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	TRANSCRIPT PAGES: 142
TRANSCRIBED BY: Joann Bunze	PREFILED PAGES: 415
DATE FILED: September 14, 2021	TOTAL PAGES: 557

PLACE: Via Videoconference

DATE: Thursday, September 9, 2021

TIME: 2:00 p.m. - 4:33 p.m.

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

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; and

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: 4

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

FOR PIEDMONT NATURAL GAS COMPANY, INC.:
Amanda Johnson Demopoulos, Esq.
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Brian S. Heslin, Esq.
Deputy General Counsel
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James H. Jeffries, IV, Esq.
McGuireWoods LLP
201 North Tryon Street, Suite 3000
Charlotte, North Carolina 28202

CAROLINA UTILITY CUSTOMERS ASSOCIATION:
Marcus Trathen, Esq.
Craig D. Schauer, Esq.
Brooks Pierce
150 Fayetteville Street, Suite 1700
Raleigh, North Carolina 27601

A P P E A R A N C E S (Continued):

FOR CAROLINA INDUSTRIAL GROUP FOR FAIR UTILITY RATES IV:

Christina D. Cress, Esq.
Patrick T. Buffkin, Esq.
Bailey & Dixon, LLP
434 Fayetteville Street, Suite 2500
Raleigh, North Carolina 27601

FOR DUKE ENERGY CAROLINAS, LLC:

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Law Office of Robert W. Kaylor, P.A.
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Raleigh, North Carolina 27609

FOR FAYETTEVILLE PUBLIC WORKS COMMISSION:

James West, Esq.
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:

Margaret A. Force, Esq.
Special Deputy Attorney General
Teresa L. Townsend, Esq.
Special Deputy Attorney General
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Post Office Box 629
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FOR THE USING AND CONSUMING PUBLIC:

Elizabeth D. Culpepper, Esq.
Megan Jost, Esq.
Lucy E. Edmondson, Esq.
Public Staff - North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, North Carolina 27699-4300

T A B L E O F C O N T E N T S

E X A M I N A T I O N S

E X H I B I T S

IDENTIFIED/ADMITTED

PLACE: Via Videoconference

DATE: Thursday, September 9, 2021

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BEFORE: Chair Charlotte A. Mitchell, Presiding

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IN THE MATTER OF:

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VOLUME: 4

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4720 Piedmont Row Drive
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Deputy General Counsel
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550 South Tryon Street
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James H. Jeffries, IV, Esq.
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Charlotte, North Carolina 28202

CAROLINA UTILITY CUSTOMERS ASSOCIATION:
Marcus Trathen, Esq.
Craig D. Schauer, Esq.
Brooks Pierce
150 Fayetteville Street, Suite 1700
Raleigh, North Carolina 27601

A P P E A R A N C E S (Continued):

FOR CAROLINA INDUSTRIAL GROUP FOR FAIR UTILITY RATES IV:

Christina D. Cress, Esq.
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Bailey & Dixon, LLP
434 Fayetteville Street, Suite 2500
Raleigh, North Carolina 27601

FOR DUKE ENERGY CAROLINAS, LLC:

Robert W. Kaylor, Esq.
Law Office of Robert W. Kaylor, P.A.
353 East Six Forks Road, Suite 260
Raleigh, North Carolina 27609

FOR FAYETTEVILLE PUBLIC WORKS COMMISSION:

James West, Esq.
General Counsel
Dustin Doty, Esq.
Staff Counsel
955 Old Wilmington Road
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:

Margaret A. Force, Esq.
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.
Lucy E. Edmondson, Esq.
Public Staff - North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, North Carolina 27699-4300

TABLE OF CONTENTS

EXAMINATIONS

E X H I B I T S

OFFICIAL COPY

Sep 15 2021

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.

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

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

Email: pbuffkin@bdixon.com

SIGNATURE: Patk Buff ______________________________

(Required for distribution of CONFIDENTIAL transcript)

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:** ___

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

Email: ccress@bdixon.com

SIGNATURE: /s/ Christina D. Cress

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Sep 15 2021

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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SIGNATURE: ______________________________

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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: James H. Jeffries, Counsel

FIRM NAME: McGuireWoods LLP

ADDRESS: 201 N. Tryon Street, Suite 3000

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

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

Email: jjeffries@mcguirewoods.com

SIGNATURE: ______________________

(Required for distribution of CONFIDENTIAL transcript)

NORTH CAROLINA UTILITIES COMMISSION

APPEARANCE SLIP

DATE: Sept 9, 2021 DOCKET NO.: G-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: ___

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.** * G-9 Sub 722 only

Email: bkaylor@rwkaylorlaw.com

SIGNATURE: RW Kaylor

(Required for distribution of CONFIDENTIAL transcript)

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:** ___

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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 Schauer

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: ___

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: cschauer@brookspierce.com

SIGNATURE:

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

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

Email: mtrathen@brookspierce.com

SIGNATURE: /s/ Marcus Trathen

(Required for distribution of CONFIDENTIAL transcript)

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:** ✓

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☑ **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:** ___

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SIGNATURE: ______________________________

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Coleman Exhibit I
Schedule 1

Piedmont Natural Gas Company
Docket No. 9, Sub 781
ADJUSTMENT TO BOARD OF DIRECTORS EXPENSES
For Test Year Ended December 31, 2020

Line No.	Item	Amount	
1	Total Allocated Board of Directors (BOD) compensation	$152,961	[1]
2	Percentage of exclusion per Public Staff	50%	[2]
3	Public Staff adjustment to BOD compensation (L1 x L2)	(76,481)	
4	Board of Directors insurance charged to Piedmont	549,302	[3]
5	Percentage of exclusion per Public Staff	50%	[2]
6	Public Staff adjustment to BOD insurance (L4 x L5)	(274,651)	
7	Board of Directors executive members expenses allocated to Piedmont	19,215	[4]
8	Percentage of exclusion per Public Staff	50%	[2]
9	Public Staff adjustment to BOD and executive members expenses (L7 x L8)	(9,608)	
10	Public Staff adjustment to BOD expenses - NC retail (L10 x L11)	($360,740)	

[1] Company Response to Public Staff Data Request 53-1
[2] Recommended by Public Staff
[3] Company Response to Public Staff Data Request 53-6 & Company adjustment 4I_Insurance Expense Adj.
[4] Company Response to Public Staff Data Request 53-4

I/A

Coleman Exhibit I
Schedule 2

Piedmont Natural Gas Company
Docket No. G-9, Sub 781
ADJUSTMENT TO OTHER BENEFITS
For the Test Year Ended December 31, 2020

Summary of Medical /Dental Expenses

Line No.	Description	12 Months Ended December 2020		Piedmont Pro Forma Projection		Proposed Public Staff Adjustment	
1	Piedmont Natural Gas:						
2	Medical/Dental	$16,443,896	[1]	$18,996,100	[1]	$16,655,735	[2]
	Duke Energy Business Services:						
3	Medical/Dental	$90,445,446	[1]	$92,496,214	[1]	$87,267,262	[3]
4	Percentage charged to Piedmont from DEBS	4.18%		4.28%		4.28%	[4]
5	Amount charged to Piedmont from DEBS (L3 x L4)	$3,777,592		$3,958,838		$3,735,039	
6							
7	Total Piedmont Medical & Dental amount (L5 +L2)	$20,221,488		$22,954,938		$20,390,774	[5]

Summary of

Line No.	Description	12 Months Ended December 2020 Actuals		Piedmont Pro Forma Projection		Proposed Public Staff Adjustment	
8	Piedmont Natural Gas:						
9	Retirement Savings Plan	$13,380,182	[1]	$12,943,236	[1]	$13,380,182	[1]
10							
11	Duke Energy Business Services:						
12	Retirement Savings Plan	$55,166,143	[1]	$63,418,185	[1]	$55,166,143	[8]
13	Percentage DEBS labor charged to Piedmont (1)	4.18%		4.28%		4.18%	
14	Amount charged to Piedmont from DEBS (L6 x L7)	$2,304,098		$2,714,298		$2,304,098	[6]
15							
16	Total Piedmont Retirement Savings Plan amount	$15,684,280	[7]	$15,657,534	[7]	$15,684,280	[9]

Summary of Basic Life and AD&D

Line No.	Description	12 Months Ended December 2020 Actuals		Piedmont Pro Forma Projection		Proposed Public Staff Adjustment	
17							
18	Piedmont Natural Gas:						
19	Basic Life and AD&D	$220,917	[1]	$252,396	[1]	$220,917	[1]
20							
21	Duke Energy Business Services:						
22	Basic Life and AD&D	$1,431,765	[1]	$1,474,435	[1]	$1,431,765	[8]
23	Percentage DEBS labor charged to Piedmont (1)	4.18%		4.18%		4.18%	
24	Amount charged to Piedmont from DEBS (L6 x L7)	$59,848		$61,631		$59,848	
25							
26	Total Piedmont Basic Life and AD&D Amount	$280,765	[10]	$314,027	[10]	$280,765	[11]
27	Total Employee Benefits			$38,926,500		$36,355,819	
28	Other Benefits Adjustment per Public Staff					($2,570,681)	

[1] Company provided on Schedule PNG_4F_Other Benefits Adj
[2] Average Piedmont Medical/Dental expenses (yrs. 2018, 2019 and 2020)
[3] Average DEBS Medical/dental expenses (yrs. 2018, 2019 and 2020)
[4] Percentage per CAMS
[5] Line 2 plus Line 5
[6] Line 14, Column D, Test year 2020 actual
[7] Line 8 plus Line 14
[8] Line 22, Column D, Test year 2020 actual
[9] Line 16, Column D, Test year 2020 actual
[10] Line 19 plus Line 24
[11] Line 26, Column D, Test year 2020 actual

Coleman Exhibit I
Schedule 3

Piedmont Natural Gas Company
Docket No. G-9, Sub 781
Adjustment to Executive Compensation
For the Test Year Ended December 31, 2020

Line No.	Piedmont Executive	Annual Salary		Short Term Incentive Plan		Benefit		Long Term Incentive Plan		Total Piedmont Compensation		NC Allocation		Total Compensation	
			[1]		[1]		[1]		[1]		[1]		[1]		[1]
1	Employee 1	$50,703		$30,911		$20,589		$214,873		$317,076		71.90%		$227,978	
2	Employee 2	79,676		131,465		52,996		922,180		1,186,317		71.90%		852,962	
3	Employee 3	50,876		27,980		19,632		230,429		328,918		71.90%		236,492	
4	Employee 4	44,093		24,174		16,996		176,952		262,215		71.90%		188,533	
5	Employee 5	257,330		96,498		88,805		223,366		665,999		71.90%		478,854	
6	Total	$482,678		$311,027		$199,019		$1,767,801		$2,760,526				$1,984,818	
7	Portion of Executive Compensation Removed from Test Year Expenses													50%	[2]
8	Public Staff Adjustment to Executive Compensation (L6 X L7)													(992,409)	
9	Company Adjustment to Executive Compensation													(742,163)	[2]
10	Public Staff Executive Compensation Adjustment (L8 - L9)													($250,246)	[3]

[1] Company provided in data request response 127-1 CONFIDENTIAL Attachment
[2] Company provided on Schedule 4D_Exec. Comp Adj
[3] Line 8, Column Q minus Line 9, Column Q

Exhibit NP-1

Piedmont Natural Gas Company, Inc.

Docket No. G-9, Sub 781

Class Cost of Service Study Results
at Present as Adjusted and Proposed Rates
using Peak & Average
Test Year Ended December 31, 2020

			Present Rates as Adjusted			Proposed Rates		
Line	Customer Class	Rate	Rate of Return	Relative Rate of Return	Subsidy (000)	Rate of Return	Relative Rate of Return	Subsidy (000)
			(1)	(2)	(3)	(4)	(5)	(6)
1	Residential	101	5.24%	95	$ (9,149)	7.56%	104	$ 8,500
2	Small General Service	102	8.89%	160	$ 39,903	11.66%	160	$ 52,235
3	Medium General Service	152	14.99%	270	$ 13,810	18.44%	254	$ 16,327
	Large General Service							
4	Sales	103	-2.60%	-47	$ (4,614)	-1.54%	-21	$ (4,992)
5	Transportation	113	-3.02%	-55	$ (35,992)	-1.62%	-22	$ (37,363)
6	Total Large General Service		-2.97%	-54	$ (40,607)	-1.61%	-22	$ (42,355)
	Interruptible							
7	Sales	104	31.13%	562	$ 383	34.24%	471	$ 403
8	Transportation	114	20.52%	370	$ 8,679	23.12%	318	$ 9,184
9	Total Interruptible		20.79%	375	$ 9,062	23.40%	322	$ 9,587
10	Military Transportation	T-10	-2.76%	-50	$ (2,877)	-1.78%	-25	$ (3,137)
	Special Contracts							
11	Special Contracts		11.75%	212	$ 4,017	11.23%	154	$ 2,563
12	Municipal Contracts		-2.22%	-40	$ (15,561)	-2.73%	-38	$ (20,066)
13	Power Generation Contracts		5.67%	102	$ 1,400	5.15%	71	$ (23,654)
14	Total Special Contracts		4.81%	87	$ (10,144)	4.29%	59	$ (41,157)
15	Total		5.54%	100	$ (0)	7.27%	100	$ -

Source: Exhibit __ (CAM-2)

Exhibit NP-2

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781

Class Cost of Service Study Results
at Present as Adjusted and Proposed Rates
using Peak Demand
Test Year Ended December 31, 2020

			Present Rates as Adjusted			Proposed Rates		
Line	Customer Class	Rate	Rate of Return	Relative Rate of Return	Subsidy (000)	Rate of Return	Relative Rate of Return	Subsidy (000)
			(1)	(2)	(3)	(4)	(5)	(6)
1	Residential	101	4.91%	89	$ (19,418)	7.17%	99	$ (3,311)
2	Small General Service	102	8.53%	154	$ 36,238	11.22%	154	$ 48,019
3	Medium General Service	152	14.96%	270	$ 13,779	18.40%	253	$ 16,291
	Large General Service							
4	Sales	103	-2.38%	-43	$ (4,346)	-1.27%	-17	$ (4,683)
5	Transportation	113	-2.47%	-45	$ (30,987)	-0.90%	-12	$ (31,606)
6	Total Large General Service		-2.46%	-44	$ (35,333)	-0.95%	-13	$ (36,289)
	Interruptible							
7	Sales	104	300.83%	5427	$ 578	328.05%	4510	$ 627
8	Transportation	114	557.87%	10063	$ 16,901	616.43%	8475	$ 18,640
9	Total Interruptible		542.43%	9785	$ 17,479	599.11%	8237	$ 19,268
10	Military Transportation	T-10	-2.84%	-51	$ (2,935)	-1.87%	-26	$ (3,204)
	Special Contracts							
11	Special Contracts		13.91%	251	$ 4,914	13.39%	184	$ 3,594
12	Municipal Contracts		-2.35%	-42	$ (16,124)	-2.87%	-39	$ (20,713)
13	Power Generation Contracts		5.67%	102	$ 1,400	5.15%	71	$ (23,654)
14	Total Special Contracts		4.83%	87	$ (9,810)	4.32%	59	$ (40,773)
15	Total		5.54%	100	$ (0)	7.27%	100	$ (0)

Source: CIGFUR 1-24 CONFIDENTIAL Attachment

Exhibit NP-3

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781

Allocation of Proposed Revenue
using Piedmont's Proposed Allocation of Increase
Test Year Ended December 31, 2020
(Dollars in Thousands)

Line	Customer Class	Rate	Current Total Revenue (1)	Proposed Base Revenue Increase (2)	Proposed Total Revenue (3)	% Increase (4)
1	Residential	101	$ 552,246	$ 65,820	$ 618,066	11.9%
2	Small General Service	102	$ 250,716	$ 29,959	$ 280,676	11.9%
3	Medium General Service	152	$ 40,884	$ 4,439	$ 45,324	10.9%
4	Natural Gas Vehicle Service	142	$ 1,037	$ 123	$ 1,159	11.9%
5	Military Transportation Service	T-10	$ 2,262	$ 396	$ 2,657	17.5%
6	Outdoor Gas Light Service	105	$ 102	$ 12	$ 114	11.9%
7	Large General Service	103/113	$ 44,471	$ 6,851	$ 51,322	15.4%
8	Interruptible Service	104/114	$ 27,572	$ 1,425	$ 28,998	5.2%
9	Subtotal		$ 919,290	$ 109,026	$ 1,028,316	11.9%
10	Special Contracts		$ 126,595	$ -	$ 126,595	0.0%
11	Total		$ 1,045,886	$ 109,026	$ 1,154,911	10.4%

Source: Table CAM-2

Exhibit NP-4

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781

Allocation of Proposed Revenue
Including Special Contracts and
No Increase for Interruptible Service and
using Average Increase to Contract Class
Test Year Ended December 31, 2020
(Dollars in Thousands)

Line	Customer Class	Rate	Current Total Revenue (1)	Proposed Base Revenue Increase (2)	Proposed Total Revenue (3)	% Increase (4)
1	Residential	101	$ 552,246	$ 58,538	$ 610,784	10.6%
2	Small General Service	102	$ 250,716	$ 26,576	$ 277,292	10.6%
3	Medium General Service	152	$ 40,884	$ 3,925	$ 44,809	9.6%
4	Natural Gas Vehicle Service	142	$ 1,037	$ 110	$ 1,146	10.6%
5	Military Transportation Service	T-10	$ 2,262	$ 368	$ 2,630	16.3%
6	Outdoor Gas Light Service	105	$ 102	$ 11	$ 113	10.6%
7	Large General Service	103/113	$ 44,471	$ 6,302	$ 50,773	14.2%
8	Interruptible Service	104/114	$ 27,572	$ -	$ 27,572	0.0%
9	Special Contracts		$ 126,595	$ 13,197	$ 139,792	10.4%
10	Total		$ 1,045,886	$ 109,026	$ 1,154,911	10.4%

Exhibit NP-5

Piedmont Natural Gas Company, Inc.

Docket No. G-9, Sub 781

Allocation of Proposed Revenue
Including Special Contracts and
No Increase for Interruptible Service and
Holding Contract Class Subsidy Constant
Test Year Ended December 31, 2020
(Dollars in Thousands)

Line	Customer Class	Rate	Current Total Revenue	Proposed Base Revenue Increase	Proposed Total Revenue	% Increase
			(1)	(2)	(3)	(4)
1	Residential	101	$ 552,246	$ 52,629	$ 604,875	9.5%
2	Small General Service	102	$ 250,716	$ 23,893	$ 274,609	9.5%
3	Medium General Service	152	$ 40,884	$ 3,492	$ 44,376	8.5%
4	Natural Gas Vehicle Service*	142	$ 1,037	$ 99	$ 1,135	9.5%
5	Military Transportation Service	T-10	$ 2,262	$ 348	$ 2,610	15.4%
6	Outdoor Gas Light Service*	105	$ 102	$ 10	$ 112	9.5%
7	Large General Service	103/113	$ 44,471	$ 5,875	$ 50,346	13.2%
8	Interruptible Service	104/114	$ 27,572	$ -	$ 27,572	0.0%
9	Special Contracts		$ 126,595	$ 22,680	$ 149,276	17.9%
10	Total		$ 1,045,886	$ 109,026	$ 1,154,911	10.4%

* Class not included in cost of service study.

Exhibit NP-6

Piedmont Natural Gas Inc.
Docket No. G-9, SUB 781

Revenues at Present and Proposed Rates

Line	Description	Quantity (1)	Present Base Rate Margin Rates (2)	Present Base Rate Margin Charge (3)	Proposed Base Rate Margin Rates (4)	Proposed Base Rate Margin Charge (5)	Increase Amount (6)	Increase Percent (7)
	113 - Large General Transportation Service							
1	Monthly Charge	3,624	$ 350.00	$ 1,268,400	$ 350.00	$ 1,268,400	$ -	0.0%
2	Demand Charge per DT	1,731,845	$ 2.20	$ 3,810,059	$ 2.42	$ 4,191,065	$ 381,006	10.0%
3	Winter - First 1,500 per DT	2,074,155	$ 0.8454	$ 1,753,491	$ 1.3505	$ 2,801,146	$ 1,047,656	59.7%
4	Winter - Next 3,000 per DT	2,816,846	$ 0.2177	$ 613,227	$ 0.5700	$ 1,605,602	$ 992,375	161.8%
5	Winter - Next 9,000 per DT	3,087,392	$ 0.2215	$ 683,857	$ 0.5000	$ 1,543,696	$ 859,839	125.7%
6	Winter - Next 16,500 per DT	2,072,877	$ 0.1762	$ 365,241	$ 0.4160	$ 862,317	$ 497,076	136.1%
7	Winter - Next 30,000 per DT	1,771,953	$ 0.1427	$ 252,858	$ 0.3650	$ 646,763	$ 393,905	155.8%
8	Winter - Over 60,000 per DT	3,001,054	$ 0.0977	$ 293,203	$ 0.2780	$ 834,293	$ 541,090	184.5%
9	Subtotal Winter	14,824,277		$ 3,961,877		$ 8,293,817	$ 4,331,940	109.3%
10	Summer - First 1,500 per DT	2,739,064	$ 0.2860	$ 783,372	$ 0.4918	$ 1,347,072	$ 563,699	72.0%
11	Summer - Next 3,000 per DT	3,349,103	$ 0.2098	$ 702,642	$ 0.3577	$ 1,197,974	$ 495,332	70.5%
12	Summer - Next 9,000 per DT	3,547,521	$ 0.1908	$ 676,867	$ 0.3129	$ 1,110,019	$ 433,152	64.0%
13	Summer - Next 16,500 per DT	2,531,370	$ 0.1718	$ 434,889	$ 0.2682	$ 678,913	$ 244,024	56.1%
14	Summer - Next 30,000 per DT	2,221,455	$ 0.1337	$ 297,009	$ 0.2244	$ 498,495	$ 201,486	67.8%
15	Summer - Over 60,000 per DT	3,512,795	$ 0.0956	$ 335,823	$ 0.1786	$ 627,385	$ 291,562	86.8%
16	Subtotal Summer	17,901,308		$ 3,230,602		$ 5,459,858	$ 2,229,256	69.0%
17	Subtotal			$ 12,270,938		$ 19,213,140	$ 6,942,202	56.6%
18	Integrity Management Rider Revenues			$ 774,862		$ -	$ (774,862)	-100.0%
19	Minimum Margin Agreement Revenues			$ 48,643		$ 48,643	$ -	0.0%
20	Total Revenues			$ 13,094,443		$ 19,261,783	$ 6,167,340	47.1%
	114 - Interruptible Transportation Service							
21	Monthly Charge	2,891	$ 350.00	$ 1,011,850	$ 350.00	$ 1,011,850	$ -	0.0%
22	Winter - First 1,500 per DT	1,583,831	$ 0.9170	$ 1,452,373	$ 1.2103	$ 1,916,911	$ 464,538	32.0%
23	Winter - Next 3,000 per DT	2,392,971	$ 0.3806	$ 910,765	$ 0.5071	$ 1,213,476	$ 302,711	33.2%
24	Winter - Next 9,000 per DT	3,198,909	$ 0.3806	$ 1,217,505	$ 0.4450	$ 1,423,515	$ 206,010	16.9%
25	Winter - Next 16,500 per DT	2,248,444	$ 0.3464	$ 778,861	$ 0.3730	$ 838,670	$ 59,809	7.7%
26	Winter - Next 30,000 per DT	2,132,135	$ 0.2808	$ 598,704	$ 0.3270	$ 697,208	$ 98,505	16.5%
27	Winter - Over 60,000 per DT	1,362,136	$ 0.1654	$ 225,297	$ 0.2483	$ 338,218	$ 112,921	50.1%
28	Subtotal Winter	12,918,426		$ 5,183,504		$ 6,427,997	$ 1,244,493	24.0%
29	Summer - First 1,500 per DT	2,242,062	$ 0.7194	$ 1,612,939	$ 0.6716	$ 1,505,769	$ (107,171)	-6.6%
30	Summer - Next 3,000 per DT	3,162,517	$ 0.3755	$ 1,187,525	$ 0.4900	$ 1,549,633	$ 362,108	30.5%
31	Summer - Next 9,000 per DT	3,786,414	$ 0.3637	$ 1,377,119	$ 0.4300	$ 1,628,158	$ 251,039	18.2%
32	Summer - Next 16,500 per DT	2,689,562	$ 0.3335	$ 896,969	$ 0.3663	$ 985,187	$ 88,218	9.8%
33	Summer - Next 30,000 per DT	2,474,718	$ 0.2396	$ 592,942	$ 0.3060	$ 757,264	$ 164,321	27.7%
34	Summer - Over 60,000 per DT	1,510,970	$ 0.1456	$ 219,997	$ 0.2441	$ 368,828	$ 148,831	67.7%
35	Subtotal Summer	15,866,243		$ 5,887,492		$ 6,794,838	$ 907,346	15.4%
36	Subtotal			$ 12,082,846		$ 14,234,685	$ 2,151,839	17.8%
37	Integrity Management Rider Revenues			$ 767,944		$ -	$ (767,944)	-100.0%
38	Minimum Margin Agreement Revenues			$ 822,409		$ 822,409	$ -	0.0%
39	Total Revenues			$ 13,673,199		$ 15,057,094	$ 1,383,895	10.1%

Source: Exhibit __ (CAM-3), pages 5 and 7

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.
	DUKE ENERGY	
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 ☒	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 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 ☒	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 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.

TABLE OF CONTENTS

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)

	Three Months Ended March 31,	
(in millions, except per-share amounts)	**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)

	Three Months Ended March 31,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

PART I

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

	Three Months Ended March 31,	
(in millions)	**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

PART I

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

					Accumulated Other Comprehensive Loss					
(in millions)	Common Stock Shares	Common Stock	Additional 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
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)

	Three Months Ended March 31,	
(in millions)	**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)

	Three Months Ended March 31,	
(in millions)	**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		
(in millions)	Member's Equity	Net Losses on Cash Flow Hedges	Total Equity
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

PART I

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

	Three Months Ended March 31,	
(in millions)	**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

PART I

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

	Three Months Ended March 31,	
(in millions)	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)

			Accumulated Other Comprehensive Loss					
(in millions)	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flow Hedges	Net Unrealized Gains on Available-for-Sale Securities	Pension and OPEB Adjustments	Total Progress Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
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

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

	Three Months Ended March 31,	
(in millions)	**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)

	Three Months Ended March 31,	
(in millions)	**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)

(in millions)	Member's 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

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

	Three Months Ended March 31,	
(in millions)	**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

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)

	Three Months Ended March 31,	
(in millions)	**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

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

		Accumulated Other Comprehensive Income (Loss)	
(in millions)	**Member's Equity**	**Net Unrealized Gains on Available-for-Sale Securities**	**Total 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)

	Three Months Ended March 31,	
(in millions)	**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

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)

	Three Months Ended March 31,	
(in millions)	**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)	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total 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

DUKE ENERGY INDIANA, LLC

Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

	Three Months Ended March 31,	
(in millions)	**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

PART I

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

	Three Months Ended March 31,	
(in millions)	**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)

(in millions)		**Member's 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)

	Three Months Ended March 31,	
(in millions)	**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

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.

	Applicable Notes																
Registrant	**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.

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

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.

	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
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

	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
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.

	Three Months Ended March 31,	
(in millions)	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.

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.

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.

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.

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, 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, 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.

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 prudency 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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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

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		
Issuance Date	**Maturity Date**	**Interest Rate**	**Duke Energy**	**Duke Energy (Parent)**	**Duke Energy Carolinas**
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.

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.

	March 31, 2018							
(in millions)	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.

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.

	Three Months Ended March 31,	
(in millions)	**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.

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.

		Three Months Ended March 31,	
(in millions)	**Type of expense**	**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.

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.

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

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								
Not Designated as Hedging Instruments								
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								
Designated as Hedging Instruments								
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								
Not Designated as Hedging Instruments								
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								
Designated as Hedging Instruments								
Current	$ 4	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Noncurrent	3	—	—	—	—	—	—	—
Not Designated as Hedging Instruments								
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

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								
Not Designated as Hedging Instruments								
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								
Designated as Hedging Instruments								
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								
Not Designated as Hedging Instruments								
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								
Designated as Hedging Instruments								
Current	$ 29	$ 25	$ —	$ —	$ —	$ —	$ —	$ —
Noncurrent	6	—	—	—	—	—	—	—
Not Designated as Hedging Instruments								
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.

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**
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**							
(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	**$ 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**							
(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	$ —	$ —	$ —	$ —

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.

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 March 31, 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.

	March 31, 2018[(a)]			December 31, 2017		
(in millions)	**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

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.

	March 31, 2018[(a)]			December 31, 2017		
(in millions)	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

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.

	March 31, 2018[(a)]						December 31, 2017					
(in millions)		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

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**

(in millions)		Three Months Ended March 31, 2017
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.

	March 31, 2018[(a)]			December 31, 2017		
(in millions)	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

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**

(in millions)	Three Months Ended March 31, 2017
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.

	March 31, 2018[a]			December 31, 2017		
(in millions)	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

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.

	March 31, 2018[(a)]						**December 31, 2017**					
(in millions)		**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.

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.

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.

	March 31, 2018				
(in millions)	**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**

	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 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.

	Three Months Ended March 31, 2018			Three Months Ended March 31, 2017		
(in millions)	**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)

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.

	March 31, 2018			
(in millions)	**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**

	December 31, 2017			
(in millions)	**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.

	March 31, 2018		
(in millions)	**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**

	December 31, 2017		
(in millions)	**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

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.

	March 31, 2018		
(in millions)	**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**

	December 31, 2017		
(in millions)	**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.

	March 31, 2018		
(in millions)	**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**

	December 31, 2017		
(in millions)	**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

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.

	March 31, 2018			December 31, 2017		
(in millions)	**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.

	Derivatives (net)	
	Three Months Ended March 31,	
(in millions)	**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.

	March 31, 2018			
(in millions)	**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**

	December 31, 2017			
(in millions)	**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

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

	Derivatives (net)	
	Three Months Ended March 31,	
(in millions)	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.

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

	December 31, 2017		
(in millions)	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.

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

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.

