement obligations	—	(1)
Provision for rate refunds	3	4
(Increase) decrease in		
Receivables	1	5
Receivables from affiliated companies	40	35
Inventory	14	15
Other current assets	8	(6)
Increase (decrease) in		
Accounts payable	(19)	(5)
Accounts payable to affiliated companies	—	(8)
Taxes accrued	(49)	(45)
Other current liabilities	2	14
Other assets	(2)	(10)
Other liabilities	(8)	(4)
Net cash provided by operating activities	137	145
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(217)	(233)
Notes receivable from affiliated companies	—	(463)
Other	(10)	(11)
Net cash used in investing activities	(227)	(707)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	794
Notes payable to affiliated companies	87	(236)
Net cash provided by financing activities	87	558
Net decrease in cash and cash equivalents	(3)	(4)
Cash and cash equivalents at beginning of period	17	21
Cash and cash equivalents at end of period	\$ 14	\$ 17
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 66	\$ 68

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

		Common	Additional	Retained	Total
(in millions)		Stock	Paid-in	Earnings	Equity
			Capital	(Deficit)	
Balance at December 31, 2018	\$	762	\$ 2,776	\$ (93)	\$ 3,445
Net income		—	—	69	69
Balance at March 31, 2019	\$	762	\$ 2,776	\$ (24)	\$ 3,514
Balance at December 31, 2019	\$	762	\$ 2,776	\$ 145	\$ 3,683
Net income		—	—	65	65
Balance at March 31, 2020	\$	762	\$ 2,776	\$ 210	\$ 3,748

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FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
Operating Revenues	\$ 692	\$ 768
Operating Expenses		
Fuel used in electric generation and purchased power	194	257
Operation, maintenance and other	186	189
Depreciation and amortization	132	131
Property and other taxes	22	19
Total operating expenses	534	596
Losses on Sales of Other Assets and Other, net	—	(3)
Operating Income	158	169
Other Income and Expenses, net	10	19
Interest Expense	43	43
Income Before Income Taxes	125	145
Income Tax Expense	26	35
Net Income and Comprehensive Income	\$ 99	\$ 110

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2020		December 31, 2019	
ASSETS				
Current Assets				
Cash and cash equivalents	\$	15	\$	25
Receivables (net of allowance for doubtful accounts of \$3 at 2020 and 2019)		50		60
Receivables from affiliated companies		76		79
Notes receivable from affiliated companies		543		—
Inventory		538		517
Regulatory assets		78		90
Other		36		60
Total current assets		1,336		831
Property, Plant and Equipment				
Cost		16,481		16,305
Accumulated depreciation and amortization		(5,349)		(5,233)
Net property, plant and equipment		11,132		11,072
Other Noncurrent Assets				
Regulatory assets		1,098		1,082
Operating lease right-of-use assets, net		57		57
Other		214		234
Total other noncurrent assets		1,369		1,373
Total Assets	\$	13,837	\$	13,276
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	\$	157	\$	201
Accounts payable to affiliated companies		66		87
Notes payable to affiliated companies		—		30
Taxes accrued		81		49
Interest accrued		60		58
Current maturities of long-term debt		503		503
Asset retirement obligations		181		189
Regulatory liabilities		46		55
Other		92		112
Total current liabilities		1,186		1,284
Long-Term Debt		3,950		3,404
Long-Term Debt Payable to Affiliated Companies		150		150
Other Noncurrent Liabilities				
Deferred income taxes		1,158		1,150
Asset retirement obligations		645		643
Regulatory liabilities		1,672		1,685
Operating lease liabilities		54		55
Accrued pension and other post-retirement benefit costs		148		148
Investment tax credits		170		164
Other		30		18
Total other noncurrent liabilities		3,877		3,863
Commitments and Contingencies				
Equity				
Member's Equity		4,674		4,575
Total Liabilities and Equity	\$	13,837	\$	13,276

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 99	\$ 110
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	133	132
Equity component of AFUDC	(6)	(4)
Losses on sale of other assets	—	3
Deferred income taxes	16	28
Payments for asset retirement obligations	(12)	(11)
(Increase) decrease in		
Receivables	15	4
Receivables from affiliated companies	3	20
Inventory	(21)	(13)
Other current assets	25	19
Increase (decrease) in		
Accounts payable	(13)	8
Accounts payable to affiliated companies	(21)	(11)
Taxes accrued	43	20
Other current liabilities	(27)	(15)
Other assets	(4)	12
Other liabilities	8	6
Net cash provided by operating activities	238	308
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(210)	(208)
Purchases of debt and equity securities	(5)	(6)
Proceeds from sales and maturities of debt and equity securities	2	4
Notes receivable from affiliated companies	(543)	—
Other	(6)	(11)
Net cash used in investing activities	(762)	(221)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	544	—
Payments for the redemption of long-term debt	—	(60)
Notes payable to affiliated companies	(30)	(31)
Net cash provided by (used in) financing activities	514	(91)
Net decrease in cash and cash equivalents	(10)	(4)
Cash and cash equivalents at beginning of period	25	24
Cash and cash equivalents at end of period	\$ 15	\$ 20
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 70	\$ 76

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

		Member's Equity
(in millions)		
Balance at December 31, 2018	\$	4,339
Net income		110
Balance at March 31, 2019	\$	4,449
Balance at December 31, 2019	\$	4,575
Net income		99
Balance at March 31, 2020	\$	4,674

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FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
Operating Revenues	\$ 512	\$ 579
Operating Expenses		
Cost of natural gas	162	273
Operation, maintenance and other	80	80
Depreciation and amortization	45	42
Property and other taxes	12	12
Total operating expenses	299	407
Operating Income	213	172
Other Income and Expenses, net	12	6
Interest Expense	27	22
Income Before Income Taxes	198	156
Income Tax Expense	20	34
Net Income and Comprehensive Income	\$ 178	\$ 122

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4	\$ —
Receivables (net of allowance for doubtful accounts of \$9 at 2020 and \$6 at 2019)	191	241
Receivables from affiliated companies	13	10
Inventory	39	72
Regulatory assets	96	73
Other	13	28
Total current assets	356	424
Property, Plant and Equipment		
Cost	8,653	8,446
Accumulated depreciation and amortization	(1,703)	(1,681)
Net property, plant and equipment	6,950	6,765
Other Noncurrent Assets		
Goodwill	49	49
Regulatory assets	263	290
Operating lease right-of-use assets, net	23	24
Investments in equity method unconsolidated affiliates	84	83
Other	132	121
Total other noncurrent assets	551	567
Total Assets	\$ 7,857	\$ 7,756
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 145	\$ 215
Accounts payable to affiliated companies	12	3
Notes payable to affiliated companies	486	476
Taxes accrued	36	24
Interest accrued	32	33
Regulatory liabilities	91	81
Other	54	67
Total current liabilities	856	899
Long-Term Debt	2,385	2,384
Other Noncurrent Liabilities		
Deferred income taxes	742	708
Asset retirement obligations	17	17
Regulatory liabilities	1,087	1,131
Operating lease liabilities	22	23
Accrued pension and other post-retirement benefit costs	7	3
Other	121	148
Total other noncurrent liabilities	1,996	2,030
Commitments and Contingencies		
Equity		
Common stock, no par value: 100 shares authorized and outstanding at 2020 and 2019	1,310	1,310
Retained earnings	1,310	1,133
Total equity	2,620	2,443
Total Liabilities and Equity	\$ 7,857	\$ 7,756

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 178	\$ 122
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	46	42
Equity component of AFUDC	(5)	—
Deferred income taxes	12	23
Equity in earnings from unconsolidated affiliates	(2)	(2)
Provision for rate refunds	(18)	7
(Increase) decrease in		
Receivables	65	27
Receivables from affiliated companies	(3)	12
Inventory	33	45
Other current assets	(9)	22
Increase (decrease) in		
Accounts payable	(76)	(44)
Accounts payable to affiliated companies	9	(4)
Taxes accrued	12	(49)
Other current liabilities	(12)	15
Other assets	1	(3)
Other liabilities	(1)	(5)
Net cash provided by operating activities	230	208
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(231)	(209)
Other	(5)	(2)
Net cash used in investing activities	(236)	(211)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable to affiliated companies	10	3
Net cash provided by financing activities	10	3
Net increase in cash and cash equivalents	4	—
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	\$ 4	\$ —
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 114	\$ 92

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)		Common Stock		Retained Earnings		Total Equity
Balance at December 31, 2018	\$	1,160	\$	931	\$	2,091
Net income		—		122		122
Balance at March 31, 2019	\$	1,160	\$	1,053	\$	2,213
Balance at December 31, 2019	\$	1,310	\$	1,133	\$	2,443
Net income		—		178		178
Other		—		(1)		(1)
Balance at March 31, 2020	\$	1,310	\$	1,310	\$	2,620

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Index to Combined Notes to Condensed Consolidated Financial Statements

The unaudited notes to the Condensed Consolidated Financial Statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

Registrant	Applicable Notes															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Duke Energy
Duke Energy Carolinas
Progress Energy
Duke Energy Progress
Duke Energy Florida
Duke Energy Ohio
Duke Energy Indiana
Piedmont

Tables within the notes may not sum across due to (i) Progress Energy's consolidation of Duke Energy Progress, Duke Energy Florida and other subsidiaries that are not registrants and (ii) subsidiaries that are not registrants but included in the consolidated Duke Energy balances.

1. ORGANIZATION AND BASIS OF PRESENTATION

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2019.

The information in these combined notes relates to each of the Duke Energy Registrants as noted in the Index to Combined Notes to Condensed Consolidated Financial Statements. However, none of the registrants make any representations as to information related solely to Duke Energy or the subsidiaries of Duke Energy other than itself.

These Condensed Consolidated Financial Statements, in the opinion of the respective companies' management, reflect all normal recurring adjustments necessary to fairly present the financial position and results of operations of each of the Duke Energy Registrants. Amounts reported in Duke Energy's interim Condensed Consolidated Statements of Operations and each of the Subsidiary Registrants' interim Condensed Consolidated Statements of Operations and Comprehensive Income are not necessarily indicative of amounts expected for the respective annual periods due to effects of seasonal temperature variations on energy consumption, regulatory rulings, timing of maintenance on electric generating units, changes in mark-to-market valuations, changing commodity prices and other factors.

In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

BASIS OF CONSOLIDATION

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries or VIEs where the respective Duke Energy Registrants have control. See Note 11 for additional information on VIEs. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities.

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic, and President Trump proclaimed that the COVID-19 outbreak in the United States constitutes a national emergency. The COVID-19 pandemic has not had a material financial impact on the Duke Energy Registrants as of March 31, 2020; however, the extent to which the COVID-19 pandemic will impact the Duke Energy Registrants during 2020 and beyond is uncertain at this time. The Duke Energy Registrants are monitoring developments closely. See Notes 3, 5, 11, 12 and 15 for information on COVID-19 and steps taken to mitigate the impacts to our business and customers.

NONCONTROLLING INTEREST

Duke Energy maintains a controlling financial interest in certain less than wholly owned nonregulated subsidiaries. As a result, Duke Energy consolidates these subsidiaries and presents the third-party investors' portion of Duke Energy's net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Condensed Consolidated Balance Sheet.

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Several operating agreements of Duke Energy's subsidiaries with noncontrolling interest are subject to allocations of earnings, tax attributes and cash flows in accordance with contractual agreements that vary throughout the lives of the subsidiaries. Therefore, Duke Energy and the other investors' (the owners) interests in the subsidiaries are not fixed and the subsidiaries apply the Hypothetical Liquidation at Book Value (HLBV) method in allocating income or loss and other comprehensive income or loss (all measured on a pretax basis) to the owners. The HLBV method measures the amounts that each owner would hypothetically claim at each balance sheet reporting date, including tax benefits realized by the owners, upon a hypothetical liquidation of the subsidiary at the net book value of its underlying assets. The change in the amount that each owner would hypothetically receive at the reporting date compared to the amount it would have received on the previous reporting date represents the amount of income or loss allocated to each owner for the reporting period. Duke Energy has received \$103 million for the sale of noncontrolling interests to tax equity members for the three months ended March 31, 2020. Duke Energy allocated approximately \$49 million and \$7 million of losses to noncontrolling tax equity members utilizing the HLBV method for the three months ended March 31, 2020, and March 31, 2019, respectively.

Other operating agreements of Duke Energy's subsidiaries with noncontrolling interest allocate profit and loss based on their pro rata shares of the ownership interest in the respective subsidiary. Therefore, Duke Energy allocates net income or loss and other comprehensive income or loss of these subsidiaries to the owners based on their pro rata shares.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Duke Energy, Progress Energy and Duke Energy Florida have restricted cash balances related primarily to collateral assets, escrow deposits and VIEs. See Note 11 for additional information. Restricted cash amounts are included in Other within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets. The following table presents the components of cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets.

	March 31, 2020			December 31, 2019		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	\$ 1,450	\$ 52	\$ 12	\$ 311	\$ 48	\$ 17
Other	185	13	13	222	39	39
Other Noncurrent Assets						
Other	63	60	—	40	39	—
Total cash, cash equivalents and restricted cash	\$ 1,698	\$ 125	\$ 25	\$ 573	\$ 126	\$ 56

INVENTORY

Provisions for inventory write-offs were not material at March 31, 2020, and December 31, 2019. The components of inventory are presented in the tables below.

	March 31, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
(in millions)								
Materials and supplies	\$ 2,280	\$ 759	\$ 1,018	\$ 678	\$ 340	\$ 83	\$ 319	\$ 5
Coal	742	268	246	167	79	10	218	—
Natural gas, oil and other fuel	302	40	199	111	89	28	1	34
Total inventory	\$ 3,324	\$ 1,067	\$ 1,463	\$ 956	\$ 508	\$ 121	\$ 538	\$ 39

	December 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
(in millions)								
Materials and supplies	\$ 2,297	\$ 768	\$ 1,038	\$ 686	\$ 351	\$ 79	\$ 318	\$ 5
Coal	586	187	186	138	48	15	198	—
Natural gas, oil and other fuel	349	41	199	110	90	41	1	67
Total inventory	\$ 3,232	\$ 996	\$ 1,423	\$ 934	\$ 489	\$ 135	\$ 517	\$ 72

NEW ACCOUNTING STANDARDS

The following new accounting standard was adopted by the Duke Energy Registrants in 2020.

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Current Expected Credit Losses. In June 2016, the FASB issued new accounting guidance for credit losses. Duke Energy adopted the new accounting guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year results. Duke Energy did not adopt any practical expedients.

Duke Energy recognizes allowances for credit losses based on management's estimate of losses expected to be incurred over the lives of certain assets or guarantees. Management monitors credit quality, changes in expected credit losses and the appropriateness of the allowance for credit losses on a forward-looking basis. Management reviews the risk of loss periodically as part of the existing assessment of collectability of receivables.

Duke Energy reviews the credit quality of its counterparties as part of its regular risk management process and requires credit enhancements, such as deposits or letters of credit, as appropriate and as allowed by regulators.

Duke Energy recorded cumulative effects of changes in accounting principles related to the adoption of new credit loss standard, for allowances for credit losses of trade and other receivables, insurance receivables and financial guarantees. These amounts are included in the Condensed Consolidated Balance Sheets in Receivables, Receivables of VIEs, Other Noncurrent Assets and Other Noncurrent Liabilities. See Notes 4 and 12 for more information.

Duke Energy recorded an adjustment for the cumulative effect of a change in accounting principle due to the adoption of this standard on January 1, 2020, as shown in the table below:

(in millions)	January 1, 2020					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Piedmont
Total pretax impact to Retained Earnings	\$ 120	\$ 16	\$ 2	\$ 1	\$ 1	\$ 1

The following new accounting standard has been issued but not yet adopted by the Duke Energy Registrants as of March 31, 2020.

Reference Rate Reform. In March 2020, the FASB issued new accounting guidance for reference rate reform. This guidance is elective and provides expedients to facilitate financial reporting for the anticipated transition away from the London Inter-bank Offered Rate (LIBOR) and other interbank reference rates by the end of 2021. The optional expedients are effective for modification of existing contracts or new arrangements executed between March 12, 2020, through December 31, 2022.

Duke Energy has variable-rate debt and manages interest rate risk by entering into financial contracts including interest rate swaps that are generally indexed to LIBOR. Impacted financial arrangements extending beyond 2021 may require contractual amendment or termination to fully adapt to a post-LIBOR environment. Duke Energy is assessing these financial arrangements and is evaluating the use of optional expedients outlined in the new accounting guidance. Alternative index provisions are also being assessed and incorporated into new financial arrangements that extend beyond 2021.

2. BUSINESS SEGMENTS

Duke Energy

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment primarily includes Duke Energy's regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment includes Piedmont, Duke Energy's natural gas local distribution companies in Ohio and Kentucky, and Duke Energy's natural gas storage and midstream pipeline investments. The Commercial Renewables segment is primarily comprised of nonregulated utility-scale wind and solar generation assets located throughout the U.S. The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of interest expense on holding company debt, unallocated corporate costs, Duke Energy's wholly owned captive insurance company, Bison, and Duke Energy's interest in National Methanol Company.

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BUSINESS SEGMENTS

Business segment information is presented in the following tables. Segment assets presented exclude intercompany assets.

	Three Months Ended March 31, 2020							
	Electric	Gas		Total				
	Utilities and	Utilities and	Commercial	Reportable				
(in millions)	Infrastructure	Infrastructure	Renewables	Segments	Other	Eliminations		Total
Unaffiliated revenues	\$ 5,174	\$ 640	\$ 129	\$ 5,943	\$ 6	\$ —		\$ 5,949
Intersegment revenues	9	24	—	33	17	(50)		—
Total revenues	\$ 5,183	\$ 664	\$ 129	\$ 5,976	\$ 23	\$ (50)		\$ 5,949
Segment income (loss) ^(a)	\$ 705	\$ 249	\$ 57	\$ 1,011	\$ (112)	\$ —		\$ 899
Add: Noncontrolling interests ^(b)								(48)
Add: Preferred stock dividend								39
Net income								\$ 890
Segment assets	\$ 134,838	\$ 14,098	\$ 6,184	\$ 155,120	\$ 4,964	\$ (12)		\$ 160,072

	Three Months Ended March 31, 2019														
	Electric		Gas		Total										
	Utilities and		Utilities and		Commercial	Reportable									
(in millions)	Infrastructure		Infrastructure		Renewables	Segments	Other	Eliminations	Total						
Unaffiliated revenues	\$	5,321	\$	732	\$	106	\$	6,159	\$	4	\$	—	\$	6,163	
Intersegment revenues		8		24		—		32		17		(49)		—	
Total revenues	\$	5,329	\$	756	\$	106	\$	6,191	\$	21	\$	(49)	\$	6,163	
Segment income (loss)	\$	750	\$	226	\$	13	\$	989	\$	(89)	\$	—	\$	900	
Add: Noncontrolling interests ^(b)														(7)	
Net income														\$	893

- (a) Other includes a \$98 million reversal, included in Operations, maintenance and other on the Condensed Consolidated Statements of Operations, of 2018 severance costs due to the partial settlement of the Duke Energy Carolina's 2019 North Carolina rate case. See Note 3 for additional information.
- (b) Includes the allocation of losses to noncontrolling tax equity members. See Note 1 for additional information.

Duke Energy Ohio

Duke Energy Ohio has two reportable segments, Electric Utilities and Infrastructure and Gas Utilities and Infrastructure. The remainder of Duke Energy Ohio's operations is presented as Other.

	Three Months Ended March 31, 2020											
	Electric		Gas		Total							
	Utilities and		Utilities and		Reportable							
(in millions)	Infrastructure		Infrastructure		Segments		Other	Eliminations	Total			
Total revenues	\$	346	\$	152	\$	498	\$	—	\$	498		
Segment income/Net (loss) income	\$	30	\$	36	\$	66	\$	(1)	\$	65		
Segment assets	\$	6,238	\$	3,135	\$	9,373	\$	26	\$	(2)	\$	9,397

	Three Months Ended March 31, 2019						
	Electric		Gas		Total		
	Utilities and		Utilities and		Reportable		
(in millions)	Infrastructure		Infrastructure		Segments	Other	Total
Total revenues	\$ 355	\$	176	\$	531	\$ —	\$ 531
Segment income/Net (loss) income	\$ 36	\$	35	\$	71	\$ (2)	\$ 69

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

The NCUC, PSCSC, FPSC, IURC, PUCO, TPUC and KPSC approve rates for retail electric and natural gas services within their states. The FERC approves rates for electric sales to wholesale customers served under cost-based rates (excluding Ohio and Indiana), as well as sales of transmission service. The FERC also regulates certification and

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FINANCIAL STATEMENTS

REGULATORY MATTERS

Duke Energy Carolinas and Duke Energy Progress

COVID-19 Filings

North Carolina

On March 10, 2020, Governor Roy Cooper issued Executive Order No. 116 declaring a state of emergency due to the COVID-19 pandemic. In an effort to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 19, 2020, Duke Energy Carolinas and Duke Energy Progress filed a request with the NCUC seeking authorization to waive: (1) any late payment charges incurred by a residential or nonresidential customer, effective March 21, 2020; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit; and (4) the fees and charges associated with the use of credit cards or debit cards to pay residential electric utility bills, effective March 21, 2020. The NCUC granted the companies' request on March 20, 2020.

On March 31, 2020, the governor issued Executive Order No. 124, which, in addition to requiring the steps in the NCUC order noted above, stated that nothing in Executive Order No. 124 shall relieve a customer of its obligation to pay bills for receipt of utility services provided. Executive Order No. 124 remains in effect for 60 days unless otherwise rescinded or replaced with a superseding Executive Order.

On March 31, 2020, the Carolina Utility Customers Association (CUCA) filed a petition with the NCUC to temporarily suspend minimum demand charges for commercial and industrial customers. On April 2, 2020, the NCUC issued an order requiring the North Carolina Public Staff (Public Staff) and Duke Energy Carolinas, Duke Energy Progress and other utilities to file responses. On April 9, 2020, Duke Energy Carolinas and Duke Energy Progress filed responses to CUCA's petition opposing CUCA's request. The companies assert that voiding commission-approved tariffs and allowing all commercial and industrial customers on the requested rate schedules to avoid paying a portion of their bills is not legally permissible and would result in these costs unfairly being shifted to other customers that are already paying their respective fair share of similar fixed components. Pursuant to the NCUC's April 2 order, reply comments were filed by CUCA, the Public Staff and Duke Energy Carolinas and Duke Energy Progress on April 15, 2020. A final order from the NCUC deciding CUCA's request is pending. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

South Carolina

On March 13, 2020, Governor Henry McMaster issued Executive Order No. 2020-08 declaring a state of emergency due to the COVID-19 pandemic. The governor also issued a letter on March 14, 2020, to the ORS Executive Director regarding the suspension of disconnection of essential utility services for nonpayment. On March 16, 2020, citing the governor's letter, the ORS filed a request asking the PSCSC to grant waivers so that utilities could suspend disconnections of utility services for nonpayment. Duke Energy Carolinas and Duke Energy Progress supported such motion. On March 18, 2020, the PSCSC issued an order approving such waivers, and also approved waivers for regulations related to late fees and reconnect fees. The PSCSC's order also required utilities to track the financial impacts of actions taken pursuant to such waivers for possible reporting to the PSCSC.

On April 30, 2020, the ORS requested the PSCSC grant a waiver of the applicable regulations to allow customers the flexibility to obtain deferred payment plans longer than 6 months for past-due amounts. On May 5, 2020, Duke Energy Carolinas and Duke Energy Progress filed responsive comments stating that while utility bills will remain due, Duke Energy Carolinas and Duke Energy Progress do not plan to immediately reinstitute disconnection upon the expiration of the state of emergency and intend to work through a potential grace period as economic recovery begins. Duke Energy Carolinas and Duke Energy Progress also concurred with the observation of the ORS that reduced usage is impacting the fixed cost recovery and revenue assumptions included in rates. Those costs include not only ongoing operational and financing costs necessary to serve customers, but also the borrowings necessary to support extended payment arrangements that will be an important part of emerging from the COVID-19 pandemic. Duke Energy Carolinas and Duke Energy Progress will continue to track such costs, lost revenues and potential cost savings for future evaluation by the PSCSC.

Additionally, on May 8, 2020, the ORS filed a motion for the PSCSC to solicit comments from utilities and interested stakeholders regarding measures to be taken to mitigate impacts of COVID-19 on utility customers and require recordkeeping. In a detailed motion, the ORS specifically asked the PSCSC to: (1) solicit input from utilities regarding the temporary mitigation measures to address COVID-19; (2) request utilities to inform the PSCSC of the plans utilities have to return to normalized operations; (3) require utilities to track revenue impacts, incremental costs and savings related to COVID-19 and file the findings with the PSCSC on a quarterly basis; and (4) include any other matters that the PSCSC believes should be addressed. The ORS requests that such comments be filed within 30 days of a PSCSC order approving the motion. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

2017 North Carolina Rate Case

On August 25, 2017, Duke Energy Carolinas filed an application with the NCUC for a rate increase for retail customers of approximately \$647 million, which represented an approximate 13.6% increase in annual base revenues. The request for rate increase was driven by capital investments subsequent to the previous base rate case, including the William States Lee Combined Cycle Facility, grid improvement projects, AML, investments in customer service technologies, costs of complying with CCR regulations and the Coal Ash Act and recovery of costs related to licensing and development of the William States Lee III Nuclear Station.

On February 28, 2018, Duke Energy Carolinas and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt.

On June 22, 2018, the NCUC issued an order approving the Stipulation of Partial Settlement and requiring a revenue reduction.

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On July 20, 2018, the North Carolina Attorney General filed a Notice of Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction issued by the NCUC. The Attorney General contends the commission's order should be reversed and remanded, as it is in excess of the commission's statutory authority; affected by errors of law; unsupported by competent, material and substantial evidence in view of the entire record as submitted; and arbitrary or capricious. The Sierra Club, North Carolina Sustainable Energy Association, North Carolina Justice Center, North Carolina Housing Coalition, Nature Resource Defense Council and Southern Alliance for Clean Energy also filed Notices of Appeal to the North Carolina Supreme Court. On August 8, 2018, the Public Staff filed Notice of Cross Appeal to the North Carolina Supreme Court, which contends the commission's June 22, 2018, order should be reversed and remanded, as it is affected by errors of law, and is unsupported by substantial evidence with regard to the commission's failure to consider substantial evidence of coal ash related environmental violations. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Carolinas and Duke Energy Progress appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. On November 29, 2018, the North Carolina Supreme Court adopted a schedule for briefing set forth in the motion to consolidate the Duke Energy Carolinas and Duke Energy Progress appeals. Appellant briefs were filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Oral arguments before the North Carolina Supreme Court were held on March 11, 2020. Duke Energy Carolinas cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On September 30, 2019, Duke Energy Carolinas filed an application with the NCUC for a net rate increase for retail customers of approximately \$291 million, which represented an approximate 6% increase in annual base revenues. The gross rate case revenue increase request was \$445 million, which was offset by an EDIT rider of \$154 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for rate increase was driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Carolinas requested rates be effective no later than August 1, 2020. The NCUC established a procedural schedule with an evidentiary hearing to begin on March 23, 2020. On March 16, 2020, in consideration of public health and safety as a result of the COVID-19 pandemic, Duke Energy Carolinas filed a motion with the NCUC seeking a suspension of the procedural schedule in the rate case, including issuing discovery requests, and postponement of the evidentiary hearing for 60 days. Also on March 16, 2020, the NCUC issued an Order Postponing Hearing and Addressing Procedural Matters, which postponed the evidentiary hearing until further order by the commission.

On March 25, 2020, Duke Energy Carolinas and the Public Staff filed an Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain issues in the base rate proceeding. Major components of the settlement included:

- Removal of deferred storm costs from the rate case;
- Filing a petition seeking to securitize the deferred storm costs within 120 days of a commission order in this rate case regarding the reasonableness and prudence of the storm costs;
- Agreement of certain assumptions to demonstrate the quantifiable benefits to customers of a securitization financing; and
- Agreement on certain accounting matters, including recovery of employee incentives, severance, aviation costs and executive compensation.

On May 6, 2020, Duke Energy Carolinas, Duke Energy Progress and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. The joint motion suggests, health and safety permitting, that the commission consider the possibility of holding the consolidated hearing in July. If the NCUC grants the joint motion, Duke Energy Carolinas expects the NCUC to issue an order on its net rate increase by the end of the year. Duke Energy Carolinas cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Carolinas filed an application with the PSCSC for a rate increase for retail customers of approximately \$168 million, which represented an approximate 10% increase in retail revenues. The request for rate increase was driven by capital investments and environmental compliance progress made by Duke Energy Carolinas since its previous rate case, including the further implementation of Duke Energy Carolinas' generation modernization program, which consists of retiring, replacing and upgrading generation plants, investments in customer service technologies and continued investments in base work to maintain its transmission and distribution systems. The request included net tax benefits resulting from the Tax Act of \$66 million to reflect the change in ongoing tax expense, primarily from the reduction in the federal income tax rate from 35% to 21%. The request also included \$46 million to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change and benefits of \$17 million from a reduction in North Carolina state income taxes allocable to South Carolina (EDIT Rider).

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Duke Energy Carolinas also requested approval of its proposed Grid Improvement Plan (GIP), adjustments to its Prepaid Advantage Program and a variety of accounting orders related to ongoing costs for environmental compliance, including recovery over a five-year period of \$242 million of deferred coal ash related compliance costs, grid investments between rate changes, incremental depreciation expense, a result of new depreciation rates from the depreciation study approved in the 2017 North Carolina Rate Case above and the balance of development costs associated with the cancellation of the Lee Nuclear Project. Finally, Duke Energy Carolinas sought approval to establish a reserve and accrual for end-of-life nuclear costs for nuclear fuel and materials and supplies. On March 8, 2019, the ORS moved to establish a new and separate hearing docket to review and consider the GIP proposed by Duke Energy Carolinas. Subsequently, on March 12, 2019, the ORS and Duke Energy Carolinas executed a Stipulation resolving the ORS's motion. The Stipulation provided that costs incurred for the GIP after January 1, 2019, would be deferred with a return, subject to evaluation in a future rate proceeding. The Stipulation was approved by the PSCSC on June 19, 2019. On December 16, 2019, Duke Energy Carolinas and Duke Energy Progress filed a Joint Petition to Establish an Informational Docket for Review and Consideration of Grid Improvement Plans through which Duke Energy Carolinas and Duke Energy Progress would provide interested stakeholders information on the companies' grid activities. The PSCSC requested parties comment on procedural matters by January 31, 2020; accordingly, various groups filed comments, none of which opposed an informational docket. Duke Energy Carolinas cannot predict the outcome of this matter.

After hearings in March 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of cancellation of the Lee Nuclear Project, with Duke Energy Carolinas maintaining the Combined Operating License;
- Approval of recovery of \$125 million (South Carolina retail portion) of Lee Nuclear Project development costs (including AFUDC through December 2017) over a 12-year period, but denial of a return on the deferred balance of costs;
- Approval of recovery of \$96 million of coal ash costs over a five-year period with a return at Duke Energy Carolinas' WACC;
- Denial of recovery of \$115 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a \$66 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a \$45 million decrease through the EDIT Rider to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with the Average Rate Assumption Method (ARAM) for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a five-year period for the deferred revenues; and
- Approval of a \$17 million decrease through the EDIT Rider related to reductions in the North Carolina state income tax rate from 6.9% to 2.5% to be returned over a five-year period.

As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Carolinas filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Carolinas were prejudiced by unlawful, arbitrary and capricious rulings by the commission on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Carolinas' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Carolinas filed a notice of appeal on November 15, 2019, with the Supreme Court of South Carolina. On November 20, 2019, the South Carolina Energy Users Committee filed a Notice of Appeal and the ORS filed a Notice of Cross Appeal with the Supreme Court of South Carolina. On February 12, 2020, Duke Energy Carolinas and the ORS filed a joint motion to extend briefing schedule deadlines, which was approved by the Supreme Court of South Carolina on February 20, 2020. On March 10, 2020, the ORS filed a consent motion requesting withdrawal of their appeal. Initial briefs were filed on April 21, 2020. Response briefs and reply briefs are due July 6, 2020, and August 11, 2020, respectively. Also on April 21, 2020, the South Carolina Energy User's Committee filed a brief arguing that the PSCSC erred in allowing Duke Energy Carolinas' recovery of costs related to the Lee Nuclear Station. Based on legal analysis and the filing of the appeal, Duke Energy Carolinas has not recorded an adjustment for its deferred coal ash costs. Duke Energy Carolinas cannot predict the outcome of this matter.

Duke Energy Progress

2017 North Carolina Rate Case

On June 1, 2017, Duke Energy Progress filed an application with the NCUC for a rate increase for retail customers of approximately \$477 million, which represented an approximate 14.9% increase in annual base revenues. Subsequent to the filing, Duke Energy Progress adjusted the requested amount to \$420 million, representing an approximate 13% increase. The request for rate increase was driven by capital investments subsequent to the previous base rate case, costs of complying with CCR regulations and the Coal Ash Act, costs relating to storm recovery, investments in customer service technologies and recovery of costs associated with renewable purchased power.

On November 22, 2017, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt. On February 23, 2018, the NCUC issued an order approving the stipulation.

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On May 15, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court from the NCUC's February 23, 2018, order. The Public Staff contends the NCUC's order should be reversed and remanded, as it is affected by errors of law, and is unsupported by competent, material and substantial evidence in view of the entire record as submitted. The North Carolina Attorney General and Sierra Club also filed Notices of Appeal to the North Carolina Supreme Court from the February 23, 2018, order. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Progress and Duke Energy Carolinas appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. Appellant briefs were filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Oral arguments before the North Carolina Supreme Court were held on March 11, 2020. Duke Energy Progress cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On October 30, 2019, Duke Energy Progress filed an application with the NCUC for a net rate increase for retail customers of approximately \$464 million, which represented an approximate 12.3% increase in annual base revenues. The gross rate case revenue increase request was \$586 million, which was offset by riders of \$122 million, primarily an EDIT rider of \$120 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for rate increase was driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Progress seeks to defer and recover incremental Hurricane Dorian storm costs in this proceeding and requests rates be effective no later than September 1, 2020. As a result of the COVID-19 pandemic, on March 24, 2020, the NCUC suspended the procedural schedule and postponed the previously scheduled evidentiary hearing on this matter indefinitely. On April 7, 2020, the NCUC issued an order partially resuming the procedural schedule requiring intervenors to file direct testimony on April 13, 2020. Public Staff filed supplemental direct testimony on April 23, 2020. Duke Energy Progress filed rebuttal testimony on May 4, 2020. On May 6, 2020, Duke Energy Progress, Duke Energy Carolinas and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. The joint motion suggests, health and safety permitting, that the commission consider the possibility of holding the consolidated hearing in July. If the NCUC grants the joint motion, Duke Energy Progress expects the NCUC to issue an order on its net rate increase by the end of the year. Duke Energy Progress cannot predict the outcome of this matter.

Hurricane Dorian

Hurricane Dorian reached the Carolinas in September 2019 as a Category 2 hurricane making landfall within Duke Energy Progress' service territory. Approximately 270,000 North Carolina customers and 30,000 South Carolina customers were impacted by the slow-moving storm that brought high winds, tornadoes and heavy rain. With storm-response mobilization occurring in preparation for the storm and the assistance of mutual aid partners, full restoration was accomplished within four days for all customers able to receive service. Total estimated incremental operation and maintenance expenses incurred to repair and restore the system are approximately \$177 million with an additional \$4 million in capital investments made for restoration efforts. Approximately \$151 million and \$179 million of the operation and maintenance expenses are deferred in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of March 31, 2020, and December 31, 2019, respectively. A request for an accounting order to defer incremental storm costs associated with Hurricane Dorian was included in Duke Energy Progress' October 30, 2019, general rate case filing with the NCUC. Duke Energy Progress cannot predict the outcome of this matter.

On February 7, 2020, a petition was filed with the PSCSC in the 2019 storm deferrals docket requesting deferral of approximately \$22 million in operation and maintenance expenses to an existing storm deferral balance previously approved by the PSCSC. The PSCSC voted to approve the request on March 4, 2020, and issued a final order on April 7, 2020.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Progress filed an application with the PSCSC for a rate increase for retail customers of approximately \$59 million, which represented an approximate 10.3% increase in annual base revenues. The request for rate increase was driven by capital investments and environmental compliance progress made by Duke Energy Progress since its previous rate case, including the further implementation of Duke Energy Progress' generation modernization program, which consists of retiring, replacing and upgrading generation plants, investments in customer service technologies and continued investments in base work to maintain its transmission and distribution systems. The request included a decrease resulting from the Tax Act of \$17 million to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%. The request also included \$10 million to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change (EDIT Rider) and a \$12 million increase due to the expiration of EDITs related to reductions in North Carolina state income taxes allocable to South Carolina.

Duke Energy Progress also requested approval of its proposed GIP, approval of a Prepaid Advantage Program and a variety of accounting orders related to ongoing costs for environmental compliance, including recovery over a five-year period of \$51 million of deferred coal ash related compliance costs, AMI deployment, grid investments between rate changes and regulatory asset treatment related to the retirement of a generating plant located in Asheville, North Carolina. Finally, Duke Energy Progress sought approval to establish a reserve and accrual for end-of-life nuclear costs for materials and supplies and nuclear fuel. On March 8, 2019, the ORS moved to establish a new and separate hearing docket to review and consider the GIP proposed by Duke Energy Progress. Subsequently, on March 12, 2019, the ORS and Duke Energy Carolinas executed a Stipulation resolving the ORS's motion, and Duke Energy Progress agreed to the Stipulation, as did other parties in the rate case. The Stipulation provided that costs incurred for the GIP after January 1, 2019, would be deferred with a return, with all costs subject to evaluation in a future rate proceeding, and that Duke Energy Progress would refile for consideration of the GIP in a new docket for resolution by January 1, 2020. The Stipulation was approved by the PSCSC on June 19, 2019. On December 16, 2019, Duke Energy Progress and Duke Energy Carolinas filed a Joint Petition to Establish an Informational Docket for Review and Consideration of Grid Improvement Plans through which Duke Energy Progress and Duke Energy Carolinas would provide interested stakeholders information on the companies' grid activities. The PSCSC requested parties comment on procedural matters by January 31, 2020; accordingly, various groups filed comments, none of which opposed an informational docket. Duke Energy Progress cannot predict the outcome of this matter.

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After hearings in April 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of recovery of \$4 million of coal ash costs over a five-year period with a return at Duke Energy Progress' WACC;
- Denial of recovery of \$65 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a \$17 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a \$12 million decrease through the EDIT Tax Savings Rider resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with ARAM for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a three-year period for the deferred revenues; and
- Approval of a \$12 million increase due to the expiration of EDIT related to reductions in the North Carolina state income tax rate from 6.9% to 2.5%.

As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Progress filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Progress were prejudiced by unlawful, arbitrary and capricious rulings by the commission on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Progress' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses but allowing additional litigation-related costs. As a result of the Directive allowing litigation-related costs, customer rates were revised effective July 1, 2019. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Progress filed a notice of appeal on November 15, 2019, with the Supreme Court of South Carolina. The ORS filed a Notice of Cross Appeal on November 20, 2019. On February 12, 2020, Duke Energy Progress and the ORS filed a joint motion to extend briefing schedule deadlines, which was approved by the Supreme Court of South Carolina on February 20, 2020. On March 10, 2020, the ORS filed a consent motion requesting withdrawal of their appeal. Initial briefs were filed on April 21, 2020. Response briefs and reply briefs are due July 6, 2020, and August 11, 2020, respectively. Based on legal analysis and the filing of the appeal, Duke Energy Progress has not recorded an adjustment for its deferred coal ash costs. Duke Energy Progress cannot predict the outcome of this matter.

Western Carolinas Modernization Plan

On November 4, 2015, Duke Energy Progress announced a Western Carolinas Modernization Plan, which included retirement of the existing Asheville coal-fired plant, the construction of two 280-MW combined-cycle natural gas plants having dual-fuel capability, with the option to build a third natural gas simple cycle unit in 2023 based upon the outcome of initiatives to reduce the region's power demand. The plan also included upgrades to existing transmission lines and substations, installation of solar generation and a pilot battery storage project.

Duke Energy Progress retired the 376-MW Asheville coal-fired plant on January 29, 2020, at which time the net book value, including associated ash basin closure costs, of \$214 million was transferred from Generation facilities to be retired, net to Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

On March 28, 2016, the NCUC issued an order approving a Certificate of Public Convenience and Necessity (CPCN) for the new combined-cycle natural gas plants with an estimated cost of \$893 million, but required Duke Energy Progress to refile for CPCN approval for the contingent simple cycle unit.

On December 27, 2019, Asheville Combined Cycle Power Block 1 and the common systems that serve both combined cycle units went into commercial operation. Power Block 1 consists of the Unit 5 Combustion Turbine and Unit 6 Steam Turbine Generator (which together form the first combined cycle unit approved in the CPCN Order). Power Block 2 consists of the Unit 7 Combustion Turbine and Unit 8 Steam Turbine Generator (which together form the second combined cycle unit approved in the CPCN Order). Duke Energy Progress placed the Unit 7 Combustion Turbine portion of Power Block 2 into commercial operation in simple-cycle mode on January 15, 2020. The Unit 8 Steam Turbine Generator went into commercial operation on April 5, 2020.

On October 8, 2018, Duke Energy Progress filed an application with the NCUC for a CPCN to construct the Hot Springs Microgrid Solar and Battery Storage Facility. On March 22, 2019, Duke Energy Progress and the Public Staff filed a Joint Proposed Order. On May 10, 2019, the NCUC issued an Order Granting Certificate of Public Convenience and Necessity with Conditions. On November 19, 2019, Duke Energy Progress filed a semiannual progress report for its Hot Springs Microgrid Solar and Battery Storage Facility. As required by an NCUC order issued December 6, 2019, an updated progress report was filed on January 15, 2020. An evidentiary hearing was held on March 5, 2020. Construction is expected to begin in the second quarter of 2020 with commercial operation expected to begin in December 2020.

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Duke Energy Florida

COVID-19 Filings

On March 1, 2020, Governor Ron DeSantis issued Executive Order No. 20-51 directing the State Health Officer of Florida to declare a public health emergency in Florida related to the COVID-19 pandemic. The governor then issued a second Executive Order No. 20-52 on March 9, 2020, in which he declared a state of emergency in Florida and directed the Director of the Division of Emergency Management to implement the state's Comprehensive Emergency Management Plan. The governor issued additional Executive Orders – Nos. 2020-68, 2020-69, 2020-71, 2020-72 and 2020-83 – in response to the ongoing health care emergency that, among other things, suspended the in-person public meeting requirements for state agencies and local governments and directed the state surgeon general to issue public health advisories to limit potential exposure to COVID-19, advising against gatherings of 10 or more persons. On March 19, 2020, Duke Energy Florida filed a request to modify its tariff to allow it to waive late fees for customers, and on April 6, 2020, the FPSC issued an order approving the request. Duke Energy Florida had already voluntarily waived reconnect fees and credit card fees, and is not disconnecting customers for nonpayment. On April 2, 2020, Duke Energy Florida filed a petition with the FPSC to accelerate a \$78 million fuel cost refund to customers in the month of May 2020. Typically, the refund would be made over the course of 2021. The FPSC approved the petition on April 28, 2020.

Storm Restoration Cost Recovery

In October 2018, Duke Energy Florida's service territory suffered damage when Hurricane Michael made landfall as a Category 5 hurricane with maximum sustained winds of 160 mph. The storm caused catastrophic damage from wind and storm surge, particularly from Panama City Beach to Mexico Beach, resulting in widespread outages and significant damage to transmission and distribution facilities across the central Florida Panhandle. In response to Hurricane Michael, Duke Energy Florida restored service to approximately 72,000 customers. Total estimated incremental operation and maintenance and capital costs are \$311 million. Approximately \$106 million and \$107 million of the costs are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of March 31, 2020, and December 31, 2019, respectively. Approximately \$205 million and \$204 million of costs are included in Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of March 31, 2020, and December 31, 2019, respectively, representing recoverable costs under the FPSC's storm rule and Duke Energy Florida's OATT formula rates.

Duke Energy Florida filed a petition with the FPSC on April 30, 2019, to recover the retail portion of estimated incremental storm restoration costs for Hurricane Michael. On June 11, 2019, the FPSC approved the petition for recovery of estimated incremental storm restoration costs related to Hurricane Michael. The FPSC also approved the stipulation Duke Energy Florida filed, which will allow Duke Energy Florida to use the tax savings resulting from the Tax Act to recover these storm costs in lieu of implementing a storm surcharge. Approved storm costs are currently expected to be fully recovered by approximately year-end 2021. On November 22, 2019, Duke Energy Florida filed a petition for approval of actual retail recoverable storm restoration costs related to Hurricane Michael in the amount of \$191 million plus interest. An Order Establishing Procedure was issued on January 30, 2020, and hearings are scheduled to begin September 15, 2020. Duke Energy Florida cannot predict the outcome of this matter.

Hurricane Dorian

In September 2019, Duke Energy Florida's service territory was threatened by Hurricane Dorian with landfall as a possible Category 5 hurricane. For several days, various forecasts and models predicted significant impact to Duke Energy Florida's service territory; accordingly, Duke Energy Florida incurred costs to secure necessary resources to be prepared for that potential impact. Although Hurricane Dorian never made landfall in Florida, its effects were still felt, and outages did occur. Preparations were required so that, if Hurricane Dorian had made landfall and impacts had been more severe, Duke Energy Florida would have been prepared to restore its customers' power in a timely fashion.

On December 19, 2019, Duke Energy Florida filed a petition with the FPSC to recover \$169 million, the estimated retail portion of these costs, consistent with the provisions in the 2017 Settlement. On February 24, 2020, the commission approved the request for recovery over a 12-month period with rates effective in March 2020 and subject to true up. The final actual amount will be filed later in 2020 and the FPSC will hold a hearing to determine the final amount of incremental costs. Duke Energy Florida cannot predict the outcome of this matter. Approximately \$147 million and \$167 million of these costs are included in Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of March 31, 2020, and December 31, 2019, respectively, representing recoverable costs under the FPSC's storm rule and Duke Energy Florida's OATT formula rates.

Solar Base Rate Adjustment

On July 31, 2018, Duke Energy Florida petitioned the FPSC to include in base rates the revenue requirements for its first two solar generation projects, the Hamilton Project and the Columbia Project, as authorized by the 2017 Settlement. The Hamilton Project, which was placed into service on December 22, 2018, had an annual retail revenue requirement of \$15 million. At its October 30, 2018, Agenda Conference, the FPSC approved the rate increase related to the Hamilton Project to go into effect beginning with the first billing cycle in January 2019 under its file and suspend authority, and revised customer rates became effective in January 2019. On April 2, 2019, the commission approved both solar projects as filed. The Columbia Project, which has a projected annual revenue requirement of \$14 million, was placed in service in March 2020 and revised customer rates became effective in April 2020.

On March 25, 2019, Duke Energy Florida petitioned the FPSC to include in base rates the revenue requirements for its next wave of solar generation projects, the Trenton, Lake Placid and DeBary Solar Projects, as authorized by the 2017 Settlement. The annual retail revenue requirement for the Trenton and Lake Placid Projects was \$13 million and \$8 million, respectively, and they were placed into service in December 2019 with rates taking effect in January 2020. The DeBary Project has a projected annual revenue requirement of \$11 million and a projected in-service date in the second quarter of 2020. The associated rate increase would take place with the first month's billing cycle after each solar generation project goes into service. On July 22, 2019, the FPSC issued an order approving Duke Energy Florida's request.

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Crystal River Unit 3 Accelerated Decommissioning Filing

On May 29, 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of the Crystal River Unit 3 nuclear power station located in Citrus County, Florida, with ADP CR3, LLC and ADP SF1, LLC, each of which is a wholly owned subsidiary of Accelerated Decommissioning Partners, LLC, a joint venture between NorthStar Group Services, Inc. and Orano USA LLC. Closing of this agreement is contingent upon the approval of the U.S. Nuclear Regulatory Commission (NRC) and FPSC. If approved, the decommissioning will be accelerated starting in 2020 and continuing through 2027, rather than the expected time frame under SAFSTOR of starting in 2067 and ending in 2074. Duke Energy Florida expects that the assets of the Nuclear Decommissioning Trust Fund will be sufficient to cover the contract price. On July 10, 2019, Duke Energy Florida petitioned the FPSC for approval of the agreement. On April 1, 2020, the NRC issued an order approving the license transfer application. Following the NRC order, on April 15, 2020, the FPSC issued its Second Order Modifying Order Establishing Procedure in which hearings are scheduled to begin July 7, 2020. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Ohio

Duke Energy Ohio COVID-19 Filing

In response to the COVID-19 pandemic, on March 9, 2020, Governor Mike DeWine issued Executive Order No. 2020-01D declaring a state of emergency in the State of Ohio. The PUCO issued an order directing utilities to cease disconnections for nonpayment and waive late payment and reconnection fees and to minimize direct customer contact. The PUCO also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers, if necessary. In response, Duke Energy Ohio has ceased all disconnections except for safety-related concerns and is waiving late payment and reconnection fees. On March 19, 2020, Duke Energy Ohio filed its compliance plan with the PUCO and sought waiver of several regulations to minimize direct customer contact.

On April 16, 2020, Duke Energy Ohio filed an application for a Reasonable Arrangement to temporarily lower the minimum bill for demand-metered commercial and industrial customers. The proposal is conditioned on full recovery via Duke Energy Ohio's existing Economic Competitiveness Fund Rider (Rider ECF), which has been used by Duke Energy Ohio in the past for other reasonable arrangements with customers. On April 24, 2020, the Staff of the PUCO filed its recommendation finding Duke Energy Ohio's application is reasonable and that the PUCO should approve it. Duke Energy Ohio cannot predict the outcome of this matter.

On May 11, 2020, Duke Energy Ohio filed with the PUCO a request seeking deferral of incremental costs incurred, as well as specific miscellaneous lost revenues. The request seeks to use existing bad debts and uncollectible riders already in place for both electric and natural gas operations. Duke Energy Ohio would subsequently file for rider recovery at a later date. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky COVID-19

In response to the COVID-19 pandemic, on March 6, 2020, Governor Andy Beshear issued Executive Order No. 2020-215 declaring a state of emergency in the Commonwealth of Kentucky. The KPSC issued an order directing utilities to cease disconnections for nonpayment and waive late payment and reconnection fees. The KPSC also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers if necessary. Duke Energy Kentucky had already voluntarily ceased all disconnections except for safety-related concerns and was waiving late payment and reconnection fees.

2017 Electric Security Plan Filing

On June 1, 2017, Duke Energy Ohio filed with the PUCO a request for a standard service offer in the form of an ESP. On February 15, 2018, the procedural schedule was suspended to facilitate ongoing settlement discussions. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases pending before the PUCO, including, but not limited to, its Electric Base Rate Case. Additionally, on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation and Recommendation (Stipulation) with the PUCO resolving certain issues in this proceeding. The term of the ESP would be from June 1, 2018, to May 31, 2025, and included continuation of market-based customer rates through competitive procurement processes for generation, continuation and expansion of existing rider mechanisms and proposed new rider mechanisms relating to regulatory mandates, costs incurred to enhance the customer experience and transform the grid and a service reliability rider for vegetation management. The Stipulation established a regulatory model for the next seven years via the approval of the ESP and continued the current model for procuring supply for non-shopping customers, including recovery mechanisms. On December 19, 2018, the PUCO approved the Stipulation without material modification. Several parties, including the Office of the Ohio Consumers' Counsel (OCC), filed applications for rehearing. On February 6, 2019, the PUCO granted the parties rehearing. The PUCO issued its Second Entry on Rehearing on July 17, 2019, upholding its December 19, 2018 order and denying all assignments of error raised by the non-stipulating parties. On October 11, 2019, the OCC filed its Third Application for Rehearing arguing the PUCO erred in finding OCC's Second Application for Rehearing as improper. Duke Energy Ohio filed its Memorandum Contra on October 21, 2019. The PUCO denied OCC's Third Application for Rehearing as a matter of law. On September 13, 2019, Interstate Gas Supply/Retail Supply Association filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error because it approved unsupported charges to competitive suppliers and cost subsidies shopping customers pay for non-shopping customers. On September 16, 2019, the OCC filed an appeal challenging the PUCO's approval of OVEC recovery through Duke Energy Ohio's Price Stability Rider (Rider PSR) alleging the FPA pre-empts the commission's jurisdiction and that the record does not support finding that Rider PSR results in a limitation on shopping. Appellant briefs were filed on January 6, 2020. Appellee briefs were scheduled to be filed on March 16, 2020. On March 13, 2020, the Supreme Court of Ohio granted OCC's motion to withdraw its appeal related to OVEC recovery. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of PUCO's December 19, 2018 order approving the stipulation. The case has been resolved.

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Electric Base Rate Case

Duke Energy Ohio filed with the PUCO an electric distribution base rate case application and supporting testimony in March 2017. Duke Energy Ohio requested an estimated annual increase of approximately \$15 million and a return on equity of 10.4%. The application also included requests to continue certain current riders and establish new riders. On September 26, 2017, the PUCO staff filed a report recommending a revenue decrease between approximately \$18 million and \$29 million and a return on equity between 9.22% and 10.24%. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases pending before the PUCO. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed the Stipulation with the PUCO resolving numerous issues including those in this base rate proceeding. Major components of the Stipulation related to the base distribution rate case included a \$19 million decrease in annual base distribution revenue with a return on equity unchanged from the current rate of 9.84% based upon a capital structure of 50.75% equity and 49.25% debt. Upon approval of new rates, Duke Energy Ohio's rider for recovering its initial SmartGrid implementation ended as these costs would be recovered through base rates. The Stipulation also renewed 14 existing riders, some of which were included in the company's ESP, and added two new riders including the Enhanced Service Reliability Rider to recover vegetation management costs not included in base rates, up to \$10 million per year (operation and maintenance only) and the PowerForward Rider to recover costs incurred to enhance the customer experience and further transform the grid (operation and maintenance and capital). In addition to the changes in revenue attributable to the Stipulation, Duke Energy Ohio's capital-related riders, including the Distribution Capital Investments Rider, began to reflect the lower federal income tax rate associated with the Tax Act with updates to customers' bills beginning April 1, 2018. This change reduced electric revenue by approximately \$20 million on an annualized basis. On December 19, 2018, the PUCO approved the Stipulation without material modification. New base rates were implemented effective January 2, 2019. Several parties, including the OCC, filed applications for rehearing. On February 6, 2019, the PUCO granted the parties rehearing. The PUCO issued its Second Entry on Rehearing on July 17, 2019, upholding its December 19, 2018 order and denying all assignments of error raised by the non-stipulating parties. On October 11, 2019, the OCC filed its Third Application for Rehearing arguing the PUCO erred in finding OCC's Second Application for Rehearing as improper. Duke Energy Ohio filed its Memorandum Contra on October 21, 2019. The PUCO denied OCC's Third Application for Rehearing as a matter of law. On September 13, 2019, Interstate Gas Supply/Retail Supply Association filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error because it approved unsupported charges to competitive suppliers and cost subsidies shopping customers pay for non-shopping customers. On September 16, 2019, the OCC filed an appeal challenging the PUCO's approval of OVEC recovery through Rider PSR alleging the FPA pre-empts the commission's jurisdiction and that the record does not support finding that Rider PSR results in a limitation on shopping. Appellant briefs were filed on January 6, 2020. Appellee briefs were scheduled to be filed on March 16, 2020. On March 13, 2020, the Supreme Court of Ohio granted OCC's motion to withdraw its appeal related to OVEC recovery. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of PUCO's December 19, 2018 order approving the stipulation. The case has been resolved.

Ohio Valley Electric Corporation

On March 31, 2017, Duke Energy Ohio filed for approval to adjust its existing Rider PSR to pass through net costs related to its contractual entitlement to capacity and energy from the generating assets owned by OVEC. Duke Energy Ohio sought deferral authority for net costs incurred from April 1, 2017, until the new rates under Rider PSR were put into effect. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the PUCO. Also, on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation with the PUCO resolving numerous issues including those related to Rider PSR. The Stipulation activated Rider PSR for recovery of net costs incurred from January 1, 2018, through May 2025. On December 19, 2018, the PUCO approved the Stipulation without material modification. The PSR rider became effective April 1, 2019. Several parties, including the OCC, filed applications for rehearing. On February 6, 2019, the PUCO granted the parties rehearing. The PUCO issued its Second Entry on Rehearing on July 17, 2019, upholding its December 19, 2018 order and denying all assignments of error raised by the non-stipulating parties. On October 11, 2019, the OCC filed its Third Application for Rehearing arguing the PUCO erred in finding OCC's Second Application for Rehearing as improper. Duke Energy Ohio filed its Memorandum Contra on October 21, 2019. The PUCO denied OCC's Third Application for Rehearing as a matter of law. On September 13, 2019, Interstate Gas Supply/Retail Supply Association filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error because it approved unsupported charges to competitive suppliers and cost subsidies shopping customers pay for non-shopping customers. On September 16, 2019, the OCC filed an appeal challenging the PUCO's approval of OVEC recovery through Rider PSR alleging the FPA pre-empts the commission's jurisdiction and that the record does not support finding that Rider PSR results in a limitation on shopping. Appellant briefs were filed on January 6, 2020. Appellee briefs were scheduled to be filed on March 16, 2020. On March 13, 2020, the Supreme Court of Ohio granted OCC's motion to withdraw its appeal related to OVEC recovery. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of PUCO's December 19, 2018 order approving the stipulation. The case has been resolved.

On July 23, 2019, an Ohio bill was signed into law that became effective January 1, 2020. Among other things, the bill allows for recovery of prudently incurred costs, net of any revenues, for Ohio investor-owned utilities that are participants under the OVEC power agreement. The recovery shall be through a non-bypassable rider that is to replace any existing recovery mechanism approved by the PUCO and will remain in place through 2030. The amounts recoverable from customers will be subject to an annual cap, with incremental costs that exceed such cap eligible for deferral and recovery subject to review. See Note 13 for additional discussion of Duke Energy Ohio's ownership interest in OVEC.

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Energy Efficiency Cost Recovery

On March 28, 2014, Duke Energy Ohio filed an application for recovery of program costs, lost distribution revenue and performance incentives related to its energy efficiency and peak demand reduction programs. These programs are undertaken to comply with environmental mandates set forth in Ohio law. The PUCO approved Duke Energy Ohio's application but found that Duke Energy Ohio was not permitted to use banked energy savings from previous years in order to calculate the amount of allowed incentive. This conclusion represented a change to the cost recovery mechanism that had been agreed upon by intervenors and approved by the PUCO in previous cases. The PUCO granted the applications for rehearing filed by Duke Energy Ohio and an intervenor. On January 6, 2016, Duke Energy Ohio and the PUCO Staff entered into a stipulation, pending the PUCO's approval, to resolve issues related to performance incentives and the PUCO Staff audit of 2013 costs, among other issues. In December 2015, based upon the stipulation, Duke Energy Ohio re-established approximately \$20 million of the revenues that had been previously reversed. On October 26, 2016, the PUCO issued an order approving the stipulation without modification. In December 2016, the PUCO granted the intervenors request for rehearing for the purpose of further review. On April 10, 2019, the PUCO issued an Entry on Rehearing denying the rehearing applications. On February 26, 2020, the PUCO issued an order directing utilities to wind down their demand-side management programs by September 30, 2020, and to terminate the programs by December 31, 2020, in response to changes in Ohio law that eliminated Ohio's energy efficiency mandates. On March 27, 2020, Duke Energy Ohio filed an Application for Rehearing seeking clarification on the final true-up and reconciliation process after 2020. On April 22, 2020, the PUCO granted rehearing for further consideration.

On June 15, 2016, Duke Energy Ohio filed an application for approval of a three-year energy efficiency and peak demand reduction portfolio of programs. A stipulation and modified stipulation were filed on December 22, 2016, and January 27, 2017, respectively. Under the terms of the stipulations, which included support for deferral authority of a costs and a cap on shared savings incentives, Duke Energy Ohio has offered its energy efficiency and peak demand reduction programs throughout 2017. On February 3, 2017, Duke Energy Ohio filed for deferral authority of its costs incurred in 2017 in respect of its proposed energy efficiency and peak demand reduction portfolio. On September 27, 2017, the PUCO issued an order approving a modified stipulation. The modifications impose an annual cap of approximately \$38 million on program costs and shared savings incentives combined, but allowed for Duke Energy Ohio to file for a waiver of costs in excess of the cap in 2017. The PUCO approved the waiver request for 2017 up to a total cost of \$56 million. On November 21, 2017, the PUCO granted Duke Energy Ohio's and intervenor's applications for rehearing of the September 27, 2017, order. On January 10, 2018, the PUCO denied the OCC's application for rehearing of the PUCO order granting Duke Energy Ohio's waiver request; however, a decision on Duke Energy Ohio's application for rehearing remains pending. Duke Energy Ohio cannot predict the outcome of this matter.

Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. Duke Energy Ohio currently estimates the pipeline development costs and construction activities will range from \$163 million to \$245 million in direct costs (excluding overheads and AFUDC). On January 20, 2017, Duke Energy Ohio filed an amended application with the Ohio Power Siting Board (OPSB) for approval of one of two proposed routes. A public hearing was held on June 15, 2017. In April 2018, Duke Energy Ohio filed a motion with OPSB to establish a procedural schedule and filed supplemental information supporting its application. On December 18, 2018, the OPSB established a procedural schedule that included a local public hearing on March 21, 2019. An evidentiary hearing began on April 9, 2019, and concluded on April 11, 2019. Briefs were filed on May 13, 2019, and reply briefs were filed on June 10, 2019. On November 21, 2019, the OPSB approved Duke Energy Ohio's application subject to 41 conditions on construction. Applications for rehearing were filed by several stakeholders on December 23, 2019, arguing that the OPSB approval was incorrect. Duke Energy Ohio filed a memorandum contra on January 2, 2020. On February 20, 2020, the OPSB denied the rehearing requests. Construction of the pipeline extension is expected to be completed before the 2021/2022 winter season. On April 15, 2020, Joint Appellants filed a notice of appeal at the Supreme Court of Ohio of the OPSB's decision approving Duke Energy Ohio's Central Corridor application. On April 16, 2020, several of the Joint Appellants filed a motion for a Stay asking the court to suspend the OPSB's order. On April 27, 2020, Duke Energy Ohio and the OPSB each filed a motion in opposition to the Stay. If the Stay is granted, Duke Energy Ohio cannot continue working during the appeal process. Duke Energy Ohio cannot predict the outcome of this matter.

2012 Natural Gas Rate Case/MGP Cost Recovery

As part of its 2012 natural gas base rate case, Duke Energy Ohio has approval to defer and recover costs related to environmental remediation at two sites (East End and West End) that housed former MGP operations. Duke Energy Ohio has made annual applications for recovery of these deferred costs. Duke Energy Ohio has collected approximately \$55 million in environmental remediation costs between 2009 through 2012 through a separate rider, Rider MGP, which is currently suspended. Duke Energy Ohio has made annual applications with the PUCO to recover its incremental remediation costs consistent with the PUCO's directive in Duke Energy Ohio's 2012 natural gas rate case. To date, the PUCO has not ruled on Duke Energy Ohio's annual applications for the calendar years 2013 through 2017. On September 28, 2018, the staff of the PUCO issued a report recommending a disallowance of approximately \$12 million of the \$26 million in MGP remediation costs incurred between 2013 through 2017 that staff believes are not eligible for recovery. Staff interprets the PUCO's 2012 Order granting Duke Energy Ohio recovery of MGP remediation as limiting the recovery to work directly on the East End and West End sites. On October 30, 2018, Duke Energy Ohio filed reply comments objecting to the staff's recommendations and explaining, among other things, the obligation Duke Energy Ohio has under Ohio law to remediate all areas impacted by the former MGPs and not just physical property that housed the former plants and equipment. To date, the PUCO has not ruled on Duke Energy Ohio's applications. On March 29, 2019, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2018 seeking recovery of approximately \$20 million in remediation costs. On July 12, 2019, the staff recommended a disallowance of approximately \$11 million for work that staff believes occurred in areas not authorized for recovery. Additionally, staff recommended that any discussion pertaining to Duke Energy Ohio's recovery of ongoing MGP costs should be directly tied to or netted against insurance proceeds collected by Duke Energy Ohio. An evidentiary hearing began on November 18, 2019, and concluded on November 21, 2019. Initial briefs were filed on January 17, 2020, and reply briefs were filed on February 14, 2020. Duke Energy Ohio cannot predict the outcome of this matter.

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On March 31, 2020, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2019 seeking recovery of approximately \$39 million in remediation costs incurred during 2019. Duke Energy Ohio cannot predict the outcome of this matter.

The 2012 PUCO order also contained conditional deadlines for completing the MGP environmental investigation and remediation costs at the MGP sites. Subsequent to the order, the deadline was extended to December 31, 2019. On May 10, 2019, Duke Energy Ohio filed an application requesting a continuation of its existing deferral authority for MGP remediation and investigation that must occur after December 31, 2019. On September 13, 2019, intervenor comments were filed opposing Duke Energy Ohio's request for continuation of existing deferral authority and on October 2, 2019, Duke Energy Ohio filed reply comments. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky Electric Base Rate Case

On September 3, 2019, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately \$46 million, which represents an approximate 12.5% increase across all customer classes. The request for rate increase is driven by increased investment in utility plant since the last electric base rate case in 2017. Duke Energy Kentucky seeks to implement a Storm Deferral Mechanism that will enable Duke Energy Kentucky to defer actual costs incurred for major storms that are over or under amounts in base rates. In response to large customers' desire to have access to renewable resources, Duke Energy Kentucky is proposing a Green Source Advantage tariff designed for those large customers that wish to invest in renewable energy resources to meet sustainability goals. Duke Energy Kentucky is proposing an electric vehicle (EV) infrastructure pilot and modest incentives to assist customers in investing in EV technologies. Additionally, Duke Energy Kentucky is proposing to build an approximate 3.4-MW distribution battery energy storage system to be attached to Duke Energy Kentucky's distribution system providing frequency regulation and enhanced reliability to Kentucky customers. The commission issued a procedural schedule with two rounds of discovery and opportunities for intervenor and rebuttal testimony. The Kentucky Attorney General filed its testimony recommending an increase of approximately \$26 million. On January 31, 2020, Duke Energy Kentucky filed rebuttal testimony updating its rate increase calculations to approximately \$44 million. Hearings were held on February 19-20, 2020, with briefing completed March 20, 2020. On April 27, 2020, the KPSC issued its decision approving a \$24 million increase for Duke Energy Kentucky with a 9.25% return on equity. The KPSC denied Duke Energy Kentucky's major storm deferral mechanism and EV and battery storage pilots. The KPSC approved Duke Energy Kentucky's Green Source Advantage tariff. New customer rates were effective on May 1, 2020. Duke Energy Kentucky is evaluating the order and whether to seek rehearing. Duke Energy Kentucky cannot predict the outcome of this matter.

Duke Energy Indiana

COVID-19

In response to the COVID-19 pandemic, on March 6, 2020, Governor Eric Holcomb issued Executive Order No. 20-02, which by law expired in 30 days unless extended, declaring a public health disaster emergency in the state of Indiana. On April 3, 2020, the governor then issued Executive Order No. 20-17 which renewed the public health disaster emergency declaration for an additional 30 days to May 5, 2020. On May 1, 2020, Executive Order No. 20-25 further renewed the public health disaster emergency an additional 30 days to June 4, 2020. All other Executive Orders issued since March 6, 2020, (Nos. 20-04 – 20-16) were renewed for the same 30-day period, provided they were supplements to Executive Order No. 20-02. Executive Order No. 20-05 was issued on March 19, 2020, requiring utilities in the state to suspend disconnections of utility service. Duke Energy Indiana had already voluntarily suspended all disconnections and is waiving late payment fees and check return fees. The utility is also waiving credit card fees for residential customers.

On May 8, 2020, Duke Energy Indiana, along with other Indiana utilities, filed a request with the IURC for approval of deferral treatment for costs and revenue reductions associated with the COVID-19 pandemic. The utilities requested initial deferral approval in July 2020, with individual subdockets for each utility to be established for consideration of utility-specific cost and revenue impacts, cost recovery timing and customer payment plans. The same day, the Indiana Office of Utility Consumer Counselor filed a petition asking the IURC to continue to suspend disconnections, allow the utilities accounting deferrals and require tacking of cost savings. Duke Energy Indiana cannot predict the outcome of this matter.

2019 Indiana Rate Case

On July 2, 2019, Duke Energy Indiana filed a general rate case with the IURC, its first general rate case in 16 years, for a rate increase for retail customers of approximately \$395 million. The request for rate increase is driven by strategic investments to generate cleaner electricity, improve reliability and serve a growing customer base. The request is premised upon a Duke Energy Indiana rate base of \$10.2 billion as of December 31, 2018, and adjusted for projected changes through December 31, 2020. On September 9, 2019, Duke Energy Indiana revised its revenue request from \$395 million to \$393 million and filed updated testimony for the Retail Rate Case. The updated filing reflects a clarification in the presentation of Utility Receipts Tax, a \$2 million reduction in the revenue requirement for revenues that will remain in riders and changes to allocation of revenue requirements within rate classes. The Utility Receipts Tax is currently embedded in base rates and rider rates. The proposed treatment is to include the Utility Receipts Tax as a line item on the customer bill rather than included in rates. The request is an approximate 15% increase in retail revenues and approximately 17% when including estimated Utility Receipts Tax. The rebuttal case, filed on December 4, 2019, updated the requested revenue requirement to result in a 15.6% or \$396 million average retail rate increase, including the impacts of the Utility Receipts Tax. Hearings concluded on February 7, 2020, and rates are expected to be effective mid-2020. Duke Energy Indiana cannot predict the outcome of these matters.

The IURC determined to take two issues out of the rate case and place them in separate subdocket proceedings due to the complexity of the rate case. The commission moved the request for approval of an electric transportation pilot and future coal ash recovery issues to separate subdockets. Coal ash expenditures prior to 2019 are still included in the rate case. Duke Energy Indiana filed testimony on April 15, 2020, in the coal ash subdocket requesting recovery for the post-2018 coal ash basin closure costs for plans that have been approved by the Indiana Department of Environmental Management as well as continuing deferral, with carrying costs, on the balance. An evidentiary hearing is scheduled to begin on September 14, 2020, and an order is expected in the first quarter of 2021. Duke Energy Indiana cannot predict the outcome of this matter.

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Piedmont

COVID-19 Filings

North Carolina

On March 10, 2020, Governor Roy Cooper issued Executive Order No. 116 declaring a state of emergency due to the COVID-19 pandemic. In an effort to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 19, 2020, Piedmont filed a request with the NCUC seeking authorization to waive: (1) any late payment charges incurred by a residential or nonresidential customer, effective March 21, 2020; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit; and (4) the fees and charges associated with the use of credit cards or debit cards to pay residential electric utility bills, effective March 21, 2020. The NCUC granted Piedmont's request on March 20, 2020.

On March 31, 2020, the governor issued Executive Order No. 124, which, in addition to requiring the steps in the NCUC order noted above, stated that nothing in Executive Order No. 124 shall relieve a customer of its obligation to pay bills for receipt of utility services provided. Executive Order No. 124 remains in effect for 60 days unless otherwise rescinded or replaced with a superseding Executive Order.

South Carolina

On March 13, 2020, Governor Henry McMaster issued Executive Order No. 2020-08 declaring a state of emergency due to the COVID-19 pandemic. The governor also issued a letter on March 14, 2020, to the ORS Executive Director regarding the suspension of disconnection of essential utility services for nonpayment. On March 16, 2020, citing the governor's letter, the ORS filed a request asking the PSCSC to grant waivers so that utilities could suspend disconnections of utility services for nonpayment. Piedmont also supported such motion. On March 18, 2020, the PSCSC issued an order approving such waivers, and also approved waivers for regulations related to late fees and reconnect fees. The PSCSC's order also required utilities to track the financial impacts of actions taken pursuant to such waivers for possible reporting to the PSCSC.

On April 30, 2020, the ORS requested the PSCSC grant a waiver of the applicable regulations to allow customers the flexibility to obtain deferred payment plans longer than 6 months for past-due amounts. On May 5, 2020, Piedmont filed responsive comments stating that while utility bills will remain due, Piedmont does not plan to immediately reinstitute disconnection upon the expiration of the state of emergency and intends to work through a potential grace period as economic recovery begins. Piedmont also concurred with the observation of the ORS that reduced usage is impacting the fixed cost recovery and revenue assumptions included in rates. Those costs include not only ongoing operational and financing costs necessary to serve customers, but also the borrowings necessary to support extended payment arrangements that will be an important part of emerging from the COVID-19 pandemic. Piedmont will continue to track such costs, lost revenues and potential cost savings for future evaluation by the PSCSC.

Additionally, on May 8, 2020, the ORS filed a motion for the PSCSC to solicit comments from utilities and interested stakeholders regarding measures to be taken to mitigate impacts of COVID-19 on utility customers and require recordkeeping. In a detailed motion, the ORS specifically asked the PSCSC to: (1) solicit input from utilities regarding the temporary mitigation measures to address COVID-19; (2) request utilities to inform the PSCSC of the plans utilities have to return to normalized operations; (3) require utilities to track revenue impacts, incremental costs and savings related to COVID-19 and file the findings with the PSCSC on a quarterly basis; and (4) include any other matters that the PSCSC believes should be addressed. The ORS requests that such comments be filed within 30 days of a PSCSC order approving the motion. Piedmont cannot predict the outcome of this matter.

Tennessee

On March 12, 2020, Governor Bill Lee issued Executive Order No. 14 declaring a state of emergency due to the COVID-19 pandemic. In an effort to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 20, 2020, Piedmont filed a request with the TPUC seeking authorization to waive, effective March 21, 2020: (1) any late payment charges incurred by a residential or nonresidential customer; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; and (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit. The TPUC granted Piedmont's request by Order issued March 31, 2020. The Order also stated that customers were not relieved of their obligation to pay for utility services received.

North Carolina Integrity Management Rider Filing

In April 2020, Piedmont filed a petition with the NCUC under the IMR mechanism to collect an additional \$15 million in annual revenues, effective June 2020, based on the eligible capital investments closed to integrity and safety projects over the six-month period ending March 31, 2020. Piedmont cannot predict the outcome of this matter.

Tennessee Integrity Management Rider Filing

In November 2019, Piedmont filed a petition with the TPUC under the IMR mechanism to collect an additional \$2 million in annual revenues, effective January 2020, based on the eligible capital investments closed to integrity and safety projects over the 12-month period ending October 31, 2019. An evidentiary hearing occurred on May 11, 2020. Upon approval from the TPUC, the revenue adjustment will be implemented, retroactive to January 2020. Piedmont cannot predict the outcome of this matter.

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Atlantic Coast Pipeline, LLC

On September 2, 2014, Duke Energy, Dominion Energy, Inc. (Dominion), Piedmont and Southern Company Gas announced the formation of Atlantic Coast Pipeline, LLC (ACP) to build and own the proposed Atlantic Coast Pipeline (ACP pipeline), an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. The ACP pipeline is designed to meet, in part, the needs identified by Duke Energy Carolinas, Duke Energy Progress and Piedmont. Dominion will be responsible for building and operating the ACP pipeline and holds a leading ownership percentage in ACP of 53%, following the purchase in March 2020 of Southern Company Gas' 5% ownership interest. Duke Energy owns a 47% interest, which is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment. See Note 11 for additional information related to Duke Energy's ownership interest. Duke Energy Carolinas, Duke Energy Progress and Piedmont, among others, will be customers of the pipeline. Purchases will be made under several 20-year supply contracts, subject to state regulatory approval.

In 2018, the FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route, including supply header and compressors. On May 11, 2018, and October 19, 2018, FERC issued Notices to Proceed allowing full construction activities in all areas of West Virginia except in the Monongahela National Forest. On July 24, 2018, FERC issued a Notice to Proceed allowing full construction activities along the project route in North Carolina. On October 19, 2018, the conditions to effectiveness of the Virginia 401 water quality certification were satisfied and, following receipt of the Virginia 401 certification, ACP filed a request for FERC to issue a Notice to Proceed with full construction activities in Virginia. Due to legal challenges not directly related to the request for a Notice to Proceed in Virginia, this request is still pending.

ACP is the subject of challenges in state and federal courts and agencies, including, among others, challenges of the project's biological opinion (BiOp) and incidental take statement (ITS), crossings of the Blue Ridge Parkway, the Appalachian Trail, and the Monongahela and George Washington National Forests, the project's U.S. Army Corps of Engineers (USACE) 404 permit, the project's air permit for a compressor station at Buckingham, Virginia, the FERC Environmental Impact Statement order and the FERC order approving the Certificate of Public Convenience and Necessity. Each of these challenges alleges non-compliance on the part of federal and state permitting authorities and adverse ecological consequences if the project is permitted to proceed. Since December 2018, notable developments in these challenges include a stay in December 2018 issued by the U.S. Court of Appeals for the Fourth Circuit (Fourth Circuit) and the same court's July 26, 2019, vacatur of the project's BiOp and ITS (which stay and subsequent vacatur halted most project construction activity), a Fourth Circuit decision vacating the project's permits to cross the Monongahela and George Washington National Forests and the Appalachian Trail, the Fourth Circuit's remand to USACE of ACP's Huntington District 404 verification, the Fourth Circuit's remand to the National Park Service of ACP's Blue Ridge Parkway right-of-way and the most recent vacatur of the air permit for a compressor station at Buckingham, Virginia. ACP is vigorously defending these challenges and coordinating with the federal and state authorities which are the direct parties to the challenges. The Solicitor General of the United States and ACP filed petitions for certiorari to the Supreme Court of the United States on June 25, 2019, regarding the Appalachian Trail crossing and certiorari was granted on October 4, 2019. The Supreme Court hearing took place on February 24, 2020, and a ruling is expected in the second quarter of 2020.

In anticipation of the Fourth Circuit's vacatur of the BiOp and ITS, ACP and the FWS commenced work in mid-May of 2019 to set the basis for a reissued BiOp and ITS. On February 10, 2020, the FERC issued a letter to FWS requesting the re-initiation of formal consultation in support of reissuing the BiOp and ITS, and on April 14, 2020, ACP submitted the Biological Assessment, which may form the foundation for FWS' BiOp. ACP continues coordinating and working with FWS and other parties in preparation for a reissuance of the BiOp and ITS.

ACP triggered the Adverse Government Actions (AGA) clause of its agreements with its customers in December 2019. Formal negotiations have resulted in agreement on material terms, such as updated pricing and construction milestones. The modified customer agreements are expected to be executed by the third quarter of 2020.

On April 15, 2020, the United States District Court for the District of Montana granted partial summary judgment in favor of the plaintiffs in Northern Plains Resource Council v. U.S. Army Corps of Engineers (Northern Plains), vacating USACE's Nationwide Permit 12 (NWP 12) and remanding it to USACE for consultation under the Endangered Species Act (ESA) of 1973. In Northern Plains, the court ruled that NWP 12 was unlawful because USACE did not consult under the ESA with the FWS and/or National Marine Fisheries Service prior to NWP 12's reissuance in 2017. Because NWP 12 has been vacated and its application enjoined, USACE currently has suspended verification of any new or pending applications under NWP 12 until further court action clarifies the situation. ACP is reviewing the potential impact of this ruling to its own reliance on NWP 12 for small water body crossings along the pipeline route, as well as potential mitigation measures.

Given the legal challenges and ongoing discussions with customers, ACP expects the project to enter full in-service in the first half of 2022.

The delays resulting from the legal challenges described above have also impacted the cost for the project. Project cost is approximately \$8 billion, excluding financing costs. This estimate is based on the current facts available around construction costs and timelines, and is subject to future changes as those facts develop. Abnormal weather, work delays (including delays due to judicial or regulatory action or COVID-19 social distancing) and other conditions may result in cost or schedule modifications, a suspension of AFUDC for ACP and/or impairment charges potentially material to Duke Energy's cash flows, financial position and results of operations.

Duke Energy's investment in ACP was \$1.2 billion at March 31, 2020. Duke Energy evaluated this investment for impairment at March 31, 2020, and December 31, 2019, and determined that fair value approximated carrying value and therefore no impairment was necessary. Duke Energy also has a guarantee agreement supporting its share of the ACP revolving credit facility. Duke Energy's maximum exposure to loss under the terms of the guarantee is \$845 million, which represents 47% of the outstanding borrowings under the credit facility as of March 31, 2020. See Note 13 for additional information.

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Constitution Pipeline Company, LLC

Duke Energy owned a 24% ownership interest in Constitution, which was accounted for as an equity method investment. Constitution was a natural gas pipeline project slated to transport natural gas supplies from the Marcellus supply region in northern Pennsylvania to major northeastern markets. The pipeline was to be constructed and operated by Williams Partners L.P., which had a 41% ownership share. The remaining interest was held by Cabot Oil and Gas Corporation and WGL Holdings, Inc. In December 2014, Constitution received approval from the FERC to construct and operate the proposed pipeline. However, since April 2016, Constitution had stopped construction and discontinued capitalization of future development costs due to permitting delays and adverse rulings by regulatory agencies and courts.

In late 2019, Constitution determined that its principal shipper would not agree to an amended precedent agreement. Without such an amendment, the project would no longer be viable and, as of February 5, 2020, the Constitution partners formally resolved to initiate the dissolution of Constitution, and to terminate the Constitution Pipeline project. See Note 11 for additional information related to ownership interest and carrying value of the investment. Williams Partners L.P., as project Operator, is currently working to liquidate the project's assets.

Potential Coal Plant Retirements

The Subsidiary Registrants periodically file IRPs with their state regulatory commissions. The IRPs provide a view of forecasted energy needs over a long term (10 to 20 years) and options being considered to meet those needs. IRPs filed by the Subsidiary Registrants included planning assumptions to potentially retire certain coal-fired generating facilities in North Carolina and Indiana earlier than their current estimated useful lives. Duke Energy continues to evaluate the potential need to retire these coal-fired generating facilities earlier than the current estimated useful lives and plans to seek regulatory recovery for amounts that would not be otherwise recovered when any of these assets are retired.

The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of March 31, 2020, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net Book Value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-3 ^(a)	585	\$ 149
Duke Energy Indiana		
Gallagher Units 2 and 4 ^(b)	280	118
Gibson Units 1-5 ^(c)	3,132	1,708
Cayuga Units 1-2 ^(c)	1,005	964
Total Duke Energy	5,002	\$ 2,939

- (a) Duke Energy Carolinas will retire Allen Steam Station Units 1 through 3 by December 31, 2024, as part of the resolution of a lawsuit involving alleged New Source Review violations.
- (b) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher Units 2 and 4 by December 31, 2022, as part of the 2016 settlement of Edwardsport IGCC matters.
- (c) On July 1, 2019, Duke Energy Indiana filed its 2018 IRP with the IURC. The 2018 IRP included scenarios evaluating the potential retirement of coal-fired generating units at Gibson and Cayuga. The rate case filed July 2, 2019, includes proposed depreciation rates reflecting retirement dates from 2026 to 2038.

Duke Energy continues to evaluate the potential need to retire generating facilities earlier than the current estimated useful lives, and plans to seek regulatory recovery, as necessary, for amounts that would not be otherwise recovered when any of these assets are retired. However, such recovery, including recovery of carrying costs on remaining book values, could be subject to future approvals and therefore cannot be assured.

Duke Energy Carolinas and Duke Energy Progress are evaluating the potential for coal-fired generating unit retirements with a net carrying value of approximately \$707 million and \$1.2 billion, respectively, included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of March 31, 2020.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal, coal ash and other environmental matters. These regulations can be changed from time to time, imposing new obligations on the Duke Energy Registrants. The following environmental matters impact all Duke Energy Registrants.

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COMMITMENTS AND CONTINGENCIES

Remediation Activities

In addition to AROs recorded as a result of various environmental regulations, the Duke Energy Registrants are responsible for environmental remediation at various sites. These include certain properties that are part of ongoing operations and sites formerly owned or used by Duke Energy entities. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site conditions and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, the Duke Energy Registrants could potentially be held responsible for environmental impacts caused by other potentially responsible parties and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined at all sites. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other on the Condensed Consolidated Statements of Operations unless regulatory recovery of the costs is deemed probable.

The following table contains information regarding reserves for probable and estimable costs related to the various environmental sites. These reserves are recorded in Accounts Payable within Current Liabilities and Other within Other Noncurrent Liabilities on the Condensed Consolidated Balance Sheets.

(in millions)	Three Months Ended March 31, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at beginning of period	\$ 58	\$ 11	\$ 16	\$ 4	\$ 9	\$ 19	\$ 4	\$ 8
Provisions/adjustments	3	—	—	1	—	1	1	—
Cash reductions	(3)	(1)	(1)	—	—	(1)	—	—
Balance at end of period	\$ 58	\$ 10	\$ 15	\$ 5	\$ 9	\$ 19	\$ 5	\$ 8

Additional losses in excess of recorded reserves that could be incurred for the stages of investigation, remediation and monitoring for environmental sites that have been evaluated at this time are not material except as presented in the table below.

(in millions)	
Duke Energy	\$ 58
Duke Energy Carolinas	11
Duke Energy Ohio	41
Piedmont	2

LITIGATION

Duke Energy Carolinas and Duke Energy Progress

Coal Ash Insurance Coverage Litigation

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Superior Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. Despite a stay of the litigation from May 2019 through September 2019 to allow the parties to discuss potential resolution, no resolution was reached, and litigation resumed. In February and March 2020, the court heard arguments on numerous cross motions filed by the parties to seek legal determinations concerning several insurance related defenses raised by the insurance providers. Trial is scheduled for February 2021. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of March 31, 2020, there were 118 asserted claims for non-malignant cases with cumulative relief sought of up to \$30 million, and 51 asserted claims for malignant cases with cumulative relief sought of up to \$17 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

FINANCIAL STATEMENTS

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Duke Energy Carolinas has recognized asbestos-related reserves of \$596 million at March 31, 2020, and \$604 million at December 31, 2019. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon Duke Energy Carolinas' best estimate for current and future asbestos claims through 2039 and are recorded on an undiscounted basis. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2039 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas' cumulative payments began to exceed the self-insured retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is \$747 million in excess of the self-insured retention. Receivables for insurance recoveries were \$742 million at March 31, 2020, and \$742 million at December 31, 2019. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

Duke Energy Progress and Duke Energy Florida

Spent Nuclear Fuel Matters

On June 18, 2018, Duke Energy Progress and Duke Energy Florida sued the U.S. in the U.S. Court of Federal Claims for damages incurred for the period 2014 through 2018. The lawsuit claimed the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserted damages for the cost of on-site storage in the amount of \$100 million and \$203 million for Duke Energy Progress and Duke Energy Florida, respectively. Discovery is ongoing and a trial is expected to occur in early 2021.

Duke Energy Indiana

Coal Ash Basin Closure Plan Appeal

On January 27, 2020, Hoosier Environmental Council filed a Petition for Administrative Review with the Indiana Office of Environmental Adjudication (the court) challenging the Indiana Department of Environmental Management's December 10, 2019, partial approval of Duke Energy Indiana's ash pond closure plan. On March 11, 2020, Duke Energy Indiana filed a Motion to Dismiss. On May 5, 2020, the court entered an order denying that motion. The court will schedule a trial on the merits for a future date. Duke Energy Indiana cannot predict the outcome of this matter.

Other Litigation and Legal Proceedings

The Duke Energy Registrants are involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. The Duke Energy Registrants believe the final disposition of these proceedings will not have a material effect on their results of operations, cash flows or financial position.

The table below presents recorded reserves based on management's best estimate of probable loss for legal matters, excluding asbestos-related reserves discussed above.

Reserves are classified on the Condensed Consolidated Balance Sheets in Other within Other Noncurrent Liabilities and Other within Current Liabilities. The reasonably possible range of loss in excess of recorded reserves is not material, other than as described above.

(in millions)	March 31, 2020		December 31, 2019	
Reserves for Legal Matters				
Duke Energy	\$	61	\$	62
Duke Energy Carolinas		3		2
Progress Energy		52		55
Duke Energy Progress		9		12
Duke Energy Florida		23		22
Piedmont		1		1

OTHER COMMITMENTS AND CONTINGENCIES

General

As part of their normal business, the Duke Energy Registrants are party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. These guarantees involve elements of performance and credit risk, which are not fully recognized on the Condensed Consolidated Balance Sheets and have uncapped maximum potential payments. However, the Duke Energy Registrants do not believe these guarantees will have a material effect on their results of operations, cash flows or financial position.

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COMMITMENTS AND CONTINGENCIES

In addition, the Duke Energy Registrants enter into various fixed-price, noncancelable commitments to purchase or sell power or natural gas, take-or-pay arrangements, transportation, or throughput agreements and other contracts that may or may not be recognized on their respective Condensed Consolidated Balance Sheets. Some of these arrangements may be recognized at fair value on their respective Condensed Consolidated Balance Sheets if such contracts meet the definition of a derivative and the NPNS exception does not apply. In most cases, the Duke Energy Registrants' purchase obligation contracts contain provisions for price adjustments, minimum purchase levels and other financial commitments.

As described in Note 1, Duke Energy adopted the new guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. The reserve for credit losses for insurance receivables based on adoption of the new standard is \$15 million for Duke Energy and Duke Energy Carolinas. Insurance receivables are evaluated based on the risk of default and the historical losses, current conditions and expected conditions around collectability. Management evaluates the risk of default annually based on payment history, credit rating and changes in the risk of default from credit agencies.

The reserve for credit losses for financial guarantees based on adoption of the new standard is \$99 million for Duke Energy. Management considers financial guarantees for evaluation under this standard based on the anticipated amount outstanding at the time of default. The reserve for credit losses is based on the evaluation of the contingent components of financial guarantees. Management evaluates the risk of default, exposure and length of time remaining in the period for each contract.

5. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

The following table summarizes significant debt issuances (in millions).

			Three Months Ended March 31, 2020			
	Maturity	Interest	Duke	Duke	Duke	Duke
Issuance Date	Date	Rate	Energy	Energy (Parent)	Energy Carolinas	Energy Indiana
Unsecured Debt						
March 2020 ^(a)	March 2021	1.400% ^(b)	\$ 1,688	\$ 1,688	\$ —	\$ —
First Mortgage Bonds						
January 2020 ^(c)	February 2030	2.450%	500	—	500	—
January 2020 ^(c)	August 2049	3.200%	400	—	400	—
March 2020 ^(d)	April 2050	2.750%	550	—	—	550
Total issuances			\$ 3,138	\$ 1,688	\$ 900	\$ 550

- (a) Debt issued in response to market volatility concerns related to the COVID-19 pandemic. Refer to Note 1 for additional information on the COVID-19 pandemic. Proceeds will be used to reduce outstanding commercial paper and for general corporate purposes.
- (b) Debt issuance has a floating interest rate.
- (c) Debt issued to repay at maturity \$450 million first mortgage bonds due June 2020 and for general corporate purposes.
- (d) Debt issued to repay at maturity \$500 million first mortgage bonds due July 2020 and to pay down short-term debt.

CURRENT MATURITIES OF LONG-TERM DEBT

The following table shows the significant components of Current Maturities of Long-Term Debt on the Condensed Consolidated Balance Sheets. The Duke Energy Registrants currently anticipate satisfying these obligations with cash on hand and proceeds from additional borrowings.

(in millions)	Maturity Date	Interest Rate	March 31, 2020
Unsecured Debt			
Duke Energy (Parent)	June 2020	2.100%	\$ 330
Duke Energy Progress	December 2020	2.292% ^(a)	700
Progress Energy, Inc	January 2021	4.400%	500
Duke Energy (Parent)	March 2021	1.400% ^(a)	1,688
First Mortgage Bonds			
Duke Energy Florida	April 2020	4.550%	250
Duke Energy Carolinas	June 2020	4.300%	450
Duke Energy Indiana	July 2020	3.750%	500
Duke Energy Progress	September 2020	1.076% ^(a)	300
Other^(b)			359
Current maturities of long-term debt			\$ 5,077

- (a) Debt issuance has a floating interest rate.
- (b) Includes finance lease obligations, amortizing debt and small bullet maturities.

FINANCIAL STATEMENTS

DEBT AND CREDIT FACILITIES

AVAILABLE CREDIT FACILITIES

Master Credit Facility

In March 2020, Duke Energy amended its existing \$8 billion Master Credit Facility to extend the termination date to March 2025. The Duke Energy Registrants, excluding Progress Energy, have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder. Duke Energy Carolinas and Duke Energy Progress are also required to each maintain \$250 million of available capacity under the Master Credit Facility as security to meet obligations under plea agreements reached with the U.S. Department of Justice in 2015 related to violations at North Carolina facilities with ash basins. This requirement expires on May 15, 2020.

The table below includes the current borrowing sublimits and available capacity under these credit facilities.

(in millions)	March 31, 2020							
	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Facility size ^(a)	\$ 8,000	\$ 2,650	\$ 1,500	\$ 1,250	\$ 800	\$ 600	\$ 600	\$ 600
Reduction to backstop issuances								
Commercial paper ^(b)	(2,540)	(1,140)	(300)	(275)	(167)	(243)	(150)	(265)
Outstanding letters of credit	(49)	(42)	(4)	(2)	—	—	—	(1)
Tax-exempt bonds	(81)	—	—	—	—	—	(81)	—
Coal ash set-aside	(500)	—	(250)	(250)	—	—	—	—
Available capacity under the Master Credit Facility	\$ 4,830	\$ 1,468	\$ 946	\$ 723	\$ 633	\$ 357	\$ 369	\$ 334

(a) Represents the sublimit of each borrower.

(b) Duke Energy issued \$625 million of commercial paper and loaned the proceeds through the money pool to Duke Energy Carolinas, Duke Energy Progress, Duke Energy Ohio and Duke Energy Indiana. The balances are classified as Long-Term Debt Payable to Affiliated Companies on the Condensed Consolidated Balance Sheets.

Other Credit Facilities

(in millions)	March 31, 2020	
	Facility size	Amount drawn
Duke Energy (Parent) Three-Year Revolving Credit Facility ^(a)	\$ 1,000	\$ 1,000
Duke Energy Progress Term Loan Facility	700	700

(a) In March 2020, Duke Energy (Parent) drew down the remaining \$500 million.

6. GOODWILL

Duke Energy

The following table presents the goodwill by reportable segment included on Duke Energy's Condensed Consolidated Balance Sheets at March 31, 2020, and December 31, 2019.

(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total
Goodwill balance	\$ 17,379	\$ 1,924	\$ 122	\$ 19,425
Accumulated impairment charges	—	—	(122)	(122)
Goodwill, adjusted for accumulated impairment charges	\$ 17,379	\$ 1,924	\$ —	\$ 19,303

Duke Energy Ohio

Duke Energy Ohio's Goodwill balance of \$920 million, allocated \$596 million to Electric Utilities and Infrastructure and \$324 million to Gas Utilities and Infrastructure, is presented net of accumulated impairment charges of \$216 million on the Condensed Consolidated Balance Sheets at March 31, 2020, and December 31, 2019.

FINANCIAL STATEMENTS

GOODWILL

Progress Energy

Progress Energy's Goodwill is included in the Electric Utilities and Infrastructure segment and there are no accumulated impairment charges.

Piedmont

Piedmont's Goodwill is included in the Gas Utilities and Infrastructure segment and there are no accumulated impairment charges.

7. RELATED PARTY TRANSACTIONS

The Subsidiary Registrants engage in related party transactions in accordance with applicable state and federal commission regulations. Refer to the Condensed Consolidated Balance Sheets of the Subsidiary Registrants for balances due to or due from related parties. Material amounts related to transactions with related parties included on the Condensed Consolidated Statements of Operations and Comprehensive Income are presented in the following table.

(in millions)	Three Months Ended March 31,	
	2020	2019
Duke Energy Carolinas		
Corporate governance and shared service expenses ^(a)	\$ 134	\$ 212
Indemnification coverages ^(b)	5	5
Joint Dispatch Agreement (JDA) revenue ^(c)	7	23
JDA expense ^(c)	24	93
Intercompany natural gas purchases ^(d)	6	4
Progress Energy		
Corporate governance and shared service expenses ^(a)	\$ 146	\$ 176
Indemnification coverages ^(b)	9	9
JDA revenue ^(c)	24	93
JDA expense ^(c)	7	23
Intercompany natural gas purchases ^(d)	19	19
Duke Energy Progress		
Corporate governance and shared service expenses ^(a)	\$ 75	\$ 106
Indemnification coverages ^(b)	4	4
JDA revenue ^(c)	24	93
JDA expense ^(c)	7	23
Intercompany natural gas purchases ^(d)	19	19
Duke Energy Florida		
Corporate governance and shared service expenses ^(a)	\$ 71	\$ 70
Indemnification coverages ^(b)	5	5
Duke Energy Ohio		
Corporate governance and shared service expenses ^(a)	\$ 84	\$ 85
Indemnification coverages ^(b)	1	1
Duke Energy Indiana		
Corporate governance and shared service expenses ^(a)	\$ 106	\$ 97
Indemnification coverages ^(b)	2	2
Piedmont		
Corporate governance and shared service expenses ^(a)	\$ 34	\$ 32
Indemnification coverages ^(b)	1	1
Intercompany natural gas sales ^(d)	25	23
Natural gas storage and transportation costs ^(e)	6	5

FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

- (a) The Subsidiary Registrants are charged their proportionate share of corporate governance and other shared services costs, primarily related to human resources, employee benefits, information technology, legal and accounting fees, as well as other third-party costs. These amounts are primarily recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (b) The Subsidiary Registrants incur expenses related to certain indemnification coverages through Bison, Duke Energy's wholly owned captive insurance subsidiary. These expenses are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (c) Duke Energy Carolinas and Duke Energy Progress participate in a JDA, which allows the collective dispatch of power plants between the service territories to reduce customer rates. Revenues from the sale of power and expenses from the purchase of power pursuant to the JDA are recorded in Operating Revenues and Fuel used in electric generation and purchased power, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (d) Piedmont provides long-term natural gas delivery service to certain Duke Energy Carolinas and Duke Energy Progress natural gas-fired generation facilities. Piedmont records the sales in Operating revenues, and Duke Energy Carolinas and Duke Energy Progress record the related purchases as a component of Fuel used in electric generation and purchased power on their respective Condensed Consolidated Statements of Operations and Comprehensive Income.
- (e) Piedmont has related party transactions as a customer of its equity method investments in Pine Needle LNG Company, LLC, Hardy Storage Company, LLC and Cardinal Pipeline Company, LLC natural gas storage and transportation facilities. These expenses are included in Cost of natural gas on Piedmont's Condensed Consolidated Statements of Operations and Comprehensive Income.

In addition to the amounts presented above, the Subsidiary Registrants have other affiliate transactions, including rental of office space, participation in a money pool arrangement, other operational transactions, such as pipeline lease arrangements, and their proportionate share of certain charged expenses. These transactions of the Subsidiary Registrants are incurred in the ordinary course of business and are eliminated in consolidation.

As discussed in Note 11, certain trade receivables have been sold by Duke Energy Ohio and Duke Energy Indiana to CRC, an affiliate formed by a subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price.

Intercompany Income Taxes

Duke Energy and the Subsidiary Registrants file a consolidated federal income tax return and other state and jurisdictional returns. The Subsidiary Registrants have a tax sharing agreement with Duke Energy for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts the Subsidiary Registrants would incur as separate C-Corporations. The following table includes the balance of intercompany income tax receivables and payables for the Subsidiary Registrants.

(in millions)	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
March 31, 2020							
Intercompany income tax receivable	\$ —	\$ 114	\$ 1	\$ 4	\$ —	\$ —	\$ —
Intercompany income tax payable	44	—	—	—	—	6	10
December 31, 2019							
Intercompany income tax receivable	\$ —	\$ 125	\$ 28	\$ —	\$ 9	\$ 28	\$ 13
Intercompany income tax payable	5	—	—	2	—	—	—

8. DERIVATIVES AND HEDGING

The Duke Energy Registrants use commodity and interest rate contracts to manage commodity price risk and interest rate risk. The primary use of commodity derivatives is to hedge the generation portfolio against changes in the prices of electricity and natural gas. Piedmont enters into natural gas supply contracts to provide diversification, reliability and natural gas cost benefits to its customers. Interest rate derivatives are used to manage interest rate risk associated with borrowings.

All derivative instruments not identified as NPNS are recorded at fair value as assets or liabilities on the Condensed Consolidated Balance Sheets. Cash collateral related to derivative instruments executed under master netting arrangements is offset against the collateralized derivatives on the Condensed Consolidated Balance Sheets. The cash impacts of settled derivatives are recorded as operating activities on the Condensed Consolidated Statements of Cash Flows.

INTEREST RATE RISK

The Duke Energy Registrants are exposed to changes in interest rates as a result of their issuance or anticipated issuance of variable-rate and fixed-rate debt and commercial paper. Interest rate risk is managed by limiting variable-rate exposures to a percentage of total debt and by monitoring changes in interest rates. To manage risk associated with changes in interest rates, the Duke Energy Registrants may enter into interest rate swaps, U.S. Treasury lock agreements and other financial contracts. In anticipation of certain fixed-rate debt issuances, a series of forward-starting interest rate swaps or Treasury locks may be executed to lock in components of current market interest rates. These instruments are later terminated prior to or upon the issuance of the corresponding debt.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Cash Flow Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of accumulated other comprehensive income (loss) for the three months ended March 31, 2020, and 2019, were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables business and forward-starting interest rate swaps not accounted for under regulatory accounting.

Undesignated Contracts

Undesignated contracts primarily include contracts not designated as a hedge because they are accounted for under regulatory accounting or contracts that do not qualify for hedge accounting.

Duke Energy's interest rate swaps for its regulated operations employ regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the swaps are deferred as regulatory liabilities or regulatory assets, respectively. Regulatory assets and liabilities are amortized consistent with the treatment of the related costs in the ratemaking process. The accrual of interest on the swaps is recorded as Interest Expense on the Duke Energy Registrant's Condensed Consolidated Statements of Operations and Comprehensive Income.

The following table shows notional amounts of outstanding derivatives related to interest rate risk.

(in millions)	March 31, 2020					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges	\$ 991	\$ —	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	2,027	400	1,600	1,050	550	27
Total notional amount ^(a)	\$ 3,018	\$ 400	\$ 1,600	\$ 1,050	\$ 550	\$ 27

(in millions)	December 31, 2019					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges	\$ 993	\$ —	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	1,277	450	800	250	550	27
Total notional amount ^(a)	\$ 2,270	\$ 450	\$ 800	\$ 250	\$ 550	\$ 27

(a) Duke Energy includes amounts related to consolidated VIEs of \$691 million in cash flow hedges as of March 31, 2020, and \$693 million in cash flow hedges as of December 31, 2019.

COMMODITY PRICE RISK

The Duke Energy Registrants are exposed to the impact of changes in the prices of electricity purchased and sold in bulk power markets and coal and natural gas purchases, including Piedmont's natural gas supply contracts. Exposure to commodity price risk is influenced by a number of factors including the term of contracts, the liquidity of markets and delivery locations. For the Subsidiary Registrants, bulk power electricity and coal and natural gas purchases flow through fuel adjustment clauses, formula-based contracts or other cost-sharing mechanisms. Differences between the costs included in rates and the incurred costs, including undesignated derivative contracts, are largely deferred as regulatory assets or regulatory liabilities. Piedmont policies allow for the use of financial instruments to hedge commodity price risks. The strategy and objective of these hedging programs are to use the financial instruments to reduce natural gas costs volatility for customers.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Volumes

The tables below include volumes of outstanding commodity derivatives. Amounts disclosed represent the absolute value of notional volumes of commodity contracts excluding NPNS. The Duke Energy Registrants have netted contractual amounts where offsetting purchase and sale contracts exist with identical delivery locations and times of delivery. Where all commodity positions are perfectly offset, no quantities are shown.

	March 31, 2020							Piedmont
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	
Electricity (GWh)	6,737	—	—	—	—	977	5,760	—
Natural gas (millions of dekatherms)	709	145	158	158	—	—	4	402

	December 31, 2019							Piedmont
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	
Electricity (GWh)	15,858	—	—	—	—	1,887	13,971	—
Natural gas (millions of dekatherms)	704	130	160	160	—	—	3	411

U.S. EQUITY SECURITIES RISK

In May 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of Crystal River Unit 3 with ADP CR3, LLC and ADP SF1, LLC. See Note 3 for additional information on the accelerated decommissioning. Duke Energy Florida executed U.S. equity option collars within the NDTF in May 2019 to preserve the U.S. equity portfolio value in the Duke Energy Florida NDTF in the event the accelerated decommissioning is approved. These option collars were executed as a purchase of a put option and the sale of a call option on certain U.S. equity index funds. The put and call options create a collar to guarantee a minimum and maximum investment value for the Duke Energy Florida NDTF U.S. equity portfolio. The put and call options were entered into at zero-cost, with the price to purchase the puts offset entirely by the funds received to sell the calls. As of March 31, 2020, the aggregate notional amount of both the put and call options was 305,000 units in U.S. equity security index funds. The options are not designated as hedging instruments. Substantially all of Duke Energy Florida's NDTF qualifies for regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the options are deferred as regulatory liabilities or regulatory assets, respectively. The Duke Energy Florida NDTF liquidated the options in April 2020, and received proceeds of approximately \$7 million.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

LOCATION AND FAIR VALUE OF DERIVATIVE ASSETS AND LIABILITIES RECOGNIZED ON THE CONDENSED CONSOLIDATED BALANCE SHEETS

The following tables show the fair value and balance sheet location of derivative instruments. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

Derivative Assets				March 31, 2020												
	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont	
(in millions)																
Commodity Contracts																
Not Designated as Hedging Instruments																
Current	\$	6	\$	—	\$	—	\$	—	\$	—	\$	—	\$	2	\$	3
Noncurrent		4		2		1		1		—		1		—		—
Total Derivative Assets – Commodity Contracts	\$	10	\$	2	\$	1	\$	1	\$	—	\$	1	\$	2	\$	3
Interest Rate Contracts																
Not Designated as Hedging Instruments																
Current	\$	3	\$	—	\$	3	\$	3	\$	—	\$	—	\$	—	\$	—
Noncurrent		1		—		1		1		—		—		—		—
Total Derivative Assets – Interest Rate Contracts	\$	4	\$	—	\$	4	\$	4	\$	—	\$	—	\$	—	\$	—
Equity Securities Contracts																
Not Designated as Hedging Instruments																
Noncurrent ^(a)		20		—		20		—		20		—		—		—
Total Derivative Assets – Equity Securities Contracts	\$	20	\$	—	\$	20	\$	—	\$	20	\$	—	\$	—	\$	—
Total Derivative Assets	\$	34	\$	2	\$	25	\$	5	\$	20	\$	1	\$	2	\$	3

(a) Equity security contracts are current since they were set to expire in May 2020 but are classified as noncurrent assets on the Condensed Consolidated Balance Sheet because the amount is presented within the NDTF.

Derivative Liabilities				March 31, 2020												
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont							
(in millions)		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont							
Commodity Contracts																
Not Designated as Hedging Instruments																
Current	\$	79	\$	40	\$	31	\$	31	\$	—	\$	—	\$	—	\$	8
Noncurrent		130		11		35		20		—		—		—		83
Total Derivative Liabilities – Commodity Contracts	\$	209	\$	51	\$	66	\$	51	\$	—	\$	—	\$	—	\$	91
Interest Rate Contracts																
Designated as Hedging Instruments																
Current	\$	69	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Noncurrent		54		—		—		—		—		—		—		—
Not Designated as Hedging Instruments																
Current		30		—		29		—		29		1		—		—
Noncurrent		28		23		—		—		—		6		—		—
Total Derivative Liabilities – Interest Rate Contracts	\$	181	\$	23	\$	29	\$	—	\$	29	\$	7	\$	—	\$	—
Total Derivative Liabilities	\$	390	\$	74	\$	95	\$	51	\$	29	\$	7	\$	—	\$	91

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Derivative Assets		December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 17	\$ —	\$ —	\$ —	\$ —	\$ 3	\$ 13	\$ 1	
Noncurrent	1	—	—	—	—	1	—	—	
Total Derivative Assets – Commodity Contracts	\$ 18	\$ —	\$ —	\$ —	\$ —	\$ 4	\$ 13	\$ 1	
Interest Rate Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	6	—	6	—	6	—	—	—	
Total Derivative Assets – Interest Rate Contracts	\$ 6	\$ —	\$ 6	\$ —	\$ 6	\$ —	\$ —	\$ —	
Equity Securities Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	1	—	1	—	1	—	—	—	
Total Derivative Assets – Equity Securities Contracts	\$ 1	\$ —	\$ 1	\$ —	\$ 1	\$ —	\$ —	\$ —	
Total Derivative Assets	\$ 25	\$ —	\$ 7	\$ —	\$ 7	\$ 4	\$ 13	\$ 1	

Derivative Liabilities		December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 67	\$ 33	\$ 26	\$ 26	\$ —	\$ —	\$ 1	\$ 7	
Noncurrent	156	10	37	22	—	—	—	110	
Total Derivative Liabilities – Commodity Contracts	\$ 223	\$ 43	\$ 63	\$ 48	\$ —	\$ —	\$ 1	\$ 117	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 19	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	21	—	—	—	—	—	—	—	
<i>Not Designated as Hedging Instruments</i>									
Current	8	6	1	1	—	1	—	—	
Noncurrent	5	—	—	—	—	5	—	—	
Total Derivative Liabilities – Interest Rate Contracts	\$ 53	\$ 6	\$ 1	\$ 1	\$ —	\$ 6	\$ —	\$ —	
Equity Securities Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	24	—	24	—	24	—	—	—	
Total Derivative Liabilities – Equity Securities Contracts	\$ 24	\$ —	\$ 24	\$ —	\$ 24	\$ —	\$ —	\$ —	
Total Derivative Liabilities	\$ 300	\$ 49	\$ 88	\$ 49	\$ 24	\$ 6	\$ 1	\$ 117	

OFFSETTING ASSETS AND LIABILITIES

The following tables present the line items on the Condensed Consolidated Balance Sheets where derivatives are reported. Substantially all of Duke Energy's outstanding derivative contracts are subject to enforceable master netting arrangements. The gross amounts offset in the tables below show the effect of these netting arrangements on financial position, and include collateral posted to offset the net position. The amounts shown are calculated by counterparty. Accounts receivable or accounts payable may also be available to offset exposures in the event of bankruptcy. These amounts are not included in the tables below.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Derivative Assets				March 31, 2020										
		Duke	Duke	Progress	Duke	Duke	Duke	Duke	Duke					
(in millions)		Energy	Carolinas	Energy	Progress	Energy	Florida	Ohio	Indiana	Piedmont				
Current														
Gross amounts recognized	\$	9	\$	—	\$	3	\$	—	\$	—	\$	2	\$	3
Gross amounts offset		—		—		—		—		—		—		—
Net amounts presented in Current Assets: Other	\$	9	\$	—	\$	3	\$	—	\$	—	\$	2	\$	3
Noncurrent														
Gross amounts recognized	\$	25	\$	2	\$	22	\$	2	\$	20	\$	1	\$	—
Gross amounts offset		(3)		(2)		(1)		(1)		—		—		—
Net amounts presented in Other Noncurrent Assets: Other	\$	2	\$	—	\$	1	\$	1	\$	—	\$	1	\$	—
Net amounts presented in NDTF	\$	20	\$	—	\$	20	\$	—	\$	20	\$	—	\$	—

Derivative Liabilities				March 31, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont			
Current											
Gross amounts recognized	\$ 178	\$ 40	\$ 60	\$ 31	\$ 29	\$ 1	\$ —	\$ 8			
Gross amounts offset	—	—	—	—	—	—	—	—			
Net amounts presented in Current Liabilities: Other	\$ 178	\$ 40	\$ 60	\$ 31	\$ 29	\$ 1	\$ —	\$ 8			
Noncurrent											
Gross amounts recognized	\$ 212	\$ 34	\$ 35	\$ 20	\$ —	\$ 6	\$ —	\$ 83			
Gross amounts offset	(3)	(2)	(1)	(1)	—	—	—	—			
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 209	\$ 32	\$ 34	\$ 19	\$ —	\$ 6	\$ —	\$ 83			

Derivative Assets				December 31, 2019												
				Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana		Piedmont					
(in millions)		Duke Energy		Carolinas	Energy	Progress	Florida	Ohio	Indiana							
Current																
Gross amounts recognized	\$	24	\$	—	\$	7	\$	—	\$	7	\$	3	\$	13	\$	1
Gross amounts offset		(1)		—		(1)		—		(1)		—		—		—
Net amounts presented in Current Assets: Other	\$	23	\$	—	\$	6	\$	—	\$	6	\$	3	\$	13	\$	1
Noncurrent																
Gross amounts recognized	\$	1	\$	—	\$	—	\$	—	\$	—	\$	1	\$	—	\$	—
Gross amounts offset		—		—		—		—		—		—		—		—
Net amounts presented in Other Noncurrent Assets: Other	\$	1	\$	—	\$	—	\$	—	\$	—	\$	1	\$	—	\$	—

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Derivative Liabilities		December 31, 2019							
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
(in millions)									
Current									
Gross amounts recognized	\$	118	\$ 39	\$ 51	\$ 27	\$ 24	\$ 1	\$ 1	\$ 7
Gross amounts offset		(24)	—	(24)	—	(24)	—	—	—
Net amounts presented in Current Liabilities: Other	\$	94	\$ 39	\$ 27	\$ 27	\$ —	\$ 1	\$ 1	\$ 7
Noncurrent									
Gross amounts recognized	\$	182	\$ 10	\$ 37	\$ 22	\$ —	\$ 5	\$ —	\$ 110
Gross amounts offset		—	—	—	—	—	—	—	—
Net amounts presented in Other Noncurrent Liabilities: Other	\$	182	\$ 10	\$ 37	\$ 22	\$ —	\$ 5	\$ —	\$ 110

OBJECTIVE CREDIT CONTINGENT FEATURES

Certain derivative contracts contain objective credit contingent features. These features include the requirement to post cash collateral or letters of credit if specific events occur, such as a credit rating downgrade below investment grade. The following tables show information with respect to derivative contracts that are in a net liability position and contain objective credit-risk-related payment provisions.

		March 31, 2020			
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
(in millions)					
Aggregate fair value of derivatives in a net liability position	\$	96	\$ 45	\$ 51	\$ 51
Fair value of collateral already posted		—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered		96	45	51	51

		December 31, 2019			
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
(in millions)					
Aggregate fair value of derivatives in a net liability position	\$	79	\$ 35	\$ 44	\$ 44
Fair value of collateral already posted		—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered		79	35	44	44

The Duke Energy Registrants have elected to offset cash collateral and fair values of derivatives. For amounts to be netted, the derivative and cash collateral must be executed with the same counterparty under the same master netting arrangement.

9. INVESTMENTS IN DEBT AND EQUITY SECURITIES

Duke Energy's investments in debt and equity securities are primarily comprised of investments held in (i) the NDTF at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, (ii) the grantor trusts at Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana related to OPEB plans and (iii) Bison. The Duke Energy Registrants classify investments in debt securities as AFS and investments in equity securities as fair value through net income (FV-NI).

For investments in debt securities classified as AFS, the unrealized gains and losses are included in other comprehensive income until realized, at which time, they are reported through net income. For investments in equity securities classified as FV-NI, both realized and unrealized gains and losses are reported through net income. Substantially all of Duke Energy's investments in debt and equity securities qualify for regulatory accounting, and accordingly, all associated realized and unrealized gains and losses on these investments are deferred as a regulatory asset or liability.

Duke Energy classifies the majority of investments in debt and equity securities as long term, unless otherwise noted.

Investment Trusts

The investments within the Investment Trusts are managed by independent investment managers with discretion to buy, sell and invest pursuant to the objectives set forth by the trust agreements. The Duke Energy Registrants have limited oversight of the day-to-day management of these investments. As a result, the ability to hold investments in unrealized loss positions is outside the control of the Duke Energy Registrants. Accordingly, all unrealized losses associated with debt securities within the Investment Trusts are recognized immediately and deferred to regulatory accounts where appropriate.

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment has a credit loss. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value is related to a credit loss. If a credit loss exists, the unrealized credit loss is included in earnings. There were no material credit losses as of March 31, 2020, and December 31, 2019.

Other Investments amounts are recorded in Other within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

DUKE ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 119	\$ —	\$ —	\$ 101
Equity securities	2,499	170	4,488	3,523	55	5,661
Corporate debt securities	26	16	642	37	1	603
Municipal bonds	10	2	404	13	—	368
U.S. government bonds	70	—	1,212	33	1	1,256
NDTF equity security contracts	20	—	20	—	—	—
Other debt securities	4	3	163	3	—	141
Total NDTF Investments	\$ 2,629	\$ 191	\$ 7,048	\$ 3,609	\$ 57	\$ 8,130
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 78	\$ —	\$ —	\$ 52
Equity securities	31	1	95	57	—	122
Corporate debt securities	—	—	89	3	—	67
Municipal bonds	6	1	98	4	—	94
U.S. government bonds	5	—	51	2	—	41
Other debt securities	—	—	52	—	—	56
Total Other Investments	\$ 42	\$ 2	\$ 463	\$ 66	\$ —	\$ 432
Total Investments	\$ 2,671	\$ 193	\$ 7,511	\$ 3,675	\$ 57	\$ 8,562

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2020, and 2019, were as follows.

(in millions)	Three Months Ended	
	March 31, 2020	March 31, 2019
FV-NI:		
Realized gains	\$ 23	\$ 35
Realized losses	65	30
AFS:		
Realized gains	20	10
Realized losses	6	11

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY CAROLINAS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 33	\$ —	\$ —	\$ 21
Equity securities	1,355	81	2,498	1,914	8	3,154
Corporate debt securities	15	12	392	21	1	361
Municipal bonds	3	1	128	3	—	96
U.S. government bonds	35	—	502	16	1	578
Other debt securities	3	3	159	3	—	137
Total NDTF Investments	\$ 1,411	\$ 97	\$ 3,712	\$ 1,957	\$ 10	\$ 4,347

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2020, and 2019, were as follows.

(in millions)	Three Months Ended	
	March 31, 2020	March 31, 2019
FV-NI:		
Realized gains	\$ 9	\$ 23
Realized losses	45	21
AFS:		
Realized gains	12	9
Realized losses	5	10

PROGRESS ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 86	\$ —	\$ —	\$ 80
Equity securities	1,144	89	1,990	1,609	47	2,507
Corporate debt securities	11	4	250	16	—	242
Municipal bonds	7	1	276	10	—	272
U.S. government bonds	35	—	710	17	—	678
NDTF equity security contracts	20	—	20	—	—	—
Other debt securities	1	—	4	—	—	4
Total NDTF Investments	\$ 1,218	\$ 94	\$ 3,336	\$ 1,652	\$ 47	\$ 3,783
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 69	\$ —	\$ —	\$ 49
Municipal bonds	5	—	53	3	—	51
Total Other Investments	\$ 5	\$ —	\$ 122	\$ 3	\$ —	\$ 100
Total Investments	\$ 1,223	\$ 94	\$ 3,458	\$ 1,655	\$ 47	\$ 3,883

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FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2020, and 2019, were as follows.

(in millions)	Three Months Ended	
	March 31, 2020	March 31, 2019
FV-NI:		
Realized gains	\$ 14	\$ 12
Realized losses	20	9
AFS:		
Realized gains	5	1
Realized losses	1	1

DUKE ENERGY PROGRESS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 51	\$ —	\$ —	\$ 53
Equity securities	881	79	1,631	1,258	21	2,077
Corporate debt securities	11	4	250	16	—	242
Municipal bonds	7	1	276	10	—	272
U.S. government bonds	34	—	436	16	—	403
Other debt securities	1	—	4	—	—	4
Total NDTF Investments	\$ 934	\$ 84	\$ 2,648	\$ 1,300	\$ 21	\$ 3,051
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 2
Total Other Investments	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 2
Total Investments	\$ 934	\$ 84	\$ 2,650	\$ 1,300	\$ 21	\$ 3,053

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2020, and 2019, were as follows.

(in millions)	Three Months Ended	
	March 31, 2020	March 31, 2019
FV-NI:		
Realized gains	\$ 14	\$ 10
Realized losses	20	8
AFS:		
Realized gains	5	1
Realized losses	1	1

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY FLORIDA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 35	\$ —	\$ —	\$ 27
Equity securities	263	10	359	351	26	430
U.S. government bonds	1	—	274	1	—	275
NDTF equity security contracts	20	—	20	—	—	—
Total NDTF Investments^(a)	\$ 284	\$ 10	\$ 688	\$ 352	\$ 26	\$ 732
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 3	\$ —	\$ —	\$ 4
Municipal bonds	5	—	53	3	—	51
Total Other Investments	\$ 5	\$ —	\$ 56	\$ 3	\$ —	\$ 55
Total Investments	\$ 289	\$ 10	\$ 744	\$ 355	\$ 26	\$ 787

(a) During the three months ended March 31, 2020, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of Crystal River Unit 3.

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2020, and 2019, were immaterial.

DUKE ENERGY INDIANA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are measured at FV-NI and debt investments are classified as AFS.

(in millions)	March 31, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Investments						
Equity securities	\$ 26	\$ 1	\$ 63	\$ 43	\$ —	\$ 81
Corporate debt securities	—	—	4	—	—	6
Municipal bonds	1	1	36	1	—	36
U.S. government bonds	—	—	3	—	—	2
Total Investments	\$ 27	\$ 2	\$ 106	\$ 44	\$ —	\$ 125

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2020, and 2019, were immaterial.

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DEBT SECURITY MATURITIES

The table below summarizes the maturity date for debt securities.

March 31, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	
Due in one year or less	\$ 333	\$ 25	\$ 302	\$ 26	\$ 276	\$ 3	
Due after one through five years	538	234	236	227	9	17	
Due after five through 10 years	465	188	214	207	7	7	
Due after 10 years	1,375	734	541	506	35	16	
Total	\$ 2,711	\$ 1,181	\$ 1,293	\$ 966	\$ 327	\$ 43	

10. FAIR VALUE MEASUREMENTS

Fair value is the exchange price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The fair value definition focuses on an exit price versus the acquisition cost. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, corroborated by market data or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

Fair value measurements are classified in three levels based on the fair value hierarchy as defined by GAAP. Certain investments are not categorized within the fair value hierarchy. These investments are measured at fair value using the net asset value (NAV) per share practical expedient. The NAV is derived based on the investment cost, less any impairment, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

Fair value accounting guidance permits entities to elect to measure certain financial instruments that are not required to be accounted for at fair value, such as equity method investments or the company's own debt, at fair value. The Duke Energy Registrants have not elected to record any of these items at fair value.

Valuation methods of the primary fair value measurements disclosed below are as follows.

Investments in equity securities

The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market as of the last business day of the quarter. Principal active markets for equity prices include published exchanges such as the New York Stock Exchange and Nasdaq Stock Market. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market. There was no after-hours market activity that was required to be reflected in the reported fair value measurements.

Investments in debt securities

Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. If the market for a particular fixed-income security is relatively inactive or illiquid, the measurement is Level 3.

Commodity derivatives

Commodity derivatives with clearinghouses are classified as Level 1. If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. In isolation, increases (decreases) in natural gas forward prices result in favorable (unfavorable) fair value adjustments for natural gas purchase contracts; and increases (decreases) in electricity forward prices result in unfavorable (favorable) fair value adjustments for electricity sales contracts. Duke Energy regularly evaluates and validates pricing inputs used to estimate the fair value of natural gas commodity contracts by a market participant price verification procedure. This procedure provides a comparison of internal forward commodity curves to market participant generated curves.

Interest rate derivatives

Most over-the-counter interest rate contract derivatives are valued using financial models that utilize observable inputs for similar instruments and are classified as Level 2. Inputs include forward interest rate curves, notional amounts, interest rates and credit quality of the counterparties.

Other fair value considerations

See Note 12 in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019, for a discussion of the valuation of goodwill and intangible assets.

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets. Derivative amounts in the tables below for all Duke Energy Registrants exclude cash collateral, which is disclosed in Note 8. See Note 9 for additional information related to investments by major security type for the Duke Energy Registrants.

(in millions)	March 31, 2020				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	\$ 4,488	\$ 4,440	\$ —	\$ —	48
NDTF debt securities	2,540	767	1,773	—	—
Other equity securities	95	95	—	—	—
Other debt securities	368	126	242	—	—
NDTF equity security contracts	20	—	20	—	—
Derivative assets	34	3	28	3	—
Total assets	7,545	5,431	2,063	3	48
Derivative liabilities	(390)	(49)	(250)	(91)	—
Net assets (liabilities)	\$ 7,155	\$ 5,382	\$ 1,813	\$ (88)	48

(in millions)	December 31, 2019				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	\$ 5,684	\$ 5,633	\$ —	\$ —	51
NDTF debt securities	2,469	826	1,643	—	—
Other equity securities	122	122	—	—	—
Other debt securities	310	91	219	—	—
Derivative assets	25	3	7	15	—
Total assets	8,610	6,675	1,869	15	51
NDTF equity security contracts	(23)	—	(23)	—	—
Derivative liabilities	(277)	(15)	(145)	(117)	—
Net assets (liabilities)	\$ 8,310	\$ 6,660	\$ 1,701	\$ (102)	51

The following tables provide reconciliations of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2020	2019
Balance at beginning of period	\$ (102)	\$ (113)
Purchases, sales, issuances and settlements:		
Settlements	(9)	(12)
Total gains included on the Condensed Consolidated Balance Sheet	23	10
Balance at end of period	\$ (88)	\$ (115)

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY CAROLINAS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2020			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF equity securities	\$ 2,498	\$ 2,450	\$ —	\$ 48
NDTF debt securities	1,214	182	1,032	—
Derivative assets	2	—	2	—
Total assets	3,714	2,632	1,034	48
Derivative liabilities	(74)	—	(74)	—
Net assets	\$ 3,640	\$ 2,632	\$ 960	\$ 48

(in millions)	December 31, 2019			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF equity securities	\$ 3,154	\$ 3,103	\$ —	\$ 51
NDTF debt securities	1,193	227	966	—
Total assets	4,347	3,330	966	51
Derivative liabilities	(49)	—	(49)	—
Net assets	\$ 4,298	\$ 3,330	\$ 917	\$ 51

PROGRESS ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 1,990	\$ 1,990	\$ —	\$ 2,530	\$ 2,530	\$ —
NDTF debt securities	1,326	585	741	1,276	599	677
Other debt securities	122	69	53	100	49	51
NDTF equity security contracts	20	—	20	—	—	—
Derivative assets	25	—	25	7	—	7
Total assets	3,483	2,644	839	3,913	3,178	735
NDTF equity security contracts	—	—	—	(23)	—	(23)
Derivative liabilities	(95)	—	(95)	(65)	—	(65)
Net assets	\$ 3,388	\$ 2,644	\$ 744	\$ 3,825	\$ 3,178	\$ 647

DUKE ENERGY PROGRESS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 1,631	\$ 1,631	\$ —	\$ 2,077	\$ 2,077	\$ —
NDTF debt securities	1,017	276	741	974	297	677
Other debt securities	2	2	—	2	2	—
Derivative assets	5	—	5	—	—	—
Total assets	2,655	1,909	746	3,053	2,376	677
Derivative liabilities	(51)	—	(51)	(49)	—	(49)
Net assets	\$ 2,604	\$ 1,909	\$ 695	\$ 3,004	\$ 2,376	\$ 628

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY FLORIDA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 359	\$ 359	\$ —	\$ 453	\$ 453	\$ —
NDTF debt securities	309	309	—	302	302	—
Other debt securities	56	3	53	55	4	51
NDTF equity security contracts	20	—	20	—	—	—
Derivative assets	—	—	—	7	—	7
Total assets	744	671	73	817	759	58
NDTF equity security contracts	—	—	—	(23)	—	(23)
Derivative liabilities	(29)	—	(29)	(1)	—	(1)
Net assets	\$ 715	\$ 671	\$ 44	\$ 793	\$ 759	\$ 34

DUKE ENERGY OHIO

The recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets were not material at March 31, 2020, and December 31, 2019.

DUKE ENERGY INDIANA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2020				December 31, 2019			
	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	\$ 63	\$ 63	\$ —	\$ —	\$ 81	\$ 81	\$ —	\$ —
Other debt securities	43	—	43	—	44	—	44	—
Derivative assets	2	—	—	2	13	2	—	11
Total assets	\$ 108	\$ 63	\$ 43	\$ 2	\$ 138	\$ 83	\$ 44	\$ 11
Derivative liabilities	—	—	—	—	(1)	(1)	—	—
Net assets	\$ 108	\$ 63	\$ 43	\$ 2	\$ 137	\$ 82	\$ 44	\$ 11

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2020	2019
Balance at beginning of period	\$ 11	\$ 22
Purchases, sales, issuances and settlements:		
Settlements	(6)	(10)
Total losses included on the Condensed Consolidated Balance Sheet	(3)	(7)
Balance at end of period	\$ 2	\$ 5

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

PIEDMONT

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 3	Total Fair Value	Level 1	Level 3
Derivative assets	\$ 3	\$ 3	\$ —	\$ 1	\$ 1	\$ —
Derivative liabilities	(91)	—	(91)	(117)	—	(117)
Net (liabilities) assets	\$ (88)	\$ 3	\$ (91)	\$ (116)	\$ 1	\$ (117)

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2020	2019
Balance at beginning of period	\$ (117)	\$ (141)
Total gains and settlements	26	20
Balance at end of period	\$ (91)	\$ (121)

QUANTITATIVE INFORMATION ABOUT UNOBSERVABLE INPUTS

The following tables include quantitative information about the Duke Energy Registrants' derivatives classified as Level 3.

March 31, 2020					
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy Ohio					
FTRs	\$ 1	RTO auction pricing	FTR price – per MWh	\$ 0.04 - \$ 3.29	\$ 1.03
Duke Energy Indiana					
FTRs	2	RTO auction pricing	FTR price – per MWh	(0.37) - 6.06	0.54
Piedmont					
Natural gas contracts	(91)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.64 - 2.41	1.94
Duke Energy					
Total Level 3 derivatives	\$ (88)				

December 31, 2019					
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy Ohio					
FTRs	\$ 4	RTO auction pricing	FTR price – per MWh	\$ 0.59 - \$ 3.47	\$ 2.07
Duke Energy Indiana					
FTRs	11	RTO auction pricing	FTR price – per MWh	(0.66) - 9.24	1.15
Piedmont					
Natural gas contracts	(117)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.59 - 2.46	1.91
Duke Energy					
Total Level 3 derivatives	\$ (102)				

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

OTHER FAIR VALUE DISCLOSURES

The fair value and book value of long-term debt, including current maturities, is summarized in the following table. Estimates determined are not necessarily indicative of amounts that could have been settled in current markets. Fair value of long-term debt uses Level 2 measurements.

(in millions)	March 31, 2020		December 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
Duke Energy ^(a)	\$ 61,388	\$ 65,644	\$ 58,126	\$ 63,062
Duke Energy Carolinas	12,807	14,312	11,900	13,516
Progress Energy	19,355	21,802	19,634	22,291
Duke Energy Progress	9,059	9,798	9,058	9,934
Duke Energy Florida	7,706	8,831	7,987	9,131
Duke Energy Ohio	2,620	2,904	2,619	2,964
Duke Energy Indiana	4,603	5,433	4,057	4,800
Piedmont	2,385	2,551	2,384	2,642

(a) Book value of long-term debt includes \$1.4 billion at March 31, 2020, and \$1.5 billion at December 31, 2019, of unamortized debt discount and premium, net of purchase accounting adjustments related to the mergers with Progress Energy and Piedmont that are excluded from fair value of long-term debt.

At both March 31, 2020, and December 31, 2019, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper and nonrecourse notes payable of VIEs are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

11. VARIABLE INTEREST ENTITIES

CONSOLIDATED VIEs

The obligations of the consolidated VIEs discussed in the following paragraphs are nonrecourse to the Duke Energy Registrants. The registrants have no requirement to provide liquidity to, purchase assets of or guarantee performance of these VIEs unless noted in the following paragraphs.

No financial support was provided to any of the consolidated VIEs during the three months ended March 31, 2020, and the year ended December 31, 2019, or is expected to be provided in the future that was not previously contractually required.

Receivables Financing – DERF/DEPR/DEFR

DERF, DEPR and DEFR are bankruptcy remote, special purpose subsidiaries of Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, respectively. DERF, DEPR and DEFR are wholly owned LLCs with separate legal existence from their parent companies, and their assets are not generally available to creditors of their parent companies. On a revolving basis, DERF, DEPR and DEFR buy certain accounts receivable arising from the sale of electricity and related services from their parent companies.

DERF, DEPR and DEFR borrow amounts under credit facilities to buy these receivables. Borrowing availability from the credit facilities is limited to the amount of qualified receivables purchased. The sole source of funds to satisfy the related debt obligations is cash collections from the receivables. Amounts borrowed under the credit facilities are reflected on the Condensed Consolidated Balance Sheets as Long-Term Debt.

The most significant activity that impacts the economic performance of DERF, DEPR and DEFR are the decisions made to manage delinquent receivables. Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida are considered the primary beneficiaries and consolidate DERF, DEPR and DEFR, respectively, as they make those decisions. Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. The impact of COVID-19 and the Duke Energy Registrant's related response on customers' ability to pay for service is uncertain, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. See Note 3 for information about COVID-19 filings with state utility commissions.

Receivables Financing – CRC

CRC is a bankruptcy remote, special purpose entity indirectly owned by Duke Energy. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Ohio and Duke Energy Indiana. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Ohio and Duke Energy Indiana. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables. Amounts borrowed under the credit facility are reflected on Duke Energy's Condensed Consolidated Balance Sheets as Long-Term Debt.

The proceeds Duke Energy Ohio and Duke Energy Indiana receive from the sale of receivables to CRC are approximately 75% cash and 25% in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Depending on collection experience, additional equity infusions to CRC may be required by Duke Energy to maintain a minimum equity balance of \$3 million.

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VARIABLE INTEREST ENTITIES

CRC is considered a VIE because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact the economic performance of the entity is not held by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy is considered the primary beneficiary and consolidates CRC as it makes these decisions. Neither Duke Energy Ohio nor Duke Energy Indiana consolidate CRC. Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. The impact of COVID-19 and the Duke Energy Registrant's related response on customers' ability to pay for service is uncertain, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. See Note 3 for information about COVID-19 filings with state utility commissions.

Receivables Financing – Credit Facilities

The following table summarizes the amounts and expiration dates of the credit facilities and associated restricted receivables described above.

(in millions)	CRC	Duke Energy		
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
		DERF	DEPR	DEFRE
Expiration date	February 2023	December 2022	April 2023	April 2021
Credit facility amount	\$ 350	\$ 475	\$ 375	\$ 250
Amounts borrowed at March 31, 2020	350	475	325	250
Amounts borrowed at December 31, 2019	350	474	325	250
Restricted Receivables at March 31, 2020	467	616	410	331
Restricted Receivables at December 31, 2019	522	642	489	336

Nuclear Asset-Recovery Bonds – DEFPP

DEFPP is a bankruptcy remote, wholly owned special purpose subsidiary of Duke Energy Florida. DEFPP was formed in 2016 for the sole purpose of issuing nuclear asset-recovery bonds to finance Duke Energy Florida's unrecovered regulatory asset related to Crystal River Unit 3.

In 2016, DEFPP issued senior secured bonds and used the proceeds to acquire nuclear asset-recovery property from Duke Energy Florida. The nuclear asset-recovery property acquired includes the right to impose, bill, collect and adjust a non-bypassable nuclear asset-recovery charge from all Duke Energy Florida retail customers until the bonds are paid in full and all financing costs have been recovered. The nuclear asset-recovery bonds are secured by the nuclear asset-recovery property and cash collections from the nuclear asset-recovery charges are the sole source of funds to satisfy the debt obligation. The bondholders have no recourse to Duke Energy Florida.

DEFPP is considered a VIE primarily because the equity capitalization is insufficient to support its operations. Duke Energy Florida has the power to direct the significant activities of the VIE as described above and therefore Duke Energy Florida is considered the primary beneficiary and consolidates DEFPP.

The following table summarizes the impact of DEFPP on Duke Energy Florida's Condensed Consolidated Balance Sheets.

(in millions)	March 31, 2020	December 31, 2019
Receivables of VIEs	\$ 4	\$ 5
Regulatory Assets: Current	53	52
Current Assets: Other	13	39
Other Noncurrent Assets: Regulatory assets	980	989
Current Liabilities: Other	2	10
Current maturities of long-term debt	54	54
Long-Term Debt	1,028	1,057

Commercial Renewables

Certain of Duke Energy's renewable energy facilities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Assets are restricted and cannot be pledged as collateral or sold to third parties without prior approval of debt holders. Additionally, Duke Energy has VIEs associated with tax equity arrangements entered into with third-party investors in order to finance the cost of renewable assets eligible for tax credits. The activities that most significantly impacted the economic performance of these renewable energy facilities were decisions associated with siting, negotiating PPAs and Engineering, Procurement and Construction agreements, and decisions associated with ongoing operations and maintenance-related activities. Duke Energy is considered the primary beneficiary and consolidates the entities as it is responsible for all of these decisions.

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VARIABLE INTEREST ENTITIES

The table below presents material balances reported on Duke Energy's Condensed Consolidated Balance Sheets related to Commercial Renewables VIEs.

(in millions)	March 31, 2020	December 31, 2019
Current Assets: Other	\$ 287	\$ 203
Property, Plant and Equipment: Cost	6,106	5,747
Accumulated depreciation and amortization	(1,094)	(1,041)
Other Noncurrent Assets: Other	82	106
Current maturities of long-term debt	162	162
Long-Term Debt	1,538	1,541
Other Noncurrent Liabilities: AROs	129	127
Other Noncurrent Liabilities: Other	258	228

NON-CONSOLIDATED VIEs

The following tables summarize the impact of non-consolidated VIEs on the Condensed Consolidated Balance Sheets.

	March 31, 2020						
	Duke Energy				Duke	Duke	
(in millions)	Pipeline	Commercial	Other		Energy	Energy	
	Investments	Renewables	VIEs	Total	Ohio	Indiana	
Receivables from affiliated companies	\$ —	\$ (1)	\$ —	\$ (1)	\$ 39	\$ 48	
Investments in equity method unconsolidated affiliates	1,243	371	—	1,614	—	—	
Total assets	\$ 1,243	\$ 370	\$ —	\$ 1,613	\$ 39	\$ 48	
Taxes accrued	(1)	—	—	(1)	—	—	
Other current liabilities	—	—	3	3	—	—	
Deferred income taxes	69	—	—	69	—	—	
Other noncurrent liabilities	105	—	11	116	—	—	
Total liabilities	\$ 173	\$ —	\$ 14	\$ 187	\$ —	\$ —	
Net assets (liabilities)	\$ 1,070	\$ 370	\$ (14)	\$ 1,426	\$ 39	\$ 48	

(in millions)	December 31, 2019							
	Duke Energy					Duke Energy	Duke Energy	
	Pipeline Investments	Commercial Renewables	Other VIEs	Total	Ohio	Indiana		
Receivables from affiliated companies	\$ —	\$ (1)	\$ —	\$ (1)	\$ 64	\$ 77		
Investments in equity method unconsolidated affiliates	1,179	300	—	1,479	—	—		
Total assets	\$ 1,179	\$ 299	\$ —	\$ 1,478	\$ 64	\$ 77		
Taxes accrued	(1)	—	—	(1)	—	—		
Other current liabilities	—	—	4	4	—	—		
Deferred income taxes	59	—	—	59	—	—		
Other noncurrent liabilities	—	—	11	11	—	—		
Total liabilities	\$ 58	\$ —	\$ 15	\$ 73	\$ —	\$ —		
Net assets (liabilities)	\$ 1,121	\$ 299	\$ (15)	\$ 1,405	\$ 64	\$ 77		

The Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above except for the PPA with OVEC, which is discussed below, and various guarantees, including Duke Energy's guarantee agreement to support its share of the ACP revolving credit facility. Duke Energy's maximum exposure to loss under the terms of the guarantee is \$845 million, which represents 47% of the outstanding borrowings under the credit facility as of March 31, 2020. For more information on various guarantees, refer to Note 4.

Pipeline Investments

Duke Energy has investments in various joint ventures with pipeline projects currently under construction. These entities are considered VIEs due to having insufficient equity to finance their own activities without subordinated financial support. Duke Energy does not have the power to direct the activities that most significantly impact the economic performance, the obligation to absorb losses or the right to receive benefits of these VIEs and therefore does not consolidate these entities.

FINANCIAL STATEMENTS

VARIABLE INTEREST ENTITIES

The table below presents Duke Energy's ownership interest and investment balances in these joint ventures.

Entity Name	Ownership Interest	VIE Investment Amount (in millions)	
		March 31, 2020	December 31, 2019
ACP ^(a)	47%	\$ 1,243	\$ 1,179
Constitution ^(b)	24%	—	—
Total		\$ 1,243	\$ 1,179

- (a) Duke Energy evaluated this investment for impairment as of March 31, 2020, and December 31, 2019, and determined that fair value approximated carrying value and therefore no impairment was necessary.
- (b) During the year ended December 31, 2019, Duke Energy recorded an OTTI related to Constitution. This charge resulted in the full write-down of Duke Energy's investment in Constitution.

Commercial Renewables

Duke Energy has investments in various renewable energy project entities. Some of these entities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Duke Energy does not consolidate these VIEs because power to direct and control key activities is shared jointly by Duke Energy and other owners. In 2019, Duke Energy acquired a majority ownership in a portfolio of distributed fuel cell projects from Bloom Energy Corporation. Duke Energy is not the primary beneficiary of the assets within the portfolio and does not consolidate the assets in the portfolio.

OVEC

Duke Energy Ohio's 9% ownership interest in OVEC is considered a non-consolidated VIE due to OVEC having insufficient equity to finance its activities without subordinated financial support. The activities that most significantly impact OVEC's economic performance include fuel strategy and supply activities and decisions associated with ongoing operations and maintenance-related activities. Duke Energy Ohio does not have the unilateral power to direct these activities, and therefore, does not consolidate OVEC.

As a counterparty to an Inter-Company Power Agreement (ICPA), Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in OVEC's cost of business. On March 31, 2018, FirstEnergy Solutions Corp (FES), a subsidiary of FirstEnergy Corp. and an ICPA counterparty with a power participation ratio of 4.85%, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. In addition, certain proposed environmental rulemaking could result in future increased OVEC cost allocations. See Note 3 for additional information.

CRC

See discussion under Consolidated VIEs for additional information related to CRC.

Amounts included in Receivables from affiliated companies in the above table for Duke Energy Ohio and Duke Energy Indiana reflect their retained interest in receivables sold to CRC. These subordinated notes held by Duke Energy Ohio and Duke Energy Indiana are stated at fair value.

The following table shows the gross and net receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Receivables sold	\$ 234	\$ 253	\$ 274	\$ 307
Less: Retained interests	39	64	48	77
Net receivables sold	\$ 195	\$ 189	\$ 226	\$ 230

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VARIABLE INTEREST ENTITIES

The following table shows sales and cash flows related to receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	Three Months Ended		Three Months Ended	
	March 31,		March 31,	
	2020	2019	2020	2019
Sales				
Receivables sold	\$ 537	\$ 575	\$ 647	\$ 734
Loss recognized on sale	4	4	4	5
Cash flows				
Cash proceeds from receivables sold	\$ 559	\$ 597	\$ 672	\$ 758
Return received on retained interests	2	2	2	3

Cash flows from sales of receivables are reflected within Cash Flows From Operating Activities on Duke Energy Ohio's and Duke Energy Indiana's Condensed Consolidated Statements of Cash Flows.

12. REVENUE

Duke Energy earns substantially all of its revenues through its reportable segments, Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

Electric Utilities and Infrastructure

Electric Utilities and Infrastructure earns the majority of its revenues through retail and wholesale electric service through the generation, transmission, distribution and sale of electricity. Duke Energy generally provides retail and wholesale electric service customers with their full electric load requirements or with supplemental load requirements when the customer has other sources of electricity.

The majority of wholesale revenues are full requirements contracts where the customers purchase the substantial majority of their energy needs and do not have a fixed quantity of contractually required energy or capacity. As such, related forecasted revenues are considered optional purchases. Supplemental requirements contracts that include contracted blocks of energy and capacity at contractually fixed prices have the following estimated remaining performance obligations:

(in millions)	Remaining Performance Obligations						
	2020	2021	2022	2023	2024	Thereafter	Total
Progress Energy	\$ 84	\$ 92	\$ 87	\$ 44	\$ 45	\$ 58	410
Duke Energy Progress	6	8	8	8	8	—	38
Duke Energy Florida	78	84	79	36	37	58	372
Duke Energy Indiana	8	5	—	—	—	—	13

Revenues for block sales are recognized monthly as energy is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates.

Gas Utilities and Infrastructure

Gas Utilities and Infrastructure earns its revenues through retail and wholesale natural gas service through the transportation, distribution and sale of natural gas. Duke Energy generally provides retail and wholesale natural gas service customers with all natural gas load requirements. Additionally, while natural gas can be stored, substantially all natural gas provided by Duke Energy is consumed by customers simultaneously with receipt of delivery.

Fixed-capacity payments under long-term contracts for the Gas Utilities and Infrastructure segment include minimum margin contracts and supply arrangements with municipalities and power generation facilities. Revenues for related sales are recognized monthly as natural gas is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates. Estimated remaining performance obligations are as follows:

(in millions)	Remaining Performance Obligations						
	2020	2021	2022	2023	2024	Thereafter	Total
Piedmont	\$ 51	\$ 65	\$ 64	\$ 61	\$ 58	\$ 376	675

Commercial Renewables

Commercial Renewables earns the majority of its revenues through long-term PPAs and generally sells all of its wind and solar facility output, electricity and Renewable Energy Certificates (RECs) to customers. The majority of these PPAs have historically been accounted for as leases. For PPAs that are not accounted for as leases, the delivery of electricity and the delivery of RECs are considered separate performance obligations.

FINANCIAL STATEMENTS

REVENUE

Other

The remainder of Duke Energy's operations is presented as Other, which does not include material revenues from contracts with customers.

Disaggregated Revenues

Disaggregated revenues are presented as follows:

	Three Months Ended March 31, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
By market or type of customer								
Electric Utilities and Infrastructure								
Residential	\$ 2,261	\$ 756	\$ 1,064	\$ 502	\$ 562	\$ 176	\$ 265	\$ —
General	1,492	549	648	319	329	114	181	—
Industrial	693	269	216	154	62	35	175	—
Wholesale	497	114	321	279	42	7	55	—
Other revenues	191	60	118	63	55	20	16	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 5,134	\$ 1,748	\$ 2,367	\$ 1,317	\$ 1,050	\$ 352	\$ 692	\$ —
Gas Utilities and Infrastructure								
Residential	\$ 362	\$ —	\$ —	\$ —	\$ —	\$ 97	\$ —	\$ 264
Commercial	169	—	—	—	—	43	—	126
Industrial	41	—	—	—	—	6	—	36
Power Generation	—	—	—	—	—	—	—	11
Other revenues	30	—	—	—	—	6	—	24
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 602	\$ —	\$ —	\$ —	\$ —	\$ 152	\$ —	\$ 461
Commercial Renewables								
Revenue from contracts with customers	\$ 58	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other								
Revenue from contracts with customers	\$ 6	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total revenue from contracts with customers	\$ 5,800	\$ 1,748	\$ 2,367	\$ 1,317	\$ 1,050	\$ 504	\$ 692	\$ 461
Other revenue sources ^(a)								
Other revenue sources ^(a)	\$ 149	\$ —	\$ 55	\$ 21	\$ 30	\$ (6)	\$ —	\$ 51
Total revenues	\$ 5,949	\$ 1,748	\$ 2,422	\$ 1,338	\$ 1,080	\$ 498	\$ 692	\$ 512

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

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REVENUE

(in millions) By market or type of customer	Three Months Ended March 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
Residential	\$ 2,370	\$ 760	\$ 1,114	\$ 536	\$ 578	\$ 189	\$ 306	\$ —
General	1,427	496	632	306	326	103	197	—
Industrial	711	266	222	161	61	33	190	—
Wholesale	541	119	353	315	38	14	54	—
Other revenues	172	78	172	125	47	16	17	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 5,221	\$ 1,719	\$ 2,493	\$ 1,443	\$ 1,050	\$ 355	\$ 764	\$ —
Gas Utilities and Infrastructure								
Residential	\$ 414	\$ —	\$ —	\$ —	\$ —	\$ 112	\$ —	\$ 302
Commercial	206	—	—	—	—	49	—	157
Industrial	48	—	—	—	—	7	—	42
Power Generation	—	—	—	—	—	—	—	13
Other revenues	63	—	—	—	—	8	—	56
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 731	\$ —	\$ —	\$ —	\$ —	\$ 176	\$ —	\$ 570
Commercial Renewables								
Revenue from contracts with customers	\$ 42	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other								
Revenue from contracts with customers	\$ 4	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total revenue from contracts with customers	\$ 5,998	\$ 1,719	\$ 2,493	\$ 1,443	\$ 1,050	\$ 531	\$ 764	\$ 570
Other revenue sources ^(a)	\$ 165	\$ 25	\$ 79	\$ 41	\$ 36	\$ —	\$ 4	\$ 9
Total revenues	\$ 6,163	\$ 1,744	\$ 2,572	\$ 1,484	\$ 1,086	\$ 531	\$ 768	\$ 579

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

As described in Note 1, Duke Energy adopted the new guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. The following table presents the reserve for credit losses for trade and other receivables based on adoption of the new standard.

(in millions)	March 31, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at December 31, 2019	\$ 76	\$ 10	\$ 16	\$ 8	\$ 7	\$ 4	\$ 3	\$ 6
Cumulative Change in Accounting Principle	5	1	2	1	1	—	—	1
Write-Offs	(10)	(3)	(4)	(2)	(2)	—	—	(1)
Credit Loss Expense	18	3	6	2	5	1	—	3
Balance at March 31, 2020	\$ 89	\$ 11	\$ 20	\$ 9	\$ 11	\$ 5	\$ 3	\$ 9

Trade and other receivables are evaluated based on an estimate of the risk of loss over the life of the receivable and current and historical conditions using supportable assumptions. Management evaluates the risk of loss for trade and other receivables by comparing the historical write-off amounts to total revenue over a specified period. Historical loss rates are adjusted due to the impact of current conditions as well as forecasted conditions over a reasonable time period. The calculated write-off rate can be applied to the receivable balance for which an established reserve does not already exist. Management reviews the assumptions and risk of loss annually for trade and other receivables. Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. The specific actions taken by each Duke Energy Registrant are described in Note 3. The impact of COVID-19 and Duke Energy's related response on customers' ability to pay for service is uncertain, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates.

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The aging of trade receivables is presented in the table below. Duke Energy considers receivables greater than 30 days outstanding past due.

(in millions)	March 31, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Unbilled Receivables	\$ 716	\$ 285	\$ 195	\$ 85	\$ 110	\$ 1	\$ 16	\$ 32
0-30 days	1,584	448	585	321	262	45	24	134
30-60 days	216	69	67	44	23	9	1	18
60-90 days	65	18	20	14	6	2	1	5
90+ days	145	19	57	32	25	32	11	11
Trade and Other Receivables	\$ 2,726	\$ 839	\$ 924	\$ 496	\$ 426	\$ 89	\$ 53	\$ 200

UNBILLED REVENUE

Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes, timing of rendering customer bills and meter reading schedules and the impact of weather normalization or margin decoupling mechanisms.

Unbilled revenues are included within Receivables and Receivables of VIEs on the Condensed Consolidated Balance Sheets as shown in the following table.

(in millions)	March 31, 2020	December 31, 2019
Duke Energy	\$ 716	\$ 843
Duke Energy Carolinas	285	298
Progress Energy	195	217
Duke Energy Progress	85	122
Duke Energy Florida	110	95
Duke Energy Ohio	1	1
Duke Energy Indiana	16	16
Piedmont	32	78

Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail accounts receivable, including receivables for unbilled revenues, to an affiliate, CRC, and account for the transfers of receivables as sales. Accordingly, the receivables sold are not reflected on the Condensed Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana. See Note 11 for further information. These receivables for unbilled revenues are shown in the table below.

(in millions)	March 31, 2020	December 31, 2019
Duke Energy Ohio	\$ 61	\$ 82
Duke Energy Indiana	94	115

13. STOCKHOLDERS' EQUITY

Basic EPS is computed by dividing net income available to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income available to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the diluted weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options and equity forward sale agreements, were exercised or settled. Duke Energy's participating securities are restricted stock units that are entitled to dividends declared on Duke Energy common stock during the restricted stock unit's vesting periods. Dividends declared on preferred stock are recorded on the Condensed Consolidated Statements of Operations as a reduction of net income to arrive at net income available to Duke Energy common stockholders. Dividends accumulated on preferred stock are an adjustment to net income used in the calculation of basic and diluted EPS.

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STOCKHOLDERS' EQUITY

The following table presents Duke Energy's basic and diluted EPS calculations, the weighted average number of common shares outstanding and common and preferred share dividends declared.

(in millions, except per share amounts)	Three Months Ended March 31,	
	2020	2019
Income from continuing operations available to Duke Energy common stockholders excluding impact of participating securities and including accumulated preferred stock dividends adjustment	\$ 911	\$ 898
Weighted average common shares outstanding – basic	734	727
Equity forwards	2	—
Weighted average common shares outstanding – diluted	736	727
EPS from continuing operations available to Duke Energy common stockholders		
Basic and diluted	\$ 1.24	\$ 1.24
Potentially dilutive items excluded from the calculation ^(a)	2	2
Dividends declared per common share	\$ 0.945	\$ 0.9275
Dividends declared on Series A preferred stock per depositary share ^(b)	\$ 0.359	\$ —
Dividends declared on Series B preferred stock per share ^(c)	\$ 24.917	\$ —

- (a) Performance stock awards were not included in the dilutive securities calculation because the performance measures related to the awards had not been met.
(b) 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock dividends are payable quarterly in arrears on the 16th day of March, June, September and December. The preferred stock has a \$25 liquidation preference per depositary share.
(c) 4.875% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock dividends are payable semiannually in arrears on the 16th day of March and September. The preferred stock has a \$1,000 liquidation preference per share.

Common Stock

In November 2019, Duke Energy filed a prospectus supplement and executed an Equity Distribution Agreement (EDA) under which it may sell up to \$1.5 billion of its common stock through an at-the-market (ATM) offering program, including an equity forward sales component. Under the terms of the EDA, Duke Energy may issue and sell shares of common stock through September 2022. In March 2020, Duke Energy marketed approximately 940,000 shares of common stock through an equity forward transaction under the ATM with an initial forward price of \$89.76 per share.

Separately, in November 2019, Duke Energy marketed an equity offering of 28.75 million shares of common stock through an Underwriting Agreement. In connection with the offering, Duke Energy entered into an equity forward sales agreement with an initial forward price of \$85.99 per share.

The equity forward sales agreements require Duke Energy to either physically settle the transaction by issuing shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreement, or net settle in whole or in part through the delivery or receipt of cash or shares. The settlement alternatives are at Duke Energy's election. Settlement of the forward sales agreements are expected to occur on or prior to December 31, 2020. Until settlement of the equity forwards, EPS dilution resulting from the agreements, if any, will be determined under the treasury stock method.

14. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy and certain subsidiaries maintain, and the Subsidiary Registrants participate in, qualified and non-qualified, non-contributory defined benefit retirement plans. Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants.

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EMPLOYEE BENEFIT PLANS

QUALIFIED PENSION PLANS

The following tables include the components of net periodic pension costs for qualified pension plans.

	Three Months Ended March 31, 2020								
	Duke	Duke	Progress	Duke	Duke	Duke	Duke	Duke	
(in millions)	Energy	Carolinas	Energy	Progress	Florida	Ohio	Indiana	Piedmont	
Service cost	\$ 41	\$ 12	\$ 12	\$ 6	\$ 5	\$ 1	\$ 2	\$ 1	
Interest cost on projected benefit obligation	67	16	21	10	12	4	6	2	
Expected return on plan assets	(143)	(36)	(48)	(22)	(25)	(7)	(11)	(5)	
Amortization of actuarial loss	34	7	11	5	6	2	3	2	
Amortization of prior service credit	(8)	(2)	(1)	—	—	—	—	(2)	
Amortization of settlement charges	2	1	1	—	—	—	—	—	
Net periodic pension costs	\$ (7)	\$ (2)	\$ (4)	\$ (1)	\$ (2)	\$ —	\$ —	\$ (2)	

	Three Months Ended March 31, 2019									
			Duke		Duke		Duke		Duke	
	Duke	Energy	Progress		Energy		Energy		Energy	
(in millions)	Energy	Carolinas	Energy	Progress	Florida	Ohio	Indiana	Piedmont		
Service cost	\$ 37	\$ 12	\$ 11	\$ 6	\$ 4	\$ 1	\$ 2	\$ 1		
Interest cost on projected benefit obligation	83	20	26	12	14	5	6	3		
Expected return on plan assets	(143)	(38)	(44)	(23)	(22)	(8)	(11)	(5)		
Amortization of actuarial loss	24	6	9	3	6	1	2	2		
Amortization of prior service credit	(8)	(2)	(1)	—	—	—	—	(3)		
Net periodic pension costs	\$ (7)	\$ (2)	\$ 1	\$ (2)	\$ 2	\$ (1)	\$ (1)	\$ (2)		

NON-QUALIFIED PENSION PLANS

Net periodic pension costs for non-qualified pension plans were not material for the three months ended March 31, 2020, and 2019.

OTHER POST-RETIREMENT BENEFIT PLANS

Net periodic costs for other post-retirement benefit plans were not material for the three months ended March 31, 2020, and 2019.

15. INCOME TAXES

EFFECTIVE TAX RATES

The ETRs from continuing operations for each of the Duke Energy Registrants are included in the following table.

	Three Months Ended	
	March 31,	
	2020	2019
Duke Energy	13.3%	9.6%
Duke Energy Carolinas	16.1%	17.7%
Progress Energy	17.5%	17.3%
Duke Energy Progress	17.1%	17.8%
Duke Energy Florida	20.0%	19.3%
Duke Energy Ohio	17.7%	16.9%
Duke Energy Indiana	20.8%	24.1%
Piedmont	10.1%	21.8%

The increase in the ETR for Duke Energy for the three months ended March 31, 2020, was primarily due to an adjustment related to the income tax recognition for equity method investments recorded in the first quarter of 2019, partially offset by an increase in the amortization of excess deferred taxes. The equity method investment adjustment was immaterial and relates to prior years.

The decrease in the ETR for Duke Energy Carolinas for the three months ended March 31, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Indiana for the three months ended March 31, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

FINANCIAL STATEMENTS

INCOME TAXES

The decrease in the ETR for Piedmont for the three months ended March 31, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

OTHER TAX MATTERS

On March 27, 2020, the CARES Act was enacted. The CARES Act is an emergency economic stimulus package in response to the COVID-19 pandemic. Among other provisions, the CARES Act accelerates the remaining AMT credit refund allowances resulting in taxpayers being able to immediately claim a refund in full for any AMT credit carryforwards. As a result, the remaining AMT credit carryforwards have been reclassified to a current receivable included in Other within Current Assets on the Condensed Consolidated Balance Sheets as of March 31, 2020. The total income tax receivable related to AMT credit carryforwards is approximately \$572 million. The other provisions within the CARES Act do not materially impact Duke Energy's income tax accounting. See Note 1 for information on COVID-19.

16. SUBSEQUENT EVENTS

For information on subsequent events related to regulatory matters, commitments and contingencies and derivatives and hedging, see Notes 3, 4 and 8.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Duke Energy and Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. However, none of the registrants make any representation as to information related solely to Duke Energy or the Subsidiary Registrants of Duke Energy other than itself.

DUKE ENERGY

Duke Energy is an energy company headquartered in Charlotte, North Carolina. Duke Energy operates in the U.S. primarily through its wholly owned subsidiaries, Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. When discussing Duke Energy's consolidated financial information, it necessarily includes the results of the Subsidiary Registrants, which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2020, and with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

Executive Overview

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. In the first quarter of 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic, and President Trump proclaimed that the COVID-19 outbreak in the United States constitutes a national emergency. The Duke Energy Registrants are monitoring developments closely, have taken steps to mitigate the impacts to our business, and have a pandemic response plan in place to protect our employees, customers and communities. Financial impacts to Duke Energy's first quarter 2020 results were not material. Volumes are expected to decline in the second quarter and then begin a gradual rebound thereafter. The Duke Energy Registrants are developing cost containment plans to offset revenue declines.

- **Employees.** The health of our employees is of paramount importance. Power plants and electricity and natural gas delivery facilities are staffed. Employees who are not involved with power generation, power delivery, customer service or certain other functions have been performing their work duties remotely from home. Employees who need to interact with customers in-person are following the Centers for Disease Control and Prevention's safety guidelines, including social distancing and use of face masks. Operating procedure changes include additional cleaning and disinfection procedures at our facilities.
- **Customers.** The Duke Energy Subsidiary Registrants voluntarily announced, in the first quarter of 2020, a suspension of disconnections for nonpayment in order to give customers experiencing financial hardship extra time to make payments. This is expected to result in an increase in future charge-offs over historical levels. In addition, several Subsidiary Registrants are waiving late payment charges and other fees for credit cards and returned checks. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information. The COVID-19 pandemic and stay-at-home orders have impacted commercial and industrial customers, and many of them have suspended operations which is impacting the Duke Energy Registrants' volumes. Several large industrial customers have announced plans to restart their businesses in May.
- **Communities.** The Duke Energy Foundation announced approximately \$6 million in donations and grants as of April 30, 2020, to support hunger relief, local health and human services nonprofits, and education initiatives across the Duke Energy Registrants' service territories.
- **Balance Sheet Strength and Liquidity Assurance.** See Notes 5 and 13 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities" and "Stockholders Equity," respectively, for additional information.
 - Duke Energy issued approximately \$1.5 billion of debt during the first quarter of 2020.
 - Duke Energy entered into and borrowed approximately \$1.7 billion under a 364-day Term Loan Credit Agreement.
 - Duke Energy drew down the remaining \$500 million of availability under its existing \$1 billion Three-Year Revolving Credit Facility.
 - Duke Energy issued \$85 million of common stock through a forward sales agreement which is expected to settle on or prior to December 31, 2020.

- Rate Case activity and delays. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information.
 - Duke Energy Carolinas and Duke Energy Progress filed general rate cases with the NCUC on September 30, 2019, and October 30, 2019, respectively, requesting rate increases go into effect in the third quarter of 2020. On March 16, 2020, the NCUC issued an Order Postponing Hearing and Addressing Procedural Matters, which postponed the Duke Energy Carolinas evidentiary hearing until further order by the commission. On March 24, 2020, the NCUC suspended the procedural schedule and postponed the previously scheduled evidentiary hearing on the Duke Energy Progress case indefinitely. On April 7, 2020, the NCUC issued an order partially resuming the procedural schedule. On May 6, 2020, Duke Energy Carolinas, Duke Energy Progress and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for new rate increases. The joint motion suggests, health and safety permitting, that the commission consider the possibility of holding the consolidated hearing in July.
 - Duke Energy Florida filed a petition with the FPSC on April 2, 2020, to accelerate a fuel cost refund to customers in the month of May 2020. Typically, the refund would be made over the course of 2021. The FPSC approved the petition on April 28, 2020.
 - Duke Energy Ohio filed an application on April 16, 2020, for a Reasonable Arrangement to temporarily lower the minimum bill for demand-metered commercial and industrial customers. The proposal is conditioned on full recovery via Duke Energy Ohio's existing Economic Competitiveness Fund Rider, which has been used by Duke Energy Ohio in the past for other reasonable arrangements with customers. On April 24, 2020, the Staff of the PUCO filed its recommendation finding Duke Energy Ohio's application is reasonable and that the PUCO should approve it.
 - Duke Energy Kentucky filed an electric rate case with the KPSC on September 3, 2019. On April 27, 2020, the KPSC issued its decision and new customer rates were effective on May 1, 2020.
 - Duke Energy Indiana filed a general rate case with the IURC on July 2, 2019. Hearings concluded on February 7, 2020, with rates expected to be effective mid-2020. Duke Energy Indiana is awaiting an order from the IURC.
- Policymaker actions. The CARES Act was signed by President Trump on March 27, 2020. Duke Energy Registrants will benefit from certain provisions such as the AMT acceleration and deferral of certain payroll taxes. See Note 15 to the Condensed Consolidated Financial Statements, "Income Taxes" for additional information.
- ACP and other assets. At present, we have not experienced any delays in ACP construction activity related to COVID-19, but we are constantly monitoring that important project. We experienced no impairments of long-lived or intangible assets resulting from this pandemic in the first quarter 2020.

Results of Operations

Non-GAAP Measures

Management's Discussion and Analysis includes financial information prepared in accordance with GAAP in the U.S., as well as certain non-GAAP financial measures such as adjusted earnings and adjusted EPS discussed below. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as a supplement to, and not a substitute for, financial measures presented in accordance with GAAP. Non-GAAP measures presented may not be comparable to similarly titled measures used by other companies because other companies may not calculate the measures in the same manner.

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted EPS. Adjusted earnings and adjusted EPS represent income from continuing operations available to Duke Energy common stockholders in dollar and per share amounts, adjusted for the dollar and per share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. The most directly comparable GAAP measures for adjusted earnings and adjusted EPS are GAAP Reported Earnings and GAAP Reported EPS, respectively.

The special item in the periods presented below includes a reversal of 2018 severance costs which were deferred as a result of the partial settlement in the Duke Energy Carolinas 2019 North Carolina rate case.

Three Months Ended March 31, 2020, as compared to March 31, 2019

GAAP Reported EPS was \$1.24 for the first quarter of 2020 and the first quarter of 2019. GAAP reported earnings increased due to positive rate case impacts and growth in Commercial Renewables. This was offset by lower returns on corporate held investments and unfavorable weather.

As discussed above, management also evaluates financial performance based on adjusted EPS. Duke Energy's first quarter 2020 adjusted EPS was \$1.14 compared to \$1.24 for the first quarter of 2019.

The following table reconciles non-GAAP measures, including adjusted EPS, to their most directly comparable GAAP measures.

(in millions, except per share amounts)	Three Months Ended March 31,			
	2020		2019	
	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	\$ 899	\$ 1.24	\$ 900	\$ 1.24
Adjustments:				
Severance ^(a)	(75)	(0.10)	—	—
Adjusted Earnings/Adjusted EPS	\$ 824	\$ 1.14	\$ 900	\$ 1.24

(a) Net of tax expense of \$23 million.

SEGMENT RESULTS

The remaining information presented in this discussion of results of operations is on a GAAP basis. Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests and preferred stock dividends. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements.

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. See Note 2 to the Condensed Consolidated Financial Statements, "Business Segments," for additional information on Duke Energy's segment structure.

Electric Utilities and Infrastructure

(in millions)	Three Months Ended March 31,		
	2020	2019	Variance
Operating Revenues	\$ 5,183	\$ 5,329	\$ (146)
Operating Expenses			
Fuel used in electric generation and purchased power	1,467	1,630	(163)
Operation, maintenance and other	1,325	1,282	43
Depreciation and amortization	977	947	30
Property and other taxes	303	301	2
Impairment charges	2	—	2
Total operating expenses	4,074	4,160	(86)
Gains (Losses) on Sales of Other Assets and Other, net	1	(3)	4
Operating Income	1,110	1,166	(56)
Other Income and Expenses, net	85	91	(6)
Interest Expense	339	338	1
Income Before Income Taxes	856	919	(63)
Income Tax Expense	151	169	(18)
Segment Income	\$ 705	\$ 750	\$ (45)
Duke Energy Carolinas GWh sales	21,236	21,828	(592)
Duke Energy Progress GWh sales	15,670	16,348	(678)
Duke Energy Florida GWh sales	8,617	8,321	296
Duke Energy Ohio GWh sales	5,823	6,164	(341)
Duke Energy Indiana GWh sales	7,606	8,033	(427)
Total Electric Utilities and Infrastructure GWh sales	58,952	60,694	(1,742)
Net proportional MW capacity in operation	49,561	49,725	(164)

Three Months Ended March 31, 2020, as compared to March 31, 2019

Electric Utilities and Infrastructure's results were driven by unfavorable weather and lower wholesale revenues, partially offset by higher revenues resulting from the South Carolina retail rate cases and Duke Energy Florida base and solar rate adjustments. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$147 million decrease in fuel revenues primarily due to lower fuel cost recovery;
- a \$45 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year; and

- a \$17 million decrease in wholesale revenues, net of fuel, primarily due to coal ash cost recovery in the prior year at Duke Energy Progress.

Partially offset by:

- a \$19 million increase due to higher pricing from South Carolina retail rate case, net of a return of EDIT to customers;
- a \$17 million increase in retail pricing due to Duke Energy Florida's base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment; and
- a \$17 million increase in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by:

- a \$163 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix at Duke Energy Progress and lower coal and natural gas costs and lower amortization of deferred fuel costs at Duke Energy Indiana.

Partially offset by:

- a \$43 million increase in operation, maintenance and other expense primarily due to higher employee benefit costs and increased vegetation management costs; and
- a \$30 million increase in depreciation and amortization expense primarily due to additional plant in service and new depreciation rates associated with the South Carolina retail rate case.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income. The ETRs for the three months ended March 31, 2020, and 2019, were 17.6% and 18.4%, respectively.

Matters Impacting Future Electric Utilities and Infrastructure Results

The COVID-19 pandemic has not had a material impact on Electric Utilities and Infrastructure as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Electric Utilities and Infrastructure results of operations, financial position and cash flows in the future. Electric Utilities and Infrastructure will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Electric Utilities and Infrastructure customers, suppliers and partners and could cause Electric Utilities and Infrastructure to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Electric Utilities and Infrastructure also has various pending rate case proceedings that have been delayed. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

On December 31, 2019, Duke Energy Carolinas and Duke Energy Progress entered into a settlement agreement with NCDEQ and certain community groups under which Duke Energy Carolinas and Duke Energy Progress agreed to excavate seven of the nine remaining coal ash basins in North Carolina with ash moved to on-site lined landfills. At the two remaining basins, uncapped basin ash will be excavated and moved to lined landfills. An order from regulatory authorities disallowing recovery of costs related to closure of these ash basins could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows.

On May 21, 2019, Duke Energy Carolinas and Duke Energy Progress received orders from the PSCSC granting the companies' requests for retail rate increases but denying recovery of certain coal ash costs. Duke Energy Carolinas and Duke Energy Progress have appealed these decisions to the South Carolina Supreme Court and those appeals are pending. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

In 2019, Duke Energy Indiana filed a general rate case with the IURC, and Duke Energy Carolinas and Duke Energy Progress filed general rate cases with the NCUC. The outcome of these rate cases could materially impact Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas and Duke Energy Progress have petitioned for deferral of future grid improvement costs in their 2019 rate cases. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms in 2018. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territories of Duke Energy Carolinas and Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. In September 2019, Hurricane Dorian impacted Duke Energy Progress and Duke Energy Florida's service territories. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On April 17, 2015, the EPA published in the Federal Register a rule to regulate the disposal of CCR from electric utilities as solid waste. Duke Energy Indiana has interpreted the rule to identify the coal ash basin sites impacted and has assessed the amounts of coal ash subject to the rule and a method of compliance. Duke Energy Indiana's interpretation of the requirements of the CCR rule is subject to potential legal challenges and further regulatory approvals, which could result in additional ash basin closure requirements, higher costs of compliance and greater AROs. Additionally, Duke Energy Indiana has retired facilities that are not subject to the CCR rule. Duke Energy Indiana may incur costs at these facilities to comply with environmental regulations or to mitigate risks associated with on-site storage of coal ash. An order from regulatory authorities disallowing recovery of costs related to closure of ash basins could have an adverse impact on Duke Energy Indiana's results of operations, financial position and cash flows.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2019, for discussion of risks associated with the Tax Act.

Gas Utilities and Infrastructure

(in millions)	Three Months Ended March 31,		
	2020	2019	Variance
Operating Revenues	\$ 664	\$ 756	\$ (92)
Operating Expenses			
Cost of natural gas	199	327	(128)
Operation, maintenance and other	110	110	—
Depreciation and amortization	66	65	1
Property and other taxes	30	33	(3)
Total operating expenses	405	535	(130)
Operating Income	259	221	38
Other Income and Expenses, net	49	40	9
Interest Expense	31	30	1
Income Before Income Taxes	277	231	46
Income Tax Expense	28	5	23
Segment Income	\$ 249	\$ 226	\$ 23
Piedmont LDC throughput (dekatherms)	148,503,995	151,662,741	(3,158,746)
Duke Energy Midwest LDC throughput (Mcf)	33,785,834	38,538,272	(4,752,438)

Three Months Ended March 31, 2020, as compared to March 31, 2019

Gas Utilities and Infrastructure's results were impacted by an increase in operating income primarily due to the North Carolina base rate case and IMR, partially offset by prior year tax benefits related to AFUDC equity from ACP. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$134 million decrease due to lower natural gas costs passed through to customers and lower volumes due to warmer weather;
- a \$20 million decrease due to return of EDIT to customers; and
- a \$7 million decrease due to NCUC approval related to tax reform accounting from fixed-rate contracts in the prior year.

Partially offset by:

- a \$53 million increase due to North Carolina base rate case increases; and
- a \$12 million increase due to North Carolina IMR increases.

Operating Expenses. The variance was driven primarily by:

- a \$128 million decrease in cost of natural gas due to lower natural gas prices, lower volumes and decreased off-system sales natural gas costs.

Other Income and Expenses, net. The variance was driven primarily by higher equity earnings from ACP in the current year.

Income Tax Expense. The increase in tax expense was primarily due to an adjustment, recorded in the first quarter of 2019, related to the income tax recognition for equity method investments and an increase in pretax income, partially offset by an increase in the amortization of excess deferred taxes. The ETRs for the three months ended March 31, 2020, and 2019, were 10.1% and 2.2%, respectively. The increase in the ETR was primarily due to an adjustment related to the income tax recognition for equity method investments recorded in the first quarter of 2019, partially offset by an increase in the amortization of excess deferred taxes. The equity method investment adjustment was immaterial and relates to prior years.

Matters Impacting Future Gas Utilities and Infrastructure Results

The COVID-19 pandemic has not had a material impact on Gas Utilities and Infrastructure as of March 31, 2020; however we cannot predict the extent to which the COVID-19 pandemic will impact Gas Utilities and Infrastructure results of operations, financial position and cash flows in the future. Gas Utilities and Infrastructure will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Gas Utilities and Infrastructure customers, suppliers and partners and could cause Gas Utilities and Infrastructure to experience an increase in certain costs, such as bad debt, or cause constructions delays with ACP. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

Gas Utilities and Infrastructure has a 47% ownership interest in ACP, which is building an approximately 600-mile interstate natural gas pipeline intended to transport diverse natural gas supplies into southeastern markets. Affected states (West Virginia, Virginia and North Carolina) have issued certain necessary permits; the project remains subject to other pending federal and state approvals, which will allow full construction activities to begin. In 2018, FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route. Given the legal challenges and ongoing discussions with customers, ACP expects the project to enter full in-service in the first half of 2022. The delays resulting from legal challenges have impacted the cost for the project. Project cost is approximately \$8 billion, excluding financing costs. This estimate is based on the current facts available around construction costs and timelines, and is subject to future changes as those facts develop. Abnormal weather work delays (including delays due to judicial or regulatory action or COVID-19 social distancing) and other conditions may result in cost or schedule modifications, a suspension of AFUDC for ACP and/or impairment charges potentially material to Duke Energy's cash flows, financial position and results of operations. ACP and Duke Energy will continue to consider their options with respect to the foregoing given their existing contractual and legal obligations. See Notes 3 and 11 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Variable Interest Entities," respectively, for additional information.

On November 13, 2013, the PUCO issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Duke Energy Ohio has filed for a request for extension of the deadline. A hearing on that request has not been scheduled. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact on Gas Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Commercial Renewables

(in millions)	Three Months Ended March 31,		
	2020	2019	Variance
Operating Revenues	\$ 129	\$ 106	\$ 23
Operating Expenses			
Operation, maintenance and other	69	66	3
Depreciation and amortization	48	40	8
Property and other taxes	8	6	2
Total operating expenses	125	112	13
Operating Income (Loss)	4	(6)	10
Other Income and Expenses, net	(1)	(2)	1
Interest Expense	18	21	(3)
Loss Before Income Taxes	(15)	(29)	14
Income Tax Benefit	(24)	(35)	11
Less: Loss Attributable to Noncontrolling Interests	(48)	(7)	(41)
Segment Income	\$ 57	\$ 13	\$ 44
Renewable plant production, GWh	2,437	2,068	369
Net proportional MW capacity in operation ^(a)	3,502	2,996	506

(a) Certain projects are included in tax equity structures where investors have differing interests in the project's economic attributes. One hundred percent of the tax equity project's capacity is included in the table above.

Three Months Ended March 31, 2020, as compared to March 31, 2019

Commercial Renewables' results were favorable primarily due to new tax equity structures and favorable wind revenue. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase was primarily due to favorable wind portfolio revenue as a result of favorable market pricing, favorable wind resource and new solar projects placed in service.

Operating Expenses. The increase was primarily due to higher depreciation expense as a result of new projects placed in service.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by an increase in taxes associated with Duke Energy's interest in tax equity projects and a decrease in pretax losses.

Loss Attributable to Noncontrolling Interests The increase was primarily due to new tax equity structures.

Matters Impacting Future Commercial Renewables Results

The COVID-19 pandemic has not had a material impact on Commercial Renewables as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Commercial Renewables results of operations, financial position and cash flows in the future. Commercial Renewables will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Commercial Renewables customers, suppliers and partners and could cause Commercial Renewables to experience delays in project construction and availability of financing. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

Commercial Renewables continues to experience growth with tax equity structures; however, the future expiration of federal tax incentives could result in adverse impacts to future results of operations, financial position and cash flows.

Duke Energy continues to monitor recoverability of its renewable merchant plants principally in the Electric Reliability Council of Texas West market, due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. Although these assets were not impaired, a continued decline in energy market pricing would likely result in a future impairment. Impairment of these assets could result in adverse impacts to the future results of operations, financial position and cash flows of Commercial Renewables.

Other

(in millions)	Three Months Ended March 31,		
	2020	2019	Variance
Operating Revenues	\$ 23	\$ 21	\$ 2
Operating Expenses	(89)	28	(117)
Operating Income (Loss)	112	(7)	119
Other Income and Expenses, net	(33)	44	(77)
Interest Expense	171	171	—
Loss Before Income Taxes	(92)	(134)	42
Income Tax Benefit	(19)	(45)	26
Less: Preferred Dividends	39	—	39
Net Loss	\$ (112)	\$ (89)	\$ (23)

Three Months Ended March 31, 2020, as compared to March 31, 2019

The variance was driven by lower returns on investments and the declaration of preferred stock dividends, partially offset by a reversal of corporate allocated severance costs. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The decrease was primarily driven by the deferral of 2018 corporate allocated severance costs due to the partial settlement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case.

Other Income and Expenses, net. The variance was primarily due to lower returns on investments that fund certain employee benefit obligations as well as lower Bison investment income.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by a decrease in pretax losses.

Preferred Dividends. The variance was driven by the declaration of preferred stock dividends on preferred stock issued in 2019.

Matters Impacting Future Other Results

The COVID-19 pandemic has not had a material impact on Other as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Other results of operations, financial position and cash flows in the future. Other will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

DUKE ENERGY CAROLINAS

Results of Operations

(in millions)	Three Months Ended March 31,			Variance
	2020	2019		
Operating Revenues	\$ 1,748	\$ 1,744	\$	4
Operating Expenses				
Fuel used in electric generation and purchased power	453	472		(19)
Operation, maintenance and other	386	440		(54)
Depreciation and amortization	343	317		26
Property and other taxes	81	80		1
Impairment charges	2	—		2
Total operating expenses	1,265	1,309		(44)
Gains on Sales of Other Assets and Other, net	1	—		1
Operating Income	484	435		49
Other Income and Expenses, net	43	31		12
Interest Expense	123	110		13
Income Before Income Taxes	404	356		48
Income Tax Expense	65	63		2
Net Income	\$ 339	\$ 293	\$	46

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2020
Residential sales	(5.1)%
General service sales	(0.1)%
Industrial sales	(1.2)%
Wholesale power sales	(3.0)%
Joint dispatch sales	(54.0)%
Total sales	(2.7)%
Average number of customers	1.8 %

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a \$23 million increase in weather-normal retail sales volumes; and
- an \$11 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers.

Partially offset by:

- a \$26 million decrease in retail sales due to unfavorable weather in the current year.

Operating Expenses. The variance was driven primarily by:

- a \$54 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, partially offset by higher storm restoration costs; and
- a \$19 million decrease in fuel used in electric generation and purchased power primarily due to changes in the generation mix.

Partially offset by:

- a \$26 million increase in depreciation and amortization expense primarily due to additional plant in service and new depreciation rates associated with the South Carolina rate case.

Other Income and Expenses, net. The variance was primarily due to higher AFUDC equity in the current year.

Interest Expense. The variance was primarily due to higher debt outstanding in the current year.

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Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Duke Energy Carolinas as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Duke Energy Carolinas results of operations, financial position and cash flows in the future. Duke Energy Carolinas will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Duke Energy Carolinas customers, suppliers and partners and could cause Duke Energy Carolinas to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Duke Energy Carolinas also has pending rate case proceedings that have been delayed. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

On December 31, 2019, Duke Energy Carolinas entered into a settlement agreement with NCDEQ and certain community groups under which Duke Energy Carolinas agreed to excavate five of the six remaining coal ash basins in North Carolina with ash moved to on-site lined landfills. At the one remaining basin, uncapped basin ash will be excavated and moved to lined landfills. An order from regulatory authorities disallowing recovery of costs related to closure of these ash basins could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows.

Duke Energy Carolinas filed a general rate case with the NCUC on September 30, 2019. The outcome of this rate case could materially impact Duke Energy Carolinas' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas has petitioned for deferral of future grid improvement costs in its 2019 rate case. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

Duke Energy Carolinas' service territory was impacted by several named storms in 2018. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the future recovery of storm restoration costs could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 21, 2019, the PSCSC issued an order granting Duke Energy Carolinas request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Carolinas has appealed this decision to the South Carolina Supreme Court and that appeal is pending. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2019, for discussion of risks associated with the Tax Act.

PROGRESS ENERGY

Results of Operations

(in millions)	Three Months Ended March 31,		
	2020	2019	Variance
Operating Revenues	\$ 2,422	\$ 2,572	\$ (150)
Operating Expenses			
Fuel used in electric generation and purchased power	763	925	(162)
Operation, maintenance and other	554	567	(13)
Depreciation and amortization	452	455	(3)
Property and other taxes	135	137	(2)
Total operating expenses	1,904	2,084	(180)
Losses on Sales of Other Assets and Other, net	(1)	—	(1)
Operating Income	517	488	29
Other Income and Expenses, net	32	31	1
Interest Expense	206	219	(13)
Income Before Income Taxes	343	300	43
Income Tax Expense	60	52	8
Net Income	283	248	35
Less: Net Loss Attributable to Noncontrolling Interests	—	(1)	1
Net Income Attributable to Parent	\$ 283	\$ 249	\$ 34

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a \$160 million decrease in fuel cost recovery driven by lower fuel prices and volumes as well as less Duke Energy Progress native load transfer sales in the current year;
- a \$16 million decrease in wholesale power revenues, net of fuel, primarily due to coal ash cost recovery in the prior year at Duke Energy Progress, partially offset by increased demand at Duke Energy Florida;
- a \$15 million decrease in rider revenues primarily due to the Crystal River 3 Uprate regulatory asset being fully recovered in 2019 at Duke Energy Florida; and
- a \$7 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year at Duke Energy Progress, partially offset by favorable weather in the current year at Duke Energy Florida.

Partially offset by:

- a \$17 million increase in retail pricing due to base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment at Duke Energy Florida;
- a \$12 million increase in storm revenues due to Hurricane Dorian collections at Duke Energy Florida;
- a \$10 million increase in other revenues primarily due to increased transmission revenues at Duke Energy Florida; and
- an \$8 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers at Duke Energy Progress.

Operating Expenses. The variance was driven primarily by:

- a \$162 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix at Duke Energy Progress and lower fuel costs, net of deferrals at Duke Energy Florida; and
- a \$13 million decrease in operation, maintenance and other expense at Duke Energy Progress primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, partially offset by storm cost amortizations and employee benefits at Duke Energy Florida.

Interest Expense. The variance was driven primarily by lower interest rates on outstanding debt at Duke Energy Progress.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Progress Energy as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Progress Energy results of operations, financial position and cash flows in the future. Progress Energy will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Progress Energy customers, suppliers and partners and could cause Progress Energy to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Progress Energy also has various pending rate case proceedings that have been delayed. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

On December 31, 2019, Duke Energy Progress entered into a settlement agreement with NCDEQ and certain community groups under which Duke Energy Progress agreed to excavate two of the three remaining coal ash basins in North Carolina with ash moved to on-site lined landfills. At the one remaining basin, uncapped basin ash will be excavated and moved to lined landfills. An order from regulatory authorities disallowing recovery of costs related to closure of these ash basins could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows.

Duke Energy Progress filed a general rate case with the NCUC on October 30, 2019. The outcome of this rate case could materially impact Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Duke Energy Progress has petitioned for deferral of future grid improvement costs in its 2019 rate case. Progress Energy's results of operations, financial position and cash flows could be adversely impacted if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms in 2018. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territory of Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. In September 2019, Hurricane Dorian impacted Duke Energy Progress' and Duke Energy Florida's service territories. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 21, 2019, the PSCSC issued an order granting Duke Energy Progress' request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Progress has appealed this decision to the South Carolina Supreme Court and that appeal is pending. Progress Energy's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2019, for discussion of risks associated with the Tax Act.

DUKE ENERGY PROGRESS

Results of Operations

(in millions)	Three Months Ended March 31,		
	2020	2019	Variance
Operating Revenues	\$ 1,338	\$ 1,484	\$ (146)
Operating Expenses			
Fuel used in electric generation and purchased power	405	515	(110)
Operation, maintenance and other	305	335	(30)
Depreciation and amortization	287	290	(3)
Property and other taxes	47	44	3
Total operating expenses	1,044	1,184	(140)
Losses on Sales of Other Assets and Other, net	(1)	—	(1)
Operating Income	293	300	(7)
Other Income and Expenses, net	22	24	(2)
Interest Expense	69	77	(8)
Income Before Income Taxes	246	247	(1)
Income Tax Expense	42	44	(2)
Net Income	\$ 204	\$ 203	\$ 1

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2020
Residential sales	(5.7)%
General service sales	(1.9)%
Industrial sales	(0.2)%
Wholesale power sales	(7.4)%
Joint dispatch sales	(0.5)%
Total sales	(4.1)%
Average number of customers	1.4 %

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a \$109 million decrease in fuel cost recovery driven by lower fuel prices and volumes as well as less native load transfer sales in the current year;
- a \$24 million decrease in retail sales due to unfavorable weather in the current year; and
- a \$23 million decrease in wholesale power revenues, net of fuel, primarily due to coal ash cost recovery in the prior year.

Partially Offset by:

- an \$8 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a \$110 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix; and
- a \$30 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case.

Interest Expense. The variance was driven primarily by lower interest rates on outstanding debt.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Duke Energy Progress as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Duke Energy Progress results of operations, financial position and cash flows in the future. Duke Energy Progress will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Duke Energy Progress customers, suppliers and partners and could cause Duke Energy Progress to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Duke Energy Progress also has pending rate case proceedings that have been delayed. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

On December 31, 2019, Duke Energy Progress entered into a settlement agreement with NCDEQ and certain community groups under which Duke Energy Progress agreed to excavate two of the three remaining coal ash basins in North Carolina with ash moved to on-site lined landfills. At the one remaining basin, uncapped basin ash will be excavated and moved to lined landfills. An order from regulatory authorities disallowing recovery of costs related to closure of these ash basins could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows.

Duke Energy Progress filed a general rate case with the NCUC on October 30, 2019. The outcome of this rate case could materially impact Duke Energy Progress' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 21, 2019, the PSCSC issued an order granting Duke Energy Progress' request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Progress has appealed this decision to the South Carolina Supreme Court and that appeal is pending. Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Duke Energy Progress has petitioned for deferral of future grid improvement costs in its 2019 rate case. Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

Duke Energy Progress' service territory was impacted by several named storms in 2018. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. In September 2019, Hurricane Dorian reached the Carolinas bringing high winds, tornadoes and heavy rain, impacting about 300,000 customers within the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2019, for discussion of risks associated with the Tax Act.

DUKE ENERGY FLORIDA

Results of Operations

(in millions)	Three Months Ended March 31,			Variance
	2020	2019		
Operating Revenues	\$ 1,080	\$ 1,086	\$	(6)
Operating Expenses				
Fuel used in electric generation and purchased power	358	410		(52)
Operation, maintenance and other	245	230		15
Depreciation and amortization	165	165		—
Property and other taxes	88	93		(5)
Total operating expenses	856	898		(42)
Operating Income	224	188		36
Other Income and Expenses, net	10	13		(3)
Interest Expense	84	82		2
Income Before Income Taxes	150	119		31
Income Tax Expense	30	23		7
Net Income	\$ 120	\$ 96	\$	24

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Wholesale power sales include both billed and unbilled sales. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2020
Residential sales	(3.7)%
General service sales	0.4 %
Industrial sales	13.6 %
Wholesale and other	(18.0)%
Total sales	3.6 %
Average number of customers	1.5 %

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a \$51 million decrease in fuel revenues primarily due to a decrease in fuel rates billed to retail customers; and
- a \$15 million decrease in rider revenue requirements primarily due to the Crystal River 3 Uprate regulatory asset being fully recovered in 2019.

Partially offset by:

- a \$17 million increase in retail pricing due to base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment;
- a \$17 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year;
- a \$12 million increase in storm revenues due to Hurricane Dorian collections;
- a \$10 million increase in other revenues primarily due to increased transmission revenues; and
- a \$7 million increase in wholesale power revenues, net of fuel, primarily due to increased demand.

Operating Expenses. The variance was driven primarily by:

- a \$52 million decrease in fuel used in electric generation and purchased power primarily due to lower fuel costs, net of deferrals.

Partially offset by:

- a \$15 million increase in operation, maintenance and other expense primarily due to storm cost amortizations and employee benefits.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Duke Energy Florida as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Duke Energy Florida results of operations, financial position and cash flows in the future. Duke Energy Florida will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Duke Energy Florida customers, suppliers and partners and could cause Duke Energy Florida to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 5 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused significant damage within the service territory of Duke Energy Florida, particularly from Panama City Beach to Mexico Beach. In September 2019, Duke Energy Florida's service territory was threatened by Hurricane Dorian with landfall as a possible Category 5 hurricane and therefore Duke Energy Florida incurred costs to secure necessary resources to be prepared for that potential impact. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the future recovery of storm restoration costs could have an adverse impact on Duke Energy Florida's financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

DUKE ENERGY OHIO

Results of Operations

(in millions)	Three Months Ended March 31,		
	2020	2019	Variance
Operating Revenues			
Regulated electric	\$ 346	\$ 355	\$ (9)
Regulated natural gas	152	176	(24)
Total operating revenues	498	531	(33)
Operating Expenses			
Fuel used in electric generation and purchased power	87	93	(6)
Cost of natural gas	37	54	(17)
Operation, maintenance and other	123	132	(9)
Depreciation and amortization	68	64	4
Property and other taxes	83	84	(1)
Total operating expenses	398	427	(29)
Operating Income	100	104	(4)
Other Income and Expenses, net	3	9	(6)
Interest Expense	24	30	(6)
Income Before Income Taxes	79	83	(4)
Income Tax Expense	14	14	—
Net Income	\$ 65	\$ 69	\$ (4)

The following table shows the percent changes in GWh sales of electricity, dekatherms of natural gas delivered and average number of electric and natural gas customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	Electric	Natural Gas
	2020	2020
Residential sales	(9.2)%	(16.1)%
General service sales	(3.4)%	(13.9)%
Industrial sales	(2.1)%	(2.5)%
Wholesale electric power sales	(33.1)%	n/a
Other natural gas sales	n/a	(1.9)%
Total sales	(5.5)%	(12.3)%
Average number of customers	0.8 %	0.6 %

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a \$28 million decrease in fuel related revenues primarily due to lower natural gas prices as well as decreased volumes;
- a \$10 million decrease due to unfavorable weather in the current year; and
- a \$5 million decrease in other revenues due to lower OVEC sales into PJM.

Partially offset by:

- a \$5 million increase in retail pricing primarily due to gas rate case impacts in Kentucky; and
- a \$4 million increase in rider revenues primarily related to the Distribution Capital Investment rider as a result of additional investments and the new Legacy Generation Riders arising from Ohio HB6, which provide an alternative method of recovering OVEC losses, partially offset by decreased Energy Efficiency Rider Revenue.

Operating Expenses. The variance was driven primarily by:

- a \$23 million decrease in fuel expense, primarily driven by lower natural gas prices; and
- a \$9 million decrease in operations, maintenance and other expense primarily due to the timing of training and inspection programs for Customer Delivery and Customer Solutions as well as lower storm costs.

Partially offset by:

- a \$4 million increase in depreciation and amortization primarily driven by an increase in distribution plant.

Other Income and Expenses, net. The variance was primarily due to lower intercompany interest income due to decreased borrowing and lower AFUDC equity.

Interest Expense. The variance was primarily driven by lower debt outstanding in the current year and lower post in-service carrying costs, partially offset by higher intercompany interest expense due to increased borrowing.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Duke Energy Ohio as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Duke Energy Ohio results of operations, financial position and cash flows in the future. Duke Energy Ohio will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Duke Energy Ohio customers, suppliers and partners and could cause Duke Energy Ohio to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

On November 13, 2013, the PUCO issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Duke Energy Ohio has filed a request for extension of the deadline. A hearing on that request has not been scheduled. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact on Duke Energy Ohio's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

DUKE ENERGY INDIANA

Results of Operations

(in millions)	Three Months Ended March 31,			
	2020		2019	
				Variance
Operating Revenues	\$	692	\$	768
Operating Expenses				
Fuel used in electric generation and purchased power		194		257
Operation, maintenance and other		186		189
Depreciation and amortization		132		131
Property and other taxes		22		19
Total operating expenses		534		596
Losses on Sales of Other Assets and Other, net		—		(3)
Operating Income		158		169
Other Income and Expenses, net		10		19
Interest Expense		43		43
Income Before Income Taxes		125		145
Income Tax Expense		26		35
Net Income	\$	99	\$	110

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2020
Residential sales	(10.0)%
General service sales	(4.8)%
Industrial sales	(2.6)%
Wholesale power sales	1.8 %
Total sales	(5.3)%
Average number of customers	1.1 %

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a \$58 million decrease in fuel revenues primarily due to lower cost of fuel and unseasonably milder weather;
- a \$9 million decrease in retail sales due to unfavorable weather in the current year; and
- an \$8 million decrease in rider revenues primarily related to lower Edwardsport IGCC sales volumes.

Operating Expenses. The variance was driven primarily by:

- a \$63 million decrease in fuel used in electric generation and purchased power expense primarily due to lower coal and natural gas costs and lower amortization of deferred fuel costs, partially offset by higher purchased power expense.

Other Income and Expenses, net. The decrease was primarily due to life insurance proceeds received in the prior year.

Income Tax Expense. The decrease in income tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Duke Energy Indiana as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Duke Energy Indiana results of operations, financial position and cash flows in the future. Duke Energy Indiana will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Duke Energy Indiana customers, suppliers and partners and could cause Duke Energy Indiana to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Duke Energy Indiana also has a pending rate case proceeding that could be delayed. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

Duke Energy Indiana filed a general rate case with the IURC on July 2, 2019, its first general rate case in 16 years. The outcome of this rate case could materially impact Duke Energy Indiana's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On April 17, 2015, the EPA published in the Federal Register a rule to regulate the disposal of CCR from electric utilities as solid waste. Duke Energy Indiana has interpreted the rule to identify the coal ash basin sites impacted and has assessed the amounts of coal ash subject to the rule and a method of compliance. Duke Energy Indiana's interpretation of the requirements of the CCR rule is subject to potential legal challenges and further regulatory approvals, which could result in additional ash basin closure requirements, higher costs of compliance and greater AROs. Additionally, Duke Energy Indiana has retired facilities that are not subject to the CCR rule. Duke Energy Indiana may incur costs at these facilities to comply with environmental regulations or to mitigate risks associated with on-site storage of coal ash. An order from regulatory authorities disallowing recovery of costs related to closure of ash basins could have an adverse impact on Duke Energy Indiana's results of operations, financial position and cash flows.

PIEDMONT

Results of Operations

(in millions)	Three Months Ended March 31,		
	2020	2019	Variance
Operating Revenues	\$ 512	\$ 579	\$ (67)
Operating Expenses			
Cost of natural gas	162	273	(111)
Operation, maintenance and other	80	80	—
Depreciation and amortization	45	42	3
Property and other taxes	12	12	—
Total operating expenses	299	407	(108)
Operating Income	213	172	41
Other Income and Expenses, net	12	6	6
Interest Expense	27	22	5
Income Before Income Taxes	198	156	42
Income Tax Expense	20	34	(14)
Net Income	\$ 178	\$ 122	\$ 56

The following table shows the percent changes in dekatherms delivered and average number of customers. The percentages for all throughput deliveries represent billed and unbilled sales. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2020
Residential deliveries	(13.1)%
Commercial deliveries	(12.4)%
Industrial deliveries	(2.1)%
Power generation deliveries	5.8 %
For resale	(23.7)%
Total throughput deliveries	(2.1)%
Secondary market volumes	(26.3)%
Average number of customers	1.4 %

Due to the margin decoupling mechanism in North Carolina and the weather normalization adjustment (WNA) mechanisms in South Carolina and Tennessee and fixed-price contracts with most power generation customers, changes in throughput deliveries do not have a material impact on Piedmont's revenues or earnings. The margin decoupling mechanism adjusts for variations in residential and commercial use per customer, including those due to weather and conservation. The WNA mechanisms mostly offset the impact of weather on bills rendered, but do not ensure full recovery of approved margin during periods when winter weather is significantly warmer or colder than normal.

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a \$111 million decrease due to lower natural gas costs passed through to customers;
- a \$20 million decrease due to return of EDIT to customers; and
- a \$7 million decrease due to NCUC approval related to tax reform accounting from fixed-rate contracts in the prior year.

Partially offset by:

- a \$53 million increase due to North Carolina base rate case increases; and
- a \$12 million increase due to North Carolina IMR increases.

Operating Expenses. The variance was driven primarily by:

- a \$111 million decrease in cost of natural gas due to lower natural gas prices.

Income Tax Expense. The decrease in income tax expense was primarily due to an increase in the amortization of excess deferred taxes, partially offset by an increase in pretax income.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Piedmont as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Piedmont results of operations, financial position and cash flows in the future. Piedmont will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Piedmont customers, suppliers and partners and could cause Piedmont to experience an increase in certain costs, such as bad debt. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt and equity issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019, included a summary and detailed discussion of projected primary sources and uses of cash for 2020 to 2022.

In March 2020, capital markets experienced significant liquidity challenges as a result of the ongoing uncertainty around the economic impacts from COVID-19. Investor demand for liquidity and cash holdings created substantial volatility, particularly in the short-term commercial paper market. As such, issuers of commercial paper experienced difficulties issuing commercial paper for longer duration at competitive interest rates. During March 2020 and in response to market volatility and the ongoing economic uncertainty related to COVID-19, Duke Energy took several actions to enhance the Company's liquidity position including:

- Duke Energy drew down the remaining \$500 million of availability under the existing \$1 billion Three-Year Revolving Credit Facility; and
- Duke Energy entered into and borrowed the full amount under a \$1.5 billion, 364-day Term Loan Credit Agreement. The Term Loan Credit Agreement contains a provision for additional borrowing capacity of \$500 million. Duke Energy exercised the provision and borrowed an additional \$188 million, for a total borrowing of approximately \$1.7 billion.

As of March 31, 2020, Duke Energy had approximately \$1.5 billion of cash on hand and \$4.8 billion available under its \$8 billion Master Credit Facility. Duke Energy has additional liquidity available totaling approximately \$2.6 billion under outstanding equity forward agreements. Duke Energy expects to have sufficient liquidity in the form of cash on hand, cash from operations and available credit capacity to support its funding needs. Duke Energy continues to monitor access to credit and equity markets.

In addition to the \$500 million draw under the Three-Year Revolving Credit Facility and \$1.7 billion of incremental borrowings under the new 364-day Term Loan Credit Agreement, Duke Energy also issued approximately \$1.5 billion of debt and raised \$67 million of common equity through its dividend reinvestment program during the three months ended March 31, 2020. Refer to Notes 5 and 13 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities" and "Stockholders' Equity," respectively, for information regarding Duke Energy's debt and equity issuances, debt maturities and available credit facilities including the Master Credit Facility.

In light of the COVID-19 pandemic, Duke Energy currently does not expect significant changes to the projected capital and investment expenditures provided in the Form 10-K for the year ended December 31, 2019. However, Duke Energy will continue to reassess capital projects depending on the duration and severity of economic impacts caused by the pandemic.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
Cash flows provided by (used in):		
Operating activities	\$ 1,554	\$ 1,239
Investing activities	(3,022)	(2,713)
Financing activities	2,593	1,433
Net increase (decrease) in cash, cash equivalents and restricted cash	1,125	(41)
Cash, cash equivalents and restricted cash at beginning of period	573	591
Cash, cash equivalents and restricted cash at end of period	\$ 1,698	\$ 550

OPERATING CASH FLOWS

The following table summarizes key components of Duke Energy's operating cash flows.

(in millions)	Three Months Ended		
	March 31,		
	2020	2019	Variance
Net income	\$ 890	\$ 893	\$ (3)
Non-cash adjustments to net income	1,627	1,299	328
Payments for asset retirement obligations	(132)	(152)	20
Working capital	(831)	(801)	(30)
Net cash provided by operating activities	\$ 1,554	\$ 1,239	\$ 315

The variance was primarily due to timing of payments of property taxes, higher Nuclear Electric Insurance Limited (NEIL) refunds in the current year and lower storm costs in the current year.

INVESTING CASH FLOWS

The following table summarizes key components of Duke Energy's investing cash flows.

(in millions)	Three Months Ended		
	March 31,		
	2020	2019	Variance
Capital, investment and acquisition expenditures	\$ (2,909)	\$ (2,630)	\$ (279)
Other investing items	(113)	(83)	(30)
Net cash used in investing activities	\$ (3,022)	\$ (2,713)	\$ (309)

The variance relates to an increase in capital expenditures due to higher overall investments primarily in the Commercial Renewables segment.

FINANCING CASH FLOWS

The following table summarizes key components of Duke Energy's financing cash flows.

(in millions)	Three Months Ended		
	March 31,		
	2020	2019	Variance
Issuances of long-term debt, net	\$ 1,662	\$ 1,536	\$ 126
Issuances of common stock	40	13	27
Issuances of preferred stock	—	974	(974)
Notes payable, commercial paper and other short-term borrowings	1,569	(408)	1,977
Dividends paid	(707)	(649)	(58)
Contributions from noncontrolling interests	103	6	97
Other financing items	(74)	(39)	(35)
Net cash provided by financing activities	\$ 2,593	\$ 1,433	\$ 1,160

The variance was primarily due to:

- a \$1,977 million increase in net proceeds from issuances of notes payable and commercial paper primarily due to borrowings of \$1.7 billion under the 364-day Term Loan Credit Agreement.

Partially offset by:

- a \$974 million decrease in proceeds from the issuance of preferred stock.

OTHER MATTERS

Environmental Regulations

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal, coal ash and other environmental matters. These regulations can be changed from time to time and result in new obligations of the Duke Energy Registrants. Refer to Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for further information regarding potential plant retirements and regulatory filings related to the Duke Energy Registrants.