	March 31, 2018		December 31, 2017	
(in millions)	**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.

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.

	Duke Energy			
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
(in millions)	**CRC**	**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 – 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)	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

	December 31, 2017											
	Duke Energy								Duke		Duke	
		Pipeline		Commercial		Other				Energy		Energy
(in millions)		Investments		Renewables		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.

		VIE Investment Amount (in millions)			
	Ownership		March 31,		December 31,
Entity Name	Interest		2018		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.

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.

	Duke Energy Ohio		Duke Energy Indiana	
(in millions)	**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.

	Duke Energy Ohio		Duke Energy Indiana	
	Three Months Ended March 31,		Three Months Ended March 31,	
(in millions)	**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.

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.

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 Performance Obligations						
(in millions)	**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:

	Remaining Performance Obligations						
(in millions)	**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.

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 March 31, 2018							
(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
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 33	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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.

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.

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.

	Three Months Ended March 31,	
(in millions, except per-share amounts)	**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.

	Three Months Ended March 31,	
(in millions)	**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

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

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.

	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	**$ 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**	**$ —**

	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	$ 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

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 state 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.

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.

- 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.

	Three Months Ended March 31,			
	2018		2017	
(in millions, except per-share amounts)	**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.

PART I

Electric Utilities and Infrastructure

	Three Months Ended March 31,		
(in millions)	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

- 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.

Gas Utilities and Infrastructure

	Three Months Ended March 31,		
(in millions)	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.

PART I

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

	Three Months Ended March 31,		
(in millions)	**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.

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."

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

	Three Months Ended March 31,		
(in millions)	**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

- 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.

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

	Three Months Ended March 31,		
(in millions)	**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.

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

	Three Months Ended March 31,		
(in millions)	**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

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.

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

	Three Months Ended March 31,		
(in millions)	**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

- 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

	Three Months Ended March 31,		
(in millions)	**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.

	Electric	Natural Gas
Increase (Decrease) over prior year	**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%

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.

PART I

Results of Operations

	Three Months Ended March 31,		
(in millions)	**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."

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

	Three Months Ended March 31,		
(in millions)	**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

- 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.

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.

	Three Months Ended March 31,	
(in millions)	**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.

	Three Months Ended March 31,	
(in millions)	**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;

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.

	Three Months Ended March 31,	
(in millions)	**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.

	Three Months Ended March 31,	
(in millions)	**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.

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.

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 NOx program. Beginning in 2017, Duke Energy Registrants in these states will not be subject to any CSAPR ozone season NOx emission limitations. For the states that remain in the program, the reduced state ozone season NOx 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 NOx allowances from the trading market. Longer term, upgrading the performance of existing NOx 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 (CO_2) 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 CO_2 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 CO_2 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 CO_2 emissions from existing fossil fuel-fired EGUs. The CPP established CO_2 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
*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 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)

EXHIBIT 4.2

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

EXHIBIT 4.2

TABLE OF CONTENTS[1]

ARTICLE I

3.95% SENIOR NOTES DUE 2025

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.

EXHIBIT 4.2

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.

EXHIBIT 4.2

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 RESALES 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

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:

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

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

TEN ENT — as tenants by the entireties

JT TEN — as joint tenants with rights of survivorship and not as tenants in common

UNIF GIFT MIN ACT - ________ Custodian ________
(Cust) (Minor)

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.

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

EXHIBIT 4.2

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.

EXHIBIT 4.2

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

EXHIBIT 12

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.

	Three Months Ended March 31,	Years Ended December 31,				
(in millions)	**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.

EXHIBIT 31.1.1

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

EXHIBIT 31.1.C

REF TIAIROTINU NA THE RHIEA EXERVTIPE NAAIREF
SVF0VOUT TN 0ERTINU 32C NA THE 0OF BOUE0-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

EXHIBIT 31.1.3

**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

--/A

EXHIBIT 31.1.4

**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 gnowled; 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 gnowled; 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; istrantxs other certifyin; officerAs) 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 1Taz1DAf) and 1Ddz1DAf)) for the re; istrant and have:

a) Pesi; 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) Pesi; 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; istrantxs 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) Pisclosed in this report any chan; e in the re; istrantxs internal control over financial reportin; that occurred durin; the re; istrantxs most recent fiscal quarter Athe re; istrantxs fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly ligely to materially affect, the re; istrantxs internal control over financial reportin; kand

D) (he re; istrantxs other certifyin; officerAs) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reportin; , to the re; istrantxs auditors and the audit committee of the re; istrantxs 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; istrantxs a4ility to record, process, summariMe 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; istrantxs internal control over financial reportin; .

Pate: 8 ay 10, b01/

YsYLNOO J. GCCP

Lynn J. Good
Bhief ERecutive Cfficer

EXHIBIT 31.1.5

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

EXHIBIT 31.1.6

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

EXHIBIT 31.1.6

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
Ohief Executive Cfficer

EXHIBIT 31.1.8

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 Diedmont k atural Gas Eompany, Inc.g

C) ; ased on my 2nowledBe, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma2e the statements made, in liBht of the circumstances under which such statements were made, not misleadinB with respect to the period covered by this reportg

3) ; ased on my 2nowledBe, 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 reBistrant as of, and for, the periods presented in this reportg

4) The reBistrant's other certifyinB officer(s) and I are responsible for establishinB and maintaininB disclosure controls and procedures (as defined in xAchanBe Rct 5ules 13a-1z(e) and 1zd-1z(e)) and internal control over financial reportinB (as defined in xAchanBe Rcts 5ules 13a-1z(f) and 1zd-1z(f)) for the reBistrant and have:

   a) MesiBned such disclosure controls and procedures, or caused such disclosure controls and procedures to be desiBned under our supervision, to ensure that material information relatinB to the reBistrant, includinB its consolidated subsidiaries, is made 2nown to us by others within those entities, particularly durinB the period in which this report is beinB preparedg

   b) MesiBned such internal control over financial reportinB, or caused such internal control over financial reportinB to be desiBned under our supervision, to provide reasonable assurance reBardinB the reliability of financial reportinB and the preparation of financial statements for eAternal purposes in accordance with Benerally accepted accountinB principlesg

   c) xvaluated the effectiveness of the reBistrant'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 evaluationgand

   d) Misclosed in this report any chanBe in the reBistrant's internal control over financial reportinB that occurred durinB the reBistrant's most recent fiscal quarter (the reBistrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably li2ely to materially affect, the reBistrant's internal control over financial reportinBgand

z) The reBistrant's other certifyinB officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reportinB, to the reBistrant's auditors and the audit committee of the reBistrant's board of directors (or persons performinB the equivalent functions):

   a) Rll siBnificant deficiencies and material wea2nesses in the desiBn or operation of internal control over financial reportinB which are reasonably li2ely to adversely affect the reBistrant's ability to record, process, summari8e and report financial informationgand

   b) Rny fraud, whether or not material, that involves manaBement or other employees who have a siBnificant role in the reBistrant's internal control over financial reportinB.

Mate: / ay 10, C01Y

NsNLOk k J. GPPM

Lynn J. Good
Ehief xAecutive Pfficer

EXHIBIT 31.2.1

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

EXHIBIT 31.2.2

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

EXHIBIT 31.2.3

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

EXHIBIT 31.2.4

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 Crogress, LL; 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 3y this report2

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 report2

T) ' he registrant(s other certifying officerxs) and I are responsi3le for esta3lishing and maintaining disclosure controls and procedures xas defined in EAchange Rct 5 ules 14a-1–xe) and 1–d-1–xe)) and internal control over financial reporting xas defined in EAchange 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 3e designed under our supervision, to ensure that material information relating to the registrant, including its consolidated su3sidiaries, is made known to us 3y others within those entities, particularly during the period in which this report is 3eing prepared2

3) Designed such internal control over financial reporting, or caused such internal control over financial reporting to 3e designed under our supervision, to provide reasona3le assurance regarding the relia3ility of financial reporting and the preparation of financial statements for eAternal purposes in accordance with generally accepted accounting principles2

c) Evaluated the effectiveness of the registrant(s disclosure controls and procedures and presented in this report our conclusions a3out the effectiveness of the disclosure controls and procedures, as of the end of the period covered 3y this report 3ased on such evaluation2and

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 xthe registrant(s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona3ly likely to materially affect, the registrant(s internal control over financial reporting2and

–) ' he registrant(s other certifying officerxs) and I have disclosed, 3ased on our most recent evaluation of internal control over financial reporting, to the registrant(s auditors and the audit committee of the registrant(s 3oard of directors xor persons performing the equivalent functions):

a) Rll significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasona3ly likely to adversely affect the registrant(s a3ility to record, process, summariMe and report financial information2and

3) Rny 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: 8 ay 10, B01/

\sVS' ENEO K. YUGOP

Steven K. Young
EAecutive Nice Cresident and ; hief Financial Ufficer

--/A

EXHIBIT 31.2.5

**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, CCL ;

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 L hief Financial Officer

EXHIBIT 31.2.6

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 Gresident and Phief Financial Cfficer

EXHIBIT 31.2.6

**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

--/A

EXHIBIT 31.2.8

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 Eatural ; as 2ompany, Inc.B

k) based on my 3nowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma3e the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered 4y this reportB

T) based on my 3nowledge, 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 reportB

') (he registrantxs other certifying officerAs) and I are responsi4le for esta4lishing and maintaining disclosure controls and procedures Aas defined in R5change –ct Dules 1Ta-1zAe) and 1zd-1zAe)) and internal control over financial reporting Aas defined in R5change –cts Dules 1TaM1zAf) and 1zdM1zAf)) for the registrant and have:

a) 8esigned such disclosure controls and procedures, or caused such disclosure controls and procedures to 4e designed under our supervision, to ensure that material information relating to the registrant, including its consolidated su4sidiaries, is made 3nown to us 4y others within those entities, particularly during the period in which this report is 4eing preparedB

4) 8esigned such internal control over financial reporting, or caused such internal control over financial reporting to 4e designed under our supervision, to provide reasona4le assurance regarding the relia4ility of financial reporting and the preparation of financial statements for e5ternal purposes in accordance with generally accepted accounting principlesB

c) Rvaluated the effectiveness of the registrantxs 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 evaluationBand

d) 8isclosed in this report any change in the registrantxs internal control over financial reporting that occurred during the registrantxs most recent fiscal quarter Athe registrantxs fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly li3ely to materially affect, the registrantxs internal control over financial reportingBand

z) (he registrantxs other certifying officerAs) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reporting, to the registrantxs auditors and the audit committee of the registrantxs 4oard of directors Aor persons performing the equivalent functions):

a) –ll significant deficiencies and material wea3nesses in the design or operation of internal control over financial reporting which are reasona4ly li3ely to adversely affect the registrantxs a4ility to record, process, summari/ e and report financial informationBand

4) –ny fraud, whether or not material, that involves management or other employees who have a significant role in the registrantxs internal control over financial reporting.

8ate: Vay 10, k01N

GiCS(RURE K. YGCE;

Steven K. Young
R5ecutive Uice President and 2hief Financial Gfficer

EXHIBIT 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**

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

EXHIBIT 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

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

EXHIBIT 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**

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

EXHIBIT 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**

In connection with the Quarterly Report of Duke Energy Crogre(("" ") FmDuke Energy Crogre((10on - ord M8,Q for the perio2 en2ing 8 arch sM' S3Mx" a(file2 with the Lecuritie(an2 EJchange) od d i((ion on the 2ate hereof Fthe mReport10' I" " ynn . GP oo2") hief EJecutive Officer of Duke Energy Crogre((" certify" pur(uant to Mx UGLG G Lection Ms53" a(a2opte2 pur(uant to Lection 936 of the Larbane(,OJley Act of S33S" that:

FM0 The Report fully cod plie(with the required ent(of Lection MsFa0 or M5F20 of the Lecuritie(EJchange Act of M9s4; 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 . GP OOD

" ynn . GP oo2
) hief EJecutive Officer

8 ay M8" S3Mx

EXHIBIT 32.1.C

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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 M1, 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 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 1M'aFor 15“sFof the Securitie8 Exchange Act of 19M4; 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 J. GOOD

Lynn J. Goos
(hief Executive Officer

d ay 10, 3012

--/A

EXHIBIT 32.1.C

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In connection with the Quarterly Report of Duke Energy Chios Inc, L(Duke Energy Chio“” on) orF m10Q for the perio- en- ing d arch Mns31m2sa8 file- with the Securitie8 an- Exchange J oF F i88ion on the - ate hereof Lthe (Report“”sIs. ynn G, v oo- sJ hief ExecutiOe Cfficer of Duke Energy Chioscertifyspur8uant to m2 U,S,J , Section mM51sa8 a- opte- pur8uant to Section 916 of the Sarbane80Cxley Act of 3113sthat:

Lm" The Report fully coF plie8 with the requireF ent8 of Section mMLa" or m5L- " of the Securitie8 Exchange Act of m9M4; 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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EXHIBIT 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**

In connection with the Quarterly Report of Duke Energy InCianas, , L (“Duke Energy InCiana”) on Form 10-Q for the perioC enCing d arch M1s3012sa8 fileC with the Securitie8 anC Exchange L ommi88ion on the Cate hereof (the “Report”)sIs, ynn J. GooCsL hief Executive Officer of Duke Energy InCianascertifyspur8uant to 12 U.S.L . Section 1M50sa8 aCopteC pur8uant to Section 906 of the Sarbane8-Oxley Act of 3003sthat:

(1) The Report fully complie8 with the requirement8 of Section 1M(a) or 15(C) of the Securitie8 Exchange Act of 19M4; anC

(3) The information containeC in the Report fairly pre8ent8sin all material re8pect8sthe financial conCition anC re8ult8 of operation8 of Duke Energy InCiana.

/8/ , YNN J. GOOD

, ynn J. GooC
L hief Executive Officer

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EXHIBIT 32.1.C

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In connection with the Quarterly Report of Piegs ont Eatural , a. (os pany" Inc")FPiegs ontm1 on 0ors - dMQ for the periog engin3 2 arch 8- " Sd- x" a. fileg with the Cecuritie. ang LJchan3e (os s i. . ion on the gate hereof)the FReportm1" I" Gynn v" , oog" (hief LJecutiOe Ufficer of Piegs ont" certify" pur. uant to - x 5"C"(" Cection - 89d" a. agopteg pur. uant to Cection 6db of the CarAane. MUJley : ct of SddS" thatT

)- 1 qhe Report fully cos plie. with the re4uires ent. of Cection - 8)a1 or - 9)g1 of the Cecuritie. LJchan3e : ct of - 68; / ang

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(hief LJecutiOe Ufficer

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EXHIBIT 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**

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

EXHIBIT 32.2.2

1 ECTIRI1 F TIA O NPCUPF OT TA
S8 P.U.1 . UE1 TIA O S350,
F U F DANTED NPCUPF OT TA
UE1 TIA O 906 AR THE UF CBF OEU-AXLEY F 1 T 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

EXHIBIT 32.2.3

1 ECTIRI1 F TIA O NPCUPF OT TA
S8 P.U.1 . UE1 TIA O S350,
F U F DANTED NPCUPF OT TA
UE1 TIA O 906 AR THE UF CBF OEU-A XLEY 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 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

EXHIBIT 32.2.1

4 ECTIRI4 F TIA O NPCUPF OT TA
S8 P.U.4 . UE4 TIA O S350,
F U F DANTED NPCUPF OT TA
UE4 TIA O 906 AR THE UF CBF OEU-A XLEY F 4 T AR 2002

In connection with the Quarterly Report of Duke Energy Crogress, LL(“”Duke Energy Crogress)Fon mor1 0- dQ for the perioMenMng 3 arch 20, 8- 0S, as fileMwith the x ecurities anMEvchange (o1 1 ission on the Mate hereof “the ”Report)F, I, x teKen . YVoung, EvecutiKe Pice CresiMent anM(hief mnancial Officer of Duke Energy Crogress, certify, pursuant to 0S UYx Y(Yx ection 025- , as aMopteMpursuant to x ection 9- 6 of the x arbanesdOvley Act of 8- - 8, that:

“0F The Report fully co1 plies with the require1 ents of x ection 02“aFor 05“MFof the x ecurities 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/ x TEPEN . YVOUNG

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x teKen . YVoung
EvecutiKe Pice CresiMent anM(hief mnancial Officer

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--/A

EXHIBIT 32.2.1

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 M, 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 Cinancial 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 1M'aFor 15“sFof the Securitie8 Exchange Act of 19M4; 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/ STEVEN K. YOUNG

Steven K. Young
Executive Vice Pre8isent ans (hief Cinancial Officer

d ay 10, 3012

--/A

EXHIBIT 32.2.1

CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 830, D
AS A9 OPTE9 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 ChioFmon 1or0 - dMQ for the perio3 en3ing , arch 2- (8d- s(aS file3 with the xecuritieS an3 Evchange Ko0 0 iSSion on the 3ate hereof ”the)ReportFm(I(xte. en Y“ Voung(Evecuti. e Pice OreSi3ent an3 Khief 1inancial Cfficer of Duke Energy Chio(certify(purSuant to - s U“x“K“ xection - 25d(aS a3opte3 purSuant to xection 9d6 of the xarbaneSMCvley Act of 8dd8(that:

”- m The Report fully co0 plieS with the require0 entS of xection - 2”amor - 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

xte. en Y“ Voung
Evecuti. e Pice OreSi3ent an3 Khief 1inancial Cfficer

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EXHIBIT 32.2.1

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F U F DANTED NPCUPF OT TA
UE7 TIA O 906 AR THE UF CBF OEU-AXLEY F 7 T AR 2002

In connection with the Quarterly Report of Duke Energy InCianas, , L ("Duke Energy InCiana") on Form 10-Q for the perioC enCing d arch M1s3012sa8 fileC with the Securitie8 anC Exchange L ommi88ion on the Cate hereof (the "Report")sIsSteven K. YoungsExecutive Vice Pre8iCent anC L hief Financial Officer of Duke Energy InCianascertifyspur8uant to 12 U.S.L . Section 1M50sa8 aCopteC pur8uant to Section 906 of the Sarbane8-Oxley Act of 3003sthat:

(1) The Report fully complie8 with the requirement8 of Section 1M(a) or 15(C) of the Securitie8 Exchange Act of 19M4; anC

(3) The information containeC in the Report fairly pre8ent8sin all material re8pect8sthe financial conCition anC re8ult8 of operation8 of Duke Energy InCiana.

/8/ STEVEN K. YOUNG

Steven K. Young
Executive Vice Pre8iCent anC L hief Financial Officer

d ay 10s3012

EXHIBIT 32.2.1

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 Piegs ont Eatural , a. (os pany" Inc")FPiegs ontm1 on 0ors - dMQ for the periog engin3 2 arch 8- " Sd- x" a. fileg with the Cecuritie. ang v Kchan3e (os s i. . ion on the gate hereof)the FReportm1" I" CteYen V" Ooun3" v KecutiYe Uice Pre. igent ang (hief 0inancial 5 fficer of Piegs ont" certify" pur. uant to - x 9 "C"(" Cection - 86d" a. agopteg pur. uant to Cection bdA of the Car: ane. M5 Kley Tct of SddS" thatq

)- 1 4 he Report fully cos plie. with the re; uires ent. of Cection - 8)a1 or - 6)g1 of the Cecuritie. v Kchan3e Tct of - b8/ Nang

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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 cune 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 Inzorporation or Organixation, Address of Prinzipal EvezutiKe Offizes and Telephone Number	IRS Employer Identifization No.
1-32853	**DUBE 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 Inzorporation or Organixation, Address of Prinzipal EvezutiKe Offizes, Telephone Number and IRS Employer Identifization Number	Commission file number	Registrant, State of Inzorporation or Organixation, Address of Prinzipal EvezutiKe Offizes, Telephone Number and IRS Employer Identifization Number
1-4928	**DUBE 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	**DUBE 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	**DUBE ENERGY OHIO, INC.** (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853 31-0240030
1-3382	**DUBE 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	**DUBE 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 ☒	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 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 ☒	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 : uly 31, 2018$

Registrant	Deszription	Shares
Duke Energy	Common stock, Q0.001 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.

TAkLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOBING 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. ' arious 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 realiBed. 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 ' nit 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 ' .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 organiBations, 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◦

- 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.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

D' —E ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

		Three Months Ended cune 30,				Siv Months Ended cune 30,		
(in millions, evzept per-share amounts)		**2018**		**201$**		**2018**		**201$**
Operating ReKenues								
Regulated electric	6	**5,1$8**	Q	5,118	6	**10,4: 2**	Q	10,031
Regulated natural gas		**291**		275		**991**		921
Nonregulated electric and other		**1$4**		162		**325**		332
Total operating revenues		**5,: 43**		5,555		**11,$$8**		11,284
Operating Evpenses								
Fuel used in electric generation and purchased power		**1,5$4**		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 amortiBation		**9$3**		835		**1,940**		1,694
Property and other taxes		**315**		307		**: 31**		611
Impairment charges		**1$2**		9		**215**		9
Total operating expenses		**4,: : $**		4,209		**9,44:**		8,547
Gains (Losses) on Sales of Other Assets and Other, net		**3**		7		**(9$)**		18
Operating Inzome		**9$9**		1,353		**2,235**		2,755
Other Inzome and Evpenses								
Equity in earnings of unconsolidated affiliates		**3:**		36		**12**		65
Other income and expenses, net		**110**		115		**19:**		236
Total other income and expenses		**14:**		151		**208**		301
Interest Evpense		**518**		486		**1,033**		977
Inzome From Continuing Operations kefore Inzome Taves		**: 0$**		1,018		**1,410**		2,079
Inzome Tav Evpense From Continuing Operations		**100**		327		**281**		671
Inzome From Continuing Operations		**50$**		691		**1,129**		1,408
Loss From Diszontinued Operations, net of tav		**(5)**		(2)		**(5)**		(2)
Net Inzome		**502**		689		**1,124**		1,406
Less–Net Inzome Attributable to Nonzontrolling Interests		**2**		3		**4**		4
Net Inzome Attributable to Du7e Energy Corporation	6	**500**	Q	686	6	**1,120**	Q	1,402
Earnings Per Share V k asiz and Diluted								
Income from continuing operations attributable to Duke Energy Corporation common stockholders								
Vasic	6	**0.$2**	Q	0.98	6	**1.: 0**	Q	2.00
Diluted	6	**0.$2**	Q	0.98	6	**1.: 0**	Q	2.00
Loss from discontinued operations attributable to Duke Energy Corporation common stockholders								
Vasic	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								
Vasic	6	**0.$1**	Q	0.98	6	**1.59**	Q	2.00
Diluted	6	**0.$1**	Q	0.98	6	**1.59**	Q	2.00
Weighted average shares outstanding								
Vasic		**$03**		700		**$02**		700
Diluted		**$04**		700		**$02**		700

See Notes to Condensed Consolidated Financial Statements

PART I

D’ —E ENERGY CORPORATION
Condensed Consolidated Statements of ComprehensiKe Inzome
(Unaudited)

	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	**2018**	**201$**	**2018**	**201$**
Net Inzome	6 **502**	Q 689	6 **1,124**	Q 1,406
Other ComprehensiKe (Loss) Inzome, net of tav				
Pension and OPEV adjustments	**1**	1	**2**	2
Net unrealiBed gains (losses) on cash flow hedges	**1**	(6)	**13**	(4)
Reclassification into earnings from cash flow hedges	**(2)**	4	**(1)**	5
’ nrealiBed (losses) gains on available-for-sale securities	**(2)**	4	**(5)**	8
Other ComprehensiKe (Loss) Inzome, net of tav	**(2)**	3	**9**	11
ComprehensiKe Inzome	**500**	692	**1,133**	1,417
Less–ComprehensiKe Inzome Attributable to Nonzontrolling Interests	**2**	3	**4**	4
ComprehensiKe Inzome Attributable to Du7e Energy Corporation	6 **498**	Q 689	6 **1,129**	Q 1,413

See Notes to Condensed Consolidated Financial Statements

PART I

D' —E ENERGY CORPORATION
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		cune 30, 2018		Dezember 31, 201$
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		3,1$$		3,250
Regulatory assets (includes Q51 at 2018 and 2017 related to ' IEs)		1,$41		1,437
Other		43$		634
Total current assets		8,4$:		8,453
Property, Plant and Equipment				
Cost		130,: 1:		127,507
Accumulated depreciation and amortiBation		(42,499)		(41,537)
Generation facilities to be retired, net		3$8		421
Net property, plant and equipment		88,495		86,391
Other Nonzurrent Assets				
Goodwill		19,39:		19,396
Regulatory assets (includes Q1,071 at 2018 and Q1,091 at 2017 related to ' IEs)		12,505		12,442
Nuclear decommissioning trust funds		$,132		7,097
Investments in equity method unconsolidated affiliates		1,1: 8		1,175
Other		3,08$		2,960
Total other noncurrent assets		43,288		43,070
Total Assets	6	140,259	Q	137,914
LIAk ILITIES AND EQUITY				
Current Liabilities				
Accounts payable	6	2,: 8:	Q	3,043
Notes payable and commercial paper		3,329		2,163
Taxes accrued		494		551
Interest accrued		530		525
Current maturities of long-term debt (includes Q229 at 2018 and Q225 at 2017 related to ' IEs)		2,852		3,244
Asset retirement obligations		$1:		689
Regulatory liabilities		485		402
Other		1,: 99		1,865
Total current liabilities		12,$91		12,482
Long-Term Debt (inzludes 64,1$9 at 2018 and 64,30: at 201$ related to wIEs)		49,8: 3		49,035
Other Nonzurrent Liabilities				
Deferred income taxes		: ,9$$		6,621
Asset retirement obligations		9,$53		9,486
Regulatory liabilities		15,355		15,330
Accrued pension and other post-retirement benefit costs		1,014		1,103
Investment tax credits		534		539
Other		1,45$		1,581
Total other noncurrent liabilities		35,090		34,660
Commitments and Contingenzies				
Equity				
Common stock, Q0.001 par value, 2 billion shares authoriBed◦ 712 million shares outstanding at 2018 and 700 million shares outstanding at 2017		1		1
Additional paid-in capital		39,: 82		38,792
Retained earnings		2,894		3,013
Accumulated other comprehensive loss		($0)		(67)
Total Duke Energy Corporation stockholdersUequity		42,50$		41,739
Noncontrolling interests		8		(2)
Total equity		42,515		41,737

Total Liabilities and Equity	**6**	**140,259**	Q	137,914

See Notes to Condensed Consolidated Financial Statements

PART I

D' —E ENERGY CORPORATION
Condensed Consolidated Statements of Cash Flo' s
(Unaudited)

		Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**
CASH FLOWS FROM OPERATING ACTIwTIES				
Net income	6	**1,124**	Q	1,406
Adjustments to reconcile net income to net cash provided by operating activities$				
Depreciation, amortiBation and accretion (including amortiBation 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 realiBed and unrealiBed 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 INwESTING ACTIwTIES				
Capital expenditures		**(4,3$5)**		(3,931)
Contributions to equity method investments		**(140)**		(287)
Purchases of debt and equity securities		**(1,908)**		(2,412)
Proceeds from sales and maturities of debt and equity securities		**1,8: :**		2,439
Other		**(88)**		(153)
Net cash used in investing activities		**(4,: 45)**		(4,344)
CASH FLOWS FROM FINANCING ACTIwTIES				
Proceeds from the$				
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		**($8)**		(70)
Cash, zash equiKalents and restrizted zash at beginning of period		**505**		541
Cash, zash equiKalents and restrizted zash at end of period	6	**42$**	Q	471
Supplemental Diszlosures–				
Significant non-cash transactions$				
Accrued capital expenditures	6	**9$8**	Q	589

Non-cash dividends	**52**	•

See Notes to Condensed Consolidated Financial Statements

PART I

D' —E ENERGY CORPORATION
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

					Azzumulated Other ComprehensiKe Inzome (Loss)					
(in millions)	Common Stoz7 Shares	Common Stoz7	Additional Paid-in Capital	Retained Earnings	Net Gains (Losses) on Cash Flo' Hedges	Net Unrealized (Losses) Gains on AKailable-for-Sale-Sezurities	Pension and OPEk Ad-ustments	Total Du7e Energy Corporation Stoz7holdersj Equity	Nonzontrolling Interests	Total Equity
k alanze at Dezember 31, 201:	700	Q 1	Q 38,741	Q 2,384	Q (20)	Q (1)	Q (72)	Q 41,033	Q 8	Q41,041
Net income	•	•	•	1,402	•	•	•	1,402	4	1,406
Other comprehensive income	•	•	•	•	1	8	2	11	•	11
Common stock issuances, including dividend reinvestment and employee benefits	•	•	17	•	•	•	•	17	•	17
Common stock dividends	•	•	•	(1,200)	•	•	•	(1,200)	•	(1,200)
Distributions to noncontrolling interest in subsidiaries	•	•	•	•	•	•	•	•	(2)	(2)
Other(a)	•	•	•	21	•	•	•	21	•	21
k alanze at cune 30, 201$	700	Q 1	Q 38,758	Q 2,607	Q (19)	Q 7	Q (70)	Q 41,284	Q 10	Q41,294
k alanze at Dezember 31, 201$	700	Q 1	Q 38,792	Q 3,013	Q (10)	Q 12	Q (69)	Q 41,739	Q (2)	Q41,737
Net income	**Z**	**Z**	**Z**	**1,120**	**Z**	**Z**	**Z**	**1,120**	**4**	**1,124**
Other comprehensive income (loss)	**Z**	**Z**	**Z**	**Z**	**12**	**(5)**	**2**	**9**	**Z**	**9**
Common stock issuances, including dividend reinvestment and employee benefits	**12**	**Z**	**890**	**Z**	**Z**	**Z**	**Z**	**890**	**Z**	**890**
Common stock dividends	**Z**	**Z**	**Z**	**(1,251)**	**Z**	**Z**	**Z**	**(1,251)**	**Z**	**(1,251)**
Distributions to noncontrolling interest in subsidiaries	**Z**	**Z**	**Z**	**Z**	**Z**	**Z**	**Z**	**Z**	**(1)**	**(1)**
Other(b)	**Z**	**Z**	**Z**	**12**	**Z**	**(12)**	**Z**	**Z**	**$**	**$**
k alanze at cune 30, 2018	**$12**	**6 1**	**6 39,: 82**	**6 2,894**	**6 2**	**6 (5)**	**6 (: $)**	**6 42,50$**	**6 8**	**642,515**