Off-Balance Sheet Arrangements

During the three months ended March 31, 2020, there were no material changes to Duke Energy's off-balance sheet arrangements. See Note 11 – Variable Interest Entities and Note 13 – Stockholders' Equity to the Condensed Consolidated Financial Statements for information regarding ACP and equity forward sales agreements. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Balance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

Contractual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three months ended March 31, 2020, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K for the Duke Energy Registrants. During the three months ended March 31, 2020, there were no material changes to the Duke Energy Registrants' disclosures about market risk, other than as described below.

Credit Risk

In response to the COVID-19 pandemic, in March 2020, the Duke Energy Subsidiary Registrants announced a suspension of disconnections for nonpayment to be effective throughout the national emergency. This is expected to result in an increase in charge-offs over historical levels. In addition, the Registrants are monitoring the effects of the resultant economic slowdown on counterparties' abilities to perform under their contractual obligations.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the SEC rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2020, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) that occurred during the fiscal quarter ended March 31, 2020, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements. For additional information, see Item 3, "Legal Proceedings," in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in the Duke Energy Registrants' Annual Report on Form 10-K for the year ended December 31, 2019, which could materially affect the Duke Energy Registrants' financial condition or future results. As described in the Duke Energy Form 8-K Filing on May 8, 2020, the information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in the Annual Report on Form 10-K for the year ended December 31, 2019.

The Duke Energy Registrants' operations have been and may be affected by COVID-19 in ways listed below and in ways the registrants cannot predict at this time.

The COVID-19 pandemic has begun to impact the Duke Energy Registrants' business strategy, results of operations, financial position and cash flows, albeit not materially as of this filing date, from specific activities listed below:

- Decreased demand for electricity and natural gas;
- Delays in rate cases and other legal proceedings; and
- The health and availability of our critical personnel and their ability to perform business functions.

Furthermore, due to the unpredictability of the COVID-19 pandemic's ongoing impact on global health and economic stability as of this filing date, the Duke Energy Registrants expect that the activities listed below could negatively impact their business strategy, results of operations, financial position and cash flows:

- An inability to procure satisfactory levels of fuels or other necessary equipment to continue production of electricity and delivery of natural gas;
- An inability to obtain labor or equipment necessary for the construction of generation projects or pipeline expansion;
- An inability to maintain information technology systems and protections from cyberattack;
- An inability to obtain financing in volatile financial markets;
- Additional federal regulation tied to stimulus and other aid packages;
- Impairment charges to certain assets, including goodwill; and
- Actions of state utility commissions or federal or state governments to allow customers to suspend or delay payment of bills related to the provision of electric or gas services.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 6. EXHIBITS

Exhibits filed herein are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated. Items constituting management contracts or compensatory plans or arrangements are designated by a double asterisk (**). The company agrees to furnish upon request to the commission a copy of any omitted schedules or exhibits upon request on all items designated by a triple asterisk (***)

Exhibit Number	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
4.1	<u>One-Hundred and Second Supplemental Indenture, dated as of August 14, 2019 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on January 8, 2020, File No. 1-4928).</u>							
4.2	<u>One-Hundred and Third Supplemental Indenture, dated as of January 8, 2020 (incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K filed on January 8, 2020, File No. 1-4928).</u>							
4.3	<u>One-Hundred and Fourth Supplemental Indenture, dated as of January 8, 2020 (incorporated by reference to Exhibit 4.3 to Registrant's Current Report on Form 8-K filed on January 8, 2020, File No. 1-4928).</u>							
4.4	<u>Seventieth Supplemental Indenture, dated as of March 12, 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on March 12, 2020, File No. 1-3543).</u>							
10.1	<u>Amendment No. 5 and Consent, dated as of March 16, 2020, among Registrants, the Lenders party thereto, the Issuing Lenders party thereto, and Wells Fargo Bank, N.A., as Administrative Agent, and Swingline Lender (incorporated by reference to Exhibit 10.1 to Registrants' Current Report on Form 8-K, filed on March 17, 2020, File Nos. 1-32853, 1-4928, 1-3382, 1-3274, 1-1232, 1-3543, 1-6196).</u>	X	X	X	X	X	X	X
10.2	<u>\$1.5 billion 364-Day Term Loan Credit Agreement, dated as of March 19, 2020, among the Registrant, as Borrower, certain Lenders from time to time parties thereto, and PNC Bank, N.A., as Administrative Agent, and Registrant's borrowing of the remaining \$500 million under Registrant's existing \$1 billion revolving credit facility on March 17, 2020 (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on March 19, 2020, File No. 1-32853).</u>	X						
*10.2.1	<u>Joinder Agreement, dated as of March 27, 2020, by and among the Registrant, each of the Incremental Lenders listed therein, and PNC BANK, N.A., as Administrative Agent.</u>	X						
10.3	<u>Duke Energy Carolinas Summary of Partial Settlement in North Carolina Rate Case (incorporated by reference to Exhibit 99.1 to Registrants' Current Report on Form 8-K filed on March 26, 2020, File Nos. 1-32853, 1-4928, 1-3382).</u>	X	X	X				
*10.4**	<u>Performance Award Agreement</u>	X						

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*32.1.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X	
*32.1.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X
*32.2.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X							
*32.2.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X						
*32.2.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X					
*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X				
*32.2.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X			
*32.2.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X		
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X	
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X
*101.INS	XBRL Instance Document (this does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).	X	X	X	X	X	X	X	X
*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X
*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X

The total amount of securities of the registrant or its subsidiaries authorized under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the SEC, to furnish copies of any or all of such instruments to it.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION
DUKE ENERGY CAROLINAS, LLC
PROGRESS ENERGY, INC.
DUKE ENERGY PROGRESS, LLC
DUKE ENERGY FLORIDA, LLC
DUKE ENERGY OHIO, INC.
DUKE ENERGY INDIANA, LLC
PIEDMONT NATURAL GAS COMPANY, INC.

Date: May 12, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer (Principal
Financial Officer)

Date: May 12, 2020

/s/ DWIGHT L. JACOBS

Dwight L. Jacobs
Senior Vice President, Chief Accounting Officer,
Tax and Controller
(Principal Accounting Officer)

PERFORMANCE AWARD AGREEMENT

Duke Energy Corporation (the "Corporation") grants to the individual named below ("Grantee"), in accordance with the terms of the Duke Energy Corporation 2015 Long-Term Incentive Plan, as it may be amended from time to time (the "Plan") and this Performance Award Agreement (the "Agreement"), the following number of Performance Shares (the "Award"), on the Date of Grant set forth below:

Name of Grantee: _____

Target # of Performance Shares: _____

Date of Grant: _____

Performance Period: The three-year period commencing on January 1 of the year in which the Date of Grant occurs

Section 1. Nature of Performance Shares. Each Performance Share, upon becoming vested, represents a right to receive payment in the form of one (1) share of Common Stock (a "Share"). Performance Shares are used solely as units of measurement and are not Shares, and Grantee is not, and has no rights as, a shareholder of the Corporation by virtue of this Award.

Section 2. Vesting of Performance Shares. Subject to Section 3 and 6 below, the Performance Shares shall vest as follows:

(a) The Performance Shares shall vest only if and to the extent the Committee determines that the Performance Goals (as defined in Exhibit A) have been met for the Performance Period set forth above.

(b) In general, Grantee must be employed by the Corporation or a Subsidiary on the last day of the Performance Period to be entitled to payment of any Performance Shares earned under Section 2(a) above. However, Grantee shall be entitled to a pro-rated portion of the Performance Shares earned under Section 2(a) above in the event that, during the Performance Period (i) Grantee ceases to be employed with the Corporation and its Subsidiaries by reason of death or Disability (defined by reference Section 22(e)(3) of the Code), (ii) the Corporation and its Subsidiaries terminate Grantee's employment other than for cause (as determined by the Corporation in its sole discretion), or (iii) Grantee voluntarily terminates employment with the Corporation and its Subsidiaries after having attained age 55 and completed 10 years of consecutive service from Grantee's most recent date of hire or re-hire, as applicable (as determined under such rules as may be established by the Corporation from time-to-time). The pro-rated portion of the Performance Shares that becomes payable under this Section 2(b), if any, shall be determined by the Committee or its delegate, in its sole discretion, based

upon Grantee's continuous employment with the Corporation and its Subsidiaries during the Performance Period (including additional service credit provided to Grantee, if any, under an employment or change in control agreement with the Corporation or a Subsidiary, or a severance plan maintained by the Corporation or a Subsidiary, as applicable). Notwithstanding the foregoing provisions, Grantee shall be entitled to all (rather than a pro-rated portion of the Performance Shares earned under Section 2(a) above in the event that, during the Performance Period, Grantee voluntarily terminates employment with the Corporation and its Subsidiaries after having attained age 60 and completed five years of consecutive service from Grantee's most recent date of hire or re-hire, as applicable (as determined under such rules as may be established by the Corporation from time-to-time), but only if such voluntary termination occurs following the completion of the first year of the Performance Period.

(c) For purposes of Section 2 of this Agreement, the continuous employment of Grantee with the Corporation and its Subsidiaries shall not be deemed to have been interrupted, and Grantee shall not be deemed to have ceased to be an employee, by reason of the transfer of his or her employment among the Corporation and its Subsidiaries or a leave of absence approved by the Corporation or a Subsidiary; provided that, to the extent permitted under applicable law, the Corporation shall pro-rate the payout of any Performance Shares earned in the event Grantee is on an approved but unpaid leave of absence during the Performance Period, based upon the portion of the Performance Period during which Grantee received payment of salary (as determined under such rules as may be established by the Corporation from time-to-time).

Section 3. Forfeiture. The Performance Shares (including without limitation any right to accumulated Dividend Equivalents described in Section 5 hereof) shall be forfeited automatically without further action or notice if (a) Grantee ceases to be employed by the Corporation or a Subsidiary prior to the last day of the Performance Period other than as provided in Section 2(b), or (b) the Committee or its delegate, in its sole discretion, determines that Grantee is in violation of any obligation identified in Section 6. Grantee acknowledges and agrees that payments made under this Agreement are subject to the Corporation's requirement that the Grantee reimburse the portion of any payment where such portion of the payment was (i) inadvertently paid based on an incorrect calculation, or (ii) predicated upon the achievement of financial results that are subsequently the subject of a restatement caused or partially caused by Grantee's fraud or misconduct.

Section 4. Payment of Performance Shares. Payment of the Performance Shares earned under Section 2 above shall be made to Grantee by March 15 of the calendar year immediately following the end of the Performance Period, except to the extent deferred by Grantee in accordance with procedures as the Committee, or its delegate, may prescribe from time to time. Payment of vested Performance Shares shall be in the form of one (1) Share for each full Performance Share earned; provided that if payment would be less than ten (10) Shares, or if payment would result in fractional shares, then, if so determined by the Committee or its delegate, in its sole discretion, payment may be made in cash in lieu of Shares.

Upon payment of a Performance Share, Grantee shall be entitled to a cash payment (without interest) equal to the aggregate cash dividends declared and payable with respect to one (1) Share for each record date that occurs during the period beginning on the Date of Grant and ending on the date the Performance Share is paid (the "Dividend Equivalent"). The Dividend Equivalents shall be forfeited to the extent that the underlying Performance Share is forfeited and shall be paid to Grantee, if at all, at the same time that the related Performance Share is paid in accordance with Section 4 above. Dividend Equivalents will be subject to any required withholding for federal, state, local, foreign or other taxes.

Section 6. Restrictive Covenants.

(a) In consideration of the Award, Grantee agrees that during the period ending on the _____ anniversary of the Date of Grant ("Restricted Period"), Grantee shall not for any reason, directly or indirectly, without the prior written consent of the Corporation or its delegate: (i) become employed, engaged or involved with a competitor (defined below) of the Corporation or any Subsidiary in a position that involves: providing services that relate to or are similar in nature or purpose to the services performed by Grantee for the Corporation or any Subsidiary at any time during his or her previous _____ years of employment with the Corporation or any Subsidiary; or, supervision, management, direction or advice regarding such services; either as principal, agent, manager, employee, partner, shareholder, director, officer or consultant (other than as a less-than three percent (3%) equity owner of any corporation traded on any national, international or regional stock exchange or in the over-the-counter market); or (ii) induce or attempt to induce any customer, client, supplier, employee, agent or independent contractor of the Corporation or any of the Subsidiaries to reduce, terminate, restrict or otherwise alter (to the Corporation's detriment) its business relationship with the Corporation.

(b) The noncompetition obligations of clause (i) of the preceding sentence shall be effective only with respect to a "competitor" of the Corporation or any Subsidiary which is understood to mean any person or entity in competition with the Corporation or any Subsidiary, and more particularly those persons and entities engaged in any business in which the Corporation, including Subsidiaries, is engaged at the termination of Grantee's continuous employment by the Corporation, including Subsidiaries; and within the following geographical areas: (i) any country in the world (other than the United States) where the Corporation, including Subsidiaries, has at least \$25 million in capital deployed as of the termination of Grantee's employment; (ii) the states of Florida, Indiana, Kentucky, North Carolina, Ohio, South Carolina and Tennessee, and (iii) any other state in the United States where the Corporation, including the Subsidiaries, has at least \$25 million in capital deployed as of the termination of Grantee's employment. The Corporation and Grantee intend the above restrictions on competition in geographical areas to be entirely severable and independent, and any invalidity or unenforceability of this provision with respect to any one or more of such restrictions, including geographical areas, shall not render this provision unenforceable as applied to any one or more of the other restrictions, including geographical areas.

(c) Grantee agrees not to: (i) disclose to any third party or otherwise misappropriate any confidential or proprietary information of the Corporation or of any Subsidiary (except as required by subpoena or other legal process, in which event Grantee will give the Chief Legal Officer of the Corporation prompt notice of such subpoena or other legal process in order to permit the Corporation or any affected individual to seek appropriate protective orders); or (ii) publish or provide any oral or written statements about the Corporation or any Subsidiary, any of the Corporation's or any Subsidiary's current or former officers, executives, directors, employees, agents or representatives that are false, disparaging or defamatory, or that disclose private or confidential information about their business or personal affairs. The obligations of this paragraph are in addition to, and do not replace, eliminate or reduce in any way, all other contractual, statutory, or common law obligations Grantee may have to protect the Corporation's confidential information and trade secrets and to avoid defamation or business disparagement.

(d) Nothing contained in this Agreement shall prohibit, restrict or otherwise discourage Grantee from reporting possible violations of federal, state or local laws or regulations to any federal, state or local governmental agency or commission (a "Government Agency"), from making other disclosures that are protected under the whistleblower provisions of federal, state or local laws or regulations, or from participating in "protected activity" as defined in 10 CFR 50.7 and Section 211 of the Energy Reorganization Act of 1974, including, without limitation, reporting any suspected instance of illegal activity of any nature, any nuclear safety concern, any workplace safety concern, any public safety concern, or any other matter within the United States Nuclear Regulatory Commission's ("NRC") regulatory responsibilities to the NRC or any other Government Agency. Grantee does not need prior authorization of any kind to engage in such activity or make any such reports or disclosures to any Government Agency and Grantee is not required to notify the Corporation that Grantee has made such reports or disclosures. Nothing in this Agreement limits any right Grantee may have to receive a whistleblower award or bounty for information provided to any Government Agency.

(e) If any part of this Section is held to be unenforceable because of the duration, scope or geographical area covered, the Corporation and Grantee agree to modify such part, or that the court making such holding shall have the power to modify such part, to reduce its duration, scope or geographical area.

(f) Nothing in Section 6 shall be construed to prohibit Grantee from being retained during the Restricted Period in a capacity as an attorney licensed to practice law, or to restrict Grantee from providing advice and counsel in such capacity, in any jurisdiction where such prohibition or restriction is contrary to law. Notwithstanding any provisions of this Award to the contrary, Grantee may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing a trade secret under limited circumstances, as set forth in the Corporation's Innovations - Inventions, Patents and Intellectual Properties Policy.

(g) Grantee's agreement to the restrictions provided for in this Agreement and the Corporation's agreement to provide the Award are mutually

dependent consideration. Therefore, notwithstanding any other provision to the contrary in this Agreement, if Grantee materially breaches any provision of this Section 6 or if the enforceability of any material restriction on Grantee provided for in this Agreement is challenged and found unenforceable by a court of law, then the Corporation shall, at its election, have the right to (i) cancel the Award, (ii) recover from Grantee any Shares or Dividend Equivalents or other cash paid under Award, or (iii) with respect to any Shares paid under the Award that have been disposed of, require Grantee to repay to the Corporation the fair market value of such Shares on the date such shares were sold, transferred, or otherwise disposed of by Grantee. This provision shall be construed as a return of consideration or disgorgement of gains due to the failure of Grantee's promises under the Agreement, and not as a liquidated damages clause. Nothing herein shall (x) reduce or eliminate the Corporation's right to assert that the restrictions provided for in this agreement are fully enforceable as written, or as modified by a court pursuant to Section 6, or (y) eliminate, reduce, or compromise the application of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions provided for in Section 6 (inclusive of its subparts), in addition to recovery of damages or other remedies otherwise allowed by law.

(h) Notwithstanding any other provision of this Agreement to the contrary, if the Corporation determines at any time that the Grantee engaged in Detrimental Activity while employed by the Corporation or Subsidiary, then, to the extent permitted by applicable law, such Grantee: (a) shall not be entitled to any further Shares, Dividend Equivalents or other amounts hereunder (and, if it is determined that a participant may have engaged in Detrimental Activity, payment of any Shares, Dividend Equivalents or other amounts otherwise due to the Grantee shall be suspended pending resolution to the Corporation's satisfaction of any investigation of the matter), and (b) shall be required to promptly return to the Corporation, upon notice from the Corporation, any Shares, Dividend Equivalents or other amounts received under this Agreement by the Grantee during the three-year period preceding the date of the determination by the Corporation. To the extent that Shares, Dividend Equivalents or other amounts are not immediately returned or paid to the Corporation as provided in this paragraph, the Corporation may, to the extent permitted by applicable law, seek other remedies, including a set off of the Shares, Dividend Equivalents or other amounts so payable to it against any amounts that may be owing from time to time by the Corporation or an affiliate to the Grantee. For purposes of this paragraph, "Detrimental Activity" means: (i) the engaging by the Grantee in misconduct that is detrimental to the financial condition or business reputation of the Corporation or its affiliates, including due to any adverse publicity, or (ii) the Grantee's breach or violation of any material written policy of the Corporation, including without limitation the Corporation's Code of Business Ethics or any written policy or regulation dealing with workplace harassment, including sexual harassment and other forms of harassment prohibited by the Corporation's Harassment-Free Workplace Policy.

Section 7. Change in Control. Vesting of the Performance Shares shall not accelerate solely as a result of a Change in Control. In the event of a Change in Control, the surviving, continuing, successor, or purchasing entity, as the case may be, may, without Grantee's consent, either assume or continue the

Corporation's rights and obligations under this Agreement or provide a substantially equivalent award or other consideration in substitution for the Performance Shares subject to this Agreement.

Section 8. Withholding. To the extent the Corporation or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Shares under this Agreement, then the Corporation or Subsidiary (as applicable) shall retain a number of Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value of the Shares on the date of delivery) provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount permitted under the Plan. If the Corporation or any Subsidiary is required to withhold any federal, state, local or other taxes at any time other than upon delivery of the Shares under this Agreement (for example, if Grantee elects to defer payment of the Performance Shares), then the Corporation or Subsidiary (as applicable) shall have the right in its sole discretion to (a) require Grantee to pay or provide for payment of the required tax withholding, or (b) deduct the required tax withholding from any amount of salary, bonus, incentive compensation or other amounts otherwise payable in cash to Grantee (other than deferred compensation subject to Section 409A of the Code).

Section 9. Conflicts with Plan, Correction of Errors, Section 409A and Grantee's Consent. In the event that any provision of this Agreement conflicts in any way with a provision of the Plan, such Plan provision shall be controlling and the applicable provision of this Agreement shall be without force and effect to the extent necessary to cause such Plan provision to be controlling. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan. In the event that, due to administrative error, this Agreement does not accurately reflect an Award properly granted to Grantee pursuant to the Plan, the Corporation, acting through its Executive Compensation and Benefits Department, reserves the right to cancel any erroneous document and, if appropriate, to replace the cancelled document with a corrected document.

To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code and that this Award not result in unfavorable tax consequences to Grantee under Section 409A of the Code. This Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to satisfy Section 409A of the Code will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A of the Code and made without the consent of Grantee). For purposes of this Agreement, each amount to be paid to Grantee pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code.

Notwithstanding the foregoing, this Award is subject to cancellation by the Corporation in its sole discretion unless Grantee has signed a duplicate of this Agreement, in the space provided below, and returned the signed duplicate to the Executive Compensation and Benefits Department – Performance Shares _____,

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which, if, and to the extent, permitted by the Executive Compensation and Benefits Department, may be accomplished by electronic means.

--/A

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IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed effective as of the Date of Grant.

DUKE

ENERGY CORPORATION

By: _____

Its:

Acceptance of Performance Award

IN WITNESS OF Grantee's acceptance of this Performance Award and Grantee's agreement to be bound by the provisions of this Agreement and the Plan, Grantee has signed this Agreement on _____.

Grantee's Signature
(print name)

EXHIBIT A
PERFORMANCE GOALS

Cumulative Adjusted Basic EPS (____%).

____% of the Target Number of Performance Shares subject to this Award shall become vested based upon the extent to which the Corporation achieves the "Cumulative Adjusted Basic EPS Performance Goal," which is based on the Corporation's cumulative adjusted basic earnings per share ("EPS"), for the Performance Period, in accordance with the applicable vesting percentage specified for Cumulative Adjusted Basic EPS in the following schedule:

Cumulative Adjusted Basic EPS	Percent Payout of Target Performance Shares*

*When such determination is at a level between those specified, the Committee, or its delegatee, in its sole discretion, shall interpolate to determine the applicable vesting percentage. The Committee shall have the authority to calculate and adjust the Cumulative Adjusted Basic EPS and the Cumulative Adjusted Basic EPS Performance Goal in the same manner as adjusted basic EPS is calculated and adjusted pursuant to the _____ Short-Term Incentive Program Guidelines, provided, however, that the Committee specifically reserves discretion to make adjustments to the EPS performance levels or results in the event that a major project is not placed in-service at the time assumed by the Corporation as of the Date of Grant for purposes of its business plan.

Total Shareholder Return (___%).

___% of the Target Number of Performance Shares subject to this Award shall become vested based upon the extent to which the Corporation achieves the "TSR Performance Goal," which is the Corporation's Total Shareholder Return ("TSR") percentile ranking among the companies that are in the Philadelphia Utility Index as of the beginning of the Performance Period, with higher percentile ranking for more positive/less negative TSR, for the Performance Period in accordance with the applicable vesting percentage specified for such percentile ranking in the following schedule:

Relative TSR Performance Percentile	Percent Payout of Target Performance Shares**
-------------------------------------	-----------------------------------------------

**When such determination is of a percentile ranking between those specified, the Committee, or its delegatee in its sole discretion, shall interpolate to determine the applicable vesting percentage. If the Corporation's TSR is at least ___% during the Performance Period, the vesting percentage for this portion of the Performance Shares and Dividend Equivalents shall not be less than ___%, and if the Corporation's TSR is less than ___% during the Performance Period, the vesting percentage for this portion of the Performance Shares and Dividend Equivalents shall not be more than ____%.

For purposes of this Agreement, TSR means, with respect to any company, the percentage change in total stockholder return, determined by dividing (A) the difference between the price of a share of the company's common stock from the Opening Value (as defined below) to the Closing Value (as defined below), with any dividends with ex-dividend dates falling inside the Performance Period deemed reinvested in the company's common stock on the ex-dividend date, by (B) the Opening Value. The term "Opening Value" means, with respect to any company, the average of the closing prices per share of the company's common stock on each trading day during the calendar month preceding the start of the Performance Period, assuming any dividends with ex-dividend dates falling inside such calendar month are deemed reinvested in the company's common stock on the ex-dividend date. The term "Closing Value" means, with respect to any company, the average of the closing prices per share of the company's common stock on each trading day during the last calendar month of the Performance Period, assuming any dividends with ex-dividend dates falling inside such calendar month are deemed reinvested in the company's common stock on the ex-dividend date. In the event that a company becomes a member of the Philadelphia Utility Index following _____, or if a member of the Philadelphia Utility Index on _____ ceases to exist during the Performance Period as a separate publicly-traded company due to a merger, acquisition or privatization, such company shall not be taken into account for

_____% of the Target Number of Performance Shares subject to this Award shall become vested based upon the extent to which the Corporation achieves the "TICR Performance Goal," which is the Corporation's total incident caseload rate for employees, including staff augmentation workers ("TICR") as compared to the applicable vesting percentage specified in the following schedule:

***The _____ shall consist of the results of the _____, excluding companies without gas or nuclear operations, that report TCR results for at least one year during the _____ period.

Adjustments

If the Committee determines that a merger, consolidation, liquidation, issuance of rights or warrants to purchase securities, recapitalization, reclassification, stock dividend, spin-off, split-off, stock split, reverse stock split or other distribution with respect to the Shares, or any similar corporate transaction or event in respect of the Shares, the manner in which the Corporation conducts its business, changes in the law or regulations or regulatory structure, changes in accounting practices, other unusual or nonrecurring items or occurrences, or other events or circumstances, render the Performance Goals to be unsuitable, the Committee may, in its sole discretion, and without the consent of the Grantee or any other persons, modify the calculation of the Performance Goals, or any of the related minimum, target or maximum levels of achievement, or the performance results, in whole or in part, as the Committee deems equitable and appropriate to reflect such event.

In addition, the Committee reserves the right to reduce any vesting to the extent the Committee determines that such reduction is equitable and appropriate for any reason, including reductions based on overall financial performance such as adjusted and reported earnings, capital deployment and credit position during the Performance Period.

JOINDER AGREEMENT, dated as of March 27, 2020 (this "Joinder"), is made and entered into by and among DUK ENERGY CORPORATION, a Delaware corporation (the "Borrower"), each of the entities listed under the caption "Incremental Lenders" on the signature pages hereto (each, an "Incremental Lender" and, collectively, the "Incremental Lenders"), and PNC BANK, N.A., as Administrative Agent (in such capacity, the "Administrative Agent").

RECITALS:

WHEREAS, reference is made to the Credit Agreement dated as of March 19, 2020 (as amended, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement"), by and among the Borrower, the lenders from time to time party thereto and the Administrative Agent;

WHEREAS, it is intended that (a) the Borrower will obtain the Incremental Commitments (as defined below) (as defined in the Credit Agreement) and (b) the proceeds of the borrowings under the Incremental Commitments will be used for general corporate purposes of the Borrower;

WHEREAS, subject to the terms and conditions of the Credit Agreement, and pursuant to Section 2.17 of the Credit Agreement, the Borrower has requested that the Incremental Lenders provide Incremental Commitments in an aggregate principal amount of \$187,500,000; and

WHEREAS, the Incremental Lenders are willing to provide the Incremental Commitments to the Borrower on the Incremental Commitment Effective Date (as defined below).

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. ***Defined Terms; Interpretation; Etc.*** Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

SECTION 2. ***Incremental Commitments.*** (a) Each Incremental Lender hereby agrees, severally and not jointly, to make an Incremental Loan to the Borrower on the Incremental Commitment Effective Date in Dollars in an aggregate principal amount equal to the amount set forth opposite such Incremental Lender's name on Schedule I attached hereto (each, an "Incremental Commitment" and, collectively, the "Incremental Commitments"), on the terms set forth herein and in the Credit Agreement (as amended hereby), and subject to the conditions set forth herein. The Incremental Loans shall be deemed to be "Loans" as defined in the Credit Agreement (as amended hereby) for all purposes of the Credit Agreement having terms and provisions identical to those applicable to the Loans outstanding immediately prior to the Incremental Commitment Effective Date (the "Existing Loans").

(b) The Incremental Loans shall be made as a single borrowing, with an initial Interest Period that commences on the Incremental Commitment Effective Date and ends on the last day of the Interest Period applicable to the Existing Loans on the Incremental Commitment Effective Date. During such initial Interest Period, the London Interbank Offered Rate applicable to the Incremental Loans shall be the same London Interbank Offered Rate applicable for the Existing Loans as of the Incremental Commitment Effective Date. Notwithstanding anything to the contrary contained herein or in the Credit Agreement, from and after the Incremental Commitment Effective Date, the Existing Loans and the Incremental Loans shall constitute a single Borrowing of Term Loans for all purposes under the Credit Agreement.

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(c) Unless previously terminated, the Incremental Commitments of the Incremental Lenders pursuant to Section 2(a) shall terminate upon the making of the Incremental Loans on the Incremental Commitment Effective Date.

(d) Each Incremental Lender (i) confirms that a copy of the Credit Agreement, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Joinder and make its Incremental Loan, have been made available to such Incremental Lender; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, any joint lead arranger or joint bookrunner, or any other Lender or agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions taking or not taking action under the Credit Agreement, including this Joinder; (iii) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (iv) acknowledges and agrees that upon the Incremental Commitment Effective Date such Incremental Lender shall be a "Lender" and an "Incremental Lender" under, and for all purposes of, the Credit Agreement, and shall be subject to and bound by the terms thereof, and shall perform all the obligations of and shall have all rights of a Lender and an Incremental Lender thereunder.

SECTION 3. *Conditions Precedent to Incremental Loans.* This Joinder and each Incremental Lender's obligation to provide the Incremental Loans pursuant to this Joinder, shall become effective as of the date on which the following conditions precedent are satisfied (such date, the "Incremental Commitment Effective Date");

(a) The Administrative Agent shall have received from the Borrower and each Incremental Lender either (i) a counterpart of this Joinder duly executed and delivered on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include facsimile or other electronic transmission of a signed counterpart of this Joinder) that such party has duly executed and delivered a counterpart of this Joinder.

(b) Each of the conditions set forth in Section 3.03 of the Credit Agreement shall have been satisfied or waived.

(c) The Administrative Agent and each Incremental Lender shall have received all documentation and other information about the Borrower as shall have been reasonably requested prior to the Incremental Commitment Effective Date by the Administrative Agent or such Incremental Lender that they shall have reasonably determined is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act.

(d) The Administrative Agent shall have received a Notice of Borrowing with respect to the Incremental Term Loans as required by Section 2.02 of the Credit Agreement.

The Administrative Agent shall notify the Borrower and the Lenders of the Incremental Commitment Effective Date, and such notice shall be conclusive and binding.

SECTION 4. *Representations and Warranties.* In order to induce the Incremental Lenders and the Administrative Agent to enter into this Joinder and to induce the Incremental Lenders to make the Incremental Loans hereunder, the Borrower hereby represents and warrants to the Incremental Lenders and the Administrative Agent on and as of the Incremental Commitment Effective Date that the

representations and warranties of the Borrower set forth in the Credit Agreement are true on and as of the Incremental Commitment Effective Date (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date).

SECTION 5. **Expenses; Indemnity; Damage Waiver.** Section 9.03 of the Credit Agreement is hereby incorporated by reference, *mutatis mutandis*, as if such Section was set forth in full herein.

SECTION 6. **Waiver of Integral Multiple Requirement.** Each party hereby waives the requirement in Section 2.17 of the Credit Agreement requiring that the Incremental Commitment be in an integral multiple of \$10,000,000.

SECTION 7. **Miscellaneous.**

(a) **Non-U.S. Lenders.** Each Incremental Lender shall have delivered to the Administrative Agent and the Borrower such forms, certificates or other evidence with respect to United States federal income tax withholding matters as such Incremental Lender may be required to deliver to the Administrative Agent and the Borrower pursuant to Section 8.04(d) of the Credit Agreement.

(b) **Recordation of the Incremental Loans.** Upon execution and delivery hereof, and the funding of the Incremental Loans, the Administrative Agent will record in the Register the Incremental Loans made by the Incremental Lenders.

(c) **Amendment, Modification and Waiver.** This Joinder may not be amended and no provision hereof may be waived except pursuant to a writing signed by each of the parties hereto.

(d) **Entire Agreement.** This Joinder and the Credit Agreement constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties or any of them with respect to the subject matter hereof.

(e) **Governing Law.** This Joinder and any claims controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Joinder and the transactions contemplated hereby shall be governed by, and construed in accordance with, the laws of the State of New York.

(f) **Jurisdiction; Waiver of Venue; Service of Process.** Section 9.09 of the Credit Agreement is hereby incorporated by reference, *mutatis mutandis*, as if such Section was set forth in full herein.

(g) **WAIVER OF JURY TRIAL.** SECTION 9.11 OF THE CREDIT AGREEMENT IS HEREBY INCORPORATED BY REFERENCE, *MUTATIS MUTANDIS*, AS IF SUCH SECTION WAS SET FORTH IN FULL HEREIN.

(h) **Severability.** Any term or provision of this Joinder that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Joinder or affecting the validity or enforceability of any of the terms or provisions

of this Joinder in any other jurisdiction. If any provision of this Joinder is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as would be enforceable.

(i) **Counterparts; Integration.** Section 9.10 of the Credit Agreement is hereby incorporated by reference, *mutatis mutandis*, as if such Section was set forth in full herein.

(j) **Headings.** The headings of this Joinder are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(k) **Reference to and Effect on the Credit Agreement.** On and after the Incremental Commitment Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “herein” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified by this Joinder. Except as specifically modified by this Joinder, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed. The execution, delivery and performance of this Joinder shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Administrative Agent or Lender under the Credit Agreement.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Joinder to be duly executed by their respective authorized officers as of the day and year first above written.

DUKE ENERGY CORPORATION, as the
Borrower

By: /s/ Michael S. Hendershott
Name: Michael S. Hendershott
Title: Assistant Treasurer

PNC BANK, N.A., as Administrative Agent

By: /s/ Alex Rolfe
Name: Alex Rolfe
Title: Vice President

TD BANK, N.A., as an Incremental Lender

By: /s/ Shannon Batchman
Name: Shannon Batchman
Title: Sr. Vice President

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<u>Incremental Lender</u>	<u>Incremental Commitment</u>
TD Bank, N.A.	\$187,500,000
Total:	\$187,500,000

-A

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 135 of 166

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chair, President and
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 136 of 166

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Sep 13 2021

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

Page 137 of 166

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 139 of 166

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 144 of 166

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Sep 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 145 of 166

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Sep 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 146 of 166

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 147 of 166

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 148 of 166

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Sep 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 149 of 166

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

OFFICIAL COPY
Sep 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 150 of 166

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Sep 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 151 of 166

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chair, President and Chief Executive Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chair, President and
Chief Executive Officer

May 12, 2020

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SEP 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 152 of 166

In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 12, 2020

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 153 of 166

In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 12, 2020

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 154 of 166

In connection with the Quarterly Report of Duke Energy Progress, LLC ("Duke Energy Progress") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Progress, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Progress.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 12, 2020

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 155 of 166

In connection with the Quarterly Report of Duke Energy Florida, LLC ("Duke Energy Florida") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Florida, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Florida.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 12, 2020

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 156 of 166

In connection with the Quarterly Report of Duke Energy Ohio, Inc. ("Duke Energy Ohio") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Ohio, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Ohio.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 12, 2020

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 157 of 166

In connection with the Quarterly Report of Duke Energy Indiana, LLC ("Duke Energy Indiana") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Indiana, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Indiana.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 12, 2020

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 158 of 166

In connection with the Quarterly Report of Piedmont Natural Gas Company, Inc. ("Piedmont") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Piedmont, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Piedmont.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 12, 2020

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 159 of 166

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 12, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 160 of 166

In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 12, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 161 of 166

In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 12, 2020

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SEP 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 162 of 166

In connection with the Quarterly Report of Duke Energy Progress, LLC ("Duke Energy Progress") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Progress, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Progress.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 12, 2020

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 163 of 166

In connection with the Quarterly Report of Duke Energy Florida, LLC ("Duke Energy Florida") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Florida, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Florida.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 12, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 164 of 166

In connection with the Quarterly Report of Duke Energy Ohio, Inc. ("Duke Energy Ohio") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Ohio, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Ohio.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 12, 2020

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 165 of 166

In connection with the Quarterly Report of Duke Energy Indiana, LLC ("Duke Energy Indiana") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Indiana, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Indiana.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 12, 2020

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 166 of 166

In connection with the Quarterly Report of Piedmont Natural Gas Company, Inc. ("Piedmont") on Form 10-Q for the period ending March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Piedmont, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Piedmont.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 12, 2020

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SEP 13 2021

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-Q/A
Amendment No. 1

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification Number
		
1-32853	DUKE ENERGY CORPORATION (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218
1-4928	DUKE ENERGY CAROLINAS, LLC (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853	56-0205520
1-15929	PROGRESS ENERGY, INC. (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-2155481
1-3382	DUKE ENERGY PROGRESS, LLC (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-0165465
1-3274	DUKE ENERGY FLORIDA, LLC (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853	59-0247770
1-1232	DUKE ENERGY OHIO, INC. (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853	31-0240030
1-3543	DUKE ENERGY INDIANA, LLC (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853	35-0594457
1-6196	PIEDMONT NATURAL GAS COMPANY, INC. (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120	56-0556998

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Step 13 2021

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Name of each exchange on

<u>Registrant</u>	<u>Title of each class</u>	<u>Trading symbols</u>	<u>which registered</u>	
Duke Energy	Common Stock, \$0.001 par value	DUK	New York Stock Exchange LLC	
Duke Energy	5.125% Junior Subordinated Debentures due January 15, 2073	DUKH	New York Stock Exchange LLC	
Duke Energy	5.625% Junior Subordinated Debentures due September 15, 2078	DUKB	New York Stock Exchange LLC	
Duke Energy	Depository Shares, each representing a 1/1,000th interest in a share of 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share	DUK PR A	New York Stock Exchange LLC	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Duke Energy Corporation (Duke Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Florida, LLC (Duke Energy Florida)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Progress Energy, Inc. (Progress Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Progress, LLC (Duke Energy Progress)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Duke Energy	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Florida	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Progress Energy	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Progress	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Piedmont	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Duke Energy	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Carolinas	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Progress Energy	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Progress	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Florida	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Ohio	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Indiana	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Piedmont	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Duke Energy	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Florida	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Duke Energy Carolinas	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Ohio	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Progress Energy	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Indiana	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Duke Energy Progress	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Piedmont	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	734,852,539

This combined Form 10-Q/A is filed separately by eight registrants: Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

EXPLANATORY NOTE

Duke Energy Corporation and its subsidiaries (collectively, the "Company") filed its Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the "Original Filing") with the U.S. Securities and Exchange Commission (the "SEC") on May 12, 2020. The Company is filing this Amendment No. 1 (the "Amendment") to its Original Filing solely to add this Explanatory Note which was inadvertently omitted from the Original Filing.

As previously disclosed in the Company's Current Report on Form 8-K filed with the SEC on May 8, 2020 (the "Form 8-K"), and in accordance with the SEC's "Order Under Section 36 of the Securities Exchange Act of 1934 Modifying Exemptions From the Reporting and Proxy Delivery Requirements for Public Companies," dated March 25, 2020 (Release No. 34-88465) (the "Order"), the Company (i) relied on the relief provided by the Order in connection with the filing of the Original Filing and (ii) the delay in the Original Filing was necessitated by the additional time required by our workforce, who are largely working remotely during the COVID-19 pandemic, to complete the processes necessary for our internal controls. In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company is including in this Amendment certifications from its Chief Executive Officer and Chief Financial Officer as required by Rule 13a-14(a) or Rule 15d-14(a) under the Exchange Act as exhibits to this Amendment. Because no financial statements have been included in this Amendment and this Amendment does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4 and 5 of the certifications have been omitted. We are not including the certifications under Section 906 of the Sarbanes-Oxley Act of 2002 as no financial statements are being filed with this Amendment.

This Amendment has not been updated for events or information subsequent to the filing date of the Original Filing and should be read in conjunction with the Original Filing and Duke Energy's other filings with the SEC. Except as described above, no other changes have been made in the Amendment to modify or update the other disclosures in or exhibits filed or furnished with the Original Filing. Material events may have occurred subsequent to the filing of the Original Filing that are not reflected in this Amendment.

ITEM 6. EXHIBITS

Exhibits filed herein are designated by an asterisk (*).

Exhibit Number		Duke/A							
		Duke Energy	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Piedmont
*31.1.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X							
*31.1.2	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X						
*31.1.3	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X					
*31.1.4	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X				
*31.1.5	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X			
*31.1.6	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X		
*31.1.7	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.							X	
*31.1.8	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.								X
*31.2.1	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X							
*31.2.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X						
*31.2.3	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X					
*31.2.4	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X				
*31.2.5	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X			
*31.2.6	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X		
*31.2.7	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.							X	
*31.2.8	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.								X
*101.INS	XBRL Instance Document (this does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).	X	X	X	X	X	X	X	X
*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X
*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X
*104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).	X	X	X	X	X	X	X	X

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION
DUKE ENERGY CAROLINAS, LLC
PROGRESS ENERGY, INC.
DUKE ENERGY PROGRESS, LLC
DUKE ENERGY FLORIDA, LLC
DUKE ENERGY OHIO, INC.
DUKE ENERGY INDIANA, LLC
PIEDMONT NATURAL GAS COMPANY, INC.

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Date: June 2, 2020
Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
G-1, Item 30
Attachment 14 of 16

--/A

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer (Principal
Financial Officer)

/s/ DWIGHT L. JACOBS

Dwight L. Jacobs
Senior Vice President, Chief Accounting Officer,
Tax and Controller
(Principal Accounting Officer)

Date: June 2, 2020

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 6 of 21

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Duke Energy Corporation; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chair, President and
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 7 of 21

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Duke Energy Carolinas, LLC; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 8 of 21

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Progress Energy, Inc.; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 9 of 21

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Duke Energy Progress, LLC; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 10 of 21

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Duke Energy Florida, LLC; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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Step 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 11 of 21

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Duke Energy Ohio, Inc.; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 12 of 21

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Duke Energy Indiana, LLC; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 13 of 21

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Piedmont Natural Gas Company, Inc.; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 14 of 21

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Duke Energy Corporation; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 15 of 21

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Duke Energy Carolinas, LLC; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 16 of 21

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Progress Energy, Inc.; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 17 of 21

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Duke Energy Progress, LLC; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 18 of 21

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Duke Energy Florida, LLC; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 19 of 21

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Date: June 2, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 20 of 21

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Duke Energy Indiana, LLC; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 21 of 21

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q/A of Piedmont Natural Gas Company, Inc.; and
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: June 2, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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-1/A
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Page 1 of 156

(Mark One)

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2020
- OR
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification Number
		
1-32853	DUKE ENERGY CORPORATION (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218
1-4928	DUKE ENERGY CAROLINAS, LLC (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853	56-0205520
1-15929	PROGRESS ENERGY, INC. (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-2155481
1-3382	DUKE ENERGY PROGRESS, LLC (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-0165465
1-3274	DUKE ENERGY FLORIDA, LLC (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853	59-0247770
1-1232	DUKE ENERGY OHIO, INC. (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853	31-0240030
1-3543	DUKE ENERGY INDIANA, LLC (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853	35-0594457
1-6196	PIEDMONT NATURAL GAS COMPANY, INC. (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120	56-0556998

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SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Name of each exchange on

<u>Registrant</u>	<u>Title of each class</u>	<u>Trading symbols</u>	<u>which registered</u>	
Duke Energy	Common Stock, \$0.001 par value	DUK	New York Stock Exchange LLC	
Duke Energy	5.125% Junior Subordinated Debentures due January 15, 2073	DUKH	New York Stock Exchange LLC	
Duke Energy	5.625% Junior Subordinated Debentures due September 15, 2078	DUKB	New York Stock Exchange LLC	
Duke Energy	Depository Shares, each representing a 1/1,000th interest in a share of 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share	DUK PR A	New York Stock Exchange LLC	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Duke Energy Corporation (Duke Energy)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Florida, LLC (Duke Energy Florida)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Progress Energy, Inc. (Progress Energy)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Progress, LLC (Duke Energy Progress)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Duke Energy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Florida	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Carolinas	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Ohio	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Progress Energy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Indiana	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Progress	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Piedmont	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Duke Energy	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Carolinas	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Progress Energy	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Progress	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Florida	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Ohio	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Indiana	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Piedmont	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Duke Energy	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Florida	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Duke Energy Carolinas	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Ohio	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Progress Energy	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Duke Energy Indiana	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Duke Energy Progress	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Piedmont	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Number of shares of common stock outstanding at July 31, 2020:

--/A

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Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	735,432,137

This combined Form 10-Q is filed separately by eight registrants: Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format specified in General Instructions H(2) of Form 10-Q.

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SEP 13 2021

Cautionary Statement Regarding Forward-Looking Information

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- The impact of the COVID-19 pandemic;
- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the United States electric grid or generating resources;
- The ability to obtain the necessary permits and approvals and to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, operational accidents, information technology failures or other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- The ability to obtain adequate insurance at acceptable costs;
- Employee workforce factors, including the potential inability to attract and retain key personnel;

- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);
- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of United States tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy, including enhancing existing technology systems.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' reports filed with the SEC and available at the SEC's website at sec.gov. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Glossary of Terms

The following terms or acronyms used in this Form 10-Q are defined below:

Term or Acronym	Definition
2013 Settlement	Revised and Restated Stipulation and Settlement Agreement approved in November 2013 among Duke Energy Florida, the Florida OPC and other customer representatives
2017 Settlement	Second Revised and Restated Settlement Agreement in 2017 among Duke Energy Florida, the Florida OPC and other customer representatives, which replaces and supplants the 2013 Settlement
ACP	Atlantic Coast Pipeline, LLC, a limited liability company owned by Dominion Energy, Inc. and Duke Energy
ACP pipeline	The approximately 600-mile canceled interstate natural gas pipeline
AFS	Available for Sale
AFUDC	Allowance for funds used during construction
AMT	Alternative Minimum Tax
ARO	Asset retirement obligations
Bison	Bison Insurance Company Limited
CC	Combined Cycle
CCR	Coal Combustion Residuals
CARES Act	Coronavirus Aid, Relief and Economic Security Act
Coal Ash Act	North Carolina Coal Ash Management Act of 2014
the Company	Duke Energy Corporation and its subsidiaries
Constitution	Constitution Pipeline Company, LLC
COVID-19	Coronavirus Disease 2019
CRC	Cinergy Receivables Company, LLC
Crystal River Unit 3	Crystal River Unit 3 Nuclear Plant
DEFPP	Duke Energy Florida Project Finance, LLC
DEFR	Duke Energy Florida Receivables, LLC
DEPR	Duke Energy Progress Receivables, LLC
DERF	Duke Energy Receivables Finance Company, LLC
Duke Energy	Duke Energy Corporation (collectively with its subsidiaries)
Duke Energy Ohio	Duke Energy Ohio, Inc.
Duke Energy Progress	Duke Energy Progress, LLC
Duke Energy Carolinas	Duke Energy Carolinas, LLC
Duke Energy Florida	Duke Energy Florida, LLC
Duke Energy Indiana	Duke Energy Indiana, LLC
Duke Energy Kentucky	Duke Energy Kentucky, Inc.
Duke Energy Registrants	Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
EDIT	Excess deferred income tax
EPA	U.S. Environmental Protection Agency
EPS	Earnings Per Share
ESP	Electric Security Plan
ETR	Effective tax rate
Exchange Act	Securities Exchange Act of 1934

FERC	Federal Energy Regulatory Commission
FPSC	Florida Public Service Commission
FTR	Financial transmission rights
GAAP	Generally accepted accounting principles in the U.S.
GAAP Reported Earnings (Loss)	Net Income (Loss) Available to Duke Energy Corporation Common Stockholders
GAAP Reported Earnings (Loss) Per Share	Basic Earnings (Loss) Per Share Available to Duke Energy Corporation common stockholders
GWh	Gigawatt-hours
IGCC	Integrated Gasification Combined Cycle
IMR	Integrity Management Rider
IRS	Internal Revenue Service
Investment Trusts	NDTF investments and grantor trusts of Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana
IURC	Indiana Utility Regulatory Commission
KPSC	Kentucky Public Service Commission
LLC	Limited Liability Company
MGP	Manufactured gas plant
MMBtu	Million British Thermal Unit
MW	Megawatt
MWh	Megawatt-hour
NCUC	North Carolina Utilities Commission
NDTF	Nuclear decommissioning trust funds
NPNS	Normal purchase/normal sale
OPEB	Other Post-Retirement Benefit Obligations
ORS	South Carolina Office of Regulatory Staff
OVEC	Ohio Valley Electric Corporation
Piedmont	Piedmont Natural Gas Company, Inc.
PPA	Purchase Power Agreement
Progress Energy	Progress Energy, Inc.
PSCSC	Public Service Commission of South Carolina
PUCO	Public Utilities Commission of Ohio
Subsidiary Registrants	Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the Tax Act	Tax Cuts and Jobs Act
TPUC	Tennessee Public Utility Commission
U.S.	United States
VIE	Variable Interest Entity
WACC	Weighted Average Cost of Capital

FINANCIAL STATEMENTS

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
(in millions, except per share amounts)	2020	2019	2020	2019
Operating Revenues				
Regulated electric	\$ 4,963	\$ 5,423	\$ 10,087	\$ 10,708
Regulated natural gas	263	280	901	1,008
Nonregulated electric and other	195	170	382	320
Total operating revenues	5,421	5,873	11,370	12,036
Operating Expenses				
Fuel used in electric generation and purchased power	1,349	1,641	2,796	3,250
Cost of natural gas	59	76	258	403
Operation, maintenance and other	1,353	1,434	2,692	2,853
Depreciation and amortization	1,150	1,089	2,280	2,178
Property and other taxes	334	334	679	677
Impairment charges	6	4	8	4
Total operating expenses	4,251	4,578	8,713	9,365
Gains on Sales of Other Assets and Other, net	7	3	8	—
Operating Income	1,177	1,298	2,665	2,671
Other Income and Expenses				
Equity in (losses) earnings of unconsolidated affiliates	(1,968)	44	(1,924)	87
Other income and expenses, net	137	89	183	204
Total other income and expenses	(1,831)	133	(1,741)	291
Interest Expense	554	542	1,105	1,085
(Loss) Income Before Income Taxes	(1,208)	889	(181)	1,877
Income Tax (Benefit) Expense	(316)	141	(179)	236
Net (Loss) Income	(892)	748	(2)	1,641
Add: Net Loss Attributable to Noncontrolling Interests	90	84	138	91
Net (Loss) Income Attributable to Duke Energy Corporation	(802)	832	136	1,732
Less: Preferred Dividends	15	12	54	12
Net (Loss) Income Available to Duke Energy Corporation Common Stockholders	\$ (817)	\$ 820	\$ 82	\$ 1,720
Earnings (Loss) Per Share – Basic and Diluted				
Net (loss) income available to Duke Energy Corporation common stockholders				
Basic and Diluted	\$ (1.13)	\$ 1.12	\$ 0.11	\$ 2.36
Weighted average shares outstanding				
Basic	735	728	734	728
Diluted	735	728	735	728

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net (Loss) Income	\$ (892)	\$ 748	\$ (2)	\$ 1,641
Other Comprehensive Loss, net of tax^(a)				
Pension and OPEB adjustments	(1)	3	—	3
Net unrealized gains (losses) on cash flow hedges	5	(29)	(76)	(46)
Reclassification into earnings from cash flow hedges	2	2	4	3
Unrealized gains on available-for-sale securities	6	4	7	8
Other Comprehensive Income (Loss), net of tax	12	(20)	(65)	(32)
Comprehensive (Loss) Income	(880)	728	(67)	1,609
Add: Comprehensive Loss Attributable to Noncontrolling Interests	88	84	150	91
Comprehensive (Loss) Income Attributable to Duke Energy	(792)	812	83	1,700
Less: Preferred Dividends	15	12	54	12
Comprehensive (Loss) Income Available to Duke Energy Corporation Common Stockholders	\$ (807)	\$ 800	\$ 29	\$ 1,688

(a) Net of income tax impacts of approximately \$20 million and \$10 million for the six months ended June 30, 2020, and 2019, respectively. All other periods presented include immaterial income tax impacts.

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 341	\$ 311
Receivables (net of allowance for doubtful accounts of \$23 at 2020 and \$22 at 2019)	753	1,066
Receivables of VIEs (net of allowance for doubtful accounts of \$79 at 2020 and \$54 at 2019)	2,049	1,994
Inventory	3,289	3,232
Regulatory assets (includes \$53 at 2020 and \$52 at 2019 related to VIEs)	1,774	1,796
Other (includes \$260 at 2020 and \$242 at 2019 related to VIEs)	1,031	764
Total current assets	9,237	9,163
Property, Plant and Equipment		
Cost	151,592	147,654
Accumulated depreciation and amortization	(47,295)	(45,773)
Generation facilities to be retired, net	28	246
Net property, plant and equipment	104,325	102,127
Other Noncurrent Assets		
Goodwill	19,303	19,303
Regulatory assets (includes \$969 at 2020 and \$989 at 2019 related to VIEs)	13,285	13,222
Nuclear decommissioning trust funds	8,000	8,140
Operating lease right-of-use assets, net	1,580	1,658
Investments in equity method unconsolidated affiliates	861	1,936
Other (includes \$85 at 2020 and \$110 at 2019 related to VIEs)	3,458	3,289
Total other noncurrent assets	46,487	47,548
Total Assets	\$ 160,049	\$ 158,838
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 2,398	\$ 3,487
Notes payable and commercial paper	4,785	3,135
Taxes accrued	657	392
Interest accrued	569	565
Current maturities of long-term debt (includes \$462 at 2020 and \$216 at 2019 related to VIEs)	3,756	3,141
Asset retirement obligations	729	881
Regulatory liabilities	898	784
Other	2,898	2,367
Total current liabilities	16,690	14,752
Long-Term Debt (includes \$3,643 at 2020 and \$3,997 at 2019 related to VIEs)	56,143	54,985
Other Noncurrent Liabilities		
Deferred income taxes	8,979	8,878
Asset retirement obligations	12,539	12,437
Regulatory liabilities	14,553	15,264
Operating lease liabilities	1,377	1,432
Accrued pension and other post-retirement benefit costs	911	934
Investment tax credits	683	624
Other (includes \$251 at 2020 and \$228 at 2019 related to VIEs)	1,563	1,581
Total other noncurrent liabilities	40,605	41,150
Commitments and Contingencies		
Equity		
Preferred stock, Series A, \$0.001 par value, 40 million depositary shares authorized and outstanding at 2020 and 2019	973	973
Preferred stock, Series B, \$0.001 par value, 1 million shares authorized and outstanding at 2020 and 2019	989	989
Common stock, \$0.001 par value, 2 billion shares authorized; 735 million shares outstanding at 2020 and 733 million shares outstanding at 2019	1	1
Additional paid-in capital	40,997	40,881
Retained earnings	2,707	4,108
Accumulated other comprehensive loss	(183)	(130)

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Total Duke Energy Corporation stockholders' equity	45,484	46,822
Noncontrolling interests	1,127	1,129
Total equity	46,611	47,951
Total Liabilities and Equity	\$ 160,049	\$ 158,838

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (2)	\$ 1,641
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	2,651	2,483
Equity in losses (earnings) of unconsolidated affiliates	1,924	(87)
Equity component of AFUDC	(76)	(67)
Gains on sales of other assets	(8)	—
Impairment charges	8	4
Deferred income taxes	105	527
Payments for asset retirement obligations	(287)	(336)
Provision for rate refunds	(12)	57
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(24)	(11)
Receivables	281	304
Inventory	(56)	(110)
Other current assets	(124)	(265)
Increase (decrease) in		
Accounts payable	(638)	(700)
Taxes accrued	273	(56)
Other current liabilities	(344)	(378)
Other assets	(193)	(1)
Other liabilities	(121)	51
Net cash provided by operating activities	3,357	3,056
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(5,103)	(5,465)
Contributions to equity method investments	(164)	(162)
Purchases of debt and equity securities	(3,818)	(2,316)
Proceeds from sales and maturities of debt and equity securities	3,755	2,302
Other	(141)	(147)
Net cash used in investing activities	(5,471)	(5,788)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	3,788	4,622
Issuance of preferred stock	—	973
Issuance of common stock	57	27
Payments for the redemption of long-term debt	(1,951)	(2,155)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	1,866	240
Payments for the redemption of short-term debt with original maturities greater than 90 days	(113)	(299)
Notes payable and commercial paper	(129)	383
Contributions from noncontrolling interests	163	193
Dividends paid	(1,391)	(1,312)
Other	(108)	(50)
Net cash provided by financing activities	2,182	2,622
Net increase (decrease) in cash, cash equivalents and restricted cash	68	(110)
Cash, cash equivalents and restricted cash at beginning of period	573	591
Cash, cash equivalents and restricted cash at end of period	\$ 641	\$ 481
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 945	\$ 917
Non-cash dividends	54	54

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DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three Months Ended June 30, 2019 and 2020												
(in millions)						Accumulated Other Comprehensive (Loss) Income			Total Duke Energy Corporation			
	Preferred Stock	Common Stock Shares	Common Stock	Paid-in Capital	Retained Earnings	Net Gains (Losses) on Cash Flow Hedges	Net Unrealized (Losses) Gains on Available- for-Sale- Securities	Pension and OPEB Adjustments	Stockholders' Equity	Noncontrolling Interests	Total Equity	
Balance at March 31, 2019	\$ 974	728	\$ 1	\$ 40,823	\$ 3,360	\$ (36)	\$ —	\$ (92)	\$ 45,030	\$ 15	\$ 45,045	
Net income (loss)	—	—	—	—	820	—	—	—	820	(84)	736	
Other comprehensive (loss) income	—	—	—	—	—	(27)	4	3	(20)	—	(20)	
Preferred stock issuances, net of issuance costs	(1)	—	—	—	—	—	—	—	(1)	—	(1)	
Common stock issuances, including dividend reinvestment and employee benefits	—	—	—	61	—	—	—	—	61	—	61	
Common stock dividends	—	—	—	—	(678)	—	—	—	(678)	—	(678)	
Contribution from noncontrolling interest in subsidiaries ^(a)	—	—	—	—	—	—	—	—	—	193	193	
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(1)	(1)	
Other	—	—	—	1	—	—	—	—	1	(4)	(3)	
Balance at June 30, 2019	\$ 973	728	\$ 1	\$ 40,885	\$ 3,502	\$ (63)	\$ 4	\$ (89)	\$ 45,213	\$ 119	\$ 45,332	
Balance at March 31, 2020	\$ 1,962	735	\$ 1	\$ 40,930	\$ 4,221	\$ (116)	\$ 4	\$ (81)	\$ 46,921	\$ 1,162	\$ 48,083	
Net income (loss)	—	—	—	—	(817)	—	—	—	(817)	(90)	(907)	
Other comprehensive (loss) income	—	—	—	—	—	5	6	(1)	10	2	12	
Common stock issuances, including dividend reinvestment and employee benefits	—	—	—	66	—	—	—	—	66	—	66	
Common stock dividends	—	—	—	—	(696)	—	—	—	(696)	—	(696)	
Contribution from noncontrolling interest in subsidiaries ^(a)	—	—	—	—	—	—	—	—	—	60	60	
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(7)	(7)	
Other	—	—	—	1	(1)	—	—	—	—	—	—	
Balance at June 30, 2020	\$ 1,962	735	\$ 1	\$ 40,997	\$ 2,707	\$ (111)	\$ 10	\$ (82)	\$ 45,484	\$ 1,127	\$ 46,611	

See Notes to Condensed Consolidated Financial Statements

Six Months Ended June 30, 2019 and 2020

(in millions)	Accumulated Other Comprehensive											Total Duke Energy Corporation	Noncontrolling Interests	Total Equity						
	(Loss) Income																			
	Common		Additional		Retained Earnings	Net Losses on Cash Flow Hedges	Net Unrealized (Losses) Gains on Available- for-Sale- Securities	Pension and OPEB Adjustments												
	Preferred Stock	Stock Shares	Common Stock	Paid-in Capital																
Balance at December 31, 2018	\$	—	727	\$	1	\$	40,795	\$	3,113	\$	(14)	\$	(3)	\$	(75)	\$	43,817	\$	17	\$43,834
Net income (loss)		—	—		—		1,720		—		—		—		—		1,720		(91)	1,629
Other comprehensive (loss) income		—	—		—		—		(43)		8		3		(32)		(32)		—	(32)
Preferred stock, Series A, issuances, net of issuance costs ^(b)		973	—		—		—		—		—		—		—		973		—	973
Common stock issuances, including dividend reinvestment and employee benefits		—	1		—		89		—		—		—		—		89		—	89
Common stock dividends		—	—		—		(1,354)		—		—		—		(1,354)		(1,354)		—	(1,354)
Contributions from noncontrolling interest in subsidiaries ^(a)		—	—		—		—		—		—		—		—		—		193	193
Distributions to noncontrolling interest in subsidiaries		—	—		—		—		—		—		—		—		—		(1)	(1)
Other ^(c)		—	—		—		1		23		(6)		(1)		(17)		—		1	1
Balance at June 30, 2019	\$	973	728	\$	1	\$	40,885	\$	3,502	\$	(63)	\$	4	\$	(89)	\$	45,213	\$	119	\$45,332
Balance at December 31, 2019	\$	1,962	733	\$	1	\$	40,881	\$	4,108	\$	(51)	\$	3	\$	(82)	\$	46,822	\$	1,129	\$47,951
Net income (loss)		—	—		—		—		82		—		—		—		82		(138)	(56)
Other comprehensive (loss) income		—	—		—		—		—		(60)		7		—		(53)		(12)	(65)
Common stock issuances, including dividend reinvestment and employee benefits		—	2		—		116		—		—		—		—		116		—	116
Common stock dividends		—	—		—		(1,391)		—		—		—		—		(1,391)		—	(1,391)
Contributions from noncontrolling interest in subsidiaries ^(a)		—	—		—		—		—		—		—		—		—		163	163
Distributions to noncontrolling interest in subsidiaries		—	—		—		—		—		—		—		—		—		(14)	(14)
Other ^(d)		—	—		—		(92)		—		—		—		—		(92)		(1)	(93)
Balance at June 30, 2020	\$	1,962	735	\$	1	\$	40,997	\$	2,707	\$	(111)	\$	10	\$	(82)	\$	45,484	\$	1,127	\$46,611

(a) Relates to tax equity financing activity in the Commercial Renewables segment.

(b) Duke Energy issued 40 million depository shares of preferred stock, Series A.

(c) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a

new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

(d) Amounts in Retained earnings primarily represent impacts due to implementation of a new accounting standard related to Current Estimated Credit Losses. See Note 1 for additional discussion.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Operating Revenues	\$ 1,610	\$ 1,713	\$ 3,358	\$ 3,457
Operating Expenses				
Fuel used in electric generation and purchased power	376	395	829	867
Operation, maintenance and other	430	441	816	881
Depreciation and amortization	375	346	718	663
Property and other taxes	75	75	156	155
Impairment charges	—	5	2	5
Total operating expenses	1,256	1,262	2,521	2,571
Losses on Sales of Other Assets and Other, net	(1)	—	—	—
Operating Income	353	451	837	886
Other Income and Expenses, net	43	41	86	72
Interest Expense	125	117	248	227
Income Before Income Taxes	271	375	675	731
Income Tax Expense	37	74	102	137
Net Income and Comprehensive Income	\$ 234	\$ 301	\$ 573	\$ 594

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 24	\$ 18
Receivables (net of allowance for doubtful accounts of \$1 at 2020 and \$3 at 2019)	255	324
Receivables of VIEs (net of allowance for doubtful accounts of \$13 at 2020 and \$7 at 2019)	675	642
Receivables from affiliated companies	78	114
Inventory	1,080	996
Regulatory assets	490	550
Other	19	21
Total current assets	2,621	2,665
Property, Plant and Equipment		
Cost	50,068	48,922
Accumulated depreciation and amortization	(17,098)	(16,525)
Net property, plant and equipment	32,970	32,397
Other Noncurrent Assets		
Regulatory assets	3,440	3,360
Nuclear decommissioning trust funds	4,265	4,359
Operating lease right-of-use assets, net	125	123
Other	1,158	1,149
Total other noncurrent assets	8,988	8,991
Total Assets	\$ 44,579	\$ 44,053
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 615	\$ 954
Accounts payable to affiliated companies	147	210
Notes payable to affiliated companies	131	29
Taxes accrued	166	46
Interest accrued	127	115
Current maturities of long-term debt	508	458
Asset retirement obligations	194	206
Regulatory liabilities	293	255
Other	488	611
Total current liabilities	2,669	2,884
Long-Term Debt	11,713	11,142
Long-Term Debt Payable to Affiliated Companies	300	300
Other Noncurrent Liabilities		
Deferred income taxes	4,004	3,921
Asset retirement obligations	5,566	5,528
Regulatory liabilities	6,232	6,423
Operating lease liabilities	106	102
Accrued pension and other post-retirement benefit costs	77	84
Investment tax credits	229	231
Other	611	627
Total other noncurrent liabilities	16,825	16,916
Commitments and Contingencies		
Equity		
Member's equity	13,079	12,818
Accumulated other comprehensive loss	(7)	(7)
Total equity	13,072	12,811
Total Liabilities and Equity	\$ 44,579	\$ 44,053

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 573	\$ 594
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	854	804
Equity component of AFUDC	(29)	(21)
Impairment charges	2	5
Deferred income taxes	31	54
Payments for asset retirement obligations	(86)	(131)
Provision for rate refunds	2	35
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	(8)
Receivables	40	83
Receivables from affiliated companies	36	81
Inventory	(84)	(77)
Other current assets	170	(133)
Increase (decrease) in		
Accounts payable	(249)	(282)
Accounts payable to affiliated companies	(63)	(41)
Taxes accrued	120	38
Other current liabilities	(134)	(71)
Other assets	(83)	87
Other liabilities	(35)	(18)
Net cash provided by operating activities	1,065	999
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,271)	(1,357)
Purchases of debt and equity securities	(1,017)	(1,114)
Proceeds from sales and maturities of debt and equity securities	1,017	1,114
Other	(73)	(46)
Net cash used in investing activities	(1,344)	(1,403)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	938	25
Payments for the redemption of long-term debt	(454)	(3)
Notes payable to affiliated companies	102	365
Distributions to parent	(300)	—
Other	(1)	(1)
Net cash provided by financing activities	285	386
Net increase (decrease) in cash and cash equivalents	6	(18)
Cash and cash equivalents at beginning of period	18	33
Cash and cash equivalents at end of period	\$ 24	\$ 15
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 256	\$ 252

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

		Three Months Ended June 30, 2019 and 2020			
		Accumulated Other Comprehensive Loss			
		Member's	Net Losses on		Total
(in millions)	Equity	Cash Flow Hedges	Equity		
Balance at March 31, 2019	\$ 11,982	\$ (7)	\$ 11,975		
Net income	301	—	301		
		\$ (7)			
Balance at June 30, 2019	\$ 12,283		\$ 12,276		
Balance at March 31, 2020	\$ 12,844	\$ (7)	\$ 12,837		
Net income	234	—	234		
Other	1	—	1		
Balance at June 30, 2020	\$ 13,079	\$ (7)	\$ 13,072		

Six Months Ended June 30, 2019 and 2020					
(in millions)		Member's Equity	Accumulated Other Comprehensive Loss		Total Equity
			Net Losses on		
			Cash Flow Hedges		
Balance at December 31, 2018	\$	11,689	\$	(6)	\$ 11,683
Net income		594		—	594
Other		—		(1)	(1)
Balance at June 30, 2019	\$	12,283	\$	(7)	\$ 12,276
Balance at December 31, 2019	\$	12,818	\$	(7)	\$ 12,811
Net income		573		—	573
Distributions to parent		(300)		—	(300)
Other ^(a)		(12)		—	(12)
Balance at June 30, 2020	\$	13,079	\$	(7)	\$ 13,072

(a) Amounts primarily represent impacts due to implementation of a new accounting standard related to Current Estimated Credit Losses. See Note 1 for additional discussion.

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Operating Revenues	\$ 2,498	\$ 2,744	\$ 4,920	\$ 5,316
Operating Expenses				
Fuel used in electric generation and purchased power	777	988	1,540	1,913
Operation, maintenance and other	589	606	1,143	1,173
Depreciation and amortization	432	426	884	881
Property and other taxes	137	143	272	280
Total operating expenses	1,935	2,163	3,839	4,247
Gains (Losses) on Sales of Other Assets and Other, net	7	(1)	6	(1)
Operating Income	570	580	1,087	1,068
Other Income and Expenses, net	33	34	65	65
Interest Expense	199	219	405	438
Income Before Income Taxes	404	395	747	695
Income Tax Expense	60	66	120	118
Net Income	344	329	627	577
Less: Net Income Attributable to Noncontrolling Interests	—	1	—	—
Net Income Attributable to Parent	\$ 344	\$ 328	\$ 627	\$ 577
Net Income	\$ 344	\$ 329	\$ 627	\$ 577
Other Comprehensive Income, net of tax				
Pension and OPEB adjustments	1	1	1	2
Net unrealized gains on cash flow hedges	1	1	2	3
Unrealized (losses) gains on available-for-sale securities	(1)	1	—	1
Other Comprehensive Income, net of tax	1	3	3	6
Comprehensive Income	345	332	630	583
Less: Comprehensive Income Attributable to Noncontrolling Interests	—	1	—	—
Comprehensive Income Attributable to Parent	\$ 345	\$ 331	\$ 630	\$ 583

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 78	\$ 48
Receivables (net of allowance for doubtful accounts of \$9 at 2020 and \$7 at 2019)	153	220
Receivables of VIEs (net of allowance for doubtful accounts of \$20 at 2020 and \$9 at 2019)	920	830
Receivables from affiliated companies	42	76
Notes receivable from affiliated companies	—	164
Inventory	1,466	1,423
Regulatory assets (includes \$53 at 2020 and \$52 at 2019 related to VIEs)	957	946
Other (includes \$32 at 2020 and \$39 at 2019 related to VIEs)	145	210
Total current assets	3,761	3,917
Property, Plant and Equipment		
Cost	56,420	55,070
Accumulated depreciation and amortization	(17,704)	(17,159)
Generation facilities to be retired, net	28	246
Net property, plant and equipment	38,744	38,157
Other Noncurrent Assets		
Goodwill	3,655	3,655
Regulatory assets (includes \$969 at 2020 and \$989 at 2019 related to VIEs)	6,308	6,346
Nuclear decommissioning trust funds	3,734	3,782
Operating lease right-of-use assets, net	737	788
Other	1,164	1,049
Total other noncurrent assets	15,598	15,620
Total Assets	\$ 58,103	\$ 57,694
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 675	\$ 1,104
Accounts payable to affiliated companies	222	310
Notes payable to affiliated companies	2,373	1,821
Taxes accrued	201	46
Interest accrued	213	228
Current maturities of long-term debt (includes \$304 at 2020 and \$54 at 2019 related to VIEs)	1,829	1,577
Asset retirement obligations	357	485
Regulatory liabilities	388	330
Other	847	902
Total current liabilities	7,105	6,803
Long-Term Debt (includes \$1,361 at 2020 and \$1,632 at 2019 related to VIEs)	17,625	17,907
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	4,560	4,462
Asset retirement obligations	6,038	5,986
Regulatory liabilities	4,813	5,225
Operating lease liabilities	662	697
Accrued pension and other post-retirement benefit costs	480	488
Other	449	383
Total other noncurrent liabilities	17,002	17,241
Commitments and Contingencies		
Equity		
Common Stock, \$0.01 par value, 100 shares authorized and outstanding at 2020 and 2019	—	—
Additional paid-in capital	9,143	9,143
Retained earnings	7,090	6,465
Accumulated other comprehensive loss	(15)	(18)
Total Progress Energy, Inc. stockholders' equity	16,218	15,590

Noncontrolling interests	Piedmont Natural Gas Company, Inc. Docket No. G-9, Sub 781	3	3
Total equity	G-1, Item 30 Attachment 15 of 16	16,221	15,593
Total Liabilities and Equity		\$ 58,103	\$ 57,694

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 627	\$ 577
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,118	1,061
Equity component of AFUDC	(24)	(31)
(Gains) Losses on sales of other assets	(6)	1
Deferred income taxes	94	126
Payments for asset retirement obligations	(173)	(183)
Provision for rate refunds	2	10
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(22)	(1)
Receivables	(15)	(42)
Receivables from affiliated companies	34	119
Inventory	(42)	(26)
Other current assets	102	114
Increase (decrease) in		
Accounts payable	(238)	(196)
Accounts payable to affiliated companies	(88)	(125)
Taxes accrued	155	82
Other current liabilities	(64)	(162)
Other assets	(51)	(82)
Other liabilities	(97)	24
Net cash provided by operating activities	1,312	1,266
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,812)	(1,988)
Purchases of debt and equity securities	(2,602)	(1,094)
Proceeds from sales and maturities of debt and equity securities	2,588	1,089
Notes receivable from affiliated companies	164	—
Other	(81)	(59)
Net cash used in investing activities	(1,743)	(2,052)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	514	1,295
Payments for the redemption of long-term debt	(550)	(1,188)
Notes payable to affiliated companies	552	685
Other	—	2
Net cash provided by financing activities	516	794
Net increase in cash, cash equivalents and restricted cash	85	8
Cash, cash equivalents and restricted cash at beginning of period	126	112
Cash, cash equivalents and restricted cash at end of period	\$ 211	\$ 120
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 287	\$ 278

See Notes to Condensed Consolidated Financial Statements

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three Months Ended June 30, 2019 and 2020									
(in millions)	Accumulated Other Comprehensive (Loss) Income								Total Progress
	Additional Paid-in Capital	Retained Earnings	Net Gains	Net Unrealized	Pension and OPEB Adjustments	Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity	
			(Losses) on	Gains (Losses)					
			Cash Flow Hedges	on Available-for- Sale Securities					
Balance at March 31, 2019	\$ 9,143	\$ 5,386	\$ (14)	\$ (1)	\$ (8)	\$ 14,506	\$ 2	\$14,508	
Net income	—	328	—	—	—	328	1	329	
Other comprehensive income	—	—	1	1	1	3	—	3	
Other	—	1	—	—	(1)	—	(1)	(1)	
Balance at June 30, 2019	\$ 9,143	\$ 5,715	\$ (13)	\$ —	\$ (8)	\$ 14,837	\$ 2	\$14,839	
Balance at March 31, 2020	\$ 9,143	\$ 6,747	\$ (9)	\$ —	\$ (7)	\$ 15,874	\$ 3	\$15,877	
Net income	—	344	—	—	—	344	—	344	
Other comprehensive income	—	—	1	(1)	1	1	—	1	
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)	
Other	—	(1)	—	—	—	(1)	1	—	
Balance at June 30, 2020	\$ 9,143	\$ 7,090	\$ (8)	\$ (1)	\$ (6)	\$ 16,218	\$ 3	\$16,221	
Six Months Ended June 30, 2019 and 2020									
	Accumulated Other Comprehensive Loss								Total Progress
	Additional Paid-in Capital	Retained Earnings	Net Gains	Net Unrealized	Pension and OPEB Adjustments	Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity	
			(Losses) on	Losses on					
			Cash Flow Hedges	Available-for- Sale Securities					
Balance at December 31, 2018	\$ 9,143	\$ 5,131	\$ (12)	\$ (1)	\$ (7)	\$ 14,254	\$ 3	\$14,257	
Net income	—	577	—	—	—	577	—	577	
Other comprehensive income	—	—	3	1	2	6	—	6	
Other ^(a)	—	7	(4)	—	(3)	—	(1)	(1)	
Balance at June 30, 2019	\$ 9,143	\$ 5,715	\$ (13)	\$ —	\$ (8)	\$ 14,837	\$ 2	\$14,839	
Balance at December 31, 2019	\$ 9,143	\$ 6,465	\$ (10)	\$ (1)	\$ (7)	\$ 15,590	\$ 3	\$15,593	
Net income	—	627	—	—	—	627	—	627	
Other comprehensive income	—	—	2	—	1	3	—	3	
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)	
Other	—	(2)	—	—	—	(2)	1	(1)	
Balance at June 30, 2020	\$ 9,143	\$ 7,090	\$ (8)	\$ (1)	\$ (6)	\$ 16,218	\$ 3	\$16,221	

(a) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Operating Revenues	\$ 1,243	\$ 1,387	\$ 2,581	\$ 2,871
Operating Expenses				
Fuel used in electric generation and purchased power	395	479	800	994
Operation, maintenance and other	317	357	622	692
Depreciation and amortization	257	251	544	541
Property and other taxes	44	41	91	85
Total operating expenses	1,013	1,128	2,057	2,312
Gains on Sales of Other Assets and Other, net	6	—	5	—
Operating Income	236	259	529	559
Other Income and Expenses, net	19	24	41	48
Interest Expense	68	81	137	158
Income Before Income Taxes	187	202	433	449
Income Tax Expense	26	33	68	77
Net Income and Comprehensive Income	\$ 161	\$ 169	\$ 365	\$ 372

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 51	\$ 22
Receivables (net of allowance for doubtful accounts of \$4 at 2020 and \$3 at 2019)	77	123
Receivables of VIEs (net of allowance for doubtful accounts of \$10 at 2020 and \$5 at 2019)	451	489
Receivables from affiliated companies	42	52
Inventory	980	934
Regulatory assets	526	526
Other	37	60
Total current assets	2,164	2,206
Property, Plant and Equipment		
Cost	35,120	34,603
Accumulated depreciation and amortization	(12,303)	(11,915)
Generation facilities to be retired, net	28	246
Net property, plant and equipment	22,845	22,934
Other Noncurrent Assets		
Regulatory assets	4,448	4,152
Nuclear decommissioning trust funds	3,023	3,047
Operating lease right-of-use assets, net	367	387
Other	688	651
Total other noncurrent assets	8,526	8,237
Total Assets	\$ 33,535	\$ 33,377
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 287	\$ 629
Accounts payable to affiliated companies	153	203
Notes payable to affiliated companies	257	66
Taxes accrued	88	17
Interest accrued	102	110
Current maturities of long-term debt	1,006	1,006
Asset retirement obligations	357	485
Regulatory liabilities	306	236
Other	468	478
Total current liabilities	3,024	3,230
Long-Term Debt	7,907	7,902
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	2,485	2,388
Asset retirement obligations	5,457	5,408
Regulatory liabilities	4,087	4,232
Operating lease liabilities	339	354
Accrued pension and other post-retirement benefit costs	237	238
Investment tax credits	134	137
Other	105	92
Total other noncurrent liabilities	12,844	12,849
Commitments and Contingencies		
Equity		
Member's Equity	9,610	9,246
Total Liabilities and Equity	\$ 33,535	\$ 33,377

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 365	\$ 372
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	635	634
Equity component of AFUDC	(19)	(28)
Gains on sales of other assets	(6)	—
Deferred income taxes	60	26
Payments for asset retirement obligations	(164)	(166)
Provision for rate refunds	2	10
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(5)	(5)
Receivables	96	58
Receivables from affiliated companies	10	(17)
Inventory	(46)	(26)
Other current assets	87	115
Increase (decrease) in		
Accounts payable	(260)	(223)
Accounts payable to affiliated companies	(50)	(96)
Taxes accrued	71	53
Other current liabilities	(16)	(74)
Other assets	(86)	(3)
Other liabilities	(5)	25
Net cash provided by operating activities	669	655
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(795)	(1,115)
Purchases of debt and equity securities	(569)	(473)
Proceeds from sales and maturities of debt and equity securities	548	458
Other	(21)	(20)
Net cash used in investing activities	(837)	(1,150)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	20	1,270
Payments for the redemption of long-term debt	(13)	(602)
Notes payable to affiliated companies	191	(167)
Other	(1)	(1)
Net cash provided by financing activities	197	500
Net increase in cash and cash equivalents	29	5
Cash and cash equivalents at beginning of period	22	23
Cash and cash equivalents at end of period	\$ 51	\$ 28
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 95	\$ 112

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Three Months Ended June 30, 2019 and 2020	
	Member's Equity	
(in millions)		
Balance at March 31, 2019	\$	8,644
Net income		169
Balance at June 30, 2019	\$	8,813
Balance at March 31, 2020	\$	9,450
Net income		161
Other		(1)
Balance at June 30, 2020	\$	9,610
	Six Months Ended June 30, 2019 and 2020	
	Member's Equity	
(in millions)		
Balance at December 31, 2018	\$	8,441
Net income		372
Balance at June 30, 2019	\$	8,813
Balance at December 31, 2019	\$	9,246
Net income		365
Other		(1)
Balance at June 30, 2020	\$	9,610

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Operating Revenues	\$ 1,250	\$ 1,353	\$ 2,330	\$ 2,439
Operating Expenses				
Fuel used in electric generation and purchased power	382	509	740	919
Operation, maintenance and other	269	244	514	474
Depreciation and amortization	175	175	340	340
Property and other taxes	92	103	180	196
Total operating expenses	918	1,031	1,774	1,929
Losses on Sales of Other Assets and Other, net	—	(1)	—	(1)
Operating Income	332	321	556	509
Other Income and Expenses, net	15	12	25	25
Interest Expense	80	83	164	165
Income Before Income Taxes	267	250	417	369
Income Tax Expense	51	49	81	72
Net Income	\$ 216	\$ 201	\$ 336	\$ 297
Other Comprehensive Income, net of tax				
Unrealized (losses) gains on available-for-sale securities	(1)	—	—	1
Comprehensive Income	\$ 215	\$ 201	\$ 336	\$ 298

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 20	\$ 17
Receivables (net of allowance for doubtful accounts of \$5 at 2020 and \$3 at 2019)	72	96
Receivables of VIEs (net of allowance for doubtful accounts of \$9 at 2020 and \$4 at 2019)	469	341
Receivables from affiliated companies	2	—
Notes receivable from affiliated companies	—	173
Inventory	486	489
Regulatory assets (includes \$53 at 2020 and \$52 at 2019 related to VIEs)	432	419
Other (includes \$32 at 2020 and \$39 at 2019 related to VIEs)	44	58
Total current assets	1,525	1,593
Property, Plant and Equipment		
Cost	21,290	20,457
Accumulated depreciation and amortization	(5,394)	(5,236)
Net property, plant and equipment	15,896	15,221
Other Noncurrent Assets		
Regulatory assets (includes \$969 at 2020 and \$989 at 2019 related to VIEs)	1,860	2,194
Nuclear decommissioning trust funds	711	734
Operating lease right-of-use assets, net	370	401
Other	327	311
Total other noncurrent assets	3,268	3,640
Total Assets	\$ 20,689	\$ 20,454
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 388	\$ 474
Accounts payable to affiliated companies	80	131
Notes payable to affiliated companies	232	—
Taxes accrued	177	43
Interest accrued	67	75
Current maturities of long-term debt (includes \$304 at 2020 and \$54 at 2019 related to VIEs)	323	571
Regulatory liabilities	82	94
Other	372	415
Total current liabilities	1,721	1,803
Long-Term Debt (includes \$1,028 at 2020 and \$1,307 at 2019 related to VIEs)	7,628	7,416
Other Noncurrent Liabilities		
Deferred income taxes	2,181	2,179
Asset retirement obligations	581	578
Regulatory liabilities	726	993
Operating lease liabilities	323	343
Accrued pension and other post-retirement benefit costs	211	218
Other	194	136
Total other noncurrent liabilities	4,216	4,447
Commitments and Contingencies		
Equity		
Member's equity	7,125	6,789
Accumulated other comprehensive loss	(1)	(1)
Total equity	7,124	6,788
Total Liabilities and Equity	\$ 20,689	\$ 20,454

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 336	\$ 297
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	478	423
Equity component of AFUDC	(6)	(2)
Losses on sales of other assets	—	1
Deferred income taxes	37	82
Payments for asset retirement obligations	(9)	(17)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(20)	2
Receivables	(110)	(101)
Receivables from affiliated companies	(2)	10
Inventory	4	1
Other current assets	(11)	8
Increase (decrease) in		
Accounts payable	23	27
Accounts payable to affiliated companies	(51)	(29)
Taxes accrued	134	74
Other current liabilities	(50)	(80)
Other assets	37	(77)
Other liabilities	(91)	(8)
Net cash provided by operating activities	699	611
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,016)	(873)
Purchases of debt and equity securities	(2,033)	(621)
Proceeds from sales and maturities of debt and equity securities	2,040	631
Notes receivable from affiliated companies	173	—
Other	(60)	(37)
Net cash used in investing activities	(896)	(900)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	495	25
Payments for the redemption of long-term debt	(537)	(136)
Notes payable to affiliated companies	232	369
Other	2	3
Net cash provided by financing activities	192	261
Net decrease in cash, cash equivalents and restricted cash	(5)	(28)
Cash, cash equivalents and restricted cash at beginning of period	56	75
Cash, cash equivalents and restricted cash at end of period	\$ 51	\$ 47
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 192	\$ 166

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three Months Ended June 30, 2019 and 2020						
(in millions)	Member's Equity	Gains (Losses) on Available-for-Sale Securities	Accumulated Other Comprehensive Income (Loss)		Total Equity	
Balance at March 31, 2019	\$	6,193	\$	(1)	\$	6,192
Net income		201		—		201
Balance at June 30, 2019	\$	6,394	\$	(1)	\$	6,393
Balance at March 31, 2020	\$	6,909	\$	—	\$	6,909
Net income		216		—		216
Other comprehensive income		—		(1)		(1)
Balance at June 30, 2020	\$	7,125	\$	(1)	\$	7,124
Six Months Ended June 30, 2019 and 2020						
(in millions)	Member's Equity	Gains on Available-for-Sale Securities	Accumulated Other Comprehensive Income (Loss)		Total Equity	
Balance at December 31, 2018	\$	6,097	\$	(2)	\$	6,095
Net income		297		—		297
Other comprehensive income		—		1		1
Balance at June 30, 2019	\$	6,394	\$	(1)	\$	6,393
Balance at December 31, 2019	\$	6,789	\$	(1)	\$	6,788
Net income		336		—		336
Balance at June 30, 2020	\$	7,125	\$	(1)	\$	7,124

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Operating Revenues				
Regulated electric	\$ 330	\$ 336	\$ 676	\$ 691
Regulated natural gas	93	97	245	273
Total operating revenues	423	433	921	964
Operating Expenses				
Fuel used in electric generation and purchased power	77	86	164	179
Cost of natural gas	6	10	43	64
Operation, maintenance and other	95	123	218	255
Depreciation and amortization	68	66	136	130
Property and other taxes	78	74	161	158
Total operating expenses	324	359	722	786
Operating Income	99	74	199	178
Other Income and Expenses, net	4	6	7	15
Interest Expense	25	24	49	54
Income Before Income Taxes	78	56	157	139
Income Tax Expense	12	9	26	23
Net Income and Comprehensive Income	\$ 66	\$ 47	\$ 131	\$ 116

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 8	\$ 17
Receivables (net of allowance for doubtful accounts of \$5 at 2020 and \$4 at 2019)	83	84
Receivables from affiliated companies	47	92
Notes receivable from affiliated companies	35	—
Inventory	129	135
Regulatory assets	32	49
Other	14	21
Total current assets	348	398
Property, Plant and Equipment		
Cost	10,591	10,241
Accumulated depreciation and amortization	(2,923)	(2,843)
Net property, plant and equipment	7,668	7,398
Other Noncurrent Assets		
Goodwill	920	920
Regulatory assets	593	549
Operating lease right-of-use assets, net	21	21
Other	59	52
Total other noncurrent assets	1,593	1,542
Total Assets	\$ 9,609	\$ 9,338
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 249	\$ 288
Accounts payable to affiliated companies	58	68
Notes payable to affiliated companies	79	312
Taxes accrued	210	219
Interest accrued	31	30
Asset retirement obligations	5	1
Regulatory liabilities	69	64
Other	71	75
Total current liabilities	772	1,057
Long-Term Debt		
	2,994	2,594
Long-Term Debt Payable to Affiliated Companies		
	25	25
Other Noncurrent Liabilities		
Deferred income taxes	958	922
Asset retirement obligations	77	79
Regulatory liabilities	751	763
Operating lease liabilities	20	21
Accrued pension and other post-retirement benefit costs	102	100
Other	96	94
Total other noncurrent liabilities	2,004	1,979
Commitments and Contingencies		
Equity		
Common Stock, \$8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2020 and 2019	762	762
Additional paid-in capital	2,776	2,776
Retained earnings	276	145
Total equity	3,814	3,683
Total Liabilities and Equity	\$ 9,609	\$ 9,338

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 131	\$ 116
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	138	132
Equity component of AFUDC	(2)	(7)
Deferred income taxes	24	45
Payments for asset retirement obligations	—	(5)
Provision for rate refunds	6	3
(Increase) decrease in		
Receivables	2	24
Receivables from affiliated companies	45	64
Inventory	6	2
Other current assets	8	(13)
Increase (decrease) in		
Accounts payable	(22)	(44)
Accounts payable to affiliated companies	(10)	—
Taxes accrued	(9)	(67)
Other current liabilities	2	2
Other assets	(24)	(18)
Other liabilities	(3)	(15)
Net cash provided by operating activities	292	219
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(403)	(473)
Notes receivable from affiliated companies	(35)	—
Other	(27)	(31)
Net cash used in investing activities	(465)	(504)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	397	794
Payments for the redemption of long-term debt	—	(451)
Notes payable to affiliated companies	(233)	(71)
Net cash provided by financing activities	164	272
Net decrease in cash and cash equivalents	(9)	(13)
Cash and cash equivalents at beginning of period	17	21
Cash and cash equivalents at end of period	\$ 8	\$ 8
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 94	\$ 93

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Three Months Ended June 30, 2019 and 2020				
	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity	
(in millions)					
Balance at March 31, 2019	\$ 762	\$ 2,776	\$ (24)	\$ 3,514	
Net income	—	—	47	47	
Balance at June 30, 2019	\$ 762	\$ 2,776	\$ 23	\$ 3,561	
Balance at March 31, 2020	\$ 762	\$ 2,776	\$ 210	\$ 3,748	
Net income	—	—	66	66	
Balance at June 30, 2020	\$ 762	\$ 2,776	\$ 276	\$ 3,814	
	Six Months Ended June 30, 2019 and 2020				
	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity	
(in millions)					
Balance at December 31, 2018	\$ 762	\$ 2,776	\$ (93)	\$ 3,445	
Net income	—	—	116	116	
Balance at June 30, 2019	\$ 762	\$ 2,776	\$ 23	\$ 3,561	
Balance at December 31, 2019	\$ 762	\$ 2,776	\$ 145	\$ 3,683	
Net income	—	—	131	131	
Balance at June 30, 2020	\$ 762	\$ 2,776	\$ 276	\$ 3,814	

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Operating Revenues	\$ 617	\$ 714	\$ 1,309	\$ 1,482
Operating Expenses				
Fuel used in electric generation and purchased power	161	229	355	486
Operation, maintenance and other	171	188	357	377
Depreciation and amortization	134	132	266	263
Property and other taxes	20	20	42	39
Total operating expenses	486	569	1,020	1,165
Gains on Sales of Other Assets and Other, net	—	3	—	—
Operating Income	131	148	289	317
Other Income and Expenses, net	9	8	19	27
Interest Expense	42	28	85	71
Income Before Income Taxes	98	128	223	273
Income Tax Expense	17	31	43	66
Net Income and Comprehensive Income	\$ 81	\$ 97	\$ 180	\$ 207

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 16	\$ 25
Receivables (net of allowance for doubtful accounts of \$3 at 2020 and 2019)	44	60
Receivables from affiliated companies	59	79
Notes receivable from affiliated companies	425	—
Inventory	489	517
Regulatory assets	90	90
Other	45	60
Total current assets	1,168	831
Property, Plant and Equipment		
Cost	16,736	16,305
Accumulated depreciation and amortization	(5,472)	(5,233)
Net property, plant and equipment	11,264	11,072
Other Noncurrent Assets		
Regulatory assets	1,113	1,082
Operating lease right-of-use assets, net	56	57
Other	251	234
Total other noncurrent assets	1,420	1,373
Total Assets	\$ 13,852	\$ 13,276
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 204	\$ 201
Accounts payable to affiliated companies	74	87
Notes payable to affiliated companies	—	30
Taxes accrued	46	49
Interest accrued	64	58
Current maturities of long-term debt	503	503
Asset retirement obligations	172	189
Regulatory liabilities	51	55
Other	104	112
Total current liabilities	1,218	1,284
Long-Term Debt	3,950	3,404
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	1,195	1,150
Asset retirement obligations	643	643
Regulatory liabilities	1,655	1,685
Operating lease liabilities	54	55
Accrued pension and other post-retirement benefit costs	150	148
Investment tax credits	170	164
Other	12	18
Total other noncurrent liabilities	3,879	3,863
Commitments and Contingencies		
Equity		
Member's Equity	4,655	4,575
Total Liabilities and Equity	\$ 13,852	\$ 13,276

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 180	\$ 207
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	267	265
Equity component of AFUDC	(12)	(9)
Deferred income taxes	38	60
Payments for asset retirement obligations	(28)	(17)
(Increase) decrease in		
Receivables	19	5
Receivables from affiliated companies	20	39
Inventory	28	(41)
Other current assets	13	48
Increase (decrease) in		
Accounts payable	22	26
Accounts payable to affiliated companies	(13)	(17)
Taxes accrued	4	(18)
Other current liabilities	(22)	(13)
Other assets	(29)	(33)
Other liabilities	(6)	15
Net cash provided by operating activities	481	517
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(456)	(443)
Purchases of debt and equity securities	(14)	(14)
Proceeds from sales and maturities of debt and equity securities	7	11
Notes receivable from affiliated companies	(425)	—
Other	(16)	(21)
Net cash used in investing activities	(904)	(467)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	544	—
Payments for the redemption of long-term debt	—	(60)
Notes payable to affiliated companies	(30)	(2)
Distributions to parent	(100)	—
Net cash provided by (used in) financing activities	414	(62)
Net decrease in cash and cash equivalents	(9)	(12)
Cash and cash equivalents at beginning of period	25	24
Cash and cash equivalents at end of period	\$ 16	\$ 12
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 83	\$ 84

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Three Months Ended June 30, 2019 and 2020	
	Member's Equity	
(in millions)		
Balance at March 31, 2019	\$	4,449
Net income		97
Balance at June 30, 2019	\$	4,546
Balance at March 31, 2020	\$	4,674
Net income		81
Distributions to parent		(100)
Balance at June 30, 2020	\$	4,655
	Six Months Ended June 30, 2019 and 2020	
	Member's Equity	
(in millions)		
Balance at December 31, 2018	\$	4,339
Net income		207
Balance at June 30, 2019	\$	4,546
Balance at December 31, 2019	\$	4,575
Net income		180
Distributions to parent		(100)
Balance at June 30, 2020	\$	4,655

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Operating Revenues	\$ 197	\$ 209	\$ 709	\$ 788
Operating Expenses				
Cost of natural gas	53	65	215	338
Operation, maintenance and other	79	83	159	163
Depreciation and amortization	43	42	88	84
Property and other taxes	12	13	24	25
Total operating expenses	187	203	486	610
Operating Income	10	6	223	178
Other Income and Expenses, net	16	6	28	12
Interest Expense	33	21	60	43
(Loss) Income Before Income Taxes	(7)	(9)	191	147
Income Tax (Benefit) Expense	(9)	(2)	11	32
Net Income (Loss) and Comprehensive Income (Loss)	\$ 2	\$ (7)	\$ 180	\$ 115

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Receivables (net of allowance for doubtful accounts of \$6 at 2020 and 2019)	\$ 102	\$ 241
Receivables from affiliated companies	14	10
Inventory	29	72
Regulatory assets	118	73
Other	54	28
Total current assets	317	424
Property, Plant and Equipment		
Cost	8,701	8,446
Accumulated depreciation and amortization	(1,715)	(1,681)
Net property, plant and equipment	6,986	6,765
Other Noncurrent Assets		
Goodwill	49	49
Regulatory assets	280	290
Operating lease right-of-use assets, net	22	24
Investments in equity method unconsolidated affiliates	85	83
Other	278	121
Total other noncurrent assets	714	567
Total Assets	\$ 8,017	\$ 7,756
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 138	\$ 215
Accounts payable to affiliated companies	36	3
Notes payable to affiliated companies	200	476
Taxes accrued	28	24
Interest accrued	34	33
Current maturities of long-term debt	160	—
Regulatory liabilities	97	81
Other	56	67
Total current liabilities	749	899
Long-Term Debt	2,619	2,384
Other Noncurrent Liabilities		
Deferred income taxes	763	708
Asset retirement obligations	17	17
Regulatory liabilities	1,078	1,131
Operating lease liabilities	21	23
Accrued pension and other post-retirement benefit costs	7	3
Other	141	148
Total other noncurrent liabilities	2,027	2,030
Commitments and Contingencies		
Equity		
Common stock, no par value: 100 shares authorized and outstanding at 2020 and 2019	1,310	1,310
Retained earnings	1,312	1,133
Total equity	2,622	2,443
Total Liabilities and Equity	\$ 8,017	\$ 7,756

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Six Months Ended	
	June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 180	\$ 115
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	89	85
Equity component of AFUDC	(9)	—
Deferred income taxes	17	40
Equity in earnings from unconsolidated affiliates	(4)	(4)
Provision for rate refunds	(24)	9
(Increase) decrease in		
Receivables	154	168
Receivables from affiliated companies	(4)	5
Inventory	42	37
Other current assets	(69)	(17)
Increase (decrease) in		
Accounts payable	(68)	(70)
Accounts payable to affiliated companies	33	14
Taxes accrued	5	(61)
Other current liabilities	(4)	10
Other assets	(13)	(9)
Other liabilities	7	(2)
Net cash provided by operating activities	332	320
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(438)	(480)
Contributions to equity method investments	—	(16)
Notes receivable from affiliated companies	—	(16)
Other	(11)	(6)
Net cash used in investing activities	(449)	(518)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	394	596
Payments for the redemption of long-term debt	—	(350)
Notes payable to affiliated companies	(277)	(198)
Capital contributions from parent	—	150
Net cash provided by financing activities	117	198
Net increase in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	\$ —	\$ —
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 98	\$ 115

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Three Months Ended June 30, 2019 and 2020				
		Common Stock		Retained Earnings	Total Equity
Balance at March 31, 2019	\$	1,160	\$	1,053	\$ 2,213
Net loss		—		(7)	(7)
Contribution from parent		150		—	150
Balance at June 30, 2019	\$	1,310	\$	1,046	\$ 2,356
Balance at March 31, 2020	\$	1,310	\$	1,310	\$ 2,620
Net income		—		2	2
Balance at June 30, 2020	\$	1,310	\$	1,312	\$ 2,622

(in millions)	Six Months Ended June 30, 2019 and 2020				
		Common Stock		Retained Earnings	Total Equity
Balance at December 31, 2018	\$	1,160	\$	931	\$ 2,091
Net income		—		115	115
Contribution from parent		150		—	150
Balance at June 30, 2019	\$	1,310	\$	1,046	\$ 2,356
Balance at December 31, 2019	\$	1,310	\$	1,133	\$ 2,443
Net income		—		180	180
Other		—		(1)	(1)
Balance at June 30, 2020	\$	1,310	\$	1,312	\$ 2,622

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Index to Combined Notes to Condensed Consolidated Financial Statements

The unaudited notes to the Condensed Consolidated Financial Statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

Registrant	Applicable Notes															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Duke Energy	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•
Duke Energy Carolinas	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Progress Energy	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•
Duke Energy Progress	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Duke Energy Florida	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Duke Energy Ohio	•	•	•	•	•	•	•	•		•	•	•		•	•	•
Duke Energy Indiana	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Piedmont	•	•	•	•	•	•	•	•		•		•		•	•	•

Tables within the notes may not sum across due to (i) Progress Energy's consolidation of Duke Energy Progress, Duke Energy Florida and other subsidiaries that are not registrants and (ii) subsidiaries that are not registrants but included in the consolidated Duke Energy balances.

1. ORGANIZATION AND BASIS OF PRESENTATION

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2019.

The information in these combined notes relates to each of the Duke Energy Registrants as noted in the Index to Combined Notes to Condensed Consolidated Financial Statements. However, none of the registrants make any representations as to information related solely to Duke Energy or the subsidiaries of Duke Energy other than itself.

These Condensed Consolidated Financial Statements, in the opinion of the respective companies' management, reflect all normal recurring adjustments necessary to fairly present the financial position and results of operations of each of the Duke Energy Registrants. Amounts reported in Duke Energy's interim Condensed Consolidated Statements of Operations and each of the Subsidiary Registrants' interim Condensed Consolidated Statements of Operations and Comprehensive Income are not necessarily indicative of amounts expected for the respective annual periods due to effects of seasonal temperature variations on energy consumption, regulatory rulings, timing of maintenance on electric generating units, changes in mark-to-market valuations, changing commodity prices and other factors.

In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

BASIS OF CONSOLIDATION

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries or VIEs where the respective Duke Energy Registrants have control. See Note 11 for additional information on VIEs. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities.

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. In March 2020, the World Health Organization declared COVID-19 a global pandemic, and President Trump proclaimed that the COVID-19 outbreak in the United States constitutes a national emergency. The extent to which the COVID-19 pandemic will impact the Duke Energy Registrants during 2020 and beyond is uncertain, and the Duke Energy Registrants are monitoring developments closely. The company incurred approximately \$34 million and \$40 million of incremental COVID-19 costs for the three and six months ended June 30, 2020, respectively, included in Operation, maintenance and other on the Condensed Consolidated Statements of Operations. These costs were primarily bad debt expense, personal protective equipment and cleaning supplies. Further the company experienced approximately another \$25 million of waived late payment fees for the three and six months ended June 30, 2020. See Notes 3, 5, 11, 12 and 15 for additional information as well as steps taken to mitigate the impacts to our business and customers from the COVID-19 pandemic.

OTHER CURRENT ASSETS

Included in Other within Current Assets on the Piedmont Condensed Consolidated Balance Sheets are income taxes receivable of \$22 million and \$14 million as of June 30, 2020, and December 31, 2019, respectively, and prepaid assets of \$19 million and \$3 million as of June 30, 2020, and December 31, 2019, respectively. The income taxes receivable relates to increases of net operating losses for Piedmont and intercompany tax settlements. The prepaid assets relate to natural gas storage injections and inventory transfers classified as prepaid assets until winter season when the gas is moved to Inventory on the Piedmont Condensed Consolidated Balance Sheets under certain agreements.