(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 ComprehensiKe Inzome
(Unaudited)

		Three Months Ended cune 30,				Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**		**2018**		**201$**
Operating ReKenues	**6**	**1,: $2**	Q	1,729	**6**	**3,435**	Q	3,445
Operating Evpenses								
Fuel used in electric generation and purchased power		**40$**		435		**880**		863
Operation, maintenance and other		**499**		483		**950**		978
Depreciation and amortiBation		**289**		269		**5: 1**		523
Property and other taxes		**$5**		71		**14$**		139
Impairment charges		**1$$**		•		**190**		•
Total operating expenses		**1,44$**		1,258		**2,$28**		2,503
Losses on Sales of Other Assets and Other, net		**(1)**		•		**(1)**		•
Operating Inzome		**224**		471		**$0:**		942
Other Inzome and Evpenses, net		**35**		50		**$4**		100
Interest Evpense		**110**		103		**21$**		206
Inzome kefore Inzome Taves		**149**		418		**5: 3**		836
Inzome Tav Evpense		**32**		145		**123**		293
Net Inzome	**6**	**11$**	Q	273	**6**	**440**	Q	543
Other ComprehensiKe Inzome, net of tav								
Reclassification into earnings from cash flow hedges		**Z**		1		**1**		1
ComprehensiKe Inzome	**6**	**11$**	Q	274	**6**	**441**	Q	544

See Notes to Condensed Consolidated Financial Statements

PART I

D' —E ENERGY CAROLINAS, LLC
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		cune 30, 2018		Dezember 31, 201$
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 amortiBation		(15,248)		(15,063)
Net property, plant and equipment		28,181		27,876
Other Nonzurrent 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
LIAk ILITIES 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		9,589		8,598
Long-Term Debt Payable to Affiliated Companies		300		300
Other Nonzurrent 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 Contingenzies				
Equity				
MemberÙs 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)

		Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**
CASH FLOWS FROM OPERATING ACTIwTIES				
Net income	6	**440**	Q	543
Adjustments to reconcile net income to net cash provided by operating activities$				
Depreciation and amortiBation (including amortiBation of nuclear fuel)		**0**		688
Equity component of AF' DC		**(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 realiBed and unrealiBed 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 INwESTING ACTIwTIES				
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 ACTIwTIES				
Proceeds from the issuance of long-term debt		**991**		•
Payments for the redemption of long-term debt		**($02)**		(114)
Notes payable to affiliated companies		**: 3:**		534
Distributions to parent		**(500)**		(375)
Other		**(1)**		(1)
Net cash provided by financing activities		**424**		44
Net increase in cash and cash equivalents		**Z**		2
Cash and zash equiKalents at beginning of period		**1:**		14
Cash and zash equiKalents at end of period	6	**1:**	Q	16
Supplemental Diszlosures–				
Significant non-cash transactions$				
Accrued capital expenditures	6	**343**	Q	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		
(in millions)		**Memberjs Equity**		**Net Losses on Cash Flo' Hedges**		**Total Equity**
k alanze 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)
k alanze at cune 30, 201$	Q	10,947	Q	(8)	Q	10,939
k alanze 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)**
k alanze 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 ComprehensiKe Inzome
(Unaudited)

		Three Months Ended cune 30,				Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**		**2018**		**201$**
Operating ReKenues	6	**2,498**	Q	2,392	6	**5,0$4**	Q	4,571
Operating Evpenses								
Fuel used in electric generation and purchased power		**895**		831		**1,8$1**		1,557
Operation, maintenance and other		**: 10**		549		**1,233**		1,109
Depreciation and amortiBation		**380**		311		**$: 4**		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		**:**		6		**12**		14
Operating Inzome		**484**		576		**931**		1,047
Other Inzome and Evpenses, net		**42**		36		**$$**		76
Interest Evpense		**203**		196		**412**		402
Inzome kefore Inzome Taves		**323**		416		**59:**		721
Inzome Tav Evpense		**5:**		139		**92**		243
Net Inzome		**2: $**		277		**504**		478
Less–Net Inzome Attributable to Nonzontrolling Interests		**2**		3		**4**		5
Net Inzome Attributable to Parent	6	**2: 5**	Q	274	6	**500**	Q	473
Net Inzome	6	**2: $**	Q	277	6	**504**	Q	478
Other ComprehensiKe Inzome, net of tav								
Pension and OPEV adjustments		**2**		1		**2**		2
Net unrealiBed gains on cash flow hedges		**1**		5		**3**		6
' nrealiBed (losses) gains on available-for-sale securities		**(1)**		1		**(1)**		2
Other ComprehensiKe Inzome, net of tav		**2**		7		**4**		10
ComprehensiKe Inzome		**2: 9**		284		**508**		488
Less–ComprehensiKe Inzome Attributable to Nonzontrolling Interests		**2**		3		**4**		5
ComprehensiKe Inzome Attributable to Parent	6	**2: $**	Q	281	6	**504**	Q	483

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		cune 30, 2018		Dezember 31, 201$
ASSETS				
Current Assets				
Cash and cash equivalents	6	3$	Q	40
Receivables (net of allowance for doubtful accounts of Q5 at 2018 and Q4 at 2017)		130		123
Receivables of ' IEs (net of allowance for doubtful accounts of Q7 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 Q51 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 amortiBation		(1: ,380)		(15,857)
Generation facilities to be retired, net		3$8		421
Net property, plant and equipment		32,894		31,887
Other Nonzurrent Assets				
Goodwill		3,: 55		3,655
Regulatory assets (includes Q1,071 at 2018 and Q1,091 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
LIAk ILITIES 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 Q53 at 2018 and 2017 related to ' IEs)		1,321		771
Asset retirement obligations		38:		295
Regulatory liabilities		233		213
Other		$11		729
Total current liabilities		5,243		4,383
Long-Term Debt (inzludes 61,: : 0 at 2018 and 61,: 89 at 201$ related to wIEs)		1: ,$23		16,916
Long-Term Debt Payable to Affiliated Companies		150		150
Other Nonzurrent 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 Contingenzies				
Equity				
Common stock, Q0.01 par value, 100 shares authoriBed 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. stockholdersUequity		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

PART I

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Cash Flo' s
(Unaudited)

		Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**
CASH FLOWS FROM OPERATING ACTIwTIES				
Net income	6	**504**	Q	478
Adjustments to reconcile net income to net cash provided by operating activities$				
Depreciation, amortiBation and accretion (including amortiBation 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 realiBed and unrealiBed mark-to-market and hedging transactions		**14**		•
Receivables		**(19:)**		(64)
Receivables from affiliated companies		**28**		99
Inventory		**$1**		95
Other current assets		**(214)**		(220)
Increase (decrease) in				
Accounts payable		**15**		(211)
Accounts payable to affiliated companies		**(19)**		(140)
Taxes accrued		**80**		81
Other current liabilities		**(58)**		(148)
Other assets		**(18:)**		(69)
Other liabilities		**4**		(18)
Net cash provided by operating activities		**1,158**		834
CASH FLOWS FROM INwESTING ACTIwTIES				
Capital expenditures		**(1,2)**		(1,733)
Purchases of debt and equity securities		**(812)**		(1,108)
Proceeds from sales and maturities of debt and equity securities		**820**		1,123
Notes receivable from affiliated companies		**(: 9)**		(60)
Other		**(81)**		(22)
Net cash used in investing activities		**(1,8: 9)**		(1,800)
CASH FLOWS FROM FINANCING ACTIwTIES				
Proceeds from the issuance of long-term debt		**989**		923
Payments for the redemption of long-term debt		**(: 35)**		(326)
Notes payable to affiliated companies		**34$**		341
Other		**(3)**		(3)
Net cash provided by financing activities		**: 98**		935
Net decrease in cash, cash equivalents and restricted cash		**(13)**		(31)
Cash, zash equiKalents and restrizted zash at beginning of period		**8$**		110
Cash, zash equiKalents and restrizted zash at end of period	6	**$4**	Q	79
Supplemental Diszlosures–				
Significant non-cash transactions$				
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)

			Azzumulated Other ComprehensiKe Inzome (Loss)					
(in millions)	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flo' Hedges	Net Unrealixed Gains (losses) on AKailable-for-Sale Sezurities	Pension and OPEk Ad-ustments	Total Progress Energy, Inz. Stoz7holdersj Equity	Nonzontrolling Interests	Total Equity
k alanze at Dezember 31, 201:	Q 8,094	Q 3,764	Q (23)	Q 1	Q (16)	Q 11,820	Q (13)	Q11,807
Net income	•	473	•	•	•	473	5	478
Other comprehensive income	•	•	6	2	2	10	•	10
Other	2	•	•	•	•	2	•	2
k alanze at cune 30, 201$	Q 8,096	Q 4,237	Q (17)	Q 3	Q (14)	Q 12,305	Q (8)	Q12,297
k alanze at Dezember 31, 201$	Q 9,143	Q 4,350	Q (18)	Q 5	Q (12)	Q 13,468	Q (3)	Q13,465
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**
k alanze at cune 30, 2018	**6 9,143**	**6 4,855**	**6 (15)**	**6 (1)**	**6 (10)**	**6 13,9$2**	**6 Z**	**613,9$2**

(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

D’ —E ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Operations and ComprehensiKe Inzome
(Unaudited)

		Three Months Ended cune 30,				Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**		**2018**		**201$**
Operating ReKenues	**6**	**1,291**	Q	1,199	**6**	**2,$51**	Q	2,418
Operating Evpenses								
Fuel used in electric generation and purchased power		**408**		375		**91$**		739
Operation, maintenance and other		**3$5**		342		**$5:**		704
Depreciation and amortiBation		**235**		173		**4$0**		354
Property and other taxes		**40**		40		**$5**		80
Impairment charges		**1**		•		**33**		•
Total operating expenses		**1,059**		930		**2,251**		1,877
Gains on Sales of Other Assets and Other, net		**1**		1		**2**		3
Operating Inzome		**233**		270		**502**		544
Other Inzome and Evpenses, net		**19**		26		**3$**		57
Interest Evpense		**$8**		70		**159**		152
Inzome kefore Inzome Taves		**1$4**		226		**380**		449
Inzome Tav Evpense		**35**		72		**: 4**		148
Net Inzome and ComprehensiKe Inzome	**6**	**139**	Q	154	**6**	**31:**	Q	301

See Notes to Condensed Consolidated Financial Statements

PART I

D' —E ENERGY PROGRESS, LLC
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		**cune 30, 2018**		**Dezember 31, 201$**
ASSETS				
Current Assets				
Cash and cash equivalents	**6**	**18**	Q	20
Receivables (net of allowance for doubtful accounts of Q2 at 2018 and Q1 at 2017)		**50**		56
Receivables of ' IEs (net of allowance for doubtful accounts of Q5 at 2018 and 2017)		**5: 8**		459
Receivables from affiliated companies		**1**		3
Inventory		**9$:**		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 amortiBation		**(11,29:)**		(10,903)
Generation facilities to be retired, net		**3$8**		421
Net property, plant and equipment		**19,: 1$**		19,101
Other Nonzurrent 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**	Q	27,799
LIAk ILITIES AND EQUITY				
Current Liabilities				
Accounts payable	**6**	**3$5**	Q	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,$: 8**		1,800
Long-Term Debt		**: ,: 05**		7,204
Long-Term Debt Payable to Affiliated Companies		**150**		150
Other Nonzurrent Liabilities				
Deferred income taxes		**1,95$**		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 Contingenzies				
Equity				
Memberjs Equity		**8,2: 5**		7,949
Total Liabilities and Equity	**6**	**28,: 30**	Q	27,799

See Notes to Condensed Consolidated Financial Statements

PART I

D' —E ENERGY PROGRESS, LLC
Condensed Consolidated Statements of Cash Flo' s
(Unaudited)

		Siv Months Ended cune 30,		
(in millions)		**2018**		**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)

(in millions)		Memberjs Equity
k alanze at Dezember 31, 201:	Q	7,358
Net income		301
k alanze at cune 30, 201$	Q	7,659
k alanze at Dezember 31, 201$	Q	7,949
Net income		**31:**
k alanze 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 ComprehensiKe Inzome
(Unaudited)

	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	**2018**	**201$**	**2018**	**201$**
Operating ReKenues	6 **1,203**	Q 1,191	6 **2,318**	Q 2,150
Operating Evpenses				
Fuel used in electric generation and purchased power	**48:**	455	**953**	817
Operation, maintenance and other	**23$**	208	**4$4**	403
Depreciation and amortiBation	**144**	137	**294**	269
Property and other taxes	**91**	89	**1$9**	166
Impairment charges	**Z**	1	**Z**	2
Total operating expenses	**958**	890	**1,900**	1,657
Operating Inzome	**245**	301	**418**	493
Other Inzome and Evpenses, net	**2:**	19	**4$**	39
Interest Evpense	**: :**	70	**13$**	140
Inzome kefore Inzome Taves	**205**	250	**328**	392
Inzome Tav Evpense	**3$**	92	**5$**	144
Net Inzome	6 **1: 8**	Q 158	6 **2$1**	Q 248
Other ComprehensiKe (Loss) Inzome, net of tav				
’ nrealiBed (losses) gains on available-for-sale securities	**(1)**	1	**(1)**	2
ComprehensiKe Inzome	6 **1: $**	Q 159	6 **2$0**	Q 250

See Notes to Condensed Consolidated Financial Statements

PART I

D' —E ENERGY FLORIDA, LLC
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		cune 30, 2018		Dezember 31, 201$
ASSETS				
Current Assets				
Cash and cash equivalents	6	14	Q	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 amortiBation		(5,0$9)		(4,947)
Net property, plant and equipment		13,2$4		12,783
Other Nonzurrent Assets				
Regulatory assets (includes Q1,071 at 2018 and Q1,091 at 2017 related to ' IEs)		2,1: 3		2,503
Nuclear decommissioning trust funds		$15		736
Other		30$		284
Total other noncurrent assets		3,185		3,523
Total Assets	6	18,548	Q	18,069
LIAk ILITIES AND EQUITY				
Current Liabilities				
Accounts payable	6	440	Q	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		1,3$8		1,942
Long-Term Debt (inzludes 61,3: 1 at 2018 and 61,389 at 201$ related to wIEs)		$,183		6,327
Other Nonzurrent Liabilities				
Deferred income taxes		2,00$		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 Contingenzies				
Equity				
MemberIs 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	Q	18,069

See Notes to Condensed Consolidated Financial Statements

PART I

D’ —E ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Cash Flo' s
(Unaudited)

		Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**
CASH FLOWS FROM OPERATING ACTIwTIES				
Net income	6	**2$1**	Q	248
Adjustments to reconcile net income to net cash provided by operating activities$				
Depreciation, amortiBation 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 realiBed and unrealiBed 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 INwESTING ACTIwTIES				
Capital expenditures		**($31)**		(893)
Purchases of debt and equity securities		**(239)**		(289)
Proceeds from sales and maturities of debt and equity securities		**2: 4**		318
Notes receivable from affiliated companies		**(110)**		(230)
Other		**(35)**		•
Net cash used in investing activities		**(851)**		(1,094)
CASH FLOWS FROM FINANCING ACTIwTIES				
Proceeds from the issuance of long-term debt		**989**		908
Payments for the redemption of long-term debt		**(: 35)**		(57)
Notes payable to affiliated companies		**Z**		(297)
Other		**(1)**		(1)
Net cash provided by financing activities		**353**		553
Net decrease in cash, cash equivalents and restricted cash		**(8)**		(28)
Cash, zash equiKalents and restrizted zash at beginning of period		**53**		69
Cash, zash equiKalents and restrizted zash at end of period	6	**45**	Q	41
Supplemental Diszlosures–				
Significant non-cash transactions$				
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 ComprehensiKe Inzome (Loss)		
(in millions)		**Memberjs Equity**		**Net Unrealixed Gains (Losses) on AKailable-for-Sale Sezurities**		**Total 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 Memberls 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 ComprehensiKe Inzome
(Unaudited)

	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	**2018**	**201$**	**2018**	**201$**
Operating ReKenues				
Regulated electric	6 **34:**	Q 328	6 **: 82**	Q 665
Regulated natural gas	**103**	100	**2$$**	270
Nonregulated electric and other	**10**	9	**24**	20
Total operating revenues	**459**	437	**983**	955
Operating Evpenses				
Fuel used in electric generation and purchased power z regulated	**93**	86	**185**	183
Fuel used in electric generation and purchased power z nonregulated	**14**	14	**29**	29
Cost of natural gas	**15**	10	**: 9**	64
Operation, maintenance and other	**130**	132	**2: 1**	263
Depreciation and amortiBation	**: 2**	63	**132**	130
Property and other taxes	**: 8**	67	**145**	139
Impairment charges	**Z**	1	**Z**	1
Total operating expenses	**382**	373	**821**	809
Loss on Sales of Other Assets and Other, net	**Z**	•	**(10:)**	•
Operating Inzome	**$$**	64	**5:**	146
Other Inzome and Evpenses, net	**8**	5	**14**	10
Interest Evpense	**23**	23	**45**	45
Inzome k efore Inzome Taves	**: 2**	46	**25**	111
Inzome Tav Evpense	**1:**	16	**4**	39
Net Inzome and ComprehensiKe Inzome	6 **4:**	Q 30	6 **21**	Q 72

See Notes to Condensed Consolidated Financial Statements

PART I

D' —E ENERGY O– IO, INC.
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		cune 30, 2018		Dezember 31, 201$
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 amortiBation		(2,: 9:)		(2,691)
Net property, plant and equipment		: ,328		6,041
Other Nonzurrent 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
LIAk ILITIES 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 Nonzurrent Liabilities				
Deferred income taxes		$$8		781
Asset retirement obligations		84		81
Regulatory liabilities		89:		891
Accrued pension and other post-retirement benefit costs		83		59
Other		9:		108
Total other noncurrent liabilities		1,93$		1,920
Commitments and Contingenzies				
Equity				
Common stock, Q8.50 par value, 120 million shares authoriBed◦ 90 million shares outstanding at 2018 and 2017		$: 2		762
Additional paid-in capital		2,$$:		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)

		Siv Months Ended cune 30,		
(in millions)		2018		201$
CASH FLOWS FROM OPERATING ACTIwTIES				
Net income	6	21	Q	72
Adjustments to reconcile net income to net cash provided by operating activities$				
Depreciation and amortiBation		134		132
Equity component of AF’ DC		(8)		(5)
Losses on sales of other assets		10:		•
Impairment charges		Z		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 INwESTING ACTIwTIES				
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 ACTIwTIES				
Proceeds from the issuance of long-term debt		Z		93
Payments for the redemption of long-term debt		(3)		(1)
Notes payable to affiliated companies		190		8
Dividends to parent		Z		(25)
Other		Z		(1)
Net cash provided by financing activities		18$		74
Net decrease in cash and cash equivalents		(5)		(4)
Cash and zash equiKalents at beginning of period		12		13
Cash and zash equiKalents at end of period	6	$	Q	9
Supplemental Diszlosures–				
Significant non-cash transactions$				
Accrued capital expenditures	6	$0	Q	59
Non-cash equity contribution from parent		10:		•

See Notes to Condensed Consolidated Financial Statements

PART I

D' —E ENERGY O– IO, INC.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)		Common Stoz7		Additional Paid-in Capital		Azzumulated Defizit		Total Equity
k alanze at Dezember 31, 201:	Q	762	Q	2,695	Q	(461)	Q	2,996
Net income		•		•		72		72
Dividends to parent		•		(25)		•		(25)
k alanze at cune 30, 201$	Q	762	Q	2,670	Q	(389)	Q	3,043
k alanze at Dezember 31, 201$	Q	762	Q	2,670	Q	(269)	Q	3,163
Net income		**Z**		**Z**		**21**		**21**
Contribution from parent[(a)]		**Z**		**10:**		**Z**		**10:**
k alanze at cune 30, 2018	**6**	**$: 2**	**6**	**2,$$:**	**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

PART I

D’ —E ENERGY INDIANA, LLC
Condensed Consolidated Statements of Operations and ComprehensiKe Inzome
(Unaudited)

	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	**2018**	**201$**	**2018**	**201$**
Operating ReKenues	6 **$38**	Q 742	6 **1,4: 9**	Q 1,500
Operating Evpenses				
Fuel used in electric generation and purchased power	**22:**	234	**458**	485
Operation, maintenance and other	**19$**	194	**3$8**	369
Depreciation and amortiBation	**12:**	91	**25:**	216
Property and other taxes	**20**	15	**40**	37
Total operating expenses	**5: 9**	534	**1,132**	1,107
Operating Inzome	**1: 9**	208	**33$**	393
Other Inzome and Evpenses, net	**:**	11	**13**	20
Interest Evpense	**43**	44	**83**	88
Inzome k efore Inzome Taves	**132**	175	**2: $**	325
Inzome Tav Evpense	**34**	69	**: 9**	128
Net Inzome and ComprehensiKe Inzome	6 **98**	Q 106	6 **198**	Q 197

See Notes to Condensed Consolidated Financial Statements

PART I

D' —E ENERGY INDIANA, LLC
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		cune 30, 2018		Dezember 31, 201$
ASSETS				
Current Assets				
Cash and cash equivalents	6	**24**	Q	9
Receivables (net of allowance for doubtful accounts of Q2 at 2018 and 2017)		**54**		57
Receivables from affiliated companies		**89**		125
Inventory		**4$0**		450
Regulatory assets		**191**		165
Other		**52**		30
Total current assets		**880**		836
Property, Plant and Equipment				
Cost		**15,213**		14,948
Accumulated depreciation and amortiBation		**(4,$: $)**		(4,662)
Net property, plant and equipment		**10,44:**		10,286
Other Nonzurrent Assets				
Regulatory assets		**1,021**		978
Other		**224**		189
Total other noncurrent assets		**1,245**		1,167
Total Assets	6	**12,5$1**	Q	12,289
LIAk ILITIES AND EQUITY				
Current Liabilities				
Accounts payable	6	**1$1**	Q	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		**8: 5**		772
Long-Term Debt		**3,5$0**		3,630
Long-Term Debt Payable to Affiliated Companies		**150**		150
Other Nonzurrent Liabilities				
Deferred income taxes		**95$**		925
Asset retirement obligations		**$58**		727
Regulatory liabilities		**1,$55**		1,723
Accrued pension and other post-retirement benefit costs		**111**		76
Investment tax credits		**14$**		147
Other		**14**		18
Total other noncurrent liabilities		**3,$42**		3,616
Commitments and Contingenzies				
Equity				
Memberjs Equity		**4,244**		4,121
Total Liabilities and Equity	6	**12,5$1**	Q	12,289

PART I

D' —E ENERGY INDIANA, LLC
Condensed Consolidated Statements of Cash Flo' s
(Unaudited)

		Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**
CASH FLOWS FROM OPERATING ACTIwTIES				
Net income	6	**198**	Q	197
Adjustments to reconcile net income to net cash provided by operating activities$				
Depreciation, amortiBation 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 realiBed and unrealiBed 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 INwESTING ACTIwTIES				
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 ACTIwTIES				
Payments for the redemption of long-term debt		**Z**		(2)
Notes payable to affiliated companies		**: 0**		•
Distributions to parent		**($5)**		(150)
Other		**(1)**		(1)
Net cash used in financing activities		**(1:)**		(153)
Net increase in cash and cash equivalents		**15**		•
Cash and zash equiKalents at beginning of period		**9**		17
Cash and zash equiKalents at end of period	6	**24**	Q	17
Supplemental Dizlosures–				
Significant non-cash transactions$				
Accrued capital expenditures	6	**: 2**	Q	81

See Notes to Condensed Consolidated Financial Statements

PART I

D' —E ENERGY INDIANA, LLC
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)		Memberjs Equity
k alanze at Dezember 31, 201:	Q	4,067
Net income		197
Distributions to parent		(150)
k alanze at cune 30, 201$	Q	4,114
k alanze at Dezember 31, 201$	Q	4,121
Net income		**198**
Distributions to parent		**($5)**
k alanze at cune 30, 2018	**6**	**4,244**

See Notes to Condensed Consolidated Financial Statements

PART I

PIEDMONT NAT' RAL GAS COMPANY, INC.
Condensed Consolidated Statements of Operations and ComprehensiKe Inzome
(Unaudited)

	Three Months Ended cune 30,		Siv Months Ended cune 30,	
	2018	**201$**	**2018**	**201$**
Operating ReKenues	6 **215**	Q 201	6 **$: 8**	Q 701
Operating Evpenses				
Cost of natural gas	**$4**	65	**333**	270
Operation, maintenance and other	**85**	76	**1: $**	153
Depreciation and amortiBation	**39**	36	**$8**	71
Property and other taxes	**12**	12	**24**	25
Impairment charges	**Z**	7	**Z**	7
Total operating evpenses	**210**	196	**: 02**	526
Operating Inzome	**5**	5	**1: :**	175
Other Inzome and Evpenses				
Equity in earnings of unconsolidated affiliates	**1**	2	**3**	5
Other income and expenses, net	**3**	(1)	**:**	(1)
Total other inzome and evpenses	**4**	1	**9**	4
Interest Evpense	**20**	19	**41**	39
(Loss) Inzome k efore Inzome Taves	**(11)**	(13)	**134**	140
Inzome Tav (k enefit) Evpense	**(3)**	(5)	**32**	53
Net (Loss) Inzome and ComprehensiKe (Loss) Inzome	6 **(8)**	Q (8)	6 **102**	Q 87

See Notes to Condensed Consolidated Financial Statements

PART I

PIEDMONT NAT’ RAL GAS COMPANY, INC.
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		**cune 30, 2018**		**Dezember 31, 201$**
ASSETS				
Current Assets				
Cash and cash equivalents	6	8	Q	19
Receivables (net of allowance for doubtful accounts of Q3 at 2018 and Q2 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		$,089		6,725
Accumulated depreciation and amortiBation		(1,533)		(1,479)
Net property, plant and equipment		5,55:		5,246
Other Nonzurrent Assets				
Goodwill		49		49
Regulatory assets		29$		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
LIAk ILITIES AND EQUITY				
Current Liabilities				
Accounts payable	6	133	Q	125
Accounts payable to affiliated companies		1		13
Notes payable to affiliated companies		Z		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 Nonzurrent 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 Contingenzies				
Equity				
Common stock, no par value$100 shares authoriBed 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 NAT' RAL GAS COMPANY, INC.
Condensed Consolidated Statements of Cash Flo' s
(Unaudited)

		Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**
CASH FLOWS FROM OPERATING ACTIwTIES				
Net income	6	**102**	Q	87
Adjustments to reconcile net income to net cash provided by operating activities$				
Depreciation and amortiBation		**$9**		74
Impairment charges		**Z**		7
Deferred income taxes		**4**		100
Equity in earnings from unconsolidated affiliates		**(3)**		(5)
Accrued pension and other post-retirement benefit costs		**(2)**		6
Provision for rate refunds		**2$**		•
(Increase) decrease in				
Net realiBed and unrealiBed mark-to-market and hedging transactions		**Z**		(39)
Receivables		**1: :**		155
Receivables from affiliated companies		**(4)**		(1)
Inventory		**28**		28
Other current assets		**$4**		(64)
Increase (decrease) in				
Accounts payable		**(32)**		(44)
Accounts payable to affiliated companies		**(12)**		42
Taxes accrued		**4**		(46)
Other current liabilities		**28**		(23)
Other assets		**2**		28
Other liabilities		**(2)**		(6)
Net cash provided by operating activities		**459**		299
CASH FLOWS FROM INwESTING ACTIwTIES				
Capital expenditures		**(32$)**		(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 ACTIwTIES				
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 zash equiKalents at beginning of period		**19**		25
Cash and zash equiKalents at end of period	6	**8**	Q	14
Supplemental Diszlosures–				
Significant non-cash transactions$				
Accrued capital expenditures	6	**$3**	Q	45
Transfer of ownership interest of certain equity method investees to parent		**Z**		149

See Notes to Condensed Consolidated Financial Statements

PART I

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

(in millions)		Common Stoz7		Retained Earnings		Total Equity
k alanze at Dezember 31, 201:	Q	860	Q	812	Q	1,672
Net income		•		87		87
Transfer of ownership interest of certain equity method investees to parent		•		(149)		(149)
k alanze at cune 30, 201$	Q	860	Q	750	Q	1,610
k alanze at Dezember 31, 201$	Q	860	Q	802	Q	1,662
Net income		**Z**		**102**		**102**
Contribution from parent		**300**		**Z**		**300**
k alanze at cune 30, 2018	**6**	**1,1: 0**	**6**	**904**	**6**	**2,0: 4**

See Notes to Condensed Consolidated Financial Statements

Indev to Combined Notes to Condensed Consolidated Finanzial 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.

	Applicable Notes																	
Registrant	**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 EnergyUs 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. ORGANIJATION AND kASIS OF PRESENTATION

NATURE OF OPERATIONS AND kASIS 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 ’ nited States (’ .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 RegistrantsUoperations 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 ’ tilities Commission (NC’ C), Public Service Commission of South Carolina (PSCSC), ’ .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 NC’ C, 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 –entucky, the generation and sale of electricity in portions of –entucky and the transportation and sale of natural gas in portions of Ohio and –entucky. 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 –entucky are conducted through its wholly owned subsidiary, Duke Energy –entucky, Inc. (Duke Energy –entucky). 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 ’ tilities Commission of Ohio (P’ CO), –entucky Public Service Commission (–PSC) 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 ’ tility Regulatory Commission (I’ RC) 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 NC’ C, PSCSC, Tennessee Public ’ tility Commission (TP’ C) and FERC.

k ASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the ' .S. for interim financial information and with the instructions to Form 10-H and Regulation S-/ . Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP in the ' .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 ' .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-–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. – owever, 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.