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

OTHER CURRENT LIABILITIES

During the second quarter of 2020, Duke Energy recorded a current liability related to the abandonment of ACP within Current Liabilities in the Gas Utilities and Infrastructure segment. The liability represents Duke Energy's obligation to fund ACP's obligations of outstanding debt and satisfy ARO requirements to restore construction sites. As a result, Liabilities associated with unconsolidated affiliates is \$920 million, and exceeds 5% of Total current liabilities on the Duke Energy Condensed Consolidated Balance Sheets as of June 30, 2020. See Notes 3, 4 and 11 for further information.

NONCONTROLLING INTEREST

Duke Energy maintains a controlling financial interest in certain less than wholly owned nonregulated subsidiaries. As a result, Duke Energy consolidates these subsidiaries and presents the third-party investors' portion of Duke Energy's net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Condensed Consolidated Balance Sheet.

Several operating agreements of Duke Energy's subsidiaries with noncontrolling interest are subject to allocations of earnings, tax attributes and cash flows in accordance with contractual agreements that vary throughout the lives of the subsidiaries. Therefore, Duke Energy and the other investors' (the owners) interests in the subsidiaries are not fixed, and the subsidiaries apply the Hypothetical Liquidation at Book Value (HLBV) method in allocating income or loss and other comprehensive income or loss (all measured on a pretax basis) to the owners. The HLBV method measures the amounts that each owner would hypothetically claim at each balance sheet reporting date, including tax benefits realized by the owners over the IRS recapture period, upon a hypothetical liquidation of the subsidiary at the net book value of its underlying assets. The change in the amount that each owner would hypothetically receive at the reporting date compared to the amount it would have received on the previous reporting date represents the amount of income or loss allocated to each owner for the reporting period. The following table presents cash received for the sale of noncontrolling interest to tax equity members and allocated losses to noncontrolling tax equity members utilizing the HLBV method for the three and six months ended June 30, 2020, and 2019.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Cash received for the sale of noncontrolling interest to tax equity members	\$ 60	\$ 187	\$ 163	\$ 193
Allocated losses to noncontrolling tax equity members utilizing the HLBV method	79	83	128	90

Other operating agreements of Duke Energy's subsidiaries with noncontrolling interest allocate profit and loss based on their pro rata shares of the ownership interest in the respective subsidiary. Therefore, Duke Energy allocates net income or loss and other comprehensive income or loss of these subsidiaries to the owners based on their pro rata shares.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Duke Energy, Progress Energy and Duke Energy Florida have restricted cash balances related primarily to collateral assets, escrow deposits and VIEs. See Notes 9 and 11 for additional information. Restricted cash amounts are included in Other within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets. The following table presents the components of cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets.

	June 30, 2020			December 31, 2019		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	\$ 341	\$ 78	\$ 20	\$ 311	\$ 48	\$ 17
Other	193	31	31	222	39	39
Other Noncurrent Assets						
Other	107	102	—	40	39	—
Total cash, cash equivalents and restricted cash	\$ 641	\$ 211	\$ 51	\$ 573	\$ 126	\$ 56

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

INVENTORY

Provisions for inventory write-offs were not material at June 30, 2020, and December 31, 2019. The components of inventory are presented in the tables below.

(in millions)	June 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,220	\$ 769	\$ 1,014	\$ 682	\$ 333	\$ 83	\$ 254	\$ 5
Coal	776	271	257	189	68	13	234	—
Natural gas, oil and other fuel	293	40	195	109	85	33	1	24
Total inventory	\$ 3,289	\$ 1,080	\$ 1,466	\$ 980	\$ 486	\$ 129	\$ 489	\$ 29

(in millions)	December 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,297	\$ 768	\$ 1,038	\$ 686	\$ 351	\$ 79	\$ 318	\$ 5
Coal	586	187	186	138	48	15	198	—
Natural gas, oil and other fuel	349	41	199	110	90	41	1	67
Total inventory	\$ 3,232	\$ 996	\$ 1,423	\$ 934	\$ 489	\$ 135	\$ 517	\$ 72

NEW ACCOUNTING STANDARDS

The following new accounting standard was adopted by the Duke Energy Registrants in 2020.

Current Expected Credit Losses. In June 2016, the Financial Accounting Standards Board (FASB) issued new accounting guidance for credit losses. Duke Energy adopted the new accounting guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year results. Duke Energy did not adopt any practical expedients.

Duke Energy recognizes allowances for credit losses based on management's estimate of losses expected to be incurred over the lives of certain assets or guarantees. Management monitors credit quality, changes in expected credit losses and the appropriateness of the allowance for credit losses on a forward-looking basis. Management reviews the risk of loss periodically as part of the existing assessment of collectability of receivables.

Duke Energy reviews the credit quality of its counterparties as part of its regular risk management process and requires credit enhancements, such as deposits or letters of credit, as appropriate and as allowed by regulators.

Duke Energy recorded cumulative effects of changes in accounting principles related to the adoption of new credit loss standard, for allowances for credit losses of trade and other receivables, insurance receivables and financial guarantees. These amounts are included in the Condensed Consolidated Balance Sheets in Receivables, Receivables of VIEs, Other Noncurrent Assets and Other Noncurrent Liabilities. See Notes 4 and 12 for more information.

Duke Energy recorded an adjustment for the cumulative effect of a change in accounting principle due to the adoption of this standard on January 1, 2020, as shown in the table below:

(in millions)	January 1, 2020						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	Piedmont
Total pretax impact to Retained Earnings	\$ 120	\$ 16	\$ 2	\$ 1	\$ 1	\$ 1	\$ 1

The following new accounting standard has been issued but not yet adopted by the Duke Energy Registrants as of June 30, 2020.

Reference Rate Reform. In March 2020, the FASB issued new accounting guidance for reference rate reform. This guidance is elective and provides expedients to facilitate financial reporting for the anticipated transition away from the London Inter-bank Offered Rate (LIBOR) and other interbank reference rates by the end of 2021. The optional expedients are effective for modification of existing contracts or new arrangements executed between March 12, 2020, through December 31, 2022.

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ORGANIZATION AND BASIS OF PRESENTATION

Duke Energy has variable-rate debt and manages interest rate risk by entering into financial contracts including interest rate swaps that are generally indexed to LIBOR. Impacted financial arrangements extending beyond 2021 may require contractual amendment or termination to fully adapt to a post-LIBOR environment. Duke Energy is assessing these financial arrangements and is evaluating the use of optional expedients outlined in the new accounting guidance. Alternative index provisions are also being assessed and incorporated into new financial arrangements that extend beyond 2021. The full outcome of the transition away from LIBOR cannot be determined at this time, but is not expected to have a material impact on the financial statements.

2. BUSINESS SEGMENTS

Duke Energy

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment primarily includes Duke Energy's regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment includes Piedmont, Duke Energy's natural gas local distribution companies in Ohio and Kentucky, and Duke Energy's natural gas storage and midstream pipeline investments.

The Commercial Renewables segment is primarily comprised of nonregulated utility-scale wind and solar generation assets located throughout the U.S. In 2020, Duke Energy evaluated recoverability of a renewable merchant plant located in the Electric Reliability Council of Texas West market due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. Duke Energy determined that the asset was not impaired because the carrying value of \$155 million approximates the aggregate estimated future cash flows and therefore further testing was not required. A continued decline in energy market pricing would likely result in a future impairment. Duke Energy retained 51% ownership interest in this facility following the 2019 transaction to sell a minority interest in certain renewable assets.

The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of interest expense on holding company debt, unallocated corporate costs, Duke Energy's wholly owned captive insurance company, Bison, and Duke Energy's interest in National Methanol Company.

Business segment information is presented in the following tables. Segment assets presented exclude intercompany assets.

Three Months Ended June 30, 2020								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total	
Unaffiliated revenues	\$ 5,026	\$ 265	\$ 123	\$ 5,414	\$ 7	\$ —	\$	\$ 5,421
Intersegment revenues	8	24	—	32	19	(51)		—
Total revenues	\$ 5,034	\$ 289	\$ 123	\$ 5,446	\$ 26	\$ (51)	\$	\$ 5,421
Segment income (loss) ^(a)	\$ 753	\$ (1,576)	\$ 90	\$ (733)	\$ (84)	\$ —	\$	\$ (817)
Less: Noncontrolling interests ^(c)								90
Add: Preferred stock dividend								15
Net Loss							\$	(892)
Segment assets	\$ 136,724	\$ 13,072	\$ 6,386	\$ 156,182	\$ 3,874	\$ (7)	\$	\$ 160,049

Three Months Ended June 30, 2019								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total	
Unaffiliated revenues	\$ 5,467	\$ 282	\$ 118	\$ 5,867	\$ 6	\$ —	\$	\$ 5,873
Intersegment revenues	8	24	—	32	19	(51)		—
Total revenues	\$ 5,475	\$ 306	\$ 118	\$ 5,899	\$ 25	\$ (51)	\$	\$ 5,873
Segment income (loss)	\$ 809	\$ 40	\$ 86	\$ 935	\$ (115)	\$ —	\$	\$ 820
Less: Noncontrolling interests ^(c)								84
Add: Preferred stock dividend								12
Net Income							\$	748

FINANCIAL STATEMENTS

BUSINESS SEGMENTS

Six Months Ended June 30, 2020							
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	\$ 10,200	\$ 905	\$ 252	\$ 11,357	\$ 13	\$ —	\$ 11,370
Intersegment revenues	17	48	—	65	36	(101)	—
Total revenues	\$ 10,217	\$ 953	\$ 252	\$ 11,422	\$ 49	\$ (101)	\$ 11,370
Segment income (loss) ^{(a)(b)}	\$ 1,458	\$ (1,327)	\$ 147	\$ 278	\$ (196)	\$ —	\$ 82
Less: Noncontrolling interests ^(c)							138
Add: Preferred stock dividend							54
Net Loss							\$ (2)

Six Months Ended June 30, 2019							
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	\$ 10,788	\$ 1,014	\$ 224	\$ 12,026	\$ 10	\$ —	\$ 12,036
Intersegment revenues	16	48	—	64	36	(100)	—
Total revenues	\$ 10,804	\$ 1,062	\$ 224	\$ 12,090	\$ 46	\$ (100)	\$ 12,036
Segment income (loss)	\$ 1,559	\$ 266	\$ 99	\$ 1,924	\$ (204)	\$ —	\$ 1,720
Less: Noncontrolling interests ^(c)							91
Add: Preferred stock dividend							12
Net Income							\$ 1,641

- (a) Gas Utilities and Infrastructure includes \$2.0 billion of pretax costs related to the abandonment of its ACP investment recorded within Equity in (losses) earnings of unconsolidated affiliates on the Condensed Consolidated Statements of Operations. See Notes 1, 3 and Note 11 for additional information.
- (b) Other includes a \$98 million reversal, included in Operations, maintenance and other on the Condensed Consolidated Statements of Operations, of 2018 severance costs due to the partial settlement of the Duke Energy Carolina's 2019 North Carolina rate case. See Note 3 for additional information.
- (c) Includes the allocation of losses to noncontrolling tax equity members. See Note 1 for additional information.

Duke Energy Ohio

Duke Energy Ohio has two reportable segments, Electric Utilities and Infrastructure and Gas Utilities and Infrastructure. The remainder of Duke Energy Ohio's operations is presented as Other.

	Three Months Ended June 30, 2020						
	Electric	Gas	Total				
	Utilities and	Utilities and	Reportable				
(in millions)	Infrastructure	Infrastructure	Segments	Other	Eliminations		Total
Total revenues	\$ 330	\$ 93	\$ 423	\$ —	\$ —	\$	423
Segment income/Net (loss) income	\$ 44	\$ 23	\$ 67	\$ (1)	\$ —	\$	66
Segment assets	\$ 6,378	\$ 3,213	\$ 9,591	\$ 26	\$ (8)	\$	9,609

	Three Months Ended June 30, 2019							
	Electric Utilities and Infrastructure		Gas Utilities and Infrastructure		Total Reportable Segments		Other	Total
(in millions)								
Total revenues	\$	336	\$	97	\$	433	\$ —	\$ 433
Segment income/Net (loss) income	\$	31	\$	17	\$	48	\$ (1)	\$ 47

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BUSINESS SEGMENTS

	Six Months Ended June 30, 2020					
	Electric	Gas	Total			
	Utilities and	Utilities and	Reportable			
(in millions)	Infrastructure	Infrastructure	Segments		Other	Total
Total revenues	\$ 676	\$ 245	\$ 921	\$ —	\$	921
Segment income/Net (loss) income	\$ 74	\$ 59	\$ 133	\$ (2)	\$	131
	Six Months Ended June 30, 2019					
	Electric	Gas	Total			
	Utilities and	Utilities and	Reportable			
(in millions)	Infrastructure	Infrastructure	Segments		Other	Total
Total revenues	\$ 691	\$ 273	\$ 964	\$ —	\$	964
Segment income/Net (loss) income	\$ 67	\$ 52	\$ 119	\$ (3)	\$	116

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

The NCUC, PSCSC, FPSC, IURC, PUCO, TPUC and KPSC approve rates for retail electric and natural gas services within their states. The FERC approves rates for electric sales to wholesale customers served under cost-based rates (excluding Ohio and Indiana), as well as sales of transmission service. The FERC also regulates certification and siting of new interstate natural gas pipeline projects.

Duke Energy Carolinas and Duke Energy Progress

COVID-19 Filings

North Carolina

On March 10, 2020, Governor Roy Cooper issued Executive Order No. 116 declaring a state of emergency due to the COVID-19 pandemic. On March 19, 2020, the NCUC issued an order directing that utilities under its jurisdiction suspend disconnections for nonpayment of utility bills during the state of emergency (as defined by Executive Order No. 116) and allow for customers to enter into payment arrangements to pay off arrearages accumulated during the state of emergency after the end of the state of emergency. Additionally, to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 19, 2020, Duke Energy Carolinas and Duke Energy Progress filed a request with the NCUC seeking authorization to waive: (1) any late payment charges incurred by a residential or nonresidential customer, effective March 21, 2020; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit; and (4) the fees and charges associated with the use of credit cards or debit cards to pay residential electric utility bills, effective March 21, 2020. The NCUC granted the companies' request on March 20, 2020.

On March 31, 2020, the governor issued Executive Order No. 124, which, in addition to requiring the steps in the NCUC order noted above, stated that nothing in Executive Order No. 124 shall relieve a customer of its obligation to pay bills for receipt of utility services provided. Executive Order No. 124 remains in effect for 60 days unless otherwise rescinded or replaced with a superseding Executive Order. On May 30, 2020, the governor issued Executive Order No. 142, which extended effective period for Executive Order No. 124 to July 29, 2020. Executive Order No. 142 was not extended.

On July 10, 2020, Duke Energy Carolinas and Duke Energy Progress filed a petition with the NCUC for clarification regarding when they may begin working with customers on establishing payment arrangements for arrears accumulated since March 13, 2020. On July 29, 2020, the NCUC issued its Order Lifting Disconnection Moratorium and Allowing Collection of Arrearages Pursuant to Special Repayment Plans. The order contained the following: 1) public utilities may resume customer disconnections due to nonpayment for bills first rendered on or after September 1, 2020, after appropriate notice; 2) the late fee moratorium will continue through the end of the state of emergency or until further order of the commission; 3) Duke Energy utilities may reinstate fees for checks returned for insufficient funds as well as transaction fees for use of credit cards or debit cards for bills first rendered on or after September 1, 2020; and 4) no sooner than September 1, 2020, the collection of past-due or delinquent accounts accrued up to and including August 31, 2020, may proceed subject to conditions.

Duke Energy Carolinas and Duke Energy Progress filed a joint petition on August 7, 2020, with the NCUC for deferral treatment of incremental costs and waived customer fees due to the COVID-19 pandemic. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

South Carolina

On March 13, 2020, Governor Henry McMaster issued Executive Order No. 2020-08 declaring a state of emergency due to the COVID-19 pandemic. The governor also issued a letter on March 14, 2020, to the ORS Executive Director regarding the suspension of disconnection of essential utility services for nonpayment. On March 18, 2020, the PSCSC issued an order approving such waivers, and also approved waivers for regulations related to late fees and reconnect fees. The PSCSC's order also required utilities to track the financial impacts of actions taken pursuant to such waivers for possible reporting to the PSCSC.

FINANCIAL STATEMENTS

REGULATORY MATTERS

On April 30, 2020, the ORS requested the PSCSC grant a waiver of the applicable regulations to allow customers the flexibility to obtain deferred payment plans longer than six months for past-due amounts. On May 5, 2020, Duke Energy Carolinas and Duke Energy Progress filed responsive comments stating that while utility bills will remain due, Duke Energy Carolinas and Duke Energy Progress do not plan to immediately reinstitute disconnection upon the expiration of the state of emergency and intend to work through a potential grace period as economic recovery begins. Duke Energy Carolinas and Duke Energy Progress also concurred with the observation of the ORS that reduced usage is impacting the fixed-cost recovery and revenue assumptions included in rates. Those costs include not only ongoing operational and financing costs necessary to serve customers, but also the borrowings necessary to support extended payment arrangements that will be an important part of emerging from the COVID-19 pandemic. Duke Energy Carolinas and Duke Energy Progress will continue to track such costs, lost revenues and potential cost savings for future evaluation by the PSCSC.

Additionally, on May 8, 2020, the ORS filed a motion for the PSCSC to solicit comments from utilities and interested stakeholders regarding measures to be taken to mitigate impacts of COVID-19 on utility customers and require recordkeeping. In a detailed motion, the ORS specifically asked the PSCSC to: (1) solicit input from utilities regarding the temporary mitigation measures to address COVID-19; (2) request utilities to inform the PSCSC of the plans utilities have to return to normalized operations; (3) require utilities to track revenue impacts, incremental costs and savings related to COVID-19 and file the findings with the PSCSC on a quarterly basis; and (4) include any other matters that the PSCSC believes should be addressed. On May 14, 2020, the PSCSC adopted the ORS' motion.

On May 13, 2020, the ORS filed a letter with the PSCSC that included a request from Governor McMaster that utilities proceed with developing and implementing plans for phasing in normal business operations. On May 14, 2020, the PSCSC conditionally vacated the regulation waivers regarding termination of service and suspension of disconnect fees. Prior to termination, utilities are to refer past-due customers to local organizations for assistance and/or deferred payment arrangements. Duke Energy Carolinas and Duke Energy Progress filed a report on June 30, 2020, as required by PSCSC order, reporting revenue impact, costs and savings related to COVID-19 to date. Duke Energy Carolinas and Duke Energy Progress are evaluating a filing with the PSCSC for deferral treatment of incremental costs and waived customer fees due to the COVID-19 pandemic. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

2017 North Carolina Rate Case

On August 25, 2017, Duke Energy Carolinas filed an application with the NCUC for a rate increase for retail customers of approximately \$647 million. On February 28, 2018, Duke Energy Carolinas and the North Carolina Public Staff (Public Staff) filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt. On June 22, 2018, the NCUC issued an order approving the Stipulation of Partial Settlement and requiring a revenue reduction.

The North Carolina Attorney General and other parties separately filed Notices of Appeal to the North Carolina Supreme Court. On August 8, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Carolinas and Duke Energy Progress appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. On November 29, 2018, the North Carolina Supreme Court adopted a schedule for briefing set forth in the motion to consolidate the Duke Energy Carolinas and Duke Energy Progress appeals. Appellant briefs were filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Oral arguments before the North Carolina Supreme Court were held on March 11, 2020. Duke Energy Carolinas cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On September 30, 2019, Duke Energy Carolinas filed an application with the NCUC for a net rate increase for retail customers of approximately \$291 million, which represented an approximate 6% increase in annual base revenues. The gross rate case revenue increase request was \$445 million, which was offset by an EDIT rider of \$154 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for a rate increase was driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Carolinas requested rates be effective no later than August 1, 2020. The NCUC established a procedural schedule with an evidentiary hearing to begin on March 23, 2020. On March 16, 2020, in consideration of public health and safety as a result of the COVID-19 pandemic, Duke Energy Carolinas filed a motion with the NCUC seeking a suspension of the procedural schedule in the rate case, including issuing discovery requests, and postponement of the evidentiary hearing for 60 days. Also on March 16, 2020, the NCUC issued an Order Postponing Hearing and Addressing Procedural Matters, which postponed the evidentiary hearing until further order by the commission.

On March 25, 2020, Duke Energy Carolinas and the Public Staff filed an Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain issues in the base rate proceeding. Major components of the settlement included:

- Removal of deferred storm costs from the rate case;
- Filing a petition seeking to securitize the deferred storm costs within 120 days of a commission order in this rate case regarding the reasonableness and prudence of the storm costs;
- Agreement of certain assumptions to demonstrate the quantifiable benefits to customers of a securitization financing; and
- Agreement on certain accounting matters, including recovery of employee incentives, severance, aviation costs and executive compensation.

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REGULATORY MATTERS

On May 6, 2020, Duke Energy Carolinas, Duke Energy Progress and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. On June 17, 2020, the NCUC issued an order adopting procedures for the expert witness hearings to take place in three phases: 1) a hearing on issues common to both rate cases conducted remotely; 2) a hearing on Duke Energy Carolinas specific rate case issues conducted in person, followed immediately by; 3) a hearing on Duke Energy Progress specific rate case issues conducted in person. On July 24, 2020, Duke Energy Carolinas filed its request for approval of its notice to customers required to implement temporary rates. On July 27, 2020, Duke Energy Carolinas filed a joint motion with Duke Energy Progress and the Public Staff notifying the commission that the parties reached a joint partial settlement with the Public Staff and requesting a postponement of the evidentiary hearing until August 24, 2020. The NCUC granted the joint motion on July 27, 2020. Also on July 27, 2020, Duke Energy Carolinas filed a letter stating that it intended to update its temporary rates calculation to reflect the terms of the partial settlement.

On July 31, 2020, Duke Energy Carolinas and the Public Staff filed a Second Agreement and Stipulation of Partial Settlement (Second Partial Settlement), which is subject to review and approval of the NCUC, resolving certain remaining issues in the base rate proceeding. Major components of the Second Partial Settlement included:

- A return on equity of 9.6% and a capital structure of 52% equity and 48% debt;
- Agreement on amortization over a five-year period for unprotected federal EDIT flowbacks to customers;
- Agreement on the inclusion of plant in service and other revenue requirement updates through May 31, 2020, subject to Public Staff review. Annual revenue requirement associated with the May 31 update is estimated at \$45 million; and
- Settlement on certain grid deferral projects of \$0.8 billion and agreement to withdraw Duke Energy Carolinas' request for deferral of remaining grid projects of \$0.5 billion.

The remaining items to be litigated at hearing include recovery of deferred coal ash compliance costs that are subject to asset retirement obligation accounting, implementation of new depreciation rates and amortization of the hydro station sale. As a result of the additional settlement terms, the NCUC ordered the Duke Energy Carolinas and Duke Energy Progress remote, consolidated evidentiary hearing to be delayed until August 24, 2020.

On August 4, 2020, Duke Energy Carolinas, filed an amended motion for approval of its amended notice to customers, seeking to exercise its statutory right to implement temporary rates subject to refund on or after August 24, 2020. The revenue requirement to be recovered, subject to refund, through the temporary rates is based on and consistent with the base rate component of the Second Partial Settlement with the Public Staff and excludes the items to be litigated noted above. Duke Energy Carolinas will not begin the amortization or implementation of these items until a final order is issued in the rate case and new base rates are implemented. These items will also be excluded when determining whether a refund of amounts collected through these temporary rates is needed. In addition, Duke Energy Carolinas also seeks authorization to place a temporary decrement EDIT Rider into effect, concurrent with the temporary base rate change. The temporary rate changes are not final rates and remain subject to the NCUC's determination of the just and reasonable rates to be charged by Duke Energy Carolinas on a permanent basis. The NCUC approved the August 4, 2020 amended temporary rates motion on August 6, 2020.

Duke Energy Carolinas expects the NCUC to issue an order on its net rate increase by the end of the year. Duke Energy Carolinas cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Carolinas filed an application with the PSCSC for a rate increase for retail customers of approximately \$168 million.

After hearings in March 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of cancellation of the Lee Nuclear Project, with Duke Energy Carolinas maintaining the Combined Operating License;
- Approval of recovery of \$125 million (South Carolina retail portion) of Lee Nuclear Project development costs (including AFUDC through December 2017) over a 12-year period, but denial of a return on the deferred balance of costs;
- Approval of recovery of \$96 million of coal ash costs over a five-year period with a return at Duke Energy Carolinas' WACC;
- Denial of recovery of \$115 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a \$66 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a \$45 million decrease through the EDIT Rider to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with the Average Rate Assumption Method (ARAM) for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a five-year period for the deferred revenues; and
- Approval of a \$17 million decrease through the EDIT Rider related to reductions in the North Carolina state income tax rate from 6.9% to 2.5% to be returned over a five-year period.

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As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Carolinas filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Carolinas were prejudiced by unlawful, arbitrary and capricious rulings by the commission on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Carolinas' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Carolinas filed a notice of appeal on November 15, 2019, with the Supreme Court of South Carolina. On November 20, 2019, the South Carolina Energy Users Committee filed a Notice of Appeal and the ORS filed a Notice of Cross Appeal with the Supreme Court of South Carolina. On February 12, 2020, Duke Energy Carolinas and the ORS filed a joint motion to extend briefing schedule deadlines, which was approved by the Supreme Court of South Carolina on February 20, 2020. On March 10, 2020, the ORS filed a consent motion requesting withdrawal of their appeal, which was granted by the Supreme Court of South Carolina on April 30, 2020. Initial briefs were filed on April 21, 2020, which included the South Carolina Energy User's Committee brief arguing that the PSCSC erred in allowing Duke Energy Carolinas' recovery of costs related to the Lee Nuclear Station. Response briefs were filed on July 6, 2020, and reply briefs are due on August 11, 2020. Based on legal analysis and the filing of the appeal, Duke Energy Carolinas has not recorded an adjustment for its deferred coal ash costs. Duke Energy Carolinas cannot predict the outcome of this matter.

Duke Energy Progress

2017 North Carolina Rate Case

On June 1, 2017, Duke Energy Progress filed an application with the NCUC for a rate increase for retail customers of approximately \$477 million, which was subsequently adjusted to \$420 million. On November 22, 2017, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt. On February 23, 2018, the NCUC issued an order approving the stipulation. The Public Staff, the North Carolina Attorney General and the Sierra Club filed notes of appeal to the North Carolina Supreme Court.

On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Progress and Duke Energy Carolinas appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. Appellant briefs were filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Oral arguments before the North Carolina Supreme Court were held on March 11, 2020. Duke Energy Progress cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On October 30, 2019, Duke Energy Progress filed an application with the NCUC for a net rate increase for retail customers of approximately \$464 million, which represented an approximate 12.3% increase in annual base revenues. The gross rate case revenue increase request was \$586 million, which was offset by riders of \$122 million, primarily an EDIT rider of \$120 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for rate increase was driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Progress seeks to defer and recover incremental Hurricane Dorian storm costs in this proceeding and requests rates be effective no later than September 1, 2020. As a result of the COVID-19 pandemic, on March 24, 2020, the NCUC suspended the procedural schedule and postponed the previously scheduled evidentiary hearing on this matter indefinitely. On April 7, 2020, the NCUC issued an order partially resuming the procedural schedule requiring intervenors to file direct testimony on April 13, 2020. Public Staff filed supplemental direct testimony on April 23, 2020. Duke Energy Progress filed rebuttal testimony on May 4, 2020.

On June 2, 2020, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain issues in the base rate proceeding. Major components of the settlement included:

- Removal of deferred storm costs from the rate case;
- Filing a petition seeking to securitize the deferred storm costs within 120 days of a commission order in this rate case regarding the reasonableness and prudence of the storm costs;
- Agreement of certain assumptions to demonstrate the quantifiable benefits to customers of a securitization financing;
- Agreement that the Asheville CC project is complete and in service and agreement on the amount to be included in rate base; and
- Agreement on certain accounting matters, including recovery of employee incentives, severance, aviation costs and executive compensation.

On May 6, 2020, Duke Energy Progress, Duke Energy Carolinas and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. On June 17, 2020, the NCUC issued an order adopting procedures for the expert witness hearings to take place in three phases: 1) a hearing on issues common to both rate cases conducted remotely; 2) a hearing on Duke Energy Carolinas specific rate case issues conducted in person, followed immediately by; 3) a hearing on Duke Energy Progress specific rate case issues conducted in person. On July 27, 2020, Duke Energy Progress filed a joint motion with Duke Energy Carolinas and the Public Staff notifying the commission that the parties reached a joint partial settlement with the Public Staff and requesting a postponement of the evidentiary hearing until August 24, 2020. The NCUC granted the joint motion on July 27, 2020.

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On July 31, 2020, Duke Energy Progress and the Public Staff filed a Second Agreement and Stipulation of Partial Settlement (Second Partial Settlement), which is subject to review and approval of the NCUC, resolving certain remaining issues in the base rate proceeding. Major components of the Second Partial Settlement included:

- A return on equity of 9.6% and a capital structure of 52% equity and 48% debt;
- Agreement on amortization over a five-year period for unprotected federal EDIT flowbacks to customers;
- Agreement on the inclusion of plant in service and other revenue requirement updates through May 31, 2020, subject to Public Staff review. Annual revenue requirement associated with the May 31 update is estimated at \$25 million; and
- Settlement on certain grid deferral projects of \$0.5 billion and agreement to withdraw Duke Energy Progress' request for deferral of remaining grid projects of \$0.5 billion.

The remaining items to be litigated at hearing include recovery of deferred coal ash compliance costs that are subject to asset retirement obligation accounting and implementation of new depreciation rates. As a result of the additional settlement terms, the NCUC ordered the Duke Energy Progress and Duke Energy Carolinas remote, consolidated evidentiary hearing to be delayed until August 24, 2020.

On August 7, 2020, Duke Energy Progress filed a motion for approval of notice required to implement temporary rates, seeking to exercise its statutory right to implement temporary rates subject to refund on or after September 1, 2020. The revenue requirement to be recovered subject to refund through the temporary rates is based on and consistent with the terms of the base rate component of the settlement agreements with the Public Staff and excludes items to be litigated noted above. Duke Energy Progress will not begin the amortization or implementation of these items until a final determination is issued in the rate case and new base rates are implemented. These items will also be excluded when determining whether a refund of amounts collected through these temporary rates is needed. In addition, Duke Energy Progress also seeks authorization to place a temporary decrement EDIT Rider into effect, concurrent with the temporary base rate change. The temporary rate changes are not final rates and remain subject to the NCUC's determination of the just and reasonable rates to be charged by Duke Energy Progress on a permanent basis.

Duke Energy Progress expects the NCUC to issue an order on its net rate increase by the end of the year. Duke Energy Progress cannot predict the outcome of this matter.

Hurricane Dorian

Hurricane Dorian reached the Carolinas in September 2019 as a Category 2 hurricane making landfall within Duke Energy Progress' service territory. Total estimated incremental operation and maintenance expenses incurred to repair and restore the system are approximately \$165 million with an additional \$4 million in capital investments made for restoration efforts. Approximately \$139 million and \$179 million of the operation and maintenance expenses are deferred in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of June 30, 2020, and December 31, 2019, respectively. A request for an accounting order to defer incremental storm costs associated with Hurricane Dorian was included in Duke Energy Progress' October 30, 2019, general rate case filing with the NCUC. Terms of the June 2, 2020, Agreement and Stipulation of Partial Settlement removed incremental storm costs from the general rate case. A petition seeking to securitize these costs will be filed within 120 days of an NCUC order in the general rate case. Duke Energy Progress cannot predict the outcome of this matter.

On February 7, 2020, a petition was filed with the PSCSC in the 2019 storm deferrals docket requesting deferral of approximately \$22 million in operation and maintenance expenses to an existing storm deferral balance previously approved by the PSCSC. The PSCSC voted to approve the request on March 4, 2020, and issued a final order on April 7, 2020. On July 1, 2020, Duke Energy Progress filed a supplemental true up reducing the actual costs to \$17 million.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Progress filed an application with the PSCSC for a rate increase for retail customers of approximately \$59 million.

After hearings in April 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of recovery of \$4 million of coal ash costs over a five-year period with a return at Duke Energy Progress' WACC;
- Denial of recovery of \$65 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a \$17 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a \$12 million decrease through the EDIT Tax Savings Rider resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with ARAM for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a three-year period for the deferred revenues; and
- Approval of a \$12 million increase due to the expiration of EDIT related to reductions in the North Carolina state income tax rate from 6.9% to 2.5%.

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As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Progress filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Progress were prejudiced by unlawful, arbitrary and capricious rulings by the commission on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Progress' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses, but allowing additional litigation-related costs. As a result of the Directive allowing litigation-related costs, customer rates were revised effective July 1, 2019. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Progress filed a notice of appeal on November 15, 2019, with the Supreme Court of South Carolina. The ORS filed a Notice of Cross Appeal on November 20, 2019. On February 12, 2020, Duke Energy Progress and the ORS filed a joint motion to extend briefing schedule deadlines, which was approved by the Supreme Court of South Carolina on February 20, 2020. On March 10, 2020, the ORS filed a consent motion requesting withdrawal of their appeal, which was granted by the Supreme Court of South Carolina on April 30, 2020. Initial briefs were filed on April 21, 2020. Response briefs were filed on July 6, 2020, and reply briefs are due on August 11, 2020. Based on legal analysis and the filing of the appeal, Duke Energy Progress has not recorded an adjustment for its deferred coal ash costs. Duke Energy Progress cannot predict the outcome of this matter.

Western Carolinas Modernization Plan

Duke Energy Progress retired the 376-MW Asheville coal-fired plant on January 29, 2020, at which time the net book value, including associated ash basin closure costs, of \$214 million was transferred from Generation facilities to be retired, net to Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

On December 27, 2019, Asheville Combined Cycle Unit 5 Combustion Turbine and Unit 6 Steam Turbine Generator and the common systems that serve combined cycle units went into commercial operation. Duke Energy Progress placed the Unit 7 Combustion Turbine into commercial operation in simple-cycle mode on January 15, 2020. The Unit 8 Steam Turbine Generator went into commercial operation on April 5, 2020. On June 2, 2020, Duke Energy Progress filed a request with the PSCSC for an accounting order for the deferral of post-in-service costs incurred in connection with the addition of the Asheville combined cycle generating plant. The petition requested the PSCSC issue an accounting order authorizing Duke Energy Progress to defer post-in-service costs including the Asheville combined cycle's depreciation expense, property taxes, incremental O&M and carrying costs at WACC of approximately \$8 million annually. On June 17, 2020, the PSCSC voted to approve the petition and issued its final order on July 6, 2020.

On October 8, 2018, Duke Energy Progress filed an application with the NCUC for a CPCN to construct the Hot Springs Microgrid Solar and Battery Storage Facility, which was approved with certain conditions on May 10, 2019. A hearing to update the NCUC on the status of the project was held on March 5, 2020. Construction began in May 2020 with commercial operation expected to begin in December 2020.

FERC Return on Equity Complaint

On October 11, 2019, North Carolina Eastern Municipal Power Agency (NCEMPA) filed a complaint at the FERC against Duke Energy Progress pursuant to Section 206 of the Federal Power Act (FPA). Duke Energy Progress provides NCEMPA with service under the Full Requirements Power Purchase Agreement (FRPPA). The complaint alleges that the 11% stated return on equity (ROE) component contained in the FRPPA's demand formula rate is unjust and unreasonable. On July 16, 2020, the FERC set this matter for hearing and settlement judge procedures and established a refund effective date of October 11, 2019. In its order setting the matter for settlement, the FERC allowed for variation to the base transmission-related ROE methodology developed in Order No. 569-A, through the introduction of "specific facts and circumstances" involving the parties to this case. It is Duke Energy Progress' view that, in consideration of the specific facts and circumstances of risks under the provisions of the FRPPA, the stated 11% ROE applied to NCEMPA's metered billing demand is just and reasonable. Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Florida

COVID-19 Filings

On March 1, 2020, Governor Ron DeSantis issued Executive Order No. 20-51 directing the State Health Officer of Florida to declare a public health emergency in Florida related to the COVID-19 pandemic. The governor then issued a second Executive Order No. 20-52 on March 9, 2020, in which he declared a state of emergency in Florida and directed the Director of the Division of Emergency Management to implement the state's Comprehensive Emergency Management Plan. The governor issued additional Executive Orders – Nos. 2020-68, 2020-69, 2020-71, 2020-72 and 2020-83 – in response to the ongoing health care emergency that, among other things, suspended the in-person public meeting requirements for state agencies and local governments and directed the state surgeon general to issue public health advisories to limit potential exposure to COVID-19, advising against gatherings of 10 or more persons. On March 19, 2020, Duke Energy Florida filed a request to modify its tariff to allow it to waive late fees for customers, and on April 6, 2020, the FPSC issued an order approving the request. Duke Energy Florida had already voluntarily waived reconnect fees and credit card fees, and is not disconnecting customers for nonpayment. On April 2, 2020, Duke Energy Florida filed a petition with the FPSC to accelerate a \$78 million fuel cost refund to customers in the month of May 2020. Typically, the refund would be made over the course of 2021. The FPSC approved the petition on April 28, 2020.

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Storm Restoration Cost Recovery

Duke Energy Florida filed a petition with the FPSC on April 30, 2019, to recover \$223 million of estimated retail incremental storm restoration costs for Hurricane Michael, consistent with the provisions in the 2017 Settlement, and the FPSC approved the petition on June 11, 2019. The FPSC also approved allowing Duke Energy Florida to use the tax savings resulting from the Tax Act to recover these storm costs in lieu of implementing a storm surcharge. Approved storm costs are currently expected to be fully recovered by approximately year-end 2021. On November 22, 2019, Duke Energy Florida filed a petition for approval of actual retail recoverable storm restoration costs related to Hurricane Michael in the amount of \$191 million plus interest. On May 19, 2020, Duke Energy Florida filed a supplemental true up reducing the actual retail recoverable storm restoration costs related to Hurricane Michael by approximately \$3 million, resulting in a total request to recover \$188 million actual retail recoverable storm restoration costs, plus interest. An Order Establishing Procedure was issued on January 30, 2020, and hearings are scheduled to begin September 15, 2020. Approximately \$163 million and \$204 million of these costs are included in Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of June 30, 2020, and December 31, 2019, respectively. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Florida filed a petition with the FPSC on December 19, 2019, to recover \$169 million of estimated retail incremental storm restoration costs for Hurricane Dorian, consistent with the provisions in the 2017 Settlement and the FPSC approved the petition on February 24, 2020. Approved storm costs are currently expected to be recovered over a 12-month period with rates effective in March 2020 and subject to true up. The final actual amount will be filed later in 2020 and the FPSC will hold a hearing to determine the final amount of incremental costs. Approximately \$95 million and \$167 million of these costs are included in Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of June 30, 2020, and December 31, 2019, respectively, representing recoverable costs under the FPSC's storm rule and Duke Energy Florida's OATT formula rates. Duke Energy Florida cannot predict the outcome of this matter.

Clean Energy Connection

On July 1, 2020, Duke Energy Florida petitioned the FPSC for approval of a voluntary solar program. The program consists of 10 new solar generating facilities with combined capacity of approximately 750 MW. The program allows participants to support cost effective solar development in Florida. Participants will pay a subscription fee based on per kilowatt-subscriptions and receive a credit on their bill based on the generation associated with their portion of the solar portfolio. The estimated cost of the 10 new solar generation facilities is approximately \$1 billion over the next four years, and this investment will be included in base rates offset by the revenue from the subscription fees. The credits will be included for recovery in the fuel cost recovery clause. Duke Energy Florida cannot predict the outcome of this matter.

Crystal River Unit 3 Accelerated Decommissioning Filing

On May 29, 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of the Crystal River Unit 3 nuclear power station located in Citrus County, Florida, with ADP CR3, LLC and ADP SF1, LLC, each of which is a wholly owned subsidiary of Accelerated Decommissioning Partners, LLC, a joint venture between NorthStar Group Services, Inc. and Orano USA LLC. Closing of this agreement is contingent upon the approval of the U.S. Nuclear Regulatory Commission (NRC), which was received on April 1, 2020, and FPSC. If approved, the decommissioning will be accelerated starting in 2020 and continuing through 2027, rather than the expected time frame under SAFSTOR of starting in 2067 and ending in 2074. Duke Energy Florida expects that the assets of the Nuclear Decommissioning Trust Fund will be sufficient to cover the contract price. On July 10, 2019, Duke Energy Florida petitioned the FPSC for approval of the agreement. The FPSC held the hearing on July 7-9, 2020, and is expected to vote on the petition at its August 18 Agenda Conference. Duke Energy Florida cannot predict the outcome of this matter.

Storm Protection Plan

On April 10, 2020, Duke Energy Florida filed its initial Storm Protection Plan (SPP) with the FPSC. The SPP outlines storm protection programs over a 10-year planning period intended to enhance the existing infrastructure for the purpose of reducing restoration costs and reducing outage times associated with extreme weather conditions therefore improving overall service reliability. The FPSC will hold a hearing to determine whether to approve, deny, or approve the SPP with modifications beginning on August 10, 2020. On July 31, 2020, Duke Energy Florida entered into a settlement with certain intervenors in support of this filing. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Ohio

Duke Energy Ohio COVID-19 Filing

In response to the COVID-19 pandemic, on March 9, 2020, Governor Mike DeWine issued Executive Order No. 2020-01D declaring a state of emergency in the state of Ohio. The PUCO issued an order directing utilities to cease disconnections for nonpayment and waive late payment and reconnection fees and to minimize direct customer contact. The PUCO also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers, if necessary. In response, Duke Energy Ohio has ceased all disconnections except for safety-related concerns and is waiving late payment and reconnection fees. On March 19, 2020, Duke Energy Ohio filed its compliance plan with the PUCO and sought waiver of several regulations to minimize direct customer contact. On May 4, 2020, Duke Energy Ohio filed a motion to suspend payment rules to enable proactive outreach to residential customers offering additional options for managing their utility bills. PUCO found the proposal to address the state of emergency and the accompanying waivers reasonable and directed Duke Energy Ohio to work with the PUCO Staff on a comprehensive plan for resumption of activities and operations, to be filed 45 days before resumption of activities. The transition plan was filed on June 26, 2020, and approved by the PUCO on July 29, 2020.

On April 16, 2020, Duke Energy Ohio filed an application for a Reasonable Arrangement to temporarily lower the minimum bill for demand-metered commercial and industrial customers. On June 17, 2020, the PUCO denied Duke Energy Ohio's application for a reasonable arrangement and ordered the Duke Energy Ohio to work with the PUCO Staff on payment arrangements for impacted nonresidential customers.

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On May 11, 2020, Duke Energy Ohio filed with the PUCO a request seeking deferral of incremental costs incurred, as well as specific miscellaneous lost revenues using existing bad debts and uncollectible riders already in place for both electric and natural gas operations. Duke Energy Ohio would subsequently file for rider recovery at a later date. On June 17, 2020, the PUCO approved Duke Energy Ohio's deferral application. The commission denied the accrual of carrying costs and ordered Duke Energy Ohio to also track potential savings experienced as a result of COVID-19.

Duke Energy Kentucky COVID-19

In response to the COVID-19 pandemic, on March 6, 2020, Governor Andy Beshear issued Executive Order No. 2020-215 declaring a state of emergency in the commonwealth of Kentucky. The KPSC issued an order directing utilities to cease disconnections for nonpayment and waive late payment. The KPSC also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers if necessary. In response, Duke Energy Kentucky has ceased all disconnections except for safety-related concerns and is waiving late payment and reconnection fees. On June 23, 2020, the KPSC issued data requests to all jurisdictional utilities seeking information on customer bill impacts, arrearages, bad debt and incremental costs and savings due to COVID-19. Responses were filed on July 21, 2020. Duke Energy Kentucky cannot predict the outcome of this matter.

2017 Electric Security Plan Filing

On June 1, 2017, Duke Energy Ohio filed with the PUCO a request for a standard service offer in the form of an ESP. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation and Recommendation (Stipulation) with the PUCO resolving that the term of the ESP would be from June 1, 2018, to May 31, 2025, and included continuation of market-based customer rates through competitive procurement processes for generation, continuation and expansion of existing rider mechanisms and approved new rider mechanisms relating to costs incurred to enhance the customer experience and transform the grid and a service reliability rider for vegetation management. On September 13, 2019, and September 16, 2019, Interstate Gas Supply/Retail Supply Association and the Ohio Consumers' Counsel (OCC), respectively, filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error. On March 13, 2020, the Supreme Court of Ohio dismissed OCC's appeal. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of the PUCO's December 19, 2018 order approving the stipulation. The case has been resolved.

Electric Base Rate Case

Duke Energy Ohio filed with the PUCO an electric distribution base rate case application and supporting testimony in March 2017. Duke Energy Ohio requested an estimated annual increase of approximately \$15 million and a return on equity of 10.4%. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed the Stipulation with the PUCO including a \$19 million decrease in annual base distribution revenue with a return on equity unchanged from the current rate of 9.84% based upon a capital structure of 50.75% equity and 49.25% debt. Upon approval of new rates, Duke Energy Ohio's rider for recovering its initial SmartGrid implementation ended as these costs would be recovered through base rates. The Stipulation also renewed 14 existing riders, some of which were included in the company's ESP, and added two new riders including the Enhanced Service Reliability Rider to recover vegetation management costs not included in base rates, up to \$10 million per year (operation and maintenance only) and the Power Future Initiatives Rider (formerly PowerForward Rider) to recover costs incurred to enhance the customer experience and further transform the grid (operation and maintenance and capital). In addition to the changes in revenue attributable to the Stipulation, Duke Energy Ohio's capital-related riders, including the Distribution Capital Investments Rider, began to reflect the lower federal income tax rate associated with the Tax Act with updates to customers' bills beginning April 1, 2018. This change reduced electric revenue by approximately \$20 million on an annualized basis. On December 19, 2018, the PUCO approved the Stipulation without material modification. New base rates were implemented effective January 2, 2019. On September 13, 2019, and September 16, 2019, Interstate Gas Supply/Retail Supply Association and the OCC, respectively, filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error. On March 13, 2020, the Supreme Court of Ohio dismissed OCC's appeal. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of the PUCO's December 19, 2018 order approving the stipulation. The case has been resolved.

Ohio Valley Electric Corporation

On March 31, 2017, Duke Energy Ohio filed for approval to adjust its existing Rider PSR to pass through net costs related to its contractual entitlement to capacity and energy from the generating assets owned by OVEC. Duke Energy Ohio sought deferral authority for net costs incurred from April 1, 2017, until the new rates under Rider PSR were put into effect. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation with the PUCO resolving numerous issues including those related to Rider PSR. The Stipulation activated Rider PSR for recovery of net costs incurred from January 1, 2018, through May 2025. On December 19, 2018, the PUCO approved the Stipulation without material modification. The PSR rider became effective April 1, 2019. On September 13, 2019, and September 16, 2019, Interstate Gas Supply/Retail Supply Association and the OCC filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error. On March 13, 2020, the Supreme Court of Ohio dismissed OCC's appeal. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of the PUCO's December 19, 2018 order approving the stipulation. The case has been resolved.

On July 23, 2019, House Bill 6 (HB6) was signed into law that became effective January 1, 2020. Among other things, the bill allows for funding of two nuclear generating facilities located in Northern Ohio through a charge on utility bills owned by Energy Harbor (f/k/a FirstEnergy Solutions), repeal of energy efficiency mandates, and recovery of prudently incurred costs, net of any revenues, for Ohio investor-owned utilities that are participants under the OVEC power agreement. The recovery shall be through a non-bypassable rider that is to replace any existing recovery mechanism approved by the PUCO and will remain in place through 2030. The amounts recoverable from customers will be subject to an annual cap, with incremental costs that exceed such cap eligible for deferral and recovery subject to review. See Note 13 for additional discussion of Duke Energy Ohio's ownership interest in OVEC. In July 2020, legislation to repeal HB 6 has been proposed in both the Ohio House and Senate. Duke Energy Ohio cannot predict the outcome of this matter.

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Energy Efficiency Cost Recovery

On March 28, 2014, Duke Energy Ohio filed an application for recovery of program costs, lost distribution revenue and performance incentives related to its energy efficiency and peak demand reduction programs. The PUCO approved Duke Energy Ohio's application but found that Duke Energy Ohio was not permitted to use banked energy savings from previous years in order to calculate the amount of allowed incentive. This conclusion represented a change to the cost recovery mechanism that had been agreed upon by intervenors and approved by the PUCO in previous cases. The PUCO granted the applications for rehearing filed by Duke Energy Ohio and an intervenor. On January 6, 2016, Duke Energy Ohio and the PUCO Staff entered into a stipulation, pending the PUCO's approval, to resolve issues related to performance incentives and the PUCO Staff audit of 2013 costs, among other issues. In December 2015, based upon the stipulation, Duke Energy Ohio re-established approximately \$20 million of the revenues that had been previously reversed. On October 26, 2016, the PUCO issued an order approving the stipulation without modification. On February 26, 2020, the PUCO issued an order directing utilities to wind down their demand-side management programs by September 30, 2020, and to terminate the programs by December 31, 2020, in response to changes in Ohio law that eliminated Ohio's energy efficiency mandates. On March 27, 2020, Duke Energy Ohio filed an Application for Rehearing seeking clarification on the final true up and reconciliation process after 2020. On April 22, 2020, the PUCO granted rehearing for further consideration.

On June 8, 2020, Duke Energy Ohio filed an application to implement a voluntary energy efficiency program portfolio to commence on January 1, 2021. The application proposes a mechanism for recovery of program costs, lost margins and a shared savings incentive mechanism similar to those previously approved by the PUCO. On June 17, 2020, the PUCO, on its own motion, struck Duke Energy Ohio's proposal to include a shared savings mechanism in its plan finding such incentives are not permissible or supportable under Ohio law. On June 26, 2020, Duke Energy Ohio withdrew its application.

Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. Duke Energy Ohio currently estimates the pipeline development costs and construction activities will range from \$163 million to \$245 million in direct costs (excluding overheads and AFUDC) and that construction of the pipeline extension is expected to be completed before the 2021/2022 winter season. An evidentiary hearing for a Certificate of Environmental Compatibility and Public Need concluded on April 11, 2019. Briefs were filed on May 13, 2019, and reply briefs were filed on June 10, 2019. On November 21, 2019, the OPSB approved Duke Energy Ohio's application subject to 41 conditions on construction. Applications for rehearing were filed by several stakeholders on December 23, 2019, arguing that the OPSB approval was incorrect. On February 20, 2020, the OPSB denied the rehearing requests. On April 15, 2020, Joint Appellants filed a notice of appeal at the Supreme Court of Ohio of the OPSB's decision approving Duke Energy Ohio's Central Corridor application. On June 4, 2020, the OPSB filed a motion to dismiss claims raised by one of the Joint Appellants and to suspend the briefing schedule while the court considers the motion to dismiss. On August 5, 2020, the Supreme Court of Ohio dismissed one of the Joint Appellants from the appeal and established a new briefing schedule, with appellants' briefs due in 20 days. Duke Energy Ohio cannot predict the outcome of this matter.

MGP Cost Recovery

As part of its 2012 natural gas base rate case, Duke Energy Ohio has approval to defer and recover costs related to environmental remediation at two sites (East End and West End) that housed former MGP operations. Duke Energy Ohio has made annual applications for recovery of these deferred costs. Duke Energy Ohio has collected approximately \$55 million in environmental remediation costs between 2009 through 2012 through Rider MGP, which is currently suspended. Duke Energy Ohio has made annual applications with the PUCO to recover its incremental remediation costs consistent with the PUCO's directive in Duke Energy Ohio's 2012 natural gas rate case. To date, the PUCO has not ruled on Duke Energy Ohio's annual applications for the calendar years 2013 through 2017. On September 28, 2018, the staff of the PUCO issued a report recommending a disallowance of approximately \$12 million of the \$26 million in MGP remediation costs incurred between 2013 through 2017 that staff believes are not eligible for recovery. Staff interprets the PUCO's 2012 Order granting Duke Energy Ohio recovery of MGP remediation as limiting the recovery to work directly on the East End and West End sites. On October 30, 2018, Duke Energy Ohio filed reply comments objecting to the staff's recommendations and explaining, among other things, the obligation Duke Energy Ohio has under Ohio law to remediate all areas impacted by the former MGPs and not just physical property that housed the former plants and equipment. On March 29, 2019, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2018 seeking recovery of approximately \$20 million in remediation costs. On July 12, 2019, the staff recommended a disallowance of approximately \$11 million for work that staff believes occurred in areas not authorized for recovery. Additionally, staff recommended that any discussion pertaining to Duke Energy Ohio's recovery of ongoing MGP costs should be directly tied to or netted against insurance proceeds collected by Duke Energy Ohio. An evidentiary hearing concluded on November 21, 2019. Initial briefs were filed on January 17, 2020, and reply briefs were filed on February 14, 2020. Duke Energy Ohio cannot predict the outcome of this matter.

On March 31, 2020, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2019 seeking recovery of approximately \$39 million in remediation costs incurred during 2019. On July 23, 2020, the staff recommended a disallowance of approximately \$4 million for work the staff believes occurred in areas not authorized for recovery. Additionally, the staff recommended insurance proceeds, net of litigation costs and attorney fees, should be reimbursed to customers and not be held by Duke Energy Ohio until all investigation and remediation is complete. Duke Energy Ohio cannot predict the outcome of this matter.

The 2012 PUCO order also contained conditional deadlines for completing the MGP environmental investigation and the deferral of remediation costs at the MGP sites. Subsequent to the order, the deadline was extended to December 31, 2019. On May 10, 2019, Duke Energy Ohio filed an application requesting a continuation of its existing deferral authority for MGP remediation and investigation that must occur after December 31, 2019. On September 13, 2019, intervenor comments were filed opposing Duke Energy Ohio's request for continuation of existing deferral authority and on October 2, 2019, Duke Energy Ohio filed reply comments. Duke Energy Ohio cannot predict the outcome of this matter.

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Duke Energy Kentucky Electric Base Rate Case

On September 3, 2019, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately \$46 million. On January 31, 2020, Duke Energy Kentucky filed rebuttal testimony updating its rate increase calculations to approximately \$44 million. Hearings concluded on February 20, 2020, and briefing was completed March 20, 2020. On April 27, 2020, the KPSC issued its decision approving a \$24 million increase for Duke Energy Kentucky with a 9.25% return on equity. The KPSC denied Duke Energy Kentucky's major storm deferral mechanism and EV and battery storage pilots. The KPSC approved Duke Energy Kentucky's Green Source Advantage tariff. New customer rates were effective on May 1, 2020. On May 18, 2020, Duke Energy Kentucky filed its motion for rehearing and on June 4, 2020, the motion was granted in part and denied in part by the KPSC. On August 6, 2020, Duke Energy Kentucky submitted a letter to the commission submitting the case for decision without hearing. On August 6, 2020, the Kentucky Attorney General also filed a letter requesting to submit the rehearing case for decision without hearing. The Attorney General's letter also stated that the commission's reduction to the company's forecasted capital in its initial order was overstated and should be corrected, resulting in an approximate \$5 million increase in the company's revenue requirement. Duke Energy Kentucky cannot predict the outcome of this matter.

Duke Energy Indiana

COVID-19

In response to the COVID-19 pandemic, on March 6, 2020, Governor Eric Holcomb issued Executive Order No. 20-02, which by law expired in 30 days unless extended, declaring a public health disaster emergency in the state of Indiana. Subsequently, the governor issued Executive Orders Nos. 20-17, 20-25, 20-30 and 20-34, each renewing the public health disaster emergency declaration for an additional 30 days, which is currently extended through September 2, 2020. All other Executive Orders issued since March 6, 2020, (Nos. 20-04 – 20-16) were renewed for the same 30-day period, provided they were supplements to Executive Order No. 20-02. Executive Order No. 20-05 was issued on March 19, 2020, requiring utilities in the state to suspend disconnections of utility service. Duke Energy Indiana had already voluntarily suspended all disconnections and is waiving late payment fees and check return fees. The utility is also waiving credit card fees for residential customers.

On May 8, 2020, Duke Energy Indiana, along with other Indiana utilities, filed a request with the IURC for approval of deferral treatment for costs and revenue reductions associated with the COVID-19 pandemic. The utilities requested initial deferral approval in July 2020, with individual subdockets for each utility to be established for consideration of utility-specific cost and revenue impacts, cost recovery timing and customer payment plans. On June 29, 2020, the IURC issued an order in Phase 1 wherein it extended the disconnection moratorium for jurisdictional utilities until August 14, 2020, along with requiring six month payment arrangements, waiver of late fees, reconnection fees, convenience fees and deposits. The IURC permitted jurisdictional utilities to use regulatory accounting for any impacts associated with the prohibition on utility disconnections, waiver or exclusion of certain utility fees (i.e., late fees, convenience fees, deposits, and reconnection fees), the use of expanded payment arrangements to aid customers, and for COVID-19 related uncollectible and incremental bad debt expense. The IURC did not permit recovery of lost revenues due to load reduction or carrying costs. In Phase 2 filings, individual utilities may choose to request regulatory accounting for other COVID-19 related operation and maintenance costs wherein evidence of the impact of any costs or offsetting savings can be presented and considered in an evidentiary hearing. Duke Energy Indiana cannot predict the outcome of this matter.

2019 Indiana Rate Case

On July 2, 2019, Duke Energy Indiana filed a general rate case with the IURC for a rate increase for retail customers of approximately \$395 million. The rebuttal case, filed on December 4, 2019, updated the requested revenue requirement to result in a 15.6% or \$396 million average retail rate increase, including the impacts of the Utility Receipts Tax. Hearings concluded on February 7, 2020. On June 29, 2020, the IURC issued the order in the rate case approving a revenue increase of \$146 million before certain adjustments and ratemaking refinements. The order provided for an overall cost of capital of 5.7% based on a 9.7% return on equity and a 53% equity component of the capital structure, and approved Duke Energy Indiana's requested forecasted rate base of \$10.2 billion as of December 31, 2020, including the Edwardsport IGCC Plant. The IURC reduced Duke Energy Indiana's request by slightly more than \$200 million, when accounting for the utility receipts tax and other adjustments. Approximately 50% of the reduction is due to a prospective change in depreciation and use of regulatory asset for the end-of-life inventory at retired generating plants, approximately 20% is due to the approved 9.7% return on equity versus requested 10.4% and approximately 20% is related to miscellaneous earnings neutral adjustments. The rates were effective July 30, 2020. Several groups filed notices of appeal of the IURC order on July 29, 2020. Duke Energy Indiana cannot predict the outcome of this matter.

2020 Indiana Coal Ash Recovery Case

In Duke Energy Indiana's rate case, the IURC approved coal ash basin closure costs expended through 2018 including financing costs as a regulatory asset and included in rate base. The IURC opened a subdocket to deal with the post-2018 coal ash related expenditures. Duke Energy Indiana filed testimony on April 15, 2020, in the coal ash subdocket requesting recovery for the post-2018 coal ash basin closure costs for plans that have been approved by the Indiana Department of Environmental Management as well as continuing deferral, with carrying costs, on the balance. An evidentiary hearing is scheduled to begin on September 14, 2020, and an order is expected in the first quarter of 2021. Duke Energy Indiana cannot predict the outcome of this matter.

FINANCIAL STATEMENTS

REGULATORY MATTERS

Piedmont

COVID-19 Filings

North Carolina

On March 10, 2020, Governor Roy Cooper issued Executive Order No. 116 declaring a state of emergency due to the COVID-19 pandemic. On March 19, 2020, the NCUC issued an order directing that utilities under its jurisdiction suspend disconnections for nonpayment of utility bills during the state of emergency (as defined by Executive Order No. 116) and allow for customers to enter into payment arrangements to pay off arrearages accumulated during the state of emergency after the end of the state of emergency. Additionally, to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 19, 2020, Piedmont filed a request with the NCUC seeking authorization to waive: (1) any late payment charges incurred by a residential or nonresidential customer, effective March 21, 2020; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit; and (4) the fees and charges associated with the use of credit cards or debit cards to pay residential electric utility bills, effective March 21, 2020. The NCUC granted Piedmont's request on March 20, 2020.

On March 31, 2020, the governor issued Executive Order No. 124, which, in addition to requiring the steps in the NCUC order noted above, stated that nothing in Executive Order No. 124 shall relieve a customer of its obligation to pay bills for receipt of utility services provided. Executive Order No. 124 remains in effect for 60 days unless otherwise rescinded or replaced with a superseding Executive Order. On May 30, 2020, the governor issued Executive Order No. 142, which extended effective period for Executive Order No. 124 to July 29, 2020. Executive Order No. 142 was not extended.

On July 10, 2020, Piedmont filed a petition with the NCUC for clarification regarding when they may begin working with customers on establishing payment arrangements for arrears accumulated since March 13, 2020. On July 29, 2020, the NCUC issued its Order Lifting Disconnection Moratorium and Allowing Collection of Arrearages Pursuant to Special Repayment Plans. The order contained the following: 1) public utilities may resume customer disconnections due to nonpayment for bills first rendered on or after September 1, 2020, after appropriate notice; 2) the late fee moratorium will continue through the end of the state of emergency or until further order of the commission; 3) Duke Energy utilities may reinstate fees for checks returned for insufficient funds as well as transaction fees for use of credit cards or debit cards for bills first rendered on or after September 1, 2020; and 4) no sooner than September 1, 2020, the collection of past due or delinquent accounts accrued up to and including August 31, 2020, may proceed subject to conditions. Piedmont cannot predict the outcome of this matter.

South Carolina

On March 13, 2020, Governor Henry McMaster issued Executive Order No. 2020-08 declaring a state of emergency due to the COVID-19 pandemic. The governor also issued a letter on March 14, 2020, to the ORS Executive Director regarding the suspension of disconnection of essential utility services for nonpayment. On March 18, 2020, the PSCSC issued an order approving such waivers, and also approved waivers for regulations related to late fees and reconnect fees. The PSCSC's order also required utilities to track the financial impacts of actions taken pursuant to such waivers for possible reporting to the PSCSC.

On April 30, 2020, the ORS requested the PSCSC grant a waiver of the applicable regulations to allow customers the flexibility to obtain deferred payment plans longer than six months for past-due amounts. On May 5, 2020, Piedmont filed responsive comments stating that while utility bills will remain due, Piedmont does not plan to immediately reinstitute disconnection upon the expiration of the state of emergency and intends to work through a potential grace period as economic recovery begins. Piedmont also concurred with the observation of the ORS that reduced usage is impacting the fixed-cost recovery and revenue assumptions included in rates. Those costs include not only ongoing operational and financing costs necessary to serve customers, but also the borrowings necessary to support extended payment arrangements that will be an important part of emerging from the COVID-19 pandemic. Piedmont will continue to track such costs, lost revenues and potential cost savings for future evaluation by the PSCSC.

Additionally, on May 8, 2020, the ORS filed a motion for the PSCSC to solicit comments from utilities and interested stakeholders regarding measures to be taken to mitigate impacts of COVID-19 on utility customers and require recordkeeping. In a detailed motion, the ORS specifically asked the PSCSC to: (1) solicit input from utilities regarding the temporary mitigation measures to address COVID-19; (2) request utilities to inform the PSCSC of the plans utilities have to return to normalized operations; (3) require utilities to track revenue impacts, incremental costs and savings related to COVID-19 and file the findings with the PSCSC on a quarterly basis; and (4) include any other matters that the PSCSC believes should be addressed. On May 14, 2020, the PSCSC adopted the ORS' motion.

On May 13, 2020, the ORS filed a letter with the PSCSC that included a request from Governor McMaster that utilities proceed with developing and implementing plans for phasing in normal business operations. On May 14, 2020, the PSCSC conditionally vacated the regulation waivers regarding termination of service and suspension of disconnect fees. Prior to termination, utilities are to refer past-due customers to local organizations for assistance and/or deferred payment arrangements. Piedmont filed a report on June 30, 2020, as required by PSCSC order, reporting revenue impact, costs and savings related to COVID-19 to date. Piedmont cannot predict the outcome of this matter.

FINANCIAL STATEMENTS

REGULATORY MATTERS

Tennessee

On March 12, 2020, Governor Bill Lee issued Executive Order No. 14 declaring a state of emergency due to the COVID-19 pandemic. In an effort to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 20, 2020, Piedmont filed a request with the TPUC seeking authorization to waive, effective March 21, 2020: (1) any late payment charges incurred by a residential or nonresidential customer; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; and (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit. The TPUC granted Piedmont's request by Order issued March 31, 2020. The Order also stated that customers were not relieved of their obligation to pay for utility services received.

2020 Tennessee Rate Case

On July 2, 2020, Piedmont filed an application with the TPUC, its first general rate case in Tennessee in nine years, for a rate increase for retail customers of approximately \$30 million, which represents an approximate 15% increase in annual revenues. The rate increase is driven by significant infrastructure upgrade investments since its previous rate case. Approximately half of the plant additions being added to rate base are categories of capital investment not covered under the IMR mechanism, which was approved in 2013. An evidentiary hearing is expected to be scheduled for fall 2020, and a decision and revised customer rates are expected to become effective January 1, 2021. Piedmont cannot predict the outcome of this matter.

OTHER REGULATORY MATTERS

Atlantic Coast Pipeline, LLC

On September 2, 2014, Duke Energy, Dominion Energy, Inc. (Dominion), Piedmont and Southern Company Gas announced the formation of Atlantic Coast Pipeline, LLC (ACP) to build and own the proposed Atlantic Coast Pipeline (ACP pipeline), an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. The ACP pipeline was designed to meet, in part, the needs identified by Duke Energy Carolinas, Duke Energy Progress and Piedmont. Dominion would have been responsible for building and operating the ACP pipeline and holds a leading ownership percentage in ACP of 53%, following the purchase in March 2020 of Southern Company Gas' 5% ownership interest. Duke Energy owns a 47% interest, which is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment.

On April 15, 2020, the United States District Court for the District of Montana granted partial summary judgment in favor of the plaintiffs in Northern Plains Resource Council v. U.S. Army Corps of Engineers (USACE) (Northern Plains), vacating USACE's Nationwide Permit 12 (NWP 12) and remanding it to USACE for consultation under the Endangered Species Act (ESA) of 1973. In Northern Plains, the court ruled that NWP 12 was unlawful because USACE did not consult under the ESA with the U.S. Fish and Wildlife Service and/or National Marine Fisheries Service prior to NWP 12's reissuance in 2017. Because NWP 12 has been vacated and its application enjoined, USACE currently has suspended verification of any new or pending applications under NWP 12 until further court action clarifies the situation.

On May 28, 2020, the U.S. Court of Appeals for the Ninth Circuit issued a ruling that limited the NWP 12 vacatur to energy infrastructure projects. In July 2020, the Supreme Court of the United States issued an order allowing other new oil and gas pipeline projects to use the NWP 12 process pending appeal to the U.S. Court of Appeals for the Ninth Circuit; however, that did not decrease the uncertainty associated with an eventual ruling. Together, these rulings indicated that the timeline to reinstate the necessary water crossing permits for ACP would likely cause further delays and cost increases.

On July 5, 2020, Dominion announced a sale of substantially all of its gas transmission and storage segment assets, operations core to the ACP pipeline project.

As a result of the uncertainty created by the NWP 12 rulings, the potential impact on the cost and schedule for the project, the ongoing legal challenges and the risk of additional legal challenges and delays through the construction period and Dominion's decision to sell substantially all of its gas transmission and storage segment assets, Duke Energy's Board of Directors and management decided that it was not prudent to continue to invest in the project. On July 5, 2020, Duke Energy and Dominion announced the cancellation of the ACP pipeline.

As a result, Duke Energy recorded a pretax charge to earnings of approximately \$2.0 billion for the three months and six months ended June 30, 2020, within Equity in (losses) earnings of unconsolidated affiliates on the Duke Energy Condensed Consolidated Statements of Operations. The tax benefit associated with this abandonment was \$374 million and is recorded in Income Tax (Benefit) Expense on the Duke Energy Condensed Consolidated Statements of Operations. Additional charges of less than \$100 million are expected to be recorded within the next 12 months as ACP incurs obligations to exit operations.

As part of the pretax charge to earnings of approximately \$2.0 billion, Duke Energy established a \$920 million current liability related to the abandonment of ACP within Current Liabilities in the Gas Utilities and Infrastructure segment. The liability represents Duke Energy's obligation of approximately \$860 million to fund ACP's outstanding debt and approximately \$60 million to satisfy ARO requirements to restore construction sites.

See Notes 1, 4 and 11 for additional information regarding this transaction.

FINANCIAL STATEMENTS

REGULATORY MATTERS

Potential Coal Plant Retirements

The Subsidiary Registrants periodically file integrated resource plans (IRPs) with their state regulatory commissions. The IRPs provide a view of forecasted energy needs over a long term (10 to 20 years) and options being considered to meet those needs. IRPs filed by the Subsidiary Registrants included planning assumptions to potentially retire certain coal-fired generating facilities in North Carolina and Indiana earlier than their current estimated useful lives. Duke Energy continues to evaluate the potential need to retire these coal-fired generating facilities earlier than the current estimated useful lives and plans to seek regulatory recovery for amounts that would not be otherwise recovered when any of these assets are retired.

The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of June 30, 2020, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net Book Value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-3 ^(a)	585	\$ 145
Duke Energy Indiana		
Gallagher Units 2 and 4 ^(b)	280	116
Gibson Units 1-5 ^(c)	3,132	1,690
Cayuga Units 1-2 ^(c)	1,005	953
Total Duke Energy	5,002	\$ 2,904

- (a) Duke Energy Carolinas will retire Allen Steam Station units 1 through 3 by December 31, 2024, as part of the resolution of a lawsuit involving alleged New Source Review violations.
- (b) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher units 2 and 4 by December 31, 2022, as part of the 2016 settlement of Edwardsport IGCC matters.
- (c) On July 1, 2019, Duke Energy Indiana filed its 2018 IRP with the IURC. The 2018 IRP included scenarios evaluating the potential retirement of coal-fired generating units at Gibson and Cayuga. The rate case filed July 2, 2019, included proposed depreciation rates reflecting retirement dates from 2026 to 2038. These updated retirement dates were approved by the IURC as part of the rate case order issued on June 29, 2020.

Duke Energy continues to evaluate the potential need to retire generating facilities earlier than the current estimated useful lives, and plans to seek regulatory recovery, as necessary, for amounts that would not be otherwise recovered when any of these assets are retired. However, such recovery, including recovery of carrying costs on remaining book values, could be subject to future approvals and therefore cannot be assured.

Duke Energy Carolinas and Duke Energy Progress are evaluating the potential for coal-fired generating unit retirements with a net carrying value of approximately \$693 million and \$1.2 billion, respectively, included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of June 30, 2020.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal, coal ash and other environmental matters. These regulations can be changed from time to time, imposing new obligations on the Duke Energy Registrants. The following environmental matters impact all Duke Energy Registrants.

Remediation Activities

In addition to AROs recorded as a result of various environmental regulations, the Duke Energy Registrants are responsible for environmental remediation at various sites. These include certain properties that are part of ongoing operations and sites formerly owned or used by Duke Energy entities. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site conditions and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, the Duke Energy Registrants could potentially be held responsible for environmental impacts caused by other potentially responsible parties and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined at all sites. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other on the Condensed Consolidated Statements of Operations unless regulatory recovery of the costs is deemed probable.

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

The following table contains information regarding reserves for probable and estimable costs related to the various environmental sites. These reserves are recorded in Accounts Payable within Current Liabilities and Other within Other Noncurrent Liabilities on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2020	December 31, 2019
Reserves for Environmental Remediation		
Duke Energy	\$ 55	\$ 58
Duke Energy Carolinas	10	11
Progress Energy	14	16
Duke Energy Progress	5	4
Duke Energy Florida	8	9
Duke Energy Ohio	19	19
Duke Energy Indiana	5	4
Piedmont	7	8

Additional losses in excess of recorded reserves that could be incurred for the stages of investigation, remediation and monitoring for environmental sites that have been evaluated at this time are not material except as presented in the table below.

(in millions)	
Duke Energy	\$ 59
Duke Energy Carolinas	11
Duke Energy Ohio	42

LITIGATION

Duke Energy Carolinas and Duke Energy Progress

Coal Ash Insurance Coverage Litigation

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Business Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. In February and March 2020, the court heard arguments on numerous cross motions filed by the parties to seek legal determinations concerning several insurance related defenses raised by the insurance providers. On June 5, 2020, the court issued four rulings in favor of Duke Energy's legal positions in the coal ash recovery litigation proceedings. Due to COVID-19, the court has issued a new scheduling order and the trial is now scheduled for January 2022. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of June 30, 2020, there were 118 asserted claims for non-malignant cases with cumulative relief sought of up to \$27 million, and 59 asserted claims for malignant cases with cumulative relief sought of up to \$20 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recognized asbestos-related reserves of \$590 million at June 30, 2020, and \$604 million at December 31, 2019. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon Duke Energy Carolinas' best estimate for current and future asbestos claims through 2039 and are recorded on an undiscounted basis. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2039 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas' cumulative payments began to exceed the self-insured retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is \$747 million in excess of the self-insured retention. Receivables for insurance recoveries were \$742 million at June 30, 2020, and December 31, 2019. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

Duke Energy Progress and Duke Energy Florida

Spent Nuclear Fuel Matters

On June 18, 2018, Duke Energy Progress and Duke Energy Florida sued the U.S. in the U.S. Court of Federal Claims for damages incurred for the period 2014 through 2018. The lawsuit claimed the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserted damages for the cost of on-site storage in the amount of \$100 million and \$203 million for Duke Energy Progress and Duke Energy Florida, respectively. Discovery is ongoing and a trial is expected to occur in 2021.

Duke Energy Florida

Power Purchase Dispute Arbitration

Duke Energy Florida, on behalf of its customers, entered into a power purchase contract for the purchase of firm capacity and energy from a qualified facility. Duke Energy Florida determined the qualified facility did not perform in accordance with the power purchase contract, and Duke Energy Florida terminated the power purchase contract. The qualified facility counterparty filed a confidential American Arbitration Association (AAA) arbitration demand, challenging the termination of the power purchase contract and seeking damages. Duke Energy Florida denies liability and is vigorously defending the arbitration claim. The final arbitration hearing is scheduled for December 2020. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Indiana

Coal Ash Basin Closure Plan Appeal

On January 27, 2020, Hoosier Environmental Council filed a Petition for Administrative Review with the Indiana Office of Environmental Adjudication (the court) challenging the Indiana Department of Environmental Management's December 10, 2019, partial approval of Duke Energy Indiana's ash pond closure plan. On March 11, 2020, Duke Energy Indiana filed a Motion to Dismiss. On May 5, 2020, the court entered an order denying that motion. The parties are engaged in discovery and a hearing is scheduled for February 22, 2021. Duke Energy Indiana cannot predict the outcome of this matter.

Other Litigation and Legal Proceedings

The Duke Energy Registrants are involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. The Duke Energy Registrants believe the final disposition of these proceedings will not have a material effect on their results of operations, cash flows or financial position.

The table below presents recorded reserves based on management's best estimate of probable loss for legal matters, excluding asbestos-related reserves discussed above. Reserves are classified on the Condensed Consolidated Balance Sheets in Other within Other Noncurrent Liabilities and Other within Current Liabilities. The reasonably possible range of loss in excess of recorded reserves is not material, other than as described above.

(in millions)	June 30, 2020	December 31, 2019
Reserves for Legal Matters		
Duke Energy	\$ 60	\$ 62
Duke Energy Carolinas	3	2
Progress Energy	52	55
Duke Energy Progress	9	12
Duke Energy Florida	23	22
Piedmont	1	1

OTHER COMMITMENTS AND CONTINGENCIES

General

As part of their normal business, the Duke Energy Registrants are party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. These guarantees involve elements of performance and credit risk, which are not fully recognized on the Condensed Consolidated Balance Sheets and have uncapped maximum potential payments. However, the Duke Energy Registrants do not believe these guarantees will have a material effect on their results of operations, cash flows or financial position.

In addition, the Duke Energy Registrants enter into various fixed-price, noncancelable commitments to purchase or sell power or natural gas, take-or-pay arrangements, transportation, or throughput agreements and other contracts that may or may not be recognized on their respective Condensed Consolidated Balance Sheets. Some of these arrangements may be recognized at fair value on their respective Condensed Consolidated Balance Sheets if such contracts meet the definition of a derivative and the NPNS exception does not apply. In most cases, the Duke Energy Registrants' purchase obligation contracts contain provisions for price adjustments, minimum purchase levels and other financial commitments.

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

As described in Note 1, Duke Energy adopted the new guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. The reserve for credit losses for insurance receivables based on adoption of the new standard is \$15 million for Duke Energy and Duke Energy Carolinas as of June 30, 2020. Insurance receivables are evaluated based on the risk of default and the historical losses, current conditions and expected conditions around collectability. Management evaluates the risk of default annually based on payment history, credit rating and changes in the risk of default from credit agencies.

As of June 30, 2020, Duke Energy recognized \$860 million related to the guarantees of ACP's outstanding debt of which \$95 million was previously recognized due the adoption of new guidance for credit losses effective January 1, 2020. This reserve is included within Other current liabilities on the Condensed Consolidated Balance Sheets. See Notes 1, 3 and 11 for more information. The remaining reserve for credit losses for financial guarantees of \$4 million as of June 30, 2020, is included within Other noncurrent liabilities on the Duke Energy's Condensed Consolidated Balance Sheets. Management considers financial guarantees for evaluation under this standard based on the anticipated amount outstanding at the time of default. The reserve for credit losses is based on the evaluation of the contingent components of financial guarantees. Management evaluates the risk of default, exposure and length of time remaining in the period for each contract.

5. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

The following table summarizes significant debt issuances (in millions).

			Six Months Ended June 30, 2020							
	Maturity	Interest	Duke	Duke	Duke	Duke	Duke	Duke		
Issuance Date	Date	Rate	Energy	Energy (Parent)	Energy Carolinas	Energy Florida	Energy Ohio	Energy Indiana	Piedmont	
Unsecured Debt										
May 2020 ^(a)	Jun 2030	2.450%	\$ 500	\$ 500	\$ —	\$ —	\$ —	\$ —	\$ —	
May 2020 ^(b)	Jun 2050	3.350%	400	—	—	—	—	—	400	
First Mortgage Bonds										
January 2020 ^(c)	Feb 2030	2.450%	500	—	500	—	—	—	—	
January 2020 ^(c)	Aug 2049	3.200%	400	—	400	—	—	—	—	
March 2020 ^(d)	Apr 2050	2.750%	550	—	—	—	—	550	—	
May 2020 ^(b)	Jun 2030	2.125%	400	—	—	—	400	—	—	
June 2020 ^(b)	Jun 2030	1.750%	500	—	—	500	—	—	—	
Total issuances			\$ 3,250	\$ 500	\$ 900	\$ 500	\$ 400	\$ 550	\$ 400	

- (a) Debt issued to repay \$500 million borrowing made under Duke Energy (Parent) revolving credit facility in March 2020, and for general corporate purposes.
(b) Debt issued to repay short-term debt and for general corporate purposes.
(c) Debt issued to repay at maturity \$450 million first mortgage bonds due June 2020 and for general corporate purposes.
(d) Debt issued to repay at maturity \$500 million first mortgage bonds due July 2020 and to pay down short-term debt.

FINANCIAL STATEMENTS

DEBT AND CREDIT FACILITIES

CURRENT MATURITIES OF LONG-TERM DEBT

The following table shows the significant components of Current Maturities of Long-Term Debt on the Condensed Consolidated Balance Sheets. The Duke Energy Registrants currently anticipate satisfying these obligations with cash on hand and proceeds from additional borrowings.

(in millions)	Maturity Date	Interest Rate	June 30, 2020
Unsecured Debt			
Duke Energy Progress	December 2020	0.986% ^(a)	\$ 700
Progress Energy, Inc	January 2021	4.400%	500
Duke Energy (Parent)	May 2021	0.924% ^(a)	500
Piedmont	June 2021	4.240%	160
Secured Debt			
Duke Energy Florida	April 2021	1.384% ^(a)	250
First Mortgage Bonds			
Duke Energy Indiana	July 2020	3.750%	500
Duke Energy Progress	September 2020	0.498% ^(a)	300
Duke Energy Carolinas	June 2021	3.900%	500
Other^(b)			346
Current maturities of long-term debt			\$ 3,756

(a) Debt has a floating interest rate.

(b) Includes finance lease obligations, amortizing debt and small bullet maturities.

AVAILABLE CREDIT FACILITIES

Master Credit Facility

In March 2020, Duke Energy amended its existing \$8 billion Master Credit Facility to extend the termination date to March 2025. The Duke Energy Registrants, excluding Progress Energy, have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder.

The table below includes the current borrowing sublimits and available capacity under these credit facilities.

(in millions)	June 30, 2020							
	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Facility size ^(a)	\$ 8,000	\$ 2,650	\$ 1,500	\$ 1,250	\$ 800	\$ 600	\$ 600	\$ 600
Reduction to backstop issuances								
Commercial paper ^(b)	(2,480)	(1,248)	(389)	(323)	(156)	(79)	(150)	(135)
Outstanding letters of credit	(47)	(40)	(3)	(2)	—	—	—	(2)
Tax-exempt bonds	(81)	—	—	—	—	—	(81)	—
Available capacity under the Master Credit Facility	\$ 5,392	\$ 1,362	\$ 1,108	\$ 925	\$ 644	\$ 521	\$ 369	\$ 463

(a) Represents the sublimit of each borrower.

(b) Duke Energy issued \$625 million of commercial paper and loaned the proceeds through the money pool to Duke Energy Carolinas, Duke Energy Progress, Duke Energy Ohio and Duke Energy Indiana. The balances are classified as Long-Term Debt Payable to Affiliated Companies on the Condensed Consolidated Balance Sheets.

Term Loan Facility

In response to market volatility and ongoing liquidity impacts from COVID-19, in March 2020, Duke Energy (Parent) entered into a \$1.5 billion, 364-day Term Loan Credit Agreement, borrowing the full \$1.5 billion available on March 19, 2020. The term loan contains a provision for increasing the amount available for borrowing by up to \$500 million. Duke Energy (Parent) exercised this provision on March 27, 2020, borrowing an additional \$188 million. Proceeds were used to reduce outstanding commercial paper and for general corporate purposes. Refer to Note 1 for additional information on the COVID-19 pandemic.

FINANCIAL STATEMENTS

DEBT AND CREDIT FACILITIES

Other Credit Facilities

(in millions)	June 30, 2020	
	Facility size	Amount drawn
Duke Energy (Parent) Three-Year Revolving Credit Facility ^(a)	\$ 1,000	\$ 500
Duke Energy Progress Term Loan Facility	700	700

(a) In March 2020, Duke Energy (Parent) drew down the remaining \$500 million. In May 2020, Duke Energy (Parent) repaid \$500 million with proceeds of May 2020 unsecured debt issuance.

6. GOODWILL

Duke Energy

The following table presents the goodwill by reportable segment included on Duke Energy's Condensed Consolidated Balance Sheets at June 30, 2020, and December 31, 2019.

(in millions)	Electric Utilities and Infrastructure		Gas Utilities and Infrastructure		Commercial Renewables	Total
Goodwill balance	\$	17,379	\$	1,924	\$ 122	\$ 19,425
Accumulated impairment charges		—		—	(122)	(122)
Goodwill, adjusted for accumulated impairment charges	\$	17,379	\$	1,924	\$ —	\$ 19,303

Duke Energy Ohio

Duke Energy Ohio's Goodwill balance of \$920 million, allocated \$596 million to Electric Utilities and Infrastructure and \$324 million to Gas Utilities and Infrastructure, is presented net of accumulated impairment charges of \$216 million on the Condensed Consolidated Balance Sheets at June 30, 2020, and December 31, 2019.

Progress Energy

Progress Energy's Goodwill is included in the Electric Utilities and Infrastructure segment and there are no accumulated impairment charges.

Piedmont

Piedmont's Goodwill is included in the Gas Utilities and Infrastructure segment and there are no accumulated impairment charges.

FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

7. RELATED PARTY TRANSACTIONS

The Subsidiary Registrants engage in related party transactions in accordance with applicable state and federal commission regulations. Refer to the Condensed Consolidated Balance Sheets of the Subsidiary Registrants for balances due to or due from related parties. Material amounts related to transactions with related parties included on the Condensed Consolidated Statements of Operations and Comprehensive Income are presented in the following table.

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Duke Energy Carolinas				
Corporate governance and shared service expenses ^(a)	\$ 196	\$ 197	\$ 330	\$ 409
Indemnification coverages ^(b)	5	5	10	10
Joint Dispatch Agreement (JDA) revenue ^(c)	3	17	10	40
JDA expense ^(c)	20	20	44	113
Intercompany natural gas purchases ^(d)	10	3	16	7
Progress Energy				
Corporate governance and shared service expenses ^(a)	\$ 189	\$ 183	\$ 335	\$ 359
Indemnification coverages ^(b)	9	10	18	19
JDA revenue ^(c)	20	20	44	113
JDA expense ^(c)	3	17	10	40
Intercompany natural gas purchases ^(d)	19	19	38	38
Duke Energy Progress				
Corporate governance and shared service expenses ^(a)	\$ 113	\$ 108	\$ 188	\$ 214
Indemnification coverages ^(b)	5	4	9	8
JDA revenue ^(c)	20	20	44	113
JDA expense ^(c)	3	17	10	40
Intercompany natural gas purchases ^(d)	19	19	38	38
Duke Energy Florida				
Corporate governance and shared service expenses ^(a)	\$ 76	\$ 75	\$ 147	\$ 145
Indemnification coverages ^(b)	4	6	9	11
Duke Energy Ohio				
Corporate governance and shared service expenses ^(a)	\$ 77	\$ 83	\$ 161	\$ 168
Indemnification coverages ^(b)	1	1	2	2
Duke Energy Indiana				
Corporate governance and shared service expenses ^(a)	\$ 92	\$ 93	\$ 198	\$ 190
Indemnification coverages ^(b)	2	1	4	3
Piedmont				
Corporate governance and shared service expenses ^(a)	\$ 37	\$ 37	\$ 71	\$ 69
Indemnification coverages ^(b)	—	—	1	1
Intercompany natural gas sales ^(d)	29	22	54	45
Natural gas storage and transportation costs ^(e)	6	6	12	11

- (a) The Subsidiary Registrants are charged their proportionate share of corporate governance and other shared services costs, primarily related to human resources, employee benefits, information technology, legal and accounting fees, as well as other third-party costs. These amounts are primarily recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (b) The Subsidiary Registrants incur expenses related to certain indemnification coverages through Bison, Duke Energy's wholly owned captive insurance subsidiary. These expenses are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (c) Duke Energy Carolinas and Duke Energy Progress participate in a JDA, which allows the collective dispatch of power plants between the service territories to reduce customer rates. Revenues from the sale of power and expenses from the purchase of power pursuant to the JDA are recorded in Operating Revenues and Fuel used in electric generation and purchased power, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (d) Piedmont provides long-term natural gas delivery service to certain Duke Energy Carolinas and Duke Energy Progress natural gas-fired generation facilities. Piedmont records the sales in Operating revenues, and Duke Energy Carolinas and Duke Energy Progress record the related purchases as a component of Fuel used in electric generation and purchased power on their respective Condensed Consolidated Statements of Operations and Comprehensive Income.
- (e) Piedmont has related party transactions as a customer of its equity method investments in Pine Needle LNG Company, LLC, Hardy Storage Company, LLC and Cardinal Pipeline Company, LLC natural gas storage and transportation facilities. These expenses are included in Cost of natural gas on Piedmont's Condensed Consolidated Statements of Operations and Comprehensive Income.

FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

In addition to the amounts presented above, the Subsidiary Registrants have other affiliate transactions, including rental of office space, participation in a money pool arrangement, other operational transactions, such as pipeline lease arrangements, and their proportionate share of certain charged expenses. These transactions of the Subsidiary Registrants are incurred in the ordinary course of business and are eliminated in consolidation.

As discussed in Note 11, certain trade receivables have been sold by Duke Energy Ohio and Duke Energy Indiana to CRC, an affiliate formed by a subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price.

Intercompany Income Taxes

Duke Energy and the Subsidiary Registrants file a consolidated federal income tax return and other state and jurisdictional returns. The Subsidiary Registrants have a tax sharing agreement with Duke Energy for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts the Subsidiary Registrants would incur as separate C-Corporations. The following table includes the balance of intercompany income tax receivables and payables for the Subsidiary Registrants.

(in millions)	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
June 30, 2020							
Intercompany income tax receivable	\$ —	\$ 63	\$ —	\$ —	\$ —	\$ 10	\$ 23
Intercompany income tax payable	19	—	7	51	1	—	—
December 31, 2019							
Intercompany income tax receivable	\$ —	\$ 125	\$ 28	\$ —	\$ 9	\$ 28	\$ 13
Intercompany income tax payable	5	—	—	2	—	—	—

8. DERIVATIVES AND HEDGING

The Duke Energy Registrants use commodity and interest rate contracts to manage commodity price risk and interest rate risk. The primary use of commodity derivatives is to hedge the generation portfolio against changes in the prices of electricity and natural gas. Piedmont enters into natural gas supply contracts to provide diversification, reliability and natural gas cost benefits to its customers. Interest rate derivatives are used to manage interest rate risk associated with borrowings.

All derivative instruments not identified as NPNS are recorded at fair value as assets or liabilities on the Condensed Consolidated Balance Sheets. Cash collateral related to derivative instruments executed under master netting arrangements is offset against the collateralized derivatives on the Condensed Consolidated Balance Sheets. The cash impacts of settled derivatives are recorded as operating activities on the Condensed Consolidated Statements of Cash Flows.

INTEREST RATE RISK

The Duke Energy Registrants are exposed to changes in interest rates as a result of their issuance or anticipated issuance of variable-rate and fixed-rate debt and commercial paper. Interest rate risk is managed by limiting variable-rate exposures to a percentage of total debt and by monitoring changes in interest rates. To manage risk associated with changes in interest rates, the Duke Energy Registrants may enter into interest rate swaps, U.S. Treasury lock agreements and other financial contracts. In anticipation of certain fixed-rate debt issuances, a series of forward-starting interest rate swaps or Treasury locks may be executed to lock in components of current market interest rates. These instruments are later terminated prior to or upon the issuance of the corresponding debt.

Cash Flow Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of accumulated other comprehensive income (loss) for the three and six months ended June 30, 2020, and 2019, were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables business and forward-starting interest rate swaps not accounted for under regulatory accounting.

Undesignated Contracts

Undesignated contracts primarily include contracts not designated as a hedge because they are accounted for under regulatory accounting or contracts that do not qualify for hedge accounting.

Duke Energy's interest rate swaps for its regulated operations employ regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the swaps are deferred as regulatory liabilities or regulatory assets, respectively. Regulatory assets and liabilities are amortized consistent with the treatment of the related costs in the ratemaking process. The accrual of interest on the swaps is recorded as Interest Expense on the Duke Energy Registrant's Condensed Consolidated Statements of Operations and Comprehensive Income.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

The following table shows notional amounts of outstanding derivatives related to interest rate risk.

(in millions)	June 30, 2020					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges	\$ 650	\$ —	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	1,477	400	1,050	1,050	—	27
Total notional amount ^(a)	\$ 2,127	\$ 400	\$ 1,050	\$ 1,050	\$ —	\$ 27

(in millions)	December 31, 2019					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges	\$ 993	\$ —	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	1,277	450	800	250	550	27
Total notional amount ^(a)	\$ 2,270	\$ 450	\$ 800	\$ 250	\$ 550	\$ 27

(a) Duke Energy includes amounts related to consolidated VIEs of \$650 million in cash flow hedges as of June 30, 2020, and \$693 million in cash flow hedges as of December 31, 2019.

COMMODITY PRICE RISK

The Duke Energy Registrants are exposed to the impact of changes in the prices of electricity purchased and sold in bulk power markets and coal and natural gas purchases, including Piedmont's natural gas supply contracts. Exposure to commodity price risk is influenced by a number of factors including the term of contracts, the liquidity of markets and delivery locations. For the Subsidiary Registrants, bulk power electricity and coal and natural gas purchases flow through fuel adjustment clauses, formula-based contracts or other cost-sharing mechanisms. Differences between the costs included in rates and the incurred costs, including undesignated derivative contracts, are largely deferred as regulatory assets or regulatory liabilities. Piedmont policies allow for the use of financial instruments to hedge commodity price risks. The strategy and objective of these hedging programs are to use the financial instruments to reduce natural gas costs volatility for customers.

Volumes

The tables below include volumes of outstanding commodity derivatives. Amounts disclosed represent the absolute value of notional volumes of commodity contracts excluding NPNS. The Duke Energy Registrants have netted contractual amounts where offsetting purchase and sale contracts exist with identical delivery locations and times of delivery. Where all commodity positions are perfectly offset, no quantities are shown.

	June 30, 2020					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Ohio	Duke Energy Indiana
Electricity (GWh)	28,179	—	—	—	4,405	23,774
Natural gas (millions of dekatherms)	707	147	165	165	—	4

	December 31, 2019					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Ohio	Duke Energy Indiana
Electricity (GWh)	15,858	—	—	—	1,887	13,971
Natural gas (millions of dekatherms)	704	130	160	160	—	3

U.S. EQUITY SECURITIES RISK

In May 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of Crystal River Unit 3 with ADP CR3, LLC and ADP SF1, LLC. See Note 3 for additional information on the accelerated decommissioning. Duke Energy Florida executed U.S. equity option collars within the NDTF in May 2019, to preserve the U.S. equity portfolio value in the Duke Energy Florida NDTF in the event the accelerated decommissioning is approved. The Duke Energy Florida NDTF liquidated the options in April 2020, and received proceeds of approximately \$7 million.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

LOCATION AND FAIR VALUE OF DERIVATIVE ASSETS AND LIABILITIES RECOGNIZED ON THE CONDENSED CONSOLIDATED BALANCE SHEETS

The following tables show the fair value and balance sheet location of derivative instruments. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

Derivative Assets				June 30, 2020																					
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont																
(in millions)																									
Commodity Contracts																									
Not Designated as Hedging Instruments																									
Current	\$	20	\$	2	\$	1	\$	1	\$	—	\$	3	\$	10	\$	4									
Noncurrent		7		5		2		2		—		—		—		—									
Total Derivative Assets – Commodity Contracts										\$	27	\$	7	\$	3	\$	3	\$	—	\$	3	\$	10	\$	4
Interest Rate Contracts																									
Not Designated as Hedging Instruments																									
Current	\$	3	\$	—	\$	3	\$	3	\$	—	\$	—	\$	—	\$	—	\$	—							
Noncurrent		2		—		2		2		—		—		—		—		—							
Total Derivative Assets – Interest Rate Contracts										\$	5	\$	—	\$	5	\$	5	\$	—	\$	—	\$	—	\$	—
Total Derivative Assets										\$	32	\$	7	\$	8	\$	8	\$	—	\$	3	\$	10	\$	4
Derivative Liabilities				June 30, 2020																					
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont																
(in millions)																									
Commodity Contracts																									
Not Designated as Hedging Instruments																									
Current	\$	55	\$	29	\$	17	\$	17	\$	—	\$	—	\$	—	\$	1	\$	7							
Noncurrent		138		8		32		16		—		—		—		—		98							
Total Derivative Liabilities – Commodity Contracts										\$	193	\$	37	\$	49	\$	33	\$	—	\$	—	\$	1	\$	105
Interest Rate Contracts																									
Designated as Hedging Instruments																									
Current	\$	14	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—							
Noncurrent		56		—		—		—		—		—		—		—		—							
Not Designated as Hedging Instruments																									
Current		68		20		48		48		—		1		—		—		—							
Noncurrent		30		—		24		24		—		6		—		—		—							
Total Derivative Liabilities – Interest Rate Contracts										\$	168	\$	20	\$	72	\$	72	\$	—	\$	7	\$	—	\$	—
Total Derivative Liabilities										\$	361	\$	57	\$	121	\$	105	\$	—	\$	7	\$	1	\$	105

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Derivative Assets				December 31, 2019												
				Duke				Duke		Duke		Duke		Duke		
				Energy				Energy		Energy		Energy		Energy		
(in millions)				Energy				Progress		Florida		Ohio		Indiana		
Commodity Contracts																
Not Designated as Hedging Instruments																
Current	\$	17	\$	—	\$	—	\$	—	\$	—	\$	3	\$	13	\$	1
Noncurrent		1		—		—		—		—		1		—		—
Total Derivative Assets – Commodity Contracts	\$	18	\$	—	\$	—	\$	—	\$	—	\$	4	\$	13	\$	1
Interest Rate Contracts																
Not Designated as Hedging Instruments																
Current		6		—		6		—		6		—		—		—
Total Derivative Assets – Interest Rate Contracts	\$	6	\$	—	\$	6	\$	—	\$	6	\$	—	\$	—	\$	—
Equity Securities Contracts																
Not Designated as Hedging Instruments																
Current		1		—		1		—		1		—		—		—
Total Derivative Assets – Equity Securities Contracts	\$	1	\$	—	\$	1	\$	—	\$	1	\$	—	\$	—	\$	—
Total Derivative Assets	\$	25	\$	—	\$	7	\$	—	\$	7	\$	4	\$	13	\$	1
Derivative Liabilities				December 31, 2019												
				Duke				Duke		Duke		Duke		Duke		
				Energy				Energy		Energy		Energy		Energy		
(in millions)				Energy				Progress		Florida		Ohio		Indiana		Piedmont
Commodity Contracts																
Not Designated as Hedging Instruments																
Current	\$	67	\$	33	\$	26	\$	26	\$	—	\$	—	\$	1	\$	7
Noncurrent		156		10		37		22		—		—		—		110
Total Derivative Liabilities – Commodity Contracts	\$	223	\$	43	\$	63	\$	48	\$	—	\$	—	\$	1	\$	117
Interest Rate Contracts																
Designated as Hedging Instruments																
Current	\$	19	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Noncurrent		21		—		—		—		—		—		—		—
Not Designated as Hedging Instruments																
Current		8		6		1		1		—		1		—		—
Noncurrent		5		—		—		—		—		5		—		—
Total Derivative Liabilities – Interest Rate Contracts	\$	53	\$	6	\$	1	\$	1	\$	—	\$	6	\$	—	\$	—
Equity Securities Contracts																
Not Designated as Hedging Instruments																
Current		24		—		24		—		24		—		—		—
Total Derivative Liabilities – Equity Securities Contracts	\$	24	\$	—	\$	24	\$	—	\$	24	\$	—	\$	—	\$	—
Total Derivative Liabilities	\$	300	\$	49	\$	88	\$	49	\$	24	\$	6	\$	1	\$	117

OFFSETTING ASSETS AND LIABILITIES

The following tables present the line items on the Condensed Consolidated Balance Sheets where derivatives are reported. Substantially all of Duke Energy's outstanding derivative contracts are subject to enforceable master netting arrangements. The gross amounts offset in the tables below show the effect of these netting arrangements on financial position, and include collateral posted to offset the net position. The amounts shown are calculated by counterparty. Accounts receivable or accounts payable may also be available to offset exposures in the event of bankruptcy. These amounts are not included in the tables below.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Derivative Assets				June 30, 2020												
		Duke	Duke	Progress	Duke	Duke	Duke	Duke								
		Energy	Energy	Energy	Energy	Energy	Energy	Energy								
(in millions)		Energy	Carolinas	Energy	Progress	Florida	Ohio	Indiana	Piedmont							
Current																
Gross amounts recognized	\$	23	\$	2	\$	4	\$	4	\$	—	\$	3	\$	10	\$	4
Gross amounts offset		(3)		(2)		(1)		(1)		—		—		—		—
Net amounts presented in Current Assets: Other	\$	20	\$	—	\$	3	\$	3	\$	—	\$	3	\$	10	\$	4
Noncurrent																
Gross amounts recognized	\$	9	\$	5	\$	4	\$	4	\$	—	\$	—	\$	—	\$	—
Gross amounts offset		(4)		(2)		(2)		(2)		—		—		—		—
Net amounts presented in Other Noncurrent Assets: Other	\$	5	\$	3	\$	2	\$	2	\$	—	\$	—	\$	—	\$	—
Derivative Liabilities										June 30, 2020						
		Duke	Duke	Progress	Duke	Duke	Duke	Duke								
		Energy	Energy	Energy	Energy	Energy	Energy	Energy								
(in millions)		Energy	Carolinas	Energy	Progress	Florida	Ohio	Indiana	Piedmont							
Current																
Gross amounts recognized	\$	137	\$	49	\$	65	\$	65	\$	—	\$	1	\$	1	\$	7
Gross amounts offset		(3)		(2)		(1)		(1)		—		—		—		—
Net amounts presented in Current Liabilities: Other	\$	134	\$	47	\$	64	\$	64	\$	—	\$	1	\$	1	\$	7
Noncurrent																
Gross amounts recognized	\$	224	\$	8	\$	56	\$	40	\$	—	\$	6	\$	—	\$	98
Gross amounts offset		(4)		(2)		(2)		(2)		—		—		—		—
Net amounts presented in Other Noncurrent Liabilities: Other	\$	220	\$	6	\$	54	\$	38	\$	—	\$	6	\$	—	\$	98
Derivative Assets										December 31, 2019						
		Duke	Duke	Progress	Duke	Duke	Duke	Duke								
		Energy	Energy	Energy	Energy	Energy	Energy	Energy								
(in millions)		Energy	Carolinas	Energy	Progress	Florida	Ohio	Indiana	Piedmont							
Current																
Gross amounts recognized	\$	24	\$	—	\$	7	\$	—	\$	7	\$	3	\$	13	\$	1
Gross amounts offset		(1)		—		(1)		—		(1)		—		—		—
Net amounts presented in Current Assets: Other	\$	23	\$	—	\$	6	\$	—	\$	6	\$	3	\$	13	\$	1
Noncurrent																
Gross amounts recognized	\$	1	\$	—	\$	—	\$	—	\$	—	\$	1	\$	—	\$	—
Gross amounts offset		—		—		—		—		—		—		—		—
Net amounts presented in Other Noncurrent Assets: Other	\$	1	\$	—	\$	—	\$	—	\$	—	\$	1	\$	—	\$	—

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Derivative Liabilities				December 31, 2019												
			Duke			Duke		Duke		Duke		Duke				
(in millions)	Duke		Energy		Progress		Energy		Energy		Energy		Energy			
	Energy		Carolinas		Energy		Progress		Florida		Ohio		Indiana			
													Piedmont			
Current																
Gross amounts recognized	\$	118	\$	39	\$	51	\$	27	\$	24	\$	1	\$	1	\$	7
Gross amounts offset		(24)		—		(24)		—		(24)		—		—		—
Net amounts presented in Current Liabilities: Other	\$	94	\$	39	\$	27	\$	27	\$	—	\$	1	\$	1	\$	7
Noncurrent																
Gross amounts recognized	\$	182	\$	10	\$	37	\$	22	\$	—	\$	5	\$	—	\$	110
Gross amounts offset		—		—		—		—		—		—		—		—
Net amounts presented in Other Noncurrent Liabilities: Other	\$	182	\$	10	\$	37	\$	22	\$	—	\$	5	\$	—	\$	110

OBJECTIVE CREDIT CONTINGENT FEATURES

Certain derivative contracts contain objective credit contingent features. These features include the requirement to post cash collateral or letters of credit if specific events occur, such as a credit rating downgrade below investment grade. The following tables show information with respect to derivative contracts that are in a net liability position and contain objective credit-risk-related payment provisions.