REwENUE

Duke Energy recogniBes 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 recogniBed 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 EQUIwALENTS 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 (' IEs). 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 Valance Sheets.

	cune 30, 2018			Dezember 31, 201$		
	Du7e Energy	Progress Energy	Du7e Energy Florida	Du7e Energy	Progress Energy	Du7e Energy Florida
Current Assets						
Cash and cash equivalents	**6 304**	**6 3$**	**6 14**	Q 358	Q 40	Q 13
Other	**115**	**31**	**31**	138	40	40
Other Nonzurrent Assets						
Other	**8**	**:**	**Z**	9	7	•
Total cash, cash equivalents and restricted cash	**6 42$**	**6 $4**	**6 45**	Q 505	Q 87	Q 53

INwENTORY

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 capitaliBed 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 : une 30, 2018, and December 31, 2017. The components of inventory are presented in the tables below.

	cune 30, 2018							
(in millions)	Du7e Energy	Du7e Energy Carolinas	Progress Energy	Du7e Energy Progress	Du7e Energy Florida	Du7e Energy Ohio	Du7e Energy Indiana	Piedmont
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 Energy	Du7e Energy Carolinas	Progress Energy	Du7e Energy Progress	Du7e Energy Florida	Du7e Energy Ohio	Du7e Energy Indiana	Piedmont
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 recogniBed 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.

	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	2018	201$	2018	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 : une 30, 2018.

ReKenue from Contrazts ' ith Customers. In May 2014, the Financial Accounting Standards Voard (FASV) issued revised accounting guidance for revenue recognition from contracts with customers. The core principle of this guidance is that an entity should recogniBe 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.

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 utiliBed certain practical expedients including applying this guidance to open contracts at the date of adoption, expensing costs to obtain a contract where the amortiBation 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 recogniBing 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.

Finanzial 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 realiBed and unrealiBed 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 entityU 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 RegistrantsU Condensed Consolidated Statements of Operations and Comprehensive Income as changes in the fair value of most of the Duke Energy RegistrantsU equity securities are deferred as regulatory assets or liabilities pursuant to accounting guidance for regulated operations. The resulting adjustment of unrealiBed 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 Flo' s. 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 Valance 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 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 categoriBed 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 k enefits. 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 capitaliBed 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 capitaliBation.

Duke Energy adopted this guidance on : anuary 1, 2018. ' nder previous guidance, Duke Energy presented the total non-capitaliBed 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 utiliBed the practical expedient for retrospective presentation. The change in components of net periodic costs eligible for capitaliBation is applicable prospectively. Since Duke Energy;s service cost component is greater than the total net periodic costs, the change results in increased capitaliBation 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.

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$

Praztizal Evpedient	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 areJor 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 USINESS 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 EnergyЏ 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 EnergyЏ 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 EnergyЏ electric transmission infrastructure investments.

The Gas ’ tilities and Infrastructure segment includes Piedmont, Duke EnergyЏ natural gas local distribution companies in Ohio and –entucky, and Duke EnergyЏ natural gas storage and midstream pipeline investments. Gas ’ tilities and InfrastructureЏ 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.

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 EnergyЉ 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.

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

	Three Months Ended cune 30, 2018						
(in millions)	Eleztriz Utilities and Infrastruzture	Gas Utilities and Infrastruzture	Commerzial Rene' ables	Total Reportable Segments	Other	Eliminations	Consolidated
’ naffiliated revenues	6 5,215	6 294	6 119	6 5,: 28	6 15	6 Z	6 5,: 43
Intersegment revenues	8	24	Z	32	1$	(49)	Z
Total revenues	6 5,223	6 318	6 119	6 5,: : 0	6 32	6 (49)	6 5,: 43
Segment income (loss)[(a)(b)]	6 5$5	6 28	6 38	6 : 41	6 (13:)	6 Z	6 505
Add back noncontrolling interests							2
Loss from discontinued operations, net of tax							(5)
Net income							6 502
Segment assets	6 121,94$	6 11,43$	6 4,233	6 13$,: 1$	6 2,4: 1	6 181	6 140,259

	Three Months Ended cune 30, 201$						
(in millions)	Eleztriz Utilities and Infrastruzture	Gas Utilities and Infrastruzture	Commerzial Rene' ables	Total Reportable Segments	Other	Eliminations	Consolidated
’ 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 Utilities and Infrastruzture	Gas Utilities and Infrastruzture	Commerzial Rene' ables	Total Reportable Segments	Other	Eliminations	Consolidated
’ 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

	Siv Months Ended cune 30, 201$													
(in millions)		**Eleztriz Utilities and Infrastruzture**		**Gas Utilities and Infrastruzture**		**Commerzial Rene' ables**		**Total Reportable Segments**		**Other**		**Eliminations**		**Consolidated**
' naffiliated 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 ' tilities 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 ' tilities 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 Veckjord Generating Station (Veckjord) 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 Veckjord, 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 EnergyЏ Condensed Consolidated Statements of Operations for the six months ended : une 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.

Du7e Energy Ohio

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

Electric ' tilities and Infrastructure transmits and distributes electricity in portions of Ohio and generates, distributes and sells electricity in portions of Northern –entucky. Gas ' tilities and Infrastructure transports and sells natural gas in portions of Ohio and Northern –entucky. Voth reportable operating segments conduct operations primarily through Duke Energy Ohio and its wholly owned subsidiary, Duke Energy –entucky.

The remainder of Duke Energy OhioЏ 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 OhioЏ contractual arrangement to buy power from the Ohio ' alley Electric CorporationЏ (O' EC) power plants. See Note 8 for additional information on related party transactions.

	Three Months Ended cune 30, 2018											
(in millions)		**Eleztriz Utilities and Infrastruzture**		**Gas Utilities and Infrastruzture**		**Total Reportable Segments**		**Other**		**Eliminations**		**Consolidated**
Total revenues	6	34:	6	103	6	449	6	10	6	Z	6	459
Segment income (loss)Ʌet 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 cune 30, 201$								
(in millions)		**Eleztriz Utilities and Infrastruzture**		**Gas Utilities and Infrastruzture**		**Total Reportable Segments**		**Other**	**Consolidated**
Total revenues	Q	329	Q	100	Q	429	Q	8	Q 437
Segment income (loss)Ʌet income		22		17		39		(9)	30

	Siv Months Ended cune 30, 2018									
(in millions)		**Eleztriz Utilities and Infrastruzture**		**Gas Utilities and Infrastruzture**		**Total Reportable Segments**		**Other**		**Consolidated**
Total revenues	6	: 82	6	2$$	6	959	6	24	6	983

Segment income (loss)/Net income[(a)]	**$2**	**52**	**124**	**(103)**	**21**

	Siv Months Ended cune 30, 201$				
(in millions)	Eleztriz Utilities and Infrastruzture	Gas Utilities and Infrastruzture	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 Veckjord.

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.

Du7e Energy Carolinas and Du7e 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 authoriBing 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 CarolinasUand 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 : une 22, 2018, Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the PSCSC seeking an accounting order authoriBing deferral of certain costs incurred in connection with grid reliability, resiliency and moderniBation work that is being performed under the companies; Power✓Forward initiative. On : uly 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.

Du7e 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 Q647 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 Q4 million to Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

On : une 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 : une 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 Power✓Forward 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.

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 Q554 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 Q347 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 FERCUs 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.

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 prudency 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 unamortiBed 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.

Du7e 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 – urricane 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 ProgressUstorm 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 ProgressUWACC, excluding Q9.5 million of retail deferred coal ash basin costs related to ash hauling at Duke Energy ProgressUAsheville 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 ProgressUrequest 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 ProgressUWACC, to be considered for recovery in the next rate case◦ and

X Approval to recover Q51 million of the approximately Q80 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 CarolinasUCondensed Consolidated Valance Sheets. As a result of the order, Duke Energy Progress and Duke Energy Carolinas recorded pretax charges of Q68 million and Q14 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 Q56 million increase in revenues over a two-year period. An increase of approximately Q38 million in revenues was effective : anuary 1, 2017, and an additional increase of approximately Q18.5 million in revenues was effective : anuary 1, 2018. Duke Energy Progress amortiBed approximately Q18.5 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 regionUs 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 Q893 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 Q344 million and Q385 million is included in Generation facilities to be retired, net on Duke Energy ProgressUCondensed Consolidated Valance Sheets as of : une 30, 2018, and December 31, 2017, respectively. Duke Energy ProgressUrequest 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 Q47 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 AMI, the ongoing deployment of Duke Energy ProgressUnew 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 Q20 million were approved on : uly 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 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 – urricane 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 – urricane 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 – urricanes Irma and Nate. The petition is seeking the approval for the recovery in the amount of Q510 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 FloridaЏ Condensed Consolidated Valance Sheets included approximately Q295 million of recoverable costs under the FPSCЏ 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 FloridaЏ 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 Q84 million and annual amortiВation of excess deferred taxes of Q67 million for a total of Q151 million. The pretax revenue requirement impact is Q201 million, of which Q50 million will be offset with accelerated depreciation of Crystal River 4 and 5 coal units and Q151 million will be offset by – urricane 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 FloridaЏ 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 FloridaЏ 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.

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 OhioЏ 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 CompanyЏ 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 annualiBed 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 stabiliBation 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 OhioЏ 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' COЏ 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 Q38 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 OhioЏ and intervenorЏ applications for rehearing of the September 27, 2017, order. On : anuary 10, 2018, the P' CO denied the Ohio ConsumersЏ Counsel;s application for rehearing of the P' CO order granting Duke Energy OhioЏ waiver request. Duke Energy Ohio cannot predict the outcome of this matter.

2014 Electric Security Plan

In April 2015, the P' CO modified and approved Duke Energy OhioUs 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 stabiliBation rider, but denied Duke Energy OhioUs specific request to include Duke Energy OhioUs 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 OhioUs 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' COUs approval of Duke Energy Ohio;s ESP, challenging P' COUs 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 Q112 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 2020U2021 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 Q8.4 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 capitaliBation 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 ownersU 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 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 . *Emera elMEmvF. 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.

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. ' nder 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. Vecause 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 VCWFUs 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 partiesU interests. On : uly 6, 2015, the ' .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 : une 30, 2017, the parties finaliBed a settlement agreement. Terms of the settlement included Duke Energy Indiana paying Q29 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 : une 2017. The I' RC issued an order on September 27, 2017, approving recovery of the settlement amount through Duke Energy IndianaUs 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 commissionUs decision. The appellants have requested rehearing at the Indiana Court of Appeals.

Tax Act

On : une 27, 2018, Duke Energy Indiana, the Indiana Office of ' tility Consumer Counselor, the Indiana Industrial Group and Nucor Steel z 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 Vase 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 : anuary 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 Q7 million per year over the first five years, with a step up to Q35 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 : uly 13, 2018. Duke Energy Indiana cannot predict the outcome of this matter.

Piedmont

South Carolina Rate Stabilization Adjustment Filing

In : une 2018, Piedmont filed with the PSCSC under the South Carolina Rate StabiliBation 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 normaliBation rules, unprotected EDIT and amounts over collected from the customers from : anuary 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' C approved, a petition under the Integrity Management Rider (IMR) mechanism to update rates, effective : une 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 : anuary 1, 2018. The combined effect of the update was a reduction to annual revenues of approximately Q5.7 million.

Tennessee Integrity Management Rider Filing

In November 2017, Piedmont filed a petition with the TP' C under the IMR mechanism to collect an additional Q8.3 million in annual revenues, effective : anuary 2018, based on the eligible capital investments for integrity and safety projects through October 31, 2017. In : anuary 2018, Piedmont filed an amended computation under the IMR mechanism, revising the proposed increase in annual revenues to approximately Q0.4 million based on the decrease in the corporate federal income tax rate effective : anuary 1, 2018. A hearing on this matter was held on April 9, 2018. In May 2018, the TP' C approved PiedmontUs request as proposed for the IMR effective : anuary 1, 2018.

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 : une 8, 2018, the FERC issued an order approving a settlement agreement under which Duke Energy paid a penalty of Q3.5 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 ' irginia 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 ' tilities and Infrastructure segment. Southern Company Gas maintains a 5 percent interest. See Note 12 for additional information related to Duke EnergyԼs 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 authoriBed 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 ' irginia, and on : uly 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 ' irginia Water Control Voard, and ACP continues working with the ' irginia Water Control Voard;s staff to fulfill the outstanding conditions. ' ntil these conditions have been satisfied, full construction activity in ' irginia 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 Vlue Ridge Parkway, the Appalachian Trail, and the Monongahela and George Washington National Forests, the project;s ' .S. Army Corps of Engineers (' SACE) 404 permit, the ' irginia 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 ' .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 : une 11, 2018, petitioners requested a rehearing of FERC;s West ' irginia Notice to Proceed◦ on : uly 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 : uly 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 ' irginia), on : uly 27, 2018, ACP voluntarily requested an administrative suspension of the ' SACE authoriBation in the – untington District for water crossings in West ' irginia to ensure adequate review by ' SACE of ACP;s crossing methodology. This request for a stay followed a : uly 20, 2018, motion for injunction by certain project opponents.

ACPԼs project manager estimates the projectԼs 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, 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 Q3.2 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 EnergyԼs 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 : uly 2017. On October 12, 2017, Sabal Trail filed a request with FERC to place in service a lateral line to Duke Energy FloridaԼs 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 FERCUs CPCN orders to the ' .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 courtUs decision to vacate the CPCN order. On : anuary 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 courtUs 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 – oldings, Inc. Vefore the permitting delays discussed below, Duke EnergyUs total anticipated contributions were approximately Q229 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 capitaliBation of future development costs until the projectUs uncertainty is resolved.

In December 2014, Constitution received approval from the FERC to construct and operate the proposed pipeline. – owever, 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 ' .S. Court of Appeals for the Second Circuit (' .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 ' .S. Court of Appeals. In : anuary 2018, Constitution petitioned the Supreme Court of the ' nited States to review the ' .S. Court of Appeals decision, and on April 30, 2018, the Supreme Court denied ConstitutionUs 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 ConstitutionUs 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 : anuary 11, 2018, FERC denied ConstitutionUs 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 : uly 19, 2018, FERC denied ConstitutionUs rehearing request. Constitution is currently unable to approximate an in-service date for the project due to the NYSDECUs 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 : une 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 : une 30, 2018, Duke Energy recorded an other-than-temporary impairment (OTTI) of Q55 million within Equity in earnings of unconsolidated affiliates on Duke EnergyUs 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 ' alue 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 NYSDECUs 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.

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 Valance Sheets as of : une 30, 2018, and exclude capitaliBed asset retirement costs.

	Capazity (in MW)		Remaining Net k oo7 walue (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 ProgressUplanned retirements.

4. COMMITMENTS AND CONTINGENCIES

ENwIRONMENTAL

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, haBardous 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 AztiKities

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 andJor 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 Valance Sheets.

	Siv Months Ended cune 30, 2018							
(in millions)	Du7e Energy	Du7e Energy Carolinas	Progress Energy	Du7e Energy Progress	Du7e Energy Florida	Du7e Energy Ohio	Du7e Energy Indiana	Piedmont
Valance 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	Z
Cash reductions	(14)	(1)	(2)	(1)	(1)	(9)	(1)	Z
Valance at end of period	6 :8	6 11	6 15	6 4	6 10	6 35	6 5	6 2

	Siv Months Ended cune 30, 201$							
(in millions)	Du7e Energy	Du7e Energy Carolinas	Progress Energy	Du7e Energy Progress	Du7e Energy Florida	Du7e Energy Ohio	Du7e Energy Indiana	Piedmont
Valance 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)	•
Valance 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. Voth 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 : udgment 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.

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 CarolinasU 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 CarolinasU and Duke Energy ProgressU 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 plaintiffsU 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 Q8 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.

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 ProgressUSutton 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, PlaintiffsUcounsel 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.

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 CourtUs 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 Q30 million termination fee claim and dismissing Duke Energy FloridaUs Q54 million refund claim. WestinghouseUs 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 Q30 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 courtUs 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 courtUs ruling on April 10, 2018.

Other Litigation and Legal Prozeedings

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, 201$
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

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 recogniBed on the Condensed Consolidated Valance Sheets and have unlimited maximum potential payments. – owever, 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 recogniBed on their respective Condensed Consolidated Valance Sheets. Some of these arrangements may be recogniBed at fair value on their respective Condensed Consolidated Valance Sheets if such contracts meet the definition of a derivative and the normal purchaseJnormal 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. DEkT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEkT ISSUANCES

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

			Siv Months Ended cune 30, 2018			
Issuanze Date	**Maturity Date**	**Interest Rate**	**Du7e Energy**	**Du7e Energy (Parent)**	**Du7e Energy Carolinas**	**Du7e Energy Florida**
Unsezured Debt						
March 2018[(a)]	April 2025	3.950%	6 250	6 250	6 Z	6 Z
May 2018[(b)]	May 2021	2.830%	500	500	Z	Z
First Mortgage konds						
March 2018[(c)]	March 2023	3.050%	500	Z	500	Z
March 2018[(c)]	March 2048	3.950%	500	Z	500	Z
: une 2018[(d)]	: uly 2028	3.800%	: 00		Z	: 00
: une 2018[(d)]	: uly 2048	4.200%	400	Z	Z	400
Total issuances			6 2,$50	6 $50	6 1,000	6 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 Q300 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 DEkT

The following table shows the significant components of Current Maturities of Long-Term Debt on the Condensed Consolidated Valance 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	cune 30, 2018
Unsezured Debt			
Piedmont	December 2018	2.796% [(b)]	6 250
Progress Energy	March 2019	7.050%	450
First Mortgage konds			
Duke Energy Carolinas	November 2018	7.000%	500
Duke Energy Progress	: anuary 2019	5.300%	: 00
Duke Energy Ohio	April 2019	5.450%	450
Other[(a)]			: 02
Current maturities of long-term debt			6 2,852

(a) Includes capital lease obligations, amortiBing debt and small bullet maturities.
(b) Debt issuance has a floating interest rate.

AwAILAk LE CREDIT FACILITIES

Master Credit Fazility

In : anuary 2018, Duke Energy extended the termination date of substantially all of its existing Q8 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 Q250 million of available capacity under the Master Credit Facility as security to meet obligations under plea agreements reached with the ’ .S. Department of : ustice 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, 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 siBe[a]	6 8,000	6 2,: 50	6 1,$50	6 1,250	6 800	6 450	6 : 00	6 500
Reduction to backstop issuances								
Commercial paper[b]	(3,004)	(1,08$)	(85:)	(55:)	Z	(189)	(31:)	Z
Outstanding letters of credit	(5$)	(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	6 4,358	6 1,514	6 : 40	6 442	6 800	6 2: 1	6 203	6 498

(a) Represents the sublimit of each borrower.
(b) Duke Energy issued Q625 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 Valance Sheets.

Three-Year ReKolKing Credit Fazility

Duke Energy (Parent) has a Q1.0 billion revolving credit facility (the Three Year Revolver) through : une 2020. As of : une 30, 2018, Q500 million has been drawn under the Three Year Revolver. This balance is classified as Long-Term Debt on Duke EnergyIs Condensed Consolidated Valance 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 EnergyIs Master Credit Facility.

: . ASSET RETIREMENT Ok LIGATIONS

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 Valance Sheets.

	cune 30, 2018							
(in millions)	Du7e Energy	Du7e Energy Carolinas	Progress Energy	Du7e Energy Progress	Du7e Energy Florida	Du7e Energy Ohio	Du7e Energy Indiana	Piedmont
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 Rollfor' ard

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, 201$[(a)]	Q 10,175	Q 3,610	Q 5,414	Q 4,673	Q 742	Q 84	Q 781	Q 15
Accretion expense[(b)]	212	89	113	9$	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 EnergyЉ 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 EnergyЉ 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 OhioЉ Goodwill balance of Q920 million, allocated Q596 million to Electric ' tilities and Infrastructure and Q324 million to Gas ' tilities and Infrastructure, is presented net of accumulated impairment charges of Q216 million on the Condensed Consolidated Valance Sheets at : une 30, 2018, and December 31, 2017.

Progress Energy

Progress EnergyЉ Goodwill is included in the Electric ' tilities and Infrastructure operating segment and there are no accumulated impairment charges.

Piedmont

PiedmontЉ Goodwill is included in the Gas ' tilities and Infrastructure operating segment and there are no accumulated impairment charges.

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 Valance 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.

	Three Months Ended cune 30,				Siv Months Ended cune 30,			
(in millions)		**2018**		**201$**		**2018**		**201$**
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)]		**Z**		•		**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 : oint Dispatch Agreement (: DA), 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 : DA 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 longzterm natural gas delivery service to certain Duke Energy Carolinas and Duke Energy Progress natural gaszfired 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 : une 30, 2018, and 2017.

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 InKestments

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 PiedmontUs Condensed Consolidated Statements of Operations and Comprehensive Income.

		Three Months Ended cune 30,		**Siv Months Ended cune 30,**	
(in millions)	**Type of evpense**	**2018**	**201$**	**2018**	**201$**
Cardinal	Transportation Costs	6 **1**	Q 2	6 **3**	Q 4
Pine Needle	Natural Gas Storage Costs	**2**	2	**4**	4
– ardy 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 Valance Sheets.

Interzompany Inzome Taves

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)	**Du7e Energy Carolinas**	**Progress Energy**	**Du7e Energy Progress**	**Du7e Energy Florida**	**Du7e Energy Ohio**	**Du7e Energy Indiana**	**Piedmont**
cune 30, 2018							
Intercompany income tax receivable	6 **Z**	6 **2$3**	6 **Z**	6 **140**	6 **Z**	6 **Z**	6 **12**
Intercompany income tax payable	**22**	**Z**	**24**	**Z**	**3**	**14**	**Z**
Dezember 31, 201$							
Intercompany income tax receivable	Q •	Q 168	Q •	Q 44	Q 22	Q •	Q 7
Intercompany income tax payable	44	•	21	•	•	35	•

9. DERIwATIwES 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 Valance Sheets. Cash collateral related to derivative instruments executed under master netting arrangements is offset against the collateraliBed derivatives on the Condensed Consolidated Valance Sheets. The cash impacts of settled derivatives are recorded as operating activities on the Condensed Consolidated Statements of Cash Flows.

INTEREST RATE RISB

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, ’ .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 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 derivativeþs 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 Energyþs interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables business.

Undesignated Contrazts

’ 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 amortiBed 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 Registrantsþ Condensed Consolidated Statements of Operations and Comprehensive Income.

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

	cune 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$**

	Dezember 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 RISB

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 Piedmontþs 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.

wolumes

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, 201$						
	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

LOCATION AND FAIR wALUE OF DERIwATIwE ASSETS AND LIAk ILITIES RECOGNIJED ON THE CONDENSED CONSOLIDATED k ALANCE 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 Valance 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**							
(in millions)	**Du7e Energy**	**Du7e Energy Carolinas**	**Progress Energy**	**Du7e Energy Progress**	**Du7e Energy Florida**	**Du7e Energy Ohio**	**Du7e 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**							
(in millions)	**Du7e Energy**	**Du7e Energy Carolinas**	**Progress Energy**	**Du7e Energy Progress**	**Du7e Energy Florida**	**Du7e Energy Ohio**	**Du7e 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**

DeriKatiKe Assets	**Dezember 31, 201$**							
(in millions)	**Du7e Energy**	**Du7e Energy Carolinas**	**Progress Energy**	**Du7e Energy Progress**	**Du7e Energy Florida**	**Du7e Energy Ohio**	**Du7e Energy Indiana**	**Piedmont**
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$**							
(in millions)	**Du7e Energy**	**Du7e Energy Carolinas**	**Progress Energy**	**Du7e Energy Progress**	**Du7e Energy Florida**	**Du7e Energy Ohio**	**Du7e Energy Indiana**	**Piedmont**
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 LIAk ILITIES

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.

DeriKatiKe Assets	cune 30, 2018							
(in millions)	Du7e Energy	Du7e Energy Carolinas	Progress Energy	Du7e Energy Progress	Du7e Energy Florida	Du7e Energy Ohio	Du7e Energy Indiana	Piedmont
Current								
Gross amounts recogniBed	6 :4	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$Other	6 :0	6 1	6 2	6 1	6 1	6 9	6 45	6 2
Nonzurrent								
Gross amounts recogniBed	6 23	6 Z	6 1	6 1	6 Z	6 Z	6 Z	6 Z
Gross amounts offset	(1)	Z	(1)	(1)	Z	Z	Z	Z
Net amounts presented in Other Noncurrent Assets$Other	6 22	6 Z	6 Z	6 Z	6 Z	6 Z	6 Z	6 Z

DeriKatiKe Liabilities	cune 30, 2018							
(in millions)	Du7e Energy	Du7e Energy Carolinas	Progress Energy	Du7e Energy Progress	Du7e Energy Florida	Du7e Energy Ohio	Du7e Energy Indiana	Piedmont
Current								
Gross amounts recogniBed	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
Nonzurrent								
Gross amounts recogniBed	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

DeriKatiKe Assets	Dezember 31, 201$							
(in millions)	Du7e Energy	Du7e Energy Carolinas	Progress Energy	Du7e Energy Progress	Du7e Energy Florida	Du7e Energy Ohio	Du7e Energy Indiana	Piedmont
Current								
Gross amounts recogniBed	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$Other	Q 35	Q 2	Q 2	Q 1	Q 1	Q 1	Q 27	Q 2
Nonzurrent								
Gross amounts recogniBed	Q 16	Q •	Q 1	Q 1	Q •	Q •	Q •	Q •
Gross amounts offset	•	•	•	•	•	•	•	•
Net amounts presented in Other Noncurrent Assets$Other	Q 16	Q •	Q 1	Q 1	Q •	Q •	Q •	Q •

DeriKatiKe Liabilities	**Dezember 31, 201$**							
(in millions)	**Du7e Energy**	**Du7e Energy Carolinas**	**Progress Energy**	**Du7e Energy Progress**	**Du7e Energy Florida**	**Du7e Energy Ohio**	**Du7e Energy Indiana**	**Piedmont**
Current								
Gross amounts recogniBed	Q 66	Q 31	Q 19	Q 8	Q 10	Q 1	Q •	Q 11
Gross amounts offset	(3)	(2)	(2)	(2)	•	•	•	•
Net amounts presented in Current Liabilities$Other	Q 63	Q 29	Q 17	Q 6	Q 10	Q 1	Q •	Q 11
Nonzurrent								
Gross amounts recogniBed	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

Ok cECTIwE 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.

	cune 30, 2018				
(in millions)	**Du7e Energy**	**Du7e Energy Carolinas**	**Progress Energy**	**Du7e Energy Progress**	**Du7e 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**

	Dezember 31, 201$				
(in millions)	**Du7e Energy**	**Du7e Energy Carolinas**	**Progress Energy**	**Du7e Energy Progress**	**Du7e 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. INwESTMENTS IN DEkT 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 Venefit Obligations (OPEV) plans and (iii) Vison. 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 (F' -NI).

For investments in debt securities classified as AFS, the unrealiBed gains and losses are included in other comprehensive income until realiBed, at which time, they are reported through net income. For investments in equity securities classified as F' -NI, both realiBed and unrealiBed 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 realiBed and unrealiBed 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.

InKestment 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 unrealiBed loss positions is outside the control of the Duke Energy Registrants. Accordingly, all unrealiBed losses associated with debt securities within the Investment Trusts are considered OTTIs and are recogniBed immediately and deferred to regulatory accounts where appropriate.

Other AFS Sezurities

’ nrealiBed gains and losses on all other AFS securities are included in other comprehensive income until realiBed, unless it is determined the carrying value of an investment is other-than-temporarily impaired. The Duke Energy Registrants analyBe 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 unrealiBed credit loss is included in earnings. There were no material credit losses as of : une 30, 2018, and December 31, 2017.

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

DUBE 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.

	cune 30, 2018[(a)]			Dezember 31, 201$		
(in millions)	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 11:	Q •	Q •	Q 115
Equity securities	2,83$	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
’ .S. government bonds	$	20	991	11	7	1,027
Other debt securities	Z	3	128	•	1	118
Total NDTF InKestments	6 2,851	6 $9	6 $,124	Q 2,837	Q 40	Q 7,088
Other InKestments						
Cash and cash equivalents	6 Z	6 Z	6 15	Q •	Q •	Q 15
Equity securities	4:	Z	109	59	•	123
Corporate debt securities	Z	1	: 8	1	•	57
Municipal bonds	1	1	8$	2	1	83
’ .S. government bonds	Z	1	52	•	•	41
Other debt securities	Z	1	45	•	1	44
Total Other InKestments	6 4$	6 4	6 3$:	Q 62	Q 2	Q 363
Total InKestments	6 2,898	6 83	6 $,500	Q 2,899	Q 42	Q 7,451

(a)Where regulatory accounting is applied, realiBed and unrealiBed 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 amortiBed or collected.

The table below summariBes the maturity date for debt securities.

(in millions)	cune 30, 2018
Due in one year or less	Q 89
Due after one through five years	518
Due after five through 10 years	543
Due after 10 years	1,122
Total	Q 2,272

RealiBed 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 cune 30, 2018		Siv Months Ended cune 30, 2018
Fw-NI–				
RealiBed gains	6	4$	6	: :
RealiBed losses		31		44
AFS–				
RealiBed gains		5		10
RealiBed losses		12		25

(in millions)		Three Months Ended cune 30, 201$		Siv Months Ended cune 30, 201$
RealiBed gains	Q	40	Q	133
RealiBed 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.

	cune 30, 2018(a)						Dezember 31, 201$					
(in millions)		Gross Unrealixed Holding Gains		Gross Unrealixed Holding Losses		Estimated Fair walue		Gross Unrealixed Holding Gains		Gross Unrealixed Holding Losses		Estimated Fair walue
NDTF												
Cash and cash equivalents	6	Z	6	Z	6	32	Q	•	Q	•	Q	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$4		3		4		503
Other debt securities		Z		3		124		•		1		112
Total NDTF InKestments	6	1,549	6	4$	6	3,$81	Q	1,543	Q	20	Q	3,758

(a) Where regulatory accounting is applied, realiBed and unrealiBed 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 amortiBed or collected.

The table below summariBes the maturity date for debt securities.

(in millions)		cune 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

RealiBed 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 cune 30, 2018	Siv Months Ended cune 30, 2018
Fw-NI–		
RealiBed gains	6 2:	6 3:
RealiBed losses	1$	22
AFS–		
RealiBed gains	4	9
RealiBed losses	8	18

(in millions)	Three Months Ended cune 30, 201$	Siv Months Ended cune 30, 201$
RealiBed gains	Q 24	Q 90
RealiBed 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.

	cune 30, 2018(a)			Dezember 31, 201$		
(in millions)	Gross Unrealixed Holding Gains	Gross Unrealixed Holding Losses	Estimated Fair walue	Gross Unrealixed Holding Gains	Gross Unrealixed Holding Losses	Estimated Fair walue
NDTF						
Cash and cash equivalents	6 Z	6 Z	6 84	Q •	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 32	6 3,343	Q 1,294	Q 20	Q 3,330
Other InKestments						
Cash and cash equivalents	6 Z	6 Z	6 11	Q •	Q •	Q 12
Municipal bonds	1	Z	4$	2	•	47
Total Other InKestments	6 1	6 Z	6 58	Q 2	Q •	Q 59
Total InKestments	6 1,303	6 32	6 3,401	Q 1,296	Q 20	Q 3,389

(a)Where regulatory accounting is applied, realiBed and unrealiBed 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 amortiBed or collected.

The table below summariBes the maturity date for debt securities.

(in millions)	cune 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

RealiBed 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 cune 30, 2018	Siv Months Ended cune 30, 2018
Fw-NI–		
RealiBed gains	6 **21**	6 **30**
RealiBed losses	**14**	**22**
AFS–		
RealiBed gains	**1**	**1**
RealiBed losses	**4**	**$**

(in millions)	Three Months Ended cune 30, 201$	Siv Months Ended cune 30, 201$
RealiBed gains	Q 15	Q 42
RealiBed 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.

	cune 30, 2018[(a)]			Dezember 31, 201$		
(in millions)	Gross Unrealixed Holding Gains	Gross Unrealixed Holding Losses	Estimated Fair walue	Gross Unrealixed Holding Gains	Gross Unrealixed Holding Losses	Estimated Fair walue
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, realiBed and unrealiBed 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 amortiBed or collected.

The table below summariBes 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

RealiBed 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 cune 30, 2018		Siv Months Ended cune 30, 2018
Fw-NI–				
RealiBed gains	6	**1$**	6	**25**
RealiBed losses		**12**		**20**
AFS–				
RealiBed gains		**1**		**1**
RealiBed losses		**3**		**5**

(in millions)		Three Months Ended cune 30, 201$		Siv Months Ended cune 30, 201$
RealiBed gains	Q	11	Q	35
RealiBed 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.

	cune 30, 2018[(a)]						Dezember 31, 201$					
(in millions)		Gross Unrealixed Holding Gains		Gross Unrealixed Holding Losses		Estimated Fair walue		Gross Unrealixed Holding Gains		Gross Unrealixed Holding Losses		Estimated Fair walue
NDTF												
Cash and cash equivalents	6	**Z**	6	**Z**	6	**38**	Q	•	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	**$1:**	Q	299	Q	4	Q	739
Other InKestments												
Cash and cash equivalents	6	**Z**	6	**Z**	6	**1**	Q	•	Q	•	Q	1
Municipal bonds		**1**		**Z**		**4$**		2		•		47
Total Other InKestments	6	**1**	6	**Z**	6	**48**	Q	2	Q	•	Q	48
Total InKestments	6	**301**	6	**$**	6	**$: 4**	Q	301	Q	4	Q	787

(a) Where regulatory accounting is applied, realiBed and unrealiBed 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 amortiBed 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 summariBes the maturity date for debt securities.

(in millions)		cune 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

RealiBed 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 cune 30, 2018		Siv Months Ended cune 30, 2018
Fw-NI–				
RealiBed gains	6	4	6	5
RealiBed losses		2		2
AFS–				
RealiBed gains		Z		Z
RealiBed losses		1		2

(in millions)		Three Months Ended cune 30, 201$		Siv Months Ended cune 30, 201$
RealiBed gains	Q	4	Q	7
RealiBed 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.

	cune 30, 2018(a)						Dezember 31, 201$					
(in millions)		Gross Unrealixed Holding Gains		Gross Unrealixed Holding Losses		Estimated Fair walue		Gross Unrealixed Holding Gains		Gross Unrealixed Holding Losses		Estimated Fair walue
InKestments												
Equity securities	6	3:	6	Z	6	$4	Q	49	Q	•	Q	97
Corporate debt securities		Z		Z		8		•		•		3
Municipal bonds		Z		1		33		•		1		28
Total InKestments	6	3:	6	1	6	115	Q	49	Q	1	Q	128

(a) RealiBed and unrealiBed 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 amortiBed or collected.

The table below summariBes the maturity date for debt securities.

(in millions)		cune 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

RealiBed 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 wALUE 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. ' aluation techniques maximiBe the use of observable inputs and minimiBe 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$

LeKel 1 z ' nadjusted 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.

LeKel 2 z A fair value measurement utiliBing 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.

LeKel 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 Categorixed z Certain investments are not categoriBed 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) categoriBed 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 recogniBe 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.

InKestments in equity sezurities

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.

InKestments in debt sezurities

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 deriKatiKes

Commodity derivatives with clearinghouses are classified as Level 1. Other commodity derivatives, including PiedmontUs 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 deriKatiKes

Most over-the-counter interest rate contract derivatives are valued using financial models that utiliBe 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 Kalue zonsiderations

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

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 Categorixed**
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 Categorixed**
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)

	Siv Months Ended cune 30, 2018			Siv Months Ended cune 30, 201$		
(in millions)	**InKestments**	**DeriKatiKes (net)**	**Total**	**InKestments**	**DeriKatiKes (net)**	**Total**
Valance at beginning of period	6 Z	6 (114)	6 (114)	Q 5	Q (166)	Q (161)
Total pretax realiBed or unrealiBed 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 Valance Sheet	Z	(10)	(10)	•	38	38
Valance at end of period	6 Z	6 (9$)	6 (9$)	Q •	Q (91)	Q (91)

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 Valance Sheets.

	cune 30, 2018			
(in millions)	**Total Fair walue**	**LeKel 1**	**LeKel 2**	**Not Categorixed**
NDTF equity securities	6 2,$32	6 2,: : 2	6 Z	6 $0
NDTF debt securities	1,049	1: 4	885	Z
Derivative assets	3	Z	3	Z
Total assets	3,$84	2,82:	888	$0
Derivative liabilities	(19)	Z	(19)	Z
Net assets	6 3,$: 5	6 2,82:	6 8: 9	6 $0

	Dezember 31, 201$			
(in millions)	**Total Fair walue**	**LeKel 1**	**LeKel 2**	**Not Categorixed**
NDTF equity securities	Q 2,692	Q 2,618	Q •	Q 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	Q 3,725	Q 2,821	Q 830	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.

	InKestments			
	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	**2018**	**201$**	**2018**	**201$**
Valance at beginning of period	6 Z	Q 3	6 Z	Q 3
Total pretax realiBed or unrealiBed gains included in comprehensive income	Z	1	Z	1
Purchases, sales, issuances and settlements$				
Sales	Z	(4)	Z	(4)
Valance at end of period	6 Z	Q •	6 Z	Q •

PROGRESS 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.

	cune 30, 2018		
(in millions)	**Total Fair walue**	**LeKel 1**	**LeKel 2**
NDTF equity securities	**6 2,25:**	**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 2,: 81**	**6 : 90**

	Dezember 31, 201$		
(in millions)	**Total Fair walue**	**LeKel 1**	**LeKel 2**
NDTF equity securities	Q 2,222	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 2,665	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 Valance Sheets.

	cune 30, 2018		
(in millions)	**Total Fair walue**	**LeKel 1**	**LeKel 2**
NDTF equity securities	**6 1,819**	**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$:**	**55:**
Derivative liabilities	**(21)**	**Z**	**(21)**
Net assets	**6 2,: 11**	**6 2,0$:**	**6 535**

	Dezember 31, 201$		
(in millions)	**Total Fair walue**	**LeKel 1**	**LeKel 2**
NDTF equity securities	Q 1,795	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 2,039	Q 537

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 Valance Sheets.

	cune 30, 2018		
(in millions)	Total Fair walue	LeKel 1	LeKel 2
NDTF equity securities	6 43$	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

	Dezember 31, 201$		
(in millions)	Total Fair walue	LeKel 1	LeKel 2
NDTF equity securities	Q 427	Q 427	Q •
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 Valance Sheets.

	cune 30, 2018			Dezember 31, 201$		
(in millions)	Total Fair walue	LeKel 2	LeKel 3	Total Fair walue	LeKel 2	LeKel 3
Derivative assets	6 9	6 Z	6 9	Q 1	Q •	Q 1
Derivative liabilities	(4)	(4)	Z	(5)	(5)	•
Net assets (liabilities)	6 5	6 (4)	6 9	Q (4)	Q (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.

	DeriKatiKes (net)			
	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	2018	201$	2018	201$
Valance 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 Valance Sheet	2	•	2	(3)
Valance at end of period	6 9	Q 3	6 9	Q 3

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 Valance Sheets.

	cune 30, 2018			
(in millions)	Total Fair walue	LeKel 1	LeKel 2	LeKel 3
Other equity securities	6 $4	6 $4	6 Z	6 Z
Other debt securities	41	Z	41	Z
Derivative assets	45	1	Z	44
Total assets	6 1:0	6 $5	6 41	6 44

	Dezember 31, 201$			
(in millions)	Total Fair walue	LeKel 1	LeKel 2	LeKel 3
Other equity securities	Q 97	Q 97	Q •	Q •
Other debt securities	31	•	31	•
Derivative assets	27	•	•	27
Total assets	Q 155	Q 97	Q 31	Q 27

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

	DeriKatiKes (net)			
	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	2018	201$	2018	201$
Valance at beginning of period	6 $	Q 9	6 2$	Q 16
Purchases, sales, issuances and settlements$				
Purchases	49	52	49	52
Settlements	(14)	(9)	(28)	(16)
Total gains (losses) included on the Condensed Consolidated Valance Sheet	2	(1)	(4)	(1)
Valance at end of period	6 44	Q 51	6 44	Q 51

PIEDMONT

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

	cune 30, 2018		
(in millions)	Total Fair walue	LeKel 1	LeKel 3
Derivative assets	6 2	6 2	6 Z
Derivative liabilities	(150)	Z	(150)
Net (liabilities) assets	6 (148)	6 2	6 (150)

	Dezember 31, 201$		
(in millions)	Total Fair walue	LeKel 1	LeKel 3
Other debt securities	Q 1	Q 1	Q •
Derivative assets	2	2	•
Total assets	3	3	•
Derivative liabilities	(142)	•	(142)
Net (liabilities) assets	Q (139)	Q 3	Q (142)

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

	DeriKatiKes (net)			
	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	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)

QUANTITATIwE INFORMATION AkOUT UNOkSERwAkLE INPUTS

The following tables include quantitative information about the Duke Energy RegistrantsUderivatives classified as Level 3.

	cune 30, 2018			
InKestment Type	Fair walue (in millions)	waluation 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 Vritish thermal unit (MMVtu)	1.88 - 3.42
Du7e Energy				
Total Level 3 derivatives	6 (9$)			

	Dezember 31, 201$			
InKestment Type	Fair walue (in millions)	waluation 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)			

OTHER FAIR wALUE DISCLOSURES

The fair value and book value of long-term debt, including current maturities, is summariBed 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.

	cune 30, 2018		Dezember 31, 201$	
(in millions)	**k oo7 walue**	**Fair walue**	**k oo7 walue**	**Fair walue**
Duke Energy[(a)]	6 **52,$15**	6 **52,: $:**	Q 52,279	Q 55,331
Duke Energy Carolinas	**10,394**	**11,028**	10,103	11,372
Progress Energy	**18,194**	**19,35$**	17,837	20,000
Duke Energy Progress	**$,358**	**$,52$**	7,357	7,992
Duke Energy Florida	**$,452**	**$,945**	7,095	7,953
Duke Energy Ohio	**2,0: :**	**2,1: 2**	2,067	2,249
Duke Energy Indiana	**3,$82**	**4,223**	3,783	4,464
Piedmont	**2,03$**	**2,08$**	2,037	2,209

(a) Vook value of long-term debt includes Q1.7 billion as of : une 30, 2018, and December 31, 2017, of unamortiBed 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 : une 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 andJor because the stated rates approximate market rates.

12. wARIAk LE 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 wIEs

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 : une 30, 2018, and the year ended December 31, 2017, or is expected to be provided in the future, that was not previously contractually required.

RezeiKables Finanzing V 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. Vorrowing 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 Valance 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.

RezeiKables Finanzing V 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. Vorrowing 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 EnergyUs Condensed Consolidated Valance 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 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 Finanzing V Credit Fazilities

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

	Du7e Energy			
		Du7e Energy Carolinas	Du7e Energy Progress	Du7e Energy Florida
(in millions)	CRC	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 summariBes the impact of DEFPF on Duke Energy Florida's Condensed Consolidated Valance Sheets.

(in millions)	cune 30, 2018	Dezember 31, 201$
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.

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

(in millions)		cune 30, 2018		Dezember 31, 201$
Current Assets$Other	6	1: 8	Q	174
Property, plant and equipment, cost		4,01$		3,923
Accumulated depreciation and amortiBation		(: : 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 wIEs

The following tables summariBe the impact of non-consolidated ' IEs on the Condensed Consolidated Valance Sheets.

	cune 30, 2018					
	Du7e Energy				Du7e	Du7e
	Pipeline	Commerzial	Other		Energy	Energy
(in millions)	InKestments(a)	Rene' ables	wIEs	Total	Ohio	Indiana
Receivables from affiliated companies	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.

	Dezember 31, 201$					
	Du7e Energy				Du7e	Du7e
	Pipeline	Commerzial	Other		Energy	Energy
(in millions)	InKestments	Rene' ables	wIEs	Total	Ohio	Indiana
Receivables from affiliated companies	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 InKestments

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.

The table below presents Duke EnergyЏ ownership interest and investment balances in these joint ventures.

		wIE InKestment Amount (in millions)	
	O' nership	cune 30,	Dezember 31,
Entity Name	**Interest**	**2018**	**201$**
ACP	47%	**6 541**	Q 397
Sabal Trail(a)	7.5%	**Z**	219
Constitution(b)	24%	**25**	81
Total		**6 5: :**	Q 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. – owever, Sabal Trail is now a fully operational, well capitaliВed entity. As a result, Sabal Trail has sufficient equity to finance its own activities, and therefore, is no longer considered a ' IE. Duke EnergyЏ investment in Sabal Trail was Q110 million at : une 30, 2018.
(b) During the six months ended : une 30, 2018, Duke Energy recorded an OTTI of Q55 million related to Constitution within Equity in (losses) earnings of unconsolidated affiliates on Duke EnergyЏ Condensed Consolidated Statements of Income. See Note 3 for additional information.

In 2017, ACP executed a Q3.4 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 EnergyЏ maximum exposure to loss under the terms of the guarantee is Q412 million, which represents 47 percent of the outstanding borrowings under the credit facility as of : une 30, 2018.

Commerzial Rene' ables

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 wIEs

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 PioneerЏ 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 : une 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy OhioЏ ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortiВation 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' ECЏ 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.

–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.

	Du7e Energy Ohio		Du7e Energy Indiana	
(in millions)	**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.

	Du7e Energy Ohio				Du7e Energy Indiana			
	Three Months Ended cune 30,		**Siv Months Ended cune 30,**		**Three Months Ended cune 30,**		**Siv Months Ended cune 30,**	
(in millions)	**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 utiliBing 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.

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.

Eleztriz Utilities and Infrastruzture

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 EnergyÙs electric service territory through standard service offers. The standard service offers are through tariffs determined by regulators in Duke EnergyÙs 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 recogniBed 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$

	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 recogniBed monthly as energy is delivered and stand-ready service is provided, consistent with invoiced amounts and unbilled estimates.

Gas Utilities and Infrastruzture

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 EnergyÙs natural gas service territory using published tariff rates. The tariff rates are established by regulators in Duke EnergyÙs 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 recogniBed 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 recogniBed 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

Commerzial Rene' ables

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 recogniBed as energy is generated and delivered as that pattern is consistent with Duke Energy;s performance. Commercial Renewables recogniBes 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.

Disaggregated ReKenues

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, analyBing 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 cune 30, 2018							
(in millions) **ky mar7et or type of zustomer**	**Du7e Energy**	**Du7e Energy Carolinas**	**Progress Energy**	**Du7e Energy Progress**	**Du7e Energy Florida**	**Du7e Energy Ohio**	**Du7e Energy Indiana**	**Piedmont**
. uEf onfMrt dUUEcrei srwivlmecomfdnE								
Residential	Q 2,185	Q 659	Q 1,099	Q 452	Q 648	Q 181	Q 245	Q •
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 ' tilities 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	Q •
Uecrt dUUEcrei srwivlmecomfdnE								
Residential	Q 153	Q •	Q •	Q •	Q •	Q 66	Q •	Q 87
Commercial	87	•	•	•	•	28	•	59
Industrial	31	•	•	•	•	3	•	28
Power Generation	•	•	•	•	•	•	•	14
Other revenues	23	•	•	•	•	6	•	17
Total Gas ' tilities and Infrastructure revenue from contracts with customers	Q 294	Q •	Q •	Q •	Q •	Q 103	Q •	Q 205
Cd EnfiIeluRE El eGUEc								
Revenue from contracts with customers	Q 47	Q •	Q •	Q •	Q •	Q •	Q •	Q •
b dŒm								
Revenue from contracts with customers	Q 15	Q •	Q •	Q •	Q •	Q 10	Q •	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	Q 205
Other revenue sources [(a)]	Q 176	Q 26	Q 79	Q 46	Q 28	Q (3)	Q 16	Q 10
Total revenues	Q 5,643	Q 1,672	Q 2,498	Q 1,291	Q 1,203	Q 459	Q 738	Q 215

	Siv Months Ended cune 30, 2018							
(in millions) **k y mar7et or type of zustomer**	**Du7e Energy**	**Du7e Energy Carolinas**	**Progress Energy**	**Du7e Energy Progress**	**Du7e Energy Florida**	**Du7e Energy Ohio**	**Du7e Energy Indiana**	**Piedmont**
. uEf omfMrt dUlElcrei srwi hmecom f d nE								
Residential	Q 4,535	Q 1,440	Q 2,211	Q 968	Q 1,243	Q 361	Q 523	Q •
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	Q •
Uecrt dUlElcrei srwi hmecom f d nE								
Residential	Q 566	Q •	Q •	Q •	Q •	Q 177	Q •	Q 389
Commercial	288	•	•	•	•	77	•	211
Industrial	79	•	•	•	•	10	•	69
Power Generation	•	•	•	•	•	•	•	27
Other revenues	78	•	•	•	•	12	•	66
Total Gas ’ tilities and Infrastructure revenue from contracts with customers	Q 1,011	Q •	Q •	Q •	Q •	Q 276	Q •	Q 762
Cd EnfiMeluREi El eGlEc								
Revenue from contracts with customers	Q 80	Q •	Q •	Q •	Q •	Q •	Q •	Q •
b dŒEm								
Revenue from contracts with customers	Q 31	Q •	Q •	Q •	Q •	Q 24	Q •	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	Q 762
Other revenue sources[(a)]	Q 384	Q 95	Q 129	Q 64	Q 60	Q 14	Q 33	Q 6
Total revenues	Q 11,778	Q 3,435	Q 5,074	Q 2,751	Q 2,318	Q 983	Q 1,469	Q 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.

IMPACT OF WEATHER AND THE TIMING OF k ILLING 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. Vy 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. – eating-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 ’ tilities and Infrastructure is based on the temperature variances from a normal condition and customersUhistoric 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 ’ tilities and InfrastructureU 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 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.

UNk ILLED REwENUE

’ 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, 201$
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, 201$
Duke Energy Ohio	6	**$3**	Q	104
Duke Energy Indiana		**123**		132

14. COMMON STOCB

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.

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.

	Three Months Ended cune 30,				Siv Months Ended cune 30,			
(in millions, evzept per-share amounts)		**2018**		**201$**		**2018**		**201$**
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**		•		**Z**		•
Weighted average shares outstanding z diluted		**$04**		700		**$02**		700
Earnings per share from continuing operations attributable to Duke Energy common stockholders								
Vasic	6	**0.$2**	Q	0.98	6	**1.: 0**	Q	2.00
Diluted	6	**0.$2**	Q	0.98	6	**1.: 0**	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.$8**	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 For' ards

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 Q1 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 : .P. Morgan Securities LLC (the Agents). ' nder 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 : une 2018, Duke Energy marketed two separate tranches, each for 1.3 million shares, of common stock. The first tranche was marketed with Wells Fargo Vank at an initial forward price of Q72.02 per share and the second tranche was marketed with Citibank at an initial forward price of Q78.71 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 EnergyꞋs election.

Separately, in March 2018, Duke Energy marketed an equity offering of 21.3 million shares of common stock through an ' nderwriting Agreement with Credit Suisse Securities (' SA) LLC, : .P. Morgan Securities LLC, Varclays Capital Inc. and Goldman Sachs & Co. LLC, as representatives of several underwriters, Credit Suisse Capital LLC and : .P. Morgan Securities LLC as Forward Sellers, and Credit Suisse Capital LLC and : PMorgan Chase National Vank Associate, acting as forward purchasers. In connection with the offering, Duke Energy entered into equity forward sale agreements with Credit Suisse Securities (' SA) LLC as Agent for Credit Suisse Capital LLC and : .P. Morgan Chase Vank, National Association. The sale price was Q75 per share less certain net adjustments for an initial forward price of Q74.07 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 EnergyꞋs election. In : une 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 Q781 million.

For contracts that have not been settled, no amounts have or will be recorded in Duke EnergyꞋs 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 : une 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. ' ntil 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 EnergyꞋs stock is higher than the average forward sales price.

15. STOCB-k ASED 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 recogniBed as expense or capitaliBed as a component of property, plant and equipment over the requisite service period.

The following table presents information related to Duke EnergyÙ stockzbased compensation.

		Three Months Ended cune 30,				Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**		**2018**		**201$**
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 capitaliBed	**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)		**Du7e Energy**		**Du7e Energy Carolinas**		**Progress Energy**		**Du7e Energy Progress**		**Du7e Energy Florida**		**Du7e Energy Indiana**
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 Periodiz kenefit Costs

The tables below present total net periodic benefit costs prior to capitaliBation of amounts reflected as Net property, plant and equipment on the Condensed Consolidated Valance Sheets. Only the service cost component of net periodic benefit costs is eligible to be capitaliBed. The remaining non-capitaliBed 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.

QUALIFIED PENSION PLANS

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

	Three Months Ended cune 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 45	6 15	6 13	6 8	6 :	6 1	6 3	6 2
Interest cost on projected benefit obligation	$5	18	22	10	12	4	:	3
Expected return on plan assets	(140)	(3$)	(43)	(21)	(23)	($)	(11)	(:)
AmortiBation of actuarial loss	33	$	11	5	:	1	2	3
AmortiBation of prior service credit	(8)	(2)	(1)	(1)	(1)	Z	Z	(3)
Net periodic pension costs	6 5	6 1	6 2	6 1	6 Z	6 (1)	6 Z	6 (1)

	Three Months Ended cune 30, 201$							
(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 40	Q 12	Q 12	Q 6	Q 5	Q 1	Q 2	Q 3
Interest cost on projected benefit obligation	82	20	25	12	13	5	7	3
Expected return on plan assets	(136)	(36)	(43)	(21)	(21)	(7)	(11)	(6)
AmortiBation of actuarial loss	36	8	14	6	7	1	3	3
AmortiBation of prior service credit	(6)	(2)	(1)	•	•	•	•	(1)
Other	2	•	1	1	•	•	•	1
Net periodic pension costs	Q 18	Q 2	Q 8	Q 4	Q 4	Q •	Q 1	Q 3

	Siv Months Ended cune 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 90	6 30	6 2:	6 15	6 11	6 2	6 5	6 4
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)	(12)
AmortiBation of actuarial loss	: :	14	22	10	12	2	4	:
AmortiBation 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 •	Q (2)

	Siv Months Ended cune 30, 201$							
(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 80	Q 24	Q 24	Q 12	Q 10	Q 2	Q 4	Q 6
Interest cost on projected benefit obligation	164	40	50	24	26	10	14	6
Expected return on plan assets	(272)	(71)	(86)	(42)	(42)	(14)	(22)	(12)
AmortiBation of actuarial loss	72	16	28	12	14	2	6	6
AmortiBation of prior service credit	(12)	(4)	(2)	•	•	•	•	(2)
Other	4	•	2	1	•	•	•	1

Net periodic pension costs	Q	36	Q	5	Q	16	Q	7	Q	8	Q	•	Q	2	Q	5

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.

	Three Months Ended cune 30, 2018				
(in millions)	**Du7e Energy**	**Du7e Energy Carolinas**	**Progress Energy**	**Du7e Energy Progress**	**Du7e Energy Florida**
Service cost	**6 1**	**6 1**	**6 Z**	**6 Z**	**6 Z**
Interest cost on projected benefit obligation	**3**	**Z**	**1**	**1**	**1**
AmortiBation of actuarial loss	**2**	**Z**	**Z**	**Z**	**Z**
AmortiBation of prior service credit	**(1)**	**Z**	**Z**	**Z**	**Z**
Net periodic pension costs	**6 5**	**6 1**	**6 1**	**6 1**	**6 1**

	Three Months Ended cune 30, 201$				
(in millions)	**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 •

	Siv Months Ended cune 30, 2018				
(in millions)	**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

	Siv Months Ended cune 30, 201$				
(in millions)	**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.

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

	Three Months Ended cune 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
AmortiBation of actuarial loss	2	1	1	Z	Z	Z	1	Z
AmortiBation 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 cune 30, 201$							
(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)	•	•	•	•	•	•
AmortiBation of actuarial loss (gain)	2	(1)	5	3	2	(1)	•	•
AmortiBation 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 •

	Siv Months Ended cune 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
AmortiBation of actuarial loss	3	1	1	Z	Z	Z	2	Z
AmortiBation 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)

	Siv Months Ended cune 30, 201$							
(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)	•	•	•	•	•	•
AmortiBation of actuarial loss (gain)	4	(2)	10	6	4	(1)	•	•
AmortiBation 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 •

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)	Du7e Energy	Du7e Energy Carolinas	Progress Energy	Du7e Energy Progress	Du7e Energy Florida	Du7e Energy Ohio	Du7e 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

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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 normaliBation 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 Q76 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 staffU guidance on accounting for the Tax Act (Staff Accounting Vulletin 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.

EFFECTIwE 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 cune 30,		Siv Months Ended cune 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 amortiBation 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 amortiBation 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 amortiBation of federal and state excess deferred taxes.

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. SUk SEQUENT 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). –owever, 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 ' nited States (' .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 : une 30, 2018, and with Duke Energy;s Annual Report on Form 10-–A 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 ' tilities Commission (NC' C) on : une 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 : uly 27, 2018, the NC' C approved Duke Energy CarolinasU 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 NC' C 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 moderniBation work that is being performed under the PowerJForward 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 : uly 25, 2018.

Duke Energy Florida filed a petition with the Florida Public Service Commission (FPSC) on May 31, 2018, related to approximately Q200 million of customer savings associated with the Federal Tax Cuts and : obs Act (Tax Act). The tax savings will offset accelerated depreciation of Crystal River ' nits 4 and 5 and –urricane Irma storm cost recovery. The petition is subject to review and approval by the FPSC.

Duke Energy Ohio along with the Public ' tilities Commission of Ohio (P' CO) Staff and certain intervenors filed a Stipulation and Recommendation (Stipulation) with P' CO on April 13, 2018, and the evidentiary hearing will conclude on August 6, 2018. The Stipulation, subject to approval by the P' CO, is in connection with Duke Energy OhioUs rate case and other regulatory matters.

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. If approved, the new rider will flow through to customers the benefit of the lower statutory federal tax rate 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 end of the year.

Duke Energy –entucky received an order on its rate case from the –entucky Public Service Commission on April 13, 2018. The order granted an annual revenue increase of Q21 million, incorporating customer benefits from the Tax Act as well as rider recovery of environmental costs, including coal ash. Duke Energy –entucky implemented new base rates on May 1, 2018.

On : une 27, 2018, Duke Energy Indiana, the Indiana Office of ' tility Consumers Counselor and others filed testimony consistent with their Stipulation and Settlement Agreement in the federal tax proceedings with the Indiana ' tility Regulatory Commission (I' RC). 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 I' RC.

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 ' .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 Voard 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.
- Sale of Retired Plant represents the loss associated with selling Veckjord Generating Station (Veckjord), 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 (Constitution).
- Impacts of the Tax Act represents an alternative minimum tax (AMT) valuation allowance recogniBed related to the Tax Act.

Three Months Ended June 30, 2018, as compared to June 30, 2017

GAAP Reported EPS was Q0.71 for the second quarter of 2018 compared to Q0.98 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 amortiBation 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 Q0.93 compared to Q1.01 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 amortiBation 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.

	Three Months Ended cune 30,			
	2018		201$	
(in millions, evzept per-share amounts)	Earnings	EPS	Earnings	EPS
GAAP Reported EarningsJGAAP Reported EPS	6 500	6 0.$1	Q 686	Q 0.98
Adjustments$				
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 EarningsJAdjusted Diluted EPS	6 : 5:	6 0.93	Q 707	Q 1.01

(a) Net of Q43 million tax benefit.
(b) Net of Q5 million tax benefit in 2018 and Q11 million tax benefit in 2017.

PART I

Six Months Ended June 30, 2018, as compared to June 30, 2017

Duke EnergyЫ GAAP Reported EPS was Q1.59 for the six months ended : une 30, 2018, compared to Q2.00 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 amortiBation 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 EnergyЫ adjusted diluted EPS for the six months ended : une 30, 2018, was Q2.22 compared to Q2.05 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.