June 30, 2020				
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	\$ 63	\$ 29	\$ 34	\$ 34
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	63	29	34	34

December 31, 2019				
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	\$ 79	\$ 35	\$ 44	\$ 44
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	79	35	44	44

The Duke Energy Registrants have elected to offset cash collateral and fair values of derivatives. For amounts to be netted, the derivative and cash collateral must be executed with the same counterparty under the same master netting arrangement.

9. INVESTMENTS IN DEBT AND EQUITY SECURITIES

Duke Energy's investments in debt and equity securities are primarily comprised of investments held in (i) the NDTF at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, (ii) the grantor trusts at Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana related to OPEB plans and (iii) Bison. The Duke Energy Registrants classify investments in debt securities as AFS and investments in equity securities as fair value through net income (FV-NI).

For investments in debt securities classified as AFS, the unrealized gains and losses are included in other comprehensive income until realized, at which time they are reported through net income. For investments in equity securities classified as FV-NI, both realized and unrealized gains and losses are reported through net income. Substantially all of Duke Energy's investments in debt and equity securities qualify for regulatory accounting, and accordingly, all associated realized and unrealized gains and losses on these investments are deferred as a regulatory asset or liability.

Duke Energy classifies the majority of investments in debt and equity securities as long term, unless otherwise noted.

Investment Trusts

The investments within the Investment Trusts are managed by independent investment managers with discretion to buy, sell and invest pursuant to the objectives set forth by the investment manager agreements and trust agreements. The Duke Energy Registrants have limited oversight of the day-to-day management of these investments. As a result, the ability to hold investments in unrealized loss positions is outside the control of the Duke Energy Registrants. Accordingly, all unrealized losses associated with debt securities within the Investment Trusts are recognized immediately and deferred to regulatory accounts where appropriate.

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment has a credit loss. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value is related to a credit loss. If a credit loss exists, the unrealized credit loss is included in earnings. There were no material credit losses as of June 30, 2020, and December 31, 2019.

Other Investments amounts are recorded in Other within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

DUKE ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	June 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 731	\$ —	\$ —	\$ 101
Equity securities	3,034	92	5,039	3,523	55	5,661
Corporate debt securities	66	2	806	37	1	603
Municipal bonds	18	1	417	13	—	368
U.S. government bonds	62	—	813	33	1	1,256
Other debt securities	9	1	194	3	—	141
Total NDTF Investments	\$ 3,189	\$ 96	\$ 8,000	\$ 3,609	\$ 57	\$ 8,130
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 113	\$ —	\$ —	\$ 52
Equity securities	51	—	116	57	—	122
Corporate debt securities	8	—	125	3	—	67
Municipal bonds	5	1	103	4	—	94
U.S. government bonds	3	—	40	2	—	41
Other debt securities	1	1	34	—	—	56
Total Other Investments	\$ 68	\$ 2	\$ 531	\$ 66	\$ —	\$ 432
Total Investments	\$ 3,257	\$ 98	\$ 8,531	\$ 3,675	\$ 57	\$ 8,562

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
FV-NI:				
Realized gains	\$ 302	\$ 66	\$ 325	\$ 101
Realized losses	67	63	132	93
AFS:				
Realized gains	27	47	47	57
Realized losses	13	36	19	47

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY CAROLINAS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	June 30, 2020			December 31, 2019		
	Gross	Gross	Estimated Fair Value	Gross	Gross	Estimated Fair Value
	Unrealized	Unrealized		Unrealized	Unrealized	
	Holding	Holding		Holding	Holding	
	Gains	Losses		Gains	Losses	
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 30	\$ —	\$ —	\$ 21
Equity securities	1,796	47	2,989	1,914	8	3,154
Corporate debt securities	41	2	519	21	1	361
Municipal bonds	6	—	133	3	—	96
U.S. government bonds	30	—	399	16	1	578
Other debt securities	7	1	188	3	—	137
Total NDTF Investments	\$ 1,880	\$ 50	\$ 4,258	\$ 1,957	\$ 10	\$ 4,347

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
FV-NI:				
Realized gains	\$ 27	\$ 44	\$ 36	\$ 67
Realized losses	25	48	70	69
AFS:				
Realized gains	18	16	30	25
Realized losses	8	11	13	21

PROGRESS ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

	June 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
(in millions)						
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 701	\$ —	\$ —	\$ 80
Equity securities	1,238	45	2,050	1,609	47	2,507
Corporate debt securities	25	—	287	16	—	242
Municipal bonds	12	1	284	10	—	272
U.S. government bonds	32	—	414	17	—	678
Other debt securities	2	—	6	—	—	4
Total NDTF Investments	\$ 1,309	\$ 46	\$ 3,742	\$ 1,652	\$ 47	\$ 3,783
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 108	\$ —	\$ —	\$ 49
Municipal bonds	4	—	52	3	—	51
Total Other Investments	\$ 4	\$ —	\$ 160	\$ 3	\$ —	\$ 100
Total Investments	\$ 1,313	\$ 46	\$ 3,902	\$ 1,655	\$ 47	\$ 3,883

FINANCIAL STATEMENTS INVESTMENTS IN DEBT AND EQUITY SECURITIES

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
FV-NI:				
Realized gains	\$ 275	\$ 22	\$ 289	\$ 34
Realized losses	42	15	62	24
AFS:				
Realized gains	6	30	11	31
Realized losses	4	25	5	26

DUKE ENERGY PROGRESS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	June 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 63	\$ —	\$ —	\$ 53
Equity securities	1,176	45	1,977	1,258	21	2,077
Corporate debt securities	25	—	287	16	—	242
Municipal bonds	12	1	284	10	—	272
U.S. government bonds	32	—	414	16	—	403
Other debt securities	2	—	6	—	—	4
Total NDTF Investments	\$ 1,247	\$ 46	\$ 3,031	\$ 1,300	\$ 21	\$ 3,051
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 2
Total Other Investments	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 2
Total Investments	\$ 1,247	\$ 46	\$ 3,032	\$ 1,300	\$ 21	\$ 3,053

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
FV-NI:				
Realized gains	\$ 26	\$ 7	\$ 40	\$ 17
Realized losses	27	7	47	15
AFS:				
Realized gains	6	1	11	2
Realized losses	4	1	5	2

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY FLORIDA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

	June 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
(in millions)						
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 638	\$ —	\$ —	\$ 27
Equity securities	62	—	73	351	26	430
U.S. government bonds	—	—	—	1	—	275
Total NDTF Investments ^(a)	\$ 62	\$ —	\$ 711	\$ 352	\$ 26	\$ 732
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 4
Municipal bonds	4	—	52	3	—	51
Total Other Investments	\$ 4	\$ —	\$ 54	\$ 3	\$ —	\$ 55
Total Investments	\$ 66	\$ —	\$ 765	\$ 355	\$ 26	\$ 787

(a) During the six months ended June 30, 2020, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of Crystal River Unit 3.

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
FV-NI:				
Realized gains	\$ 249	\$ 15	\$ 249	\$ 17
Realized losses	15	8	15	9
AFS:				
Realized gains	—	29	—	29
Realized losses	—	24	—	24

DUKE ENERGY INDIANA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are measured at FV-NI and debt investments are classified as AFS.

	June 30, 2020			December 31, 2019		
	Gross Unrealized Holding	Gross Unrealized Holding	Estimated Fair Value	Gross Unrealized Holding	Gross Unrealized Holding	Estimated Fair Value
(in millions)	Gains	Losses		Gains	Losses	
Investments						
Equity securities	\$ 39	\$ —	\$ 77	\$ 43	\$ —	\$ 81
Corporate debt securities	—	—	3	—	—	6
Municipal bonds	1	1	39	1	—	36
U.S. government bonds	—	—	3	—	—	2
Total Investments	\$ 40	\$ 1	\$ 122	\$ 44	\$ —	\$ 125

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2020, and 2019, were immaterial.

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DEBT SECURITY MATURITIES

The table below summarizes the maturity date for debt securities.

June 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	
Due in one year or less	\$ 63	\$ 19	\$ 30	\$ 28	\$ 2	\$ 3	
Due after one through five years	563	254	244	235	9	15	
Due after five through 10 years	587	270	226	219	7	9	
Due after 10 years	1,319	696	543	509	34	18	
Total	\$ 2,532	\$ 1,239	\$ 1,043	\$ 991	\$ 52	\$ 45	

10. FAIR VALUE MEASUREMENTS

Fair value is the exchange price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The fair value definition focuses on an exit price versus the acquisition cost. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, corroborated by market data or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

Fair value measurements are classified in three levels based on the fair value hierarchy as defined by GAAP. Certain investments are not categorized within the fair value hierarchy. These investments are measured at fair value using the net asset value (NAV) per share practical expedient. The NAV is derived based on the investment cost, less any impairment, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

Fair value accounting guidance permits entities to elect to measure certain financial instruments that are not required to be accounted for at fair value, such as equity method investments or the company's own debt, at fair value. The Duke Energy Registrants have not elected to record any of these items at fair value.

Valuation methods of the primary fair value measurements disclosed below are as follows.

Investments in equity securities

The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market as of the last business day of the quarter. Principal active markets for equity prices include published exchanges such as the New York Stock Exchange and Nasdaq Stock Market. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market. There was no after-hours market activity that was required to be reflected in the reported fair value measurements.

Investments in debt securities

Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. If the market for a particular fixed-income security is relatively inactive or illiquid, the measurement is Level 3.

Commodity derivatives

Commodity derivatives with clearinghouses are classified as Level 1. If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. In isolation, increases (decreases) in natural gas forward prices result in favorable (unfavorable) fair value adjustments for natural gas purchase contracts; and increases (decreases) in electricity forward prices result in unfavorable (favorable) fair value adjustments for electricity sales contracts. Duke Energy regularly evaluates and validates pricing inputs used to estimate the fair value of natural gas commodity contracts by a market participant price verification procedure. This procedure provides a comparison of internal forward commodity curves to market participant generated curves.

Interest rate derivatives

Most over-the-counter interest rate contract derivatives are valued using financial models that utilize observable inputs for similar instruments and are classified as Level 2. Inputs include forward interest rate curves, notional amounts, interest rates and credit quality of the counterparties.

Other fair value considerations

See Note 12 in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019, for a discussion of the valuation of goodwill and intangible assets.

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets. Derivative amounts in the tables below for all Duke Energy Registrants exclude cash collateral, which is disclosed in Note 8. See Note 9 for additional information related to investments by major security type for the Duke Energy Registrants.

(in millions)	June 30, 2020				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF cash and cash equivalents	\$ 731	\$ 731	\$ —	\$ —	\$ —
NDTF equity securities	5,039	4,991	—	—	48
NDTF debt securities	2,230	336	1,894	—	—
Other equity securities	116	116	—	—	—
Other debt securities	302	36	266	—	—
Other cash and cash equivalents	113	113	—	—	—
Derivative assets	32	4	15	13	—
Total assets	8,563	6,327	2,175	13	48
Derivative liabilities	(361)	(1)	(255)	(105)	—
Net assets (liabilities)	\$ 8,202	\$ 6,326	\$ 1,920	\$ (92)	\$ 48

(in millions)	December 31, 2019				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF cash and cash equivalents	\$ 101	\$ 101	\$ —	\$ —	\$ —
NDTF equity securities	5,684	5,633	—	—	51
NDTF debt securities	2,368	725	1,643	—	—
Other equity securities	122	122	—	—	—
Other debt securities	258	39	219	—	—
Other cash and cash equivalents	52	52	—	—	—
Derivative assets	25	3	7	15	—
Total assets	8,610	6,675	1,869	15	51
NDTF equity security contracts	(23)	—	(23)	—	—
Derivative liabilities	(277)	(15)	(145)	(117)	—
Net assets (liabilities)	\$ 8,310	\$ 6,660	\$ 1,701	\$ (102)	\$ 51

The following tables provide reconciliations of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Balance at beginning of period	\$ (88)	\$ (115)	\$ (102)	\$ (113)
Purchases, sales, issuances and settlements:				
Purchases	14	38	14	38
Settlements	(6)	(11)	(15)	(23)
Total (losses) gains included on the Condensed Consolidated Balance Sheet	(12)	9	11	19
Balance at end of period	\$ (92)	\$ (79)	\$ (92)	\$ (79)

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY CAROLINAS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2020			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF cash and cash equivalents	\$ 30	\$ 30	\$ —	\$ —
NDTF equity securities	2,989	2,941	—	48
NDTF debt securities	1,239	125	1,114	—
Derivative assets	7	—	7	—
Total assets	4,265	3,096	1,121	48
Derivative liabilities	(57)	—	(57)	—
Net assets	\$ 4,208	\$ 3,096	\$ 1,064	\$ 48

(in millions)	December 31, 2019			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF cash and cash equivalents	\$ 21	\$ 21	\$ —	\$ —
NDTF equity securities	3,154	3,103	—	51
NDTF debt securities	1,172	206	966	—
Total assets	4,347	3,330	966	51
Derivative liabilities	(49)	—	(49)	—
Net assets	\$ 4,298	\$ 3,330	\$ 917	\$ 51

PROGRESS ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF cash and cash equivalents	\$ 701	\$ 701	\$ —	\$ 80	\$ 80	\$ —
NDTF equity securities	2,050	2,050	—	2,530	2,530	—
NDTF debt securities	991	211	780	1,196	519	677
Other debt securities	52	—	52	51	—	51
Other cash and cash equivalents	108	108	—	49	49	—
Derivative assets	8	—	8	7	—	7
Total assets	3,910	3,070	840	3,913	3,178	735
NDTF equity security contracts	—	—	—	(23)	—	(23)
Derivative liabilities	(121)	—	(121)	(65)	—	(65)
Net assets	\$ 3,789	\$ 3,070	\$ 719	\$ 3,825	\$ 3,178	\$ 647

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY PROGRESS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NTDF cash and cash equivalents	\$ 63	\$ 63	\$ —	\$ 53	\$ 53	\$ —
NTDF equity securities	1,977	1,977	—	2,077	2,077	—
NTDF debt securities	991	211	780	921	244	677
Other cash and cash equivalents	1	1	—	2	2	—
Derivative assets	8	—	8	—	—	—
Total assets	3,040	2,252	788	3,053	2,376	677
Derivative liabilities	(105)	—	(105)	(49)	—	(49)
Net assets	\$ 2,935	\$ 2,252	\$ 683	\$ 3,004	\$ 2,376	\$ 628

DUKE ENERGY FLORIDA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NTDF cash and cash equivalents	\$ 638	\$ 638	\$ —	\$ 27	\$ 27	\$ —
NTDF equity securities	73	73	—	453	453	—
NTDF debt securities	—	—	—	275	275	—
Other debt securities	52	—	52	51	—	51
Other cash and cash equivalents	2	2	—	4	4	—
Derivative assets	—	—	—	7	—	7
Total assets	765	713	52	817	759	58
NTDF equity security contracts	—	—	—	(23)	—	(23)
Derivative liabilities	—	—	—	(1)	—	(1)
Net assets	\$ 765	\$ 713	\$ 52	\$ 793	\$ 759	\$ 34

DUKE ENERGY OHIO

The recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets were not material at June 30, 2020, and December 31, 2019.

DUKE ENERGY INDIANA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2020				December 31, 2019			
	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	\$ 77	\$ 77	\$ —	\$ —	\$ 81	\$ 81	\$ —	\$ —
Other debt securities	45	—	45	—	44	—	44	—
Derivative assets	10	—	—	10	13	2	—	11
Total assets	\$ 132	\$ 77	\$ 45	\$ 10	\$ 138	\$ 83	\$ 44	\$ 11
Derivative liabilities	(1)	(1)	—	—	(1)	(1)	—	—
Net assets	\$ 131	\$ 76	\$ 45	\$ 10	\$ 137	\$ 82	\$ 44	\$ 11

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Balance at beginning of period	\$ 2	\$ 5	\$ 11	\$ 22
Purchases, sales, issuances and settlements:				
Purchases	10	29	10	29
Settlements	(4)	(9)	(10)	(19)
Total gains (losses) included on the Condensed Consolidated Balance Sheet	2	3	(1)	(4)
Balance at end of period	\$ 10	\$ 28	\$ 10	\$ 28

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The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 3	Total Fair Value	Level 1	Level 3
Derivative assets	\$ 4	\$ 4	\$ —	\$ 1	\$ 1	\$ —
Derivative liabilities	(105)	—	(105)	(117)	—	(117)
Net (liabilities) assets	\$ (101)	\$ 4	\$ (105)	\$ (116)	\$ 1	\$ (117)

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Balance at beginning of period	\$ (91)	\$ (121)	\$ (117)	\$ (141)
Total gains and settlements	(14)	7	12	27
Balance at end of period	\$ (105)	\$ (114)	\$ (105)	\$ (114)

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

QUANTITATIVE INFORMATION ABOUT UNOBSERVABLE INPUTS

The following tables include quantitative information about the Duke Energy Registrants' derivatives classified as Level 3.

June 30, 2020					
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy Ohio					
FTRs	\$ 3	RTO auction pricing	FTR price – per MWh	\$ 0.23 - \$ 1.45	\$ 0.69
Duke Energy Indiana					
FTRs	10	RTO auction pricing	FTR price – per MWh	(1.03) - 6.19	0.71
Piedmont					
Natural gas contracts	(105)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.73 - 2.39	2.01
Duke Energy					
Total Level 3 derivatives	\$ (92)				

December 31, 2019					
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy Ohio					
FTRs	\$ 4	RTO auction pricing	FTR price – per MWh	\$ 0.59 - \$ 3.47	\$ 2.07
Duke Energy Indiana					
FTRs	11	RTO auction pricing	FTR price – per MWh	(0.66) - 9.24	1.15
Piedmont					
Natural gas contracts	(117)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.59 - 2.46	1.91
Duke Energy					
Total Level 3 derivatives	\$ (102)				

OTHER FAIR VALUE DISCLOSURES

The fair value and book value of long-term debt, including current maturities, is summarized in the following table. Estimates determined are not necessarily indicative of amounts that could have been settled in current markets. Fair value of long-term debt uses Level 2 measurements.

(in millions)	June 30, 2020		December 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
Duke Energy ^(a)	\$ 59,899	\$ 68,428	\$ 58,126	\$ 63,062
Duke Energy Carolinas	12,521	15,046	11,900	13,516
Progress Energy	19,604	23,476	19,634	22,291
Duke Energy Progress	9,063	10,506	9,058	9,934
Duke Energy Florida	7,951	9,655	7,987	9,131
Duke Energy Ohio	3,019	3,551	2,619	2,964
Duke Energy Indiana	4,603	5,617	4,057	4,800
Piedmont	2,779	3,289	2,384	2,642

(a) Book value of long-term debt includes \$1.4 billion at June 30, 2020, and \$1.5 billion at December 31, 2019, of unamortized debt discount and premium, net of purchase accounting adjustments related to the mergers with Progress Energy and Piedmont that are excluded from fair value of long-term debt.

At both June 30, 2020, and December 31, 2019, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper and nonrecourse notes payable of VIEs are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

FINANCIAL STATEMENTS

VARIABLE INTEREST ENTITIES

11. VARIABLE INTEREST ENTITIES

CONSOLIDATED VIES

The obligations of the consolidated VIEs discussed in the following paragraphs are nonrecourse to the Duke Energy Registrants. The registrants have no requirement to provide liquidity to, purchase assets of or guarantee performance of these VIEs unless noted in the following paragraphs.

No financial support was provided to any of the consolidated VIEs during the six months ended June 30, 2020, and the year ended December 31, 2019, or is expected to be provided in the future that was not previously contractually required.

Receivables Financing – DERF/DEPR/DEFR

DERF, DEPR and DEFR are bankruptcy remote, special purpose subsidiaries of Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, respectively. DERF, DEPR and DEFR are wholly owned LLCs with separate legal existence from their parent companies, and their assets are not generally available to creditors of their parent companies. On a revolving basis, DERF, DEPR and DEFR buy certain accounts receivable arising from the sale of electricity and related services from their parent companies.

DERF, DEPR and DEFR borrow amounts under credit facilities to buy these receivables. Borrowing availability from the credit facilities is limited to the amount of qualified receivables purchased which generally exclude receivables past due more than a predetermined number of days and reserves for expected past-due balances. The sole source of funds to satisfy the related debt obligations is cash collections from the receivables. Amounts borrowed under the credit facilities for DERF and DEPR are reflected on the Condensed Consolidated Balance Sheets as Long-Term Debt. Amounts borrowed under the credit facilities for DEFR are reflected on the Condensed Consolidated Balance Sheets as Current maturities of long-term debt.

Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. The full impact of COVID-19 and the Duke Energy Registrant's related response on customers' ability to pay for service is uncertain. However, the level of past-due receivables at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida have increased significantly during the COVID-19 pandemic, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. In the second quarter of 2020, DERF, DEPR and DEFR executed amendments to their credit facilities to manage the impact of past-due receivables resulting from the suspension of customer disconnections from COVID-19. See Note 3 for information about COVID-19 filings with state utility commissions.

The most significant activity that impacts the economic performance of DERF, DEPR and DEFR are the decisions made to manage delinquent receivables. Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida are considered the primary beneficiaries and consolidate DERF, DEPR and DEFR, respectively, as they make those decisions.

Receivables Financing – CRC

CRC is a bankruptcy remote, special purpose entity indirectly owned by Duke Energy. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Ohio and Duke Energy Indiana. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Ohio and Duke Energy Indiana. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC which generally exclude receivables past due more than a predetermined number of days and reserves for expected past-due balances. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables. Amounts borrowed under the credit facility are reflected on Duke Energy's Condensed Consolidated Balance Sheets as Long-Term Debt.

The proceeds Duke Energy Ohio and Duke Energy Indiana receive from the sale of receivables to CRC are approximately 75% cash and 25% in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Depending on collection experience, additional equity infusions to CRC may be required by Duke Energy to maintain a minimum equity balance of \$3 million.

Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. The full impact of COVID-19 and the Duke Energy Registrant's related response on customers' ability to pay for service is uncertain. However, the level of past-due receivables at Duke Energy Ohio and Duke Energy Indiana have increased significantly during the COVID-19 pandemic, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. In July of 2020, CRC executed an amendment to its credit facility to manage the impact of past-due receivables resulting from the suspension of customer disconnections from COVID-19. See Note 3 for information about COVID-19 filings with state utility commissions.

CRC is considered a VIE because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact the economic performance of the entity is not held by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy is considered the primary beneficiary and consolidates CRC as it makes these decisions. Neither Duke Energy Ohio nor Duke Energy Indiana consolidate CRC.

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VARIABLE INTEREST ENTITIES

Receivables Financing – Credit Facilities

The following table summarizes the amounts and expiration dates of the credit facilities and associated restricted receivables described above.

(in millions)	Duke Energy			
	CRC	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
		DERF	DEPR	DEFR
Expiration date	February 2023	December 2022	April 2023	April 2021
Credit facility amount	\$ 350	\$ 475	\$ 350	\$ 250
Amounts borrowed at June 30, 2020	350	475	333	250
Amounts borrowed at December 31, 2019	350	474	325	250
Restricted Receivables at June 30, 2020	454	675	451	463
Restricted Receivables at December 31, 2019	522	642	489	336

Nuclear Asset-Recovery Bonds – DEFPF

DEFPF is a bankruptcy remote, wholly owned special purpose subsidiary of Duke Energy Florida. DEFPF was formed in 2016 for the sole purpose of issuing nuclear asset-recovery bonds to finance Duke Energy Florida's unrecovered regulatory asset related to Crystal River Unit 3.

In 2016, DEFPF issued senior secured bonds and used the proceeds to acquire nuclear asset-recovery property from Duke Energy Florida. The nuclear asset-recovery property acquired includes the right to impose, bill, collect and adjust a non-bypassable nuclear asset-recovery charge from all Duke Energy Florida retail customers until the bonds are paid in full and all financing costs have been recovered. The nuclear asset-recovery bonds are secured by the nuclear asset-recovery property and cash collections from the nuclear asset-recovery charges are the sole source of funds to satisfy the debt obligation. The bondholders have no recourse to Duke Energy Florida.

DEFPF is considered a VIE primarily because the equity capitalization is insufficient to support its operations. Duke Energy Florida has the power to direct the significant activities of the VIE as described above and therefore Duke Energy Florida is considered the primary beneficiary and consolidates DEFPF.

The following table summarizes the impact of DEFPF on Duke Energy Florida's Condensed Consolidated Balance Sheets.

(in millions)	June 30, 2020	December 31, 2019
Receivables of VIEs	\$ 6	\$ 5
Regulatory Assets: Current	53	52
Current Assets: Other	32	39
Other Noncurrent Assets: Regulatory assets	969	989
Current Liabilities: Other	10	10
Current maturities of long-term debt	54	54
Long-Term Debt	1,028	1,057

Commercial Renewables

Certain of Duke Energy's renewable energy facilities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Assets are restricted and cannot be pledged as collateral or sold to third parties without prior approval of debt holders. Additionally, Duke Energy has VIEs associated with tax equity arrangements entered into with third-party investors in order to finance the cost of renewable assets eligible for tax credits. The activities that most significantly impacted the economic performance of these renewable energy facilities were decisions associated with siting, negotiating PPAs and Engineering, Procurement and Construction agreements, and decisions associated with ongoing operations and maintenance-related activities. Duke Energy is considered the primary beneficiary and consolidates the entities as it is responsible for all of these decisions.

The table below presents material balances reported on Duke Energy's Condensed Consolidated Balance Sheets related to Commercial Renewables VIEs.

(in millions)	June 30, 2020	December 31, 2019
Current Assets: Other	\$ 228	\$ 203
Property, Plant and Equipment: Cost	6,198	5,747
Accumulated depreciation and amortization	(1,145)	(1,041)
Other Noncurrent Assets: Other	75	106
Current maturities of long-term debt	158	162
Long-Term Debt	1,457	1,541
Other Noncurrent Liabilities: AROs	144	127
Other Noncurrent Liabilities: Other	251	228

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VARIABLE INTEREST ENTITIES

NON-CONSOLIDATED VIES

The following tables summarize the impact of non-consolidated VIEs on the Condensed Consolidated Balance Sheets.

	June 30, 2020						
	Duke Energy				Duke Energy	Duke Energy	
(in millions)	Pipeline Investments	Commercial Renewables	Other VIEs	Total	Ohio	Indiana	
Receivables from affiliated companies	\$ —	\$ (1)	\$ —	\$ (1)	\$ 34	\$ 49	
Investments in equity method unconsolidated affiliates	—	413	1	414	—	—	
Deferred tax asset	439	—	—	439	—	—	
Total assets	\$ 439	\$ 412	\$ 1	\$ 852	\$ 34	\$ 49	
Taxes accrued	9	—	—	9	—	—	
Other current liabilities	920	—	4	924	—	—	
Other noncurrent liabilities	—	—	10	10	—	—	
Total liabilities	\$ 929	\$ —	\$ 14	\$ 943	\$ —	\$ —	
Net (liabilities) assets	\$ (490)	\$ 412	\$ (13)	\$ (91)	\$ 34	\$ 49	

	December 31, 2019						
	Duke Energy				Duke Energy	Duke Energy	
(in millions)	Pipeline Investments	Commercial Renewables	Other VIEs	Total	Ohio	Indiana	
Receivables from affiliated companies	\$ —	\$ (1)	\$ —	\$ (1)	\$ 64	\$ 77	
Investments in equity method unconsolidated affiliates	1,179	300	—	1,479	—	—	
Total assets	\$ 1,179	\$ 299	\$ —	\$ 1,478	\$ 64	\$ 77	
Taxes accrued	(1)	—	—	(1)	—	—	
Other current liabilities	—	—	4	4	—	—	
Deferred income taxes	59	—	—	59	—	—	
Other noncurrent liabilities	—	—	11	11	—	—	
Total liabilities	\$ 58	\$ —	\$ 15	\$ 73	\$ —	\$ —	
Net assets (liabilities)	\$ 1,121	\$ 299	\$ (15)	\$ 1,405	\$ 64	\$ 77	

The Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above except for the PPA with OVEC, which is discussed below, and future exit costs associated with the abandonment of the investment in ACP, as discussed below.

Pipeline Investments

Duke Energy has investments in various joint ventures to construct and operate pipeline projects. These entities are considered VIEs due to having insufficient equity to finance their own activities without subordinated financial support. Duke Energy does not have the power to direct the activities that most significantly impact the economic performance, the obligation to absorb losses or the right to receive benefits of these VIEs and therefore does not consolidate these entities.

On July 5, 2020, Duke Energy determined that it would no longer invest in the construction of the ACP pipeline. See Notes 1, 3 and 4 for further information regarding this transaction.

For the three and six months ended June 30, 2020, the ACP investment is considered a significant subsidiary because its income exceeds 20% of Duke Energy's income. The table below presents unaudited summarized financial information for ACP.

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net (Loss) Income	\$ (4,414)	\$ 61	\$ (4,342)	\$ 114

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VARIABLE INTEREST ENTITIES

The table below presents Duke Energy's ownership interest and investment balances in these joint ventures.

Entity Name	Ownership Interest	VIE Investment Amount (in millions)	
		June 30, 2020	December 31, 2019
ACP ^(a)	47%	\$ (920)	\$ 1,179
Constitution ^(b)	24%	—	—
Total		\$ (920)	\$ 1,179

- (a) During the quarter ended June 30, 2020, Duke Energy abandoned its investment in ACP as described above. The current liability related to the abandonment of ACP represents Duke Energy's obligation to fund ACP's obligations. See Notes 1, 3 and 4 for more information.
- (b) During the year ended December 31, 2019, Duke Energy recorded an other-than-temporary impairment related to Constitution. This charge resulted in the full write-down of Duke Energy's investment in Constitution.

Commercial Renewables

Duke Energy has investments in various renewable energy project entities. Some of these entities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Duke Energy does not consolidate these VIEs because power to direct and control key activities is shared jointly by Duke Energy and other owners.

Other

In 2019, Duke Energy acquired a majority ownership in a portfolio of distributed fuel cell projects from Bloom Energy Corporation. Duke Energy is not the primary beneficiary of the assets within the portfolio and does not consolidate the assets in the portfolio.

OVEC

Duke Energy Ohio's 9% ownership interest in OVEC is considered a non-consolidated VIE due to OVEC having insufficient equity to finance its activities without subordinated financial support. The activities that most significantly impact OVEC's economic performance include fuel strategy and supply activities and decisions associated with ongoing operations and maintenance-related activities. Duke Energy Ohio does not have the unilateral power to direct these activities, and therefore, does not consolidate OVEC.

As a counterparty to an Inter-Company Power Agreement (ICPA), Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in OVEC's cost of business. On March 31, 2018, FirstEnergy Solutions Corp (FES), a subsidiary of FirstEnergy Corp. and an ICPA counterparty with a power participation ratio of 4.85%, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. In addition, certain proposed environmental rulemaking could result in future increased OVEC cost allocations. In July 2020, legislation was proposed to repeal HB 6. Duke Energy cannot predict the outcome in this matter. See Note 3 for additional information.

CRC

See discussion under Consolidated VIEs for additional information related to CRC.

Amounts included in Receivables from affiliated companies in the above table for Duke Energy Ohio and Duke Energy Indiana reflect their retained interest in receivables sold to CRC. These subordinated notes held by Duke Energy Ohio and Duke Energy Indiana are stated at fair value.

The following table shows the gross and net receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Receivables sold	\$ 221	\$ 253	\$ 280	\$ 307
Less: Retained interests	34	64	49	77
Net receivables sold	\$ 187	\$ 189	\$ 231	\$ 230

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VARIABLE INTEREST ENTITIES

The following table shows sales and cash flows related to receivables sold.

(in millions)	Duke Energy Ohio				Duke Energy Indiana			
	Three Months Ended		Six Months Ended		Three Months Ended		Six Months Ended	
	June 30,		June 30,		June 30,		June 30,	
	2020	2019	2020	2019	2020	2019	2020	2019
Sales								
Receivables sold	\$ 429	\$ 429	\$ 966	\$ 1,004	\$ 583	\$ 676	\$ 1,230	\$ 1,410
Loss recognized on sale	2	3	6	7	2	4	6	9
Cash flows								
Cash proceeds from receivables sold	\$ 431	\$ 448	\$ 990	\$ 1,045	\$ 580	\$ 680	\$ 1,252	\$ 1,438
Return received on retained interests	—	2	2	4	1	2	3	5

Cash flows from sales of receivables are reflected within Cash Flows From Operating Activities on Duke Energy Ohio's and Duke Energy Indiana's Condensed Consolidated Statements of Cash Flows.

12. REVENUE

Duke Energy earns substantially all of its revenues through its reportable segments, Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

Electric Utilities and Infrastructure

Electric Utilities and Infrastructure earns the majority of its revenues through retail and wholesale electric service through the generation, transmission, distribution and sale of electricity. Duke Energy generally provides retail and wholesale electric service customers with their full electric load requirements or with supplemental load requirements when the customer has other sources of electricity.

The majority of wholesale revenues are full requirements contracts where the customers purchase the substantial majority of their energy needs and do not have a fixed quantity of contractually required energy or capacity. As such, related forecasted revenues are considered optional purchases. Supplemental requirements contracts that include contracted blocks of energy and capacity at contractually fixed prices have the following estimated remaining performance obligations:

(in millions)	Remaining Performance Obligations						
	2020	2021	2022	2023	2024	Thereafter	Total
Progress Energy	\$ 58	\$ 92	\$ 94	\$ 44	\$ 45	\$ 58	\$ 391
Duke Energy Progress	4	8	8	8	8	—	36
Duke Energy Florida	54	84	86	36	37	58	355
Duke Energy Indiana	5	5	—	—	—	—	10

Revenues for block sales are recognized monthly as energy is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates.

Gas Utilities and Infrastructure

Gas Utilities and Infrastructure earns its revenues through retail and wholesale natural gas service through the transportation, distribution and sale of natural gas. Duke Energy generally provides retail and wholesale natural gas service customers with all natural gas load requirements. Additionally, while natural gas can be stored, substantially all natural gas provided by Duke Energy is consumed by customers simultaneously with receipt of delivery.

Fixed-capacity payments under long-term contracts for the Gas Utilities and Infrastructure segment include minimum margin contracts and supply arrangements with municipalities and power generation facilities. Revenues for related sales are recognized monthly as natural gas is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates. Estimated remaining performance obligations are as follows:

(in millions)	Remaining Performance Obligations						
	2020	2021	2022	2023	2024	Thereafter	Total
Piedmont	\$ 34	\$ 65	\$ 64	\$ 61	\$ 58	\$ 376	\$ 658

Commercial Renewables

Commercial Renewables earns the majority of its revenues through long-term PPAs and generally sells all of its wind and solar facility output, electricity and Renewable Energy Certificates (RECs) to customers. The majority of these PPAs have historically been accounted for as leases. For PPAs that are not accounted for as leases, the delivery of electricity and the delivery of RECs are considered separate performance obligations.

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REVENUE

Other

The remainder of Duke Energy's operations is presented as Other, which does not include material revenues from contracts with customers.

Disaggregated Revenues

Disaggregated revenues are presented as follows:

(in millions) By market or type of customer	Three Months Ended June 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
<i>Electric Utilities and Infrastructure</i>								
Residential	\$ 2,249	\$ 677	\$ 1,173	\$ 460	\$ 713	\$ 169	\$ 231	\$ —
General	1,379	507	611	298	313	103	161	—
Industrial	658	260	212	154	58	33	152	—
Wholesale	435	101	285	240	45	5	44	—
Other revenues	284	62	191	70	121	19	25	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 5,005	\$ 1,607	\$ 2,472	\$ 1,222	\$ 1,250	\$ 329	\$ 613	\$ —
<i>Gas Utilities and Infrastructure</i>								
Residential	\$ 157	\$ —	\$ —	\$ —	\$ —	\$ 62	\$ —	\$ 96
Commercial	75	—	—	—	—	23	—	52
Industrial	27	—	—	—	—	3	—	22
Power Generation	—	—	—	—	—	—	—	6
Other revenues	12	—	—	—	—	3	—	11
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 271	\$ —	\$ —	\$ —	\$ —	\$ 91	\$ —	\$ 187
<i>Commercial Renewables</i>								
Revenue from contracts with customers	\$ 55	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>								
Revenue from contracts with customers	\$ 7	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total revenue from contracts with customers	\$ 5,338	\$ 1,607	\$ 2,472	\$ 1,222	\$ 1,250	\$ 420	\$ 613	\$ 187
Other revenue sources ^(a)	\$ 83	\$ 3	\$ 26	\$ 21	\$ —	\$ 3	\$ 4	\$ 10
Total revenues	\$ 5,421	\$ 1,610	\$ 2,498	\$ 1,243	\$ 1,250	\$ 423	\$ 617	\$ 197

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

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REVENUE

		Three Months Ended June 30, 2019							
(in millions)		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
By market or type of customer									
<i>Electric Utilities and Infrastructure</i>									
Residential	\$	2,304	\$ 679	\$ 1,243	\$ 496	\$ 747	\$ 159	\$ 225	\$ —
General		1,584	531	750	339	411	105	197	—
Industrial		759	289	231	164	67	36	201	—
Wholesale		527	109	351	309	42	9	59	—
Other revenues		187	68	99	44	55	25	27	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$	5,361	\$ 1,676	\$ 2,674	\$ 1,352	\$ 1,322	\$ 334	\$ 709	\$ —
<i>Gas Utilities and Infrastructure</i>									
Residential	\$	146	\$ —	\$ —	\$ —	\$ —	\$ 64	\$ —	\$ 82
Commercial		85	—	—	—	—	26	—	59
Industrial		29	—	—	—	—	3	—	24
Power Generation		—	—	—	—	—	—	—	13
Other revenues		22	—	—	—	—	2	—	19
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$	282	\$ —	\$ —	\$ —	\$ —	\$ 95	\$ —	\$ 197
<i>Commercial Renewables</i>									
Revenue from contracts with customers	\$	46	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>									
Revenue from contracts with customers	\$	6	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total revenue from contracts with customers	\$	5,695	\$ 1,676	\$ 2,674	\$ 1,352	\$ 1,322	\$ 429	\$ 709	\$ 197
Other revenue sources ^(a)	\$	178	\$ 37	\$ 70	\$ 35	\$ 31	\$ 4	\$ 5	\$ 12
Total revenues	\$	5,873	\$ 1,713	\$ 2,744	\$ 1,387	\$ 1,353	\$ 433	\$ 714	\$ 209

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

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REVENUE

		Six Months Ended June 30, 2020							
(in millions)		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
By market or type of customer									
<i>Electric Utilities and Infrastructure</i>									
Residential	\$	4,515	\$ 1,433	\$ 2,242	\$ 962	\$ 1,280	\$ 345	\$ 496	\$ —
General		2,887	1,056	1,275	617	658	217	342	—
Industrial		1,351	529	428	308	120	68	327	—
Wholesale		932	215	606	519	87	12	99	—
Other revenues		475	122	309	133	176	39	41	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$	10,160	\$ 3,355	\$ 4,860	\$ 2,539	\$ 2,321	\$ 681	\$ 1,305	\$ —
<i>Gas Utilities and Infrastructure</i>									
Residential	\$	519	\$ —	\$ —	\$ —	\$ —	\$ 159	\$ —	\$ 360
Commercial		244	—	—	—	—	66	—	178
Industrial		68	—	—	—	—	9	—	58
Power Generation		—	—	—	—	—	—	—	17
Other revenues		42	—	—	—	—	9	—	35
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$	873	\$ —	\$ —	\$ —	\$ —	\$ 243	\$ —	\$ 648
<i>Commercial Renewables</i>									
Revenue from contracts with customers	\$	113	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>									
Revenue from contracts with customers	\$	13	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total Revenue from contracts with customers	\$	11,159	\$ 3,355	\$ 4,860	\$ 2,539	\$ 2,321	\$ 924	\$ 1,305	\$ 648
Other revenue sources ^(a)	\$	211	\$ 3	\$ 60	\$ 42	\$ 9	\$ (3)	\$ 4	\$ 61
Total revenues	\$	11,370	\$ 3,358	\$ 4,920	\$ 2,581	\$ 2,330	\$ 921	\$ 1,309	\$ 709

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

FINANCIAL STATEMENTS

REVENUE

		Six Months Ended June 30, 2019														
(in millions)			Duke			Duke		Duke		Duke		Duke				
By market or type of customer		Duke	Energy		Progress	Energy		Energy		Florida		Ohio		Indiana	Piedmont	
Electric Utilities and Infrastructure																
Residential	\$	4,674	\$	1,439	\$	2,357	\$	1,032	\$	1,325	\$	348	\$	531	\$	—
General		3,011		1,027		1,382		645		737		208		394		—
Industrial		1,470		555		453		325		128		69		391		—
Wholesale		1,068		228		704		624		80		23		113		—
Other revenues		359		146		271		169		102		41		44		—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$	10,582	\$	3,395	\$	5,167	\$	2,795	\$	2,372	\$	689	\$	1,473	\$	—
Gas Utilities and Infrastructure																
Residential	\$	560	\$	—	\$	—	\$	—	\$	—	\$	176	\$	—	\$	384
Commercial		291		—		—		—		—		75		—		216
Industrial		77		—		—		—		—		10		—		66
Power Generation		—		—		—		—		—		—		—		26
Other revenues		85		—		—		—		—		10		—		75
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$	1,013	\$	—	\$	—	\$	—	\$	—	\$	271	\$	—	\$	767
Commercial Renewables																
Revenue from contracts with customers	\$	88	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Other																
Revenue from contracts with customers	\$	10	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Total Revenue from contracts with customers	\$	11,693	\$	3,395	\$	5,167	\$	2,795	\$	2,372	\$	960	\$	1,473	\$	767
Other revenue sources ^(a)																
Other revenue sources ^(a)	\$	343	\$	62	\$	149	\$	76	\$	67	\$	4	\$	9	\$	21
Total revenues	\$	12,036	\$	3,457	\$	5,316	\$	2,871	\$	2,439	\$	964	\$	1,482	\$	788

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

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As described in Note 1, Duke Energy adopted the new guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. The following table presents the reserve for credit losses for trade and other receivables based on adoption of the new standard.

(in millions)	Three Months Ended June 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at March 31, 2020	\$ 89	\$ 11	\$ 20	\$ 9	\$ 11	\$ 5	\$ 3	\$ 9
Write-Offs	(9)	(3)	(3)	(3)	—	—	—	(4)
Credit Loss Expense	15	6	12	8	3	—	—	1
Other Adjustments	7	—	—	—	—	—	—	—
Balance at June 30, 2020	\$ 102	\$ 14	\$ 29	\$ 14	\$ 14	\$ 5	\$ 3	\$ 6

(in millions)	Six Months Ended June 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at December 31, 2019	\$ 76	\$ 10	\$ 16	\$ 8	\$ 7	\$ 4	\$ 3	\$ 6
Cumulative Change in Accounting Principle	5	1	2	1	1	—	—	1
Write-Offs	(19)	(6)	(7)	(5)	(2)	—	—	(5)
Credit Loss Expense	33	9	18	10	8	1	—	4
Other Adjustments	7	—	—	—	—	—	—	—
Balance at June 30, 2020	\$ 102	\$ 14	\$ 29	\$ 14	\$ 14	\$ 5	\$ 3	\$ 6

Trade and other receivables are evaluated based on an estimate of the risk of loss over the life of the receivable and current and historical conditions using supportable assumptions. Management evaluates the risk of loss for trade and other receivables by comparing the historical write-off amounts to total revenue over a specified period. Historical loss rates are adjusted due to the impact of current conditions, including the impacts of COVID-19, as well as forecasted conditions over a reasonable time period. The calculated write-off rate can be applied to the receivable balance for which an established reserve does not already exist. Management reviews the assumptions and risk of loss periodically for trade and other receivables. Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. The specific actions taken by each Duke Energy Registrant are described in Note 3. The impact of COVID-19 and Duke Energy's related response on customers' ability to pay for service is uncertain, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates.

The aging of trade receivables is presented in the table below. Duke Energy considers receivables greater than 30 days outstanding past due.

(in millions)	June 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Unbilled Receivables	\$ 829	\$ 332	\$ 274	\$ 137	\$ 137	\$ 1	\$ 7	\$ 6
0-30 days	1,624	470	685	336	344	48	28	73
30-60 days	152	49	56	28	28	6	1	6
60-90 days	90	29	34	17	17	4	1	5
90+ days	209	64	53	24	29	29	10	18
Trade and Other Receivables	\$ 2,904	\$ 944	\$ 1,102	\$ 542	\$ 555	\$ 88	\$ 47	\$ 108

UNBILLED REVENUE

Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes, timing of rendering customer bills and meter reading schedules and the impact of weather normalization or margin decoupling mechanisms.

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Unbilled revenues are included within Receivables and Receivables of VIEs on the Condensed Consolidated Balance Sheets as shown in the following table.

(in millions)	June 30, 2020	December 31, 2019
Duke Energy	\$ 829	\$ 843
Duke Energy Carolinas	332	298
Progress Energy	274	217
Duke Energy Progress	137	122
Duke Energy Florida	137	95
Duke Energy Ohio	1	1
Duke Energy Indiana	7	16
Piedmont	6	78

Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail accounts receivable, including receivables for unbilled revenues, to an affiliate, CRC, and account for the transfers of receivables as sales. Accordingly, the receivables sold are not reflected on the Condensed Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana. See Note 11 for further information. These receivables for unbilled revenues are shown in the table below.

(in millions)	June 30, 2020	December 31, 2019
Duke Energy Ohio	\$ 68	\$ 82
Duke Energy Indiana	106	115

13. STOCKHOLDERS' EQUITY

Basic EPS is computed by dividing net income available to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income available to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the diluted weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options and equity forward sale agreements, were exercised or settled. Duke Energy's participating securities are restricted stock units that are entitled to dividends declared on Duke Energy common stock during the restricted stock unit's vesting periods. Dividends declared on preferred stock are recorded on the Condensed Consolidated Statements of Operations as a reduction of net income to arrive at net income available to Duke Energy common stockholders. Dividends accumulated on preferred stock are an adjustment to net income used in the calculation of basic and diluted EPS.

The following table presents Duke Energy's basic and diluted EPS calculations, the weighted average number of common shares outstanding and common and preferred share dividends declared.

(in millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net (loss) income available to Duke Energy common stockholders excluding impact of participating securities	\$ (817)	\$ 819	\$ 82	\$ 1,718
Accumulated preferred stock dividends	(12)	—	—	—
Net (loss) income available to Duke Energy common stockholders excluding impact of participating securities and including accumulated preferred stock dividends	\$ (829)	\$ 819	\$ 82	\$ 1,718
Weighted average common shares outstanding – basic	735	728	734	728
Equity forwards	—	—	1	—
Weighted average common shares outstanding – diluted	735	728	735	728
Earnings (Loss) Per Share available to Duke Energy common stockholders				
Basic and diluted	\$ (1.13)	\$ 1.12	\$ 0.11	\$ 2.36
Potentially dilutive items excluded from the calculation ^(a)	2	2	2	2
Dividends declared per common share	\$ 0.945	\$ 0.928	\$ 1.890	\$ 1.855
Dividends declared on Series A preferred stock per depositary share ^(b)	\$ 0.359	\$ 0.307	\$ 0.719	\$ 0.307
Dividends declared on Series B preferred stock per share ^(c)	\$ —	\$ —	\$ 24.917	\$ —

- (a) Performance stock awards were not included in the dilutive securities calculation because the performance measures related to the awards had not been met.
(b) 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock dividends are payable quarterly in arrears on the 16th day of March, June, September and December. The preferred stock has a \$25 liquidation preference per depositary share.
(c) 4.875% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock dividends are payable semiannually in arrears on the 16th day of March and September. The preferred stock has a \$1,000 liquidation preference per share.

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STOCKHOLDERS' EQUITY

Common Stock

In November 2019, Duke Energy filed a prospectus supplement and executed an Equity Distribution Agreement (EDA) under which it may sell up to \$1.5 billion of its common stock through an at-the-market (ATM) offering program, including an equity forward sales component. Under the terms of the EDA, Duke Energy may issue and sell shares of common stock through September 2022. In March 2020, Duke Energy marketed approximately 940,000 shares of common stock through an equity forward transaction under the ATM with an initial forward price of \$89.76 per share. In May 2020, Duke Energy marketed approximately 903,000 shares of common stock through an equity forward transaction under the ATM with an initial forward price of \$82.44 per share.

Separately, in November 2019, Duke Energy marketed an equity offering of 28.75 million shares of common stock through an Underwriting Agreement. In connection with the offering, Duke Energy entered into an equity forward sales agreement with an initial forward price of \$85.99 per share.

The equity forward sales agreements require Duke Energy to either physically settle the transaction by issuing shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreement, or net settle in whole or in part through the delivery or receipt of cash or shares. The settlement alternatives are at Duke Energy's election. Settlement of the forward sales agreements are expected to occur on or prior to December 31, 2020. Until settlement of the equity forwards, EPS dilution resulting from the agreements, if any, will be determined under the treasury stock method.

14. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy and certain subsidiaries maintain, and the Subsidiary Registrants participate in, qualified and non-qualified, non-contributory defined benefit retirement plans. Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants.

QUALIFIED PENSION PLANS

The following tables include the components of net periodic pension costs for qualified pension plans.

(in millions)	Three Months Ended June 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 42	\$ 14	\$ 12	\$ 8	\$ 6	\$ 1	\$ 2	\$ 2
Interest cost on projected benefit obligation	68	15	22	9	11	4	5	3
Expected return on plan assets	(143)	(36)	(47)	(22)	(26)	(7)	(10)	(6)
Amortization of actuarial loss	30	7	9	4	5	1	3	3
Amortization of prior service credit	(8)	(2)	(1)	(1)	(1)	—	(1)	(3)
Amortization of settlement charges	3	1	—	1	—	—	—	—
Net periodic pension costs	\$ (8)	\$ (1)	\$ (5)	\$ (1)	\$ (5)	\$ (1)	\$ (1)	\$ (1)

(in millions)	Three Months Ended June 30, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 37	\$ 12	\$ 10	\$ 6	\$ 6	\$ 1	\$ 2	\$ 2
Interest cost on projected benefit obligation	82	21	26	12	13	4	7	3
Expected return on plan assets	(143)	(37)	(45)	(21)	(22)	(6)	(10)	(6)
Amortization of actuarial loss	25	5	9	3	6	—	1	1
Amortization of prior service credit	(8)	(2)	—	(1)	(1)	—	(1)	(2)
Net periodic pension costs	\$ (7)	\$ (1)	\$ —	\$ (1)	\$ 2	\$ (1)	\$ (1)	\$ (2)

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EMPLOYEE BENEFIT PLANS

(in millions)	Six Months Ended June 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 83	\$ 26	\$ 24	\$ 14	\$ 11	\$ 2	\$ 4	\$ 3
Interest cost on projected benefit obligation	135	31	43	19	23	8	11	5
Expected return on plan assets	(286)	(72)	(95)	(44)	(51)	(14)	(21)	(11)
Amortization of actuarial loss	64	14	20	9	11	3	6	5
Amortization of prior service credit	(16)	(4)	(2)	(1)	(1)	—	(1)	(5)
Amortization of settlement charges	5	2	1	1	—	—	—	—
Net periodic pension costs	\$ (15)	\$ (3)	\$ (9)	\$ (2)	\$ (7)	\$ (1)	\$ (1)	\$ (3)

(in millions)	Six Months Ended June 30, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 74	\$ 24	\$ 21	\$ 12	\$ 10	\$ 2	\$ 4	\$ 3
Interest cost on projected benefit obligation	165	41	52	24	27	9	13	6
Expected return on plan assets	(286)	(75)	(89)	(44)	(44)	(14)	(21)	(11)
Amortization of actuarial loss	49	11	18	6	12	1	3	3
Amortization of prior service credit	(16)	(4)	(1)	(1)	(1)	—	(1)	(5)
Net periodic pension costs	\$ (14)	\$ (3)	\$ 1	\$ (3)	\$ 4	\$ (2)	\$ (2)	\$ (4)

NON-QUALIFIED PENSION PLANS

Net periodic pension costs for non-qualified pension plans were not material for the three and six months ended June 30, 2020, and 2019.

OTHER POST-RETIREMENT BENEFIT PLANS

Net periodic costs for OPEB plans were not material for the three and six months ended June 30, 2020, and 2019.

15. INCOME TAXES

EFFECTIVE TAX RATES

The ETRs from continuing operations for each of the Duke Energy Registrants are included in the following table.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Duke Energy	26.2%	15.9%	98.9%	12.6%
Duke Energy Carolinas	13.7%	19.7%	15.1%	18.7%
Progress Energy	14.9%	16.7%	16.1%	17.0%
Duke Energy Progress	13.9%	16.3%	15.7%	17.1%
Duke Energy Florida	19.1%	19.6%	19.4%	19.5%
Duke Energy Ohio	15.4%	16.1%	16.6%	16.5%
Duke Energy Indiana	17.3%	24.2%	19.3%	24.2%
Piedmont	128.6%	22.2%	5.8%	21.8%

The increase in the ETR for Duke Energy for the three and six months ended June 30, 2020, was primarily due to the impact of an abandonment of the ACP investment and an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Carolinas for the three months ended June 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes and certain favorable tax credits.

The decrease in the ETR for Duke Energy Carolinas for the six months ended June 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Progress Energy for the three months ended June 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

FINANCIAL STATEMENTS

INCOME TAXES

The decrease in the ETR for Duke Energy Progress for the three and six months ended June 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Indiana for the three and six months ended June 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The increase in the ETR for Piedmont for the three months ended June 30, 2020, was primarily due to an increase in AFUDC Equity, in relation to pretax losses.

The decrease in the ETR for Piedmont for the six months ended June 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes and an increase in AFUDC equity.

OTHER TAX MATTERS

On March 27, 2020, the CARES Act was enacted. The CARES Act is an emergency economic stimulus package in response to the COVID-19 pandemic. Among other provisions, the CARES Act accelerates the remaining AMT credit refund allowances resulting in taxpayers being able to immediately claim a refund in full for any AMT credit carryforwards. As a result, the remaining AMT credit carryforwards were reclassified in the first quarter 2020 to a current receivable included in Other within Current Assets on the Condensed Consolidated Balance Sheets. The total income tax receivable related to AMT credit carryforwards is approximately \$572 million as of June 30, 2020. The other provisions within the CARES Act do not materially impact Duke Energy's income tax accounting. See Note 1 for information on COVID-19.

16. SUBSEQUENT EVENTS

For information on subsequent events related to regulatory matters and variable interest entities, see Notes 3 and 11.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Duke Energy and Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. However, none of the registrants make any representation as to information related solely to Duke Energy or the Subsidiary Registrants of Duke Energy other than itself.

DUKE ENERGY

Duke Energy is an energy company headquartered in Charlotte, North Carolina. Duke Energy operates in the U.S. primarily through its wholly owned subsidiaries, Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. When discussing Duke Energy's consolidated financial information, it necessarily includes the results of the Subsidiary Registrants, which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the six months ended June 30, 2020, and with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

Executive Overview

ACP

On April 15, 2020, the United States District Court for the District of Montana granted partial summary judgment in favor of the plaintiffs in Northern Plains Resource Council v. U.S. Army Corps of Engineers (USACE) (Northern Plains), vacating USACE's Nationwide Permit 12 (NWP 12) and remanding it to USACE for consultation under the Endangered Species Act (ESA) of 1973. In Northern Plains, the court ruled that NWP 12 was unlawful because USACE did not consult under the ESA with the U.S. Fish and Wildlife Service and/or National Marine Fisheries Service prior to NWP 12's reissuance in 2017. Because NWP 12 has been vacated and its application enjoined, USACE currently has suspended verification of any new or pending applications under NWP 12 until further court action clarifies the situation.

On May 28, 2020, the U.S. Court of Appeals for the Ninth Circuit issued a ruling that limited the NWP 12 vacatur to energy infrastructure projects. In July 2020, the Supreme Court of the United States issued an order allowing other new oil and gas pipeline projects to use the NWP 12 process pending appeal to the U.S. Court of Appeals for the Ninth Circuit; however, that did not decrease the uncertainty associated with an eventual ruling. Together, these rulings indicated that the timeline to reinstate the necessary water crossing permits for ACP would likely cause further delays and cost increases.

On July 5, 2020, Dominion announced a sale of substantially all of its gas transmission and storage segment assets, operations core to the ACP pipeline project.

As a result of the uncertainty created by the NWP 12 rulings, the potential impact on the cost and schedule for the project, the ongoing legal challenges and risk of additional legal challenges throughout construction and Dominion's decision to sell substantially all of its gas transmission and storage segment assets, Duke Energy's Board of Directors and management decided that it was not prudent to continue to invest in the project. On July 5, 2020, Duke Energy and Dominion announced the cancellation of the ACP pipeline.

As a result, Duke Energy recorded a pretax charge to earnings of approximately \$2.0 billion for the three months and six months ended June 30, 2020, within Equity in (losses) earnings of unconsolidated affiliates on the Duke Energy Condensed Consolidated Statements of Operations. The tax benefit associated with this abandonment was \$374 million and is recorded in Income Tax (Benefit) Expense on the Duke Energy Condensed Consolidated Statements of Operations. Additional charges of less than \$100 million are expected to be recorded within the next 12 months as ACP incurs obligations to exit operations.

See Notes 3, 4, and 11 to the Condensed Consolidated Financial Statements, "Regulatory Matters," "Commitments and Contingencies," and "Variable Interest Entities," respectively, for additional information.

Even though the ACP pipeline was a critical infrastructure project for transporting natural gas into the Southeastern United States, natural gas still is an important fuel to help Duke Energy reach its carbon reduction goals of 50% by 2030 and net-zero carbon emissions by 2050 in a reliable and cost effective manner. In addition, Duke Energy will continue advancing its clean energy goals by investing in renewables, battery storage, energy efficiency programs and grid projects.

Social Justice and Racial Equity

In response to national events, in June and July 2020, the Duke Energy Foundation pledged \$1.75 million to nonprofit organizations committed to social justice and racial equity. This grant builds upon the company's past efforts to support and encourage diversity, inclusion and equity in our company and communities. The company will continue to engage its employees, local organizations and leaders to understand how to be a part of the long-term solution to the social justice issues our communities and organizations face.

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. Retail electric sales are down 6.5% for the quarter compared to the prior year due to the pandemic. This reduction however is not as steep as expected in our revised March 2020 forecast reflecting the potential economic impact of COVID-19 on 2020 results. The company also incurred approximately \$40 million of incremental COVID-19 costs, primarily bad debt expense, personal protective equipment and cleaning supplies, and experienced another \$25 million of waived late payment fees for the six months ended June 30, 2020. The Duke Energy Registrants are monitoring developments closely, have taken steps to mitigate the impacts to our business, and have a pandemic response plan in place to protect our employees, customers and communities. We expect to begin a sales rebound during the second half of 2020 and have cost mitigation plans.

- Employees. The health of our employees is of paramount importance. Power plants and electricity and natural gas delivery facilities are staffed. Employees who are not involved with power generation, power delivery, customer service or certain other functions have been performing their work duties remotely from home. Employees who need to interact with customers in person are following the Centers for Disease Control and Prevention's safety guidelines, including social distancing and use of face masks. Operating procedure changes include additional cleaning and disinfection procedures at our facilities.
- Customers. The Duke Energy Subsidiary Registrants began, in the first quarter of 2020, a suspension of disconnections for nonpayment in order to give customers experiencing financial hardship extra time to make payments. This is expected to result in an increase in future charge-offs over historical levels. In addition, several Subsidiary Registrants are waiving late payment charges and other fees for credit cards and returned checks. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information. The COVID-19 pandemic and stay-at-home orders have impacted commercial and industrial customers, and many of them have suspended operations which is impacting the Duke Energy Registrants' volumes. Several large industrial customers have begun to restart their businesses since initially closing in late March and April.
- Communities. The Duke Energy Foundation announced approximately \$6 million in donations and grants as of June 30, 2020, to support hunger relief, local health and human services nonprofits, and education initiatives across the Duke Energy Registrants' service territories.
- Balance Sheet Strength and Liquidity Assurance. See Notes 5 and 13 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," and "Stockholders Equity," respectively, for additional information. During the six months ended June 30, 2020:
 - Duke Energy issued approximately \$3.3 billion of debt.
 - Duke Energy entered into and borrowed approximately \$1.7 billion under a 364-day Term Loan Credit Agreement.
 - Duke Energy drew down the remaining \$500 million of availability under its existing \$1 billion Three-Year Revolving Credit Facility.
 - Duke Energy issued \$85 million of common stock through a forward sales agreement which is expected to settle on or prior to December 31, 2020.
- Policymaker actions. The CARES Act was signed by President Trump on March 27, 2020. Duke Energy Registrants will benefit from certain provisions such as the AMT acceleration and deferral of certain payroll taxes. See Note 15 to the Condensed Consolidated Financial Statements, "Income Taxes," for additional information.

Rate Case and utility commission filings. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

- On July 31, 2020, Duke Energy Carolinas, Duke Energy Progress and the Public Staff filed a Second Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain remaining issues in the 2019 base rate proceeding. As a result of the additional settlement terms, the NCUC ordered the remote evidentiary hearing to be delayed until August 24, 2020. Duke Energy Carolinas and Duke Energy Progress expect the NCUC to issue an order on each net rate increase by the end of the year. On August 4, 2020 and August 7, 2020, respectively, Duke Energy Carolinas and Duke Energy Progress filed a motion for approval of notice required to implement temporary rates, seeking to exercise its statutory right to implement temporary rates subject to refund.
- Duke Energy Florida filed a petition with the FPSC on April 2, 2020, to accelerate a fuel cost refund to customers in the month of May 2020. Typically, the refund would be made over the course of 2021. The FPSC approved the petition on April 28, 2020.
- Duke Energy Kentucky filed an electric rate case with the KPSC on September 3, 2019. On April 27, 2020, the KPSC issued its decision and new customer rates were effective on May 1, 2020. On May 18, 2020, Duke Energy Kentucky filed its motion for rehearing, and on June 4, 2020, the motion was granted in part and denied in part by the KPSC.
- Duke Energy Indiana filed a general rate case with the IURC on July 2, 2019. The IURC issued its order June 29, 2020, approving a revenue increase of approximately \$146 million, before utility receipt taxes. Customer rates were effective July 30, 2020. Several groups filed notices of appeal of the IURC order on July 29, 2020.
- COVID-19 deferral requests
 - Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the NCUC for deferral treatment of incremental costs and waived customer fees due to the COVID-19 pandemic on August 7, 2020. Duke Energy Carolinas and Duke Energy Progress are evaluating a filing with the PSCSC for deferral treatment of incremental costs and waived customer fees due to the COVID-19 pandemic.
 - Duke Energy Ohio on May 11, 2020, filed with the PUCO a request seeking deferral of incremental costs incurred due to the COVID-19 pandemic, as well as specific miscellaneous lost revenues. The request seeks to use existing bad debts and uncollectible riders already in place for both electric and natural gas operations. Duke Energy Ohio would subsequently file for rider recovery at a later date. On June 17, 2020, the PUCO approved Duke Energy Ohio's deferral application.
 - On May 8, 2020, Duke Energy Indiana, along with other Indiana utilities, filed a request with the IURC for approval of deferral treatment for costs associated with the COVID-19 pandemic. On June 29, 2020, the IURC issued its order permitting jurisdictional utilities to use regulatory accounting for any impacts associated with the prohibition on utility disconnections, waiver or exclusion of certain utility fees, the use of expanded payment arrangements to aid customers, and for COVID-19 related uncollectible and incremental bad debt expense.

Results of Operations

Non-GAAP Measures

Management's Discussion and Analysis includes financial information prepared in accordance with GAAP in the U.S., as well as certain non-GAAP financial measures such as adjusted earnings and adjusted EPS discussed below. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as a supplement to, and not a substitute for, financial measures presented in accordance with GAAP. Non-GAAP measures presented may not be comparable to similarly titled measures used by other companies because other companies may not calculate the measures in the same manner.

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted EPS. Adjusted earnings and adjusted EPS represent income from continuing operations available to Duke Energy Corporation common stockholders in dollar and per share amounts, adjusted for the dollar and per share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. The most directly comparable GAAP measures for adjusted earnings and adjusted EPS are GAAP Reported Earnings (Loss) and GAAP Reported Earnings (Loss) Per Share, respectively.

Special items included in the periods presented below include the following, which management believes do not reflect ongoing costs:

- ACP represents costs related to the abandonment of the ACP investment.
- Severance represents the reversal of 2018 costs which were deferred as a result of the partial settlement in the Duke Energy Carolinas 2019 North Carolina rate case.

Three Months Ended June 30, 2020, as compared to June 30, 2019

GAAP reported loss per share was \$(1.13) for the second quarter of 2020 compared to earnings per share of \$1.12 in the second quarter of 2019. GAAP reported earnings decreased primarily due to the abandonment of the investment in ACP.

As discussed above, management also evaluates financial performance based on adjusted EPS. Duke Energy's second quarter 2020 adjusted EPS was \$1.08 compared to \$1.12 for the second quarter of 2019. The decrease in adjusted earnings was primarily due to unfavorable weather, lower volumes and higher depreciation expense, partially offset by lower operations and maintenance expense.

The following table reconciles non-GAAP measures, including adjusted EPS, to their most directly comparable GAAP measures.

(in millions, except per share amounts)	Three Months Ended June 30,			
	2020		2019	
	(Loss) Earnings	(Loss) Earnings Per Share	Earnings	EPS
GAAP Reported (Loss) Earnings/GAAP Reported (Loss) Earnings Per Share	\$ (817)	\$ (1.13)	\$ 820	\$ 1.12
Adjustments:				
ACP ^(a)	1,626	2.21	—	—
Adjusted Earnings/Adjusted EPS	\$ 809	\$ 1.08	\$ 820	\$ 1.12

(a) Net of tax benefit of \$374 million.

Six Months Ended June 30, 2020, as compared to June 30, 2019

GAAP Reported EPS was \$0.11 for the six months ended June 30, 2020, compared to \$2.36 for the six months ended June 30, 2019. GAAP reported earnings decreased primarily due to the abandonment of the investment in ACP.

As discussed above, management also evaluates financial performance based on adjusted EPS. Duke Energy's adjusted EPS was \$2.22 for the six months ended June 30, 2020, compared to \$2.36 for the six months ended June 30, 2019. The decrease in adjusted earnings was primarily due to unfavorable weather, lower volumes, higher depreciation expense, higher financing costs and a prior year adjustment related to income tax recognition for equity method investments. This was partially offset by positive rate case impacts, growth in Commercial Renewables and lower operations and maintenance expense.

The following table reconciles non-GAAP measures, including adjusted EPS, to their most directly comparable GAAP measures.

(in millions, except per-share amounts)	Six Months Ended June 30,			
	2020		2019	
	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	\$ 82	\$ 0.11	\$ 1,720	\$ 2.36
Adjustments:				
ACP ^(a)	1,626	2.21	—	—
Severance ^(b)	(75)	(0.10)	—	—
Adjusted Earnings/Adjusted EPS	\$ 1,633	\$ 2.22	\$ 1,720	\$ 2.36

(a) Net of tax benefit of \$374 million.

(b) Net of tax expense of \$23 million.

SEGMENT RESULTS

The remaining information presented in this discussion of results of operations is on a GAAP basis. Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests and preferred stock dividends. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements.

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. See Note 2 to the Condensed Consolidated Financial Statements, "Business Segments," for additional information on Duke Energy's segment structure.

Electric Utilities and Infrastructure

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Variance	2020	2019	Variance
Operating Revenues	\$ 5,034	\$ 5,475	\$ (441)	\$ 10,217	\$ 10,804	\$ (587)
Operating Expenses						
Fuel used in electric generation and purchased power	1,367	1,662	(295)	2,834	3,292	(458)
Operation, maintenance and other	1,240	1,318	(78)	2,565	2,600	(35)
Depreciation and amortization	993	951	42	1,970	1,898	72
Property and other taxes	296	297	(1)	599	598	1
Impairment charges	1	4	(3)	3	4	(1)
Total operating expenses	3,897	4,232	(335)	7,971	8,392	(421)
Gains on Sales of Other Assets and Other, net	7	3	4	8	—	8
Operating Income	1,144	1,246	(102)	2,254	2,412	(158)
Other Income and Expenses, net	89	89	—	174	180	(6)
Interest Expense	344	330	14	683	668	15
Income Before Income Taxes	889	1,005	(116)	1,745	1,924	(179)
Income Tax Expense	136	196	(60)	287	365	(78)
Segment Income	\$ 753	\$ 809	\$ (56)	\$ 1,458	\$ 1,559	\$ (101)
Duke Energy Carolinas GWh sales	19,083	21,604	(2,521)	40,319	43,432	(3,113)
Duke Energy Progress GWh sales	14,807	16,222	(1,415)	30,477	32,570	(2,093)
Duke Energy Florida GWh sales	10,800	11,301	(501)	19,417	19,622	(205)
Duke Energy Ohio GWh sales	5,262	5,660	(398)	11,085	11,824	(739)
Duke Energy Indiana GWh sales	6,773	7,437	(664)	14,379	15,470	(1,091)
Total Electric Utilities and Infrastructure GWh sales	56,725	62,224	(5,499)	115,677	122,918	(7,241)
Net proportional MW capacity in operation				50,364	49,725	639

Three Months Ended June 30, 2020, as compared to June 30, 2019

Electric Utilities and Infrastructure's variance is due to unfavorable weather, lower weather-normal retail sale volumes driven by impacts from the COVID-19 pandemic and lower wholesale revenues, partially offset by higher revenues resulting from the South Carolina retail rate cases and Duke Energy Florida base and solar rate adjustments. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$332 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs at Duke Energy Florida in response to the COVID-19 pandemic;

- a \$79 million decrease in retail sales, net of fuel revenues, due to unfavorable weather compared to prior year;
- a \$47 million decrease in wholesale revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and lower capacity volumes at Duke Energy Progress; and
- a \$32 million decrease in weather-normal retail sale volumes due to lower nonresidential customer demand driven by impacts from the COVID-19 pandemic.

Partially offset by:

- a \$23 million increase in retail pricing due to Duke Energy Florida's base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment; and
- a \$13 million increase due to higher pricing from South Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a \$295 million decrease in fuel used in electric generation and purchased power primarily due to lower generation demand and lower fuel, coal, and natural gas costs; and
- a \$78 million decrease in operation, maintenance and other expense driven by lower employee benefit costs and lower outage costs.

Partially offset by:

- a \$42 million increase in depreciation and amortization expense primarily due to additional plant in service and impacts from the South Carolina retail rate cases.

Interest Expense. The variance was primarily due to higher outstanding debt in the current year and favorable debt return on deferred coal ash spend in the prior year.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes. The ETRs for the three months ended June 30, 2020, and June 30, 2019, were 15.3% and 19.5%. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Six Months Ended June 30, 2020, as compared to June 30, 2019

Electric Utilities and Infrastructure's variance is due to unfavorable weather, lower weather-normal retail sale volumes driven by impacts from the COVID-19 pandemic and lower wholesale revenues, partially offset by higher revenues resulting from the South Carolina retail rate cases and Duke Energy Florida base and solar rate adjustments. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$482 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs at Duke Energy Florida in response to the COVID-19 pandemic;
- a \$124 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year;
- a \$63 million decrease in wholesale revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and lower capacity volumes at Duke Energy Progress; and
- a \$15 million decrease in weather-normal retail sale volumes due to lower nonresidential customer demand driven by impacts from the COVID-19 pandemic.

Partially offset by:

- a \$39 million increase in retail pricing due to Duke Energy Florida's base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment; and
- a \$32 million increase due to higher pricing from South Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a \$458 million decrease in fuel used in electric generation and purchased power primarily due to lower generation demand and lower fuel, coal, and natural gas costs; and
- a \$35 million decrease in operation, maintenance and other expense primarily lower employee benefit costs and lower outage costs.

Partially offset by:

- a \$72 million increase in depreciation and amortization expense primarily due to additional plant in service and impacts from the South Carolina retail rate cases.

Interest Expense. The variance was primarily due to higher outstanding debt in the current year and favorable debt return on deferred coal ash spend in the prior year.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes. The ETRs for the six months ended June 30, 2020, and 2019, were 16.4% and 19.0%, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Gas Utilities and Infrastructure

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Variance	2020	2019	Variance
Operating Revenues	\$ 289	\$ 306	\$ (17)	\$ 953	\$ 1,062	\$ (109)
Operating Expenses						
Cost of natural gas	60	76	(16)	259	403	(144)
Operation, maintenance and other	99	107	(8)	209	217	(8)
Depreciation and amortization	62	63	(1)	128	128	—
Property and other taxes	26	27	(1)	56	60	(4)
Total operating expenses	247	273	(26)	652	808	(156)
Operating Income	42	33	9	301	254	47
Other Income and Expenses						
Equity in (losses) earnings of unconsolidated affiliates	(1,970)	31	(2,001)	(1,933)	64	(1,997)
Other income and expenses, net	14	6	8	26	13	13
Total other income and expenses	(1,956)	37	(1,993)	(1,907)	77	(1,984)
Interest Expense	37	27	10	68	57	11
(Loss) Income Before Income Taxes	(1,951)	43	(1,994)	(1,674)	274	(1,948)
Income Tax (Benefit) Expense	(375)	3	(378)	(347)	8	(355)
Segment (Loss) Income	\$ (1,576)	\$ 40	\$ (1,616)	\$ (1,327)	\$ 266	\$ (1,593)
Piedmont LDC throughput (dekatherms)	96,807,940	104,684,733	(7,876,793)	245,311,935	256,347,474	(11,035,539)
Duke Energy Midwest LDC throughput (Mcf)	15,106,407	13,742,907	1,363,500	48,892,241	52,281,179	(3,388,938)

Three Months Ended June 30, 2020, as compared to June 30, 2019

Gas Utilities and Infrastructure's results were impacted primarily by the abandonment of the investment in ACP. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$16 million decrease due to lower natural gas costs passed through to customers and decreased off-system sales natural gas costs; and
- a \$7 million decrease due to return of EDIT to customers.

Partially offset by:

- a \$7 million increase due to North Carolina base rate case increases.

Operating Expenses. The variance was driven primarily by:

- a \$16 million decrease in cost of natural gas due to lower natural gas prices and decreased off-system sales natural gas costs; and
- an \$8 million decrease in operation, maintenance and other due to deferral of previously expensed IT project costs and lower employee benefits costs.

Equity in (losses) earnings of unconsolidated affiliates. The variance was driven primarily by the abandonment of the investment in ACP.

Interest Expense. The variance was driven primarily by interest on the EDIT balance being returned to customers and higher debt outstanding in the current year, offset by lower AFUDC debt income.

Income Tax Benefit. The decrease in tax expense was primarily due to a decrease in pretax income driven by the impact of an abandonment of the ACP investment. The ETRs for the three months ended June 30, 2020, and 2019, were 19.2% and 7%, respectively. The increase in the ETR was primarily due to the impact of an abandonment of the ACP investment.

Six Months Ended June 30, 2020, as compared to June 30, 2019

Gas Utilities and Infrastructure's results were impacted primarily by the abandonment of ACP. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$144 million decrease due to lower natural gas costs passed through to customers and decreased off-system sales natural gas costs; and
- a \$27 million decrease due to return of EDIT to customers.

Partially offset by:

- a \$60 million increase due to North Carolina base rate case increases.

Operating Expenses. The variance was driven primarily by:

- a \$144 million decrease in cost of natural gas due to lower natural gas prices and decreased off-system sales natural gas costs; and
- an \$8 million decrease in operation, maintenance and other due to deferral of previously expensed IT project costs and lower employee benefits costs.

Equity in (losses) earnings of unconsolidated affiliates. The variance was driven primarily by the abandonment of the investment in ACP.

Interest Expense. The variance was driven primarily by interest on the EDIT balance being returned to customers and higher debt outstanding in the current year, offset by lower AFUDC debt income.

Income Tax Benefit. The decrease in tax expense was primarily due to a decrease in pretax income driven by the impact of an abandonment of the ACP investment. The ETRs for the six months ended June 30, 2020, and 2019, were 20.7% and 2.9%, respectively. The increase in the ETR was primarily due to an adjustment, recorded in the first quarter of 2019, related to the income tax recognition for equity method investments. The equity method investment adjustment was immaterial and relates to prior years.

Commercial Renewables

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Variance	2020	2019	Variance
Operating Revenues	\$ 123	\$ 118	\$ 5	\$ 252	\$ 224	\$ 28
Operating Expenses						
Operation, maintenance and other	63	64	(1)	132	130	2
Depreciation and amortization	48	40	8	96	80	16
Property and other taxes	8	6	2	16	12	4
Impairment charges	6	—	6	6	—	6
Total operating expenses	125	110	15	250	222	28
Operating (Loss) Income	(2)	8	(10)	2	2	—
Other Income and Expenses, net	2	(8)	10	1	(10)	11
Interest Expense	13	22	(9)	31	43	(12)
Loss Before Income Taxes	(13)	(22)	9	(28)	(51)	23
Income Tax Benefit	(13)	(24)	11	(37)	(59)	22
Add: Loss Attributable to Noncontrolling Interests	90	84	6	138	91	47
Segment Income	\$ 90	\$ 86	\$ 4	\$ 147	\$ 99	\$ 48
Renewable plant production, GWh	2,660	2,314	346	5,097	4,382	715
Net proportional MW capacity in operation ^(a)				3,779	3,157	622

(a) Certain projects are included in tax equity structures where investors have differing interests in the project's economic attributes. One hundred percent of the tax equity project's capacity is included in the table above.

Three Months Ended June 30, 2020, as compared to June 30, 2019

Commercial Renewables' results were favorable primarily due to new investments in solar projects. During the second quarter of 2020, Commercial Renewables had over 250MW of capacity placed in service. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase was primarily due to new solar projects placed in service.

Operating Expenses. The increase was primarily due to higher depreciation and property tax expense as a result of new projects placed in service and an impairment charge in the current year related to a non-contracted wind project.

Other Income and Expenses, net. The increase was primarily due to mark-to-market losses in the solar portfolio in the prior year.

Interest Expense. The decrease was primarily due to higher capitalized interest for solar and wind projects in development.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by a decrease in production tax credits generated and an increase in taxes associated with new tax equity investments.

Loss Attributable to Noncontrolling Interests. The increase was primarily due to tax equity structures related to new renewable investments.

Six Months Ended June 30, 2020, as compared to June 30, 2019

Commercial Renewables' results were favorable primarily due to new investments in renewable projects and favorable wind revenue. Since the second quarter of 2019, Commercial Renewables has placed in service over 700MW of capacity.

The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase was primarily due to new projects placed in service and favorable wind portfolio revenue as a result of favorable market pricing and wind resource.

Operating Expenses. The increase was primarily due to higher depreciation and property tax expense as a result of new projects placed in service and an impairment charge in the current year related to a non-contracted wind project.

Other Income and Expenses, net. The increase was primarily due to mark-to-market losses in the solar portfolio in the prior year.

Interest Expense. The decrease was primarily due to higher capitalized interest for solar and wind projects in development.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by an increase in taxes associated with new tax equity investments and a decrease in production tax credits generated.

Loss Attributable to Noncontrolling Interests. The increase was primarily due to tax equity structures related to new renewable investments.

Other

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Variance	2020	2019	Variance
Operating Revenues	\$ 26	\$ 25	\$ 1	\$ 49	\$ 46	\$ 3
Operating Expenses	37	11	26	(52)	39	(91)
Operating (Loss) Income	(11)	14	(25)	101	7	94
Other Income and Expenses, net	45	30	15	12	74	(62)
Interest Expense	167	180	(13)	338	351	(13)
Loss Before Income Taxes	(133)	(136)	3	(225)	(270)	45
Income Tax Benefit	(64)	(33)	(31)	(83)	(78)	(5)
Less: Preferred Dividends	15	12	3	54	12	42
Net Loss	\$ (84)	\$ (115)	\$ 31	\$ (196)	\$ (204)	\$ 8

Three Months Ended June 30, 2020, as compared to June 30, 2019

The variance was primarily driven by lower state income tax expense. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The increase was primarily driven by higher loss experience related to non-property captive insurance claims and higher expenses associated with certain employee benefit obligations.

Other Income and Expenses, net. The variance was primarily due to higher returns on investments that fund certain employee benefit obligations, partially offset by lower earnings on the NMC investment.

Interest Expense. The variance was primarily due to lower outstanding short-term debt and lower interest rates.

Income Tax Benefit. The increase in the tax benefit was primarily driven by lower state income tax expense. The ETRs for the three months ended June 30, 2020, and 2019 were 48.1% and 24.3%, respectively. The increase in the ETR was primarily due to lower state income tax expense.

Six Months Ended June 30, 2020, as compared to June 30, 2019

The variance was primarily driven by a reversal of corporate allocated severance costs, partially offset by lower returns on investments and the declaration of preferred stock dividends. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The decrease was primarily due to the deferral of 2018 corporate allocated severance costs due to the partial settlement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case.

Other Income and Expenses, net. The variance was primarily due to lower returns on investments that fund certain employee benefit obligations, lower earnings on the NMC investment and lower interest income due to a tax true up in the prior year.

Interest Expense. The variance was primarily due to lower outstanding short-term debt and lower interest rates.

Preferred Dividends. The variance was driven by the declaration of preferred stock dividends on preferred stock issued in 2019.

DUKE ENERGY CAROLINAS

Results of Operations

(in millions)	Six Months Ended June 30,		
	2020	2019	Variance
Operating Revenues	\$ 3,358	\$ 3,457	\$ (99)
Operating Expenses			
Fuel used in electric generation and purchased power	829	867	(38)
Operation, maintenance and other	816	881	(65)
Depreciation and amortization	718	663	55
Property and other taxes	156	155	1
Impairment charges	2	5	(3)
Total operating expenses	2,521	2,571	(50)
Operating Income	837	886	(49)
Other Income and Expenses, net	86	72	14
Interest Expense	248	227	21
Income Before Income Taxes	675	731	(56)
Income Tax Expense	102	137	(35)
Net Income	\$ 573	\$ 594	\$ (21)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2020
Residential sales	(5.0)%
General service sales	(6.7)%
Industrial sales	(9.6)%
Wholesale power sales	(3.0)%
Joint dispatch sales	(60.0)%
Total sales	(7.2)%
Average number of customers	1.8 %

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$77 million decrease in retail sales due to unfavorable weather in the current year; and
- a \$66 million decrease in fuel revenues due to lower prices and retail sales volumes.

Partially offset by:

- a \$37 million increase in weather-normal retail sales volumes; and
- a \$17 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a \$65 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, partially offset by higher storm restoration costs; and
- a \$38 million decrease in fuel used in electric generation and purchased power primarily due to lower retail sales volumes, net of a prior period true up.

Partially offset by:

- a \$55 million increase in depreciation and amortization expense primarily due to additional plant in service and new depreciation rates associated with the South Carolina rate case.

Other Income and Expenses, net. The variance was primarily due to higher AFUDC equity in the current year.

Interest Expense. The variance was primarily due to higher debt outstanding in the current year.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes.

PROGRESS ENERGY

Results of Operations

(in millions)	Six Months Ended June 30,		
	2020	2019	Variance
Operating Revenues	\$ 4,920	\$ 5,316	\$ (396)
Operating Expenses			
Fuel used in electric generation and purchased power	1,540	1,913	(373)
Operation, maintenance and other	1,143	1,173	(30)
Depreciation and amortization	884	881	3
Property and other taxes	272	280	(8)
Total operating expenses	3,839	4,247	(408)
Gains (Losses) on Sales of Other Assets and Other, net	6	(1)	7
Operating Income	1,087	1,068	19
Other Income and Expenses, net	65	65	—
Interest Expense	405	438	(33)
Income Before Income Taxes	747	695	52
Income Tax Expense	120	118	2
Net Income	627	577	50

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$380 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs in response to the COVID-19 pandemic at Duke Energy Florida and lower fuel prices, volumes and native load transfer sales in the current year at Duke Energy Progress;
- a \$49 million decrease in wholesale power revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and lower capacity volumes at Duke Energy Progress, partially offset by increased demand at Duke Energy Florida;
- a \$44 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year at Duke Energy Progress, partially offset by favorable weather in the current year at Duke Energy Florida;
- a \$32 million decrease in rider revenues primarily due to the Crystal River 3 uprate regulatory asset being fully recovered in 2019 at Duke Energy Florida; and
- a \$29 million decrease in weather-normal retail sales volume.

Partially offset by:

- a \$55 million increase in storm revenues due to Hurricane Dorian collections at Duke Energy Florida;
- a \$39 million increase in retail pricing due to base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment at Duke Energy Florida;
- a \$15 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers at Duke Energy Progress; and
- a \$12 million increase in other revenues primarily due to increased transmission revenues at Duke Energy Florida.

Operating Expenses. The variance was driven primarily by:

- a \$373 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix at Duke Energy Progress and lower fuel costs at Duke Energy Florida;
- a \$30 million decrease in operation, maintenance and other expense at Duke Energy Progress primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, reduced outage costs and energy efficiency program costs, partially offset by storm cost amortizations at Duke Energy Florida; and
- an \$8 million decrease in property and other taxes primarily due to lower revenue related taxes as a result of the decreased fuel revenues, and lower accrued property taxes at Duke Energy Florida.

Interest Expense. The variance was driven primarily by lower interest rates on outstanding debt at Duke Energy Progress.

DUKE ENERGY PROGRESS

Results of Operations

(in millions)	Six Months Ended June 30,		
	2020	2019	Variance
Operating Revenues	\$ 2,581	\$ 2,871	\$ (290)
Operating Expenses			
Fuel used in electric generation and purchased power	800	994	(194)
Operation, maintenance and other	622	692	(70)
Depreciation and amortization	544	541	3
Property and other taxes	91	85	6
Total operating expenses	2,057	2,312	(255)
Gains on Sales of Other Assets and Other, net	5	—	5
Operating Income	529	559	(30)
Other Income and Expenses, net	41	48	(7)
Interest Expense	137	158	(21)
Income Before Income Taxes	433	449	(16)
Income Tax Expense	68	77	(9)
Net Income	\$ 365	\$ 372	\$ (7)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2020
Residential sales	(6.0)%
General service sales	(8.8)%
Industrial sales	(4.8)%
Wholesale power sales	(12.2)%
Joint dispatch sales	22.8 %
Total sales	(6.4)%
Average number of customers	1.6 %

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$185 million decrease in fuel cost recovery driven by lower fuel prices and volumes as well as less native load transfer sales in the current year;
- a \$61 million decrease in wholesale power revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and decreased volumes, partially offset by increased capacity rates;
- a \$60 million decrease in retail sales due to unfavorable weather in the current year; and
- a \$13 million decrease in weather-normal retail sales volumes in the current year.

Partially Offset by:

- a \$15 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a \$194 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix; and
- a \$70 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, reduced outage costs and energy efficiency program costs.

Interest Expense. The variance was driven primarily by lower interest rates on outstanding debt.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes.

DUKE ENERGY FLORIDA

Results of Operations

(in millions)	Six Months Ended June 30,		
	2020	2019	Variance
Operating Revenues	\$ 2,330	\$ 2,439	\$ (109)
Operating Expenses			
Fuel used in electric generation and purchased power	740	919	(179)
Operation, maintenance and other	514	474	40
Depreciation and amortization	340	340	—
Property and other taxes	180	196	(16)
Total operating expenses	1,774	1,929	(155)
Losses on Sales of Other Assets and Other, net	—	(1)	1
Operating Income	556	509	47
Other Income and Expenses, net	25	25	—
Interest Expense	164	165	(1)
Income Before Income Taxes	417	369	48
Income Tax Expense	81	72	9
Net Income	\$ 336	\$ 297	\$ 39

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Wholesale power sales include both billed and unbilled sales. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2020
Residential sales	1.2 %
General service sales	(6.6)%
Industrial sales	5.4 %
Wholesale and other	(10.7)%
Total sales	(1.0)%
Average number of customers	1.7 %

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$195 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs in response to the COVID-19 pandemic;
- a \$32 million decrease in rider revenues primarily due to full recovery of the Crystal River 3 uprate regulatory asset in 2019; and
- a \$16 million decrease in weather-normal retail sales volumes.

Partially offset by:

- a \$55 million increase in storm revenues due to Hurricane Dorian collections;
- a \$39 million increase in retail pricing due to base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment;
- a \$16 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year;
- a \$12 million increase in other revenues primarily due to increased transmission revenues; and
- a \$12 million increase in wholesale power revenues, net of fuel, primarily due to increased demand.

Operating Expenses. The variance was driven primarily by:

- a \$179 million decrease in fuel used in electric generation and purchased power primarily due to lower fuel costs; and
- a \$16 million decrease in property and other taxes driven by lower gross receipts taxes due to decreased fuel revenues as well as lower accrued property taxes.

Partially offset by:

- a \$40 million increase in operation, maintenance and other expense primarily due to storm cost amortizations.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income.

DUKE ENERGY OHIO

Results of Operations

(in millions)	Six Months Ended June 30,		
	2020	2019	Variance
Operating Revenues			
Regulated electric	\$ 676	\$ 691	\$ (15)
Regulated natural gas	245	273	(28)
Total operating revenues	921	964	(43)
Operating Expenses			
Fuel used in electric generation and purchased power	164	179	(15)
Cost of natural gas	43	64	(21)
Operation, maintenance and other	218	255	(37)
Depreciation and amortization	136	130	6
Property and other taxes	161	158	3
Total operating expenses	722	786	(64)
Operating Income	199	178	21
Other Income and Expenses, net	7	15	(8)
Interest Expense	49	54	(5)
Income Before Income Taxes	157	139	18
Income Tax Expense	26	23	3
Net Income	\$ 131	\$ 116	\$ 15

The following table shows the percent changes in GWh sales of electricity, dekatherms of natural gas delivered and average number of electric and natural gas customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	Electric	Natural Gas
	2020	2020
Residential sales	(2.3)%	(7.5)%
General service sales	(8.1)%	(10.1)%
Industrial sales	(8.0)%	(3.2)%
Wholesale electric power sales	(52.0)%	n/a
Other natural gas sales	n/a	(0.5)%
Total sales	(6.3)%	(6.5)%
Average number of customers	1.3 %	0.8 %

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$34 million decrease in fuel related revenues primarily due to lower natural gas prices and decreased volumes;
- an \$8 million decrease in other revenues due to lower OVEC sales into PJM; and
- a \$6 million decrease in bulk power marketing sales.

Partially offset by:

- a \$10 million increase in retail pricing primarily due to rate case impacts in Kentucky.

Operating Expenses. The variance was driven primarily by:

- a \$36 million decrease in fuel expense, primarily driven by lower natural gas prices and decreased volumes; and
- a \$37 million decrease in operations, maintenance and other expense primarily due to Customer Connect and Network Integration Transmission Services deferrals, the timing of energy efficiency programs and outage costs, lower employee benefit expenses and lower vegetation and pole maintenance costs.

Partially offset by:

- a \$6 million increase in depreciation and amortization primarily driven by an increase in distribution plant, partially offset by lower amortization due to the suspension of the MGP rider in Ohio.

Other Income and Expenses, net. The variance was primarily due to lower AFUDC equity and lower intercompany interest income.

DUKE ENERGY INDIANA

Results of Operations

(in millions)	Six Months Ended June 30,		
	2020	2019	Variance
Operating Revenues	\$ 1,309	\$ 1,482	\$ (173)
Operating Expenses			
Fuel used in electric generation and purchased power	355	486	(131)
Operation, maintenance and other	357	377	(20)
Depreciation and amortization	266	263	3
Property and other taxes	42	39	3
Total operating expenses	1,020	1,165	(145)
Operating Income	289	317	(28)
Other Income and Expenses, net	19	27	(8)
Interest Expense	85	71	14
Income Before Income Taxes	223	273	(50)
Income Tax Expense	43	66	(23)
Net Income	\$ 180	\$ 207	\$ (27)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2020
Residential sales	(3.5)%
General service sales	(9.3)%
Industrial sales	(9.8)%
Wholesale power sales	(4.3)%
Total sales	(7.1)%
Average number of customers	1.4 %

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$118 million decrease in fuel revenues primarily due to lower fuel cost recovery driven by customer demand and fuel prices;
- a \$20 million decrease in weather-normal retail sales volumes driven by lower nonresidential customer demand;
- an \$18 million decrease in rider revenues primarily related to lower Edwardsport IGCC sales volumes; and
- a \$9 million decrease primarily related to the true up of wholesale revenues in the current year.

Operating Expenses. The variance was driven primarily by:

- a \$131 million decrease in fuel used in electric generation and purchased power expense primarily due to lower coal and natural gas costs, lower amortization of deferred fuel costs and lower purchased power expense; and
- a \$20 million decrease in operation, maintenance and other expense primarily due to lower outage expenses, storm restoration costs, training costs, employee related costs and the Customer Connect deferral.

Other Income and Expenses, net. The decrease was primarily due to life insurance proceeds received in the prior year.

Interest Expense. The variance was primarily due to higher fixed-rate debt outstanding in the current year and a favorable debt return, in the prior year, on the cumulative balance of deferred coal ash spend.

Income Tax Expense. The decrease in income tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes.

PIEDMONT

Results of Operations

(in millions)	Six Months Ended June 30,		
	2020	2019	Variance
Operating Revenues	\$ 709	\$ 788	\$ (79)
Operating Expenses			
Cost of natural gas	215	338	(123)
Operation, maintenance and other	159	163	(4)
Depreciation and amortization	88	84	4
Property and other taxes	24	25	(1)
Total operating expenses	486	610	(124)
Operating Income	223	178	45
Other Income and Expenses, net	28	12	16
Interest Expense	60	43	17
Income Before Income Taxes	191	147	44
Income Tax Expense	11	32	(21)
Net Income	\$ 180	\$ 115	\$ 65

The following table shows the percent changes in dekatherms delivered and average number of customers. The percentages for all throughput deliveries represent billed and unbilled sales. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2020
Residential deliveries	(4.6)%
Commercial deliveries	(11.8)%
Industrial deliveries	(3.3)%
Power generation deliveries	(2.8)%
For resale	(15.0)%
Total throughput deliveries	(4.3)%
Secondary market volumes	(17.7)%
Average number of customers	1.7 %

Due to the margin decoupling mechanism in North Carolina and the weather normalization adjustment (WNA) mechanisms in South Carolina and Tennessee and fixed-price contracts with most power generation customers, changes in throughput deliveries do not have a material impact on Piedmont's revenues or earnings. The margin decoupling mechanism adjusts for variations in residential and commercial use per customer, including those due to weather and conservation. The WNA mechanisms mostly offset the impact of weather on bills rendered, but do not ensure full recovery of approved margin during periods when winter weather is significantly warmer or colder than normal.

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$123 million decrease due to lower natural gas costs passed through to customers and decreased off-system sales natural gas costs;
- a \$27 million decrease due to return of EDIT to customers; and
- a \$7 million decrease due to NCUC approval related to tax reform accounting from fixed-rate contracts in the prior year.

Partially offset by:

- a \$60 million increase due to North Carolina base rate case increases; and
- a \$15 million increase due to North Carolina IMR increases.

Operating Expenses. The variance was driven primarily by:

- a \$123 million decrease in cost of natural gas due to lower natural gas prices and decreased off-system sales natural gas costs.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity and intercompany interest related to Belews Creek and Marshall Power Generation contracts.

Interest Expense. The variance was driven primarily by interest on the EDIT balance being returned to customers and higher debt outstanding in the current year, partially offset by lower AFUDC debt income.

Income Tax Expense. The decrease in income tax expense was primarily due to an increase in the amortization of excess deferred taxes and an increase in AFUDC Equity, partially offset by an increase in pretax income.

Matters Impacting Future Results

The matters discussed herein could materially impact the future operating results, financial condition and cash flows of the Duke Energy Registrants and Business Segments.

COVID-19

Duke Energy cannot predict the extent to which the COVID-19 pandemic will impact its results of operations, financial position and cash flows in the future. Duke Energy will continue to actively monitor the impacts of COVID-19 including the economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown will adversely affect the company's customers, suppliers and partners and could cause an increase in certain costs, such as bad debt, and a reduction in the demand for energy. It could also cause delays in construction for Commercial Renewables and availability of financing. The company also has various pending rate case proceedings that have been delayed. Duke Energy has cost mitigation plans in place to partially offset these impacts, and the ability to execute these plans is critical to preserving future financial results. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

ACP

On July 5, 2020, Duke Energy and Dominion Energy determined that they would no longer invest in the construction of the Atlantic Coast Pipeline. Duke Energy has recorded \$2.0 billion of pretax charges and expects additional charges of less than \$100 million to be recorded when certain exit costs related to the project are incurred by ACP. Estimates used to calculate the loss could be revised and exit obligations which have not yet been incurred or recorded could have an adverse impact on future results. Furthermore, the loss of earnings from this project, including AFUDC, will lower Duke Energy's future expected results. See Notes 1, 3, 4 and 11 to the Condensed Consolidated Financial Statements, "Organization and Basis of Presentation," "Regulatory Matters," "Commitments and Contingencies," and "Variable Interest Entities," respectively, for additional information.

Regulatory Matters

On December 31, 2019, Duke Energy Carolinas and Duke Energy Progress entered into a settlement agreement with North Carolina Department of Environmental Quality and certain community groups under which Duke Energy Carolinas and Duke Energy Progress agreed to excavate seven of the nine remaining coal ash basins in North Carolina with ash moved to on-site lined landfills. At the two remaining basins, uncapped basin ash will be excavated and moved to lined landfills. Duke Energy Carolinas and Duke Energy Progress have also received orders from the PSCSC granting the companies' requests for retail rate increases but denying recovery of certain coal ash costs. Duke Energy Carolinas and Duke Energy Progress have appealed these decisions to the South Carolina Supreme Court and those appeals are pending. Appeals of the 2017 North Carolina approved rate cases for Duke Energy Carolinas and Duke Energy Progress are still pending at the North Carolina Supreme Court. The North Carolina Attorney General and various intervenors primarily dispute the allowance of recovery of coal ash costs from customers, which was approved by the NCUC. An order from regulatory or judicial authorities disallowing recovery of costs related to closure of these ash basins could have an adverse impact on future results.

In 2015, the EPA published in the Federal Register a rule to regulate the disposal of CCR from electric utilities as solid waste. Duke Energy Indiana has interpreted the rule to identify the coal ash basin sites impacted and has assessed the amounts of coal ash subject to the rule and a method of compliance. Duke Energy Indiana's interpretation of the requirements of the CCR rule is subject to potential legal challenges and further regulatory approvals, which could result in additional ash basin closure requirements, higher costs of compliance and greater AROs. Additionally, Duke Energy Indiana has retired facilities that are not subject to the CCR rule. Duke Energy Indiana may incur costs at these facilities to comply with environmental regulations or to mitigate risks associated with on-site storage of coal ash. An order from regulatory authorities disallowing recovery of costs related to closure of ash basins could have an adverse impact.

Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms in 2018. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territories of Duke Energy Carolinas and Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. In September 2019, Hurricane Dorian impacted Duke Energy Progress and Duke Energy Florida's service territories. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact.

Duke Energy Carolinas received an order from the NCUC in 2018, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas and Duke Energy Progress have petitioned for deferral of future grid improvement costs in their 2019 rate cases. There could be adverse impact if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

In 2019, Duke Energy Carolinas and Duke Energy Progress filed general rate cases with the NCUC. The outcome of these rate cases could have a material impact.

The PUCO has issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Duke Energy Ohio has filed for a request for extension of the deadline. A hearing on that request has not been scheduled. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact.

For additional information, see Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters."

Other Matters

Duke Energy continues to experience growth in Commercial Renewables with tax equity structures; however, the future expiration of federal tax incentives could result in adverse impacts to future results of operations, financial position and cash flows.

Duke Energy continues to monitor recoverability of a renewable merchant plant located in the Electric Reliability Council of Texas West market, due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. Based on the most recent recoverability test performed this quarter, the carrying value approximated the aggregate estimated future cash flows for this plant and therefore further testing was not required. A continued decline in energy market pricing would likely result in a future impairment. Impairment of this asset could result in adverse impacts. For additional information, see Note 2 to the Condensed Consolidated Financial Statements, "Business Segments."

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2019, for discussion of risks associated with the Tax Act.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt and equity issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019, included a summary and detailed discussion of projected primary sources and uses of cash for 2020 to 2022.

During March 2020, in response to market volatility and the ongoing economic uncertainty related to COVID-19, Duke Energy took several actions to enhance the company's liquidity position including:

- Duke Energy drew down the remaining \$500 million of availability under the existing \$1 billion Three-Year Revolving Credit Facility, which was subsequently repaid during the second quarter of 2020; and
- Duke Energy entered into and borrowed the full amount under a \$1.5 billion, 364-day Term Loan Credit Agreement. The Term Loan Credit Agreement contains a provision for additional borrowing capacity of \$500 million. Duke Energy exercised the provision and borrowed an additional \$188 million, for a total borrowing of approximately \$1.7 billion.