	Siv Months Ended cune 30,							
	2018				201$			
(in millions, evzept per-share amounts)	**Earnings**		**EPS**		**Earnings**		**EPS**	
GAAP Reported EarningsJGAAP Reported EPS	**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 EarningsJAdjusted Diluted EPS	**6**	**1,555**	**6**	**2.22**	Q	1,433	Q	2.05

(a) Net of Q63 million tax benefit.

(b) Net of Q25 million tax benefit.

(c) Net of Q13 million tax benefit.

(d) Net of Q9 million tax benefit in 2018 and Q17 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 EnergyЫ 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, "Vusiness Segments," for additional information on Duke Energy;s segment structure.

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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 normaliBation 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 EnergyЫ 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.

PART I

Eleztriz Utilities and Infrastruzture

	Three Months Ended cune 30,			Siv Months Ended cune 30,		
(in millions)	**2018**	**201$**	**warianze**	**2018**	**201$**	**warianze**
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 Q33 million increase in fuel used in electric generation and purchased power primarily due to higher sales and higher deferred fuel expenses.

Other Income and Expenses. The decrease was primarily due to lower allowance for funds used during construction (AF' DC) 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 Venefit 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 : une 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 amortiBation of excess deferred taxes. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Siv 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 and Duke Energy Progress North Carolina rate case orders and higher 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 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 – ines Energy Complex Chiller ' prate Project◦
- a Q24 million increase in weather-normal retail sales volumes◦ and

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 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◦
- a Q213 million increase in impairment charges primarily due to the impacts associated with the Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases◦ and
- 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 amortiBation.

Other Income and Expenses. The decrease was primarily due to lower AF' DC 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 Venefit 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 : une 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 amortiBation of excess deferred taxes.

Matters Impacting Future Electric Utilities and Infrastructure Results

On May 18, 2016, the North Carolina Department of Environmental Huality (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 : uly 14, 2016. Electric ' tilities and InfrastructureЫ 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 ' tilities and InfrastructureЫ 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 ' tilities and InfrastructureÙ 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 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. 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 ' tilities and InfrastructureÙ results of operations, financial position and cash flows could be adversely impacted if grid moderniBation costs are not ultimately approved for recovery andJor 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 ' tilities and InfrastructureÙ 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 ' tilities and InfrastructureÙ 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 ' tilities and InfrastructureÙ 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 ' tilities and InfrastructureÙ 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. ManagementÙ Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy RegistrantsÙ Annual Reports on Form 10-–A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

PART I

Gas Utilities and Infrastruzture

	Three Months Ended cune 30,			Siv Months Ended cune 30,		
(in millions)	**2018**	**201$**	**warianze**	**2018**	**201$**	**warianze**
Operating ReKenues	6 **318**	Q 301	Q 17	6 **1,045**	Q 971	Q 74
Operating Evpenses						
Cost of natural gas	**89**	76	13	**402**	334	68
Operation, maintenance and other	**103**	94	9	**211**	199	12
Depreciation and amortiBation	**: 0**	57	3	**121**	114	7
Property and other taxes	**2:**	26	•	**5$**	56	1
Total operating expenses	**2$8**	253	25	**$91**	703	88
Operating Inzome	**40**	48	(8)	**254**	268	(14)
Other Inzome and Evpenses	**22**	21	1	**(13)**	39	(52)
Interest Evpense	**2:**	26	•	**53**	52	1
Inzome k efore Inzome Taves	**3:**	43	(7)	**188**	255	(67)
Inzome Tav Evpense	**8**	16	(8)	**44**	95	(51)
Segment Inzome	6 **28**	Q 27	Q 1	6 **144**	Q 160	Q (16)

Piedmont local distribution company (LDC) throughput (dekatherms)	**11: ,839,9: 2**	94,013,754	22,826,208	**2$1,$41,341**	227,290,541	44,450,800
Duke Energy Midwest LDC throughput (Mcf)	**15,: 15,050**	12,204,767	3,410,283	**52,$41,115**	43,035,766	9,705,349

Three Months Ended cune 30, 2018, as Compared to cune 30, 201$

Gas ' tilities 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 amortiBation 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 : une 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."

Siv Months Ended cune 30, 2018, as Compared to cune 30, 201$

Gas ' tilities 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 Q38 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, ACPU 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. ManagementU Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy RegistrantsU Annual Reports on Form 10-–A for the year ended December 31, 2017, for discussion of risks associated with the Tax Act.

Commerzial Rene' ables

	Three Months Ended cune 30,							Siv Months Ended cune 30,					
(in millions)		**2018**		**201$**		**warianze**		**2018**		**201$**		**warianze**
Operating ReKenues	6	**119**	Q	110	Q	9	6	**220**	Q	238	Q	(18)
Operating Evpenses												
Operation, maintenance and other		**: 9**		58		11		**124**		136		(12)
Depreciation and amortiBation		**38**		38		•		**$:**		77		(1)
Property and other taxes		**:**		8		(2)		**13**		17		(4)
Total operating expenses		**113**		104		9		**213**		230		(17)
Gains on Sales of Other Assets and Other, net		**Z**		2		(2)		**Z**		4		(4)
Operating Inzome		**:**		8		(2)		**$**		12		(5)
Other Inzome and Evpenses		**18**		(1)		19		**20**		(1)		21
Interest Evpense		**23**		23		•		**45**		42		3
Inzome (Loss) kefore Inzome Taves		**1**		(16)		17		**(18)**		(31)		13
Inzome Tav kenefit		**(3:)**		(42)		6		**($5)**		(81)		6
Less–Loss Attributable to Nonzontrolling Interests		**(1)**		•		(1)		**(1)**		(1)		•
Segment Inzome	6	**38**	Q	26	Q	12	6	**58**	Q	51	Q	7
Renewable plant production, GWh		**2,4$1**		2,231		240		**4,: 51**		4,516		135
Net proportional MW capacity in operation								**2,951**		2,908		43

Three Months Ended cune 30, 2018, as Compared to cune 30, 201$

Commercial RenewablesUesults 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.

Siv Months Ended cune 30, 2018, as Compared to cune 30, 201$

Commercial RenewablesUesults 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.rThe 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 Q93 million at : une 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 : une 18, 2018, The ' nited States Vankruptcy 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 P: M west market.

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

Other

	Three Months Ended cune 30,			Siv Months Ended cune 30,		
(in millions)	**2018**	**201$**	**warianze**	**2018**	**201$**	**warianze**
Operating ReKenues	6 **32**	Q 35	Q (3)	6 **: $**	Q 68	Q (1)
Operating Evpenses						
Fuel used in electric generation and purchased power	**15**	14	1	**29**	29	•
Operation, maintenance and other	**3**	19	(16)	**:**	27	(21)
Depreciation and amortiBation	**3$**	26	11	**$0**	52	18
Property and other taxes	**4**	4	•	**8**	7	1
Impairment charges	**Z**	7	(7)	**Z**	7	(7)
Total operating expenses	**59**	70	(11)	**113**	122	(9)
Gains (Loss) on Sales of Other Assets and Other, net	**2**	6	(4)	**(99)**	11	(110)
Operating Loss	**(25)**	(29)	4	**(145)**	(43)	(102)
Other Inzome and Evpenses, net	**2$**	29	(2)	**41**	50	(9)
Interest Evpense	**1: 4**	139	25	**321**	273	48
Loss kefore Inzome Taves	**(1: 2)**	(139)	(23)	**(425)**	(266)	(159)
Inzome Tav kenefit	**(28)**	(48)	20	**(2$)**	(100)	73
Less–Inzome Attributable to Nonzontrolling Interests	**2**	3	(1)	**4**	5	(1)
Net Loss	6 **(13:)**	Q (94)	Q (42)	6 **(402)**	Q (171)	Q (231)

Three Months Ended cune 30, 2018, as Compared to cune 30, 201$

OtherUs 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."

Siv Months Ended cune 30, 2018, as Compared to cune 30, 201$

OtherUs higher net loss was driven by the loss on sale of the retired Veckjord 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 Veckjord 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 OhioUs 9 percent ownership interest in the Ohio ' alley Electric Corporation (O' EC), 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' EC;s power plants through : une 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy OhioUs 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 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 StabiliBation 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. ManagementUs Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy RegistrantsU 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

	Siv Months Ended cune 30,		
(in millions)	**2018**	**201$**	**warianze**
Operating ReKenues	6 3,435	Q 3,445	Q (10)
Operating Evpenses			
Fuel used in electric generation and purchased power	**880**	863	17
Operation, maintenance and other	**950**	978	(28)
Depreciation and amortiBation	**5: 1**	523	38
Property and other taxes	**14$**	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-normaliBed.

Inzrease (Dezrease) oKer 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 Q38 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 andJor 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. ManagementUs 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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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-—J-A for the year ended December 31, 2017.

Results of Operations

		Siv Months Ended cune 30,				
(in millions)		**2018**		**201$**		**warianze**
Operating ReKenues	6	**5,0$4**	Q	4,571	Q	503
Operating Evpenses						
Fuel used in electric generation and purchased power		**1,8$1**		1,557		314
Operation, maintenance and other		**1,233**		1,109		124
Depreciation and amortiBation		**$: 4**		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 Inzome		**931**		1,047		(116)
Other Inzome and Evpenses, net		**$$**		76		1
Interest Evpense		**412**		402		10
Inzome k efore Inzome Taves		**59:**		721		(125)
Inzome Tav Evpense		**92**		243		(151)
Net Inzome		**504**		478		26
Less–Net Inzome Attributable to Nonzontrolling Interests		**4**		5		(1)
Net Inzome Attributable to Parent	6	**500**	Q	473	Q	27

Siv Months Ended cune 30, 2018, as Compared to cune 30, 201$

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 Q86 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 amortiBation primarily due to higher amortiBation 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 amortiBation 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 leveliBation for annual amortiBation of federal and 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. Progress EnergyꞋs 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 EnergyꞋs 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 PowerJForward 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, Progress EnergyꞋs results of operations, financial position and cash flows could be adversely impacted if grid moderniBation costs are not ultimately approved for recovery andJor 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 Progress EnergyꞋs 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 EnergyꞋs 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 Progress EnergyꞋs 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. ManagementꞋs Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy RegistrantsꞋ Annual 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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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-—J/A for the year ended December 31, 2017.

Results of Operations

		Siv Months Ended cune 30,				
(in millions)		**2018**		**201$**		**warianze**
Operating ReKenues	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 k efore 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 Q33 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 Venefit 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 ProgressUresults 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 PowerJForward 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 ProgressUresults of operations, financial position and cash flows could be adversely impacted if grid moderniBation costs are not ultimately approved for recovery andJor 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. ManagementUs 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-—J A for the year ended December 31, 2017.

Results of Operations

		Siv Months Ended cune 30,				
(in millions)		**2018**		**201$**		**warianze**
Operating ReKenues	6	**2,318**	Q	2,150	Q	168
Operating Evpenses						
Fuel used in electric generation and purchased power		**953**		817		136
Operation, maintenance and other		**4$4**		403		71
Depreciation and amortiBation		**294**		269		25
Property and other taxes		**1$9**		166		13
Impairment charges		**Z**		2		(2)
Total operating expenses		**1,900**		1,657		243
Operating Inzome		**418**		493		(75)
Other Inzome and Evpenses, net		**4$**		39		8
Interest Evpense		**13$**		140		(3)
Inzome k efore Inzome Taves		**328**		392		(64)
Inzome Tav Evpense		**5$**		144		(87)
Net Inzome	6	**2$1**	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-normaliBed.

Inzrease (Dezrease) oKer 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 %

Siv Months Ended cune 30, 2018, as Compared to cune 30, 201$

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 amortiBation◦

X a Q25 million increase in depreciation and amortiBation primarily due to accelerated depreciation of Crystal River ’ nits 4 and 5 and additional plant in service, partially offset by decreased ARO depreciation due to the updated Crystal River ’ nit 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 leveliBation for annual amortiBation of federal excess deferred taxes. For additional information, see Note 17 to the Condensed Consolidated Financial Statements, "Income Taxes."

Matters Impazting 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-K 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-K for the year ended December 31, 2017.

Results of Operations

	Siv Months Ended cune 30,		
(in millions)	**2018**	**201$**	**Varianze**
Operating ReKenues			
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 Evpenses			
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-normaliBed.

	Eleztriz	Natural Gas
Inzrease (Dezrease) oKer 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$

- a Q28 million increase in electric and natural gas retail sales, net of fuel revenues, due to favorable weather in the current year◦ and
- a Q13 million increase in financial transmission rights revenues.

PART I

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 Veckjord, 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 Impazting 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 StabiliBation Rider. – earings will conclude on August 6, 2018. Duke Energy OhioU 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. ManagementU Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy RegistrantsU Annual Reports on Form 10-—A 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-—A for the year ended December 31, 2017.

Results of Operations

	Siv Months Ended cune 30,		
(in millions)	2018	201$	warianze
Operating ReKenues	6 1,4: 9	Q 1,500	Q (31)
Operating Evpenses			
Fuel used in electric generation and purchased power	458	485	(27)
Operation, maintenance and other	3$8	369	9
Depreciation and amortiBation	25:	216	40
Property and other taxes	40	37	3
Total operating expenses	1,132	1,107	25
Operating Inzome	33$	393	(56)
Other Inzome and Evpenses, net	13	20	(7)
Interest Evpense	83	88	(5)
Inzome k efore Inzome Taves	2: $	325	(58)
Inzome Tav Evpense	: 9	128	(59)
Net Inzome	6 198	Q 197	Q 1

PART I

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 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 %

Siv Months Ended cune 30, 2018, as Compared to cune 30, 201$

Operating Revenues. The variance was driven primarily by$

X a Q56 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 Q15 million decrease in wholesale power revenues, net of fuel, primarily due to contracts that expired in the prior year◦ and

X a Q12 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 Q32 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 Q22 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 Q40 million increase in depreciation and amortiBation primarily due to additional plant in service and the deferral of certain asset retirement obligations in the prior year◦ and

X a Q9 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 Q27 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 AF’ DC 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 : une 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 Impazting 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 IndianaUs 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 IndianaUs 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 I’ RC. Duke Energy IndianaUs results of operations, financial position and cash flows could be adversely impacted by actions of the I’ RC related to IGCC costs.

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

PART I

PIEDMONT

Management;s Discussion and Analysis should be read in conjunction with the 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

		Siv Months Ended cune 30,				
(in millions)		**2018**		**201$**		**warianze**
Operating ReKenues	6	**$: 8**	Q	701	Q	67
Operating Evpenses						
Cost of natural gas		**333**		270		63
Operation, maintenance and other		**1: $**		153		14
Depreciation and amortiBation		**$8**		71		7
Property and other taxes		**24**		25		(1)
Impairment charges		**Z**		7		(7)
Total operating expenses		**: 02**		526		76
Operating Inzome		**1: :**		175		(9)
Other Inzome and Evpenses						
Equity in earnings of unconsolidated affiliates		**3**		5		(2)
Other income and expenses, net		**:**		(1)		7
Total other inzome and evpenses		**9**		4		5
Interest Evpense		**41**		39		2
Inzome k efore Inzome Taves		**134**		140		(6)
Inzome Tav Evpense		**32**		53		(21)
Net Inzome	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-normaliBed.

Inzrease (Dezrease) oKer 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 normaliBation adjustment (WNA) mechanisms in South Carolina and Tennessee, changes in throughput deliveries do not have a material impact on PiedmontIs 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.

Siv Months Ended cune 30, 2018, as Compared to cune 30, 201$

Operating Revenues. The variance was driven primarily by$

X a Q63 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 Q31 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 Q27 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. ManagementÜs Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy RegistrantsÜ Annual Reports on Form 10-—A 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-—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 Issuanze

Refer to Note 14 to the Condensed Consolidated Financial Statements, "Common Stock," for further information regarding Duke EnergyÜs 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 EnergyÜs 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 ACTIwTIES

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.

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-—JA for the year ended December 31, 2017, for additional information).

RestriztiKe Debt CoKenants

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 capitaliBation 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 andJor termination of the agreements or sublimits thereto. As of : une 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 Flo' Information

The following table summariBes Duke Energy;s cash flows.

		Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**
Cash flows provided by (used in)$				
Operating activities	**6**	**3,302**	Q	2,800
Investing activities		**(4,: 45)**		(4,344)
Financing activities		**1,2: 5**		1,474
Net decrease in cash, cash equivalents and restricted cash		**($8)**		(70)
Cash, cash equivalents and restricted cash at beginning of period		**505**		541
Cash, cash equivalents and restricted cash at end of period	**6**	**42$**	Q	471

OPERATING CASH FLOWS

The following table summariBes key components of Duke Energy;s operating cash flows.

		Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**
Net income	**6**	**1,124**	Q	1,406
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	2,800

The variance was primarily due to$

X a Q366 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 Q355 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.

Partially offset by$

X a Q141 million increase in contributions to qualified pension plans◦ and

X a Q105 million payment for disposal of Veckjord.

INwESTING CASH FLOWS

The following table summariBes key components of Duke Energy;s investing cash flows.

		Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**
Capital, investment and acquisition expenditures	**6**	**(4,515)**	Q	(4,218)
Other investing items		**(130)**		(126)
Net cash used in investing activities	**6**	**(4,: 45)**	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 summariBes key components of Duke Energy;s financing cash flows.

		Siv Months Ended cune 30,		
(in millions)		**2018**		**201$**
Issuances of long-term debt, net	**6**	**53$**	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**	**1,2: 5**	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 Signifizant Debt Issuanzes

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

OTHER MATTERS

EnKironmental Regulations

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, haBardous 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 nonhaBardous 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. ' arious industry and environmental parties have appealed the EPAЅ CCR rule in the ' .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 : une 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 ' tility 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 : uly 17, 2018, EPA issued a rule finaliBing certain, but not all, elements included in the agencyЅ 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-—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 Valance Sheets at : une 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. Vasins at the – .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. ' pon 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, – .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 : anuary 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-—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 andЈor 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 : uly 23, 2018, the ' .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 : anuary 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 desulfuriBation 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 finaliBed a rule on September 18, 2017, postponing the earliest applicability date for bottom ash transport water and flue gas desulfuriBation 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 desulfuriBation wastewater. EPA projects that a new rule on these two issues will be finaliBed 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 AF' 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 Valance Sheets. For more information related to AROs, see Note 9, "Asset Retirement Obligations" in Duke Energy;s Annual Report on Form 10-—JA for the year ended December 31, 2017.

(in millions)		Estimated Cost
Du7e 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 finaliBed a revision to the Cross-State Air Pollution Rule (CSAPR)◦ the revised rule is known as the CSAPR ' pdate Rule. The CSAPR ' pdate Rule reduces the CSAPR Phase 2 state oBone season NO/ emission budgets for 22 eastern states, including Ohio, —entucky and Indiana. In the final CSAPR ' pdate Rule, the EPA removed Florida, South Carolina and North Carolina from the oBone season NOx program. Veginning in 2017, Duke Energy Registrants in these states will not be subject to any CSAPR oBone season NOx emission limitations. For the states that remain in the program, the reduced state oBone season NOx emission budgets took effect on May 1, 2017. In —entucky and Indiana, where Duke Energy Registrants own and operate coal-fired electric generating units (EG' s) subject to the final rule requirements, near-term responses include changing unit dispatch to run certain generating units less frequently andJor purchasing NOx allowances from the trading market. Longer term, upgrading the performance of existing NOx controls is an option. The Indiana ' tility 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 ' pdate 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.

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 (CO_2) emissions limits for new, modified and reconstructed power plants. The requirements for new plants apply to plants that commenced construction after : anuary 8, 2014. The EPA set an emissions standard for coal units of 1,400 pounds of CO_2 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. ' tility-scale CCS is not currently a demonstrated and commercially available technology for coal-fired EG' s, 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 CO_2 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 : ustice (DO:) 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 DO: 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 : uly 24, 2018, EPA reported to the court that it plans to send a proposed revised rule to the Office of Management and Vudget (OMV) 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 CO_2 emissions from existing fossil fuel-fired EG' s. The CPP established CO_2 emission rates and mass cap goals that apply to existing fossil fuel-fired EG' s. 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 DO: 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 : uly 9, 2018, EPA sent a proposed CPP replacement rule to the OMV 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 ' .S. Supreme Court stay of the CPP remains in effect. The Duke Energy Registrants cannot predict the outcome of these matters.

Seztion 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 Huality Standards (NAAHS) for oBone 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 oBone NAAHS in the state of New York. Voth 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 : une 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-—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-—A for the year ended December 31, 2017.

Liquefied Natural Gas Fazility

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 Q250 million. Construction will begin in the summer of 2019.

Nuzlear 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-—A 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-—A 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 EnergyUs 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-—A 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 RegistrantsUdisclosures about market risk. For an in-depth discussion of the Duke Energy RegistrantsUmarket risks, see “Huantitative and Hualitative Disclosures about Market Risk” in Item 7 of the Annual Report on Form 10-—A 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, summariBed 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 (MTk E) 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-–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 : . EXHIkITS

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 (***).

Evhibit 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 : une 1, 2018, (incorporated by reference to Exhibit 4.1 to Registrant|s Current Report on Form 8-—filed on : une 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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*32.2.4	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				/				
*32.2.5	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					/			
*32.2.6	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						/		
*32.2.7	Certification Pursuant to 18 ' .S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							/	
*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 authoriBed.

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

JsJSTE' EN —. YO’ NG
Steven —. Young
Executive ' ice President and Chief Financial Officer (Principal Financial Officer)

Date$ August 2, 2018

JsJDWIG– T L. : ACOVS
Dwight L. : acobs
Senior ' ice President, Chief Accounting Officer
and Controller
(Principal Accounting Officer)

EXHIBIT 4.1

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

EXHIBIT 4.1

TABLE OF CONTENTS[1]

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 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.

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 Depository 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

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

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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,

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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 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.

EXHIBIT 4.1

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

EXHIBIT 4.1

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 RESALES 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 4.1

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.

EXHIBIT 4.1

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:

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

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.

EXHIBIT 4.1

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

EXHIBIT 4.1

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.

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.

EXHIBIT 4.1

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

EXHIBIT 12

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.

	Six Months Ended June 30,	Years Ended December 31,				
(in millions)	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Earnings as defined for fixed charges calculation						
Add:						
Pretax income from continuing operations[(a)]	$ 8254,	$, 28, 1	$ 52336	$ 52651	$ 52353	$ 5210,
Fixed charges	82878	12109	12870	82694	82678	82663
Distributed income of equity investees	93	83	50	80,	853	804
Deduct:						
Interest capitalized	9	,	80	86	7	6
Total earnings	$ 12383	$ 32594	$ 92696	$ 92777	$ 92353	$ 92848
Fixed charges:						
Interest on debt2including capitalized portions	$ 82811	$ 1280,	$ 12033	$ 82755	$ 82755	$ 82730
Estimate of interest within rental expense	, 4	808	80,	813	856	813
Total fixed charges	$ 82878	$ 12109	$ 12870	$ 82694	$ 82678	$ 82663
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.

EXHIBIT 31.1.1

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

EXHIBIT 31.1.C

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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 2, 2018

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.3

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

EXHIBIT 31.1.4

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 gnowled; 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 gnowled; 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; istrantxs other certifyin; officerAs) 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 1Taz1DAf) and 1Ddz1DAf)) for the re; istrant and have:

a) Pesi; 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) Pesi; 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; istrantxs 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) Pisclosed in this report any chan; e in the re; istrantxs internal control over financial reportin; that occurred durin; the re; istrantxs most recent fiscal quarter Athe re; istrantxs fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly ligely to materially affect, the re; istrantxs internal control over financial reportin; kand

D) (he re; istrantxs other certifyin; officerAs) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reportin; , to the re; istrantxs auditors and the audit committee of the re; istrantxs 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; istrantxs 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; istrantxs internal control over financial reportin; .

Pate: 5u; ust b, b01/

YsYLNOO J. GCCP

Lynn J. Good
Bhief ERecutive Cfficer

EXHIBIT 31.1.5

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

EXHIBIT 31.1.6

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

EXHIBIT 31.1.6

**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
Ohief Executive Cfficer

EXHIBIT 31.1.8

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 Diedmont k atural Gas Eompany, Inc.g

C) ; ased on my 2nowledBe, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma2e the statements made, in liBht of the circumstances under which such statements were made, not misleadinB with respect to the period covered by this reportg

3) ; ased on my 2nowledBe, 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 reBistrant as of, and for, the periods presented in this reportg

4) The reBistrant's other certifyinB officer(s) and I are responsible for establishinB and maintaininB disclosure controls and procedures (as defined in xAchanBe Rct 5ules 13a-1z(e) and 1zd-1z(e)) and internal control over financial reportinB (as defined in xAchanBe Rcts 5ules 13a-1z(f) and 1zd-1z(f)) for the reBistrant and have:

   a) 8esiBned such disclosure controls and procedures, or caused such disclosure controls and procedures to be desiBned under our supervision, to ensure that material information relatinB to the reBistrant, includinB its consolidated subsidiaries, is made 2nown to us by others within those entities, particularly durinB the period in which this report is beinB preparedg

   b) 8esiBned such internal control over financial reportinB, or caused such internal control over financial reportinB to be desiBned under our supervision, to provide reasonable assurance reBardinB the reliability of financial reportinB and the preparation of financial statements for eAternal purposes in accordance with Benerally accepted accountinB principlesg

   c) xvaluated the effectiveness of the reBistrant'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 evaluationgand

   d) 8isclosed in this report any chanBe in the reBistrant's internal control over financial reportinB that occurred durinB the reBistrant's most recent fiscal quarter (the reBistrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably li2ely to materially affect, the reBistrant's internal control over financial reportinBgand

z) The reBistrant's other certifyinB officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reportinB, to the reBistrant's auditors and the audit committee of the reBistrant's board of directors (or persons performinB the equivalent functions):

   a) Rll siBnificant deficiencies and material wea2nesses in the desiBn or operation of internal control over financial reportinB which are reasonably li2ely to adversely affect the reBistrant's ability to record, process, summari/e and report financial informationgand

   b) Rny fraud, whether or not material, that involves manaBement or other employees who have a siBnificant role in the reBistrant's internal control over financial reportinB.

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Lynn J. Good
Ehief xAecutive Pfficer

EXHIBIT 31.2.1

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

EXHIBIT 31.2.2

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

EXHIBIT 31.2.3

**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

EXHIBIT 31.2.4

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 Crogress, LL; 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 3y this report2

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 report2

T) ' he registrant(s other certifying officerxs) and I are responsi3le for esta3lishing and maintaining disclosure controls and procedures xas defined in EAchange Rct 5 ules 14a-1–xe) and 1–d-1–xe)) and internal control over financial reporting xas defined in EAchange 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 3e designed under our supervision, to ensure that material information relating to the registrant, including its consolidated su3sidiaries, is made known to us 3y others within those entities, particularly during the period in which this report is 3eing prepared2

3) Designed such internal control over financial reporting, or caused such internal control over financial reporting to 3e designed under our supervision, to provide reasona3le assurance regarding the relia3ility of financial reporting and the preparation of financial statements for eAternal purposes in accordance with generally accepted accounting principles2

c) Evaluated the effectiveness of the registrant(s disclosure controls and procedures and presented in this report our conclusions a3out the effectiveness of the disclosure controls and procedures, as of the end of the period covered 3y this report 3ased on such evaluation2and

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 xthe registrant(s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona3ly likely to materially affect, the registrant(s internal control over financial reporting2and

–) ' he registrant(s other certifying officerxs) and I have disclosed, 3ased on our most recent evaluation of internal control over financial reporting, to the registrant(s auditors and the audit committee of the registrant(s 3oard of directors xor persons performing the equivalent functions):

a) Rll significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasona3ly likely to adversely affect the registrant(s a3ility to record, process, summari8e and report financial information2and

3) Rny 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: Rugust B, B01/

\sVS' ENEO K. YUGOP

Steven K. Young
EAecutive Nice Cresident and ; hief Financial Ufficer

EXHIBIT 31.2.5

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, CCL ;

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 L hief Financial Officer

EXHIBIT 31.2.6

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 Gresident and Phief Financial Cfficer

EXHIBIT 31.2.6

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

EXHIBIT 31.2.8

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 Eatural ; as 2ompany, Inc.B

k) based on my 3nowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma3e the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered 4y this reportB

T) based on my 3nowledge, 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 reportB

') (he registrantxs other certifying officerAs) and I are responsi4le for esta4lishing and maintaining disclosure controls and procedures Aas defined in R5change –ct Dules 1Ta-1zAe) and 1zd-1zAe)) and internal control over financial reporting Aas defined in R5change –cts Dules 1Ta81zAf) and 1zd81zAf)) for the registrant and have:

a) / esigned such disclosure controls and procedures, or caused such disclosure controls and procedures to 4e designed under our supervision, to ensure that material information relating to the registrant, including its consolidated su4sidiaries, is made 3nown to us 4y others within those entities, particularly during the period in which this report is 4eing preparedB

4) / esigned such internal control over financial reporting, or caused such internal control over financial reporting to 4e designed under our supervision, to provide reasona4le assurance regarding the relia4ility of financial reporting and the preparation of financial statements for e5ternal purposes in accordance with generally accepted accounting principlesB

c) Rvaluated the effectiveness of the registrantxs 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 evaluationBand

d) / isclosed in this report any change in the registrantxs internal control over financial reporting that occurred during the registrantxs most recent fiscal quarter Athe registrantxs fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly li3ely to materially affect, the registrantxs internal control over financial reportingBand

z) (he registrantxs other certifying officerAs) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reporting, to the registrantxs auditors and the audit committee of the registrantxs 4oard of directors Aor persons performing the equivalent functions):

a) –ll significant deficiencies and material wea3nesses in the design or operation of internal control over financial reporting which are reasona4ly li3ely to adversely affect the registrantxs a4ility to record, process, summariVe and report financial informationBand

4) –ny fraud, whether or not material, that involves management or other employees who have a significant role in the registrantxs internal control over financial reporting.