Following March 2020, access to credit and equity markets has normalized. In addition to the financings to address the company's liquidity position, for the six months ended June 30, 2020, Duke Energy issued approximately \$3.3 billion in debt, raised \$111 million of common equity through its dividend reinvestment program, and paid down \$500 million on the Three-Year Revolving Credit Facility. Despite the recovery in capital markets, Duke Energy continues to monitor access to credit and equity markets amid the ongoing economic uncertainty related to COVID-19.

As of June 30, 2020, Duke Energy had approximately \$341 million of cash on hand, \$5.4 billion available under its \$8 billion Master Credit Facility and \$500 million available under the \$1 billion Three-Year Revolving Credit Facility. Duke Energy has additional liquidity available totaling approximately \$2.6 billion under outstanding equity forward agreements. Duke Energy expects to have sufficient liquidity in the form of cash on hand, cash from operations and available credit capacity to support its funding needs. Duke Energy continues to monitor access to credit and equity markets. Refer to Notes 5 and 13 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities" and "Stockholders' Equity," respectively, for information regarding Duke Energy's debt and equity issuances, debt maturities and available credit facilities including the Master Credit Facility.

In light of the COVID-19 pandemic and cancellation of the ACP pipeline, Duke Energy currently does not expect significant changes to the total projected capital and investment expenditures provided in the Form 10-K for the year ended December 31, 2019. However, Duke Energy will continue to reassess capital projects depending on the duration and severity of economic impacts caused by the pandemic.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

(in millions)	Six Months Ended	
	June 30,	
	2020	2019
Cash flows provided by (used in):		
Operating activities	\$ 3,357	\$ 3,056
Investing activities	(5,471)	(5,788)
Financing activities	2,182	2,622
Net increase (decrease) in cash, cash equivalents and restricted cash	68	(110)
Cash, cash equivalents and restricted cash at beginning of period	573	591
Cash, cash equivalents and restricted cash at end of period	\$ 641	\$ 481

OPERATING CASH FLOWS

The following table summarizes key components of Duke Energy's operating cash flows.

(in millions)	Six Months Ended			
	June 30,			
	2020	2019	Variance	
Net (loss) income	\$ (2)	\$ 1,641	\$ (1,643)	
Non-cash adjustments to net income	4,592	2,917	1,675	
Payments for asset retirement obligations	(287)	(336)	49	
Working capital	(946)	(1,166)	220	
Net cash provided by operating activities	\$ 3,357	\$ 3,056	\$ 301	

The variance was primarily due to timing of payments of property taxes, higher Nuclear Electric Insurance Limited (NEIL) refunds in the current year and lower storm costs in the current year.

INVESTING CASH FLOWS

The following table summarizes key components of Duke Energy's investing cash flows.

(in millions)	Six Months Ended			
	June 30,			
	2020	2019	Variance	
Capital, investment and acquisition expenditures	\$ (5,267)	\$ (5,627)	\$ 360	
Other investing items	(204)	(161)	(43)	
Net cash used in investing activities	\$ (5,471)	\$ (5,788)	\$ 317	

The variance relates to lower capital expenditures in the current year for plants now in service.

FINANCING CASH FLOWS

The following table summarizes key components of Duke Energy's financing cash flows.

(in millions)	Six Months Ended			
	June 30,			
	2020	2019	Variance	
Issuances of long-term debt, net	\$ 1,837	\$ 2,467	\$ (630)	
Issuances of common stock	57	27	30	
Issuances of preferred stock	—	973	(973)	
Notes payable, commercial paper and other short-term borrowings	1,624	324	1,300	
Dividends paid	(1,391)	(1,312)	(79)	
Contributions from noncontrolling interests	163	193	(30)	
Other financing items	(108)	(50)	(58)	
Net cash provided by financing activities	\$ 2,182	\$ 2,622	\$ (440)	

The variance was primarily due to:

- a \$1.3 billion increase in net proceeds from issuances of notes payable and commercial paper primarily due to borrowings of \$1.7 billion under the 364-day Term Loan Credit Agreement.

Partially offset by:

- a \$973 million decrease in proceeds from the issuance of preferred stock; and
- a \$630 million decrease in proceeds from net issuances of long-term debt primarily due to the timing of issuances and redemptions of long-term debt.

OTHER MATTERS

Environmental Regulations

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal, coal ash and other environmental matters. These regulations can be changed from time to time and result in new obligations of the Duke Energy Registrants. Refer to Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for further information regarding potential plant retirements and regulatory filings related to the Duke Energy Registrants.

On May 14, 2020, the five-year probation period following the Dan River coal ash spill ended. The court appointed monitor confirmed in U.S. District Court for the Eastern District of North Carolina that Duke Energy met or exceeded every obligation throughout the process. Separately, in a final report to the EPA, it was noted that the company made significant enhancements to its Ethics and Compliance Program and its environmental compliance programs.

Section 126 Petitions

On November 16, 2016, the state of Maryland filed a petition with EPA under Section 126 of the Clean Air Act alleging that 19 power plants, including two plants (three units) that Duke Energy Registrants own and operate, contribute to violations of EPA's National Ambient Air Quality Standards (NAAQS) for ozone in the state of Maryland. On March 12, 2018, the state of New York filed a petition with EPA, also under Section 126 of the Clean Air Act alleging that over 60 power plants, including six that Duke Energy Registrants own and operate, contribute to violations of EPA's ozone NAAQS in the state of New York. Both Maryland and New York sought EPA orders requiring the states in which the named power plants operate to impose more stringent NOx emission limitations on the plants. On October 5, 2018, EPA denied the Maryland petition. That same day, Maryland appealed EPA's denial. On October 18, 2019, EPA denied the New York petition, and New York appealed that decision on October 29, 2019. On May 19, 2020, the U.S. Court of Appeals for the D.C. Circuit issued its decision, finding, with one exception, that EPA reasonably denied the Maryland petition. The court remanded one issue to EPA regarding target sources lacking catalytic controls. All of the Duke Energy units targeted have selective catalytic reduction so the decision is favorable for these units. A different panel of the same court heard oral argument in New York's appeal of EPA's denial of its Section 126 Petition on May 7, 2020, and on July 14, 2020, the panel issued its decision remanding the Petition to EPA for further review. The Duke Energy Registrants cannot predict the outcome of this matter.

Off-Balance Sheet Arrangements

During the three and six months ended June 30, 2020, there were no material changes to Duke Energy's off-balance sheet arrangements. See Notes 1, 3, 4 and 11 to the Condensed Consolidated Financial Statements, "Organization and Basis of Presentation," "Regulatory Matters," "Commitments and Contingencies," and "Variable Interest Entities," respectively, for additional information on ACP. See Note 13 to the Condensed Consolidated Financial Statements, "Stockholders' Equity," for information regarding equity forward sales agreements. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Balance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

Contractual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three and six months ended June 30, 2020, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K for the Duke Energy Registrants. During the three and six months ended June 30, 2020, there were no material changes to the Duke Energy Registrants' disclosures about market risk, other than as described below.

Credit Risk

In response to the COVID-19 pandemic, in March 2020, the Duke Energy Subsidiary Registrants announced a suspension of disconnections for nonpayment to be effective throughout the national emergency. This has resulted in an increase in charge-offs over historical levels. In addition, the Registrants are monitoring the effects of the resultant economic slowdown on counterparties' abilities to perform under their contractual obligations.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the SEC rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2020, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) that occurred during the fiscal quarter ended June 30, 2020, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements. For additional information, see Item 3, "Legal Proceedings," in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in the Duke Energy Registrants' Annual Report on Form 10-K for the year ended December 31, 2019, which could materially affect the Duke Energy Registrants' financial condition or future results. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in the Annual Report on Form 10-K for the year ended December 31, 2019.

The Duke Energy Registrants' operations have been and may be affected by COVID-19 in ways listed below and in ways the registrants cannot predict at this time.

The COVID-19 pandemic has begun to impact the Duke Energy Registrants' business strategy, results of operations, financial position and cash flows, albeit not materially as of this filing date, from specific activities listed below:

- Decreased demand for electricity and natural gas;
- Delays in rate cases and other legal proceedings;
- The health and availability of our critical personnel and their ability to perform business functions; and
- Actions of state utility commissions or federal or state governments to allow customers to suspend or delay payment of bills related to the provision of electric or gas services.

Furthermore, due to the unpredictability of the COVID-19 pandemic's ongoing impact on global health and economic stability as of this filing date, the Duke Energy Registrants expect that the activities listed below could negatively impact their business strategy, results of operations, financial position and cash flows:

- An inability to procure satisfactory levels of fuels or other necessary equipment to continue production of electricity and delivery of natural gas;
- An inability to obtain labor or equipment necessary for the construction of generation projects or pipeline expansion;
- An inability to maintain information technology systems and protections from cyberattack;
- An inability to obtain financing in volatile financial markets;
- Additional federal regulation tied to stimulus and other aid packages; and
- Impairment charges, which could include real estate as options for working remotely are evaluated and goodwill.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 6. EXHIBITS

Exhibits filed herein are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated. Items constituting management contracts or compensatory plans or arrangements are designated by a double asterisk (**). The company agrees to furnish upon request to the commission a copy of any omitted schedules or exhibits upon request on all items designated by a triple asterisk (***).

Exhibit Number		Duke Energy Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
4.1	Twenty-third Supplemental Indenture, dated as of May 15, 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on May 15, 2020, File No. 1-32853).	X							
4.2	Forty-seventh Supplemental Indenture, dated as of May 21, 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on May 21, 2020, File No. 1-1232).						X		
4.3	Tenth Supplemental Indenture, dated as of May 21, 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on May 21, 2020, File No. 1-6196).								X
4.4	Fifty-seventh Supplemental Indenture, dated as of June 1, 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on June 11, 2020, File No. 1-3274).					X			
*31.1.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X							
*31.1.2	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X						
*31.1.3	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X					
*31.1.4	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X				
*31.1.5	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X			
*31.1.6	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X		
*31.1.7	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.							X	
*31.1.8	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.								X
*31.2.1	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X							
*31.2.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X						
*31.2.3	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X					
*31.2.4	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X				
*31.2.5	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X			

*31.2.6	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X	
*31.2.7	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
*31.2.8	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
*32.1.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				
*32.1.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X			
*32.1.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X		
*32.1.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X	
*32.1.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
*32.1.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X	
*32.1.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
*32.1.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
*32.2.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				
*32.2.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X			
*32.2.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X		
*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X	
*32.2.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
*32.2.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X	
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X

*101.INS	XBRL Instance Document (this does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).	X	X	X	X	X	X	X	X
*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X
*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X
*104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).	X	X	X	X	X	X	X	X

The total amount of securities of the registrant or its subsidiaries authorized under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the SEC, to furnish copies of any or all of such instruments to it.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION
DUKE ENERGY CAROLINAS, LLC
PROGRESS ENERGY, INC.
DUKE ENERGY PROGRESS, LLC
DUKE ENERGY FLORIDA, LLC
DUKE ENERGY OHIO, INC.
DUKE ENERGY INDIANA, LLC
PIEDMONT NATURAL GAS COMPANY, INC.

Date: August 10, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer (Principal
Financial Officer)

Date: August 10, 2020

/s/ DWIGHT L. JACOBS

Dwight L. Jacobs
Senior Vice President, Chief Accounting Officer,
Tax and Controller
(Principal Accounting Officer)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 125 of 156

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chair, President and
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 126 of 156

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 127 of 156

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 128 of 156

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 129 of 156

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 130 of 156

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 131 of 156

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 132 of 156

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 133 of 156

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 134 of 156

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

EXHIBIT 32.1.1

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In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chair, President and Chief Executive Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chair, President and
Chief Executive Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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EXHIBIT 32.1.4

In connection with the Quarterly Report of Duke Energy Progress, LLC ("Duke Energy Progress") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Progress, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Progress.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 10, 2020

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SEP 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

EXHIBIT 32.1.5

Page 145 of 156

In connection with the Quarterly Report of Duke Energy Florida, LLC ("Duke Energy Florida") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Florida, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Florida.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 10, 2020

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SEP 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

EXHIBIT 32.1.6

Page 146 of 156

In connection with the Quarterly Report of Duke Energy Ohio, Inc. ("Duke Energy Ohio") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Ohio, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Ohio.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 147 of 156

In connection with the Quarterly Report of Duke Energy Indiana, LLC ("Duke Energy Indiana") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Indiana, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Indiana.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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In connection with the Quarterly Report of Piedmont Natural Gas Company, Inc. ("Piedmont") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Piedmont, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Piedmont.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 149 of 156

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 150 of 156

In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 151 of 156

In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

EXHIBIT 32.2.4

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In connection with the Quarterly Report of Duke Energy Progress, LLC ("Duke Energy Progress") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Progress, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Progress.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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In connection with the Quarterly Report of Duke Energy Florida, LLC ("Duke Energy Florida") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Florida, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Florida.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 154 of 156

In connection with the Quarterly Report of Duke Energy Ohio, Inc. ("Duke Energy Ohio") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Ohio, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Ohio.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 155 of 156

In connection with the Quarterly Report of Duke Energy Indiana, LLC ("Duke Energy Indiana") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Indiana, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Indiana.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 10, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

EXHIBIT 32.2.8

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In connection with the Quarterly Report of Piedmont Natural Gas Company, Inc. ("Piedmont") on Form 10-Q for the period ending June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Piedmont, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Piedmont.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 10, 2020

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SEP 13 2021

-1/A
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Page 1 of 160

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2020
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification Number
		
1-32853	DUKE ENERGY CORPORATION (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218
1-4928	DUKE ENERGY CAROLINAS, LLC (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853	56-0205520
1-15929	PROGRESS ENERGY, INC. (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-2155481
1-3382	DUKE ENERGY PROGRESS, LLC (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-0165465
1-3274	DUKE ENERGY FLORIDA, LLC (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853	59-0247770
1-1232	DUKE ENERGY OHIO, INC. (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853	31-0240030
1-3543	DUKE ENERGY INDIANA, LLC (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853	35-0594457
1-6196	PIEDMONT NATURAL GAS COMPANY, INC. (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120	56-0556998

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SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Name of each exchange on

<u>Registrant</u>	<u>Title of each class</u>	<u>Trading symbols</u>	<u>which registered</u>	
Duke Energy	Common Stock, \$0.001 par value	DUK	New York Stock Exchange LLC	
Duke Energy	5.125% Junior Subordinated Debentures due January 15, 2073	DUKH	New York Stock Exchange LLC	
Duke Energy	5.625% Junior Subordinated Debentures due September 15, 2078	DUKB	New York Stock Exchange LLC	
Duke Energy	Depository Shares, each representing a 1/1,000th interest in a share of 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share	DUK PR A	New York Stock Exchange LLC	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Duke Energy Corporation (Duke Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Florida, LLC (Duke Energy Florida)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Progress Energy, Inc. (Progress Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Progress, LLC (Duke Energy Progress)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Duke Energy	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Florida	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Progress Energy	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Progress	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Piedmont	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Duke Energy	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Carolinas	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Progress Energy	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Progress	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Florida	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Ohio	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Duke Energy Indiana	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Piedmont	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Duke Energy	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Florida	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Duke Energy Carolinas	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Ohio	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Progress Energy	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Indiana	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Duke Energy Progress	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Piedmont	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	735,958,560

This combined Form 10-Q is filed separately by eight registrants: Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format specified in General Instructions H(2) of Form 10-Q.

Cautionary Statement Regarding Forward-Looking Information

PART I. FINANCIAL INFORMATION

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- The impact of the COVID-19 pandemic;
- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the United States electric grid or generating resources;
- The ability to obtain the necessary permits and approvals and to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, operational accidents, information technology failures or other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- The ability to obtain adequate insurance at acceptable costs;
- Employee workforce factors, including the potential inability to attract and retain key personnel;

- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);
- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of United States tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy, including enhancing existing technology systems.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' reports filed with the SEC and available at the SEC's website at sec.gov. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Glossary of Terms

The following terms or acronyms used in this Form 10-Q are defined below:

Term or Acronym	Definition
2013 Settlement	Revised and Restated Stipulation and Settlement Agreement approved in November 2013 among Duke Energy Florida, the Florida Office of Public Counsel and other customer representatives
2017 Settlement	Second Revised and Restated Settlement Agreement in 2017 among Duke Energy Florida, the Florida Office of Public Counsel and other customer representatives, which replaces and supplants the 2013 Settlement
ACP	Atlantic Coast Pipeline, LLC, a limited liability company owned by Dominion Energy, Inc. and Duke Energy
ACP pipeline	The approximately 600-mile canceled interstate natural gas pipeline
AFS	Available for Sale
AFUDC	Allowance for funds used during construction
AMT	Alternative Minimum Tax
ARO	Asset retirement obligations
Bison	Bison Insurance Company Limited
CC	Combined Cycle
CCR	Coal Combustion Residuals
CARES Act	Coronavirus Aid, Relief and Economic Security Act
Coal Ash Act	North Carolina Coal Ash Management Act of 2014
the company	Duke Energy Corporation and its subsidiaries
Constitution	Constitution Pipeline Company, LLC
COVID-19	Coronavirus Disease 2019
CRC	Cinergy Receivables Company, LLC
Crystal River Unit 3	Crystal River Unit 3 Nuclear Plant
DEFPP	Duke Energy Florida Project Finance, LLC
DEFR	Duke Energy Florida Receivables, LLC
DEPR	Duke Energy Progress Receivables, LLC
DERF	Duke Energy Receivables Finance Company, LLC
Duke Energy	Duke Energy Corporation (collectively with its subsidiaries)
Duke Energy Ohio	Duke Energy Ohio, Inc.
Duke Energy Progress	Duke Energy Progress, LLC
Duke Energy Carolinas	Duke Energy Carolinas, LLC
Duke Energy Florida	Duke Energy Florida, LLC
Duke Energy Indiana	Duke Energy Indiana, LLC
Duke Energy Kentucky	Duke Energy Kentucky, Inc.
Duke Energy Registrants	Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
EDIT	Excess deferred income tax
EPA	U.S. Environmental Protection Agency
EPS	Earnings Per Share
ESP	Electric Security Plan
ETR	Effective tax rate
Exchange Act	Securities Exchange Act of 1934

FERC	Federal Energy Regulatory Commission
FPSC	Florida Public Service Commission
FTR	Financial transmission rights
GAAP	Generally accepted accounting principles in the U.S.
GAAP Reported Earnings	Net Income Available to Duke Energy Corporation Common Stockholders
GAAP Reported EPS	Basic Earnings Per Share Available to Duke Energy Corporation common stockholders
GWh	Gigawatt-hours
IGCC	Integrated Gasification Combined Cycle
IMR	Integrity Management Rider
IRS	Internal Revenue Service
Investment Trusts	NDTF investments and grantor trusts of Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana
IURC	Indiana Utility Regulatory Commission
KPSC	Kentucky Public Service Commission
LLC	Limited Liability Company
MGP	Manufactured gas plant
MMBtu	Million British Thermal Unit
MW	Megawatt
MWh	Megawatt-hour
NCUC	North Carolina Utilities Commission
NDTF	Nuclear decommissioning trust funds
NPNS	Normal purchase/normal sale
OPEB	Other Post-Retirement Benefit Obligations
ORS	South Carolina Office of Regulatory Staff
OVEC	Ohio Valley Electric Corporation
Piedmont	Piedmont Natural Gas Company, Inc.
PPA	Purchase Power Agreement
Progress Energy	Progress Energy, Inc.
PSCSC	Public Service Commission of South Carolina
PUCO	Public Utilities Commission of Ohio
Subsidiary Registrants	Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the Tax Act	Tax Cuts and Jobs Act
TPUC	Tennessee Public Utility Commission
U.S.	United States
VIE	Variable Interest Entity
WACC	Weighted Average Cost of Capital

FINANCIAL STATEMENTS

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share amounts)	2020	2019	2020	2019
Operating Revenues				
Regulated electric	\$ 6,315	\$ 6,515	\$ 16,402	\$ 17,223
Regulated natural gas	214	223	1,115	1,231
Nonregulated electric and other	192	202	574	522
Total operating revenues	6,721	6,940	18,091	18,976
Operating Expenses				
Fuel used in electric generation and purchased power	1,849	1,978	4,645	5,228
Cost of natural gas	41	48	299	451
Operation, maintenance and other	1,450	1,484	4,142	4,337
Depreciation and amortization	1,217	1,186	3,497	3,364
Property and other taxes	324	335	1,003	1,012
Impairment charges	28	(20)	36	(16)
Total operating expenses	4,909	5,011	13,622	14,376
Gains on Sales of Other Assets and Other, net	2	—	10	—
Operating Income	1,814	1,929	4,479	4,600
Other Income and Expenses				
Equity in (losses) earnings of unconsolidated affiliates	(80)	50	(2,004)	137
Other income and expenses, net	127	104	310	308
Total other income and expenses	47	154	(1,694)	445
Interest Expense	522	572	1,627	1,657
Income Before Income Taxes	1,339	1,511	1,158	3,388
Income Tax Expense (Benefit)	105	188	(74)	424
Net Income	1,234	1,323	1,232	2,964
Add: Net Loss Attributable to Noncontrolling Interests	70	19	208	110
Net Income Attributable to Duke Energy Corporation	1,304	1,342	1,440	3,074
Less: Preferred Dividends	39	15	93	27
Net Income Available to Duke Energy Corporation Common Stockholders	\$ 1,265	\$ 1,327	\$ 1,347	\$ 3,047
Earnings Per Share – Basic and Diluted				
Basic and Diluted	\$ 1.74	\$ 1.82	\$ 1.85	\$ 4.18
Weighted Average Shares Outstanding				
Basic and Diluted	735	729	735	728

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Net Income	\$ 1,234	\$ 1,323	\$ 1,232	\$ 2,964
Other Comprehensive Loss, net of tax^(a)				
Pension and OPEB adjustments	1	(2)	1	1
Net unrealized losses on cash flow hedges	(83)	(16)	(159)	(62)
Reclassification into earnings from cash flow hedges	4	1	8	4
Unrealized (losses) gains on available-for-sale securities	(2)	2	5	10
Other Comprehensive Loss, net of tax	(80)	(15)	(145)	(47)
Comprehensive Income	1,154	1,308	1,087	2,917
Add: Comprehensive Loss Attributable to Noncontrolling Interests	70	19	220	110
Comprehensive Income Attributable to Duke Energy	1,224	1,327	1,307	3,027
Less: Preferred Dividends	39	15	93	27
Comprehensive Income Available to Duke Energy Corporation Common Stockholders	\$ 1,185	\$ 1,312	\$ 1,214	\$ 3,000

(a) Net of income tax impacts of approximately \$24 million for the three months ended September 30, 2020, and \$43 million and \$14 million for the nine months ended September 30, 2020, and 2019, respectively. All other periods presented include immaterial income tax impacts.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 308	\$ 311
Receivables (net of allowance for doubtful accounts of \$27 at 2020 and \$22 at 2019)	719	1,066
Receivables of VIEs (net of allowance for doubtful accounts of \$106 at 2020 and \$54 at 2019)	2,320	1,994
Inventory	3,190	3,232
Regulatory assets (includes \$53 at 2020 and \$52 at 2019 related to VIEs)	1,637	1,796
Other (includes \$335 at 2020 and \$242 at 2019 related to VIEs)	505	764
Total current assets	8,679	9,163
Property, Plant and Equipment		
Cost	153,916	147,654
Accumulated depreciation and amortization	(48,185)	(45,773)
Generation facilities to be retired, net	29	246
Net property, plant and equipment	105,760	102,127
Other Noncurrent Assets		
Goodwill	19,303	19,303
Regulatory assets (includes \$951 at 2020 and \$989 at 2019 related to VIEs)	13,264	13,222
Nuclear decommissioning trust funds	8,363	8,140
Operating lease right-of-use assets, net	1,577	1,658
Investments in equity method unconsolidated affiliates	924	1,936
Other (includes \$90 at 2020 and \$110 at 2019 related to VIEs)	3,539	3,289
Total other noncurrent assets	46,970	47,548
Total Assets	\$ 161,409	\$ 158,838
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 2,486	\$ 3,487
Notes payable and commercial paper	3,425	3,135
Taxes accrued	768	392
Interest accrued	556	565
Current maturities of long-term debt (includes \$466 at 2020 and \$216 at 2019 related to VIEs)	4,669	3,141
Asset retirement obligations	742	881
Regulatory liabilities	1,218	784
Other	2,829	2,367
Total current liabilities	16,693	14,752
Long-Term Debt (includes \$3,628 at 2020 and \$3,997 at 2019 related to VIEs)	56,049	54,985
Other Noncurrent Liabilities		
Deferred income taxes	9,170	8,878
Asset retirement obligations	12,912	12,437
Regulatory liabilities	14,546	15,264
Operating lease liabilities	1,379	1,432
Accrued pension and other post-retirement benefit costs	903	934
Investment tax credits	689	624
Other (includes \$342 at 2020 and \$228 at 2019 related to VIEs)	1,773	1,581
Total other noncurrent liabilities	41,372	41,150
Commitments and Contingencies		
Equity		
Preferred stock, Series A, \$0.001 par value, 40 million depositary shares authorized and outstanding at 2020 and 2019	973	973
Preferred stock, Series B, \$0.001 par value, 1 million shares authorized and outstanding at 2020 and 2019	989	989
Common stock, \$0.001 par value, 2 billion shares authorized; 736 million shares outstanding at 2020 and 733 million shares outstanding at 2019	1	1
Additional paid-in capital	41,046	40,881
Retained earnings	3,260	4,108
Accumulated other comprehensive loss	(263)	(130)

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Piedmont Natural Gas Company, Inc. Docket No. G-9, Sub 781					
Total Duke Energy Corporation stockholders' equity		46,006			46,822
Noncontrolling interests		1,289			1,129
Attachment 16 of 16	-/A				
Total equity		47,295			47,951
Total Liabilities and Equity		\$ 161,409		\$	158,838

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ 1,232	\$ 2,964
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	4,081	3,831
Equity in losses (earnings) of unconsolidated affiliates	2,004	(137)
Equity component of AFUDC	(112)	(99)
Gains on sales of other assets	(10)	—
Impairment charges	36	(16)
Deferred income taxes	210	736
Contributions to qualified pension plans	—	(77)
Payments for asset retirement obligations	(463)	(582)
Provision for rate refunds	(15)	61
Refund of AMT credit carryforwards	572	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	87	(4)
Receivables	58	62
Inventory	43	(3)
Other current assets	199	(134)
Increase (decrease) in		
Accounts payable	(563)	(538)
Taxes accrued	386	125
Other current liabilities	(284)	(198)
Other assets	(328)	(279)
Other liabilities	(367)	(75)
Net cash provided by operating activities	6,766	5,637
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(7,408)	(8,084)
Contributions to equity method investments	(276)	(264)
Purchases of debt and equity securities	(6,160)	(3,105)
Proceeds from sales and maturities of debt and equity securities	6,087	3,092
Other	(207)	(272)
Net cash used in investing activities	(7,964)	(8,633)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	6,162	6,131
Issuance of preferred stock	—	1,963
Issuance of common stock	75	41
Payments for the redemption of long-term debt	(3,468)	(2,737)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	2,372	339
Payments for the redemption of short-term debt with original maturities greater than 90 days	(1,143)	(479)
Notes payable and commercial paper	(969)	(879)
Contributions from noncontrolling interests	402	615
Dividends paid	(2,113)	(1,990)
Other	(93)	(17)
Net cash provided by financing activities	1,225	2,987
Net increase (decrease) in cash, cash equivalents and restricted cash	27	(9)
Cash, cash equivalents and restricted cash at beginning of period	573	591
Cash, cash equivalents and restricted cash at end of period	\$ 600	\$ 582
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 992	\$ 1,073

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Attachment 16 of 16

--/A
See Notes to Condensed Consolidated Financial Statements
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DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three Months Ended September 30, 2019 and 2020												
(in millions)	<div> <div>Accumulated Other Comprehensive</div> <div>(Loss) Income</div> <div> <div>Net Gains (Losses) on Cash Flow Hedges</div> <div>Net Unrealized (Losses) Gains on Available-for-Sale Securities</div> <div>Pension and OPEB Adjustments</div> <div> <div>Total</div> <div>Duke Energy Corporation</div> <div>Stockholders' Equity</div> <div>Noncontrolling Interests</div> <div>Total Equity</div> </div> </div> </div>											
	Preferred Stock	Common Stock Shares	Common Stock	Paid-in Capital	Retained Earnings	Cash Flow Hedges	for-Sale Securities	OPEB Adjustments	Stockholders' Equity	Noncontrolling Interests	Total Equity	
Balance at June 30, 2019	\$ 973	728	\$ 1	\$ 40,885	\$ 3,502	\$ (63)	\$ 4	\$ (89)	\$ 45,213	\$ 119	\$45,332	
Net income (loss)	—	—	—	—	1,327	—	—	—	1,327	(19)	1,308	
Other comprehensive (loss) income	—	—	—	—	—	(15)	2	(2)	(15)	—	(15)	
Preferred stock, Series B, issuances, net of issuance costs ^(a)	990	—	—	—	—	—	—	—	990	—	990	
Common stock issuances, including dividend reinvestment and employee benefits	—	1	—	69	—	—	—	—	69	—	69	
Common stock dividends	—	—	—	—	(690)	—	—	—	(690)	—	(690)	
Sale of noncontrolling interest ^(b)	—	—	—	(465)	—	10	—	—	(455)	863	408	
Contribution from noncontrolling interests, net of transaction costs	—	—	—	—	—	—	—	—	—	7	7	
Other	—	—	—	(1)	—	—	—	—	(1)	(1)	(2)	
Balance at September 30, 2019	\$ 1,963	729	\$ 1	\$ 40,488	\$ 4,139	\$ (68)	\$ 6	\$ (91)	\$ 46,438	\$ 969	\$47,407	
Balance at June 30, 2020	\$ 1,962	735	\$ 1	\$ 40,997	\$ 2,707	\$ (111)	\$ 10	\$ (82)	\$ 45,484	\$ 1,127	\$46,611	
Net income (loss)	—	—	—	—	1,265	—	—	—	1,265	(70)	1,195	
Other comprehensive (loss) income	—	—	—	—	—	(79)	(2)	1	(80)	—	(80)	
Common stock issuances, including dividend reinvestment and employee benefits	—	1	—	65	—	—	—	—	65	—	65	
Common stock dividends	—	—	—	—	(712)	—	—	—	(712)	—	(712)	
Contribution from noncontrolling interests, net of transaction costs ^(d)	—	—	—	(17)	—	—	—	—	(17)	239	222	
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(8)	(8)	
Other	—	—	—	1	—	—	—	—	1	1	2	
Balance at September 30, 2020	\$ 1,962	736	\$ 1	\$ 41,046	\$ 3,260	\$ (190)	\$ 8	\$ (81)	\$ 46,006	\$ 1,289	\$47,295	

See Notes to Condensed Consolidated Financial Statements

Nine Months Ended September 30, 2019 and 2020											
(in millions)						Accumulated Other Comprehensive (Loss) Income			Total		
	Common		Additional		Retained Earnings	Net Losses on Cash Flow Hedges	Net Unrealized (Losses) Gains on Available- for-Sale- Securities	Pension and OPEB Adjustments	Duke Energy Corporation		Total Equity
	Preferred Stock	Stock Shares	Common Stock	Paid-in Capital					Stockholders' Equity	Noncontrolling Interests	
Balance at December 31, 2018	\$ —	727	\$ 1	\$ 40,795	\$ 3,113	\$ (14)	\$ (3)	\$ (75)	\$ 43,817	\$ 17	\$ 43,834
Net income (loss)	—	—	—	—	3,047	—	—	—	3,047	(110)	2,937
Other comprehensive (loss) income	—	—	—	—	—	(58)	10	1	(47)	—	(47)
Preferred stock, Series A, issuances, net of issuance costs ^(c)	973	—	—	—	—	—	—	—	973	—	973
Preferred stock, Series B, issuances, net of issuance costs ^(a)	990	—	—	—	—	—	—	—	990	—	990
Common stock issuances, including dividend reinvestment and employee benefits	—	2	—	158	—	—	—	—	158	—	158
Common stock dividends	—	—	—	—	(2,044)	—	—	—	(2,044)	—	(2,044)
Sale of noncontrolling interest ^(b)	—	—	—	(465)	—	10	—	—	(455)	863	408
Contributions from noncontrolling interests, net of transaction costs ^(d)	—	—	—	—	—	—	—	—	—	200	200
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(1)	(1)
Other ^(e)	—	—	—	—	23	(6)	(1)	(17)	(1)	—	(1)
Balance at September 30, 2019	\$ 1,963	729	\$ 1	\$ 40,488	\$ 4,139	\$ (68)	\$ 6	\$ (91)	\$ 46,438	\$ 969	\$ 47,407
Balance at December 31, 2019	\$ 1,962	733	\$ 1	\$ 40,881	\$ 4,108	\$ (51)	\$ 3	\$ (82)	\$ 46,822	\$ 1,129	\$ 47,951
Net income (loss)	—	—	—	—	1,347	—	—	—	1,347	(208)	1,139
Other comprehensive (loss) income	—	—	—	—	—	(139)	5	1	(133)	(12)	(145)
Common stock issuances, including dividend reinvestment and employee benefits	—	3	—	181	—	—	—	—	181	—	181
Common stock dividends	—	—	—	—	(2,103)	—	—	—	(2,103)	—	(2,103)
Contributions from noncontrolling interests, net of transaction costs ^(d)	—	—	—	(17)	—	—	—	—	(17)	402	385
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(22)	(22)
Other ^(f)	—	—	—	1	(92)	—	—	—	(91)	—	(91)
Balance at September 30, 2020	\$ 1,962	736	\$ 1	\$ 41,046	\$ 3,260	\$ (190)	\$ 8	\$ (81)	\$ 46,006	\$ 1,289	\$ 47,295

(a) Duke Energy issued 1 million shares of preferred stock, series B, in the third quarter of 2019.

(b) See Note 2 for additional discussion of the transaction.

(c) Duke Energy issued 40 million depositary shares of preferred stock, Series A.

(d) Relates to tax equity financing activity in the Commercial Renewables segment.

(e) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

(f) Amounts in Retained earnings primarily represent impacts due to implementation of a new accounting standard related to Current Estimated Credit Losses. See Note 1 for additional discussion.

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Operating Revenues	\$ 2,058	\$ 2,162	\$ 5,416	\$ 5,619
Operating Expenses				
Fuel used in electric generation and purchased power	497	504	1,326	1,371
Operation, maintenance and other	402	443	1,218	1,324
Depreciation and amortization	372	350	1,090	1,013
Property and other taxes	57	66	213	221
Impairment charges	20	6	22	11
Total operating expenses	1,348	1,369	3,869	3,940
Gains on Sales of Other Assets and Other, net	1	—	1	—
Operating Income	711	793	1,548	1,679
Other Income and Expenses, net	42	34	128	106
Interest Expense	122	119	370	346
Income Before Income Taxes	631	708	1,306	1,439
Income Tax Expense	76	118	178	255
Net Income and Comprehensive Income	\$ 555	\$ 590	\$ 1,128	\$ 1,184

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 23	\$ 18
Receivables (net of allowance for doubtful accounts of \$1 at 2020 and \$3 at 2019)	177	324
Receivables of VIEs (net of allowance for doubtful accounts of \$21 at 2020 and \$7 at 2019)	770	642
Receivables from affiliated companies	64	114
Notes receivable from affiliated companies	65	—
Inventory	992	996
Regulatory assets	495	550
Other	44	21
Total current assets	2,630	2,665
Property, Plant and Equipment		
Cost	50,622	48,922
Accumulated depreciation and amortization	(17,406)	(16,525)
Net property, plant and equipment	33,216	32,397
Other Noncurrent Assets		
Regulatory assets	3,400	3,360
Nuclear decommissioning trust funds	4,506	4,359
Operating lease right-of-use assets, net	117	123
Other	1,179	1,149
Total other noncurrent assets	9,202	8,991
Total Assets	\$ 45,048	\$ 44,053
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 583	\$ 954
Accounts payable to affiliated companies	155	210
Notes payable to affiliated companies	—	29
Taxes accrued	398	46
Interest accrued	130	115
Current maturities of long-term debt	751	458
Asset retirement obligations	267	206
Regulatory liabilities	430	255
Other	487	611
Total current liabilities	3,201	2,884
Long-Term Debt	11,497	11,142
Long-Term Debt Payable to Affiliated Companies	300	300
Other Noncurrent Liabilities		
Deferred income taxes	3,915	3,921
Asset retirement obligations	5,507	5,528
Regulatory liabilities	6,243	6,423
Operating lease liabilities	102	102
Accrued pension and other post-retirement benefit costs	76	84
Investment tax credits	237	231
Other	644	627
Total other noncurrent liabilities	16,724	16,916
Commitments and Contingencies		
Equity		
Member's equity	13,333	12,818
Accumulated other comprehensive loss	(7)	(7)
Total equity	13,326	12,811
Total Liabilities and Equity	\$ 45,048	\$ 44,053

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended	
	September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,128	\$ 1,184
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	1,295	1,227
Equity component of AFUDC	(46)	(29)
Gains on sales of other assets	(1)	—
Impairment charges	22	11
Deferred income taxes	(103)	96
Contributions to qualified pension plans	—	(7)
Payments for asset retirement obligations	(127)	(234)
Provision for rate refunds	(1)	34
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	(7)
Receivables	41	(80)
Receivables from affiliated companies	50	74
Inventory	4	5
Other current assets	197	(117)
Increase (decrease) in		
Accounts payable	(313)	(284)
Accounts payable to affiliated companies	(55)	(56)
Taxes accrued	352	91
Other current liabilities	(121)	44
Other assets	(71)	(2)
Other liabilities	(23)	(44)
Net cash provided by operating activities	2,228	1,906
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,931)	(1,984)
Purchases of debt and equity securities	(1,313)	(1,658)
Proceeds from sales and maturities of debt and equity securities	1,313	1,658
Notes receivable from affiliated companies	(65)	—
Other	(105)	(80)
Net cash used in investing activities	(2,101)	(2,064)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	965	819
Payments for the redemption of long-term debt	(457)	(5)
Notes payable to affiliated companies	(29)	(390)
Distributions to parent	(600)	(275)
Other	(1)	(1)
Net cash (used in) provided by financing activities	(122)	148
Net increase (decrease) in cash and cash equivalents	5	(10)
Cash and cash equivalents at beginning of period	18	33
Cash and cash equivalents at end of period	\$ 23	\$ 23
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 295	\$ 261

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three Months Ended September 30, 2019 and 2020					
		Accumulated Other Comprehensive Loss			
		Member's	Net Losses on		Total
(in millions)		Equity	Cash Flow Hedges		Equity
Balance at June 30, 2019	\$	12,283	\$	(7)	\$ 12,276
Net income		590		—	590
Distributions to parent		(275)		—	(275)
Balance at September 30, 2019	\$	12,598	\$	(7)	\$ 12,591
Balance at June 30, 2020	\$	13,079	\$	(7)	\$ 13,072
Net income		555		—	555
Distributions to parent		(300)		—	(300)
Other		(1)		—	(1)
Balance at September 30, 2020	\$	13,333	\$	(7)	\$ 13,326
Nine Months Ended September 30, 2019 and 2020					
		Accumulated Other Comprehensive Loss			
		Member's	Net Losses on		Total
(in millions)		Equity	Cash Flow Hedges		Equity
Balance at December 31, 2018	\$	11,689	\$	(6)	\$ 11,683
Net income		1,184		—	1,184
Distributions to parent		(275)		—	(275)
Other		—		(1)	(1)
Balance at September 30, 2019	\$	12,598	\$	(7)	\$ 12,591
Balance at December 31, 2019	\$	12,818	\$	(7)	\$ 12,811
Net income		1,128		—	1,128
Distributions to parent		(600)		—	(600)
Other ^(a)		(13)		—	(13)
Balance at September 30, 2020	\$	13,333	\$	(7)	\$ 13,326

(a) Amounts primarily represent impacts due to implementation of a new accounting standard related to Current Estimated Credit Losses. See Note 1 for additional discussion.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Operating Revenues	\$ 3,197	\$ 3,242	\$ 8,117	\$ 8,558
Operating Expenses				
Fuel used in electric generation and purchased power	1,088	1,187	2,628	3,100
Operation, maintenance and other	646	640	1,789	1,813
Depreciation and amortization	472	496	1,356	1,377
Property and other taxes	147	159	419	439
Impairment charges	1	(25)	1	(25)
Total operating expenses	2,354	2,457	6,193	6,704
Gains on Sales of Other Assets and Other, net	3	1	9	—
Operating Income	846	786	1,933	1,854
Other Income and Expenses, net	24	41	89	106
Interest Expense	194	212	599	650
Income Before Income Taxes	676	615	1,423	1,310
Income Tax Expense	70	94	190	212
Net Income	606	521	1,233	1,098
Less: Net Income Attributable to Noncontrolling Interests	1	—	1	—
Net Income Attributable to Parent	\$ 605	\$ 521	\$ 1,232	\$ 1,098
Net Income	\$ 606	\$ 521	\$ 1,233	\$ 1,098
Other Comprehensive Income, net of tax				
Pension and OPEB adjustments	—	—	1	2
Net unrealized gains on cash flow hedges	1	1	3	4
Unrealized gains on available-for-sale securities	1	1	1	2
Other Comprehensive Income, net of tax	2	2	5	8
Comprehensive Income	608	523	1,238	1,106
Less: Comprehensive Income Attributable to Noncontrolling Interests	1	—	1	—
Comprehensive Income Attributable to Parent	\$ 607	\$ 523	\$ 1,237	\$ 1,106

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FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 70	\$ 48
Receivables (net of allowance for doubtful accounts of \$9 at 2020 and \$7 at 2019)	196	220
Receivables of VIEs (net of allowance for doubtful accounts of \$28 at 2020 and \$9 at 2019)	1,071	830
Receivables from affiliated companies	44	76
Notes receivable from affiliated companies	—	164
Inventory	1,378	1,423
Regulatory assets (includes \$53 at 2020 and \$52 at 2019 related to VIEs)	775	946
Other (includes \$16 at 2020 and \$39 at 2019 related to VIEs)	81	210
Total current assets	3,615	3,917
Property, Plant and Equipment		
Cost	57,152	55,070
Accumulated depreciation and amortization	(18,008)	(17,159)
Generation facilities to be retired, net	29	246
Net property, plant and equipment	39,173	38,157
Other Noncurrent Assets		
Goodwill	3,655	3,655
Regulatory assets (includes \$951 at 2020 and \$989 at 2019 related to VIEs)	6,270	6,346
Nuclear decommissioning trust funds	3,857	3,782
Operating lease right-of-use assets, net	710	788
Other	1,212	1,049
Total other noncurrent assets	15,704	15,620
Total Assets	\$ 58,492	\$ 57,694
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 795	\$ 1,104
Accounts payable to affiliated companies	208	310
Notes payable to affiliated companies	2,159	1,821
Taxes accrued	310	46
Interest accrued	199	228
Current maturities of long-term debt (includes \$305 at 2020 and \$54 at 2019 related to VIEs)	1,726	1,577
Asset retirement obligations	297	485
Regulatory liabilities	545	330
Other	756	902
Total current liabilities	6,995	6,803
Long-Term Debt (includes \$1,351 at 2020 and \$1,632 at 2019 related to VIEs)	17,989	17,907
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	4,508	4,462
Asset retirement obligations	6,058	5,986
Regulatory liabilities	4,809	5,225
Operating lease liabilities	637	697
Accrued pension and other post-retirement benefit costs	474	488
Other	443	383
Total other noncurrent liabilities	16,929	17,241
Commitments and Contingencies		
Equity		
Common Stock, \$0.01 par value, 100 shares authorized and outstanding at 2020 and 2019	—	—
Additional paid-in capital	9,143	9,143
Retained earnings	7,296	6,465
Accumulated other comprehensive loss	(13)	(18)
Total Progress Energy, Inc. stockholders' equity	16,426	15,590

Noncontrolling interests		3		3	
Total equity		16,429		15,593	
Total Liabilities and Equity		\$ 58,492		\$ 57,694	

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,233	\$ 1,098
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,734	1,649
Equity component of AFUDC	(30)	(48)
(Gains) Losses on sales of other assets	(9)	—
Impairment charges	1	(25)
Deferred income taxes	(3)	342
Contributions to qualified pension plans	—	(57)
Payments for asset retirement obligations	(287)	(309)
Provision for rate refunds	4	13
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(13)	9
Receivables	(207)	(128)
Receivables from affiliated companies	32	135
Inventory	46	45
Other current assets	214	79
Increase (decrease) in		
Accounts payable	(124)	(64)
Accounts payable to affiliated companies	(102)	(6)
Taxes accrued	263	150
Other current liabilities	(41)	(96)
Other assets	(145)	(282)
Other liabilities	(102)	(75)
Net cash provided by operating activities	2,464	2,430
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,602)	(2,866)
Purchases of debt and equity securities	(4,554)	(1,304)
Proceeds from sales and maturities of debt and equity securities	4,543	1,300
Notes receivable from affiliated companies	164	—
Other	(114)	(130)
Net cash used in investing activities	(2,563)	(3,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,791	1,295
Payments for the redemption of long-term debt	(1,555)	(1,263)
Notes payable to affiliated companies	338	554
Dividends to parent	(400)	—
Other	(13)	8
Net cash provided by financing activities	161	594
Net increase in cash, cash equivalents and restricted cash	62	24
Cash, cash equivalents and restricted cash at beginning of period	126	112
Cash, cash equivalents and restricted cash at end of period	\$ 188	\$ 136
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 311	\$ 400

See Notes to Condensed Consolidated Financial Statements

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three Months Ended September 30, 2019 and 2020									
(in millions)	Accumulated Other Comprehensive Loss						Total Progress Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
	Additional Paid-in Capital	Retained Earnings	Net Gains	Net Unrealized	Pension and OPEB Adjustments				
			(Losses) on	Gains (Losses)					
			Cash Flow Hedges	on Available-for- Sale Securities					
Balance at June 30, 2019	\$ 9,143	\$ 5,715	\$ (13)	\$ —	\$ (8)	\$ 14,837	\$ 2	\$14,839	
Net income	—	521	—	—	—	521	—	521	
Other comprehensive income	—	—	1	1	—	2	—	2	
Other	—	—	—	(1)	1	—	1	1	
Balance at September 30, 2019	\$ 9,143	\$ 6,236	\$ (12)	\$ —	\$ (7)	\$ 15,360	\$ 3	\$15,363	
Balance at June 30, 2020	\$ 9,143	\$ 7,090	\$ (8)	\$ (1)	\$ (6)	\$ 16,218	\$ 3	\$16,221	
Net income	—	605	—	—	—	605	1	606	
Other comprehensive income	—	—	1	1	—	2	—	2	
Dividends to parent	—	(400)	—	—	—	(400)	—	(400)	
Other	—	1	—	—	—	1	(1)	—	
Balance at September 30, 2020	\$ 9,143	\$ 7,296	\$ (7)	\$ —	\$ (6)	\$ 16,426	\$ 3	\$16,429	
Nine Months Ended September 30, 2019 and 2020									
	Accumulated Other Comprehensive Loss						Total Progress Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
	Additional Paid-in Capital	Retained Earnings	Net Gains	Net Unrealized	Pension and OPEB Adjustments				
			(Losses) on	Gains (Losses)					
			Cash Flow Hedges	on Available-for- Sale Securities					
Balance at December 31, 2018	\$ 9,143	\$ 5,131	\$ (12)	\$ (1)	\$ (7)	\$ 14,254	\$ 3	\$14,257	
Net income	—	1,098	—	—	—	1,098	—	1,098	
Other comprehensive income	—	—	4	2	2	8	—	8	
Other ^(a)	—	7	(4)	(1)	(2)	—	—	—	
Balance at September 30, 2019	\$ 9,143	\$ 6,236	\$ (12)	\$ —	\$ (7)	\$ 15,360	\$ 3	\$15,363	
Balance at December 31, 2019	\$ 9,143	\$ 6,465	\$ (10)	\$ (1)	\$ (7)	\$ 15,590	\$ 3	\$15,593	
Net income	—	1,232	—	—	—	1,232	1	1,233	
Other comprehensive income	—	—	3	1	1	5	—	5	
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)	
Dividends to parent	—	(400)	—	—	—	(400)	—	(400)	
Other	—	(1)	—	—	—	(1)	—	(1)	
Balance at September 30, 2020	\$ 9,143	\$ 7,296	\$ (7)	\$ —	\$ (6)	\$ 16,426	\$ 3	\$16,429	

(a) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Operating Revenues	\$ 1,626	\$ 1,688	\$ 4,207	\$ 4,559
Operating Expenses				
Fuel used in electric generation and purchased power	537	577	1,337	1,571
Operation, maintenance and other	348	378	970	1,070
Depreciation and amortization	289	314	833	855
Property and other taxes	38	46	129	131
Impairment charges	5	—	5	—
Total operating expenses	1,217	1,315	3,274	3,627
Gains on Sales of Other Assets and Other, net	3	—	8	—
Operating Income	412	373	941	932
Other Income and Expenses, net	11	27	52	75
Interest Expense	66	74	203	232
Income Before Income Taxes	357	326	790	775
Income Tax Expense	11	48	79	125
Net Income and Comprehensive Income	\$ 346	\$ 278	\$ 711	\$ 650

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 43	\$ 22
Receivables (net of allowance for doubtful accounts of \$4 at 2020 and \$3 at 2019)	103	123
Receivables of VIEs (net of allowance for doubtful accounts of \$17 at 2020 and \$5 at 2019)	559	489
Receivables from affiliated companies	45	52
Inventory	910	934
Regulatory assets	472	526
Other	54	60
Total current assets	2,186	2,206
Property, Plant and Equipment		
Cost	35,479	34,603
Accumulated depreciation and amortization	(12,548)	(11,915)
Generation facilities to be retired, net	29	246
Net property, plant and equipment	22,960	22,934
Other Noncurrent Assets		
Regulatory assets	4,449	4,152
Nuclear decommissioning trust funds	3,189	3,047
Operating lease right-of-use assets, net	357	387
Other	720	651
Total other noncurrent assets	8,715	8,237
Total Assets	\$ 33,861	\$ 33,377
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 372	\$ 629
Accounts payable to affiliated companies	144	203
Notes payable to affiliated companies	167	66
Taxes accrued	207	17
Interest accrued	80	110
Current maturities of long-term debt	603	1,006
Asset retirement obligations	297	485
Regulatory liabilities	436	236
Other	389	478
Total current liabilities	2,695	3,230
Long-Term Debt	8,605	7,902
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	2,426	2,388
Asset retirement obligations	5,503	5,408
Regulatory liabilities	4,140	4,232
Operating lease liabilities	329	354
Accrued pension and other post-retirement benefit costs	236	238
Investment tax credits	133	137
Other	88	92
Total other noncurrent liabilities	12,855	12,849
Commitments and Contingencies		
Equity		
Member's Equity	9,556	9,246
Total Liabilities and Equity	\$ 33,861	\$ 33,377

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 711	\$ 650
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	972	996
Equity component of AFUDC	(22)	(44)
Gains on sales of other assets	(8)	—
Impairment charges	5	—
Deferred income taxes	(33)	144
Contributions to qualified pension plans	—	(4)
Payments for asset retirement obligations	(249)	(288)
Provision for rate refunds	4	13
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	(4)
Receivables	(34)	(9)
Receivables from affiliated companies	7	(11)
Inventory	24	15
Other current assets	82	65
Increase (decrease) in		
Accounts payable	(185)	(54)
Accounts payable to affiliated companies	(59)	(80)
Taxes accrued	190	37
Other current liabilities	(24)	(17)
Other assets	(177)	(201)
Other liabilities	21	39
Net cash provided by operating activities	1,225	1,247
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,142)	(1,592)
Purchases of debt and equity securities	(1,269)	(656)
Proceeds from sales and maturities of debt and equity securities	1,238	632
Other	(31)	(56)
Net cash used in investing activities	(1,204)	(1,672)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,296	1,270
Payments for the redemption of long-term debt	(985)	(603)
Notes payable to affiliated companies	101	(215)
Distributions to parent	(400)	—
Other	(12)	(1)
Net cash provided by financing activities	—	451
Net increase in cash and cash equivalents	21	26
Cash and cash equivalents at beginning of period	22	23
Cash and cash equivalents at end of period	\$ 43	\$ 49
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 124	\$ 182

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Three Months Ended	
	September 30, 2019 and 2020	
	Member's	
(in millions)	Equity	
Balance at June 30, 2019	\$	8,813
Net income		278
Balance at September 30, 2019	\$	9,091
Balance at June 30, 2020	\$	9,610
Net income		346
Distributions to parent		(400)
Balance at September 30, 2020	\$	9,556
	Nine Months Ended	
	September 30, 2019 and 2020	
	Member's	
(in millions)	Equity	
Balance at December 31, 2018	\$	8,441
Net income		650
Balance at September 30, 2019	\$	9,091
Balance at December 31, 2019	\$	9,246
Net income		711
Distributions to parent		(400)
Other		(1)
Balance at September 30, 2020	\$	9,556

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Operating Revenues	\$ 1,567	\$ 1,548	\$ 3,897	\$ 3,987
Operating Expenses				
Fuel used in electric generation and purchased power	551	610	1,291	1,529
Operation, maintenance and other	292	256	806	730
Depreciation and amortization	183	182	523	522
Property and other taxes	110	113	290	309
Impairment charges	(4)	(25)	(4)	(25)
Total operating expenses	1,132	1,136	2,906	3,065
Gains on Sales of Other Assets and Other, net	—	1	—	—
Operating Income	435	413	991	922
Other Income and Expenses, net	11	14	36	39
Interest Expense	81	81	245	246
Income Before Income Taxes	365	346	782	715
Income Tax Expense	78	57	159	129
Net Income	\$ 287	\$ 289	\$ 623	\$ 586
Other Comprehensive Income, net of tax				
Unrealized gains on available-for-sale securities	1	1	1	2
Comprehensive Income	\$ 288	\$ 290	\$ 624	\$ 588

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 19	\$ 17
Receivables (net of allowance for doubtful accounts of \$5 at 2020 and \$3 at 2019)	91	96
Receivables of VIEs (net of allowance for doubtful accounts of \$11 at 2020 and \$4 at 2019)	512	341
Receivables from affiliated companies	3	—
Notes receivable from affiliated companies	—	173
Inventory	468	489
Regulatory assets (includes \$53 at 2020 and \$52 at 2019 related to VIEs)	303	419
Other (includes \$16 at 2020 and \$39 at 2019 related to VIEs)	25	58
Total current assets	1,421	1,593
Property, Plant and Equipment		
Cost	21,662	20,457
Accumulated depreciation and amortization	(5,452)	(5,236)
Net property, plant and equipment	16,210	15,221
Other Noncurrent Assets		
Regulatory assets (includes \$951 at 2020 and \$989 at 2019 related to VIEs)	1,821	2,194
Nuclear decommissioning trust funds	668	734
Operating lease right-of-use assets, net	354	401
Other	341	311
Total other noncurrent assets	3,184	3,640
Total Assets	\$ 20,815	\$ 20,454
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 424	\$ 474
Accounts payable to affiliated companies	77	131
Notes payable to affiliated companies	66	—
Taxes accrued	260	43
Interest accrued	73	75
Current maturities of long-term debt (includes \$305 at 2020 and \$54 at 2019 related to VIEs)	623	571
Regulatory liabilities	109	94
Other	359	415
Total current liabilities	1,991	1,803
Long-Term Debt (includes \$1,001 at 2020 and \$1,307 at 2019 related to VIEs)	7,294	7,416
Other Noncurrent Liabilities		
Deferred income taxes	2,175	2,179
Asset retirement obligations	555	578
Regulatory liabilities	669	993
Operating lease liabilities	308	343
Accrued pension and other post-retirement benefit costs	207	218
Other	205	136
Total other noncurrent liabilities	4,119	4,447
Commitments and Contingencies		
Equity		
Member's equity	7,411	6,789
Accumulated other comprehensive loss	—	(1)
Total equity	7,411	6,788
Total Liabilities and Equity	\$ 20,815	\$ 20,454

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 623	\$ 586
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	755	647
Equity component of AFUDC	(8)	(4)
Impairment charges	(4)	(25)
Deferred income taxes	19	164
Contributions to qualified pension plans	—	(53)
Payments for asset retirement obligations	(38)	(21)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(17)	9
Receivables	(172)	(119)
Receivables from affiliated companies	(3)	27
Inventory	22	29
Other current assets	41	100
Increase (decrease) in		
Accounts payable	63	(11)
Accounts payable to affiliated companies	(54)	67
Taxes accrued	217	101
Other current liabilities	(20)	(77)
Other assets	48	(77)
Other liabilities	(136)	(123)
Net cash provided by operating activities	1,336	1,220
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,460)	(1,274)
Purchases of debt and equity securities	(3,284)	(648)
Proceeds from sales and maturities of debt and equity securities	3,305	668
Notes receivable from affiliated companies	173	—
Other	(82)	(73)
Net cash used in investing activities	(1,348)	(1,327)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	495	25
Payments for the redemption of long-term debt	(570)	(210)
Notes payable to affiliated companies	66	248
Other	—	9
Net cash (used in) provided by financing activities	(9)	72
Net decrease in cash, cash equivalents and restricted cash	(21)	(35)
Cash, cash equivalents and restricted cash at beginning of period	56	75
Cash, cash equivalents and restricted cash at end of period	\$ 35	\$ 40
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 187	\$ 218

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

		Three Months Ended September 30, 2019 and 2020		
		Accumulated Other Comprehensive Income (Loss)		
		Net Unrealized Gains on		
(in millions)	Member's Equity	Available-for-Sale Securities		Total Equity
Balance at June 30, 2019	\$ 6,394	\$ (1)	\$	6,393
Net income	289	—		289
Other comprehensive income	—	1		1
Balance at September 30, 2019	\$ 6,683	\$ —	\$	6,683
Balance at June 30, 2020	\$ 7,125	\$ (1)	\$	7,124
Net income	287	—		287
Other comprehensive income	—	1		1
Other	(1)	—		(1)
Balance at September 30, 2020	\$ 7,411	\$ —	\$	7,411

	Nine Months Ended September 30, 2019 and 2020			
	Accumulated Other Comprehensive Income (Loss)			
	Net Unrealized Gains on			
(in millions)	Member's Equity	Available-for-Sale Securities		Total Equity
Balance at December 31, 2018	\$ 6,097	\$ (2)	\$	6,095
Net income	586	—		586
Other comprehensive income	—	2		2
Balance at September 30, 2019	\$ 6,683	\$ —	\$	6,683
Balance at December 31, 2019	\$ 6,789	\$ (1)	\$	6,788
Net income	623	—		623
Other comprehensive income	—	1		1
Other	(1)	—		(1)
Balance at September 30, 2020	\$ 7,411	\$ —	\$	7,411

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Operating Revenues				
Regulated electric	\$ 394	\$ 408	\$ 1,070	\$ 1,099
Regulated natural gas	79	81	324	354
Total operating revenues	473	489	1,394	1,453
Operating Expenses				
Fuel used in electric generation and purchased power	94	114	258	293
Cost of natural gas	3	4	46	68
Operation, maintenance and other	115	123	333	378
Depreciation and amortization	72	69	208	199
Property and other taxes	83	71	244	229
Total operating expenses	367	381	1,089	1,167
Operating Income	106	108	305	286
Other Income and Expenses, net	4	4	11	19
Interest Expense	26	27	75	81
Income Before Income Taxes	84	85	241	224
Income Tax Expense	14	11	40	34
Net Income and Comprehensive Income	\$ 70	\$ 74	\$ 201	\$ 190

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 10	\$ 17
Receivables (net of allowance for doubtful accounts of \$5 at 2020 and \$4 at 2019)	90	84
Receivables from affiliated companies	57	92
Inventory	130	135
Regulatory assets	35	49
Other	13	21
Total current assets	335	398
Property, Plant and Equipment		
Cost	10,804	10,241
Accumulated depreciation and amortization	(2,989)	(2,843)
Net property, plant and equipment	7,815	7,398
Other Noncurrent Assets		
Goodwill	920	920
Regulatory assets	597	549
Operating lease right-of-use assets, net	20	21
Other	62	52
Total other noncurrent assets	1,599	1,542
Total Assets	\$ 9,749	\$ 9,338
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 240	\$ 288
Accounts payable to affiliated companies	54	68
Notes payable to affiliated companies	85	312
Taxes accrued	193	219
Interest accrued	32	30
Asset retirement obligations	7	1
Regulatory liabilities	66	64
Other	73	75
Total current liabilities	750	1,057
Long-Term Debt	3,064	2,594
Long-Term Debt Payable to Affiliated Companies	25	25
Other Noncurrent Liabilities		
Deferred income taxes	965	922
Asset retirement obligations	84	79
Regulatory liabilities	753	763
Operating lease liabilities	20	21
Accrued pension and other post-retirement benefit costs	104	100
Other	100	94
Total other noncurrent liabilities	2,026	1,979
Commitments and Contingencies		
Equity		
Common Stock, \$8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2020 and 2019	762	762
Additional paid-in capital	2,776	2,776
Retained earnings	346	145
Total equity	3,884	3,683
Total Liabilities and Equity	\$ 9,749	\$ 9,338

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 201	\$ 190
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	211	202
Equity component of AFUDC	(4)	(9)
Deferred income taxes	31	68
Contributions to qualified pension plans	—	(2)
Payments for asset retirement obligations	(1)	(7)
Provision for rate refunds	10	5
(Increase) decrease in		
Receivables	(5)	24
Receivables from affiliated companies	35	51
Inventory	5	(2)
Other current assets	5	(15)
Increase (decrease) in		
Accounts payable	(28)	(40)
Accounts payable to affiliated companies	(14)	(9)
Taxes accrued	(23)	(40)
Other current liabilities	6	(4)
Other assets	(24)	(12)
Other liabilities	(7)	(22)
Net cash provided by operating activities	398	378
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(611)	(714)
Notes receivable from affiliated companies	—	(74)
Other	(34)	(45)
Net cash used in investing activities	(645)	(833)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	467	1,003
Payments for the redemption of long-term debt	—	(451)
Notes payable to affiliated companies	(227)	(107)
Net cash provided by financing activities	240	445
Net decrease in cash and cash equivalents	(7)	(10)
Cash and cash equivalents at beginning of period	17	21
Cash and cash equivalents at end of period	\$ 10	\$ 11
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 92	\$ 100

FINANCIAL STATEMENTS

DUKE ENERGY OHIO, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Three Months Ended September 30, 2019 and 2020				
	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity	
(in millions)					
Balance at June 30, 2019	\$ 762	\$ 2,776	\$ 23	\$ 3,561	
Net income	—	—	74	74	
Balance at September 30, 2019	\$ 762	\$ 2,776	\$ 97	\$ 3,635	
Balance at June 30, 2020	\$ 762	\$ 2,776	\$ 276	\$ 3,814	
Net income	—	—	70	70	
Balance at September 30, 2020	\$ 762	\$ 2,776	\$ 346	\$ 3,884	
	Nine Months Ended September 30, 2019 and 2020				
	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity	
(in millions)					
Balance at December 31, 2018	\$ 762	\$ 2,776	\$ (93)	\$ 3,445	
Net income	—	—	190	190	
Balance at September 30, 2019	\$ 762	\$ 2,776	\$ 97	\$ 3,635	
Balance at December 31, 2019	\$ 762	\$ 2,776	\$ 145	\$ 3,683	
Net income	—	—	201	201	
Balance at September 30, 2020	\$ 762	\$ 2,776	\$ 346	\$ 3,884	

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Operating Revenues	\$ 761	\$ 807	\$ 2,070	\$ 2,289
Operating Expenses				
Fuel used in electric generation and purchased power	222	234	577	720
Operation, maintenance and other	207	192	564	569
Depreciation and amortization	149	130	415	393
Property and other taxes	15	16	57	55
Total operating expenses	593	572	1,613	1,737
Operating Income	168	235	457	552
Other Income and Expenses, net	9	8	28	35
Interest Expense	29	40	114	111
Income Before Income Taxes	148	203	371	476
Income Tax Expense	29	47	72	113
Net Income and Comprehensive Income	\$ 119	\$ 156	\$ 299	\$ 363

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15	\$ 25
Receivables (net of allowance for doubtful accounts of \$3 at 2020 and 2019)	48	60
Receivables from affiliated companies	84	79
Inventory	507	517
Regulatory assets	119	90
Other	30	60
Total current assets	803	831
Property, Plant and Equipment		
Cost	17,223	16,305
Accumulated depreciation and amortization	(5,579)	(5,233)
Net property, plant and equipment	11,644	11,072
Other Noncurrent Assets		
Regulatory assets	1,184	1,082
Operating lease right-of-use assets, net	55	57
Other	228	234
Total other noncurrent assets	1,467	1,373
Total Assets	\$ 13,914	\$ 13,276
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 172	\$ 201
Accounts payable to affiliated companies	65	87
Notes payable to affiliated companies	83	30
Taxes accrued	110	49
Interest accrued	63	58
Current maturities of long-term debt	13	503
Asset retirement obligations	170	189
Regulatory liabilities	76	55
Other	98	112
Total current liabilities	850	1,284
Long-Term Debt	3,941	3,404
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	1,179	1,150
Asset retirement obligations	1,044	643
Regulatory liabilities	1,648	1,685
Operating lease liabilities	53	55
Accrued pension and other post-retirement benefit costs	151	148
Investment tax credits	168	164
Other	56	18
Total other noncurrent liabilities	4,299	3,863
Commitments and Contingencies		
Equity		
Member's Equity	4,674	4,575
Total Liabilities and Equity	\$ 13,914	\$ 13,276

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 299	\$ 363
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	416	395
Equity component of AFUDC	(18)	(13)
Deferred income taxes	11	108
Contributions to qualified pension plans	—	(2)
Payments for asset retirement obligations	(48)	(31)
(Increase) decrease in		
Receivables	15	1
Receivables from affiliated companies	(5)	37
Inventory	10	(56)
Other current assets	12	91
Increase (decrease) in		
Accounts payable	(1)	1
Accounts payable to affiliated companies	(22)	(9)
Taxes accrued	65	(14)
Other current liabilities	(2)	(12)
Other assets	(41)	(75)
Other liabilities	104	67
Net cash provided by operating activities	795	851
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(669)	(663)
Purchases of debt and equity securities	(24)	(19)
Proceeds from sales and maturities of debt and equity securities	15	15
Notes receivable from affiliated companies	—	(213)
Other	(24)	(33)
Net cash used in investing activities	(702)	(913)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	544	485
Payments for the redemption of long-term debt	(500)	(60)
Notes payable to affiliated companies	53	(167)
Distributions to parent	(200)	(200)
Net cash provided by (used in) financing activities	(103)	58
Net decrease in cash and cash equivalents	(10)	(4)
Cash and cash equivalents at beginning of period	25	24
Cash and cash equivalents at end of period	\$ 15	\$ 20
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 73	\$ 82

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Three Months Ended	
	September 30, 2019 and 2020	
	Member's Equity	
Balance at June 30, 2019	\$	4,546
Net income		156
Distributions to parent		(200)
Balance at September 30, 2019	\$	4,502
Balance at June 30, 2020	\$	4,655
Net income		119
Distributions to parent		(100)
Balance at September 30, 2020	\$	4,674

(in millions)	Nine Months Ended	
	September 30, 2019 and 2020	
	Member's Equity	
Balance at December 31, 2018	\$	4,339
Net income		363
Distributions to parent		(200)
Balance at September 30, 2019	\$	4,502
Balance at December 31, 2019	\$	4,575
Net income		299
Distributions to parent		(200)
Balance at September 30, 2020	\$	4,674

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Operating Revenues	\$ 162	\$ 168	\$ 871	\$ 956
Operating Expenses				
Cost of natural gas	39	46	254	384
Operation, maintenance and other	75	78	234	241
Depreciation and amortization	45	43	133	127
Property and other taxes	13	14	37	39
Impairment charges	7	—	7	—
Total operating expenses	179	181	665	791
Operating (Loss) Income	(17)	(13)	206	165
Other Income and Expenses, net	16	7	44	19
Interest Expense	29	22	89	65
(Loss) Income Before Income Taxes	(30)	(28)	161	119
Income Tax (Benefit) Expense	(5)	(10)	6	22
Net (Loss) Income and Comprehensive (Loss) Income	\$ (25)	\$ (18)	\$ 155	\$ 97

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Receivables (net of allowance for doubtful accounts of \$9 at 2020 and \$6 at 2019)	\$ 93	\$ 241
Receivables from affiliated companies	11	10
Inventory	47	72
Regulatory assets	119	73
Other	51	28
Total current assets	321	424
Property, Plant and Equipment		
Cost	8,882	8,446
Accumulated depreciation and amortization	(1,713)	(1,681)
Net property, plant and equipment	7,169	6,765
Other Noncurrent Assets		
Goodwill	49	49
Regulatory assets	287	290
Operating lease right-of-use assets, net	21	24
Investments in equity method unconsolidated affiliates	86	83
Other	279	121
Total other noncurrent assets	722	567
Total Assets	\$ 8,212	\$ 7,756
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 177	\$ 215
Accounts payable to affiliated companies	63	3
Notes payable to affiliated companies	327	476
Taxes accrued	36	24
Interest accrued	37	33
Current maturities of long-term debt	160	—
Regulatory liabilities	101	81
Other	59	67
Total current liabilities	960	899
Long-Term Debt	2,620	2,384
Other Noncurrent Liabilities		
Deferred income taxes	775	708
Asset retirement obligations	17	17
Regulatory liabilities	1,070	1,131
Operating lease liabilities	20	23
Accrued pension and other post-retirement benefit costs	7	3
Other	146	148
Total other noncurrent liabilities	2,035	2,030
Commitments and Contingencies		
Equity		
Common stock, no par value: 100 shares authorized and outstanding at 2020 and 2019	1,310	1,310
Retained earnings	1,287	1,133
Total equity	2,597	2,443
Total Liabilities and Equity	\$ 8,212	\$ 7,756

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 155	\$ 97
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	135	129
Equity component of AFUDC	(14)	—
Impairment charges	7	—
Deferred income taxes	24	110
Equity in earnings from unconsolidated affiliates	(7)	(6)
Contributions to qualified pension plans	—	(1)
Provision for rate refunds	(27)	9
(Increase) decrease in		
Receivables	164	192
Receivables from affiliated companies	(1)	12
Inventory	25	23
Other current assets	(59)	(95)
Increase (decrease) in		
Accounts payable	(53)	(93)
Accounts payable to affiliated companies	60	12
Taxes accrued	16	(51)
Other current liabilities	(4)	(6)
Other assets	(14)	(10)
Other liabilities	7	(5)
Net cash provided by operating activities	414	317
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(641)	(751)
Contributions to equity method investments	—	(16)
Other	(18)	(10)
Net cash used in investing activities	(659)	(777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	394	596
Payments for the redemption of long-term debt	—	(350)
Notes payable to affiliated companies	(149)	64
Capital contributions from parent	—	150
Net cash provided by financing activities	245	460
Net increase in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	\$ —	\$ —
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 123	\$ 121

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PIEDMONT NATURAL GAS COMPANY, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Three Months Ended September 30, 2019 and 2020				
	Common Stock		Retained Earnings		Total Equity
Balance at June 30, 2019	\$	1,310	\$	1,046	\$ 2,356
Net loss		—		(18)	(18)
Balance at September 30, 2019	\$	1,310	\$	1,028	\$ 2,338
Balance at June 30, 2020	\$	1,310	\$	1,312	\$ 2,622
Net loss		—		(25)	(25)
Balance at September 30, 2020	\$	1,310	\$	1,287	\$ 2,597

(in millions)	Nine Months Ended September 30, 2019 and 2020				
	Common Stock		Retained Earnings		Total Equity
Balance at December 31, 2018	\$	1,160	\$	931	\$ 2,091
Net income		—		97	97
Contribution from parent		150		—	150
Balance at September 30, 2019	\$	1,310	\$	1,028	\$ 2,338
Balance at December 31, 2019	\$	1,310	\$	1,133	\$ 2,443
Net income		—		155	155
Other		—		(1)	(1)
Balance at September 30, 2020	\$	1,310	\$	1,287	\$ 2,597

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Index to Combined Notes to Condensed Consolidated Financial Statements

The unaudited notes to the Condensed Consolidated Financial Statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

Registrant	Applicable Notes																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Duke Energy	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Duke Energy Carolinas	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Progress Energy	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Duke Energy Progress	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Duke Energy Florida	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Duke Energy Ohio	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Duke Energy Indiana	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Piedmont	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

Tables within the notes may not sum across due to (i) Progress Energy's consolidation of Duke Energy Progress, Duke Energy Florida and other subsidiaries that are not registrants and (ii) subsidiaries that are not registrants but included in the consolidated Duke Energy balances.

1. ORGANIZATION AND BASIS OF PRESENTATION

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2019.

The information in these combined notes relates to each of the Duke Energy Registrants as noted in the Index to Combined Notes to Condensed Consolidated Financial Statements. However, none of the registrants make any representations as to information related solely to Duke Energy or the subsidiaries of Duke Energy other than itself.

These Condensed Consolidated Financial Statements, in the opinion of the respective companies' management, reflect all normal recurring adjustments necessary to fairly present the financial position and results of operations of each of the Duke Energy Registrants. Amounts reported in Duke Energy's interim Condensed Consolidated Statements of Operations and each of the Subsidiary Registrants' interim Condensed Consolidated Statements of Operations and Comprehensive Income are not necessarily indicative of amounts expected for the respective annual periods due to effects of seasonal temperature variations on energy consumption, regulatory rulings, timing of maintenance on electric generating units, changes in mark-to-market valuations, changing commodity prices and other factors.

In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

BASIS OF CONSOLIDATION

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries or VIEs where the respective Duke Energy Registrants have control. See Note 12 for additional information on VIEs. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities.

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. In March 2020, the World Health Organization declared COVID-19 a global pandemic, and President Trump proclaimed that the COVID-19 outbreak in the United States constitutes a national emergency. The Duke Energy Registrants are monitoring developments closely and responding appropriately. The company incurred approximately \$39 million and \$91 million of incremental COVID-19 costs before deferral for the three and nine months ended September 30, 2020, respectively, included in Operation, maintenance and other on the Condensed Consolidated Statements of Operations. For the nine months ended September 30, 2020, the company has deferred approximately \$56 million of these incremental costs, which were primarily bad debt expense, personal protective equipment and cleaning supplies. Further, the company waived approximately \$29 million and \$54 million of late payment fees for the three and nine months ended September 30, 2020, respectively. See Notes 3, 5, 12, 13 and 16 for additional information as well as steps taken to mitigate the impacts to our business and customers from the COVID-19 pandemic.

OTHER CURRENT ASSETS

Included in Other within Current Assets on the Piedmont Condensed Consolidated Balance Sheets are prepaid assets of \$23 million and \$3 million as of September 30, 2020, and December 31, 2019, respectively. The prepaid assets relate to natural gas storage injections and inventory transfers classified as prepaid assets until winter season when the natural gas is moved to inventory on the Piedmont Condensed Consolidated Balance Sheets under certain agreements.

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

OTHER CURRENT LIABILITIES

Included in Other within Current Liabilities on the Duke Energy Condensed Consolidated Balance Sheet is a current liability of \$935 million and \$0 as of September 30, 2020, and December 31, 2019, respectively. The current liability, initially recorded in the second quarter and increased during the third quarter, primarily represents Duke Energy's share of ACP's obligations of outstanding debt and to satisfy ARO requirements to restore construction sites. See Notes 3, 4 and 12 for further information.

NONCONTROLLING INTEREST

Duke Energy maintains a controlling financial interest in certain less than wholly owned nonregulated subsidiaries. As a result, Duke Energy consolidates these subsidiaries and presents the third-party investors' portion of Duke Energy's net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Condensed Consolidated Balance Sheet.

Several operating agreements of Duke Energy's subsidiaries with noncontrolling interest are subject to allocations of earnings, tax attributes and cash flows in accordance with contractual agreements that vary throughout the lives of the subsidiaries. Therefore, Duke Energy and the other investors' (the owners) interests in the subsidiaries are not fixed, and the subsidiaries apply the Hypothetical Liquidation at Book Value (HLBV) method in allocating income or loss and other comprehensive income or loss (all measured on a pretax basis) to the owners. The HLBV method measures the amounts that each owner would hypothetically claim at each balance sheet reporting date, including tax benefits realized by the owners over the IRS recapture period, upon a hypothetical liquidation of the subsidiary at the net book value of its underlying assets. The change in the amount that each owner would hypothetically receive at the reporting date compared to the amount it would have received on the previous reporting date represents the amount of income or loss allocated to each owner for the reporting period.

Other operating agreements of Duke Energy's subsidiaries with noncontrolling interest allocate profit and loss based on their pro rata shares of the ownership interest in the respective subsidiary. Therefore, Duke Energy allocates net income or loss and other comprehensive income or loss of these subsidiaries to the owners based on their pro rata shares.

The following table presents cash received for the sale of noncontrolling interest and allocated losses to noncontrolling interest for the three and nine months ended September 30, 2020, and 2019.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Noncontrolling Interest Capital Contributions				
Cash received for the sale of noncontrolling interest to tax equity members	\$ 239	\$ 7	\$ 402	\$ 200
Cash received for the sale of noncontrolling interest to pro rata share members	—	—	—	415
Total Noncontrolling Interest Capital Contributions	239	7	402	615
Noncontrolling Interest Allocation of Income				
Allocated losses to noncontrolling tax equity members utilizing the HLBV method	59	15	187	105
Allocated losses to noncontrolling members based on pro rata shares of ownership	11	4	21	5
Total Noncontrolling Interest Allocated Losses	\$ 70	\$ 19	\$ 208	\$ 110

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Duke Energy, Progress Energy and Duke Energy Florida have restricted cash balances related primarily to collateral assets, escrow deposits and VIEs. See Notes 10 and 12 for additional information. Restricted cash amounts are included in Other within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets. The following table presents the components of cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets.

	September 30, 2020			December 31, 2019		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	\$ 308	\$ 70	\$ 19	\$ 311	\$ 48	\$ 17
Other	187	16	16	222	39	39
Other Noncurrent Assets						
Other	105	102	—	40	39	—
Total cash, cash equivalents and restricted cash	\$ 600	\$ 188	\$ 35	\$ 573	\$ 126	\$ 56

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

INVENTORY

Provisions for inventory write-offs were not material at September 30, 2020, and December 31, 2019. The components of inventory are presented in the tables below.

(in millions)	September 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,341	\$ 779	\$ 1,021	\$ 682	\$ 340	\$ 79	\$ 314	\$ 13
Coal	546	173	168	120	48	12	192	—
Natural gas, oil and other fuel	303	40	189	108	80	39	1	34
Total inventory	\$ 3,190	\$ 992	\$ 1,378	\$ 910	\$ 468	\$ 130	\$ 507	\$ 47

(in millions)	December 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,297	\$ 768	\$ 1,038	\$ 686	\$ 351	\$ 79	\$ 318	\$ 5
Coal	586	187	186	138	48	15	198	—
Natural gas, oil and other fuel	349	41	199	110	90	41	1	67
Total inventory	\$ 3,232	\$ 996	\$ 1,423	\$ 934	\$ 489	\$ 135	\$ 517	\$ 72

NEW ACCOUNTING STANDARDS

The following new accounting standard was adopted by the Duke Energy Registrants in 2020.

Current Expected Credit Losses. In June 2016, the Financial Accounting Standards Board (FASB) issued new accounting guidance for credit losses. Duke Energy adopted the new accounting guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year results. Duke Energy did not adopt any practical expedients.

Duke Energy recognizes allowances for credit losses based on management's estimate of losses expected to be incurred over the lives of certain assets or guarantees. Management monitors credit quality, changes in expected credit losses and the appropriateness of the allowance for credit losses on a forward-looking basis. Management reviews the risk of loss periodically as part of the existing assessment of collectability of receivables.

Duke Energy reviews the credit quality of its counterparties as part of its regular risk management process and requires credit enhancements, such as deposits or letters of credit, as appropriate and as allowed by regulators.

Duke Energy recorded cumulative effects of changes in accounting principles related to the adoption of new credit loss standard, for allowances for credit losses of trade and other receivables, insurance receivables and financial guarantees. These amounts are included in the Condensed Consolidated Balance Sheets in Receivables, Receivables of VIEs, Other Noncurrent Assets and Other Noncurrent Liabilities. See Notes 4 and 13 for more information.

Duke Energy recorded an adjustment for the cumulative effect of a change in accounting principle due to the adoption of this standard on January 1, 2020, as shown in the table below:

(in millions)	January 1, 2020						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	Piedmont
Total pretax impact to Retained Earnings	\$ 120	\$ 16	\$ 2	\$ 1	\$ 1	\$ 1	\$ 1

The following new accounting standard has been issued but not yet adopted by the Duke Energy Registrants as of September 30, 2020.

Reference Rate Reform. In March 2020, the FASB issued new accounting guidance for reference rate reform. This guidance is elective and provides expedients to facilitate financial reporting for the anticipated transition away from the London Inter-bank Offered Rate (LIBOR) and other interbank reference rates by the end of 2021. The optional expedients are effective for modification of existing contracts or new arrangements executed between March 12, 2020, through December 31, 2022.

FINANCIAL STATEMENTS

ORGANIZATION AND BASIS OF PRESENTATION

Duke Energy has variable-rate debt and manages interest rate risk by entering into financial contracts including interest rate swaps that are generally indexed to LIBOR. Impacted financial arrangements extending beyond 2021 may require contractual amendment or termination to fully adapt to a post-LIBOR environment. Duke Energy is assessing these financial arrangements and is evaluating the use of optional expedients outlined in the new accounting guidance. Alternative index provisions are also being assessed and incorporated into new financial arrangements that extend beyond 2021. The full outcome of the transition away from LIBOR cannot be determined at this time, but is not expected to have a material impact on the financial statements.

2. BUSINESS SEGMENTS

Duke Energy

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment primarily includes Duke Energy's regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment includes Piedmont, Duke Energy's natural gas local distribution companies in Ohio and Kentucky, and Duke Energy's natural gas storage and midstream pipeline investments.

The Commercial Renewables segment is primarily comprised of nonregulated utility-scale wind and solar generation assets located throughout the U.S. In 2020, Duke Energy continues to evaluate recoverability of a renewable merchant plant located in the Electric Reliability Council of Texas West market due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. Duke Energy determined that the asset was not impaired as of September 30, 2020, because the carrying value of approximately \$150 million approximates the aggregate estimated future undiscounted cash flows. A continued decline in energy market pricing would likely result in a future impairment. Duke Energy retained 51% ownership interest in this facility following the 2019 transaction to sell a minority interest in certain renewable assets.

The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of interest expense on holding company debt, unallocated corporate costs, Duke Energy's wholly owned captive insurance company, Bison, and Duke Energy's ownership interest in National Methanol Company.

Business segment information is presented in the following tables. Segment assets presented exclude intercompany assets.

Three Months Ended September 30, 2020							
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	\$ 6,371	\$ 217	\$ 126	\$ 6,714	\$ 7	\$ —	\$ 6,721
Intersegment revenues	8	24	—	32	17	(49)	—
Total revenues	\$ 6,379	\$ 241	\$ 126	\$ 6,746	\$ 24	\$ (49)	\$ 6,721
Segment income (loss) ^{(a)(b)}	\$ 1,381	\$ (73)	\$ 60	\$ 1,368	\$ (103)	\$ —	\$ 1,265
Less: Noncontrolling interests							70
Add: Preferred stock dividend							39
Net Income							\$ 1,234
Segment assets	\$ 138,142	\$ 13,343	\$ 6,541	\$ 158,026	\$ 3,387	\$ (4)	\$ 161,409

Three Months Ended September 30, 2019							
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	\$ 6,569	\$ 225	\$ 138	\$ 6,932	\$ 8	\$ —	\$ 6,940
Intersegment revenues	8	24	—	32	17	(49)	—
Total revenues	\$ 6,577	\$ 249	\$ 138	\$ 6,964	\$ 25	\$ (49)	\$ 6,940
Segment income (loss) ^(c)	\$ 1,385	\$ 26	\$ 40	\$ 1,451	\$ (124)	\$ —	\$ 1,327
Less: Noncontrolling interests							19
Add: Preferred stock dividend							15
Net Income							\$ 1,323

FINANCIAL STATEMENTS

BUSINESS SEGMENTS

- (a) Electric Utilities and Infrastructure includes \$19 million recorded within Impairment charges and \$8 million recorded within Operations, maintenance and other on the Duke Energy Carolinas' Condensed Consolidated Statements of Operations related to a partial settlement in the Duke Energy Carolinas' 2019 North Carolina rate case and \$8 million recorded within Operations, maintenance and other on Duke Energy Progress' Condensed Consolidated Statements of Operation related to a partial settlement in the Duke Energy Progress' 2019 North Carolina rate case. See Note 3 for more information. Additionally, Electric Utilities and Infrastructure includes \$5 million of Impairment charges related to gas pipeline assets recorded on Duke Energy Progress' Condensed Consolidated Statements of Operations.
- (b) Gas Utilities and Infrastructure includes \$78 million recorded within Equity in (losses) earnings of unconsolidated affiliates on the Condensed Consolidated Statements of Operations and \$7 million in Impairment charges recorded on the Piedmont Condensed Consolidated Statements of Operations related to gas pipeline investments.
- (c) Electric Utilities and Infrastructure includes a \$25 million reduction of a prior year impairment recorded at Citrus County CC related to the plant's cost cap and is recorded within Impairment charges on Duke Energy Florida's Condensed Consolidated Statements of Operations.

Nine Months Ended September 30, 2020							
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	\$ 16,571	\$ 1,122	\$ 378	\$ 18,071	\$ 20	\$ —	\$ 18,091
Intersegment revenues	25	72	—	97	53	(150)	—
Total revenues	\$ 16,596	\$ 1,194	\$ 378	\$ 18,168	\$ 73	\$ (150)	\$ 18,091
Segment income (loss) ^{(a)(b)(c)}	\$ 2,839	\$ (1,400)	\$ 207	\$ 1,646	\$ (299)	\$ —	\$ 1,347
Less: Noncontrolling interests							208
Add: Preferred stock dividend							93
Net Income							\$ 1,232

Nine Months Ended September 30, 2019							
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	\$ 17,357	\$ 1,239	\$ 362	\$ 18,958	\$ 18	\$ —	\$ 18,976
Intersegment revenues	24	72	—	96	53	(149)	—
Total revenues	\$ 17,381	\$ 1,311	\$ 362	\$ 19,054	\$ 71	\$ (149)	\$ 18,976
Segment income (loss) ^(d)	\$ 2,944	\$ 292	\$ 139	\$ 3,375	\$ (328)	\$ —	\$ 3,047
Less: Noncontrolling interests							110
Add: Preferred stock dividend							27
Net Income							\$ 2,964

- (a) Electric Utilities and Infrastructure includes \$19 million recorded within Impairment charges and \$8 million recorded within Operations, maintenance and other on the Duke Energy Carolinas' Condensed Consolidated Statements of Operations related to a partial settlement in the Duke Energy Carolinas' 2019 North Carolina rate case and \$8 million recorded within Operations, maintenance and other on Duke Energy Progress' Condensed Consolidated Statements of Operation related to a partial settlement in the Duke Energy Progress' 2019 North Carolina rate case. See Note 3 for more information. Additionally, Electric Utilities and Infrastructure includes \$5 million of Impairment charges related to gas pipeline assets recorded on Duke Energy Progress' Condensed Consolidated Statements of Operations.
- (b) Gas Utilities and Infrastructure includes \$2.1 billion recorded within Equity in (losses) earnings of unconsolidated affiliates on the Condensed Consolidated Statements of Operations and \$7 million of Impairment charges recorded on the Piedmont Condensed Consolidated Statements of Operations related to gas pipeline investments. See Notes 3 and 12 for additional information.
- (c) Other includes a \$98 million reversal, included in Operations, maintenance and other on the Condensed Consolidated Statements of Operations, of 2018 severance costs due to a partial settlement in the Duke Energy Carolinas' 2019 North Carolina rate case. See Note 3 for additional information.
- (d) Electric Utilities and Infrastructure includes a \$25 million reduction of a prior year impairment recorded at Citrus County CC related to the plant's costs cap and is recorded within Impairment charges on Duke Energy Florida's Condensed Consolidated Statements of Operations.

FINANCIAL STATEMENTS

BUSINESS SEGMENTS

Duke Energy Ohio

Duke Energy Ohio has two reportable segments, Electric Utilities and Infrastructure and Gas Utilities and Infrastructure. The remainder of Duke Energy Ohio's operations is presented as Other.

Three Months Ended September 30, 2020						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Eliminations	Total
Total revenues	\$ 394	\$ 79	\$ 473	\$ —	\$ —	\$ 473
Segment income/Net income	\$ 63	\$ 9	\$ 72	\$ (2)	\$ —	\$ 70
Segment assets	\$ 6,448	\$ 3,297	\$ 9,745	\$ 27	\$ (23)	\$ 9,749

Three Months Ended September 30, 2019						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other		Total
Total revenues	\$ 408	\$ 81	\$ 489	\$ —	\$ —	\$ 489
Segment income/Net income	\$ 62	\$ 13	\$ 75	\$ (1)	\$ —	\$ 74

Nine Months Ended September 30, 2020						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other		Total
Total revenues	\$ 1,070	\$ 324	\$ 1,394	\$ —	\$ —	\$ 1,394
Segment income/Net (loss) income	\$ 137	\$ 68	\$ 205	\$ (4)	\$ —	\$ 201

Nine Months Ended September 30, 2019						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other		Total
Total revenues	\$ 1,099	\$ 354	\$ 1,453	\$ —	\$ —	\$ 1,453
Segment income/Net (loss) income	\$ 129	\$ 65	\$ 194	\$ (4)	\$ —	\$ 190

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

The NCUC, PSCSC, FPSC, IURC, PUCO, TPUC and KPSC approve rates for retail electric and natural gas services within their states. The FERC approves rates for electric sales to wholesale customers served under cost-based rates (excluding Ohio and Indiana), as well as sales of transmission service. The FERC also regulates certification and siting of new interstate natural gas pipeline projects.

Duke Energy Carolinas and Duke Energy Progress

COVID-19 Filings

North Carolina

On March 10, 2020, Governor Roy Cooper declared a state of emergency due to the COVID-19 pandemic. On March 19, 2020, the NCUC issued an order directing that utilities under its jurisdiction suspend disconnections for nonpayment of utility bills during the state of emergency and allow for customers to enter into payment arrangements to pay off arrearages accumulated during the state of emergency after the end of the state of emergency. Additionally, to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 19, 2020, Duke Energy Carolinas and Duke Energy Progress filed a request with the NCUC seeking authorization to waive: (1) any late payment charges incurred by a residential or nonresidential customer, effective March 21, 2020; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit; and (4) the fees and charges associated with the use of credit cards or debit cards to pay residential electric utility bills, effective March 21, 2020. The NCUC granted the companies' request on March 20, 2020.

FINANCIAL STATEMENTS

REGULATORY MATTERS

On July 29, 2020, the NCUC issued its Order Lifting Disconnection Moratorium and Allowing Collection of Arrearages Pursuant to Special Repayment Plans. The order contained the following: (1) public utilities may resume customer disconnections due to nonpayment for bills first rendered on or after September 1, 2020, after appropriate notice; (2) the late fee moratorium will continue through the end of the state of emergency or until further order of the commission; (3) Duke Energy utilities may reinstate fees for checks returned for insufficient funds as well as transaction fees for use of credit cards or debit cards for bills first rendered on or after September 1, 2020; and (4) no sooner than September 1, 2020, the collection of past-due or delinquent accounts accrued up to and including August 31, 2020, may proceed subject to conditions. Duke Energy Carolinas and Duke Energy Progress resumed normal billing practices as of October 1, 2020, with the exception of the billing of late payment charges. Customers were notified of the resumption of normal billing practices, the option of deferred payment arrangements and where to find assistance, if necessary. Service disconnections for nonpayment for residential customers resumed on November 2, 2020.

Duke Energy Carolinas and Duke Energy Progress filed a joint petition on August 7, 2020, with the NCUC for deferral treatment of incremental costs and waived customer fees due to the COVID-19 pandemic. On October 30, 2020, the NCUC issued an order extending deadlines to file comments on the joint petition to November 5, 2020, and reply comments to November 30, 2020. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

South Carolina

On March 13, 2020, Governor Henry McMaster declared a state of emergency due to the COVID-19 pandemic. The governor also issued a letter on March 14, 2020, to the ORS Executive Director regarding the suspension of disconnection of essential utility services for nonpayment. On March 18, 2020, the PSCSC issued an order approving such waivers, and also approved waivers for regulations related to late fees and reconnect fees. The PSCSC's order also required utilities to track the financial impacts of actions taken pursuant to such waivers for possible reporting to the PSCSC.

On May 13, 2020, the ORS filed a letter with the PSCSC that included a request from Governor McMaster that utilities proceed with developing and implementing plans for phasing in normal business operations. On May 14, 2020, the PSCSC conditionally vacated the regulation waivers regarding termination of service and suspension of disconnect fees. Prior to termination, utilities are to refer past-due customers to local organizations for assistance and/or deferred payment arrangements. Duke Energy Carolinas and Duke Energy Progress filed a report on June 30, 2020, as required by PSCSC order, reporting revenue impact, costs and savings related to COVID-19 to date. On August 14, 2020, Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the PSCSC for approval of an accounting order to defer incremental COVID-19 related costs incurred through June 30, 2020, and for the ongoing months during the duration of the COVID-19 pandemic. The deferral request did not include lost revenues. Updates on cost impacts were filed on September 30, 2020, and included financial impacts through the end of August 2020. On October 16, 2020, the ORS requested the PSCSC delay taking formal action on the deferral request until the ORS and any intervenors complete discovery. The PSCSC issued an order on October 21, 2020, to grant additional time to complete discovery until January 20, 2021, and to establish a procedural schedule.

On August 17, 2020, Duke Energy Carolinas and Duke Energy Progress filed an update on their planned return to normal operations during the COVID-19 pandemic. Normal billing practices resumed in South Carolina as of October 1, 2020, and service disconnections for nonpayment resumed on October 12, 2020. Customers were notified of the resumption of normal billing practices, the option of payment arrangements and where to find assistance, if necessary. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

2020 North Carolina Storm Securitization Filings

On October 26, 2020, Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the NCUC, as agreed to in partial settlements reached in the 2019 North Carolina Rate Cases for Duke Energy Carolinas and Duke Energy Progress, seeking authorization for the financing of each utilities' storm recovery activities required as a result of Hurricane Florence, Hurricane Michael, Hurricane Dorian and Winter Storm Diego. Specifically, Duke Energy Carolinas and Duke Energy Progress requested that the NCUC find that their storm recovery costs and related financing costs are appropriately financed by debt secured by storm recovery property, and that the commission issue financing orders by which each utility may accomplish such financing using a securitization structure. The total revenue requirement over the proposed 15-year bond period for the storm recovery charges is approximately \$262 million for Duke Energy Carolinas and \$842 million for Duke Energy Progress. The NCUC has until March 10, 2021, to issue financing orders. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

2017 North Carolina Rate Case

On August 25, 2017, Duke Energy Carolinas filed an application with the NCUC for a rate increase for retail customers of approximately \$647 million. On February 28, 2018, Duke Energy Carolinas and the North Carolina Public Staff (Public Staff) filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt. On June 22, 2018, the NCUC issued an order approving the Stipulation of Partial Settlement and requiring a revenue reduction.

The North Carolina Attorney General and other parties separately filed Notices of Appeal to the North Carolina Supreme Court. On August 8, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Carolinas and Duke Energy Progress appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. On November 29, 2018, the North Carolina Supreme Court adopted a schedule for briefing set forth in the motion to consolidate the Duke Energy Carolinas and Duke Energy Progress appeals. Appellant briefs were filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Oral arguments before the North Carolina Supreme Court were held on March 11, 2020. Duke Energy Carolinas cannot predict the outcome of this matter.

FINANCIAL STATEMENTS

REGULATORY MATTERS

2019 North Carolina Rate Case

On September 30, 2019, Duke Energy Carolinas filed an application with the NCUC for a net rate increase for retail customers of approximately \$291 million, which represented an approximate 6% increase in annual base revenues. The gross rate case revenue increase request was \$445 million, which was offset by an EDIT rider of \$154 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for a rate increase was driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Carolinas requested rates be effective no later than August 1, 2020. The NCUC established a procedural schedule with an evidentiary hearing to begin on March 23, 2020. On March 16, 2020, in consideration of public health and safety as a result of the COVID-19 pandemic, Duke Energy Carolinas filed a motion with the NCUC seeking a suspension of the procedural schedule in the rate case, including issuing discovery requests, and postponement of the evidentiary hearing for 60 days. Also on March 16, 2020, the NCUC issued an Order Postponing Hearing and Addressing Procedural Matters, which postponed the evidentiary hearing until further order by the commission.

On March 25, 2020, Duke Energy Carolinas and the Public Staff filed an Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain issues in the base rate proceeding. Major components of the settlement included:

- Removal of deferred storm costs from the rate case;
- Filing a petition seeking to securitize the deferred storm costs within 120 days of a commission order in this rate case regarding the reasonableness and prudence of the storm costs;
- Agreement of certain assumptions to demonstrate the quantifiable benefits to customers of a securitization financing; and
- Agreement on certain accounting matters, including recovery of employee incentives, severance, aviation costs and executive compensation.

On May 6, 2020, Duke Energy Carolinas, Duke Energy Progress and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. On June 17, 2020, the NCUC issued an order adopting procedures for the expert witness hearings to take place in three phases: (1) a hearing on issues common to both rate cases conducted remotely; (2) a hearing on Duke Energy Carolinas specific rate case issues, followed immediately by; (3) a hearing on Duke Energy Progress specific rate case issues. On July 24, 2020, Duke Energy Carolinas filed its request for approval of its notice to customers required to implement temporary rates. On July 27, 2020, Duke Energy Carolinas filed a joint motion with Duke Energy Progress and the Public Staff notifying the commission that the parties reached a joint partial settlement with the Public Staff. Also on July 27, 2020, Duke Energy Carolinas filed a letter stating that it intended to update its temporary rates calculation to reflect the terms of the partial settlement.

On July 31, 2020, Duke Energy Carolinas and the Public Staff filed a Second Agreement and Stipulation of Partial Settlement (Second Partial Settlement), which is subject to review and approval of the NCUC, resolving certain remaining issues in the base rate proceeding. Major components of the Second Partial Settlement included:

- A return on equity of 9.6% and a capital structure of 52% equity and 48% debt;
- Agreement on amortization over a five-year period for unprotected federal EDIT flowbacks to customers;
- Agreement on the inclusion of plant in service and other revenue requirement updates through May 31, 2020, subject to Public Staff review. Annual revenue requirement associated with the May 31 update is estimated at \$45 million; and
- Settlement to allow the deferral of costs for certain grid projects placed in service between June 1, 2020, and December 31, 2022, totaling \$0.8 billion.

The remaining items litigated at hearing included recovery of deferred coal ash compliance costs that are subject to asset retirement obligation accounting, implementation of new depreciation rates and the amortization period of the loss on the hydro station sale.

On August 4, 2020, Duke Energy Carolinas filed an amended motion for approval of its amended notice to customers, seeking to exercise its statutory right to implement temporary rates subject to refund on or after August 24, 2020. The revenue requirement to be recovered, subject to refund, through the temporary rates is based on and consistent with the base rate component of the Second Partial Settlement with the Public Staff and excludes the items to be litigated noted above. Duke Energy Carolinas will not begin the amortization or implementation of these items until a final order is issued in the rate case and new base rates are implemented. These items will also be excluded when determining whether a refund of amounts collected through these temporary rates is needed. In addition, Duke Energy Carolinas also seeks authorization to place a temporary decrement EDIT Rider into effect, concurrent with the temporary base rate change. The temporary rate changes are not final rates and remain subject to the NCUC's determination of the just and reasonable rates to be charged by Duke Energy Carolinas on a permanent basis. The NCUC approved the August 4, 2020 amended temporary rates motion on August 6, 2020, and temporary rates went into effect on August 24, 2020.

The Duke Energy Carolinas evidentiary hearing concluded on September 18, 2020, and post-hearing filings were filed with the NCUC from all parties by November 4, 2020. Duke Energy Carolinas expects the NCUC to issue an order on its net rate increase before the end of the first quarter of 2021. Duke Energy Carolinas cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Carolinas filed an application with the PSCSC for a rate increase for retail customers of approximately \$168 million.

FINANCIAL STATEMENTS

REGULATORY MATTERS

After hearings in March 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of cancellation of the Lee Nuclear Project, with Duke Energy Carolinas maintaining the Combined Operating License;
- Approval of recovery of \$125 million (South Carolina retail portion) of Lee Nuclear Project development costs (including AFUDC through December 2017) over a 12-year period, but denial of a return on the deferred balance of costs;
- Approval of recovery of \$96 million of coal ash costs over a five-year period with a return at Duke Energy Carolinas' WACC;
- Denial of recovery of \$115 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a \$66 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a \$45 million decrease through the EDIT Rider to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with the Average Rate Assumption Method (ARAM) for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a five-year period for the deferred revenues; and
- Approval of a \$17 million decrease through the EDIT Rider related to reductions in the North Carolina state income tax rate from 6.9% to 2.5% to be returned over a five-year period.

As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Carolinas filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Carolinas were prejudiced by unlawful, arbitrary and capricious rulings by the PSCSC on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Carolinas' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Carolinas filed a notice of appeal on November 15, 2019, with the Supreme Court of South Carolina. On November 20, 2019, the South Carolina Energy Users Committee filed a Notice of Appeal and the ORS filed a Notice of Cross Appeal with the Supreme Court of South Carolina. On February 12, 2020, Duke Energy Carolinas and the ORS filed a joint motion to extend briefing schedule deadlines, which was approved by the Supreme Court of South Carolina on February 20, 2020. On March 10, 2020, the ORS filed a consent motion requesting withdrawal of their appeal, which was granted by the Supreme Court of South Carolina on April 30, 2020. Initial briefs were filed on April 21, 2020, which included the South Carolina Energy User's Committee brief arguing that the PSCSC erred in allowing Duke Energy Carolinas' recovery of costs related to the Lee Nuclear Station. Response briefs were filed on July 6, 2020, and reply briefs were filed on August 11, 2020. Oral arguments have not yet been scheduled by the Supreme Court of South Carolina. Based on legal analysis and the filing of the appeal, Duke Energy Carolinas has not recorded an adjustment for its deferred coal ash costs. Duke Energy Carolinas cannot predict the outcome of this matter.

Duke Energy Progress

2017 North Carolina Rate Case

On June 1, 2017, Duke Energy Progress filed an application with the NCUC for a rate increase for retail customers of approximately \$477 million, which was subsequently adjusted to \$420 million. On November 22, 2017, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt. On February 23, 2018, the NCUC issued an order approving the stipulation. The Public Staff, the North Carolina Attorney General and the Sierra Club filed notices of appeal to the North Carolina Supreme Court.

On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Progress and Duke Energy Carolinas appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. Appellant briefs were filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Oral arguments before the North Carolina Supreme Court were held on March 11, 2020. Duke Energy Progress cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On October 30, 2019, Duke Energy Progress filed an application with the NCUC for a net rate increase for retail customers of approximately \$464 million, which represented an approximate 12.3% increase in annual base revenues. The gross rate case revenue increase request was \$586 million, which was offset by riders of \$122 million, primarily an EDIT rider of \$120 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for rate increase was driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Progress seeks to defer and recover incremental Hurricane Dorian storm costs in this proceeding and requests rates be effective no later than September 1, 2020. As a result of the COVID-19 pandemic, on March 24, 2020, the NCUC suspended the procedural schedule and postponed the previously scheduled evidentiary hearing on this matter indefinitely. On April 7, 2020, the NCUC issued an order partially resuming the procedural schedule requiring intervenors to file direct testimony on April 13, 2020. Public Staff filed supplemental direct testimony on April 23, 2020. Duke Energy Progress filed rebuttal testimony on May 4, 2020.

FINANCIAL STATEMENTS

REGULATORY MATTERS

On June 2, 2020, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain issues in the base rate proceeding. Major components of the settlement included:

- Removal of deferred storm costs from the rate case;
- Filing a petition seeking to securitize the deferred storm costs within 120 days of a commission order in this rate case regarding the reasonableness and prudence of the storm costs;
- Agreement of certain assumptions to demonstrate the quantifiable benefits to customers of a securitization financing;
- Agreement that the Asheville CC project is complete and in service and agreement on the amount to be included in rate base; and
- Agreement on certain accounting matters, including recovery of employee incentives, severance, aviation costs and executive compensation.

On May 6, 2020, Duke Energy Progress, Duke Energy Carolinas and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. On June 17, 2020, the NCUC issued an order adopting procedures for the expert witness hearings to take place in three phases: (1) a hearing on issues common to both rate cases conducted remotely; (2) a hearing on Duke Energy Carolinas specific rate case issues, followed immediately by; (3) a hearing on Duke Energy Progress specific rate case issues. On July 27, 2020, Duke Energy Progress filed a joint motion with Duke Energy Carolinas and the Public Staff notifying the commission that the parties reached a joint partial settlement with the Public Staff.

On July 31, 2020, Duke Energy Progress and the Public Staff filed a Second Agreement and Stipulation of Partial Settlement (Second Partial Settlement), which is subject to review and approval of the NCUC, resolving certain remaining issues in the base rate proceeding. Major components of the Second Partial Settlement included:

- A return on equity of 9.6% and a capital structure of 52% equity and 48% debt;
- Agreement on amortization over a five-year period for unprotected federal EDIT flowbacks to customers;
- Agreement on the inclusion of plant in service and other revenue requirement updates through May 31, 2020, subject to Public Staff review. Annual revenue requirement associated with the May 31 update is estimated at \$25 million; and
- Settlement to allow the deferral of costs for certain grid projects placed in service between June 1, 2020, and December 31, 2022, of \$0.5 billion.

The remaining items litigated at hearing included recovery of deferred coal ash compliance costs that are subject to asset retirement obligation accounting and implementation of new depreciation rates.

On August 7, 2020, Duke Energy Progress filed a motion for approval of notice required to implement temporary rates, seeking to exercise its statutory right to implement temporary rates subject to refund on or after September 1, 2020. The revenue requirement to be recovered subject to refund through the temporary rates is based on and consistent with the terms of the base rate component of the settlement agreements with the Public Staff and excludes items to be litigated noted above. Duke Energy Progress will not begin the amortization or implementation of these items until a final determination is issued in the rate case and new base rates are implemented. These items will also be excluded when determining whether a refund of amounts collected through these temporary rates is needed. In addition, Duke Energy Progress also seeks authorization to place a temporary decrement EDIT Rider into effect, concurrent with the temporary base rate change. The temporary rate changes are not final rates and remain subject to the NCUC's determination of the just and reasonable rates to be charged by Duke Energy Progress on a permanent basis. The NCUC approved the August 7, 2020 temporary rates motion on August 11, 2020, and temporary rates went into effect on September 1, 2020.

The Duke Energy Progress evidentiary hearing concluded on October 6, 2020, and post-hearing filings are due to be filed with the NCUC from all parties by December 4, 2020. Duke Energy Progress expects the NCUC to issue an order on its net rate increase by the end of the first quarter of 2021. Duke Energy Progress cannot predict the outcome of this matter.

Hurricane Dorian

Hurricane Dorian reached the Carolinas in September 2019 as a Category 2 hurricane making landfall within Duke Energy Progress' service territory. Total estimated incremental operation and maintenance expenses incurred to repair and restore the system are approximately \$168 million with an additional \$4 million in capital investments made for restoration efforts. Approximately \$145 million and \$179 million of the operation and maintenance expenses are deferred in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of September 30, 2020, and December 31, 2019, respectively. A request for an accounting order to defer incremental storm costs associated with Hurricane Dorian was included in Duke Energy Progress' October 30, 2019, general rate case filing with the NCUC. Terms of the June 2, 2020, Agreement and Stipulation of Partial Settlement removed incremental storm costs from the general rate case. A petition seeking to securitize these costs, along with costs from Hurricane Florence, Hurricane Michael and Winter Storm Diego, was filed on October 26, 2020, with the NCUC. The NCUC has until March 10, 2021, to issue financing orders. Duke Energy Progress cannot predict the outcome of this matter.

On February 7, 2020, a petition was filed with the PSCSC in the 2019 storm deferrals docket requesting deferral of approximately \$22 million in operation and maintenance expenses to an existing storm deferral balance previously approved by the PSCSC. The PSCSC voted to approve the request on March 4, 2020, and issued a final order on April 7, 2020. On July 1, 2020, Duke Energy Progress filed a supplemental true up reducing the actual costs to \$17 million.

FINANCIAL STATEMENTS

REGULATORY MATTERS

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Progress filed an application with the PSCSC for a rate increase for retail customers of approximately \$59 million.

After hearings in April 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of recovery of \$4 million of coal ash costs over a five-year period with a return at Duke Energy Progress' WACC;
- Denial of recovery of \$65 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a \$17 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a \$12 million decrease through the EDIT Tax Savings Rider resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with ARAM for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a three-year period for the deferred revenues; and
- Approval of a \$12 million increase due to the expiration of EDIT related to reductions in the North Carolina state income tax rate from 6.9% to 2.5%.

As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Progress filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Progress were prejudiced by unlawful, arbitrary and capricious rulings by the PSCSC on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Progress' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses, but allowing additional litigation-related costs. As a result of the Directive allowing litigation-related costs, customer rates were revised effective July 1, 2019. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Progress filed a notice of appeal on November 15, 2019, with the Supreme Court of South Carolina. The ORS filed a Notice of Cross Appeal on November 20, 2019. On February 12, 2020, Duke Energy Progress and the ORS filed a joint motion to extend briefing schedule deadlines, which was approved by the Supreme Court of South Carolina on February 20, 2020. On March 10, 2020, the ORS filed a consent motion requesting withdrawal of their appeal, which was granted by the Supreme Court of South Carolina on April 30, 2020. Initial briefs were filed on April 21, 2020. Response briefs were filed on July 6, 2020, and reply briefs were filed on August 11, 2020. Oral arguments have not yet been scheduled by the Supreme Court of South Carolina. Based on legal analysis and the filing of the appeal, Duke Energy Progress has not recorded an adjustment for its deferred coal ash costs. Duke Energy Progress cannot predict the outcome of this matter.

Western Carolinas Modernization Plan

Duke Energy Progress retired the 376-MW Asheville coal-fired plant on January 29, 2020, at which time the net book value, including associated ash basin closure costs, of \$214 million was transferred from Generation facilities to be retired, net to Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

On December 27, 2019, Asheville Combined Cycle Unit 5 Combustion Turbine and Unit 6 Steam Turbine Generator and the common systems that serve combined cycle units went into commercial operation. Duke Energy Progress placed the Unit 7 Combustion Turbine into commercial operation in simple-cycle mode on January 15, 2020. The Unit 8 Steam Turbine Generator went into commercial operation on April 5, 2020. On June 2, 2020, Duke Energy Progress filed a request with the PSCSC for an accounting order for the deferral of post-in-service costs incurred in connection with the addition of the Asheville combined-cycle generating plant. The petition requested the PSCSC issue an accounting order authorizing Duke Energy Progress to defer post-in-service costs including the Asheville combined-cycle's depreciation expense, property taxes, incremental O&M and carrying costs at WACC of approximately \$8 million annually. On June 17, 2020, the PSCSC voted to approve the petition and issued its final order on July 6, 2020.

On October 8, 2018, Duke Energy Progress filed an application with the NCUC for a CPCN to construct the Hot Springs Microgrid Solar and Battery Storage Facility, which was approved with certain conditions on May 10, 2019. A hearing to update the NCUC on the status of the project was held on March 5, 2020. Construction began in May 2020 with commercial operation expected to begin in October 2021.

On July 27, 2020, Duke Energy Progress filed an application with the NCUC for a CPCN to construct the Woodfin Solar Facility, a 5-MW solar generating facility to be constructed on a closed landfill in Buncombe County. The expert hearing is scheduled for November 18, 2020.

FERC Return on Equity Complaints

On October 11, 2019, North Carolina Eastern Municipal Power Agency (NCEMPA) filed a complaint at the FERC against Duke Energy Progress pursuant to Section 206 of the Federal Power Act (FPA). Duke Energy Progress provides NCEMPA with service under the Full Requirements Power Purchase Agreement (FRPPA). The complaint alleges that the 11% stated return on equity (ROE) component contained in the FRPPA's demand formula rate is unjust and unreasonable. On July 16, 2020, the FERC set this matter for hearing and settlement judge procedures and established a refund effective date of October 11, 2019. In its order setting the matter for settlement, the FERC allowed for variation to the base transmission-related ROE methodology developed in Order No. 569-A, through the introduction of "specific facts and circumstances" involving the parties to this case. The parties to this case are currently in FERC settlement procedures. It is Duke Energy Progress' view that, in consideration of the specific facts and circumstances of risks under the provisions of the FRPPA, the stated 11% ROE applied to NCEMPA's metered billing demand is just and reasonable. Duke Energy Progress cannot predict the outcome of this matter.

FINANCIAL STATEMENTS

REGULATORY MATTERS

On October 16, 2020, North Carolina Electric Membership Corporation (NCEMC) filed a complaint at the FERC against Duke Energy Progress pursuant to Section 206 of the FPA. The complaint alleges that the ROE component in the formula rate contained within the Power Supply and Coordination Agreement (PSCA) between NCEMC and Duke Energy Progress is unjust and unreasonable. The PSCA's return on equity is 11% as applied to the Production Capacity Rate for the requirements service provided by Duke Energy Progress. Under FPA Section 206, the earliest refund effective date that the FERC can establish is the date of the filing of the complaint. Duke Energy Progress will respond to the complaint and believes the 11% ROE is just and reasonable for the service provided under the contract. Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Florida

COVID-19 Filings

In March 2020, Governor Ron DeSantis directed the State Health Officer of Florida to declare a public health emergency in Florida related to the COVID-19 pandemic. The governor also issued an Executive Order on March 9, 2020, in which he declared a state of emergency in Florida and directed the Director of the Division of Emergency Management to implement the state's Comprehensive Emergency Management Plan. On March 19, 2020, Duke Energy Florida filed a request to modify its tariff to allow it to waive late fees for customers, and on April 6, 2020, the FPSC issued an order approving the request. Duke Energy Florida had already voluntarily waived reconnect fees and credit card fees, and ceased disconnecting customers for nonpayment. On April 2, 2020, Duke Energy Florida filed a petition with the FPSC to accelerate a \$78 million fuel cost refund to customers in the month of May 2020. Typically, the refund would be made over the course of 2021. The FPSC approved the petition on April 28, 2020. Duke Energy Florida resumed normal billing practices as of August 24, 2020, with the exception of the billing of late payment charges. Customers were notified of the resumption of normal billing practices, the option of deferred payment arrangements and where to find assistance, if necessary. Service disconnections for nonpayment for residential customers resumed on October 5, 2020.

Storm Restoration Cost Recovery

Duke Energy Florida filed a petition with the FPSC on April 30, 2019, to recover \$223 million of estimated retail incremental storm restoration costs for Hurricane Michael, consistent with the provisions in the 2017 Settlement, and the FPSC approved the petition on June 11, 2019. The FPSC also approved allowing Duke Energy Florida to use the tax savings resulting from the Tax Act to recover these storm costs in lieu of implementing a storm surcharge. Approved storm costs are currently expected to be fully recovered by approximately year-end 2021. On November 22, 2019, Duke Energy Florida filed a petition for approval of actual retail recoverable storm restoration costs related to Hurricane Michael in the amount of \$191 million plus interest. On May 19, 2020, Duke Energy Florida filed a supplemental true up reducing the actual retail recoverable storm restoration costs related to Hurricane Michael by approximately \$3 million, resulting in a total request to recover \$188 million actual retail recoverable storm restoration costs, plus interest. An Order Establishing Procedure was issued on January 30, 2020, and hearings are scheduled to begin December 8, 2020. Approximately \$119 million and \$204 million of these costs are included in Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of September 30, 2020, and December 31, 2019, respectively. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Florida filed a petition with the FPSC on December 19, 2019, to recover \$169 million of estimated retail incremental storm restoration costs for Hurricane Dorian, consistent with the provisions in the 2017 Settlement and the FPSC approved the petition on February 24, 2020. Approved storm costs are being recovered over a 12-month period with rates effective in March 2020 and subject to true up. The final actual amount of \$145 million was filed on September 30, 2020, and the FPSC will hold a hearing to determine the final amount of incremental costs. Approximately \$38 million and \$167 million of these costs are included in Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of September 30, 2020, and December 31, 2019, respectively, representing recoverable costs under the FPSC's storm rule and Duke Energy Florida's OATT formula rates. Duke Energy Florida cannot predict the outcome of this matter.

Clean Energy Connection

On July 1, 2020, Duke Energy Florida petitioned the FPSC for approval of a voluntary solar program. The program consists of 10 new solar generating facilities with combined capacity of approximately 750 MW. The program allows participants to support cost-effective solar development in Florida by paying a subscription fee based on per kilowatt-subscriptions and receiving a credit on their bill based on the actual generation associated with their portion of the solar portfolio. The estimated cost of the 10 new solar generation facilities is approximately \$1 billion over the next four years, and this investment will be included in base rates offset by the revenue from the subscription fees. The credits will be included for recovery in the fuel cost recovery clause. A hearing on the petition is scheduled to begin on November 17, 2020. Duke Energy Florida cannot predict the outcome of this matter.

Crystal River Unit 3 Accelerated Decommissioning Filing

On May 29, 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of Crystal River Unit 3 located in Citrus County, Florida, with ADP CR3, LLC and ADP SF1, LLC, each of which is a wholly owned subsidiary of Accelerated Decommissioning Partners, LLC (ADP), a joint venture between NorthStar Group Services, Inc. and Orano USA LLC. The agreement will allow for completion of the decommissioning of Crystal River Unit 3 by 2027, rather than 2074 as originally planned. Duke Energy Florida will also sell and assign the spent nuclear fuel, storage canisters, high-level waste and existing dry spent fuel storage installation and certain related assets, together with certain associated liabilities and obligations to ADP SF1, LLC. Duke Energy Florida expects that the assets of the Nuclear Decommissioning Trust Fund as of September 30, 2020, will be sufficient to cover the contract price. The U.S. Nuclear Regulatory Commission approved the transaction on April 1, 2020, and the FPSC issued an order approving the transaction on August 27, 2020. The agreement closed on October 1, 2020.

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Storm Protection Plan

On April 10, 2020, Duke Energy Florida filed its initial Storm Protection Plan (SPP) with the FPSC. The SPP outlines storm protection programs over a 10-year planning period intended to enhance the existing infrastructure for the purpose of reducing restoration costs and reducing outage times associated with extreme weather conditions therefore improving overall service reliability. On July 31, 2020, Duke Energy Florida entered into a settlement with certain intervenors in support of this filing. On August 28, 2020, the FPSC unanimously approved the settlement agreement, which effectively approves the 2020-2029 SPP as-filed, without modification.

Duke Energy Ohio

Duke Energy Ohio COVID-19 Filings

In response to the COVID-19 pandemic, on March 9, 2020, Governor Mike DeWine declared a state of emergency in the state of Ohio. The PUCO issued an order directing utilities to cease disconnections for nonpayment and waive late payment and reconnection fees and to minimize direct customer contact. The PUCO also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers, if necessary. In response, Duke Energy Ohio ceased all disconnections except for safety-related concerns and waived late payment and reconnection fees. On March 19, 2020, Duke Energy Ohio filed its compliance plan with the PUCO and sought waiver of several regulations to minimize direct customer contact. On May 4, 2020, Duke Energy Ohio filed a motion to suspend payment rules to enable proactive outreach to residential customers offering additional options for managing their utility bills. PUCO found the proposal to address the state of emergency and the accompanying waivers reasonable and directed Duke Energy Ohio to work with the PUCO Staff on a comprehensive plan for resumption of activities and operations, to be filed 45 days before resumption of activities. The transition plan to resume normal operations to pre-COVID-19 levels was filed on June 26, 2020, and approved by the PUCO on July 29, 2020. It included resuming suspended work and activities beginning August 10, 2020, and resuming disconnections in September 2020.

On April 16, 2020, Duke Energy Ohio filed an application for a Reasonable Arrangement to temporarily lower the minimum bill for demand-metered commercial and industrial customers. On June 17, 2020, the PUCO denied Duke Energy Ohio's application for a reasonable arrangement and ordered Duke Energy Ohio to work with the PUCO Staff on payment arrangements for impacted nonresidential customers.

On May 11, 2020, Duke Energy Ohio filed with the PUCO a request seeking deferral of incremental costs incurred, as well as specific miscellaneous lost revenues using existing bad debts and uncollectible riders already in place for both electric and natural gas operations. Duke Energy Ohio would subsequently file for rider recovery at a later date. On June 17, 2020, the PUCO approved Duke Energy Ohio's deferral application. The commission denied the accrual of carrying costs and ordered Duke Energy Ohio to also track potential savings experienced as a result of COVID-19.

Duke Energy Kentucky COVID-19

In response to the COVID-19 pandemic, on March 6, 2020, Governor Andy Beshear declared a state of emergency in the commonwealth of Kentucky. The KPSC issued an order directing utilities to cease disconnections for nonpayment and waive late payment fees. The KPSC also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers, if necessary. In response, Duke Energy Kentucky ceased all disconnections except for safety-related concerns and waived late payment and reconnection fees. On September 21, 2020, the KPSC issued an order ending the disconnection moratorium for residential and nonresidential customers effective no earlier than October 20, 2020. Utilities are required to offer residential customers a default payment plan for any arrearages accumulated through the October 2020 billing cycle. Utilities are permitted to resume assessment of late payment charges for nonresidential customers beginning October 20, 2020, and for residential customers after December 31, 2020. Duke Energy Kentucky will follow the order, as clarified on September 30, 2020, by the KPSC.

2017 Electric Security Plan Filing

On June 1, 2017, Duke Energy Ohio filed with the PUCO a request for a standard service offer in the form of an ESP. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation and Recommendation (Stipulation) with the PUCO resolving that the term of the ESP would be from June 1, 2018, to May 31, 2025, and included continuation of market-based customer rates through competitive procurement processes for generation, continuation and expansion of existing rider mechanisms and approved new rider mechanisms relating to costs incurred to enhance the customer experience and transform the grid and a service reliability rider for vegetation management. On September 13, 2019, and September 16, 2019, Interstate Gas Supply/Retail Supply Association and the Ohio Consumers' Counsel (OCC), respectively, filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error. On March 13, 2020, the Supreme Court of Ohio dismissed OCC's appeal. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of the PUCO's December 19, 2018 order approving the Stipulation. The case has been resolved.

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Electric Base Rate Case

Duke Energy Ohio filed with the PUCO an electric distribution base rate case application and supporting testimony in March 2017. Duke Energy Ohio requested an estimated annual increase of approximately \$15 million and a return on equity of 10.4%. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed the Stipulation with the PUCO including a \$19 million decrease in annual base distribution revenue with a return on equity unchanged from the current rate of 9.84% based upon a capital structure of 50.75% equity and 49.25% debt. Upon approval of new rates, Duke Energy Ohio's rider for recovering its initial SmartGrid implementation ended as these costs would be recovered through base rates. The Stipulation also renewed 14 existing riders, some of which were included in Duke Energy Ohio's ESP, and added two new riders including the Enhanced Service Reliability Rider to recover vegetation management costs not included in base rates, up to \$10 million per year (operation and maintenance only) and the Power Future Initiatives Rider (formerly PowerForward Rider) to recover costs incurred to enhance the customer experience and further transform the grid (operation and maintenance and capital). In addition to the changes in revenue attributable to the Stipulation, Duke Energy Ohio's capital-related riders, including the Distribution Capital Investments Rider, began to reflect the lower federal income tax rate associated with the Tax Act with updates to customers' bills beginning April 1, 2018. This change reduced electric revenue by approximately \$20 million on an annualized basis. On December 19, 2018, the PUCO approved the Stipulation without material modification. New base rates were implemented effective January 2, 2019. On September 13, 2019, and September 16, 2019, Interstate Gas Supply/Retail Supply Association and the OCC, respectively, filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error. On March 13, 2020, the Supreme Court of Ohio dismissed OCC's appeal. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of the PUCO's December 19, 2018 order approving the Stipulation. The case has been resolved.

Ohio Valley Electric Corporation

On March 31, 2017, Duke Energy Ohio filed for approval to adjust its existing Rider PSR to pass through net costs related to its contractual entitlement to capacity and energy from the generating assets owned by OVEC. Duke Energy Ohio sought deferral authority for net costs incurred from April 1, 2017, until the new rates under Rider PSR were put into effect. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation with the PUCO resolving numerous issues including those related to Rider PSR. The Stipulation activated Rider PSR for recovery of net costs incurred from January 1, 2018, through May 2025. On December 19, 2018, the PUCO approved the Stipulation without material modification. The PSR rider became effective April 1, 2019. On September 13, 2019, and September 16, 2019, Interstate Gas Supply/Retail Supply Association and the OCC filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error. On March 13, 2020, the Supreme Court of Ohio dismissed OCC's appeal. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of the PUCO's December 19, 2018 order approving the Stipulation. The case has been resolved.

On July 23, 2019, House Bill 6 (HB 6) was signed into law that became effective January 1, 2020. Among other things, the bill allows for funding of two nuclear generating facilities located in Northern Ohio through a charge on utility bills owned by Energy Harbor (f/k/a FirstEnergy Solutions), repeal of energy efficiency mandates, and recovery of prudently incurred costs, net of any revenues, for Ohio investor-owned utilities that are participants under the OVEC power agreement. The recovery shall be through a non-bypassable rider that is to replace any existing recovery mechanism approved by the PUCO and will remain in place through 2030. The amounts recoverable from customers will be subject to an annual cap, with incremental costs that exceed such cap eligible for deferral and recovery subject to review. See Note 12 for additional discussion of Duke Energy Ohio's ownership interest in OVEC. In July 2020, legislation to repeal HB 6 was proposed in both the Ohio House and Senate, with subsequent hearings to receive witness testimony. Duke Energy Ohio cannot predict the outcome of this matter.

Energy Efficiency Cost Recovery

On February 26, 2020, the PUCO issued an order directing utilities to wind down their demand-side management programs by September 30, 2020, and to terminate the programs by December 31, 2020, in response to changes in Ohio law that eliminated Ohio's energy efficiency mandates. On March 27, 2020, Duke Energy Ohio filed an Application for Rehearing seeking clarification on the final true up and reconciliation process after 2020. On April 22, 2020, the PUCO granted rehearing for further consideration.

On June 8, 2020, Duke Energy Ohio filed an application to implement a voluntary energy efficiency program portfolio to commence on January 1, 2021. The application proposes a mechanism for recovery of program costs, lost margins and a shared savings incentive mechanism similar to those previously approved by the PUCO. On June 17, 2020, the PUCO, on its own motion, struck Duke Energy Ohio's proposal to include a shared savings mechanism in its plan finding such incentives are not permissible or supportable under Ohio law. On June 26, 2020, Duke Energy Ohio withdrew its application. On October 9, 2020, Duke Energy Ohio filed an application to implement a voluntary efficiency program portfolio to commence on January 1, 2021. The application proposes a mechanism for recovery of program costs and a benefit associated with avoided transmission and distribution costs. Duke Energy Ohio cannot predict the outcome of this matter.

Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. Duke Energy Ohio currently estimates the pipeline development costs and construction activities will range from \$163 million to \$245 million in direct costs (excluding overheads and AFUDC) and that construction of the pipeline extension is expected to be completed before the 2021/2022 winter season. An evidentiary hearing for a Certificate of Environmental Compatibility and Public Need concluded on April 11, 2019. Briefs were filed on May 13, 2019, and reply briefs were filed on June 10, 2019. On November 21, 2019, the Ohio Power Siting Board (OPSB) approved Duke Energy Ohio's application subject to 41 conditions on construction. Applications for rehearing were filed by several stakeholders on December 23, 2019, arguing that the OPSB approval was incorrect. On February 20, 2020, the OPSB denied the rehearing requests. On April 15, 2020, Joint Appellants filed a notice of appeal at the Supreme Court of Ohio of the OPSB's decision approving Duke Energy Ohio's Central Corridor application. On June 4, 2020, the OPSB filed a motion to dismiss claims raised by one of the Joint Appellants and on August 5, 2020, the Supreme Court of Ohio dismissed one of the Joint Appellants from the appeal. Joint Appellants filed their merit briefs on August 26, 2020. Appellee briefs were filed October 15, 2020. On September 22, 2020, Duke Energy Ohio filed an application with OPSB for approval to amend the certificated pipeline route. Duke Energy Ohio cannot predict the outcome of this matter.

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MGP Cost Recovery

As part of its 2012 natural gas base rate case, Duke Energy Ohio has approval to defer and recover costs related to environmental remediation at two sites (East End and West End) that housed former MGP operations. Duke Energy Ohio has made annual applications for recovery of these deferred costs. Duke Energy Ohio has collected approximately \$55 million in environmental remediation costs between 2009 through 2012 through Rider MGP, which is currently suspended. Duke Energy Ohio has made annual applications with the PUCO to recover its incremental remediation costs consistent with the PUCO's directive in Duke Energy Ohio's 2012 natural gas rate case. To date, the PUCO has not ruled on Duke Energy Ohio's annual applications for the calendar years 2013 through 2017. On September 28, 2018, the staff of the PUCO issued a report recommending a disallowance of approximately \$12 million of the \$26 million in MGP remediation costs incurred between 2013 through 2017 that staff believes are not eligible for recovery. Staff interprets the PUCO's 2012 Order granting Duke Energy Ohio recovery of MGP remediation as limiting the recovery to work directly on the East End and West End sites. On October 30, 2018, Duke Energy Ohio filed reply comments objecting to the staff's recommendations and explaining, among other things, the obligation Duke Energy Ohio has under Ohio law to remediate all areas impacted by the former MGPs and not just physical property that housed the former plants and equipment. On March 29, 2019, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2018 seeking recovery of approximately \$20 million in remediation costs. On July 12, 2019, the staff recommended a disallowance of approximately \$11 million for work that staff believes occurred in areas not authorized for recovery. Additionally, staff recommended that any discussion pertaining to Duke Energy Ohio's recovery of ongoing MGP costs should be directly tied to or netted against insurance proceeds collected by Duke Energy Ohio. An evidentiary hearing concluded on November 21, 2019. Initial briefs were filed on January 17, 2020, and reply briefs were filed on February 14, 2020. Duke Energy Ohio cannot predict the outcome of this matter.

On March 31, 2020, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2019 seeking recovery of approximately \$39 million in remediation costs incurred during 2019. On July 23, 2020, the staff recommended a disallowance of approximately \$4 million for work the staff believes occurred in areas not authorized for recovery. Additionally, the staff recommended insurance proceeds, net of litigation costs and attorney fees, should be reimbursed to customers and not be held by Duke Energy Ohio until all investigation and remediation is complete. Duke Energy Ohio filed comments in response to the staff report on August 21, 2020. Duke Energy Ohio cannot predict the outcome of this matter.

The 2012 PUCO order also contained conditional deadlines for completing the MGP environmental investigation and the deferral of remediation costs at the MGP sites. Subsequent to the order, the deadline was extended to December 31, 2019. On May 10, 2019, Duke Energy Ohio filed an application requesting a continuation of its existing deferral authority for MGP remediation and investigation that must occur after December 31, 2019. On September 13, 2019, intervenor comments were filed opposing Duke Energy Ohio's request for continuation of existing deferral authority and on October 2, 2019, Duke Energy Ohio filed reply comments. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky Electric Base Rate Case

On September 3, 2019, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately \$46 million. On January 31, 2020, Duke Energy Kentucky filed rebuttal testimony updating its rate increase calculations to approximately \$44 million. Hearings concluded on February 20, 2020, and briefing was completed March 20, 2020. On April 27, 2020, the KPSC issued its decision approving a \$24 million increase for Duke Energy Kentucky with a 9.25% return on equity. The KPSC denied Duke Energy Kentucky's major storm deferral mechanism and EV and battery storage pilots. The KPSC approved Duke Energy Kentucky's Green Source Advantage tariff. New customer rates were effective on May 1, 2020. On May 18, 2020, Duke Energy Kentucky filed its motion for rehearing and on June 4, 2020, the motion was granted in part and denied in part by the KPSC. On October 16, 2020, the KPSC issued an Order on Rehearing authorizing an additional \$4 million increase in revenue requirement bringing the total authorized revenue requirement increase to \$28 million. Revised customer rates will take effect in November 2020.

Duke Energy Indiana

COVID-19 Filing

In response to the COVID-19 pandemic, on March 6, 2020, Governor Eric Holcomb declared a public health disaster emergency in the state of Indiana, which is currently extended through December 1, 2020. Duke Energy Indiana had already voluntarily suspended all disconnections and waived late payment fees and check return fees. The utility also waived credit card fees for residential customers. The Executive Order requiring utilities in the state to suspend disconnection of utility service expired July 1, 2020.

On May 8, 2020, Duke Energy Indiana, along with other Indiana utilities, filed a request with the IURC for approval of deferral treatment for costs and revenue reductions associated with the COVID-19 pandemic. The utilities requested initial deferral approval in July 2020, with individual subdockets for each utility to be established for consideration of utility-specific cost and revenue impacts, cost recovery timing and customer payment plans. On June 29, 2020, the IURC issued an order in Phase 1 wherein it extended the disconnection moratorium for jurisdictional utilities until August 14, 2020, along with requiring six-month payment arrangements, waiver of late fees, reconnection fees, convenience fees and deposits. The IURC permitted jurisdictional utilities to use regulatory accounting for any impacts associated with the prohibition on utility disconnections, waiver or exclusion of certain utility fees (i.e., late fees, convenience fees, deposits, and reconnection fees), the use of expanded payment arrangements to aid customers, and for COVID-19 related uncollectible and incremental bad debt expense. The IURC did not permit recovery of lost revenues due to load reduction or carrying costs. In Phase 2 filings, individual utilities may choose to request regulatory accounting for other COVID-19 related operation and maintenance costs wherein evidence of the impact of any costs or offsetting savings can be presented and considered in an evidentiary hearing. On August 12, 2020, the IURC issued a supplemental order extending the requirement for six-month payment arrangements and waiver of certain customer fees for another 60 days, but did not extend the disconnect moratorium. As such, Duke Energy Indiana resumed service disconnections for nonpayment in mid-September 2020. Normal billing practices resumed in mid-October 2020, except that Duke Energy Indiana has committed to provide extended payment arrangements and waive credit card and pay station fees for residential customers through the end of 2020. Customers were notified of the resumption of normal billing practices, the option of deferred payment arrangements and where to find assistance, if necessary. Duke Energy Indiana cannot predict the outcome of this matter.

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2019 Indiana Rate Case

On July 2, 2019, Duke Energy Indiana filed a general rate case with the IURC for a rate increase for retail customers of approximately \$395 million. The rebuttal case, filed on December 4, 2019, updated the requested revenue requirement to result in a 15.6% or \$396 million average retail rate increase, including the impacts of the Utility Receipts Tax. Hearings concluded on February 7, 2020. On June 29, 2020, the IURC issued the order in the rate case approving a revenue increase of \$146 million before certain adjustments and ratemaking refinements. The order provided for an overall cost of capital of 5.7% based on a 9.7% return on equity and a 53% equity component of the capital structure, and approved Duke Energy Indiana's requested forecasted rate base of \$10.2 billion as of December 31, 2020, including the Edwardsport IGCC Plant. The IURC reduced Duke Energy Indiana's request by slightly more than \$200 million, when accounting for the utility receipts tax and other adjustments. Approximately 50% of the reduction is due to a prospective change in depreciation and use of regulatory asset for the end-of-life inventory at retired generating plants, approximately 20% is due to the approved 9.7% return on equity versus requested 10.4% and approximately 20% is related to miscellaneous earnings neutral adjustments. Step one rates are estimated to be approximately 75% of the total and became effective on July 30, 2020. Step two rates are estimated to be the remaining 25% of the total rate increase and will be effective in the first quarter of 2021. Several groups filed notices of appeal of the IURC order on July 29, 2020. Appellate briefs were filed on October 14, 2020, focusing on three issues: wholesale sales allocations, coal ash basin cost recovery and the Edwardsport IGCC operating and maintenance expense level approved. The case will be fully briefed by year-end, with a decision expected in the first quarter of 2021. Duke Energy Indiana cannot predict the outcome of this matter.

2020 Indiana Coal Ash Recovery Case

In Duke Energy Indiana's rate case, the IURC approved coal ash basin closure costs expended through 2018 including financing costs as a regulatory asset and included in rate base. The IURC opened a subdocket to deal with the post-2018 coal ash related expenditures. Duke Energy Indiana filed testimony on April 15, 2020, in the coal ash subdocket requesting recovery for the post-2018 coal ash basin closure costs for plans that have been approved by the Indiana Department of Environmental Management as well as continuing deferral, with carrying costs, on the balance. An evidentiary hearing was held on September 14, 2020, and the parties have agreed on a delayed briefing schedule that allows for the Indiana Rate Case appeal to proceed. Briefing will be completed by mid-May 2021. Duke Energy Indiana cannot predict the outcome of this matter.

Piedmont

COVID-19 Filings

North Carolina

On March 10, 2020, Governor Roy Cooper issued Executive Order No. 116 declaring a state of emergency due to the COVID-19 pandemic. On March 19, 2020, the NCUC issued an order directing that utilities under its jurisdiction suspend disconnections for nonpayment of utility bills during the state of emergency (as defined by Executive Order No. 116) and allow for customers to enter into payment arrangements to pay off arrearages accumulated during the state of emergency after the end of the state of emergency. Additionally, to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 19, 2020, Piedmont filed a request with the NCUC seeking authorization to waive: (1) any late payment charges incurred by a residential or nonresidential customer, effective March 21, 2020; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit; and (4) the fees and charges associated with the use of credit cards or debit cards to pay residential electric utility bills, effective March 21, 2020. The NCUC granted Piedmont's request on March 20, 2020.

On July 29, 2020, the NCUC issued its Order Lifting Disconnection Moratorium and Allowing Collection of Arrearages Pursuant to Special Repayment Plans. The order contained the following: (1) public utilities may resume customer disconnections due to nonpayment for bills first rendered on or after September 1, 2020, after appropriate notice; (2) the late fee moratorium will continue through the end of the state of emergency or until further order of the commission; (3) Duke Energy utilities may reinstate fees for checks returned for insufficient funds as well as transaction fees for use of credit cards or debit cards for bills first rendered on or after September 1, 2020; and (4) no sooner than September 1, 2020, the collection of past-due or delinquent accounts accrued up to and including August 31, 2020, may proceed subject to conditions.

Normal billing practices resumed as of October 1, 2020, with the exception of billing of late payment charges. Service disconnections for nonpayment resumed on November 4, 2020. Customers were notified of the resumption of normal billing practices, the option of payment arrangements and where to find assistance, if necessary. The NCUC's moratorium for the billing of late payment charges is still in effect until further order from the NCUC. Piedmont cannot predict the outcome of this matter.

South Carolina

On March 13, 2020, Governor Henry McMaster issued Executive Order No. 2020-08 declaring a state of emergency due to the COVID-19 pandemic. The governor also issued a letter on March 14, 2020, to the ORS Executive Director regarding the suspension of disconnection of essential utility services for nonpayment. On March 18, 2020, the PSCSC issued an order approving such waivers, and also approved waivers for regulations related to late fees and reconnect fees. The PSCSC's order also required utilities to track the financial impacts of actions taken pursuant to such waivers for possible reporting to the PSCSC.

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On May 13, 2020, the ORS filed a letter with the PSCSC that included a request from Governor McMaster that utilities proceed with developing and implementing plans for phasing in normal business operations. On May 14, 2020, the PSCSC conditionally vacated the regulation waivers regarding termination of service and suspension of disconnect fees. Prior to termination, utilities are to refer past-due customers to local organizations for assistance and/or deferred payment arrangements. Piedmont filed a report on June 30, 2020, as required by PSCSC order, reporting revenue impact, costs and savings related to COVID-19 to date. Updates on cost impacts were filed on September 30, 2020, and included financial impacts through the end of August 2020.

On September 30, 2020, Piedmont filed an update on their planned return to normal operations during the COVID-19 pandemic. Normal billing practices resumed as of October 1, 2020, and service disconnections for nonpayment resumed on November 4, 2020. Customers were notified of the resumption of normal billing practices, the option of payment arrangements and where to find assistance, if necessary.

Tennessee

On March 12, 2020, Governor Bill Lee issued Executive Order No. 14 declaring a state of emergency due to the COVID-19 pandemic. In an effort to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 20, 2020, Piedmont filed a request with the TPUC seeking authorization to waive, effective March 21, 2020: (1) any late payment charges incurred by a residential or nonresidential customer; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; and (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit. The TPUC granted Piedmont's request by Order issued March 31, 2020. The Order also stated that customers were not relieved of their obligation to pay for utility services received.

The TPUC held its regularly scheduled Commission Conference electronically on August 10, 2020, and on September 16, 2020, issued an Order Lifting Suspension of Disconnections of Service for Lack of Payment with Conditions, effective August 29, 2020. The conditions relate to required customer communications, payment plan options for past-due amounts and ongoing reporting to the TPUC. Potential recovery of costs related to the COVID-19 pandemic may be considered in future, individual docketed proceedings.

On October 15, 2020, Piedmont filed a report on their planned return to normal operations during the COVID-19 pandemic. Normal billing practices resumed as of October 1, 2020, and service disconnections for nonpayment resumed on November 4, 2020. Customers were notified of the resumption of normal billing practices, the option of payment arrangements and where to find assistance, if necessary.

2020 Tennessee Rate Case

On July 2, 2020, Piedmont filed an application with the TPUC, its first general rate case in Tennessee in nine years, for a rate increase for retail customers of approximately \$30 million, which represents an approximate 15% increase in annual revenues. The rate increase is driven by significant infrastructure upgrade investments since its previous rate case. Approximately half of the plant additions being added to rate base are categories of capital investment not covered under the IMR mechanism, which was approved in 2013. On August 25, 2020, the TPUC issued the procedural schedule for this case, targeting the hearing to begin on January 11, 2021. The TPUC is required to render a decision on this matter on or before April 1, 2021. Piedmont cannot predict the outcome of this matter.

OTHER REGULATORY MATTERS

Atlantic Coast Pipeline, LLC

Atlantic Coast Pipeline (ACP pipeline) is an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. Duke Energy indirectly owns a 47% interest, which is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment.

On April 15, 2020, the United States District Court for the District of Montana granted partial summary judgment in favor of the plaintiffs in Northern Plains Resource Council v. U.S. Army Corps of Engineers (USACE) (Northern Plains), vacating USACE's Nationwide Permit 12 (NWP 12) and remanding it to USACE for consultation under the Endangered Species Act (ESA) of 1973. In Northern Plains, the court ruled that NWP 12 was unlawful because USACE did not consult under the ESA with the U.S. Fish and Wildlife Service and/or National Marine Fisheries Service prior to NWP 12's reissuance in 2017. Because NWP 12 has been vacated and its application enjoined, USACE currently has suspended verification of any new or pending applications under NWP 12 until further court action clarifies the situation.

On May 28, 2020, the U.S. Court of Appeals for the Ninth Circuit issued a ruling that limited the NWP 12 vacatur to energy infrastructure projects. In July 2020, the Supreme Court of the United States issued an order allowing other new oil and gas pipeline projects to use the NWP 12 process pending appeal to the U.S. Court of Appeals for the Ninth Circuit; however, that did not decrease the uncertainty associated with an eventual ruling. Together, these rulings indicated that the timeline to reinstate the necessary water crossing permits for ACP would likely cause further delays and cost increases.

On July 5, 2020, Dominion Energy, Inc. announced a sale of substantially all of its gas transmission and storage segment assets, operations core to the ACP pipeline project.

As a result of the uncertainty created by the NWP 12 rulings, the potential impact on the cost and schedule for the project, the ongoing legal challenges and the risk of additional legal challenges and delays through the construction period and Dominion's decision to sell substantially all of its gas transmission and storage segment assets, Duke Energy's Board of Directors and management decided that it was not prudent to continue to invest in the project. On July 5, 2020, Duke Energy and Dominion announced the cancellation of the ACP pipeline project.

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As a result, Duke Energy recorded pretax charges to earnings of approximately \$2.1 billion for the nine months ended September 30, 2020, within Equity in (losses) earnings of unconsolidated affiliates on the Duke Energy Condensed Consolidated Statements of Operations. The tax benefit associated with this cancellation was \$389 million and is recorded in Income Tax Expense (Benefit) on the Duke Energy Condensed Consolidated Statements of Operations. Additional charges of less than \$50 million are expected to be recorded within the next 12 months as ACP incurs obligations to exit operations.

As part of the pretax charges to earnings of approximately \$2.1 billion, Duke Energy established liabilities related to the cancellation of the ACP pipeline project of \$927 million and \$19 million within Other Current Liabilities and Other Noncurrent Liabilities, respectively, in the Gas Utilities and Infrastructure segment. The liability represents Duke Energy's obligation of approximately \$860 million to fund ACP's outstanding debt and approximately \$86 million to satisfy ARO requirements to restore construction sites.

See Notes 1, 4 and 12 for additional information regarding this transaction.

Potential Coal Plant Retirements

The Subsidiary Registrants periodically file integrated resource plans (IRPs) with their state regulatory commissions. The IRPs provide a view of forecasted energy needs over a long term (10 to 20 years) and options being considered to meet those needs. IRPs filed by the Subsidiary Registrants included planning assumptions to potentially retire certain coal-fired generating facilities in North Carolina and Indiana earlier than their current estimated useful lives. Duke Energy continues to evaluate the potential need to retire these coal-fired generating facilities earlier than the current estimated useful lives and plans to seek regulatory recovery for amounts that would not be otherwise recovered when any of these assets are retired.

The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of September 30, 2020, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net Book Value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-3 ^(a)	582	\$ 141
Allen Steam Station Units 4-5 ^(b)	516	321
Cliffside Unit 5 ^(b)	544	355
Duke Energy Progress		
Mayo Unit 1 ^(b)	727	673
Roxboro Units 3-4 ^(b)	1,392	486
Duke Energy Indiana		
Gallagher Units 2 and 4 ^(c)	280	112
Gibson Units 1-5 ^(d)	3,132	1,683
Cayuga Units 1-2 ^(d)	1,005	935
Total Duke Energy	8,178	\$ 4,706

- (a) As part of the 2015 resolution of a lawsuit involving alleged New Source Review violations, Duke Energy Carolinas must retire Allen Steam Station Units 1 through 3 by December 31, 2024. The long-term energy options considered in the IRP could result in retirement of these units earlier than their current estimated useful lives.
- (b) These units are included in the IRP filed by Duke Energy Carolinas and Duke Energy Progress in North Carolina and South Carolina on September 1, 2020. The long-term energy options considered in the IRP could result in retirement of these units earlier than their current estimated useful lives. In 2019, Duke Energy Carolinas and Duke Energy Progress filed North Carolina rate cases that included depreciation studies that accelerate end of life dates for these plants. A decision by NCUC is expected by the end of the first quarter 2021.
- (c) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher units 2 and 4 by December 31, 2022, as part of the 2016 settlement of Edwardsport IGCC matters.
- (d) On July 1, 2019, Duke Energy Indiana filed its 2018 IRP with the IURC. The 2018 IRP included scenarios evaluating the potential retirement of coal-fired generating units at Gibson and Cayuga. The rate case filed July 2, 2019, included proposed depreciation rates reflecting retirement dates from 2026 to 2038. The depreciation rates reflecting these updated retirement dates were approved by the IURC as part of the rate case order issued on June 29, 2020.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal, coal ash and other environmental matters. These regulations can be changed from time to time, imposing new obligations on the Duke Energy Registrants. The following environmental matters impact all Duke Energy Registrants.

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

Remediation Activities

In addition to AROs recorded as a result of various environmental regulations, the Duke Energy Registrants are responsible for environmental remediation at various sites. These include certain properties that are part of ongoing operations and sites formerly owned or used by Duke Energy entities. These sites are in various stages of investigation, remediation and monitoring. Managed in conjunction with relevant federal, state and local agencies, remediation activities vary based upon site conditions and location, remediation requirements, complexity and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, the Duke Energy Registrants could potentially be held responsible for environmental impacts caused by other potentially responsible parties and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives and/or regulatory decisions have not yet been determined at all sites. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other on the Condensed Consolidated Statements of Operations unless regulatory recovery of the costs is deemed probable.

The following table contains information regarding reserves for probable and estimable costs related to the various environmental sites. These reserves are recorded in Accounts Payable within Current Liabilities and Other within Other Noncurrent Liabilities on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2020	December 31, 2019
Reserves for Environmental Remediation		
Duke Energy	\$ 66	\$ 58
Duke Energy Carolinas	16	11
Progress Energy	15	16
Duke Energy Progress	5	4
Duke Energy Florida	8	9
Duke Energy Ohio	22	19
Duke Energy Indiana	5	4
Piedmont	8	8

Additional losses in excess of recorded reserves that could be incurred for the stages of investigation, remediation and monitoring for environmental sites that have been evaluated at this time are not material except as presented in the table below.

(in millions)	
Duke Energy	\$ 56
Duke Energy Carolinas	12
Duke Energy Ohio	38

LITIGATION

Duke Energy Carolinas and Duke Energy Progress

Coal Ash Insurance Coverage Litigation

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Business Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. Due to COVID-19, the court has issued a new scheduling order and the trial is now scheduled for January 2022. Fact and expert discovery is scheduled to be completed by mid-November 2020. The parties are required to file all dispositive pre-trial motions by December 4, 2020. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

NTE Carolinas II, LLC Litigation

In November 2017, Duke Energy Carolinas entered into a standard FERC interconnection agreement with NTE Carolinas II, LLC (NTE), a company that intended to build a combined-cycle natural gas plant in Rockingham County, North Carolina. On September 6, 2019, Duke Energy Carolinas filed a lawsuit in Mecklenburg County Superior Court against NTE for breach of contract and alleging that NTE's failure to pay benchmark payments for Duke Energy Carolinas' transmission system upgrades required under the interconnection agreement constituted a termination of the interconnection agreement. Duke Energy Carolinas is seeking a monetary judgment against NTE because NTE failed to make multiple milestone payments. The lawsuit was moved to federal court in North Carolina. NTE filed a motion to dismiss Duke Energy Carolinas' complaint and brought counterclaims alleging anti-competitive conduct and violations of state and federal statutes. Duke Energy Carolinas filed a motion to dismiss NTE's counterclaims.

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

On May 21, 2020, FERC issued a decision, in response to an NTE petition, ruling (i) that it has exclusive jurisdiction to determine whether a transmission provider may terminate a Large Generator Interconnection Agreement (LGIA), (ii) FERC approval is required to terminate a conforming LGIA if objected to by the interconnection customer, and (iii) Duke Energy may not announce the termination of a conforming LGIA unless FERC has approved the termination. On May 27, 2020, NTE filed FERC's May 21, 2020, Order as a notice of supplemental authority with the federal district court where its Motion to Dismiss is pending. On June 1, 2020, Duke Energy Carolinas filed a response to NTE's notice of supplemental authority noting that FERC declined to address the merits of any breach of contract claim relating to the LGIA and that the federal court then necessarily retains exclusive authority to award damages for NTE's breach.

On August 17, 2020, the court denied both NTE's and Duke Energy Carolinas' Motion to Dismiss. The parties are now preparing to commence discovery. Duke Energy Carolinas cannot predict the outcome of this matter.

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of September 30, 2020, there were 159 asserted claims for non-malignant cases with cumulative relief sought of up to \$41 million, and 68 asserted claims for malignant cases with cumulative relief sought of up to \$23 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recognized asbestos-related reserves of \$578 million at September 30, 2020, and \$604 million at December 31, 2019. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon Duke Energy Carolinas' best estimate for current and future asbestos claims through 2040 and are recorded on an undiscounted basis. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2040 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas' cumulative payments began to exceed the self-insured retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is \$714 million in excess of the self-insured retention. Receivables for insurance recoveries were \$704 million at September 30, 2020, and \$742 million at December 31, 2019. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

Duke Energy Progress and Duke Energy Florida

Spent Nuclear Fuel Matters

On June 18, 2018, Duke Energy Progress and Duke Energy Florida sued the U.S. in the U.S. Court of Federal Claims for damages incurred for the period 2014 through 2018. The lawsuit claimed the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserted damages for the cost of on-site storage in the amount of \$100 million and \$203 million for Duke Energy Progress and Duke Energy Florida, respectively. Discovery is ongoing and a trial is expected to occur in 2021.

Duke Energy Florida

Power Purchase Dispute Arbitration

Duke Energy Florida, on behalf of its customers, entered into a PPA for the purchase of firm capacity and energy from a qualifying facility under the Public Utilities Regulatory Policies Act of 1978. Duke Energy Florida determined the qualifying facility did not perform in accordance with the PPA, and Duke Energy Florida terminated the PPA. The qualifying facility counterparty filed a confidential American Arbitration Association (AAA) arbitration demand, challenging the termination of the PPA and seeking damages. Duke Energy Florida denies liability and is vigorously defending the arbitration claim. The final arbitration hearing is scheduled for December 2020. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Indiana

Coal Ash Basin Closure Plan Appeal

On January 27, 2020, Hoosier Environmental Council filed a Petition for Administrative Review with the Indiana Office of Environmental Adjudication (the court) challenging the Indiana Department of Environmental Management's December 10, 2019, partial approval of Duke Energy Indiana's ash pond closure plan. On March 11, 2020, Duke Energy Indiana filed a Motion to Dismiss. On May 5, 2020, the court denied the motion. The parties are completing discovery and have until December 22, 2020, to file dispositive motions. If these claims survive dispositive motions, a hearing is scheduled for April 2021. Duke Energy Indiana cannot predict the outcome of this matter. See Note 6 for additional information.

Other Litigation and Legal Proceedings

The Duke Energy Registrants are involved in other legal, tax and regulatory proceedings arising in the ordinary course of business, some of which involve significant amounts. The Duke Energy Registrants believe the final disposition of these proceedings will not have a material effect on their results of operations, cash flows or financial position.

FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENCIES

The table below presents recorded reserves based on management's best estimate of probable loss for legal matters, excluding asbestos-related reserves discussed above. Reserves are classified on the Condensed Consolidated Balance Sheets in Other within Other Noncurrent Liabilities and Other within Current Liabilities. The reasonably possible range of loss in excess of recorded reserves is not material, other than as described above.

(in millions)	September 30, 2020	December 31, 2019
Reserves for Legal Matters		
Duke Energy	\$ 60	\$ 62
Duke Energy Carolinas	2	2
Progress Energy	52	55
Duke Energy Progress	9	12
Duke Energy Florida	23	22
Piedmont	1	1

OTHER COMMITMENTS AND CONTINGENCIES

General

As part of their normal business, the Duke Energy Registrants are party to various financial guarantees, performance guarantees and other contractual commitments to extend guarantees of credit and other assistance to various subsidiaries, investees and other third parties. These guarantees involve elements of performance and credit risk, which are not fully recognized on the Condensed Consolidated Balance Sheets and have uncapped maximum potential payments. However, the Duke Energy Registrants do not believe these guarantees will have a material effect on their results of operations, cash flows or financial position.

In addition, the Duke Energy Registrants enter into various fixed-price, noncancelable commitments to purchase or sell power or natural gas, take-or-pay arrangements, transportation, or throughput agreements and other contracts that may or may not be recognized on their respective Condensed Consolidated Balance Sheets. Some of these arrangements may be recognized at fair value on their respective Condensed Consolidated Balance Sheets if such contracts meet the definition of a derivative and the NPNS exception does not apply. In most cases, the Duke Energy Registrants' purchase obligation contracts contain provisions for price adjustments, minimum purchase levels and other financial commitments.

As described in Note 1, Duke Energy adopted the new guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. The reserve for credit losses for insurance receivables based on adoption of the new standard is \$15 million for Duke Energy and Duke Energy Carolinas as of September 30, 2020. Insurance receivables are evaluated based on the risk of default and the historical losses, current conditions and expected conditions around collectability. Management evaluates the risk of default annually based on payment history, credit rating and changes in the risk of default from credit agencies.

Duke Energy has recognized \$860 million related to the guarantees of its portion of ACP's outstanding debt of which \$95 million was previously recognized due the adoption of new guidance for credit losses effective January 1, 2020. This reserve is included within Other current liabilities on the Condensed Consolidated Balance Sheets at September 30, 2020. See Notes 1, 3 and 12 for more information. The remaining reserve for credit losses for financial guarantees of \$4 million at September 30, 2020, is included within Other noncurrent liabilities on the Duke Energy's Condensed Consolidated Balance Sheets. Management considers financial guarantees for evaluation under this standard based on the anticipated amount outstanding at the time of default. The reserve for credit losses is based on the evaluation of the contingent components of financial guarantees. Management evaluates the risk of default, exposure and length of time remaining in the period for each contract.

FINANCIAL STATEMENTS

DEBT AND CREDIT FACILITIES

5. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

The following table summarizes significant debt issuances (in millions).

			Nine Months Ended September 30, 2020								
			Duke	Duke	Duke	Duke	Duke	Duke			
	Maturity	Interest	Duke	Energy	Energy	Energy	Energy	Energy	Energy		
Issuance Date	Date	Rate	Energy	(Parent)	Carolinas	Progress	Florida	Ohio	Indiana	Piedmont	
Unsecured Debt											
May 2020 ^(a)	Jun 2030	2.450%	\$ 500	\$ 500	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
May 2020 ^(b)	Jun 2050	3.350%	400	—	—	—	—	—	—	400	
August 2020 ^(c)	Feb 2022	0.430% ^(d)	700	—	—	700	—	—	—	—	
September 2020 ^(e)	Sep 2025	0.900%	650	650	—	—	—	—	—	—	
September 2020 ^(e)	Jun 2030	2.450%	350	350	—	—	—	—	—	—	
First Mortgage Bonds											
January 2020 ^(f)	Feb 2030	2.450%	500	—	500	—	—	—	—	—	
January 2020 ^(f)	Aug 2049	3.200%	400	—	400	—	—	—	—	—	
March 2020 ^(g)	Apr 2050	2.750%	550	—	—	—	—	—	550	—	
May 2020 ^(b)	Jun 2030	2.125%	400	—	—	—	—	400	—	—	
June 2020 ^(b)	Jun 2030	1.750%	500	—	—	—	500	—	—	—	
August 2020 ^(h)	Aug 2050	2.500%	600	—	—	600	—	—	—	—	
Total issuances			\$ 5,550	\$ 1,500	\$ 900	\$ 1,300	\$ 500	\$ 400	\$ 550	\$ 400	

- (a) Debt issued to repay \$500 million borrowing made under Duke Energy (Parent) revolving credit facility in March 2020, and for general corporate purposes.
(b) Debt issued to repay short-term debt and for general corporate purposes.
(c) Debt issued to repay \$700 million two-year term loan facility expiring in December 2020.
(d) Debt issuance has a floating interest rate.
(e) Debt issued to repay a portion of outstanding commercial paper, to repay a portion of Duke Energy (Parent)'s outstanding \$1.7 billion term loan due March 2021 and for general corporate purposes.
(f) Debt issued to repay at maturity \$450 million first mortgage bonds due June 2020 and for general corporate purposes.
(g) Debt issued to repay at maturity \$500 million first mortgage bonds due July 2020 and to pay down short-term debt.
(h) Debt issued to repay at maturity \$300 million first mortgage bonds due September 2020 and for general corporate purposes.

CURRENT MATURITIES OF LONG-TERM DEBT

The following table shows the significant components of Current maturities of long-term debt on the Condensed Consolidated Balance Sheets. The Duke Energy Registrants currently anticipate satisfying these obligations with cash on hand and proceeds from additional borrowings.

(in millions)	Maturity Date	Interest Rate	September 30, 2020
Unsecured Debt			
Progress Energy, Inc	January 2021	4.400%	\$ 500
Duke Energy (Parent)	May 2021	0.765% ^(a)	500
Piedmont	June 2021	4.240%	160
Duke Energy (Parent)	September 2021	3.550%	500
Duke Energy (Parent)	September 2021	1.800%	750
Secured Debt			
Duke Energy Florida	April 2021	1.035% ^(a)	250
First Mortgage Bonds			
Duke Energy Carolinas	June 2021	3.900%	500
Duke Energy Florida	August 2021	3.100%	300
Duke Energy Progress	September 2021	3.000%	500
Duke Energy Progress	September 2021	8.625%	100
Other^(b)			609
Current maturities of long-term debt			\$ 4,669

- (a) Debt has a floating interest rate.
(b) Includes finance lease obligations, amortizing debt and small bullet maturities.

FINANCIAL STATEMENTS

DEBT AND CREDIT FACILITIES

AVAILABLE CREDIT FACILITIES

Master Credit Facility

In March 2020, Duke Energy amended its existing \$8 billion Master Credit Facility to extend the termination date to March 2025. The Duke Energy Registrants, excluding Progress Energy, have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder.

The table below includes the current borrowing sublimits and available capacity under these credit facilities.

(in millions)	September 30, 2020							
	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Facility size ^(a)	\$ 8,000	\$ 2,650	\$ 1,475	\$ 1,250	\$ 800	\$ 625	\$ 600	\$ 600
Reduction to backstop issuances								
Commercial paper ^(b)	(2,007)	(693)	(300)	(308)	(62)	(106)	(229)	(309)
Outstanding letters of credit	(40)	(34)	(4)	(2)	—	—	—	—
Tax-exempt bonds	(81)	—	—	—	—	—	(81)	—
Available capacity under the Master Credit Facility	\$ 5,872	\$ 1,923	\$ 1,171	\$ 940	\$ 738	\$ 519	\$ 290	\$ 291

(a) Represents the sublimit of each borrower.

(b) Duke Energy issued \$625 million of commercial paper and loaned the proceeds through the money pool to Duke Energy Carolinas, Duke Energy Progress, Duke Energy Ohio and Duke Energy Indiana. The balances are classified as Long-Term Debt Payable to Affiliated Companies on the Condensed Consolidated Balance Sheets.

Term Loan Facility

In response to market volatility and ongoing liquidity impacts from COVID-19, in March 2020, Duke Energy (Parent) entered into a \$1.5 billion, 364-day Term Loan Credit Agreement, borrowing the full \$1.5 billion available on March 19, 2020. The term loan contains a provision for increasing the amount available for borrowing by up to \$500 million. Duke Energy (Parent) exercised this provision on March 27, 2020, borrowing an additional \$188 million. Proceeds were used to reduce outstanding commercial paper and for general corporate purposes. In the third quarter of 2020, Duke Energy (Parent) repaid \$844 million of the loan. Refer to Note 1 for additional information on the COVID-19 pandemic.

Other Credit Facilities

(in millions)	September 30, 2020	
	Facility size	Amount drawn
Duke Energy (Parent) Three-Year Revolving Credit Facility	\$ 1,000	\$ 500

In August 2020, Duke Energy Progress repaid its \$700 million two-year term loan facility.

6. ASSET RETIREMENT OBLIGATIONS

The Duke Energy Registrants record AROs when there is a legal obligation to incur retirement costs associated with the retirement of a long-lived asset and the obligation can be reasonably estimated. Actual costs incurred could be materially different from current estimates that form the basis of the recorded AROs.

FINANCIAL STATEMENTS

ASSET RETIREMENT OBLIGATIONS

The following table presents the AROs recorded on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Decommissioning of nuclear power facilities ^(a)	\$ 6,815	\$ 2,658	\$ 4,107	\$ 3,606	\$ 501	\$ —	\$ —	\$ —
Closure of ash impoundments	6,458	3,049	2,172	2,150	22	51	1,186	—
Other	381	67	76	44	32	40	28	17
Total ARO	\$ 13,654	\$ 5,774	\$ 6,355	\$ 5,800	\$ 555	\$ 91	\$ 1,214	\$ 17
Less: Current portion	742	267	297	297	—	7	170	—
Total noncurrent ARO	\$ 12,912	\$ 5,507	\$ 6,058	\$ 5,503	\$ 555	\$ 84	\$ 1,044	\$ 17

(a) Duke Energy amount includes purchase accounting adjustments related to the merger with Progress Energy.

ARO Liability Rollforward

The following table presents the change in liability associated with AROs for the Duke Energy Registrants.

(in millions)	September 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at December 31, 2019 ^(a)	\$ 13,318	\$ 5,734	\$ 6,471	\$ 5,893	\$ 578	\$ 80	\$ 832	\$ 17
Accretion expense ^(b)	408	195	187	171	16	3	22	—
Liabilities settled ^(c)	(540)	(151)	(333)	(293)	(40)	(1)	(56)	—
Liabilities incurred in the current year	17	—	—	—	—	—	—	—
Revisions in estimates of cash flows ^(d)	451	(4)	30	29	1	9	416	—
Balance at September 30, 2020	\$ 13,654	\$ 5,774	\$ 6,355	\$ 5,800	\$ 555	\$ 91	\$ 1,214	\$ 17

- (a) Primarily relates to decommissioning nuclear power facilities, closure of ash impoundments, asbestos removal, closure of landfills at fossil generation facilities, retirement of natural gas mains and removal of renewable energy generation assets.
- (b) For the nine months ended September 30, 2020, substantially all accretion expense relates to Duke Energy's regulated operations and has been deferred in accordance with regulatory accounting treatment.
- (c) Primarily relates to ash impoundment closures.
- (d) Primarily relates to increases in closure estimates for certain ash impoundments as a result of certain changes in estimates and the impact of Hoosier Environmental Council's petition filed with the court challenging the Indiana Department of Environmental Management's partial approval of Duke Energy Indiana's ash pond closure plan, new closure plan approvals, as well as increased post closure maintenance, landfill and beneficiation costs. See Note 4 for more information on Hoosier Environmental Council's petition. The incremental amount recorded represents the discounted cash flows for estimated closure costs based upon the probability weightings of the potential closure methods as evaluated on a site-by-site basis.

Asset retirement costs associated with the AROs for operating plants and retired plants are included in Net property, plant and equipment and Regulatory assets within Other Noncurrent Assets, respectively, on the Condensed Consolidated Balance Sheets.

7. GOODWILL

Duke Energy

The following table presents the goodwill by reportable segment included on Duke Energy's Condensed Consolidated Balance Sheets at September 30, 2020, and December 31, 2019.

(in millions)	Electric Utilities and Infrastructure		Gas Utilities and Infrastructure		Commercial Renewables		Total
Goodwill balance	\$	17,379	\$	1,924	\$	122	\$ 19,425
Accumulated impairment charges		—		—		(122)	(122)
Goodwill, adjusted for accumulated impairment charges	\$	17,379	\$	1,924	\$	—	\$ 19,303

Duke Energy Ohio

Duke Energy Ohio's Goodwill balance of \$920 million, allocated \$596 million to Electric Utilities and Infrastructure and \$324 million to Gas Utilities and Infrastructure, is presented net of accumulated impairment charges of \$216 million on the Condensed Consolidated Balance Sheets at September 30, 2020, and December 31, 2019.

FINANCIAL STATEMENTS

GOODWILL

Progress Energy

Progress Energy's Goodwill is included in the Electric Utilities and Infrastructure segment and there are no accumulated impairment charges.

Piedmont

Piedmont's Goodwill is included in the Gas Utilities and Infrastructure segment and there are no accumulated impairment charges.

Impairment Testing

Duke Energy, Progress Energy, Duke Energy Ohio and Piedmont are required to perform an annual goodwill impairment test as of the same date each year and, accordingly, perform their annual impairment testing of goodwill as of August 31. Duke Energy, Progress Energy, Duke Energy Ohio and Piedmont update their test between annual tests if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying value. As the fair value for Duke Energy, Progress Energy, Duke Energy Ohio and Piedmont exceeded their respective carrying values at the date of the annual impairment analysis, no goodwill impairment charges were recorded in the third quarter of 2020.

8. RELATED PARTY TRANSACTIONS

The Subsidiary Registrants engage in related party transactions in accordance with applicable state and federal commission regulations. Refer to the Condensed Consolidated Balance Sheets of the Subsidiary Registrants for balances due to or due from related parties. Material amounts related to transactions with related parties included on the Condensed Consolidated Statements of Operations and Comprehensive Income are presented in the following table.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Duke Energy Carolinas				
Corporate governance and shared service expenses ^(a)	\$ 198	\$ 197	\$ 528	\$ 606
Indemnification coverages ^(b)	5	5	15	15
Joint Dispatch Agreement (JDA) revenue ^(c)	6	12	16	52
JDA expense ^(c)	28	32	72	145
Intercompany natural gas purchases ^(d)	10	—	26	7
Progress Energy				
Corporate governance and shared service expenses ^(a)	\$ 185	\$ 194	\$ 520	\$ 553
Indemnification coverages ^(b)	9	8	27	27
JDA revenue ^(c)	28	32	72	145
JDA expense ^(c)	6	12	16	52
Intercompany natural gas purchases ^(d)	18	19	56	57
Duke Energy Progress				
Corporate governance and shared service expenses ^(a)	\$ 113	\$ 114	\$ 301	\$ 328
Indemnification coverages ^(b)	4	3	13	11
JDA revenue ^(c)	28	32	72	145
JDA expense ^(c)	6	12	16	52
Intercompany natural gas purchases ^(d)	18	19	56	57
Duke Energy Florida				
Corporate governance and shared service expenses ^(a)	\$ 72	\$ 80	\$ 219	\$ 225
Indemnification coverages ^(b)	5	5	14	16
Duke Energy Ohio				
Corporate governance and shared service expenses ^(a)	\$ 80	\$ 90	\$ 241	\$ 258
Indemnification coverages ^(b)	1	1	3	3
Duke Energy Indiana				
Corporate governance and shared service expenses ^(a)	\$ 102	\$ 109	\$ 300	\$ 299
Indemnification coverages ^(b)	2	2	6	5
Piedmont				
Corporate governance and shared service expenses ^(a)	\$ 31	\$ 33	\$ 102	\$ 102
Indemnification coverages ^(b)	1	1	2	2
Intercompany natural gas sales ^(d)	28	19	82	64
Natural gas storage and transportation costs ^(e)	6	6	17	17

FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

- (a) The Subsidiary Registrants are charged their proportionate share of corporate governance and other shared services costs, primarily related to human resources, employee benefits, information technology, legal and accounting fees, as well as other third-party costs. These amounts are primarily recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (b) The Subsidiary Registrants incur expenses related to certain indemnification coverages through Bison, Duke Energy's wholly owned captive insurance subsidiary. These expenses are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (c) Duke Energy Carolinas and Duke Energy Progress participate in a JDA, which allows the collective dispatch of power plants between the service territories to reduce customer rates. Revenues from the sale of power and expenses from the purchase of power pursuant to the JDA are recorded in Operating Revenues and Fuel used in electric generation and purchased power, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income.
- (d) Piedmont provides long-term natural gas delivery service to certain Duke Energy Carolinas and Duke Energy Progress natural gas-fired generation facilities. Piedmont records the sales in Operating revenues, and Duke Energy Carolinas and Duke Energy Progress record the related purchases as a component of Fuel used in electric generation and purchased power on their respective Condensed Consolidated Statements of Operations and Comprehensive Income.
- (e) Piedmont has related party transactions as a customer of its equity method investments in Pine Needle LNG Company, LLC, Hardy Storage Company, LLC and Cardinal Pipeline Company, LLC natural gas storage and transportation facilities. These expenses are included in Cost of natural gas on Piedmont's Condensed Consolidated Statements of Operations and Comprehensive Income.

In addition to the amounts presented above, the Subsidiary Registrants have other affiliate transactions, including rental of office space, participation in a money pool arrangement, other operational transactions, such as pipeline lease arrangements, and their proportionate share of certain charged expenses. These transactions of the Subsidiary Registrants are incurred in the ordinary course of business and are eliminated in consolidation.

As discussed in Note 12, certain trade receivables have been sold by Duke Energy Ohio and Duke Energy Indiana to CRC, an affiliate formed by a subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price.

Intercompany Income Taxes

Duke Energy and the Subsidiary Registrants file a consolidated federal income tax return and other state and jurisdictional returns. The Subsidiary Registrants have a tax sharing agreement with Duke Energy for the allocation of consolidated tax liabilities and benefits. Income taxes recorded represent amounts the Subsidiary Registrants would incur as separate C-Corporations. The following table includes the balance of intercompany income tax receivables and payables for the Subsidiary Registrants.

(in millions)	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
September 30, 2020							
Intercompany income tax receivable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	14
Intercompany income tax payable	206	49	104	98	6	56	—
December 31, 2019							
Intercompany income tax receivable	\$ —	\$ 125	\$ 28	\$ —	\$ 9	\$ 28	13
Intercompany income tax payable	5	—	—	2	—	—	—

9. DERIVATIVES AND HEDGING

The Duke Energy Registrants use commodity and interest rate contracts to manage commodity price risk and interest rate risk. The primary use of commodity derivatives is to hedge the generation portfolio against changes in the prices of electricity and natural gas. Piedmont enters into natural gas supply contracts to provide diversification, reliability and natural gas cost benefits to its customers. Interest rate derivatives are used to manage interest rate risk associated with borrowings.

All derivative instruments not identified as NPNS are recorded at fair value as assets or liabilities on the Condensed Consolidated Balance Sheets. Cash collateral related to derivative instruments executed under master netting arrangements is offset against the collateralized derivatives on the Condensed Consolidated Balance Sheets. The cash impacts of settled derivatives are recorded as operating activities on the Condensed Consolidated Statements of Cash Flows.

INTEREST RATE RISK

The Duke Energy Registrants are exposed to changes in interest rates as a result of their issuance or anticipated issuance of variable-rate and fixed-rate debt and commercial paper. Interest rate risk is managed by limiting variable-rate exposures to a percentage of total debt and by monitoring changes in interest rates. To manage risk associated with changes in interest rates, the Duke Energy Registrants may enter into interest rate swaps, U.S. Treasury lock agreements and other financial contracts. In anticipation of certain fixed-rate debt issuances, a series of forward-starting interest rate swaps or Treasury locks may be executed to lock in components of current market interest rates. These instruments are later terminated prior to or upon the issuance of the corresponding debt.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Cash Flow Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of accumulated other comprehensive income (loss) for the three and nine months ended September 30, 2020, and 2019, were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables segment and forward-starting interest rate swaps not accounted for under regulatory accounting.

Undesignated Contracts

Undesignated contracts primarily include contracts not designated as a hedge because they are accounted for under regulatory accounting or contracts that do not qualify for hedge accounting.

Duke Energy's interest rate swaps for its regulated operations employ regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the swaps are deferred as regulatory liabilities or regulatory assets, respectively. Regulatory assets and liabilities are amortized consistent with the treatment of the related costs in the ratemaking process. The accrual of interest on the swaps is recorded as Interest Expense on the Duke Energy Registrant's Condensed Consolidated Statements of Operations and Comprehensive Income.

The following table shows notional amounts of outstanding derivatives related to interest rate risk.

(in millions)	September 30, 2020					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges	\$ 653	\$ —	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	1,177	400	750	750	—	27
Total notional amount ^(a)	\$ 1,830	\$ 400	\$ 750	\$ 750	\$ —	\$ 27

(in millions)	December 31, 2019					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges	\$ 993	\$ —	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	1,277	450	800	250	550	27
Total notional amount ^(a)	\$ 2,270	\$ 450	\$ 800	\$ 250	\$ 550	\$ 27

(a) Duke Energy includes amounts related to consolidated VIEs of \$653 million in cash flow hedges as of September 30, 2020, and \$693 million in cash flow hedges as of December 31, 2019.

COMMODITY PRICE RISK

The Duke Energy Registrants are exposed to the impact of changes in the prices of electricity purchased and sold in bulk power markets and natural gas purchases, including Piedmont's natural gas supply contracts. Exposure to commodity price risk is influenced by a number of factors including the term of contracts, the liquidity of markets and delivery locations. To manage risk associated with commodity prices, the Duke Energy Registrants may enter into long-term power purchase or sales contracts and long-term natural gas supply agreements.

Cash Flow Hedges

For derivatives designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Gains and losses reclassified out of accumulated other comprehensive income (loss) for the three and nine months ended September 30, 2020, and 2019, were not material. Duke Energy's commodity derivatives designated as hedges include long-term electricity sales in the Commercial Renewables segment.

Undesignated Contracts

For the Subsidiary Registrants, bulk power electricity and natural gas purchases flow through fuel adjustment clauses, formula-based contracts or other cost-sharing mechanisms. Differences between the costs included in rates and the incurred costs, including undesignated derivative contracts, are largely deferred as regulatory assets or regulatory liabilities. Piedmont policies allow for the use of financial instruments to hedge commodity price risks. The strategy and objective of these hedging programs are to use the financial instruments to reduce natural gas costs volatility for customers.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Volumes

The tables below include volumes of outstanding commodity derivatives. Amounts disclosed represent the absolute value of notional volumes of commodity contracts excluding NPNS. The Duke Energy Registrants have netted contractual amounts where offsetting purchase and sale contracts exist with identical delivery locations and times of delivery. Where all commodity positions are perfectly offset, no quantities are shown.

	September 30, 2020						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electricity (GWh) ^(a)	32,314	—	—	—	4,126	17,072	—
Natural gas (millions of dekatherms)	683	143	156	156	—	2	382

	December 31, 2019						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electricity (GWh)	15,858	—	—	—	1,887	13,971	—
Natural gas (millions of dekatherms)	704	130	160	160	—	3	411

(a) Duke Energy includes 11,116 GWh that relates to cash flow hedges.

LOCATION AND FAIR VALUE OF DERIVATIVE ASSETS AND LIABILITIES RECOGNIZED ON THE CONDENSED CONSOLIDATED BALANCE SHEETS

The following tables show the fair value and balance sheet location of derivative instruments. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

Derivative Assets		September 30, 2020							
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
(in millions)									
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 57	\$ 24	\$ 18	\$ 18	\$ —	\$ 2	\$ 8	\$ 6	
Noncurrent	26	14	12	12	—	—	—	—	
Total Derivative Assets – Commodity Contracts	\$ 83	\$ 38	\$ 30	\$ 30	\$ —	\$ 2	\$ 8	\$ 6	
Interest Rate Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 3	\$ —	\$ 3	\$ 3	\$ —	\$ —	\$ —	\$ —	
Noncurrent	—	—	—	—	—	—	—	—	
Total Derivative Assets – Interest Rate Contracts	\$ 3	\$ —	\$ 3	\$ 3	\$ —	\$ —	\$ —	\$ —	
Total Derivative Assets	\$ 86	\$ 38	\$ 33	\$ 33	\$ —	\$ 2	\$ 8	\$ 6	

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Derivative Liabilities				September 30, 2020											
				Duke			Duke		Duke		Duke		Duke		
(in millions)		Duke		Energy		Progress		Duke		Duke		Duke		Duke	
		Energy		Carolinas		Energy		Progress		Florida		Ohio		Indiana	Piedmont
Commodity Contracts															
Designated as Hedging Instruments															
Current	\$	17	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	—
Noncurrent		85		—		—		—		—		—		—	—
Not Designated as Hedging Instruments															
Current	\$	26	\$	12	\$	—	\$	—	\$	—	\$	1	\$	—	\$ 13
Noncurrent		129		4		27		11		—		—		—	98
Total Derivative Liabilities – Commodity Contracts	\$	257	\$	16	\$	27	\$	11	\$	—	\$	1	\$	—	\$ 111
Interest Rate Contracts															
Designated as Hedging Instruments															
Current	\$	14	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$ —
Noncurrent		56		—		—		—		—		—		—	—
Not Designated as Hedging Instruments															
Current		27		17		9		9		—		1		—	—
Noncurrent		5		—		—		—		—		5		—	—
Total Derivative Liabilities – Interest Rate Contracts	\$	102	\$	17	\$	9	\$	9	\$	—	\$	6	\$	—	\$ —
Total Derivative Liabilities	\$	359	\$	33	\$	36	\$	20	\$	—	\$	7	\$	—	\$ 111

Derivative Assets				December 31, 2019												
	Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana		Piedmont	
(in millions)																
Commodity Contracts																
Not Designated as Hedging Instruments																
Current	\$	17	\$	—	\$	—	\$	—	\$	—	\$	3	\$	13	\$	1
Noncurrent		1		—		—		—		—		1		—		—
Total Derivative Assets – Commodity Contracts	\$	18	\$	—	\$	—	\$	—	\$	—	\$	4	\$	13	\$	1
Interest Rate Contracts																
Not Designated as Hedging Instruments																
Current		6		—		6		—		6		—		—		—
Total Derivative Assets – Interest Rate Contracts	\$	6	\$	—	\$	6	\$	—	\$	6	\$	—	\$	—	\$	—
Equity Securities Contracts																
Not Designated as Hedging Instruments																
Current		1		—		1		—		1		—		—		—
Total Derivative Assets – Equity Securities Contracts	\$	1	\$	—	\$	1	\$	—	\$	1	\$	—	\$	—	\$	—
Total Derivative Assets	\$	25	\$	—	\$	7	\$	—	\$	7	\$	4	\$	13	\$	1

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Derivative Liabilities	December 31, 2019										
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont			
Commodity Contracts											
Not Designated as Hedging Instruments											
Current	\$ 67	\$ 33	\$ 26	\$ 26	\$ —	\$ —	\$ 1	\$ 7			
Noncurrent	156	10	37	22	—	—	—	110			
Total Derivative Liabilities – Commodity Contracts	\$ 223	\$ 43	\$ 63	\$ 48	\$ —	\$ —	\$ 1	\$ 117			
Interest Rate Contracts											
Designated as Hedging Instruments											
Current	\$ 19	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —			
Noncurrent	21	—	—	—	—	—	—	—			
Not Designated as Hedging Instruments											
Current	8	6	1	1	—	1	—	—			
Noncurrent	5	—	—	—	—	5	—	—			
Total Derivative Liabilities – Interest Rate Contracts	\$ 53	\$ 6	\$ 1	\$ 1	\$ —	\$ 6	\$ —	\$ —			
Equity Securities Contracts											
Not Designated as Hedging Instruments											
Current	24	—	24	—	24	—	—	—			
Total Derivative Liabilities – Equity Securities Contracts	\$ 24	\$ —	\$ 24	\$ —	\$ 24	\$ —	\$ —	\$ —			
Total Derivative Liabilities	\$ 300	\$ 49	\$ 88	\$ 49	\$ 24	\$ 6	\$ 1	\$ 117			

OFFSETTING ASSETS AND LIABILITIES

The following tables present the line items on the Condensed Consolidated Balance Sheets where derivatives are reported. Substantially all of Duke Energy's outstanding derivative contracts are subject to enforceable master netting arrangements. The gross amounts offset in the tables below show the effect of these netting arrangements on financial position, and include collateral posted to offset the net position. The amounts shown are calculated by counterparty. Accounts receivable or accounts payable may also be available to offset exposures in the event of bankruptcy. These amounts are not included in the tables below.

Derivative Assets				September 30, 2020												
			Duke		Duke		Duke		Duke		Duke					
(in millions)		Duke	Energy	Progress	Energy	Energy	Energy	Ohio	Indiana		Piedmont					
		Energy	Carolinas	Energy	Progress	Florida										
Current																
Gross amounts recognized	\$	60	\$	24	\$	21	\$	21	\$	—	\$	2	\$	8	\$	6
Gross amounts offset		(1)		—		—		—		—		—		—		—
Net amounts presented in Current Assets: Other	\$	59	\$	24	\$	21	\$	21	\$	—	\$	2	\$	8	\$	6
Noncurrent																
Gross amounts recognized	\$	26	\$	14	\$	12	\$	12	\$	—	\$	—	\$	—	\$	—
Gross amounts offset		(8)		—		(8)		(8)		—		—		—		—
Net amounts presented in Other Noncurrent Assets: Other	\$	18	\$	14	\$	4	\$	4	\$	—	\$	—	\$	—	\$	—

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Derivative Liabilities									September 30, 2020								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont									
Current																	
Gross amounts recognized	\$ 84	\$ 29	\$ 9	\$ 9	\$ —	\$ 2	\$ —	\$ 13									
Gross amounts offset	(1)	—	—	—	—	—	—	—									
Net amounts presented in Current Liabilities: Other	\$ 83	\$ 29	\$ 9	\$ 9	\$ —	\$ 2	\$ —	\$ 13									
Noncurrent																	
Gross amounts recognized	\$ 275	\$ 4	\$ 27	\$ 11	\$ —	\$ 5	\$ —	\$ 98									
Gross amounts offset	(8)	—	(8)	(8)	—	—	—	—									
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 267	\$ 4	\$ 19	\$ 3	\$ —	\$ 5	\$ —	\$ 98									
Derivative Assets									December 31, 2019								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont									
Current																	
Gross amounts recognized	\$ 24	\$ —	\$ 7	\$ —	\$ 7	\$ 3	\$ 13	\$ 1									
Gross amounts offset	(1)	—	(1)	—	(1)	—	—	—									
Net amounts presented in Current Assets: Other	\$ 23	\$ —	\$ 6	\$ —	\$ 6	\$ 3	\$ 13	\$ 1									
Noncurrent																	
Gross amounts recognized	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —									
Gross amounts offset	—	—	—	—	—	—	—	—									
Net amounts presented in Other Noncurrent Assets: Other	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —									
Derivative Liabilities									December 31, 2019								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont									
Current																	
Gross amounts recognized	\$ 118	\$ 39	\$ 51	\$ 27	\$ 24	\$ 1	\$ 1	\$ 7									
Gross amounts offset	(24)	—	(24)	—	(24)	—	—	—									
Net amounts presented in Current Liabilities: Other	\$ 94	\$ 39	\$ 27	\$ 27	\$ —	\$ 1	\$ 1	\$ 7									
Noncurrent																	
Gross amounts recognized	\$ 182	\$ 10	\$ 37	\$ 22	\$ —	\$ 5	\$ —	\$ 110									
Gross amounts offset	—	—	—	—	—	—	—	—									
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 182	\$ 10	\$ 37	\$ 22	\$ —	\$ 5	\$ —	\$ 110									

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

OBJECTIVE CREDIT CONTINGENT FEATURES

Certain derivative contracts contain objective credit contingent features. These features include the requirement to post cash collateral or letters of credit if specific events occur, such as a credit rating downgrade below investment grade. The following tables show information with respect to derivative contracts that are in a net liability position and contain objective credit-risk-related payment provisions.

(in millions)	September 30, 2020			
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	\$ 20	\$ 9	\$ 11	\$ 11
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	20	9	11	11

(in millions)	December 31, 2019			
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	\$ 79	\$ 35	\$ 44	\$ 44
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	79	35	44	44

The Duke Energy Registrants have elected to offset cash collateral and fair values of derivatives. For amounts to be netted, the derivative and cash collateral must be executed with the same counterparty under the same master netting arrangement.

10. INVESTMENTS IN DEBT AND EQUITY SECURITIES

Duke Energy's investments in debt and equity securities are primarily comprised of investments held in (i) the NDTF at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, (ii) the grantor trusts at Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana related to OPEB plans and (iii) Bison. The Duke Energy Registrants classify investments in debt securities as AFS and investments in equity securities as fair value through net income (FV-NI).

For investments in debt securities classified as AFS, the unrealized gains and losses are included in other comprehensive income until realized, at which time they are reported through net income. For investments in equity securities classified as FV-NI, both realized and unrealized gains and losses are reported through net income. Substantially all of Duke Energy's investments in debt and equity securities qualify for regulatory accounting, and accordingly, all associated realized and unrealized gains and losses on these investments are deferred as a regulatory asset or liability.

Duke Energy classifies the majority of investments in debt and equity securities as long term, unless otherwise noted.

Investment Trusts

The investments within the Investment Trusts are managed by independent investment managers with discretion to buy, sell and invest pursuant to the objectives set forth by the investment manager agreements and trust agreements. The Duke Energy Registrants have limited oversight of the day-to-day management of these investments. As a result, the ability to hold investments in unrealized loss positions is outside the control of the Duke Energy Registrants. Accordingly, all unrealized losses associated with debt securities within the Investment Trusts are recognized immediately and deferred to regulatory accounts where appropriate.

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment has a credit loss. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value is related to a credit loss. If a credit loss exists, the unrealized credit loss is included in earnings. There were no material credit losses as of September 30, 2020, and December 31, 2019.

Other Investments amounts are recorded in Other within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 687	\$ —	\$ —	\$ 101
Equity securities	3,436	103	5,459	3,523	55	5,661
Corporate debt securities	65	1	789	37	1	603
Municipal bonds	19	1	407	13	—	368
U.S. government bonds	58	—	843	33	1	1,256
Other debt securities	9	—	185	3	—	141
Total NDTF Investments	\$ 3,587	\$ 105	\$ 8,370	\$ 3,609	\$ 57	\$ 8,130
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 110	\$ —	\$ —	\$ 52
Equity securities	60	—	126	57	—	122
Corporate debt securities	8	—	129	3	—	67
Municipal bonds	6	1	114	4	—	94
U.S. government bonds	1	—	21	2	—	41
Other debt securities	—	—	44	—	—	56
Total Other Investments	\$ 75	\$ 1	\$ 544	\$ 66	\$ —	\$ 432
Total Investments	\$ 3,662	\$ 106	\$ 8,914	\$ 3,675	\$ 57	\$ 8,562

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
FV-NI:				
Realized gains	\$ 13	\$ 60	\$ 338	\$ 161
Realized losses	16	43	148	136
AFS:				
Realized gains	26	53	73	110
Realized losses	19	36	38	83

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY CAROLINAS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2020			December 31, 2019		
	Gross	Gross	Estimated Fair Value	Gross	Gross	Estimated Fair Value
	Unrealized	Unrealized		Unrealized	Unrealized	
	Holding	Holding		Holding	Holding	
	Gains	Losses		Gains	Losses	
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 42	\$ —	\$ —	\$ 21
Equity securities	2,027	52	3,229	1,914	8	3,154
Corporate debt securities	42	1	507	21	1	361
Municipal bonds	5	—	118	3	—	96
U.S. government bonds	28	—	428	16	1	578
Other debt securities	7	—	179	3	—	137
Total NDTF Investments	\$ 2,109	\$ 53	\$ 4,503	\$ 1,957	\$ 10	\$ 4,347

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
FV-NI:				
Realized gains	\$ 10	\$ 34	\$ 46	\$ 101
Realized losses	12	26	82	95
AFS:				
Realized gains	20	21	50	46
Realized losses	17	13	30	34

PROGRESS ENERGY

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

	September 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
(in millions)						
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 645	\$ —	\$ —	\$ 80
Equity securities	1,409	51	2,230	1,609	47	2,507
Corporate debt securities	23	—	282	16	—	242
Municipal bonds	14	1	289	10	—	272
U.S. government bonds	30	—	415	17	—	678
Other debt securities	2	—	6	—	—	4
Total NDTF Investments	\$ 1,478	\$ 52	\$ 3,867	\$ 1,652	\$ 47	\$ 3,783
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 107	\$ —	\$ —	\$ 49
Municipal bonds	4	—	53	3	—	51
Total Other Investments	\$ 4	\$ —	\$ 160	\$ 3	\$ —	\$ 100
Total Investments	\$ 1,482	\$ 52	\$ 4,027	\$ 1,655	\$ 47	\$ 3,883

FINANCIAL STATEMENTS **INVESTMENTS IN DEBT AND EQUITY SECURITIES**

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
FV-NI:				
Realized gains	\$ 3	\$ 26	\$ 292	\$ 60
Realized losses	4	17	66	41
AFS:				
Realized gains	6	31	17	62
Realized losses	2	23	7	49

DUKE ENERGY PROGRESS

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 57	\$ —	\$ —	\$ 53
Equity securities	1,340	51	2,150	1,258	21	2,077
Corporate debt securities	23	—	282	16	—	242
Municipal bonds	14	1	289	10	—	272
U.S. government bonds	30	—	415	16	—	403
Other debt securities	2	—	6	—	—	4
Total NDTF Investments	\$ 1,409	\$ 52	\$ 3,199	\$ 1,300	\$ 21	\$ 3,051
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 2
Total Other Investments	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 2
Total Investments	\$ 1,409	\$ 52	\$ 3,200	\$ 1,300	\$ 21	\$ 3,053

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
FV-NI:				
Realized gains	\$ 3	\$ 10	\$ 43	\$ 27
Realized losses	4	9	51	24
AFS:				
Realized gains	6	2	17	4
Realized losses	2	—	7	2

FINANCIAL STATEMENTS INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY FLORIDA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are classified as FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 588	\$ —	\$ —	\$ 27
Equity securities	69	—	80	351	26	430
U.S. government bonds	—	—	—	1	—	275
Total NDTF Investments^(a)	\$ 69	\$ —	\$ 668	\$ 352	\$ 26	\$ 732
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 4
Municipal bonds	4	—	53	3	—	51
Total Other Investments	\$ 4	\$ —	\$ 55	\$ 3	\$ —	\$ 55
Total Investments	\$ 73	\$ —	\$ 723	\$ 355	\$ 26	\$ 787

(a) During the nine months ended September 30, 2020, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of Crystal River Unit 3.

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
FV-NI:				
Realized gains	\$ —	\$ 16	\$ 249	\$ 33
Realized losses	—	8	15	17
AFS:				
Realized gains	—	29	—	58
Realized losses	—	23	—	47

DUKE ENERGY INDIANA

The following table presents the estimated fair value of investments in debt and equity securities; equity investments are measured at FV-NI and debt investments are classified as AFS.

(in millions)	September 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —
Equity securities	45	—	84	43	—	81
Corporate debt securities	—	—	3	—	—	6
Municipal bonds	1	1	39	1	—	36
U.S. government bonds	—	—	3	—	—	2
Total Investments	\$ 46	\$ 1	\$ 130	\$ 44	\$ —	\$ 125

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2020, and 2019, were immaterial.

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DEBT SECURITY MATURITIES

The table below summarizes the maturity date for debt securities.

September 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	
Due in one year or less	\$ 53	\$ 13	\$ 15	\$ 14	\$ 1	\$ 4	
Due after one through five years	558	247	256	246	10	16	
Due after five through 10 years	608	278	232	224	8	9	
Due after 10 years	1,313	694	542	508	34	16	
Total	\$ 2,532	\$ 1,232	\$ 1,045	\$ 992	\$ 53	\$ 45	

11. FAIR VALUE MEASUREMENTS

Fair value is the exchange price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The fair value definition focuses on an exit price versus the acquisition cost. Fair value measurements use market data or assumptions market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, corroborated by market data or generally unobservable. Valuation techniques maximize the use of observable inputs and minimize use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

Fair value measurements are classified in three levels based on the fair value hierarchy as defined by GAAP. Certain investments are not categorized within the fair value hierarchy. These investments are measured at fair value using the net asset value (NAV) per share practical expedient. The NAV is derived based on the investment cost, less any impairment, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

Fair value accounting guidance permits entities to elect to measure certain financial instruments that are not required to be accounted for at fair value, such as equity method investments or the company's own debt, at fair value. The Duke Energy Registrants have not elected to record any of these items at fair value.

Valuation methods of the primary fair value measurements disclosed below are as follows.

Investments in equity securities

The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market as of the last business day of the quarter. Principal active markets for equity prices include published exchanges such as the New York Stock Exchange and Nasdaq Stock Market. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market. There was no after-hours market activity that was required to be reflected in the reported fair value measurements.

Investments in debt securities

Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. If the market for a particular fixed-income security is relatively inactive or illiquid, the measurement is Level 3.

Commodity derivatives

Commodity derivatives with clearinghouses are classified as Level 1. If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. In isolation, increases (decreases) in natural gas forward prices result in favorable (unfavorable) fair value adjustments for natural gas purchase contracts; and increases (decreases) in electricity forward prices result in unfavorable (favorable) fair value adjustments for electricity sales contracts. Duke Energy regularly evaluates and validates pricing inputs used to estimate the fair value of natural gas commodity contracts by a market participant price verification procedure. This procedure provides a comparison of internal forward commodity curves to market participant generated curves.

Interest rate derivatives

Most over-the-counter interest rate contract derivatives are valued using financial models that utilize observable inputs for similar instruments and are classified as Level 2. Inputs include forward interest rate curves, notional amounts, interest rates and credit quality of the counterparties.

Other fair value considerations

See Note 12 in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019, for a discussion of the valuation of goodwill and intangible assets.

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets. Derivative amounts in the tables below for all Duke Energy Registrants exclude cash collateral, which is disclosed in Note 9. See Note 10 for additional information related to investments by major security type for the Duke Energy Registrants.

(in millions)	September 30, 2020				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF cash and cash equivalents	\$ 687	\$ 687	\$ —	\$ —	\$ —
NDTF equity securities	5,459	5,413	—	—	46
NDTF debt securities	2,224	363	1,861	—	—
Other equity securities	126	126	—	—	—
Other debt securities	308	18	290	—	—
Other cash and cash equivalents	110	110	—	—	—
Derivative assets	86	5	71	10	—
Total assets	9,000	6,722	2,222	10	46
Derivative liabilities	(359)	(1)	(145)	(213)	—
Net assets (liabilities)	\$ 8,641	\$ 6,721	\$ 2,077	\$ (203)	\$ 46

(in millions)	December 31, 2019				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF cash and cash equivalents	\$ 101	\$ 101	\$ —	\$ —	\$ —
NDTF equity securities	5,684	5,633	—	—	51
NDTF debt securities	2,368	725	1,643	—	—
Other equity securities	122	122	—	—	—
Other debt securities	258	39	219	—	—
Other cash and cash equivalents	52	52	—	—	—
Derivative assets	25	3	7	15	—
Total assets	8,610	6,675	1,869	15	51
NDTF equity security contracts	(23)	—	(23)	—	—
Derivative liabilities	(277)	(15)	(145)	(117)	—
Net assets (liabilities)	\$ 8,310	\$ 6,660	\$ 1,701	\$ (102)	\$ 51

The following tables provide reconciliations of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Balance at beginning of period	\$ (92)	\$ (79)	\$ (102)	\$ (113)
Total pretax realized or unrealized gains included in comprehensive income	(102)	—	(102)	—
Purchases, sales, issuances and settlements:				
Purchases	—	—	14	38
Settlements	(3)	(9)	(18)	(32)
Total (losses) gains included on the Condensed Consolidated Balance Sheet	(6)	(2)	5	17
Balance at end of period	\$ (203)	\$ (90)	\$ (203)	\$ (90)

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY CAROLINAS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2020			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF cash and cash equivalents	\$ 42	\$ 42	\$ —	\$ —
NDTF equity securities	3,229	3,183	—	46
NDTF debt securities	1,232	131	1,101	—
Derivative assets	38	—	38	—
Total assets	4,541	3,356	1,139	46
Derivative liabilities	(33)	—	(33)	—
Net assets	\$ 4,508	\$ 3,356	\$ 1,106	\$ 46

(in millions)	December 31, 2019			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF cash and cash equivalents	\$ 21	\$ 21	\$ —	\$ —
NDTF equity securities	3,154	3,103	—	51
NDTF debt securities	1,172	206	966	—
Total assets	4,347	3,330	966	51
Derivative liabilities	(49)	—	(49)	—
Net assets	\$ 4,298	\$ 3,330	\$ 917	\$ 51

PROGRESS ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF cash and cash equivalents	\$ 645	\$ 645	\$ —	\$ 80	\$ 80	\$ —
NDTF equity securities	2,230	2,230	—	2,530	2,530	—
NDTF debt securities	992	232	760	1,196	519	677
Other debt securities	53	—	53	51	—	51
Other cash and cash equivalents	107	107	—	49	49	—
Derivative assets	33	—	33	7	—	7
Total assets	4,060	3,214	846	3,913	3,178	735
NDTF equity security contracts	—	—	—	(23)	—	(23)
Derivative liabilities	(36)	—	(36)	(65)	—	(65)
Net assets	\$ 4,024	\$ 3,214	\$ 810	\$ 3,825	\$ 3,178	\$ 647

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

DUKE ENERGY PROGRESS

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NTDF cash and cash equivalents	\$ 57	\$ 57	\$ —	\$ 53	\$ 53	\$ —
NTDF equity securities	2,150	2,150	—	2,077	2,077	—
NTDF debt securities	992	232	760	921	244	677
Other cash and cash equivalents	1	1	—	2	2	—
Derivative assets	33	—	33	—	—	—
Total assets	3,233	2,440	793	3,053	2,376	677
Derivative liabilities	(20)	—	(20)	(49)	—	(49)
Net assets	\$ 3,213	\$ 2,440	\$ 773	\$ 3,004	\$ 2,376	\$ 628

DUKE ENERGY FLORIDA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NTDF cash and cash equivalents	\$ 588	\$ 588	\$ —	\$ 27	\$ 27	\$ —
NTDF equity securities	80	80	—	453	453	—
NTDF debt securities	—	—	—	275	275	—
Other debt securities	53	—	53	51	—	51
Other cash and cash equivalents	2	2	—	4	4	—
Derivative assets	—	—	—	7	—	7
Total assets	723	670	53	817	759	58
NTDF equity security contracts	—	—	—	(23)	—	(23)
Derivative liabilities	—	—	—	(1)	—	(1)
Net assets	\$ 723	\$ 670	\$ 53	\$ 793	\$ 759	\$ 34

DUKE ENERGY OHIO

The recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets were not material at September 30, 2020, and December 31, 2019.

DUKE ENERGY INDIANA

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2020				December 31, 2019			
	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	\$ 84	\$ 84	\$ —	\$ —	\$ 81	\$ 81	\$ —	\$ —
Other debt securities	45	—	45	—	44	—	44	—
Other cash and cash equivalents	1	1	—	—	—	—	—	—
Derivative assets	8	—	—	8	13	2	—	11
Total assets	\$ 138	\$ 85	\$ 45	\$ 8	\$ 138	\$ 83	\$ 44	\$ 11
Derivative liabilities	—	—	—	—	(1)	(1)	—	—
Net assets	\$ 138	\$ 85	\$ 45	\$ 8	\$ 137	\$ 82	\$ 44	\$ 11

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Balance at beginning of period	\$ 10	\$ 28	\$ 11	\$ 22
Purchases, sales, issuances and settlements:				
Purchases	—	—	10	29
Settlements	(3)	(7)	(13)	(26)
Total gains (losses) included on the Condensed Consolidated Balance Sheet	1	(5)	—	(9)
Balance at end of period	\$ 8	\$ 16	\$ 8	\$ 16

PIEDMONT

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 3	Total Fair Value	Level 1	Level 3
Derivative assets	\$ 6	\$ 6	\$ —	\$ 1	\$ 1	\$ —
Derivative liabilities	(111)	—	(111)	(117)	—	(117)
Net (liabilities) assets	\$ (105)	\$ 6	\$ (111)	\$ (116)	\$ 1	\$ (117)

The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

(in millions)	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Balance at beginning of period	\$ (105)	\$ (114)	\$ (117)	\$ (141)
Total (losses) gains and settlements	(6)	3	6	30
Balance at end of period	\$ (111)	\$ (111)	\$ (111)	\$ (111)

FINANCIAL STATEMENTS

FAIR VALUE MEASUREMENTS

QUANTITATIVE INFORMATION ABOUT UNOBSERVABLE INPUTS

The following tables include quantitative information about the Duke Energy Registrants' derivatives classified as Level 3.

September 30, 2020					
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy					
Electricity contracts	\$ (102)	RTO forward pricing	Forward electricity curves – price per MWh	\$ 14.92 - \$ 151.18	\$ 29.63
Duke Energy Ohio					
FTRs	2	RTO auction pricing	FTR price – per MWh	— - 1.90	0.64
Duke Energy Indiana					
FTRs	8	RTO auction pricing	FTR price – per MWh	(1.03) - 6.10	0.74
Piedmont					
Natural gas contracts	(111)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.81 - 2.50	2.11
Duke Energy					
Total Level 3 derivatives	\$ (203)				

December 31, 2019					
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy Ohio					
FTRs	\$ 4	RTO auction pricing	FTR price – per MWh	\$ 0.59 - \$ 3.47	\$ 2.07
Duke Energy Indiana					
FTRs	11	RTO auction pricing	FTR price – per MWh	(0.66) - 9.24	1.15
Piedmont					
Natural gas contracts	(117)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.59 - 2.46	1.91
Duke Energy					
Total Level 3 derivatives	\$ (102)				

OTHER FAIR VALUE DISCLOSURES

The fair value and book value of long-term debt, including current maturities, is summarized in the following table. Estimates determined are not necessarily indicative of amounts that could have been settled in current markets. Fair value of long-term debt uses Level 2 measurements.