/ ate: –ugust k, k01N

GSCS(RURE K. YGCE;

Steven K. Young
R5ecutive Uice President and 2hief Financial Gfficer

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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

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

--/A

EXHIBIT 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

In connection with the Quarterly Report of Duke Energy Crogre((" " ") FmDuke 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 Fthe nReport10' I" " ynn 8GP oo2") hief E. ecutive Officer of Duke Energy Crogre((" certify" pur(uant to Jx UGLGG G Lection Js53" a(a2opte2 pur(uant to Lection 936 of the Larbane(,O. ley Act of S33S" that:

FJ0 The Report fully cod plie(with the required ent(of Lection 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

/(/ " YNN 8GP OOD

" ynn 8GP oo2
) hief E. ecutive Officer

Augu(t S" S3Jx

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EXHIBIT 32.1.C

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15 S.8.R. 8ERTINP 13C0,
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 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 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 3, 3012

EXHIBIT 32.1.C

REFTIAIROTINP USF8SOPT TN
15 S.8.R. 8ERTINP 130, D
O8 O9 NUTE9 USF8SOPT TN
8ERTINP 6, CNA THE 8OFBOPE8-NXLEY ORT NA 2, , 2

In connection with the Quarterly Report of Duke Energy ChiosInc, L(Duke Energy Chio“” on) orF m10Q for the perio- en- ing dune J1s31m2sa8 file- with the Securitie8 an- Exchange . oF F i88ion on the - ate hereof Lthe (Report“”sIsGynn d, v oo- s. hief ExecutiOe Cfficer of Duke Energy Chioscertifyspur8uant to m2 U,S,. , Section mJ51sa8 a- opte- pur8uant to Section 916 of the Sarbane8OCxley Act of 3113sthat:

Lm” The Report fully coF plie8 with the requireF ent8 of Section mJLa” or m5L- ” of the Securitie8 Exchange Act of m9J4; 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

Gynn d, v oo-
. hief ExecutiOe Cfficer

Augu8t 3s31m2

EXHIBIT 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**

In connection with the Quarterly Report of Duke Energy InCianas, , L (“Duke Energy InCiana”) on Form 10-Q for the perioC enCing dune J0s3012sa8 fileC with the Securitie8 anC Exchange L ommi88ion on the Cate hereof (the “Report”)sIs, ynn d. GooCsL hief Executive Officer of Duke Energy InCianascertifyspur8uant to 12 U.S.L . Section 1J50sa8 aCopteC pur8uant to Section 906 of the Sarbane8-Oxley Act of 3003sthat:

(1) The Report fully complie8 with the requirement8 of Section 1J(a) or 15(C) of the Securitie8 Exchange Act of 19J4; anC

(3) The information containeC in the Report fairly pre8ent8sin all material re8pect8sthe financial conCition anC re8ult8 of operation8 of Duke Energy InCiana.

/8/ , YNN d. GOOD

, ynn d. GooC
L hief Executive Officer

Augu8t 3s3012

--/A

EXHIBIT 32.1.C

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1CS.8.R. 8ERTINP 1350,
O8 ODNUTED USF8SOPT TN
8ERTINP 906 NA THE 8OFBOPE8-NXLEY ORT NA 2002

In connection with the Quarterly Report of Piegs ont Eatural , a. (os pany" Inc")FPiegs ontm1 on 0ors - dJQ for the periog engin3 2une 8d" Sd- x" a. fileg with the Cecuritie. ang LGchan3e (os s i. . ion on the gate hereof)the FReportm" I" vynn 2" , oog" (hief LGecutiCe Ufficer of Piegs ont" certify" pur. uant to - x 5"C"(" Cection - 89d" a. agopteg pur. uant to Cection 6db of the CarAane. JUGey : ct of SddS" thatT

)- 1 qhe Report fully cos plie. with the re4uires ent. of Cection - 8)a1or - 9)g1of the Cecuritie. LGchan3e : ct of - 68; / ang

)S1 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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EXHIBIT 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

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

EXHIBIT 32.2.2

1 ECTIRI1 F TIA O NPCUPF OT TA
S8 P.U.1 . UE1 TIA O S350,
F U F DANTED NPCUPF OT TA
UE1 TIA O 906 AR THE UF CBF OEU-AXLEY F 1 T AR 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, 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

--/A

EXHIBIT 32.2.3

1 ECTIRI1 F TIA O NPCUPF OT TA
S8 P.U.1 . UE1 TIA O S350,
F U F DANTED NPCUPF OT TA
UE1 TIA O 906 AR THE UF CBF OEU-A XLEY 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

--/A

EXHIBIT 32.2.1

4 ECTIRI4 F TIA O NPCUPF OT TA
S8 P.U.4 . UE4 TIA O S350,
F U F DANTED NPCUPF OT TA
UE4 TIA O 906 AR THE UF CBF OEU-A XLEY F 4 T AR 2002

In connection with the Quarterly Report of Duke Energy Crogress, LL(“”Duke Energy Crogress)Fon mor1 0- dQ for the perioJ enJing 3une 2- , 8- 0S, as fileJ with the x ecurities anJ Evchange (o1 1 ission on the Jate hereof “the ”Report)F, I, x teKen . YVoung, EvecutiKe Pice CresiJent anJ (hief mnancial Officer of Duke Energy Crogress, certify, pursuant to 0S U.x.(. Yx ection 025- , as aJopteJ pursuant to x ection 9- 6 of the x arbanesdOvley Act of 8- - 8, that:

“0F The Report fully co1 plies with the require1 ents of x ection 02“aFor 05“JFof the x ecurities 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/ x TEPEN . YVOUNG

x teKen . YVoung
EvecutiKe Pice CresiJent anJ (hief mnancial Officer

August 8, 8- 0S

EXHIBIT 32.2.1

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 dune J0, 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 Cinancial 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 containes in the Report fairly pre8ent8, in all material re8pect8, the financial consition ans re8ult8 of operation8 of Duke Energy Clorisa.

/8/ STEVEN K. YOUNG

Steven K. Young
Executive Vice Pre8isent ans (hief Cinancial Officer

Augu8t 3, 3012

--/A

EXHIBIT 32.2.1

CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 830, D
AS A9 OPTE9 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 ChioFmon 1or0 - dJQ for the perio3 en3ing , une 2d(8d- s(aS file3 with the xecuritieS an3 Evchange Ko0 0 iSSion on the 3ate hereof "the)ReportFm(I(xte. en Y" Voung(Evecuti. e Pice OreSi3ent an3 Khief 1inancial Cfficer of Duke Energy Chio(certify(purSuant to - s U"x"K" xection - 25d(aS a3opte3 purSuant to xection 9d6 of the xarbaneSJCvley Act of 8dd8(that:

"- m The Report fully co0 plieS with the require0 entS of xection - 2"amor - 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

xte. en Y" Voung
Evecuti. e Pice OreSi3ent an3 Khief 1inancial Cfficer

AuguSt 8(8d- s

EXHIBIT 32.2.1

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S8 P.U.7 . UE7 TIA O S350,
F U F DANTED NPCUPF OT TA
UE7 TIA O 906 A R THE UF CBF OEU-A XLEY F 7 T A R 2002

In connection with the Quarterly Report of Duke Energy InCanas, , L (“Duke Energy InCana”) on Form 10-Q for the perioC enCng dune J0s3012sa8 fileC with the Securitie8 anC Exchange L ommi88ion on the Cate hereof (the “Report”)sIsSteven K. YoungsExecutive Vice Pre8iCent anC L hief Financial Officer of Duke Energy InCanascertifyspur8uant to 12 U.S.L . Section 1J50sa8 aCopteC pur8uant to Section 906 of the Sarbane8-Oxley Act of 3003sthat:

(1) The Report fully complie8 with the requirement8 of Section 1J(a) or 15(C) of the Securitie8 Exchange Act of 19J4; anC

(3) The information containeC in the Report fairly pre8ent8sin all material re8pect8sthe financial conCtion anC re8ult8 of operation8 of Duke Energy InCana.

/8/ STEVEN K. YOUNG

Steven K. Young
Executive Vice Pre8iCent anC L hief Financial Officer

Augu8t 3s3012

--/A

EXHIBIT 32.2.1

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 Piegs ont Eatural , a. (os pany" Inc")FPiegs ontm1 on 0ors - dJQ for the periog engin3 2une 8d" Sd- x" a. fileg with the Cecuritie. ang vKchan3e (os s i. . ion on the gate hereof)the FReportm1" I" CteYen V" Ooun3" vKecutiYe Uice Pre. igent ang (hief 0inancial 5 fficer of Piegs ont" certify" pur. uant to - x 9"C"(" Cection - 86d" a. agopteg pur. uant to Cection bdA of the Car: ane. J5 Kley Tct of SddS" thatq

)- 1 4he Report fully cos plie. with the re; uires ent. of Cection - 8)a1 or - 6)g1 of the Cecuritie. vKchan3e Tct of - b8/ Nang

)S1 4he 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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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.
	DUKE ENERGY	
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 ☒	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, 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.

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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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per-share amounts)	**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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(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

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**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**	—

See Notes to Condensed Consolidated Financial Statements

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

					Accumulated Other Comprehensive Income (Loss)					
(in millions)	Common Stock Shares	Common Stock	Additional 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
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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated 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, 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**

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**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)

			Accumulated Other Comprehensive Income (Loss)					
(in millions)	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, 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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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**

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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

(in millions)		Member's Equity		Accumulated Other Comprehensive Income (Loss): Net Unrealized Gains (Losses) on Available-for-Sale Securities		Total Equity
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.

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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**

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated 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, 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**

See Notes to Condensed Consolidated Financial Statements

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.

	Applicable Notes																	
Registrant	**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.

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

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.

	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
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

	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
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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	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.

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.

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.

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.

	Nine 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	**$ 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**

	Nine 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	$ 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.

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.

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.

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.

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 prudency 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.

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.

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 AMI, 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.

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.

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.

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.

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.

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.

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.

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.

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.

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, 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**

	Nine Months Ended September 30, 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	(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.

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.

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.

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

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).

			Nine Months Ended September 30, 2018				
Issuance Date	**Maturity Date**	**Interest Rate**	**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.

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.

	September 30, 2018							
(in millions)	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.

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.

	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**
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**
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.

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.

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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.

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.

		Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	Type of expense	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.

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.

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

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								
Not Designated as Hedging Instruments								
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								
Designated as Hedging Instruments								
Current	$ 6	$ 5	$ —	$ —	$ —	$ —	$ —	$ —
Noncurrent	6	—	—	—	—	—	—	—
Not Designated as Hedging Instruments								
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								
Not Designated as Hedging Instruments								
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								
Designated as Hedging Instruments								
Current	$ 2	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Not Designated as Hedging Instruments								
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

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								
Not Designated as Hedging Instruments								
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								
Designated as Hedging Instruments								
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								
Not Designated as Hedging Instruments								
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								
Designated as Hedging Instruments								
Current	$ 29	$ 25	$ —	$ —	$ —	$ —	$ —	$ —
Noncurrent	6	—	—	—	—	—	—	—
Not Designated as Hedging Instruments								
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.

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	$ —	$ —	$ —	$ —

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.

	September 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	**$ 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**	**—**

	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.

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.

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.

	September 30, 2018[a]			December 31, 2017		
(in millions)	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

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.

	September 30, 2018[(a)]			December 31, 2017		
(in millions)	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

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.

	September 30, 2018[a]			December 31, 2017		
(in millions)	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

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.

	September 30, 2018(a)			December 31, 2017		
(in millions)	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

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.

	September 30, 2018[(a)]			December 31, 2017		
(in millions)	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

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.

	September 30, 2018[(a)]			December 31, 2017		
(in millions)	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.

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.

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.

	Three Months Ended September 30, 2018			Three Months Ended September 30, 2017		
(in millions)	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)

	Nine Months Ended September 30, 2018			Nine Months Ended September 30, 2017		
(in millions)	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)

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.

	September 30, 2018			
(in millions)	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

	December 31, 2017			
(in millions)	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.

	Investments			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	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	$ —	$ —	$ —	$ —

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.

	September 30, 2018			December 31, 2017		
(in millions)	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.

	September 30, 2018			December 31, 2017		
(in millions)	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.

	September 30, 2018			December 31, 2017		
(in millions)	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.

	September 30, 2018			December 31, 2017		
(in millions)	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

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

	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	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.

	September 30, 2018				December 31, 2017			
(in millions)	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.

	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	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

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.

	September 30, 2018		
(in millions)	**Total Fair Value**	**Level 1**	**Level 3**
Derivative assets	**$ 4**	**$ 4**	**$ —**
Derivative liabilities	**(153)**	**—**	**(153)**
Net (liabilities) assets	**$ (149)**	**$ 4**	**$ (153)**

	December 31, 2017		
(in millions)	**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.

	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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)

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.

	September 30, 2018		December 31, 2017	
(in millions)	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.

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.

	Duke Energy			
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
(in millions)	**CRC**	**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

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

NON-CONSOLIDATED VIEs

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

	September 30, 2018					
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana
(in millions)	Pipeline Investments[a]	Commercial Renewables	Other VIEs	Total		
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.

	December 31, 2017					
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana
(in millions)	Pipeline Investments	Commercial Renewables	Other VIEs	Total		
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.

		VIE Investment Amount (in millions)	
Entity Name	Ownership Interest	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.

(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.

	Duke Energy Ohio		Duke Energy Indiana	
(in millions)	**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**

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

	Duke Energy Ohio				Duke Energy Indiana			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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.

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:

	Remaining Performance Obligations						
(in millions)	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.

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 Performance Obligations						
(in millions)	**2018**	**2019**	**2020**	**2021**	**2022**	**Thereafter**	**Total**
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.

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 September 30, 2018							
(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**
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 61	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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

	Nine Months Ended September 30, 2018							
(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
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.

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.

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per-share amounts)	**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.

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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.

QUALIFIED PENSION PLANS

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

	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)**

	Three Months Ended September 30, 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	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

	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)

	Nine Months Ended September 30, 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	$ 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.

	Three Months Ended September 30, 2018				
(in millions)	**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	$ —	$ —

	Three Months Ended September 30, 2017				
(in millions)	**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

	Nine Months Ended September 30, 2018				
(in millions)	**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

	Nine Months Ended September 30, 2017				
(in millions)	**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.

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

	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	$ 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	$ —

	Three Months Ended September 30, 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	$ 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	$ —

	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	$ 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)

	Nine Months Ended September 30, 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	$ 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	$ —

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.

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 September 30,		Nine Months Ended 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.

	Three Months Ended September 30,			
	2018		2017	
(in millions, except per-share amounts)	**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.

	Nine Months Ended September 30,							
	2018				2017			
(in millions, except per-share amounts)		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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**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, 2018	2017	Variance	Nine Months Ended September 30, 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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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.

	Nine Months Ended September 30,	
(in millions)	**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.

	Nine Months Ended September 30,		
(in millions)	**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.

	Nine Months Ended September 30,		
(in millions)	**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.

	Nine Months Ended September 30,		
(in millions)	**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 NOx program. Beginning in 2017, Duke Energy Registrants in these states will not be subject to any CSAPR ozone season NOx emission limitations. For the states that remain in the program, the reduced state ozone season NOx 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 NOx allowances from the trading market. Longer term, upgrading the performance of existing NOx 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 (CO_2) 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 CO_2 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 CO_2 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 CO_2 emissions from existing fossil fuel-fired EGUs. The CPP established CO_2 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 CO_2 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.

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				
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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.	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 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

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)

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 ☒	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 ☒

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Registrant	Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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	Depositary 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:

Registrant	Description	Shares
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.

TABLE OF CONTENTS

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

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)

	Three Months Ended March 31,	
(in millions, except per-share amounts)	**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)

	Three Months Ended March 31,	
(in millions)	**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

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)

	Three Months Ended March 31,	
(in millions)	**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

Supplemental Disclosures:				
Significant non-cash transactions:				
Accrued capital expenditures	**$**	**811**	$	799
Non-cash dividends		**27**		26

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Preferred Stock	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income: Net Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive (Loss) Income: Net Unrealized (Losses) Gains on Available-for-Sale Securities	Accumulated Other Comprehensive (Loss) Income: 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	—	—	—	—	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)

	Three Months Ended March 31,	
(in millions)	**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

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See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
(in millions)	**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)

	Three Months Ended March 31,	
(in millions)	**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

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

FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
(in millions)	**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

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

			Accumulated Other Comprehensive (Loss) Income					
(in millions)	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)

	Three Months Ended March 31,	
(in millions)	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

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

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
(in millions)	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

FINANCIAL STATEMENTS

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

	Three Months Ended March 31,			
(in millions)		**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

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
(in millions)	**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)		
(in millions)		Member's Equity		Net Unrealized Gains (Losses) on Available-for-Sale Securities		Total 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

FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
(in millions)	**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

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

--/A

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
(in millions)	**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)

(in millions)	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total 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

FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
(in millions)	**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)

	Three Months Ended March 31,	
(in millions)	**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)

(in millions)		Member's 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

FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
(in millions)	**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

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

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
(in millions)	**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

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

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.

	Applicable Notes																	
Registrant	**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.

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.

	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
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

	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
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:

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						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable 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 back noncontrolling interest component							(7)
Net income							$ 893
Segment assets	$ 130,406	$ 12,639	$ 4,378	$ 147,423	$ 3,536	$ 177	$ 151,136

(in millions)	Three Months Ended March 31, 2018 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.

(in millions)	Three Months Ended March 31, 2019 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**

(in millions)	Three Months Ended March 31, 2018 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.

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).

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.

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, 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’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.

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.

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.

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.

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.

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.

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.

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

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.

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

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:

	As of January 1, 2019							
(in millions)	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 in 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.

The following table presents the components of lease expense.

	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
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.

	Twelve months ended March 31,							
(in millions)	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.

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.

	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
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.

	Twelve months ended March 31,						
(in millions)	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.

	December 31, 2018						
(in millions)	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.

		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.

	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).

			Three Months Ended March 31, 2019			
Issuance Date	**Maturity Date**	**Interest Rate**	**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.

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.

	March 31, 2019														
(in millions)		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

	March 31, 2019			
(in millions)		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.

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.

	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
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)	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

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.

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.

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.

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

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								
Not Designated as Hedging Instruments								
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								
Designated as Hedging Instruments								
Current	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Noncurrent	2	—	—	—	—	—	—	—
Not Designated as Hedging Instruments								
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								
Not Designated as Hedging Instruments								
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								
Designated as Hedging Instruments								
Current	$ 25	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Noncurrent	9	—	—	—	—	—	—	—
Not Designated as Hedging Instruments								
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

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								
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							
(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	$ 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.

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
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							
(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	$ 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							
(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	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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 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 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.

	March 31, 2019			December 31, 2018		
(in millions)	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.

	Three Months Ended	
(in millions)	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

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.

	March 31, 2019			December 31, 2018		
(in millions)	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	$ —	$ —	$ 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.

	Three Months Ended	
(in millions)	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.

	March 31, 2019			December 31, 2018		
(in millions)	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	$ —	$ —	$ 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

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.

	Three Months Ended	
(in millions)	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.

	March 31, 2019			December 31, 2018		
(in millions)	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.

	Three Months Ended	
(in millions)	March 31, 2019	March 31, 2018
FV-NI:		
Realized gains	$ 10	$ 8
Realized losses	8	8
AFS:		
Realized gains	1	—
Realized losses	1	2

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.

	March 31, 2019			December 31, 2018		
(in millions)	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.

	Three Months Ended	
(in millions)	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.

	March 31, 2019			December 31, 2018		
(in millions)	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.

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.

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.

	March 31, 2019				
(in millions)	**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**

	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)	
	Three Months Ended March 31,	
(in millions)	**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)

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.

	March 31, 2019			
(in millions)	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

	December 31, 2018			
(in millions)	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.

	March 31, 2019			December 31, 2018		
(in millions)	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.

	March 31, 2019			December 31, 2018		
(in millions)	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

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.

	March 31, 2019			December 31, 2018		
(in millions)	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.

	March 31, 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	$ 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.

	Derivatives (net)	
	Three Months Ended March 31,	
(in millions)	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

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.

	March 31, 2019			December 31, 2018		
(in millions)	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.

	Derivatives (net)	
	Three Months Ended March 31,	
(in millions)	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)			

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.

	March 31, 2019		December 31, 2018	
(in millions)	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.

Receivables Financing – Credit Facilities

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

	Duke Energy			
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
(in millions)	**CRC**	**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

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 Energy	Duke Energy
(in millions)	Pipeline Investments	Commercial Renewables	Other VIEs	Total	Ohio	Indiana
Receivables from affiliated companies	$ —	$ —	$ —	$ —	$ 67	$ 89
Investments in equity method unconsolidated affiliates	998	187	50	1,235	—	—
Total assets	$ 998	$ 187	$ 50	$ 1,235	$ 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	$ 52	$ —	$ —
Net assets	$ 959	$ 187	$ 37	$ 1,183	$ 67	$ 89

	December 31, 2018					
	Duke Energy				Duke Energy	Duke Energy
(in millions)	Pipeline Investments	Commercial Renewables	Other VIEs	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	$ 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.

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

		VIE Investment Amount (in millions)	
Entity Name	Ownership Interest	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.

	Duke Energy Ohio		Duke Energy Indiana	
(in millions)	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

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

	Duke Energy Ohio		Duke Energy Indiana	
	Three Months Ended March 31,		Three Months Ended March 31,	
(in millions)	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:

	Remaining Performance Obligations						
(in millions)	2019	2020	2021	2022	2023	Thereafter	Total
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:

	Remaining Performance Obligations						
(in millions)	2019	2020	2021	2022	2023	Thereafter	Total
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.

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, 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**
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

	Three Months Ended March 31, 2018							
(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
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 33	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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. 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

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.

	Three Months Ended March 31,	
(in millions, except per-share amounts)	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.

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.

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.

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.

	Three Months Ended March 31,			
	2019		2018	
(in millions, except per-share amounts)	**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.

Electric Utilities and Infrastructure

	Three Months Ended March 31,		
(in millions)	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.

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

	Three Months Ended March 31,		
(in millions)	**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.

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

	Three Months Ended March 31,		
(in millions)	**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.

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

	Three Months Ended March 31,		
(in millions)	**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

	Three Months Ended March 31,		
(in millions)	**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.

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

	Three Months Ended March 31,		
(in millions)	**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.

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

	Three Months Ended March 31,		
(in millions)	**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.

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

	Three Months Ended March 31,		
(in millions)	**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

	Three Months Ended March 31,		
(in millions)	**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

	Three Months Ended March 31,		
(in millions)	**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

	Three Months Ended March 31,		
(in millions)	**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;

- 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.

	Three Months Ended March 31,	
(in millions)	**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.

	Three Months Ended March 31,		
(in millions)	**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)

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.

	Three Months Ended March 31,		
(in millions)	**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.

	Three Months Ended March 31,		
(in millions)	**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.

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.

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		

EXHIBITS

*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
*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 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

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)

Exhibit 10.2

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) ______________________________

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*

*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:

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 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.

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.

Exhibit 10.3

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. *<u>Conflicts with Plan, Correction of Errors, Section 409A and Grantee's Consent</u>*. 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)

EXHIBIT 31.1.1

**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

EXHIBIT 31.1.C

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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

EXHIBIT 31.1.3

**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

EXHIBIT 31.1.4

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 gnowled; 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 gnowled; 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; istrantxs other certifyin; officerAs) 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 1Taz1DAf) and 1Ddz1DAf)) for the re; istrant and have:

a) Pesi; 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) Pesi; 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; istrantxs 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) Pisclosed in this report any chan; e in the re; istrantxs internal control over financial reportin; that occurred durin; the re; istrantxs most recent fiscal quarter Athe re; istrantxs fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly ligely to materially affect, the re; istrantxs internal control over financial reportin; kand

D) (he re; istrantxs other certifyin; officerAs) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reportin; , to the re; istrantxs auditors and the audit committee of the re; istrantxs 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; istrantxs a4ility to record, process, summariMe 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; istrantxs internal control over financial reportin; .

Pate: 9 ay / , b01/

YsYLNOO J. GCCP

Lynn J. Good
Bhief ERecutive Cfficer

EXHIBIT 31.1.5

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

EXHIBIT 31.1.6

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

EXHIBIT 31.1.6

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
Ohief Executive Cfficer

EXHIBIT 31.1.8

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 Diedmont k atural Gas Eompany, Inc.g

C) ; ased on my 2nowledBe, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma2e the statements made, in liBht of the circumstances under which such statements were made, not misleadinB with respect to the period covered by this reportg

3) ; ased on my 2nowledBe, 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 reBistrant as of, and for, the periods presented in this reportg

4) The reBistrant's other certifyinB officer(s) and I are responsible for establishinB and maintaininB disclosure controls and procedures (as defined in xAchanBe Rct 5ules 13a-1z(e) and 1zd-1z(e)) and internal control over financial reportinB (as defined in xAchanBe Rcts 5ules 13a-1z(f) and 1zd-1z(f)) for the reBistrant and have:

   a) MesiBned such disclosure controls and procedures, or caused such disclosure controls and procedures to be desiBned under our supervision, to ensure that material information relatinB to the reBistrant, includinB its consolidated subsidiaries, is made 2nown to us by others within those entities, particularly durinB the period in which this report is beinB preparedg

   b) MesiBned such internal control over financial reportinB, or caused such internal control over financial reportinB to be desiBned under our supervision, to provide reasonable assurance reBardinB the reliability of financial reportinB and the preparation of financial statements for eAternal purposes in accordance with Benerally accepted accountinB principlesg

   c) xvaluated the effectiveness of the reBistrant'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 evaluationgand

   d) Misclosed in this report any chanBe in the reBistrant's internal control over financial reportinB that occurred durinB the reBistrant's most recent fiscal quarter (the reBistrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably li2ely to materially affect, the reBistrant's internal control over financial reportinBgand

z) The reBistrant's other certifyinB officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reportinB, to the reBistrant's auditors and the audit committee of the reBistrant's board of directors (or persons performinB the equivalent functions):

   a) Rll siBnificant deficiencies and material wea2nesses in the desiBn or operation of internal control over financial reportinB which are reasonably li2ely to adversely affect the reBistrant's ability to record, process, summari9e and report financial informationgand

   b) Rny fraud, whether or not material, that involves manaBement or other employees who have a siBnificant role in the reBistrant's internal control over financial reportinB.

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NsNLOk k J. GPPM

Lynn J. Good
Ehief xAecutive Pfficer

EXHIBIT 31.2.1

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

EXHIBIT 31.2.2

**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

EXHIBIT 31.2.3

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

EXHIBIT 31.2.4

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 Crogress, LL; 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 3y this report2

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 report2

T) ' he registrant(s other certifying officerxs) and I are responsi3le for esta3lishing and maintaining disclosure controls and procedures xas defined in EAchange Rct 5ules 14a-1–xe) and 1–d-1–xe)) and internal control over financial reporting xas defined in EAchange Rcts 5ules 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 3e designed under our supervision, to ensure that material information relating to the registrant, including its consolidated su3sidiaries, is made known to us 3y others within those entities, particularly during the period in which this report is 3eing prepared2

3) Designed such internal control over financial reporting, or caused such internal control over financial reporting to 3e designed under our supervision, to provide reasona3le assurance regarding the relia3ility of financial reporting and the preparation of financial statements for eAternal purposes in accordance with generally accepted accounting principles2

c) Evaluated the effectiveness of the registrant(s disclosure controls and procedures and presented in this report our conclusions a3out the effectiveness of the disclosure controls and procedures, as of the end of the period covered 3y this report 3ased on such evaluation2and

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 xthe registrant(s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona3ly likely to materially affect, the registrant(s internal control over financial reporting2and

–) ' he registrant(s other certifying officerxs) and I have disclosed, 3ased on our most recent evaluation of internal control over financial reporting, to the registrant(s auditors and the audit committee of the registrant(s 3oard of directors xor persons performing the equivalent functions):

a) Rll significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasona3ly likely to adversely affect the registrant(s a3ility to record, process, summariMe and report financial information2and

3) Rny 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/

\sVS' ENEO K. YUGOP

Steven K. Young
EAecutive Nice Cresident and ; hief Financial Ufficer

EXHIBIT 31.2.5

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, CCL ;

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 L hief Financial Officer

EXHIBIT 31.2.6

**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 Gresident and Phief Financial Cfficer

EXHIBIT 31.2.6

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

EXHIBIT 31.2.8

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 Eatural ; as 2ompany, Inc.B

k) based on my 3nowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma3e the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered 4y this reportB

T) based on my 3nowledge, 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 reportB

') (he registrantxs other certifying officerAs) and I are responsi4le for esta4lishing and maintaining disclosure controls and procedures Aas defined in R5change –ct Dules 1Ta-1zAe) and 1zd-1zAe)) and internal control over financial reporting Aas defined in R5change –cts Dules 1TaM1zAf) and 1zdM1zAf)) for the registrant and have:

a) 9esigned such disclosure controls and procedures, or caused such disclosure controls and procedures to 4e designed under our supervision, to ensure that material information relating to the registrant, including its consolidated su4sidiaries, is made 3nown to us 4y others within those entities, particularly during the period in which this report is 4eing preparedB

4) 9esigned such internal control over financial reporting, or caused such internal control over financial reporting to 4e designed under our supervision, to provide reasona4le assurance regarding the relia4ility of financial reporting and the preparation of financial statements for e5ternal purposes in accordance with generally accepted accounting principlesB

c) Rvaluated the effectiveness of the registrantxs 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 evaluationBand

d) 9isclosed in this report any change in the registrantxs internal control over financial reporting that occurred during the registrantxs most recent fiscal quarter Athe registrantxs fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly li3ely to materially affect, the registrantxs internal control over financial reportingBand

z) (he registrantxs other certifying officerAs) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reporting, to the registrantxs auditors and the audit committee of the registrantxs 4oard of directors Aor persons performing the equivalent functions):

a) –ll significant deficiencies and material wea3nesses in the design or operation of internal control over financial reporting which are reasona4ly li3ely to adversely affect the registrantxs a4ility to record, process, summari/e and report financial informationBand

4) –ny fraud, whether or not material, that involves management or other employees who have a significant role in the registrantxs internal control over financial reporting.

9ate: Vay N, k01N

GCS(RURE K. YGCE;

Steven K. Young
R5ecutive Uice President and 2hief Financial Gfficer

EXHIBIT 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**

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 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.