(in millions)	September 30, 2020		December 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
Duke Energy ^(a)	\$ 60,718	\$ 69,503	\$ 58,126	\$ 63,062
Duke Energy Carolinas	12,548	15,165	11,900	13,516
Progress Energy	19,865	23,825	19,634	22,291
Duke Energy Progress	9,358	10,808	9,058	9,934
Duke Energy Florida	7,917	9,684	7,987	9,131
Duke Energy Ohio	3,089	3,619	2,619	2,964
Duke Energy Indiana	4,104	5,140	4,057	4,800
Piedmont	2,780	3,276	2,384	2,642

(a) Book value of long-term debt includes \$1.4 billion at September 30, 2020, and \$1.5 billion at December 31, 2019, of unamortized debt discount and premium, net of purchase accounting adjustments related to the mergers with Progress Energy and Piedmont that are excluded from fair value of long-term debt.

At both September 30, 2020, and December 31, 2019, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper and nonrecourse notes payable of VIEs are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

FINANCIAL STATEMENTS

VARIABLE INTEREST ENTITIES

12. VARIABLE INTEREST ENTITIES

CONSOLIDATED VIES

The obligations of the consolidated VIEs discussed in the following paragraphs are nonrecourse to the Duke Energy Registrants. The registrants have no requirement to provide liquidity to, purchase assets of or guarantee performance of these VIEs unless noted in the following paragraphs.

No financial support was provided to any of the consolidated VIEs during the nine months ended September 30, 2020, and the year ended December 31, 2019, or is expected to be provided in the future that was not previously contractually required.

Receivables Financing – DERF/DEPR/DEFR

DERF, DEPR and DEFR are bankruptcy remote, special purpose subsidiaries of Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, respectively. DERF, DEPR and DEFR are wholly owned LLCs with separate legal existence from their parent companies, and their assets are not generally available to creditors of their parent companies. On a revolving basis, DERF, DEPR and DEFR buy certain accounts receivable arising from the sale of electricity and related services from their parent companies.

DERF, DEPR and DEFR borrow amounts under credit facilities to buy these receivables. Borrowing availability from the credit facilities is limited to the amount of qualified receivables purchased, which generally exclude receivables past due more than a predetermined number of days and reserves for expected past-due balances. The sole source of funds to satisfy the related debt obligations is cash collections from the receivables. Amounts borrowed under the credit facilities for DERF and DEPR are reflected on the Condensed Consolidated Balance Sheets as Long-Term Debt. Amounts borrowed under the credit facilities for DEFR are reflected on the Condensed Consolidated Balance Sheets as Current maturities of long-term debt.

Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. Since taking action to suspend customer disconnections for nonpayment, certain jurisdictions have now returned to normal operations and billing practices. The full impact of COVID-19 and the Duke Energy Registrant's related response on customers' ability to pay for service is uncertain. However, the level of past-due receivables at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida have increased significantly during the COVID-19 pandemic, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. In the second quarter of 2020, DERF, DEPR and DEFR executed amendments to their credit facilities to manage the impact of past-due receivables resulting from the suspension of customer disconnections from COVID-19. In the third quarter of 2020, DERF executed another amendment to lengthen the terms of the amendment executed in the second quarter. See Note 3 for information about COVID-19 filings with state utility commissions.

The most significant activity that impacts the economic performance of DERF, DEPR and DEFR are the decisions made to manage delinquent receivables. Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida are considered the primary beneficiaries and consolidate DERF, DEPR and DEFR, respectively, as they make those decisions.

Receivables Financing – CRC

CRC is a bankruptcy remote, special purpose entity indirectly owned by Duke Energy. On a revolving basis, CRC buys certain accounts receivable arising from the sale of electricity, natural gas and related services from Duke Energy Ohio and Duke Energy Indiana. CRC borrows amounts under a credit facility to buy the receivables from Duke Energy Ohio and Duke Energy Indiana. Borrowing availability from the credit facility is limited to the amount of qualified receivables sold to CRC, which generally exclude receivables past due more than a predetermined number of days and reserves for expected past-due balances. The sole source of funds to satisfy the related debt obligation is cash collections from the receivables. Amounts borrowed under the credit facility are reflected on Duke Energy's Condensed Consolidated Balance Sheets as Long-Term Debt.

The proceeds Duke Energy Ohio and Duke Energy Indiana receive from the sale of receivables to CRC are approximately 75% cash and 25% in the form of a subordinated note from CRC. The subordinated note is a retained interest in the receivables sold. Depending on collection experience, additional equity infusions to CRC may be required by Duke Energy to maintain a minimum equity balance of \$3 million.

Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. Since taking action to suspend customer disconnections for nonpayment, certain jurisdictions have now returned to normal operations and billing practices. The full impact of COVID-19 and the Duke Energy Registrant's related response on customers' ability to pay for service is uncertain. However, the level of past-due receivables at Duke Energy Ohio and Duke Energy Indiana have increased significantly during the COVID-19 pandemic, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. In July of 2020, CRC executed an amendment to its credit facility to manage the impact of past-due receivables resulting from the suspension of customer disconnections from COVID-19. See Note 3 for information about COVID-19 filings with state utility commissions.

CRC is considered a VIE because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact the economic performance of the entity is not held by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy is considered the primary beneficiary and consolidates CRC as it makes these decisions. Neither Duke Energy Ohio nor Duke Energy Indiana consolidate CRC.

FINANCIAL STATEMENTS

VARIABLE INTEREST ENTITIES

Receivables Financing – Credit Facilities

The following table summarizes the amounts and expiration dates of the credit facilities and associated restricted receivables described above.

(in millions)	CRC	Duke Energy		
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
		DERF	DEPR	DEFR
Expiration date	February 2023	December 2022	April 2023	April 2021
Credit facility amount	\$ 350	\$ 475	\$ 350	\$ 250
Amounts borrowed at September 30, 2020	350	475	350	250
Amounts borrowed at December 31, 2019	350	474	325	250
Restricted Receivables at September 30, 2020	479	770	559	506
Restricted Receivables at December 31, 2019	522	642	489	336

Nuclear Asset-Recovery Bonds – DEFPF

DEFPF is a bankruptcy remote, wholly owned special purpose subsidiary of Duke Energy Florida. DEFPF was formed in 2016 for the sole purpose of issuing nuclear asset-recovery bonds to finance Duke Energy Florida's unrecovered regulatory asset related to Crystal River Unit 3.

In 2016, DEFPF issued senior secured bonds and used the proceeds to acquire nuclear asset-recovery property from Duke Energy Florida. The nuclear asset-recovery property acquired includes the right to impose, bill, collect and adjust a non-bypassable nuclear asset-recovery charge from all Duke Energy Florida retail customers until the bonds are paid in full and all financing costs have been recovered. The nuclear asset-recovery bonds are secured by the nuclear asset-recovery property and cash collections from the nuclear asset-recovery charges are the sole source of funds to satisfy the debt obligation. The bondholders have no recourse to Duke Energy Florida.

DEFPF is considered a VIE primarily because the equity capitalization is insufficient to support its operations. Duke Energy Florida has the power to direct the significant activities of the VIE as described above and therefore Duke Energy Florida is considered the primary beneficiary and consolidates DEFPF.

The following table summarizes the impact of DEFPF on Duke Energy Florida's Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2020	December 31, 2019
Receivables of VIEs	\$ 6	\$ 5
Regulatory Assets: Current	53	52
Current Assets: Other	16	39
Other Noncurrent Assets: Regulatory assets	951	989
Current Liabilities: Other	2	10
Current maturities of long-term debt	55	54
Long-Term Debt	1,001	1,057

Commercial Renewables

Certain of Duke Energy's renewable energy facilities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Assets are restricted and cannot be pledged as collateral or sold to third parties without prior approval of debt holders. Additionally, Duke Energy has VIEs associated with tax equity arrangements entered into with third-party investors in order to finance the cost of renewable assets eligible for tax credits. The activities that most significantly impacted the economic performance of these renewable energy facilities were decisions associated with siting, negotiating PPAs and Engineering, Procurement and Construction agreements, and decisions associated with ongoing operations and maintenance-related activities. Duke Energy is considered the primary beneficiary and consolidates the entities as it is responsible for all of these decisions.

The table below presents material balances reported on Duke Energy's Condensed Consolidated Balance Sheets related to Commercial Renewables VIEs.

(in millions)	September 30, 2020	December 31, 2019
Current Assets: Other	\$ 319	\$ 203
Property, Plant and Equipment: Cost	6,239	5,747
Accumulated depreciation and amortization	(1,200)	(1,041)
Other Noncurrent Assets: Other	79	106
Current maturities of long-term debt	161	162
Long-Term Debt	1,452	1,541
Other Noncurrent Liabilities: AROs	150	127
Other Noncurrent Liabilities: Other	342	228

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VARIABLE INTEREST ENTITIES

NON-CONSOLIDATED VIEs

The following tables summarize the impact of non-consolidated VIEs on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2020					
	Duke Energy				Duke Energy	Duke Energy
	Pipeline Investments	Commercial Renewables	Other VIEs	Total	Ohio	Indiana
Receivables from affiliated companies	\$ —	\$ (1)	\$ —	\$ (1)	\$ 45	\$ 74
Other current assets	413	—	—	413	—	—
Investments in equity method unconsolidated affiliates	—	487	1	488	—	—
Deferred tax asset	26	—	—	26	—	—
Total assets	\$ 439	\$ 486	\$ 1	\$ 926	\$ 45	\$ 74
Other current liabilities	927	—	3	930	—	—
Other noncurrent liabilities	19	—	10	29	—	—
Total liabilities	\$ 946	\$ —	\$ 13	\$ 959	\$ —	\$ —
Net (liabilities) assets	\$ (507)	\$ 486	\$ (12)	\$ (33)	\$ 45	\$ 74

(in millions)	December 31, 2019					
	Duke Energy				Duke Energy	Duke Energy
	Pipeline Investments	Commercial Renewables	Other VIEs	Total	Ohio	Indiana
Receivables from affiliated companies	\$ —	\$ (1)	\$ —	\$ (1)	\$ 64	\$ 77
Investments in equity method unconsolidated affiliates	1,179	300	—	1,479	—	—
Total assets	\$ 1,179	\$ 299	\$ —	\$ 1,478	\$ 64	\$ 77
Taxes accrued	(1)	—	—	(1)	—	—
Other current liabilities	—	—	4	4	—	—
Deferred income taxes	59	—	—	59	—	—
Other noncurrent liabilities	—	—	11	11	—	—
Total liabilities	\$ 58	\$ —	\$ 15	\$ 73	\$ —	\$ —
Net assets (liabilities)	\$ 1,121	\$ 299	\$ (15)	\$ 1,405	\$ 64	\$ 77

The Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above except for the PPA with OVEC, which is discussed below, and future exit costs associated with the cancellation of the ACP pipeline, as discussed below.

Pipeline Investments

Duke Energy has investments in various joint ventures to construct and operate pipeline projects. These entities are considered VIEs due to having insufficient equity to finance their own activities without subordinated financial support. Duke Energy does not have the power to direct the activities that most significantly impact the economic performance, the obligation to absorb losses or the right to receive benefits of these VIEs and therefore does not consolidate these entities.

On July 5, 2020, Duke Energy determined that it would no longer invest in the construction of the ACP pipeline. See Notes 1, 3 and 4 for further information regarding this transaction.

For the three and nine months ended September 30, 2020, the ACP investment is considered a significant subsidiary because its income (loss) exceeds 10% of Duke Energy's income (loss). The table below presents unaudited summarized financial information for ACP.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net (Loss) Income	\$ (163)	\$ 65	\$ (4,505)	\$ 178

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VARIABLE INTEREST ENTITIES

The table below presents Duke Energy's ownership interest and investment balances in these joint ventures.

Entity Name	Ownership Interest	VIE Investment Amount (in millions)	
		September 30, 2020	December 31, 2019
ACP ^(a)	47%	\$ (927)	\$ 1,179
Constitution ^(b)	24%	—	—
Total		\$ (927)	\$ 1,179

- (a) During the quarter ended June 30, 2020, Duke Energy determined that it would no longer continue its investment in ACP as described above. The current liability related to the cancellation of the ACP pipeline project represents Duke Energy's continuing obligation to fund its share of ACP's obligations. See Notes 1, 3 and 4 for more information.
- (b) During the year ended December 31, 2019, Duke Energy recorded an other-than-temporary impairment related to Constitution. This charge resulted in the full write-down of Duke Energy's investment in Constitution.

Commercial Renewables

Duke Energy has investments in various renewable energy project entities. Some of these entities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Duke Energy does not consolidate these VIEs because power to direct and control key activities is shared jointly by Duke Energy and other owners.

Other

In 2019, Duke Energy acquired a majority ownership in a portfolio of distributed fuel cell projects from Bloom Energy Corporation. Duke Energy is not the primary beneficiary of the assets within the portfolio and does not consolidate the assets in the portfolio.

OVEC

Duke Energy Ohio's 9% ownership interest in OVEC is considered a non-consolidated VIE due to OVEC having insufficient equity to finance its activities without subordinated financial support. The activities that most significantly impact OVEC's economic performance include fuel strategy and supply activities and decisions associated with ongoing operations and maintenance-related activities. Duke Energy Ohio does not have the unilateral power to direct these activities, and therefore, does not consolidate OVEC.

As a counterparty to an Inter-Company Power Agreement (ICPA), Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in OVEC's cost of business. On March 31, 2018, FirstEnergy Solutions Corp (FES), a subsidiary of FirstEnergy Corp. and an ICPA counterparty with a power participation ratio of 4.85%, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. In addition, certain proposed environmental rulemaking could result in future increased OVEC cost allocations. In July 2020, legislation was proposed to repeal HB 6. Duke Energy cannot predict the outcome in this matter. See Note 3 for additional information.

CRC

See discussion under Consolidated VIEs for additional information related to CRC.

Amounts included in Receivables from affiliated companies in the above table for Duke Energy Ohio and Duke Energy Indiana reflect their retained interest in receivables sold to CRC. These subordinated notes held by Duke Energy Ohio and Duke Energy Indiana are stated at fair value.

The following table shows the gross and net receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Receivables sold	\$ 226	\$ 253	\$ 310	\$ 307
Less: Retained interests	45	64	74	77
Net receivables sold	\$ 181	\$ 189	\$ 236	\$ 230

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The following table shows sales and cash flows related to receivables sold.

(in millions)	Duke Energy Ohio				Duke Energy Indiana			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	September 30,		September 30,		September 30,		September 30,	
	2020	2019	2020	2019	2020	2019	2020	2019
Sales								
Receivables sold	\$ 462	\$ 479	\$ 1,428	\$ 1,483	\$ 717	\$ 762	\$ 1,947	\$ 2,172
Loss recognized on sale	2	4	8	11	3	4	9	13
Cash flows								
Cash proceeds from receivables sold	\$ 449	\$ 471	\$ 1,439	\$ 1,516	\$ 689	\$ 762	\$ 1,941	\$ 2,200
Collection fees received	1	—	1	1	—	—	1	1
Return received on retained interests	1	1	3	5	1	2	4	7

Cash flows from sales of receivables are reflected within Cash Flows From Operating Activities on Duke Energy Ohio's and Duke Energy Indiana's Condensed Consolidated Statements of Cash Flows.

13. REVENUE

Duke Energy earns substantially all of its revenues through its reportable segments, Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

Electric Utilities and Infrastructure

Electric Utilities and Infrastructure earns the majority of its revenues through retail and wholesale electric service through the generation, transmission, distribution and sale of electricity. Duke Energy generally provides retail and wholesale electric service customers with their full electric load requirements or with supplemental load requirements when the customer has other sources of electricity.

The majority of wholesale revenues are full requirements contracts where the customers purchase the substantial majority of their energy needs and do not have a fixed quantity of contractually required energy or capacity. As such, related forecasted revenues are considered optional purchases. Supplemental requirements contracts that include contracted blocks of energy and capacity at contractually fixed prices have the following estimated remaining performance obligations:

(in millions)	Remaining Performance Obligations						
	2020	2021	2022	2023	2024	Thereafter	Total
Progress Energy	\$ 30	\$ 92	\$ 94	\$ 44	\$ 45	\$ 58	\$ 363
Duke Energy Progress	2	8	8	8	8	—	34
Duke Energy Florida	28	84	86	36	37	58	329
Duke Energy Indiana	2	5	—	7	12	36	62

Revenues for block sales are recognized monthly as energy is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates.

Gas Utilities and Infrastructure

Gas Utilities and Infrastructure earns its revenues through retail and wholesale natural gas service through the transportation, distribution and sale of natural gas. Duke Energy generally provides retail and wholesale natural gas service customers with all natural gas load requirements. Additionally, while natural gas can be stored, substantially all natural gas provided by Duke Energy is consumed by customers simultaneously with receipt of delivery.

Fixed-capacity payments under long-term contracts for the Gas Utilities and Infrastructure segment include minimum margin contracts and supply arrangements with municipalities and power generation facilities. Revenues for related sales are recognized monthly as natural gas is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates. Estimated remaining performance obligations are as follows:

(in millions)	Remaining Performance Obligations						
	2020	2021	2022	2023	2024	Thereafter	Total
Piedmont	\$ 17	\$ 65	\$ 64	\$ 61	\$ 58	\$ 377	\$ 642

Commercial Renewables

Commercial Renewables earns the majority of its revenues through long-term PPAs and generally sells all of its wind and solar facility output, electricity and Renewable Energy Certificates (RECs) to customers. The majority of these PPAs have historically been accounted for as leases. For PPAs that are not accounted for as leases, the delivery of electricity and the delivery of RECs are considered separate performance obligations.

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REVENUE

Other

The remainder of Duke Energy's operations is presented as Other, which does not include material revenues from contracts with customers.

Disaggregated Revenues

Disaggregated revenues are presented as follows:

(in millions) By market or type of customer	Three Months Ended September 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
<i>Electric Utilities and Infrastructure</i>								
Residential	\$ 2,936	\$ 883	\$ 1,550	\$ 616	\$ 934	\$ 213	\$ 289	\$ —
General	1,804	664	805	384	421	119	212	—
Industrial	797	342	245	179	66	35	175	—
Wholesale	603	117	412	358	54	10	64	—
Other revenues	238	62	167	75	92	23	22	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 6,378	\$ 2,068	\$ 3,179	\$ 1,612	\$ 1,567	\$ 400	\$ 762	\$ —
<i>Gas Utilities and Infrastructure</i>								
Residential	\$ 112	\$ —	\$ —	\$ —	\$ —	\$ 55	\$ —	\$ 57
Commercial	64	—	—	—	—	20	—	44
Industrial	24	—	—	—	—	3	—	22
Power Generation	—	—	—	—	—	—	—	10
Other revenues	16	—	—	—	—	3	—	11
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 216	\$ —	\$ —	\$ —	\$ —	\$ 81	\$ —	\$ 144
<i>Commercial Renewables</i>								
Revenue from contracts with customers	\$ 57	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>								
Revenue from contracts with customers	\$ 7	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total revenue from contracts with customers	\$ 6,658	\$ 2,068	\$ 3,179	\$ 1,612	\$ 1,567	\$ 481	\$ 762	\$ 144
Other revenue sources ^(a)	\$ 63	\$ (10)	\$ 18	\$ 14	\$ —	\$ (8)	\$ (1)	\$ 18
Total revenues	\$ 6,721	\$ 2,058	\$ 3,197	\$ 1,626	\$ 1,567	\$ 473	\$ 761	\$ 162

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

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REVENUE

Three Months Ended September 30, 2019										
(in millions)										
By market or type of customer	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont		
<i>Electric Utilities and Infrastructure</i>										
Residential	\$ 2,923	\$ 892	\$ 1,522	\$ 625	\$ 897	\$ 215	\$ 294	\$ —		
General	1,885	687	843	399	444	127	225	—		
Industrial	869	372	255	189	66	40	204	—		
Wholesale	617	113	429	368	61	13	63	—		
Other revenues	198	76	118	70	48	18	22	—		
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 6,492	\$ 2,140	\$ 3,167	\$ 1,651	\$ 1,516	\$ 413	\$ 808	\$ —		
<i>Gas Utilities and Infrastructure</i>										
Residential	\$ 113	\$ —	\$ —	\$ —	\$ —	\$ 53	\$ —	\$ 59		
Commercial	68	—	—	—	—	21	—	47		
Industrial	26	—	—	—	—	4	—	25		
Power Generation	—	—	—	—	—	—	—	13		
Other revenues	16	—	—	—	—	3	—	13		
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 223	\$ —	\$ —	\$ —	\$ —	\$ 81	\$ —	\$ 157		
<i>Commercial Renewables</i>										
Revenue from contracts with customers	\$ 69	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —		
<i>Other</i>										
Revenue from contracts with customers	\$ 8	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —		
Total revenue from contracts with customers	\$ 6,792	\$ 2,140	\$ 3,167	\$ 1,651	\$ 1,516	\$ 494	\$ 808	\$ 157		
Other revenue sources ^(a)	\$ 148	\$ 22	\$ 75	\$ 37	\$ 32	\$ (5)	\$ (1)	\$ 11		
Total revenues	\$ 6,940	\$ 2,162	\$ 3,242	\$ 1,688	\$ 1,548	\$ 489	\$ 807	\$ 168		

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

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REVENUE

		Nine Months Ended September 30, 2020							
(in millions)		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
By market or type of customer									
<i>Electric Utilities and Infrastructure</i>									
Residential	\$	7,451	\$ 2,316	\$ 3,792	\$ 1,578	\$ 2,214	\$ 558	\$ 785	\$ —
General		4,691	1,720	2,080	1,001	1,079	336	554	—
Industrial		2,148	871	673	487	186	103	502	—
Wholesale		1,535	332	1,018	877	141	22	163	—
Other revenues		713	184	476	208	268	62	63	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$	16,538	\$ 5,423	\$ 8,039	\$ 4,151	\$ 3,888	\$ 1,081	\$ 2,067	\$ —
<i>Gas Utilities and Infrastructure</i>									
Residential	\$	631	\$ —	\$ —	\$ —	\$ —	\$ 214	\$ —	\$ 417
Commercial		308	—	—	—	—	86	—	222
Industrial		92	—	—	—	—	12	—	80
Power Generation		—	—	—	—	—	—	—	27
Other revenues		58	—	—	—	—	12	—	46
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$	1,089	\$ —	\$ —	\$ —	\$ —	\$ 324	\$ —	\$ 792
<i>Commercial Renewables</i>									
Revenue from contracts with customers	\$	170	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>									
Revenue from contracts with customers	\$	20	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total Revenue from contracts with customers	\$	17,817	\$ 5,423	\$ 8,039	\$ 4,151	\$ 3,888	\$ 1,405	\$ 2,067	\$ 792
Other revenue sources ^(a)	\$	274	\$ (7)	\$ 78	\$ 56	\$ 9	\$ (11)	\$ 3	\$ 79
Total revenues	\$	18,091	\$ 5,416	\$ 8,117	\$ 4,207	\$ 3,897	\$ 1,394	\$ 2,070	\$ 871

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

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REVENUE

Nine Months Ended September 30, 2019									
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Electric Utilities and Infrastructure									
Residential	\$ 7,597	\$ 2,331	\$ 3,879	\$ 1,657	\$ 2,222	\$ 563	\$ 825	\$ —	
General	4,896	1,714	2,225	1,044	1,181	335	619	—	
Industrial	2,339	927	708	514	194	109	595	—	
Wholesale	1,685	341	1,133	992	141	36	176	—	
Other revenues	557	222	389	239	150	59	66	—	
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 17,074	\$ 5,535	\$ 8,334	\$ 4,446	\$ 3,888	\$ 1,102	\$ 2,281	\$ —	
Gas Utilities and Infrastructure									
Residential	\$ 673	\$ —	\$ —	\$ —	\$ —	\$ 229	\$ —	\$ 443	
Commercial	359	—	—	—	—	96	—	263	
Industrial	103	—	—	—	—	14	—	91	
Power Generation	—	—	—	—	—	—	—	39	
Other revenues	101	—	—	—	—	13	—	88	
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 1,236	\$ —	\$ —	\$ —	\$ —	\$ 352	\$ —	\$ 924	
Commercial Renewables									
Revenue from contracts with customers	\$ 157	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Other									
Revenue from contracts with customers	\$ 18	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Total Revenue from contracts with customers	\$ 18,485	\$ 5,535	\$ 8,334	\$ 4,446	\$ 3,888	\$ 1,454	\$ 2,281	\$ 924	
Other revenue sources ^(a)	\$ 491	\$ 84	\$ 224	\$ 113	\$ 99	\$ (1)	\$ 8	\$ 32	
Total revenues	\$ 18,976	\$ 5,619	\$ 8,558	\$ 4,559	\$ 3,987	\$ 1,453	\$ 2,289	\$ 956	

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

As described in Note 1, Duke Energy adopted the new guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. The following table presents the reserve for credit losses for trade and other receivables based on adoption of the new standard.

Three Months Ended September 30, 2020									
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Balance at June 30, 2020	\$ 102	\$ 14	\$ 29	\$ 14	\$ 14	\$ 5	\$ 3	\$ 6	
Write-Offs	12	(2)	15	13	2	—	—	—	
Credit Loss Expense	(9)	—	(16)	(15)	—	—	—	3	
Other Adjustments	28	10	9	9	—	—	—	—	
Balance at September 30, 2020	\$ 133	\$ 22	\$ 37	\$ 21	\$ 16	\$ 5	\$ 3	\$ 9	

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REVENUE

Nine Months Ended September 30, 2020								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at December 31, 2019	\$ 76	\$ 10	\$ 16	\$ 8	\$ 7	\$ 4	\$ 3	\$ 6
Cumulative Change in Accounting Principle	5	1	2	1	1	—	—	1
Write-Offs	(7)	(8)	8	8	—	—	—	(5)
Credit Loss Expense	24	9	2	(5)	8	1	—	7
Other Adjustments	35	10	9	9	—	—	—	—
Balance at September 30, 2020	\$ 133	\$ 22	\$ 37	\$ 21	\$ 16	\$ 5	\$ 3	\$ 9

Trade and other receivables are evaluated based on an estimate of the risk of loss over the life of the receivable and current and historical conditions using supportable assumptions. Management evaluates the risk of loss for trade and other receivables by comparing the historical write-off amounts to total revenue over a specified period. Historical loss rates are adjusted due to the impact of current conditions, including the impacts of COVID-19, as well as forecasted conditions over a reasonable time period. The calculated write-off rate can be applied to the receivable balance for which an established reserve does not already exist. Management reviews the assumptions and risk of loss periodically for trade and other receivables. Due to the COVID-19 pandemic, as described in Note 1, certain jurisdictions have resumed standard billing and credit practices, disconnections for nonpayment and late payment charges, all of which were previously suspended in the first quarter of 2020. The specific actions taken by each Duke Energy Registrant are described in Note 3. The impact of COVID-19 and Duke Energy's related response on customers' ability to pay for service is uncertain, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates.

The aging of trade receivables is presented in the table below. Duke Energy considers receivables greater than 30 days outstanding past due.

September 30, 2020								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Unbilled Receivables	\$ 788	\$ 284	\$ 274	\$ 139	\$ 135	\$ 1	\$ 16	\$ 5
0-30 days	1,800	475	847	439	406	44	23	66
30-60 days	227	86	84	48	36	7	2	8
60-90 days	94	39	31	20	11	3	1	3
90+ days	263	85	68	37	31	40	9	20
Trade and Other Receivables	\$ 3,172	\$ 969	\$ 1,304	\$ 683	\$ 619	\$ 95	\$ 51	\$ 102

UNBILLED REVENUE

Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes, timing of rendering customer bills and meter reading schedules and the impact of weather normalization or margin decoupling mechanisms.

Unbilled revenues are included within Receivables and Receivables of VIEs on the Condensed Consolidated Balance Sheets as shown in the following table.

(in millions)	September 30, 2020	December 31, 2019
Duke Energy	\$ 788	\$ 843
Duke Energy Carolinas	284	298
Progress Energy	274	217
Duke Energy Progress	139	122
Duke Energy Florida	135	95
Duke Energy Ohio	1	1
Duke Energy Indiana	16	16
Piedmont	5	78

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Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail accounts receivable, including receivables for unbilled revenues, to an affiliate, CRC, and account for the transfers of receivables as sales. Accordingly, the receivables sold are not reflected on the Condensed Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana. See Note 12 for further information. These receivables for unbilled revenues are shown in the table below.

(in millions)	September 30, 2020		December 31, 2019	
Duke Energy Ohio	\$	66	\$	82
Duke Energy Indiana		106		115

14. STOCKHOLDERS' EQUITY

Basic EPS is computed by dividing net income available to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities and accumulated preferred dividends, by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income available to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities and accumulated preferred dividends, by the diluted weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options and equity forward sale agreements, were exercised or settled. Duke Energy's participating securities are restricted stock units that are entitled to dividends declared on Duke Energy common stock during the restricted stock unit's vesting periods. Dividends declared on preferred stock are recorded on the Condensed Consolidated Statements of Operations as a reduction of net income to arrive at net income available to Duke Energy common stockholders. Dividends accumulated on preferred stock are an adjustment to net income used in the calculation of basic and diluted EPS.

The following table presents Duke Energy's basic and diluted EPS calculations, the weighted average number of common shares outstanding and common and preferred share dividends declared.

(in millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income available to Duke Energy common stockholders	\$ 1,265	\$ 1,327	\$ 1,347	\$ 3,047
Accumulated preferred stock dividends adjustment	12	(2)	13	(2)
Less: Impact of participating securities	1	1	2	4
Income from continuing operations available to Duke Energy common stockholders	\$ 1,276	\$ 1,324	\$ 1,358	\$ 3,041
Weighted average common shares outstanding – basic	735	729	735	728
Equity forwards	—	—	—	—
Weighted average common shares outstanding – diluted	735	729	735	728
EPS available to Duke Energy common stockholders				
Basic and diluted	\$ 1.74	\$ 1.82	\$ 1.85	\$ 4.18
Potentially dilutive items excluded from the calculation ^(a)	2	2	2	2
Dividends declared per common share	\$ 0.965	\$ 0.945	\$ 2.855	\$ 2.800
Dividends declared on Series A preferred stock per depositary share ^(b)	\$ 0.359	\$ 0.359	\$ 1.078	\$ 0.667
Dividends declared on Series B preferred stock per share ^(c)	\$ 24.375	\$ —	\$ 49.292	\$ —

- (a) Performance stock awards were not included in the dilutive securities calculation because the performance measures related to the awards had not been met.
(b) 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock dividends are payable quarterly in arrears on the 16th day of March, June, September and December. The preferred stock has a \$25 liquidation preference per depositary share.
(c) 4.875% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock dividends are payable semiannually in arrears on the 16th day of March and September. The preferred stock has a \$1,000 liquidation preference per share.

Common Stock

In November 2019, Duke Energy filed a prospectus supplement and executed an Equity Distribution Agreement (EDA) under which it may sell up to \$1.5 billion of its common stock through an at-the-market (ATM) offering program, including an equity forward sales component. Under the terms of the EDA, Duke Energy may issue and sell shares of common stock through September 2022. In March 2020, Duke Energy marketed approximately 940,000 shares of common stock through an equity forward transaction under the ATM with an initial forward price of \$89.76 per share. In May 2020, Duke Energy marketed approximately 903,000 shares of common stock through an equity forward transaction under the ATM with an initial forward price of \$82.44 per share. In August 2020, Duke Energy marketed approximately 936,000 shares of common stock through an equity forward transaction under the ATM with an initial forward price of \$79.52 per share.

Separately, in November 2019, Duke Energy marketed an equity offering of 28.75 million shares of common stock through an Underwriting Agreement. In connection with the offering, Duke Energy entered into an equity forward sales agreement with an initial forward price of \$85.99 per share.

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STOCKHOLDERS' EQUITY

The equity forward sales agreements require Duke Energy to either physically settle the transaction by issuing shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreement, or net settle in whole or in part through the delivery or receipt of cash or shares. The initial forward sale price will be subject to adjustment based on a floating interest rate factor and other fixed amounts specified in the relevant forward sale agreements. The settlement alternatives are at Duke Energy's election and settlement of the forward sales agreements are expected to occur on or prior to December 31, 2020. If Duke Energy had elected to net share settle these contracts as of September 30, 2020, Duke Energy would have been required to deliver 1.9 million shares. No amounts have or will be recorded in Duke Energy's Condensed Consolidated Financial Statements with respect to these ATM offerings until settlements of the equity forwards occur. Until settlement of the equity forwards, EPS dilution resulting from the agreements, if any, will be determined under the treasury stock method.

15. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy and certain subsidiaries maintain, and the Subsidiary Registrants participate in, qualified and non-qualified, non-contributory defined benefit retirement plans. Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants.

QUALIFIED PENSION PLANS

The following tables include the components of net periodic pension costs for qualified pension plans.

Three Months Ended September 30, 2020								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 41	\$ 12	\$ 12	\$ 6	\$ 5	\$ 1	\$ 2	\$ 1
Interest cost on projected benefit obligation	67	16	21	10	12	4	6	2
Expected return on plan assets	(143)	(36)	(48)	(22)	(25)	(7)	(11)	(5)
Amortization of actuarial loss	32	7	10	4	6	2	3	2
Amortization of prior service credit	(8)	(2)	—	—	—	—	—	(2)
Amortization of settlement charges	11	6	5	5	1	—	1	1
Net periodic pension costs	\$ —	\$ 3	\$ —	\$ 3	\$ (1)	\$ —	\$ 1	\$ (1)

Three Months Ended September 30, 2019								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 42	\$ 13	\$ 13	\$ 7	\$ 5	\$ 1	\$ 2	\$ 1
Interest cost on projected benefit obligation	77	17	24	10	14	5	6	2
Expected return on plan assets	(140)	(36)	(45)	(22)	(22)	(7)	(11)	(5)
Amortization of actuarial loss	28	6	10	4	6	2	3	2
Amortization of prior service credit	(8)	(2)	(1)	—	—	—	—	(2)
Net periodic pension costs	\$ (1)	\$ (2)	\$ 1	\$ (1)	\$ 3	\$ 1	\$ —	\$ (2)

Nine Months Ended September 30, 2020								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 124	\$ 38	\$ 36	\$ 20	\$ 16	\$ 3	\$ 6	\$ 4
Interest cost on projected benefit obligation	202	47	64	29	35	12	17	7
Expected return on plan assets	(429)	(108)	(143)	(66)	(76)	(21)	(32)	(16)
Amortization of actuarial loss	96	21	30	13	17	5	9	7
Amortization of prior service credit	(24)	(6)	(2)	(1)	(1)	—	(1)	(7)
Amortization of settlement charges	16	8	6	6	1	—	1	1
Net periodic pension costs	\$ (15)	\$ —	\$ (9)	\$ 1	\$ (8)	\$ (1)	\$ —	\$ (4)

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EMPLOYEE BENEFIT PLANS

(in millions)	Nine Months Ended September 30, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 116	\$ 37	\$ 34	\$ 19	\$ 15	\$ 3	\$ 6	\$ 4
Interest cost on projected benefit obligation	242	58	76	34	41	14	19	8
Expected return on plan assets	(426)	(111)	(134)	(66)	(66)	(21)	(32)	(16)
Amortization of actuarial loss	77	17	28	10	18	3	6	5
Amortization of prior service credit	(24)	(6)	(2)	(1)	(1)	—	(1)	(7)
Net periodic pension costs	\$ (15)	\$ (5)	\$ 2	\$ (4)	\$ 7	\$ (1)	\$ (2)	\$ (6)

NON-QUALIFIED PENSION PLANS

Net periodic pension costs for non-qualified pension plans were not material for the three and nine months ended September 30, 2020, and 2019.

OTHER POST-RETIREMENT BENEFIT PLANS

Net periodic costs for OPEB plans were not material for the three and nine months ended September 30, 2020, and 2019.

16. INCOME TAXES

EFFECTIVE TAX RATES

The ETRs from continuing operations for each of the Duke Energy Registrants are included in the following table.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Duke Energy	7.8%	12.4%	(6.4)%	12.5%
Duke Energy Carolinas	12.0%	16.7%	13.6 %	17.7%
Progress Energy	10.4%	15.3%	13.4 %	16.2%
Duke Energy Progress	3.1%	14.7%	10.0 %	16.1%
Duke Energy Florida	21.4%	16.5%	20.3 %	18.0%
Duke Energy Ohio	16.7%	12.9%	16.6 %	15.2%
Duke Energy Indiana	19.6%	23.2%	19.4 %	23.7%
Piedmont	16.7%	35.7%	3.7 %	18.5%

The decrease in the ETR for Duke Energy for the three months ended September 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy for the nine months ended September 30, 2020, was primarily due to the impact of the cancellation of the ACP pipeline project recorded in the second quarter of 2020 and an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Carolinas for the three and nine months ended September 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Progress Energy for the three and nine months ended September 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Progress for the three and nine months ended September 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The increase in the ETR for Duke Energy Florida for the three and nine months ended September 30, 2020, was primarily due to favorable tax adjustments in the prior year.

The increase in the ETR for Duke Energy Ohio for the three and nine months ended September 30, 2020, was primarily due to favorable tax adjustments in the prior year.

The decrease in the ETR for Duke Energy Indiana for the three and nine months ended September 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Piedmont for the three months ended September 30, 2020, was primarily due to a decrease in the amortization of excess deferred taxes, in relation to pretax losses.

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INCOME TAXES

The decrease in the ETR for Piedmont for the nine months ended September 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes and an increase in AFUDC equity.

OTHER TAX MATTERS

On March 27, 2020, the CARES Act was enacted. The CARES Act is an emergency economic stimulus package in response to the COVID-19 pandemic. Among other provisions, the CARES Act accelerates the remaining AMT credit refund allowances resulting in taxpayers being able to immediately claim a refund in full for any AMT credit carryforwards. As a result, the remaining AMT credit carryforwards were reclassified in the first quarter 2020 to a current receivable included in Other within Current Assets on the Condensed Consolidated Balance Sheets. In the third quarter of 2020, Duke Energy received \$572 million related to these AMT credit carryforwards and \$19 million of interest income. The other provisions within the CARES Act do not materially impact Duke Energy's income tax accounting. See Note 1 for information on COVID-19.

17. SUBSEQUENT EVENTS

For information on subsequent events related to regulatory matters, see Note 3.

On October 29, 2020, Tropical Storm Zeta impacted Duke Energy Carolinas territory causing nearly 1 million customer power outages. The estimated cost of this storm has not been determined, but is expected to be less than \$100 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Duke Energy and Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. However, none of the registrants make any representation as to information related solely to Duke Energy or the Subsidiary Registrants of Duke Energy other than itself.

DUKE ENERGY

Duke Energy is an energy company headquartered in Charlotte, North Carolina. Duke Energy operates in the U.S. primarily through its wholly owned subsidiaries, Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. When discussing Duke Energy's consolidated financial information, it necessarily includes the results of the Subsidiary Registrants, which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2020, and with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

Executive Overview

Road to Net-Zero Carbon

Duke Energy has committed to net-zero carbon emissions from electric generation by 2050 in a reliable and cost-effective manner. Our commitment to address our climate is integrated into everything we do as we seek to reduce our greenhouse gas emissions and mitigate risk. We have already lowered our carbon emissions by 39% since 2005, retired over 50 coal units since 2010 and expanded our renewables portfolio by adding 8,000 MW of wind and solar onto our system through 2019.

To further support our climate strategy, Duke Energy has announced plans to convert most of its 10,000-vehicle fleet to electric by 2030. In October 2020, Duke Energy also announced its commitment to achieve net-zero methane emissions across our local gas distribution companies by 2030.

On September 1, 2020, Duke Energy Carolinas and Duke Energy Progress filed integrated resource plans with the utility commissions in North Carolina and South Carolina, presenting six potential pathways to transition the energy system to further accelerate carbon reduction over the next 15 years. These pathways were designed with extensive input from more than 200 diverse groups and will continue to be developed with engagement from policymakers and stakeholders. Each potential pathway keeps the company on a trajectory to meet carbon goals while exploring accelerated coal retirement options, increasing renewables, including offshore wind, and further developing new technologies. We expect that execution of some combination of pathways will reduce carbon emissions between approximately 55%-75% through the 2035 planning horizon and will require total incremental investment capital of between \$20 billion to \$50 billion.

Duke Energy Florida is investing to bring 700 MW of solar online by 2022 and has filed a \$1 billion shared solar program called Clean Energy Connection, which will add another 750 MW of solar by the end of 2024. Duke Energy Indiana continues to focus on accelerating closure of coal plants, planning to add to the 1,100 MW of coal that has been retired since 2010.

We will closely monitor the impacts of these plans as they accelerate coal plant retirements and may cause us to seek specific regulatory recovery.

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. Retail electric sales are down approximately 3% for the year compared to the prior year due to the pandemic. This reduction however is not as steep as expected in our revised March 2020 forecast. The company incurred approximately \$39 million and \$91 million of incremental COVID-19 costs before deferral for the three and nine months ended September 30, 2020, respectively. These costs are primarily bad debt expense, personal protective equipment and cleaning supplies. For the nine months ended September 30, 2020, the company has deferred approximately \$56 million. Further, the company waived approximately \$29 million and \$54 million of late payment fees for the three and nine months ended September 30, 2020, respectively. The Duke Energy Registrants are monitoring developments closely, have taken steps to mitigate the impacts to our business, and have a pandemic response plan in place to protect our employees, customers and communities.

- **Employees.** The health of our employees is of paramount importance. Power plants and electricity and natural gas delivery facilities are staffed. Employees who are not involved with power generation, power delivery, customer service or certain other functions have been performing their work duties remotely from home. Employees who need to interact with customers in person are following the Centers for Disease Control and Prevention's safety guidelines, including social distancing and use of face masks. Operating procedure changes include additional cleaning and disinfection procedures at our facilities.
- **Customers.** The Duke Energy Subsidiary Registrants have resumed certain standard billing and credit practices, disconnections for nonpayment and late payment charges, all of which were previously suspended in the first quarter of 2020 in order to give customers experiencing financial hardship extra time to make payments. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information. The COVID-19 pandemic and stay-at-home orders caused many commercial and industrial customers to reduce or suspend operations beginning in late March and April, which has impacted the Duke Energy Registrants' volumes during the nine months ended September 30, 2020. Many of these customers have begun to restart their businesses.
- **Communities.** The Duke Energy Foundation announced approximately \$6.5 million in donations and grants during the nine months ended September 30, 2020, to support hunger relief, local health and human services nonprofits, and education initiatives across the Duke Energy Registrants' service territories.

- Policymaker actions. The CARES Act was signed by President Trump on March 27, 2020. Duke Energy Registrants are benefiting from certain provisions such as the accelerated refund of AMT credits, which resulted in receipt of a \$572 million refund and \$19 million of interest income in September 2020, and deferral of certain payroll taxes through December 31, 2020. See Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes," for additional information.
- Cost mitigation. Duke Energy has developed and executed a significant cost containment plan during 2020 to offset a portion of the revenue decline experienced as a result of the COVID-19 pandemic. This plan includes a variety of cost efficiency measures, including managing plant costs due to lower production, lower employee expenses and lower financing costs due to favorable market conditions.

Regulatory Activity. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

- On July 31, 2020, Duke Energy Carolinas, Duke Energy Progress and the Public Staff filed a Second Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain remaining issues in the 2019 base rate proceeding. The Duke Energy Carolinas hearing concluded on September 18, 2020 and the Duke Energy Progress hearing concluded on October 6, 2020. Duke Energy Carolinas and Duke Energy Progress expect the NCUC to issue an order on each net rate increase in early 2021. On August 4, 2020, and August 7, 2020, respectively, Duke Energy Carolinas and Duke Energy Progress filed a motion for approval of notice required to implement temporary rates, seeking to exercise its statutory right to implement temporary rates subject to refund. The NCUC approved these requests and rates were effective on August 24, 2020, and September 1, 2020, for Duke Energy Carolinas and Duke Energy Progress, respectively.
- On October 26, 2020, Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the NCUC seeking authorization for the financing of each utilities' storm recovery activities as a result of Hurricane Florence, Hurricane Michael, Hurricane Dorian and Winter Storm Diego. The total revenue requirement over the proposed 15-year bond period for the storm recovery charges is approximately \$262 million for Duke Energy Carolinas and \$842 million for Duke Energy Progress. The utilities estimate that securitization of the respective storm recovery costs will result in expected customer savings of 32% for Duke Energy Carolinas customers and 33% for Duke Energy Progress customers.
- Duke Energy Indiana filed a general rate case with the IURC on July 2, 2019. The IURC issued its order June 29, 2020, approving a revenue increase of approximately \$146 million, before utility receipt taxes. Step one rates are estimated to be approximately 75% of the total and became effective on July 30, 2020. Step two rates are estimated to be the remaining 25% of the total rate increase and will be effective in the first quarter of 2021. Several groups filed notices of appeal of the IURC order on July 29, 2020.
- COVID-19 deferral requests
 - Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the NCUC for deferral treatment of incremental costs and waived customer fees due to the COVID-19 pandemic on August 7, 2020. Duke Energy Carolinas and Duke Energy Progress filed a similar request with the PSCSC on August 14, 2020.
 - Duke Energy Ohio on May 11, 2020, filed with the PUCO a request seeking deferral of incremental costs incurred due to the COVID-19 pandemic, as well as specific miscellaneous lost revenues. The request seeks to use existing bad debts and uncollectible riders already in place for both electric and natural gas operations. Duke Energy Ohio would subsequently file for rider recovery at a later date. On June 17, 2020, the PUCO approved Duke Energy Ohio's deferral application.
 - On May 8, 2020, Duke Energy Indiana, along with other Indiana utilities, filed a request with the IURC for approval of deferral treatment for costs associated with the COVID-19 pandemic. On June 29, 2020, the IURC issued its order permitting jurisdictional utilities to use regulatory accounting for any impacts associated with the prohibition on utility disconnections, waiver or exclusion of certain utility fees, the use of expanded payment arrangements to aid customers, and for COVID-19 related uncollectible and incremental bad debt expense.

Matters Impacting Future Results

The matters discussed herein could materially impact the future operating results, financial condition and cash flows of the Duke Energy Registrants and Business Segments.

COVID-19

Duke Energy cannot predict the extent to which the COVID-19 pandemic will impact its results of operations, financial position and cash flows in the future. Duke Energy will continue to actively monitor the impacts of COVID-19 including the economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown will adversely affect the company's customers, suppliers and partners and could cause an increase in certain costs, such as bad debt, and a reduction in the demand for energy. It could also cause delays in construction for Commercial Renewables and availability of financing. The company also has various pending rate case proceedings that have been delayed. Duke Energy has cost mitigation plans in place to partially offset these impacts, and the ability to execute these plans is critical to preserving future financial results. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

ACP

On July 5, 2020, Duke Energy and Dominion Energy determined that they would no longer invest in the construction of the Atlantic Coast Pipeline. Duke Energy has recorded approximately \$2.1 billion of pretax charges and expects additional charges of less than \$50 million to be recorded when certain exit costs related to the project are incurred by ACP. Estimates used to calculate the loss could be revised and exit obligations, which have not yet been incurred or recorded could have an adverse impact on future results. Furthermore, the loss of earnings from this project, including AFUDC, will lower Duke Energy's future expected results. See Notes 1, 3, 4 and 11 to the Condensed Consolidated Financial Statements, "Organization and Basis of Presentation," "Regulatory Matters," "Commitments and Contingencies," and "Variable Interest Entities," respectively, for additional information.

Regulatory Matters

Coal Ash Costs

On December 31, 2019, Duke Energy Carolinas and Duke Energy Progress entered into a settlement agreement with North Carolina Department of Environmental Quality and certain community groups under which Duke Energy Carolinas and Duke Energy Progress agreed to excavate seven of the nine remaining coal ash basins in North Carolina with ash moved to on-site lined landfills. At the two remaining basins, uncapped basin ash will be excavated and moved to lined landfills. Duke Energy Carolinas and Duke Energy Progress have also received orders from the PSCSC granting the companies' requests for retail rate increases but denying recovery of certain coal ash costs. Duke Energy Carolinas and Duke Energy Progress have appealed these decisions to the South Carolina Supreme Court and those appeals are pending. Appeals of the 2017 North Carolina approved rate cases for Duke Energy Carolinas and Duke Energy Progress are still pending at the North Carolina Supreme Court. The North Carolina Attorney General and various intervenors primarily dispute the allowance of recovery of coal ash costs from customers, which was approved by the NCUC. An order from regulatory or judicial authorities disallowing recovery of costs related to closure of these ash basins could have an adverse impact on future results.

In 2015, the EPA published in the Federal Register a rule to regulate the disposal of CCR from electric utilities as solid waste. Duke Energy Indiana has interpreted the rule to identify the coal ash basin sites impacted and has assessed the amounts of coal ash subject to the rule and a method of compliance. Duke Energy Indiana's interpretation of the requirements of the CCR rule is subject to potential legal challenges and further regulatory approvals, which could result in additional ash basin closure requirements, higher costs of compliance and greater AROs. Additionally, Duke Energy Indiana has retired facilities that are not subject to the CCR rule. Duke Energy Indiana may incur costs at these facilities to comply with environmental regulations or to mitigate risks associated with on-site storage of coal ash. An order from regulatory authorities disallowing recovery of costs related to closure of ash basins could have an adverse impact.

Storm Costs

Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms in 2018. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territories of Duke Energy Carolinas and Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. In September 2019, Hurricane Dorian impacted Duke Energy Progress and Duke Energy Florida's service territories. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact.

Grid Improvement Costs

Duke Energy Carolinas received an order from the NCUC in 2018, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas and Duke Energy Progress have petitioned for deferral of future grid improvement costs in their 2019 rate cases. There could be adverse impact if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

Rate Cases

In 2019, Duke Energy Carolinas and Duke Energy Progress filed general rate cases with the NCUC. The outcome of these rate cases could have a material impact.

MGP

The PUCO has issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Duke Energy Ohio has filed for a request for extension of the deadline. A hearing on that request has not been scheduled. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact.

For additional information, see Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters."

Commercial Renewables

Duke Energy continues to monitor recoverability of a renewable merchant plant located in the Electric Reliability Council of Texas West market, due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. Based on the most recent recoverability test performed this quarter, the carrying value approximated the aggregate estimated future undiscounted cash flows for this plant. A continued decline in energy market pricing would likely result in a future impairment. Impairment of this asset could result in adverse impacts. For additional information, see Note 2 to the Condensed Consolidated Financial Statements, "Business Segments."

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2019, for discussion of risks associated with the Tax Act.

Results of Operations

Non-GAAP Measures

Management's Discussion and Analysis includes financial information prepared in accordance with GAAP in the U.S., as well as certain non-GAAP financial measures such as adjusted earnings and adjusted EPS discussed below. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as a supplement to, and not a substitute for, financial measures presented in accordance with GAAP. Non-GAAP measures presented may not be comparable to similarly titled measures used by other companies because other companies may not calculate the measures in the same manner.

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted EPS. Adjusted earnings and adjusted EPS represent income from continuing operations available to Duke Energy Corporation common stockholders in dollar and per share amounts, adjusted for the dollar and per share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. The most directly comparable GAAP measures for adjusted earnings and adjusted EPS are GAAP Reported Earnings and GAAP Reported EPS, respectively.

Special items included in the periods presented below include the following, which management believes do not reflect ongoing costs:

- Gas Pipeline Investments represents costs related to the cancellation of the ACP pipeline and additional exit costs related to Constitution.
- Severance represents the reversal of 2018 costs, which were deferred as a result of a partial settlement in the Duke Energy Carolinas and the Duke Energy Progress 2019 North Carolina rate cases.
- Regulatory Settlements represents charges related to Duke Energy Carolinas' and Duke Energy Progress' partial settlements in the 2019 North Carolina rate cases.
- Impairment Charges represents a reduction of a prior year impairment at Citrus County CC.

Three Months Ended September 30, 2020, as compared to September 30, 2019

GAAP reported EPS was \$1.74 for the third quarter of 2020 compared to \$1.82 in the third quarter of 2019. GAAP reported earnings decreased primarily due to unfavorable weather, additional charges related to the gas pipeline investments and higher depreciation expense, partially offset by positive rate case impacts and lower operations and maintenance expense.

As discussed above, management also evaluates financial performance based on adjusted EPS. Duke Energy's third quarter 2020 adjusted EPS was \$1.87 compared to \$1.79 for the third quarter of 2019. The increase in adjusted earnings was primarily due to positive rate case impacts and lower operations and maintenance expense, partially offset by unfavorable weather.

The following table reconciles non-GAAP measures, including adjusted EPS, to their most directly comparable GAAP measures.

(in millions, except per share amounts)	Three Months Ended September 30,			
	2020		2019	
	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	\$ 1,265	\$ 1.74	\$ 1,327	\$ 1.82
Adjustments:				
Gas Pipeline Investments ^(a)	69	0.09	—	—
Regulatory Settlements ^(b)	27	0.04	—	—
Impairment Charges ^(c)	—	—	(19)	(0.03)
Adjusted Earnings/Adjusted EPS	\$ 1,361	\$ 1.87	\$ 1,308	\$ 1.79

(a) Net of tax benefit of \$21 million.

(b) Net of tax benefit of \$8 million.

(c) Net of \$6 million tax expense.

Nine Months Ended September 30, 2020, as compared to September 30, 2019

GAAP Reported EPS was \$1.85 for the nine months ended September 30, 2020, compared to \$4.18 for the nine months ended September 30, 2019. GAAP reported earnings decreased primarily due to the cancellation of the ACP pipeline.

As discussed above, management also evaluates financial performance based on adjusted EPS. Duke Energy's adjusted EPS was \$4.09 for the nine months ended September 30, 2020, compared to \$4.15 for the nine months ended September 30, 2019. The decrease in adjusted earnings was primarily due to unfavorable weather, higher depreciation expense, a prior year adjustment related to income tax recognition for equity method investments and preferred stock dividends. This was partially offset by positive rate case impacts, growth in Commercial Renewables and lower operations and maintenance expense.

The following table reconciles non-GAAP measures, including adjusted EPS, to their most directly comparable GAAP measures.

(in millions, except per-share amounts)	Nine Months Ended September 30,			
	2020		2019	
	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	\$ 1,347	\$ 1.85	\$ 3,047	\$ 4.18
Adjustments:				
Gas Pipeline Investments ^(a)	1,695	2.30	—	—
Severance ^(b)	(75)	(0.10)	—	—
Regulatory Settlements ^(c)	27	0.04	—	—
Impairment Charges ^(d)	—	—	(19)	(0.03)
Adjusted Earnings/Adjusted EPS	\$ 2,994	\$ 4.09	\$ 3,028	\$ 4.15

- (a) Net of tax benefit of \$395 million.
(b) Net of tax expense of \$23 million.
(c) Net of tax benefit of \$8 million.
(d) Net of tax expense of \$6 million.

SEGMENT RESULTS

The remaining information presented in this discussion of results of operations is on a GAAP basis. Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests and preferred stock dividends. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements.

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. See Note 2 to the Condensed Consolidated Financial Statements, "Business Segments," for additional information on Duke Energy's segment structure.

Electric Utilities and Infrastructure

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Variance	2020	2019	Variance
Operating Revenues	\$ 6,379	\$ 6,577	\$ (198)	\$ 16,596	\$ 17,381	\$ (785)
Operating Expenses						
Fuel used in electric generation and purchased power	1,869	1,994	(125)	4,703	5,286	(583)
Operation, maintenance and other	1,326	1,357	(31)	3,891	3,957	(66)
Depreciation and amortization	1,053	1,026	27	3,023	2,924	99
Property and other taxes	286	301	(15)	885	899	(14)
Impairment charges	20	(20)	40	23	(16)	39
Total operating expenses	4,554	4,658	(104)	12,525	13,050	(525)
Gains on Sales of Other Assets and Other, net	3	—	3	11	—	11
Operating Income	1,828	1,919	(91)	4,082	4,331	(249)
Other Income and Expenses, net	67	87	(20)	241	267	(26)
Interest Expense	308	336	(28)	991	1,004	(13)
Income Before Income Taxes	1,587	1,670	(83)	3,332	3,594	(262)
Income Tax Expense	206	285	(79)	493	650	(157)
Segment Income	\$ 1,381	\$ 1,385	\$ (4)	\$ 2,839	\$ 2,944	\$ (105)
Duke Energy Carolinas GWh sales	23,726	25,587	(1,861)	64,045	69,019	(4,974)
Duke Energy Progress GWh sales	19,035	19,502	(467)	49,512	52,072	(2,560)
Duke Energy Florida GWh sales	12,973	12,996	(23)	32,390	32,618	(228)
Duke Energy Ohio GWh sales	6,678	7,135	(457)	17,763	18,959	(1,196)
Duke Energy Indiana GWh sales	8,463	8,711	(248)	22,842	24,181	(1,339)
Total Electric Utilities and Infrastructure GWh sales	70,875	73,931	(3,056)	186,552	196,849	(10,297)
Net proportional MW capacity in operation				50,371	49,711	660

Three Months Ended September 30, 2020, as compared to September 30, 2019

Electric Utilities and Infrastructure's variance is due to lower fuel revenues and unfavorable weather partially offset by higher revenues resulting from the Indiana retail rate case and Duke Energy Florida base and solar rate adjustments. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$168 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs at Duke Energy Florida in response to the COVID-19 pandemic;
- a \$75 million decrease in retail sales, net of fuel revenues, due to unfavorable weather compared to prior year; and
- a \$62 million decrease in rider revenues primarily due to energy efficiency programs.

Partially offset by:

- a \$75 million increase due to higher pricing from the Indiana retail rate case, net of rider revenues; and
- a \$28 million increase in retail pricing due to Duke Energy Florida's base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment.

Operating Expenses. The variance was driven primarily by:

- a \$125 million decrease in fuel used in electric generation and purchased power primarily due to lower generation demand and lower fuel costs;
- a \$31 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case; and
- a \$15 million decrease in property and other taxes primarily due to prior year property tax reassessments.

Partially offset by:

- a \$40 million increase in impairment charges primarily due to an impairment of Duke Energy Carolina's Clemson assets and a prior year reduction of an impairment at Duke Energy Florida's Citrus County CC; and
- a \$27 million increase in depreciation and amortization expense primarily due to additional plant in service and change in depreciation rates due to the Indiana retail rate case.

Other Income and Expenses, net. The variance was primarily due to lower AFUDC equity in the current year.

Interest Expense. The variance was primarily due to lower interest rates on outstanding debt.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes. The ETRs for the three months ended September 30, 2020, and 2019 were 13.0% and 17.1%, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Electric Utilities and Infrastructure's variance is due to unfavorable weather, lower weather-normal retail sale volumes driven by impacts from the COVID-19 pandemic and lower wholesale revenues, partially offset by higher revenues resulting from the Indiana and South Carolina retail rate cases and Duke Energy Florida base and solar rate adjustments. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$642 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs at Duke Energy Florida in response to the COVID-19 pandemic;
- a \$199 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year;
- a \$58 million decrease in wholesale revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and lower capacity volumes at Duke Energy Progress;
- a \$40 million decrease in rider revenues from energy efficiency programs; and
- a \$24 million decrease in weather-normal retail sale volumes due to lower nonresidential customer demand driven by impacts from the COVID-19 pandemic.

Partially offset by:

- a \$75 million increase due to higher pricing from the Indiana retail rate case, net of rider revenues;
- a \$67 million increase in retail pricing due to Duke Energy Florida's base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment; and
- a \$32 million increase due to higher pricing from South Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a \$583 million decrease in fuel used in electric generation and purchased power primarily due to lower generation demand and lower fuel, coal, and natural gas costs;

- a \$66 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case; and
- a \$14 million decrease in property and other taxes primarily due to prior year property tax reassessments.

Partially offset by:

- a \$99 million increase in depreciation and amortization expense primarily due to additional plant in service and a change in depreciation rates from the Indiana and South Carolina retail rate cases; and
- a \$39 million increase in impairment charges primarily due to an impairment of Duke Energy Carolina's Clemson assets and a prior year reduction of an impairment at Duke Energy Florida's Citrus County CC.

Other Income and Expenses, net. The variance was primarily due to lower AFUDC equity in the current year.

Interest Expense. The variance was primarily due to lower interest rates on outstanding debt.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes. The ETRs for the nine months ended September 30, 2020, and 2019, were 14.8% and 18.1%, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Gas Utilities and Infrastructure

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Variance	2020	2019	Variance
Operating Revenues	\$ 241	\$ 249	\$ (8)	\$ 1,194	\$ 1,311	\$ (117)
Operating Expenses						
Cost of natural gas	41	48	(7)	300	451	(151)
Operation, maintenance and other	103	108	(5)	312	325	(13)
Depreciation and amortization	65	64	1	193	192	1
Property and other taxes	26	24	2	82	84	(2)
Impairment charges	7		7	7	—	7
Total operating expenses	242	244	(2)	894	1,052	(158)
Operating (Loss) Income	(1)	5	(6)	300	259	41
Other Income and Expenses						
Equity in (losses) earnings of unconsolidated affiliates	(71)	37	(108)	(2,004)	101	(2,105)
Other income and expenses, net	16	5	11	42	18	24
Total other income and expenses	(55)	42	(97)	(1,962)	119	(2,081)
Interest Expense	35	29	6	103	86	17
(Loss) Income Before Income Taxes	(91)	18	(109)	(1,765)	292	(2,057)
Income Tax Benefit	(18)	(8)	(10)	(365)	—	(365)
Segment (Loss) Income	\$ (73)	\$ 26	\$ (99)	\$ (1,400)	\$ 292	\$ (1,692)
Piedmont LDC throughput (dekatherms)	115,549,371	121,378,484	(5,829,113)	360,861,306	377,729,141	(16,867,835)
Duke Energy Midwest LDC throughput (Mcf)	9,678,342	9,997,444	(319,102)	58,570,583	62,278,623	(3,708,040)

Three Months Ended September 30, 2020, as compared to September 30, 2019

Gas Utilities and Infrastructure's results were impacted primarily by the cancellation of the ACP pipeline. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- an \$8 million decrease due to lower natural gas costs passed through to customers and decreased off-system sales natural gas costs; and
- a \$4 million decrease due to return of EDIT to customers.

Partially offset by:

- a \$5 million increase due to North Carolina base rate case increases.

Operating Expenses. The variance was driven primarily by:

- a \$7 million decrease in cost of natural gas primarily due to lower natural gas prices and decreased off-system sales natural gas costs.

Partially offset by:

- a \$7 million increase in impairment charges due to Piedmont ACP project materials write-off.

Equity in (losses) earnings of unconsolidated affiliates. The variance was driven primarily by additional charges related to the cancellation of the ACP pipeline.

Income Tax Benefit. The increase in the tax benefit was primarily due to a decrease in pretax income, partially offset by a decrease in AFUDC Equity.

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Gas Utilities and Infrastructure's results were impacted primarily by the cancellation of the ACP pipeline. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$151 million decrease due to lower natural gas costs passed through to customers, lower volumes, and decreased off-system sales natural gas costs; and
- a \$31 million decrease due to return of EDIT to customers.

Partially offset by:

- a \$65 million increase due to North Carolina base rate case increases.

Operating Expenses. The variance was driven primarily by:

- a \$151 million decrease in cost of natural gas due to lower natural gas prices, lower volumes and decreased off-system sales natural gas costs; and
- a \$13 million decrease in operation, maintenance and other due to deferral of previously expensed IT project costs and employee labor and benefits costs.

Partially offset by:

- a \$7 million increase in impairment charges due to Piedmont ACP project materials write-off.

Equity in (losses) earnings of unconsolidated affiliates. The variance was driven primarily by the cancellation of the ACP pipeline.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity and intercompany interest related to Belews Creek and Marshall Power Generation contracts.

Interest Expense. The variance was driven primarily by interest on the EDIT balance being returned to customers and higher debt outstanding in the current year, offset by lower AFUDC debt income.

Income Tax Benefit. The increase in tax benefit was primarily due to a decrease in pretax income driven by the impact of the cancellation of the ACP pipeline project recorded in the second quarter of 2020. The ETRs for the nine months ended September 30, 2020, and 2019, were 20.7% and 0.0%, respectively. The increase in the ETR was primarily due to an adjustment, recorded in the first quarter of 2019, related to the income tax recognition for equity method investments. The equity method investment adjustment was immaterial and relates to prior years.

Commercial Renewables

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Variance	2020	2019	Variance
Operating Revenues	\$ 126	\$ 138	\$ (12)	\$ 378	\$ 362	\$ 16
Operating Expenses						
Operation, maintenance and other	72	81	(9)	204	211	(7)
Depreciation and amortization	52	43	9	148	123	25
Property and other taxes	8	6	2	24	18	6
Impairment charges	—	—	—	6	—	6
Total operating expenses	132	130	2	382	352	30
Operating (Loss) Income	(6)	8	(14)	(4)	10	(14)
Other Income and Expenses, net	(1)	13	(14)	—	3	(3)
Interest Expense	18	35	(17)	49	78	(29)
Loss Before Income Taxes	(25)	(14)	(11)	(53)	(65)	12
Income Tax Benefit	(15)	(35)	20	(52)	(94)	42
Add: Loss Attributable to Noncontrolling Interests	70	19	51	208	110	98
Segment Income	\$ 60	\$ 40	\$ 20	\$ 207	\$ 139	\$ 68
Renewable plant production, GWh	2,563	2,146	417	7,660	6,528	1,132
Net proportional MW capacity in operation ^(a)				3,984	3,162	822

(a) Certain projects are included in tax equity structures where investors have differing interests in the project's economic attributes. One hundred percent of the tax equity project's capacity is included in the table above.

Three Months Ended September 30, 2020, as compared to September 30, 2019

Commercial Renewables' results were favorable primarily due to the growth of new tax equity investments, which includes over 200 MW of capacity installed during the third quarter 2020. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was primarily driven by a \$10 million decrease resulting from lower wind resource and solar irradiance and a \$13 million decrease within the distributed energy portfolios for lower engineering and construction costs related to project delays from COVID-19. This was partially offset by a \$12 million increase from growth of new projects placed in service.

Operating Expenses. The variance was due to an \$18 million increase in operating expenses driven by the growth of new projects placed in service. This was partially offset by \$12 million decrease within the distributed energy portfolios for lower engineering and construction costs related to project delays from COVID-19 and \$4 million of continued cost saving measures.

Other Income and Expenses, net. The decrease in other income was primarily due to a \$12 million reclassification to Interest Expense in the prior year of non-qualifying hedge activity.

Interest Expense. The decrease was primarily due to a \$12 million reclassification from Other Income and Expenses, net and a \$3 million reclassification from Operating Expenses in the prior year of non-qualifying hedge activity as well as higher capitalized interest of \$2 million in the current year for solar and wind projects in development.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by an increase in taxes associated with tax equity investments and a decrease in production tax credits generated.

Loss Attributable to Noncontrolling Interests. The increase was driven by the growth of new tax equity investments.

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Commercial Renewables' results were favorable primarily due to growth of new tax equity investments. Since the third quarter of 2019, Commercial Renewables has placed in service approximately 800 MW of capacity.

The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was primarily driven by a \$32 million increase associated with the growth of new projects placed in service. This was partially offset by an \$18 million decrease within the distributed energy portfolios for lower engineering and construction costs related to delays from COVID-19.

Operating Expenses. The variance was primarily driven by a \$45 million increase in operating expenses due to the growth of new projects placed in service and a \$6 million impairment charge related to a non-contracted wind project located within the Electric Reliability Council of Texas west market. This was partially offset by a \$22 million decrease within the distributed energy portfolios for lower engineering and construction costs related to delays from COVID-19.

Interest Expense. The decrease was primarily driven by \$15 million of non-qualifying hedge activity in the prior year and higher capitalized interest of \$11 million in the current year for solar and wind projects in development.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by an increase in taxes associated with tax equity investments and a decrease in production tax credits generated.

Loss Attributable to Noncontrolling Interests. The increase was driven primarily by the growth of new tax equity investments.

Other

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Variance	2020	2019	Variance
Operating Revenues	\$ 24	\$ 25	\$ (1)	\$ 73	\$ 71	\$ 2
Operating Expenses	37	27	10	(15)	66	(81)
Operating (Loss) Income	(13)	(2)	(11)	88	5	83
Other Income and Expenses, net	43	24	19	55	98	(43)
Interest Expense	160	185	(25)	498	536	(38)
Loss Before Income Taxes	(130)	(163)	33	(355)	(433)	78
Income Tax Benefit	(66)	(54)	(12)	(149)	(132)	(17)
Less: Preferred Dividends	39	15	24	93	27	66
Net Loss	\$ (103)	\$ (124)	\$ 21	\$ (299)	\$ (328)	\$ 29

Three Months Ended September 30, 2020, as compared to September 30, 2019

The variance was primarily driven by higher returns on investments that fund certain employee benefit obligations, lower state income tax expense and higher Bison investment income. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The increase was primarily driven by higher administrative expenses and higher expenses associated with certain employee benefit obligations.

Other Income and Expenses, net. The variance was primarily due to higher returns on investments that fund certain employee benefit obligations and higher Bison investment income.

Interest Expense. The variance was primarily due to lower outstanding short-term debt and lower interest rates.

Income Tax Benefit. The increase in the tax benefit was primarily driven by the issuance of guidance impacting taxes previously recorded, partially offset by a decrease in pretax losses. The ETRs for the three months ended September 30, 2020, and 2019 were 50.8% and 33.1%, respectively. The increase in the ETR was primarily due to the issuance of guidance impacting taxes previously recorded.

Preferred Dividends. The variance was driven by the declaration of preferred stock dividends on preferred stock issued in 2019.

Nine Months Ended September 30, 2020, as compared to September 30, 2019

The variance was primarily driven by a reversal of corporate allocated severance costs and lower state income tax expense, partially offset by lower returns on investments, higher loss experience related to non-property captive insurance claims and the declaration of preferred stock dividends. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The decrease was primarily due to the deferral of 2018 corporate allocated severance costs due to the partial settlement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, partially offset by higher loss experience related to non-property captive insurance claims.

Other Income and Expenses, net. The variance was primarily due to lower returns on investments that fund certain employee benefit obligations and lower earnings on the NMC investment.

Interest Expense. The variance was primarily due to lower outstanding short-term debt and lower interest rates.

Income Tax Benefit. The increase in the tax benefit was primarily driven by lower state income tax expense, partially offset by a decrease in pretax losses. The ETRs for the nine months ended September 30, 2020, and 2019 were 42.0% and 30.5%, respectively. The increase in the ETR was primarily due to lower state income tax expense.

Preferred Dividends. The variance was driven by the declaration of preferred stock dividends on preferred stock issued in 2019.

DUKE ENERGY CAROLINAS

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues	\$ 5,416	\$ 5,619	\$ (203)
Operating Expenses			
Fuel used in electric generation and purchased power	1,326	1,371	(45)
Operation, maintenance and other	1,218	1,324	(106)
Depreciation and amortization	1,090	1,013	77
Property and other taxes	213	221	(8)
Impairment charges	22	11	11
Total operating expenses	3,869	3,940	(71)
Gains on Sales of Other Assets and Other, net	1	—	1
Operating Income	1,548	1,679	(131)
Other Income and Expenses, net	128	106	22
Interest Expense	370	346	24
Income Before Income Taxes	1,306	1,439	(133)
Income Tax Expense	178	255	(77)
Net Income	\$ 1,128	\$ 1,184	\$ (56)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2020
Residential sales	(2.2)%
General service sales	(6.5)%
Industrial sales	(9.4)%
Wholesale power sales	(3.0)%
Joint dispatch sales	(56.0)%
Total sales	(7.2)%
Average number of customers	1.9 %

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$131 million decrease in retail sales due to unfavorable weather in the current year;
- an \$86 million decrease in fuel revenues due to lower prices and retail sales volumes; and
- a \$22 million decrease in rider revenues primarily due to energy efficiency programs.

Partially offset by:

- a \$19 million increase in weather-normal retail sales volumes; and
- a \$17 million increase due to higher pricing from the South Carolina and North Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a \$106 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, partially offset by higher storm restoration costs; and
- a \$45 million decrease in fuel used in electric generation and purchased power primarily due to lower retail sales volumes, net of a prior period true up.

Partially offset by:

- a \$77 million increase in depreciation and amortization expense primarily due to additional plant in service and new depreciation rates associated with the South Carolina rate case.

Other Income and Expenses, net. The variance was primarily due to higher AFUDC equity in the current year.

Interest Expense. The variance was primarily due to higher debt outstanding in the current year.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes.

PROGRESS ENERGY

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues	\$ 8,117	\$ 8,558	\$ (441)
Operating Expenses			
Fuel used in electric generation and purchased power	2,628	3,100	(472)
Operation, maintenance and other	1,789	1,813	(24)
Depreciation and amortization	1,356	1,377	(21)
Property and other taxes	419	439	(20)
Impairment charges	1	(25)	26
Total operating expenses	6,193	6,704	(511)
Gains on Sales of Other Assets and Other, net	9	—	9
Operating Income	1,933	1,854	79
Other Income and Expenses, net	89	106	(17)
Interest Expense	599	650	(51)
Income Before Income Taxes	1,423	1,310	113
Income Tax Expense	190	212	(22)
Net Income	1,233	1,098	135

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$485 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs in response to the COVID-19 pandemic at Duke Energy Florida and lower fuel prices, volumes and native load transfer sales in the current year at Duke Energy Progress;
- a \$47 million decrease in wholesale power revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and lower capacity volumes at Duke Energy Progress, partially offset by increased demand at Duke Energy Florida;
- a \$47 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year at Duke Energy Progress, partially offset by favorable weather in the current year at Duke Energy Florida;
- a \$44 million decrease in rider revenues primarily due to the Crystal River 3 uprate regulatory asset being fully recovered in 2019 at Duke Energy Florida; and
- a \$24 million decrease in weather-normal retail sales volume.

Partially offset by:

- a \$107 million increase in storm revenues due to Hurricane Dorian collections at Duke Energy Florida;
- a \$67 million increase in retail pricing due to base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment at Duke Energy Florida;
- a \$15 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers at Duke Energy Progress; and
- an \$8 million increase in other revenues primarily due to increased transmission and lighting equipment revenues at Duke Energy Florida.

Operating Expenses. The variance was driven primarily by:

- a \$472 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix at Duke Energy Progress and lower fuel costs at Duke Energy Florida;
- a \$24 million decrease in operation, maintenance and other expense at Duke Energy Progress primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, reduced outage costs and energy efficiency program costs, partially offset by storm cost amortizations at Duke Energy Florida;

- a \$21 million decrease in depreciation and amortization expense primarily driven by a decrease in coal ash amortization, partially offset by a higher depreciable base and impacts from North Carolina and the South Carolina rate cases at Duke Energy Progress; and
- a \$20 million decrease in property and other taxes driven by lower gross receipts taxes due to decreased fuel revenues and lower accrued property taxes at Duke Energy Florida.

Partially offset by:

- a \$26 million increase in impairment charges primarily due to the prior year's impairment reduction related to Citrus County CC at Duke Energy Florida.

Other Income and Expenses, net. The variance was primarily due to lower AFUDC equity in the current year at Duke Energy Progress.

Interest Expense. The variance was driven primarily by lower interest rates on outstanding debt at Duke Energy Progress.

Income Tax Expense. The decrease in tax expense was primarily due to an increase in the amortization of excess deferred taxes, partially offset by an increase in pretax income.

DUKE ENERGY PROGRESS

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues	\$ 4,207	\$ 4,559	\$ (352)
Operating Expenses			
Fuel used in electric generation and purchased power	1,337	1,571	(234)
Operation, maintenance and other	970	1,070	(100)
Depreciation and amortization	833	855	(22)
Property and other taxes	129	131	(2)
Impairment charges	5	—	5
Total operating expenses	3,274	3,627	(353)
Gains on Sales of Other Assets and Other, net	8	—	8
Operating Income	941	932	9
Other Income and Expenses, net	52	75	(23)
Interest Expense	203	232	(29)
Income Before Income Taxes	790	775	15
Income Tax Expense	79	125	(46)
Net Income	\$ 711	\$ 650	\$ 61

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2020
Residential sales	(2.8)%
General service sales	(7.7)%
Industrial sales	(5.4)%
Wholesale power sales	(9.5)%
Joint dispatch sales	19.9 %
Total sales	(4.9)%
Average number of customers	1.7 %

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$230 million decrease in fuel cost recovery driven by lower fuel prices and volumes as well as less native load transfer sales in the current year;
- a \$73 million decrease in retail sales due to unfavorable weather in the current year;
- a \$58 million decrease in wholesale power revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and decreased volumes, partially offset by increased capacity rates; and
- a \$14 million decrease in weather-normal retail sales volumes in the current year.

Partially Offset by:

- a \$15 million increase due to higher pricing from the South Carolina and North Carolina retail rate cases, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a \$234 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix; and
- a \$100 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, reduced outage costs and energy efficiency program costs; and
- a \$22 million decrease in depreciation and amortization expense primarily driven by a decrease in coal ash amortization, partially offset by a higher depreciable base and impacts from North Carolina and the South Carolina rate cases.

Other Income and Expenses, net. The variance was primarily due to lower AFUDC equity in the current year.

Interest Expense. The variance was driven primarily by lower interest rates on outstanding debt.

Income Tax Expense. The decrease in tax expense was primarily due to an increase in the amortization of excess deferred taxes, partially offset by an increase in pretax income.

DUKE ENERGY FLORIDA

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues	\$ 3,897	\$ 3,987	\$ (90)
Operating Expenses			
Fuel used in electric generation and purchased power	1,291	1,529	(238)
Operation, maintenance and other	806	730	76
Depreciation and amortization	523	522	1
Property and other taxes	290	309	(19)
Impairment charges	(4)	(25)	21
Total operating expenses	2,906	3,065	(159)
Operating Income	991	922	69
Other Income and Expenses, net	36	39	(3)
Interest Expense	245	246	(1)
Income Before Income Taxes	782	715	67
Income Tax Expense	159	129	30
Net Income	\$ 623	\$ 586	\$ 37

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Wholesale power sales include both billed and unbilled sales. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior period	2020
Residential sales	2.9 %
General service sales	(6.0)%
Industrial sales	6.9 %
Wholesale and other	(6.8)%
Total sales	(0.7)%
Average number of customers	1.7 %

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$255 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs in response to the COVID-19 pandemic;
- a \$44 million decrease in rider revenues primarily due to full recovery of the Crystal River 3 uprate regulatory asset in 2019; and
- a \$10 million decrease in weather-normal retail sales volumes.

Partially offset by:

- a \$107 million increase in storm revenues due to Hurricane Dorian collections;
- a \$67 million increase in retail pricing due to base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment;
- a \$26 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year;
- an \$11 million increase in wholesale power revenues, net of fuel, primarily due to increased demand; and
- an \$8 million increase in other revenues primarily due to increased transmission revenues and lighting equipment rentals, partially offset by lower late payment and service charge revenues due to a moratorium during the COVID-19 pandemic.

Operating Expenses. The variance was driven primarily by:

- a \$238 million decrease in fuel used in electric generation and purchased power primarily due to lower fuel costs; and
- a \$19 million decrease in property and other taxes driven by lower gross receipts taxes due to decreased fuel revenues and lower accrued property taxes.

Partially offset by:

- a \$76 million increase in operation, maintenance and other expense primarily due to storm cost amortizations; and
- a \$21 million increase in impairment charges primarily due to the prior year's impairment reduction related to Citrus County CC.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income and favorable tax adjustments in the prior year.

DUKE ENERGY OHIO

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues			
Regulated electric	\$ 1,070	\$ 1,099	\$ (29)
Regulated natural gas	324	354	(30)
Total operating revenues	1,394	1,453	(59)
Operating Expenses			
Fuel used in electric generation and purchased power	258	293	(35)
Cost of natural gas	46	68	(22)
Operation, maintenance and other	333	378	(45)
Depreciation and amortization	208	199	9
Property and other taxes	244	229	15
Total operating expenses	1,089	1,167	(78)
Operating Income	305	286	19
Other Income and Expenses, net	11	19	(8)
Interest Expense	75	81	(6)
Income Before Income Taxes	241	224	17
Income Tax Expense	40	34	6
Net Income	\$ 201	\$ 190	\$ 11

The following table shows the percent changes in GWh sales of electricity, dekatherms of natural gas delivered and average number of electric and natural gas customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	Electric	Natural Gas
	2020	2020
Residential sales	(0.1)%	(6.6)%
General service sales	(7.8)%	(9.4)%
Industrial sales	(7.9)%	(3.9)%
Wholesale electric power sales	(37.3)%	n/a
Other natural gas sales	n/a	(1.8)%
Total sales	(6.3)%	(6.0)%
Average number of customers	1.4 %	1.1 %

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$46 million decrease in fuel related revenues primarily due to lower prices and decreased volumes;
- a \$13 million decrease in revenues due to unfavorable weather in the current year;
- a \$10 million decrease in other revenues due to lower OVEC sales into PJM;
- a \$7 million decrease in revenues primarily due to the suspension of the Manufactured Gas Plant rider and lower energy efficiency riders, partially offset by the Distribution Capital Investment rider; and
- a \$7 million decrease in bulk power marketing sales.

Partially offset by:

- a \$17 million increase in retail pricing primarily due to rate case impacts in Kentucky; and
- an \$11 million increase in PJM transmission revenues as a result of increased capital spend.

Operating Expenses. The variance was driven primarily by:

- a \$57 million decrease in fuel expense, primarily driven by lower retail prices, decreased volumes and lower OVEC costs; and
- a \$45 million decrease in operations, maintenance and other expense primarily due to Customer Connect and Network Integration Transmission Services deferrals, the timing of energy efficiency programs and outage costs, lower employee benefit expenses and lower vegetation and pole maintenance costs.

Partially offset by:

- a \$15 million increase in property and other taxes primarily due to higher property taxes primarily due to increased plant in service, partially offset by lower kilowatt taxes and franchise taxes; and
- a \$9 million increase in depreciation and amortization primarily driven by an increase in distribution plant, partially offset by lower amortization due to the suspension of the MGP rider in Ohio and environmental surcharge mechanism amortization of deferred coal ash pond ARO.

Other Income and Expenses, net. The decrease was primarily due to lower AFUDC equity and lower intercompany interest income, partially offset by a decrease in write-offs associated with certified supplier uncollectible amounts.

DUKE ENERGY INDIANA

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues	\$ 2,070	\$ 2,289	\$ (219)
Operating Expenses			
Fuel used in electric generation and purchased power	577	720	(143)
Operation, maintenance and other	564	569	(5)
Depreciation and amortization	415	393	22
Property and other taxes	57	55	2
Total operating expenses	1,613	1,737	(124)
Operating Income	457	552	(95)
Other Income and Expenses, net	28	35	(7)
Interest Expense	114	111	3
Income Before Income Taxes	371	476	(105)
Income Tax Expense	72	113	(41)
Net Income	\$ 299	\$ 363	\$ (64)

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. Total sales includes billed and unbilled retail sales and wholesale sales to incorporated municipalities, public and private utilities and power marketers. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2020
Residential sales	(1.1)%
General service sales	(7.1)%
Industrial sales	(9.8)%
Wholesale power sales	3.8 %
Total sales	(5.5)%
Average number of customers	1.5 %

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$157 million decrease in fuel revenues primarily due to lower fuel cost recovery driven by customer demand and fuel prices;
- a \$91 million decrease primarily due to IGCC rider revenues as a result of lower Edwardsport sales volumes and credit adjustment rider refunds related to IGCC Settlements;
- a \$20 million decrease in weather-normal retail sales volumes driven by lower nonresidential customer demand;
- an \$11 million decrease in retail sales due to unfavorable weather in the current year; and
- an \$11 million decrease in wholesale revenues primarily related to the true up of wholesale transmission revenues and lower rates in the current year.

Partially offset by:

- a \$75 million increase primarily due to higher pricing from the Indiana retail rate case, net of certain rider revenues moving to base.

Operating Expenses. The variance was driven primarily by:

- a \$143 million decrease in fuel used in electric generation and purchased power expense primarily due to lower coal and natural gas costs, lower amortization of deferred fuel costs and lower purchased power expense.

Partially offset by:

- a \$22 million increase in depreciation and amortization primarily due to a change in depreciation rates from the Indiana retail rate case and additional plant in service.

Other Income and Expenses, net. The decrease was primarily due to life insurance proceeds received in the prior year.

Income Tax Expense. The decrease in income tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes.

PIEDMONT

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues	\$ 871	\$ 956	\$ (85)
Operating Expenses			
Cost of natural gas	254	384	(130)
Operation, maintenance and other	234	241	(7)
Depreciation and amortization	133	127	6
Property and other taxes	37	39	(2)
Impairment charges	7	—	7
Total operating expenses	665	791	(126)
Operating Income	206	165	41
Other Income and Expenses, net	44	19	25
Interest Expense	89	65	24
Income Before Income Taxes	161	119	42
Income Tax Expense	6	22	(16)
Net Income	\$ 155	\$ 97	\$ 58

The following table shows the percent changes in dekatherms delivered and average number of customers. The percentages for all throughput deliveries represent billed and unbilled sales. Amounts are not weather-normalized.

Increase (Decrease) over prior year	2020
Residential deliveries	(3.7)%
Commercial deliveries	(10.3)%
Industrial deliveries	(3.6)%
Power generation deliveries	(3.9)%
For resale	(11.3)%
Total throughput deliveries	(4.5)%
Secondary market volumes	(10.1)%
Average number of customers	2.1 %

Due to the margin decoupling mechanism in North Carolina and the weather normalization adjustment (WNA) mechanisms in South Carolina and Tennessee and fixed-price contracts with most power generation customers, changes in throughput deliveries do not have a material impact on Piedmont's revenues or earnings. The margin decoupling mechanism adjusts for variations in residential and commercial use per customer, including those due to weather and conservation. The WNA mechanisms mostly offset the impact of weather on bills rendered, but do not ensure full recovery of approved margin during periods when winter weather is significantly warmer or colder than normal.

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$130 million decrease due to lower natural gas costs passed through to customers, lower volumes, and decreased off-system sales natural gas costs;
- a \$31 million decrease due to return of EDIT to customers; and
- a \$7 million decrease due to NCUC approval related to tax reform accounting from fixed-rate contracts in the prior year.

Partially offset by:

- a \$65 million increase due to North Carolina base rate case increases; and
- a \$16 million increase due to North Carolina IMR increases.

Operating Expenses. The variance was driven primarily by:

- a \$130 million decrease in cost of natural gas due to lower natural gas prices, lower volumes, and decreased off-system sales natural gas costs.

Partially offset by:

- a \$7 million increase in impairment charges due to Piedmont ACP project materials write-off.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity and intercompany interest related to Belews Creek and Marshall Power Generation contracts.

Interest Expense. The variance was driven primarily by interest on the EDIT balance being returned to customers and higher debt outstanding in the current year, partially offset by lower AFUDC debt income.

Income Tax Expense. The decrease in income tax expense was primarily due to an increase in the amortization of excess deferred taxes and an increase in AFUDC Equity, partially offset by an increase in pretax income.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt and equity issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019, included a summary and detailed discussion of projected primary sources and uses of cash for 2020 to 2022.

During March 2020, in response to market volatility and the ongoing economic uncertainty related to COVID-19, Duke Energy took several actions to enhance the company's liquidity position including:

- Duke Energy drew down the remaining \$500 million of availability under the existing \$1 billion Three-Year Revolving Credit Facility. That additional borrowing was subsequently repaid during the second quarter of 2020; and
- Duke Energy entered into and borrowed the full amount under a \$1.5 billion, 364-day Term Loan Credit Agreement. The Term Loan Credit Agreement contained a provision for additional borrowing capacity of \$500 million. Duke Energy exercised the provision and borrowed an additional \$188 million, for a total borrowing of approximately \$1.7 billion. In the third quarter of 2020, Duke Energy repaid \$844 million of the 364-day Term Loan.

Following March 2020, access to credit and equity markets has normalized. In addition to the financings to address the company's liquidity position, for the nine months ended September 30, 2020, Duke Energy issued approximately \$5.6 billion in debt, raised \$157 million of common equity through its dividend reinvestment program and paid down \$500 million on the Three-Year Revolving Credit Facility. Despite the recovery in capital markets, Duke Energy continues to monitor access to credit and equity markets amid the ongoing economic uncertainty related to COVID-19.

As of September 30, 2020, Duke Energy had approximately \$308 million of cash on hand, \$5.9 billion available under its \$8 billion Master Credit Facility and \$500 million available under the \$1 billion Three-Year Revolving Credit Facility. Duke Energy has additional liquidity available totaling approximately \$2.6 billion under outstanding equity forward agreements. Duke Energy expects to have sufficient liquidity in the form of cash on hand, cash from operations and available credit capacity to support its funding needs. Duke Energy continues to monitor access to credit and equity markets. Refer to Notes 5 and 14 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities" and "Stockholders' Equity," respectively, for information regarding Duke Energy's debt and equity issuances, debt maturities and available credit facilities including the Master Credit Facility.

In light of the COVID-19 pandemic and cancellation of the ACP pipeline, Duke Energy currently does not expect significant changes to the total projected capital and investment expenditures provided in the Form 10-K for the year ended December 31, 2019. However, Duke Energy will continue to reassess capital projects depending on the duration and severity of economic impacts caused by the pandemic.

Credit Ratings

In October 2020, Moody's Investors Services, Inc. revised the credit rating outlook for Duke Energy Corporation, Duke Energy Carolinas and Duke Energy Progress from stable to negative. The change in outlook is principally due to the company's capital and investment expenditure program and potentially adverse regulatory decisions in Duke Energy's two largest subsidiaries, specifically regarding the recovery of and return on coal ash remediation expenditures and higher costs due to severe storms. There have been no changes by any of the rating agencies to the credit ratings of any of the Duke Energy Registrants during 2020. Standard & Poors Rating Services continues to maintain a stable outlook on Duke Energy Corporation and its subsidiaries.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

	Nine Months Ended	
	September 30,	
(in millions)	2020	2019
Cash flows provided by (used in):		
Operating activities	\$ 6,766	\$ 5,637
Investing activities	(7,964)	(8,633)
Financing activities	1,225	2,987
Net increase (decrease) in cash, cash equivalents and restricted cash	27	(9)
Cash, cash equivalents and restricted cash at beginning of period	573	591
Cash, cash equivalents and restricted cash at end of period	\$ 600	\$ 582

OPERATING CASH FLOWS

The following table summarizes key components of Duke Energy's operating cash flows.

	Nine Months Ended		
	September 30,		
(in millions)	2020	2019	Variance
Net income	\$ 1,232	\$ 2,964	\$ (1,732)
Non-cash adjustments to net income	6,194	4,376	1,818
Contributions to qualified pension plans	—	(77)	77
Payments for asset retirement obligations	(463)	(582)	119
Refund of AMT credit carryforwards	572	—	572
Working capital	(769)	(1,044)	275
Net cash provided by operating activities	\$ 6,766	\$ 5,637	\$ 1,129

The variance was primarily due to:

- a \$572 million refund of AMT credit carryforwards;
- a \$119 million decrease in payments for asset retirement obligations;
- a \$77 million decrease in contributions to qualified pension plans; and
- timing of payments of property taxes and higher Nuclear Electric Insurance Limited (NEIL) refunds in the current year.

INVESTING CASH FLOWS

The following table summarizes key components of Duke Energy's investing cash flows.

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Capital, investment and acquisition expenditures	\$ (7,684)	\$ (8,348)	\$ 664
Other investing items	(280)	(285)	5
Net cash used in investing activities	\$ (7,964)	\$ (8,633)	\$ 669

The variance relates primarily to decreases in capital expenditures due to lower overall investments in the Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables segments.

FINANCING CASH FLOWS

The following table summarizes key components of Duke Energy's financing cash flows.

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Issuances of long-term debt, net	\$ 2,694	\$ 3,394	\$ (700)
Issuances of common stock	75	41	34
Issuances of preferred stock	—	1,963	(1,963)
Notes payable, commercial paper and other short-term borrowings	260	(1,019)	1,279
Dividends paid	(2,113)	(1,990)	(123)
Contributions from noncontrolling interests	402	615	(213)
Other financing items	(93)	(17)	(76)
Net cash provided by financing activities	\$ 1,225	\$ 2,987	\$ (1,762)

The variance was primarily due to:

- a \$1,963 million decrease in proceeds from the issuance of preferred stock;
- a \$700 million decrease in proceeds from net issuances of long-term debt primarily due to the timing of issuances and redemptions of long-term debt; and
- a \$415 million decrease related to the sale of a noncontrolling interest in the Commercial Renewables segment.

Partially offset by:

- a \$1,279 million increase in net proceeds from issuances of notes payable and commercial paper including borrowings of \$844 million under the 364-day Term Loan Credit Agreement; and
- a \$200 million increase related to contributions from noncontrolling interests for tax equity financing activity in the Commercial Renewables segment.

OTHER MATTERS

Environmental Regulations

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal, coal ash and other environmental matters. These regulations can be changed from time to time and result in new obligations of the Duke Energy Registrants. Refer to Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for further information regarding potential plant retirements and regulatory filings related to the Duke Energy Registrants.

On May 14, 2020, the five-year probation period following the Dan River coal ash spill ended. The court-appointed monitor confirmed in U.S. District Court for the Eastern District of North Carolina that Duke Energy met or exceeded every obligation throughout the process. Separately, in a final report to the EPA, it was noted that the company made significant enhancements to its Ethics and Compliance Program and its environmental compliance programs.

Section 126 Petitions

On November 16, 2016, the state of Maryland filed a petition with EPA under Section 126 of the Clean Air Act alleging that 19 power plants, including two plants (three units) that Duke Energy Registrants own and operate, contribute to violations of EPA's National Ambient Air Quality Standards (NAAQS) for ozone in the state of Maryland. On March 12, 2018, the state of New York filed a petition with EPA, also under Section 126 of the Clean Air Act alleging that over 60 power plants, including five that Duke Energy Registrants own and operate, contribute to violations of EPA's ozone NAAQS in the state of New York. Both Maryland and New York sought EPA orders requiring the states in which the named power plants operate to impose more stringent NOx emission limitations on the plants. On October 5, 2018, EPA denied the Maryland petition. That same day, Maryland appealed EPA's denial. On October 18, 2019, EPA denied the New York petition, and New York appealed that decision on October 29, 2019. On May 19, 2020, the U.S. Court of Appeals for the D.C. Circuit issued its decision, finding, with one exception, that EPA reasonably denied the Maryland petition. The court remanded one issue to EPA regarding target sources lacking catalytic controls. All of the Duke Energy units targeted have selective catalytic reduction so the decision is favorable for these units.

A different panel of the same court heard oral argument in New York's appeal of EPA's denial of its Section 126 Petition on May 7, 2020, and on July 14, 2020, the panel issued its decision remanding the Petition to EPA for further review. The Duke Energy Registrants cannot predict the outcome of this matter.

Off-Balance Sheet Arrangements

During the three and nine months ended September 30, 2020, there were no material changes to Duke Energy's off-balance sheet arrangements. See Notes 1, 3, 4 and 11 to the Condensed Consolidated Financial Statements, "Organization and Basis of Presentation," "Regulatory Matters," "Commitments and Contingencies," and "Variable Interest Entities," respectively, for additional information on ACP. See Note 13 to the Condensed Consolidated Financial Statements, "Stockholders' Equity," for information regarding equity forward sales agreements. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Balance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

Contractual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three and nine months ended September 30, 2020, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K for the Duke Energy Registrants. During the three and nine months ended September 30, 2020, there were no material changes to the Duke Energy Registrants' disclosures about market risk, other than as described below.

Credit Risk

In response to the COVID-19 pandemic, in March 2020, the Duke Energy Subsidiary Registrants announced a suspension of disconnections for nonpayment to be effective throughout the national emergency. Disconnections have resumed and there is an expectation of an increase in charge-offs in the future. In addition, the Registrants are monitoring the effects of the resultant economic slowdown on counterparties' abilities to perform under their contractual obligations.

ITEM 4. CONTROLS AND PROCEDURES**Disclosure Controls and Procedures**

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the SEC rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2020, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) that occurred during the fiscal quarter ended September 30, 2020, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements. For additional information, see Item 3, "Legal Proceedings," in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in the Duke Energy Registrants' Annual Report on Form 10-K for the year ended December 31, 2019, which could materially affect the Duke Energy Registrants' financial condition or future results. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in the Annual Report on Form 10-K for the year ended December 31, 2019.

The Duke Energy Registrants' operations have been and may be affected by COVID-19 in ways listed below and in ways the registrants cannot predict at this time.

The COVID-19 pandemic has begun to impact the Duke Energy Registrants' business strategy, results of operations, financial position and cash flows, albeit not materially as of this filing date, from specific activities listed below:

- Decreased demand for electricity and natural gas;
- Delays in rate cases and other legal proceedings;
- The health and availability of our critical personnel and their ability to perform business functions; and
- Actions of state utility commissions or federal or state governments to allow customers to suspend or delay payment of bills related to the provision of electric or natural gas services.

Furthermore, due to the unpredictability of the COVID-19 pandemic's ongoing impact on global health and economic stability as of this filing date, the Duke Energy Registrants expect that the activities listed below could negatively impact their business strategy, results of operations, financial position and cash flows:

- An inability to procure satisfactory levels of fuels or other necessary equipment to continue production of electricity and delivery of natural gas;
- An inability to obtain labor or equipment necessary for the construction of generation projects or pipeline expansion;
- An inability to maintain information technology systems and protections from cyberattack;
- An inability to obtain financing in volatile financial markets;
- Additional federal regulation tied to stimulus and other aid packages; and
- Impairment charges, which could include real estate as options for working remotely are evaluated and goodwill.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 6. EXHIBITS

Exhibits filed herein are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated. Items constituting management contracts or compensatory plans or arrangements are designated by a double asterisk (**). The company agrees to furnish upon request to the commission a copy of any omitted schedules or exhibits upon request on all items designated by a triple asterisk (***).

Exhibit Number	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
4.1	Ninetieth Supplemental Indenture, dated as of August 1, 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on August 20, 2020, File No. 1-3382).		X				
4.2	First Supplemental Indenture, dated as of August 1, 2020 (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed on August 20, 2020, File No. 1-3382).		X				
4.3	Twenty-fourth Supplemental Indenture, dated as of September 11, 2020 (incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K filed on September 11, 2020, File No. 1-32853).	X					
10.1	Amended and Restated Duke Energy Corporation Executive Cash Balance Plan, dated as of September 30, 2020 (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on September 25, 2020, File No. 1-32853).	X					
10.2	Amended and Restated Duke Energy Corporation Executive Savings Plan, dated as of October 1, 2020 (incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K filed on September 25, 2020, File No. 1-32853).	X					
*31.1.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X					
*31.1.2	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X				
*31.1.3	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X				
*31.1.4	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X			
*31.1.5	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X		
*31.1.6	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X	
*31.1.7	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X
*31.1.8	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X
*31.2.1	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X					
*31.2.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X				

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*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X	
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*101.INS	XBRL Instance Document (this does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).	X	X	X	X	X	X	X	X	X
*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X	X
*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X	X
*104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).	X	X	X	X	X	X	X	X	X

The total amount of securities of the registrant or its subsidiaries authorized under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the SEC, to furnish copies of any or all of such instruments to it.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION
DUKE ENERGY CAROLINAS, LLC
PROGRESS ENERGY, INC.
DUKE ENERGY PROGRESS, LLC
DUKE ENERGY FLORIDA, LLC
DUKE ENERGY OHIO, INC.
DUKE ENERGY INDIANA, LLC
PIEDMONT NATURAL GAS COMPANY, INC.

Date: November 5, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer (Principal
Financial Officer)

Date: November 5, 2020

/s/ DWIGHT L. JACOBS

Dwight L. Jacobs
Senior Vice President, Chief Accounting Officer,
Tax and Controller
(Principal Accounting Officer)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 129 of 160

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chair, President and
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 130 of 160

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 131 of 160

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 132 of 160

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 133 of 160

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 134 of 160

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 135 of 160

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 136 of 160

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 137 of 160

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 138 of 160

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 139 of 160

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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Sep 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 140 of 160

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

Page 141 of 160

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

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SEP 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

EXHIBIT 32.1.1

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In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chair, President and Chief Executive Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chair, President and
Chief Executive Officer

November 5, 2020

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SEP 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

November 5, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
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In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

November 5, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

EXHIBIT 32.1.4

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In connection with the Quarterly Report of Duke Energy Progress, LLC ("Duke Energy Progress") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Progress, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Progress.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

November 5, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

EXHIBIT 32.1.5

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In connection with the Quarterly Report of Duke Energy Florida, LLC ("Duke Energy Florida") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Florida, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Florida.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

November 5, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

EXHIBIT 32.1.6

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In connection with the Quarterly Report of Duke Energy Ohio, Inc. ("Duke Energy Ohio") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Ohio, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Ohio.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

November 5, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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In connection with the Quarterly Report of Duke Energy Indiana, LLC ("Duke Energy Indiana") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Indiana, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Indiana.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

November 5, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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In connection with the Quarterly Report of Piedmont Natural Gas Company, Inc. ("Piedmont") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Piedmont, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Piedmont.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

November 5, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

November 5, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
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In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

November 5, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

EXHIBIT 32.2.3

Page 155 of 160

In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

November 5, 2020

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**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

EXHIBIT 32.2.4

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In connection with the Quarterly Report of Duke Energy Progress, LLC ("Duke Energy Progress") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Progress, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Progress.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

November 5, 2020

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SEP 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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In connection with the Quarterly Report of Duke Energy Florida, LLC ("Duke Energy Florida") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Florida, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Florida.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

November 5, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Page 158 of 160

In connection with the Quarterly Report of Duke Energy Ohio, Inc. ("Duke Energy Ohio") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Ohio, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Ohio.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

November 5, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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In connection with the Quarterly Report of Duke Energy Indiana, LLC ("Duke Energy Indiana") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Indiana, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Indiana.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

November 5, 2020

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Step 13 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

EXHIBIT 32.2.8

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In connection with the Quarterly Report of Piedmont Natural Gas Company, Inc. ("Piedmont") on Form 10-Q for the period ending September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Piedmont, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Piedmont.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

November 5, 2020

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Step 13 2021