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

May 8, 2018

EXHIBIT 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**

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 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/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 8, 2018

EXHIBIT 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**

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 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 Progress Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 8, 2018

EXHIBIT 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

In connection with the Quarterly Report of Duke Energy Crogre((" " ") FmDuke Energy Crogre((10on - ord M3, Q for the perio2 en2ing 8 arch sM S3Mx" a(file2 with the Lecuritie(an2 EJchange) od d i((ion on the 2ate hereof Fthe mReport10' I" " ynn . GP oo2") hief EJecutive Officer of Duke Energy Crogre((" certify" pur(uant to MU 5 G G G G Lection Ms93" a(a2opte2 pur(uant to Lection x36 of the Larbane(, OJley Act of S33S" that:

FM0 The Report fully cod plie(with the required ent(of Lection MsFa0 or M9F20 of the Lecuritie(EJchange Act of Mxs4; 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 . GP OOD

" ynn . GP oo2
) hief EJecutive Officer

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EXHIBIT 32.1.C

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15 S.8.R. 8ERTINP 13C0,
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 M1, 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 1M90, 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.

/8/ LYNN J. GOOD

Lynn J. Goos
(hief Executive Officer

d ay 2, 3012

EXHIBIT 32.1.C

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15 S.8.R. 8ERTINP 130, D
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8ERTINP 6, CNA THE 8OFBOPE8-NXLEY ORT NA 2, , 2

In connection with the Quarterly Report of Duke Energy ChiosInc, L(Duke Energy Chio"" on) orF m10Q for the perio- en- ing d arch Mms31m2sa8 file- with the Securitie8 an- Exchange J oF F i88ion on the - ate hereof Lthe (Report"")sIs. ynn G, v oo- sJ hief ExecutiOe Cfficer of Duke Energy Chioscertifyspur8uant to mU5 ,S,J , Section mM91sa8 a- opte- pur8uant to Section 216 of the Sarbane80Cxley Act of 3113sthat:

Lm" The Report fully coF plie8 with the requireF ent8 of Section mMLa" or m9L- " of the Securitie8 Exchange Act of m2M4; 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

d ay 2s31m2

EXHIBIT 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

In connection with the Quarterly Report of Duke Energy InCianas, , L ("Duke Energy InCiana") on Form 10-Q for the perioC enCing d arch M1s3012sa8 fileC with the Securitie8 anC Exchange L ommi88ion on the Cate hereof (the "Report")sIs, ynn J. GooCsL hief Executive Officer of Duke Energy InCianascertifyspur8uant to 1U5 .S.L . Section 1M90sa8 aCopteC pur8uant to Section 206 of the Sarbane8-Oxley Act of 3003sthat:

(1) The Report fully complie8 with the requirement8 of Section 1M(a) or 19(C) of the Securitie8 Exchange Act of 12M4; anC

(3) The information containeC in the Report fairly pre8ent8sin all material re8pect8sthe financial conCition anC re8ult8 of operation8 of Duke Energy InCiana.

/8/ , YNN J. GOOD

, ynn J. GooC
L hief Executive Officer

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EXHIBIT 32.1.C

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O8 ODNUTED USF8SOPT TN
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In connection with the Quarterly Report of Piegs ont Eatural , a. (os pany" Inc")FPiegs ontm1 on 0ors - dMQ for the periog engin3 2 arch 8- " Sd- x" a. fileg with the Cecuritie. ang LJchan3e (os s i. . ion on the gate hereof)the FReportm1" I" Gynn v" , oog" (hief LJecutiOe Ufficer of Piegs ont" certify" pur. uant to - 5 9 "C"(" Cection - 86d" a. agopteg pur. uant to Cection xdb of the CarAane. MUJley : ct of SddS" thatT

)- 1 qhe Report fully cos plie. with the re4uires ent. of Cection - 8)a1or - 6)g1of the Cecuritie. LJchan3e : ct of - x8; / ang

)S1 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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(hief LJecutiOe Ufficer

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--/A

EXHIBIT 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**

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 1U 5 .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.

/s/ STEVEN K. YO5 NG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 8, 2018

EXHIBIT 32.2.2

1 ECTIRI1 F TIA O NPCUPF OT TA
S8 P.U.1 . UE1 TIA O S350,
F U F DANTED NPCUPF OT TA
UE1 TIA O 906 AR THE UF CBF OEU-AXLEY F 1 T 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 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. YO5 NG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 8, 2018

EXHIBIT 32.2.3

1 ECTIRI1 F TIA O NPCUPF OT TA
S8 P.U.1 . UE1 TIA O S350,
F U F DANTED NPCUPF OT TA
UE1 TIA O 906 AR THE UF CBF OEU-A XLEY 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 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 1U 5 .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 Progress Energy.

/s/ STEVEN K. YO5 NG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 8, 2018

EXHIBIT 32.2.1

4 ECTIRI4 F TIA O NPCUPF OT TA
S8 P.U.4 . UE4 TIA O S350,
F U F DANTED NPCUPF OT TA
UE4 TIA O 906 AR THE UF CBF OEU-AXLEY F 4 T AR 2002

In connection with the Quarterly Report of Duke Energy Crogress, LL(“”Duke Energy Crogress)Fon mor1 0- dQ for the perioMenMng 3 arch 20, 8- 0S, as fileMwith the x ecurities anMEvchange (o1 1 ission on the Mate hereof “the ”Report)F, I, x teKen . YVoung, EvecutiKe Pice CresiMent anM(hief mnancial Officer of Duke Energy Crogress, certify, pursuant to 0U5 YxY(Yx ection 029- , as aMopteMpursuant to x ection S- 6 of the x arbanesdOvley Act of 8- - 8, that:

“0F The Report fully co1 plies with the require1 ents of x ection 02“aFor 09“MFof the x ecurities 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/ x TEPEN . YVO5 NG

x teKen . YVoung
EvecutiKe Pice CresiMent anM(hief mnancial Officer

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EXHIBIT 32.2.1

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 M1, 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 Cinancial Officer of Duke Energy Clorisa, certify, pur8uant to 1U5 .S.(. Section 1M90, a8 asoptes pur8uant to Section 206 of the Sarbane8-Oxley Act of 3003, that:

“1F The Report fully complie8 with the requirement8 of Section 1M'aFor 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.

/8/ STEVEN K. YO5 NG

Steven K. Young
Executive Vice Pre8isent ans (hief Cinancial Officer

d ay 2, 3012

--/A

EXHIBIT 32.2.1

CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 830, D
AS A9 OPTE9 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 ChioFmon 1or0 - dMQ for the perio3 en3ing , arch 2- (8d- s(aS file3 with the xecuritieS an3 Evchange Ko0 0 iSSion on the 3ate hereof "the)ReportFm(I(xte. en Y" Voung(Evecuti. e Pice OreSi3ent an3 Khief 1inancial Cfficer of Duke Energy Chio(certify(purSuant to - U 5 "x "K" xection - 29d(aS a3opte3 purSuant to xection sd6 of the xarbaneSMCvley Act of 8dd8(that:

"- m The Report fully co0 plieS with the require0 entS of xection - 2"amor - 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" VC5NG

xte. en Y" Voung
Evecuti. e Pice OreSi3ent an3 Khief 1inancial Cfficer

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EXHIBIT 32.2.1

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S8 P.U.7 . UE7 TIA O S350,
F U F DANTED NPCUPF OT TA
UE7 TIA O 906 AR THE UF CBF OEU-AXLEY F 7 T AR 2002

In connection with the Quarterly Report of Duke Energy InCianas, , L ("Duke Energy InCiana") on Form 10-Q for the perioC enCing d arch M1s3012sa8 fileC with the Securitie8 anC Exchange L ommi88ion on the Cate hereof (the "Report")sIsSteven K. YoungsExecutive Vice Pre8iCent anC L hief Financial Officer of Duke Energy InCianascertifyspur8uant to 1U5 .S.L . Section 1M90sa8 aCopteC pur8uant to Section 206 of the Sarbane8-Oxley Act of 3003sthat:

(1) The Report fully complie8 with the requirement8 of Section 1M(a) or 19(C) of the Securitie8 Exchange Act of 12M4; anC

(3) The information containeC in the Report fairly pre8ent8sin all material re8pect8sthe financial conCition anC re8ult8 of operation8 of Duke Energy InCiana.

/8/ STEVEN K. YO5 NG

Steven K. Young
Executive Vice Pre8iCent anC L hief Financial Officer

d ay 2s3012

EXHIBIT 32.2.1

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 Piegs ont Eatural , a. (os pany" Inc")FPiegs ontm1 on 0ors - dMQ for the periog engin3 2 arch 8- " Sd- x" a. fileg with the Cecuritie. ang v Kchan3e (os s i. . ion on the gate hereof)the FReportm1" I" CteYen V" Ooun3" v KecutiYe Uice Pre. igent ang (hief 0inancial 5 fficer of Piegs ont" certify" pur. uant to - 9 6 "C"(" Cection - 8bd" a. agopteg pur. uant to Cection xdA of the Car: ane. M5 Kley Tct of SddS" thatq

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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 cune 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 Inzorporation or Organixation, Address of Prinzipal EvezutiKe Offizes and Telephone Number	IRS Employer Identification Number
1-32853	**DUwE 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 Inzorporation or Organixation, Address of Prinzipal EvezutiKe Offizes, Telephone Number and IRS Employer Identification Number	Commission file number	Registrant, State of Inzorporation or Organixation, Address of Prinzipal EvezutiKe Offizes, Telephone Number and IRS Employer Identification Number
1-4928	**DUwE 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	**DUwE 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	**DUwE ENERGY OHIO, INC.** (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853 31-0240030
1-3382	**DUwE 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	**DUwE 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		

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Registrant	Title of eazh zlass	Trading symbols	Name of eazh evzhange on Bhizh registered
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	Depositary 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 ☒	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 July 31, 2019:

Registrant	Deszription	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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CAUTIONARY STATEMENT REGARDING FORWARD-LOOwING 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 LOOwING 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.

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)

	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions, evzept per-share amounts)	**2019**	**201$**	**2019**	**201$**
Operating ReKenues				
Regulated electric	7 **5,423**	$ 5,178	7 **10,60$**	$ 10,462
Regulated natural gas	**2$0**	291	**1,00$**	991
Nonregulated electric and other	**160**	174	**320**	325
Total operating revenues	**5,$63**	5,643	**12,03—**	11,778
Operating Evpenses				
Fuel used in electric generation and purchased power	**1,—41**	1,574	**3,250**	3,250
Cost of natural gas	**6—**	89	**403**	402
Operation, maintenance and other	**1,434**	1,544	**2,$53**	3,008
Depreciation and amortization	**1,0$9**	973	**2,16$**	1,940
Property and other taxes	**334**	315	**—66**	631
Impairment charges	**4**	172	**4**	215
Total operating expenses	**4,56$**	4,667	**9,3—5**	9,446
Gains (Losses) on Sales of Other Assets and Other, net	**3**	3	**:**	(97)
Operating Inzome	**1,29$**	979	**2,—61**	2,235
Other Inzome and Evpenses				
Equity in earnings of unconsolidated affiliates	**44**	36	**$6**	12
Other income and expenses, net	**$9**	110	**204**	196
Total other income and expenses	**133**	146	**291**	208
Interest Evpense	**542**	518	**1,0$5**	1,033
Inzome From Continuing Operations kefore Inzome Taves	**$$9**	607	**1,$66**	1,410
Inzome Tav Evpense From Continuing Operations	**141**	100	**23—**	281
Inzome From Continuing Operations	**64$**	507	**1,—41**	1,129
Loss From Diszontinued Operations, net of tav	**:**	(5)	**:**	(5)
Net Inzome	**64$**	502	**1,—41**	1,124
Less–Net (Loss) Inzome Attributable to Nonzontrolling Interests	**($4)**	2	**(91)**	4
Less–Preferred DiKidends	**12**	—	**12**	—
Net Inzome Attributable to Du8e Energy Corporation	7 **$20**	$ 500	7 **1,620**	$ 1,120
Earnings Per Share V k asiz and Diluted				
Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic and Diluted	7 **1.12**	$ 0.72	7 **2.3—**	$ 1.60
Loss from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic and Diluted	7 **:**	$ (0.01)	7 **:**	$ (0.01)
Net income attributable to Duke Energy Corporation common stockholders				
Basic and Diluted	7 **1.12**	$ 0.71	7 **2.3—**	$ 1.59
Weighted average shares outstanding				
Basic	**62$**	703	**62$**	702
Diluted	**62$**	704	**62$**	702

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of ComprehensiKe Inzome
(Unaudited)

	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	**2019**	**201$**	**2019**	**201$**
Net Inzome	**7 64$**	$ 502	**7 1,–41**	$ 1,124
Other ComprehensiKe (Loss) Inzome, net of tav				
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)	**$**	(5)
Other ComprehensiKe (Loss) Inzome, net of tav	**(20)**	(2)	**(32)**	9
ComprehensiKe Inzome	**62$**	500	**1,–09**	1,133
Less–ComprehensiKe (Loss) Inzome Attributable to Nonzontrolling Interests	**($4)**	2	**(91)**	4
Less–Preferred DiKidends	**12**	—	**12**	—
ComprehensiKe Inzome Attributable to Du8e Energy Corporation	**7 $00**	$ 498	**7 1,–$$**	$ 1,129

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		cune 30, 2019		Dezember 31, 201$
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 Nonzurrent 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
LIAk ILITIES 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		—90		598
Other		2,020		2,085
Total current liabilities		13,446		15,041
Long-Term Debt (inzludes 74,060 at 2019 and 73,99$ at 201$ related to ' IEs)		54,342		51,123
Other Nonzurrent Liabilities				
Deferred income taxes		$,532		7,806
Asset retirement obligations		11,$$9		9,548
Regulatory liabilities		15,294		14,834
Operating lease liabilities		1,502		—
Accrued pension and other post-retirement benefit costs		959		988
Investment tax credits		5—9		568
Other (includes $222 at 2019 and $212 at 2018 related to VIEs)		1,5$3		1,650
Total other noncurrent liabilities		40,32$		35,394
Commitments and Contingenzies				
Equity				
Preferred stock, $0.001 par value, 40 million depositary shares authorized and outstanding at 2019		963		—
Common stock, $0.001 par value, 2 billion shares authorized; 728 million shares outstanding at 2019 and 727 million shares outstanding at 2018		1		1
Additional paid-in capital		40,$$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**	$	145,392

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

		Siv Months Ended cune 30,		
(in millions)		**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		**($6)**		(12)
Accrued pension and other post-retirement benefit costs		**4**		31
Contributions to qualified pension plans		**:**		(141)
Payments for asset retirement obligations		**(33–)**		(245)
Payment for disposal of other assets		**:**		(105)
Other rate case adjustments		**:**		37
Provision for rate refunds		**56**		281
(Increase) decrease in				
Net realized and unrealized mark-to-market and hedging transactions		**(11)**		7
Receivables		**304**		(27)
Inventory		**(110)**		70
Other current assets		**(2–5)**		21
Increase (decrease) in				
Accounts payable		**(600)**		(142)
Taxes accrued		**(5–)**		(58)
Other current liabilities		**(36$)**		(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		**(5,4–5)**		(4,375)
Contributions to equity method investments		**(1–2)**		(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, zash equiKalents and restrizted zash at beginning of period		**591**		505
Cash, zash equiKalents and restrizted zash at end of period	7	**4$1**	$	427

Supplemental Dizlosures–				
Significant non-cash transactions:				
Accrued capital expenditures	**7**	**916**	$	978
Non-cash dividends		**54**		52

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended cune 30, 201$ and 2019										
						Azzumulated Other ComprehensiKe (Loss) Inzome					
(in millions)	Preferred Stoz8	Common Stoz8 Shares	Common Stoz8	Additional Paid-in Capital	Retained Earnings	Net Gains (Losses) on Cash FloB Hedges	Net Unrealixed (Losses) Gains on AKailable-for-Sale-Sezurities	Pension and OPEk AdZustments	Total Du8e Energy Corporation Stoz8holdersj Equity	Nonzontrolling Interests	Total Equity
k alanze at Marzh 31, 201$	$ —	701	$ 1	$ 38,839	$ 3,021	$ 3	$ (4)	$ (68)	$ 41,792	$ 6	$41,798
Net income	—	—	—	—	500	—	—	—	500	2	502
Other comprehensive (loss) income	—	—	—	—	—	(1)	(2)	1	(2)	—	(2)
Common stock issuances, including dividend reinvestment and employee benefits	—	11	—	843	—	—	—	—	843	—	843
Common stock dividends	—	—	—	—	(626)	—	—	—	(626)	—	(626)
Other	—	—	—	—	(1)	—	1	—	—	—	—
k alanze at cune 30, 201$	$ —	712	$ 1	$ 39,682	$ 2,894	$ 2	$ (5)	$ (67)	$ 42,507	$ 8	$42,515
k alanze at Marzh 31, 2019	$ 974	728	$ 1	$ 40,823	$ 3,360	$ (36)	$ —	$ (92)	$ 45,030	$ 15	$45,045
Net income (loss)	:	:	:	:	**$20**	:	:	:	**$20**	**($4)**	**63—**
Other comprehensive (loss) income	:	:	:	:	:	**(26)**	**4**	**3**	**(20)**	:	**(20)**
Preferred stock issuances, net of issuance costs	**(1)**	:	:	:	:	:	:	:	**(1)**	:	**(1)**
Common stock issuances, including dividend reinvestment and employee benefits	:	:	:	**–1**	:	:	:	:	**–1**	:	**–1**
Common stock dividends	:	:	:	:	**(–6$)**	:	:	:	**(–6$)**	:	**(–6$)**
Contribution from noncontrolling interest in subsidiaries(c)	:	:	:	:	:	:	:	:	:	**193**	**193**
Distributions to noncontrolling interest in subsidiaries	:	:	:	:	:	:	:	:	:	**(1)**	**(1)**
Other	:	:	:	**1**	:	:	:	:	**1**	**(4)**	**(3)**
k alanze at cune 30, 2019	**7 963**	**62$**	**7 1**	**7 40,$$5**	**7 3,502**	**7 (–3)**	**7 4**	**7 ($9)**	**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)

	Siv Months Ended cune 30, 201$ and 2019										
						Azzumulated Other ComprehensiKe (Loss) Inzome					
(in millions)	Preferred Stoz8	Common Stoz8 Shares	Common Stoz8	Additional Paid-in Capital	Retained Earnings	Net Gains (Losses) on Cash FloB Hedges	Net Unrealixed (Losses) Gains on AKailable-for-Sale-Sezurities	Pension and OPEk AdZustments	Total Du8e Energy Corporation Stoz8holdersj Equity	Nonzontrolling Interests	Total Equity
k alanze at Dezember 31, 2016	$ —	700	$ 1	$ 38,792	$ 3,013	$ (10)	$ 12	$ (69)	$ 41,739	$ (2)	$41,737
Net income	—	—	—	—	1,120	—	—	—	1,120	4	1,124
Other comprehensive income (loss)	—	—	—	—	—	12	(5)	2	9	—	9
Common stock issuances, including dividend reinvestment and employee benefits	—	12	—	890	—	—	—	—	890	—	890
Common stock dividends	—	—	—	—	(1,251)	—	—	—	(1,251)	—	(1,251)
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(1)	(1)
Other[a]	—	—	—	—	12	—	(12)	—	—	7	7
k alanze at cune 30, 201$	$ —	712	$ 1	$ 39,682	$ 2,894	$ 2	$ (5)	$ (67)	$ 42,507	$ 8	$42,515
k alanze at Dezember 31, 201$	$ —	727	$ 1	$ 40,795	$ 3,113	$ (14)	$ (3)	$ (75)	$ 43,817	$ 17	$43,834
Net income (loss)	:	:	:	:	**1,620**	:	:	:	**1,620**	**(91)**	**1,–29**
Other comprehensive (loss) income	:	:	:	:	:	**(43)**	**$**	**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**	:	**$9**
Common stock dividends	:	:	:	:	**(1,354)**	:	:	:	**(1,354)**	:	**(1,354)**
Contributions from noncontrolling interest in subsidiaries[c]	:	:	:	:	:	:	:	:	:	**193**	**193**
Distributions to noncontrolling interest in subsidiaries	:	:	:	:	:	:	:	:	:	**(1)**	**(1)**
Other[d]	:	:	:	**1**	**23**	**(–)**	**(1)**	**(16)**	:	**1**	**1**
k alanze at cune 30, 2019	**7 963**	**62$**	**7 1**	**7 40,$$5**	**7 3,502**	**7 (–3)**	**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 depositary 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 ComprehensiKe Inzome
(Unaudited)

	Three Months Ended cune 30,				Siv Months Ended cune 30,			
(in millions)		**2019**		**201$**		**2019**		**201$**
Operating ReKenues	7	**1,613**	$	1,672	7	**3,456**	$	3,435
Operating Evpenses								
Fuel used in electric generation and purchased power		**395**		407		**$–6**		880
Operation, maintenance and other		**441**		499		**$$1**		950
Depreciation and amortization		**34—**		289		**—3**		561
Property and other taxes		**65**		75		**155**		147
Impairment charges		**5**		177		**5**		190
Total operating expenses		**1,2–2**		1,447		**2,561**		2,728
Losses on Sales of Other Assets and Other, net		**:**		(1)		**:**		(1)
Operating Inzome		**451**		224		**$$—**		706
Other Inzome and Evpenses, net		**41**		35		**62**		74
Interest Evpense		**116**		110		**226**		217
Inzome kefore Inzome Taves		**365**		149		**631**		563
Inzome Tav Evpense		**64**		32		**136**		123
Net Inzome	7	**301**	$	117	7	**594**	$	440
Other ComprehensiKe Inzome, net of tav								
Reclassification into earnings from cash flow hedges		**:**		—		**:**		1
ComprehensiKe Inzome	7	**301**	$	117	7	**594**	$	441

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		cune 30, 2019		Dezember 31, 201$
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 $7 at 2019 and 2018)		**–61**		699
Receivables from affiliated companies		**101**		182
Inventory		**1,025**		948
Regulatory assets		**–95**		520
Other		**16**		72
Total current assets		**2,59$**		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 Nonzurrent Assets				
Regulatory assets		**3,392**		3,457
Nuclear decommissioning trust funds		**4,059**		3,558
Operating lease right-of-use assets, net		**141**		—
Other		**1,0$5**		1,027
Total other noncurrent assets		**$,–66**		8,042
Total Assets	7	**42,466**	$	39,960
LIAk ILITIES AND EQUITY				
Current Liabilities				
Accounts payable	7	**–40**	$	988
Accounts payable to affiliated companies		**1$9**		230
Notes payable to affiliated companies		**$04**		439
Taxes accrued		**209**		171
Interest accrued		**10—**		102
Current maturities of long-term debt		**45—**		6
Asset retirement obligations		**203**		290
Regulatory liabilities		**191**		199
Other		**499**		571
Total current liabilities		**3,296**		2,996
Long-Term Debt		**10,20$**		10,633
Long-Term Debt Payable to Affiliated Companies		**300**		300
Other Nonzurrent 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 Contingenzies				
Equity				
Member's equity		**12,2$3**		11,689
Accumulated other comprehensive loss		**(6)**		(6)
Total equity		**12,26—**		11,683
Total Liabilities and Equity	7	**42,466**	$	39,960

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See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

		Siv Months Ended cune 30,		
(in millions)		**2019**		**201$**
CASH FLOWS FROM OPERATING ACTI' ITIES				
Net income	7	**594**	$	440
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$)**		(29)
Net cash provided by operating activities		**999**		910
CASH FLOWS FROM IN' ESTING ACTI' ITIES				
Capital expenditures		**(1,356)**		(1,270)
Purchases of debt and equity securities		**(1,114)**		(976)
Proceeds from sales and maturities of debt and equity securities		**1,114**		976
Other		**(4—)**		(64)
Net cash used in investing activities		**(1,403)**		(1,334)
CASH FLOWS FROM FINANCING ACTI' ITIES				
Proceeds from the issuance of long-term debt		**25**		991
Payments for the redemption of long-term debt		**(3)**		(702)
Notes payable to affiliated companies		**3—5**		636
Distributions to parent		**:**		(500)
Other		**(1)**		(1)
Net cash provided by financing activities		**3$—**		424
Net decrease in cash and cash equivalents		**(1$)**		—
Cash and zash equiKalents at beginning of period		**33**		16
Cash and zash equiKalents at end of period	7	**15**	$	16
Supplemental Diszlosures–				
Significant non-cash transactions:				
Accrued capital expenditures	7	**252**	$	343

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended cune 30, 201$ and 2019					
			Azzumulated Other ComprehensiKe Loss			
(in millions)		**Memberjs Equity**		**Net Losses on Cash FloB Hedges**		**Total Equity**
kalanze at Marzh 31, 201$	$	11,441	$	(6)	$	11,435
Net income		117		—		117
Distributions to parent		(250)		—		(250)
kalanze at cune 30, 201$	$	11,308	$	(6)	$	11,302
kalanze at Marzh 31, 2019	$	11,982	$	(7)	$	11,975
Net income		**301**		**:**		**301**
kalanze at cune 30, 2019	**7**	**12,2$3**	**7**	**(6)**	**7**	**12,26—**

	Siv Months Ended cune 30, 201$ and 2019					
			Azzumulated Other ComprehensiKe Loss			
(in millions)		**Memberjs Equity**		**Net Losses on Cash FloB Hedges**		**Total Equity**
kalanze at Dezember 31, 2016	$	11,368	$	(7)	$	11,361
Net income		440		—		440
Other comprehensive income		—		1		1
Distributions to parent		(500)		—		(500)
kalanze at cune 30, 201$	$	11,308	$	(6)	$	11,302
kalanze at Dezember 31, 201$	$	11,689	$	(6)	$	11,683
Net income		**594**		**:**		**594**
Other		**:**		**(1)**		**(1)**
kalanze at cune 30, 2019	**7**	**12,2$3**	**7**	**(6)**	**7**	**12,26—**

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated Statements of Operations and ComprehensiKe Inzome
(Unaudited)

		Three Months Ended cune 30,				Siv Months Ended cune 30,		
(in millions)		**2019**		**201$**		**2019**		**201$**
Operating ReKenues	7	**2,644**	$	2,498	7	**5,31—**	$	5,074
Operating Evpenses								
Fuel used in electric generation and purchased power		**9$$**		895		**1,913**		1,871
Operation, maintenance and other		**—0—**		610		**1,163**		1,233
Depreciation and amortization		**42—**		380		**$$1**		764
Property and other taxes		**143**		131		**2$0**		254
Impairment charges		**:**		4		**:**		33
Total operating expenses		**2,1—3**		2,020		**4,246**		4,155
(Losses) Gains on Sales of Other Assets and Other, net		**(1)**		6		**(1)**		12
Operating Inzome		**5$0**		484		**1,0—$**		931
Other Inzome and Evpenses, net		**34**		42		**—5**		77
Interest Evpense		**219**		203		**43$**		412
Inzome kefore Inzome Taves		**395**		323		**—95**		596
Inzome Tav Evpense		**——**		56		**11$**		92
Net Inzome		**329**		267		**566**		504
Less–Net Inzome Attributable to Nonzontrolling Interests		**1**		2		**:**		4
Net Inzome Attributable to Parent	7	**32$**	$	265	7	**566**	$	500

Net Inzome	7	**329**	$	267	7	**566**	$	504
Other ComprehensiKe Inzome, net of tav								
Pension and OPEB adjustments		**1**		2		**2**		2
Net unrealized gains on cash flow hedges		**1**		1		**3**		3
Unrealized gains (losses) on available-for-sale securities		**1**		(1)		**1**		(1)
Other ComprehensiKe Inzome, net of tav		**3**		2		**—**		4
ComprehensiKe Inzome		**332**		269		**5$3**		508
Less–ComprehensiKe Inzome Attributable to Nonzontrolling Interests		**1**		2		**:**		4
ComprehensiKe Inzome Attributable to Parent	7	**331**	$	267	7	**5$3**	$	504

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

PROGRESS ENERGY, INC.
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		cune 30, 2019		Dezember 31, 201$
ASSETS				
Current Assets				
Cash and cash equivalents	7	51	$	67
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		1,4$0		1,459
Regulatory assets (includes $52 at 2019 and 2018 related to VIEs)		1,024		1,137
Other (includes $31 at 2019 and $39 at 2018 related to VIEs)		106		125
Total current assets		3,4		4,085
Property, Plant and Equipment				
Cost		52,65$		50,260
Accumulated depreciation and amortization		(1–,0)		(16,398)
Generation facilities to be retired, net		316		362
Net property, plant and equipment		3–,2–6		34,224
Other Nonzurrent Assets				
Goodwill		3,–55		3,655
Regulatory assets (includes $1,019 at 2019 and $1,041 at 2018 related to VIEs)		–,423		6,564
Nuclear decommissioning trust funds		3,5–2		3,162
Operating lease right-of-use assets, net		$39		—
Other		9$2		974
Total other noncurrent assets		15,4–1		14,355
Total Assets	7	55,56—	$	52,664
LIAk ILITIES AND EQUITY				
Current Liabilities				
Accounts payable	7	620	$	1,172
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)		1,02—		1,672
Asset retirement obligations		41—		514
Regulatory liabilities		250		280
Other		$–3		821
Total current liabilities		5,$46		6,409
Long-Term Debt (inzludes 71,–56 at 2019 and 71,–3—at 201$ related to ' IEs)		1$,023		17,089
Long-Term Debt Payable to Affiliated Companies		150		150
Other Nonzurrent 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 Contingenzies				
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—**	$	52,664

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

		Siv Months Ended cune 30,		
(in millions)		**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, zash equiKalents and restrizted zash at beginning of period		**112**		87
Cash, zash equiKalents and restrizted zash at end of period	7	**120**	$	74
Supplemental Diszlosures–				
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 cune 30, 201$ and 2019							
			Azzumulated Other ComprehensiKe (Loss) Inzome					
(in millions)	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash FloB Hedges	Net Unrealixed Gains (Losses) on AKailable-for-Sale Sezurities	Pension and OPEk AdZustments	Total Progress Energy, Inz. Stoz8holdersj Equity	Nonzontrolling Interests	Total Equity
kalanze at Marzh 31, 201$	$ 9,142	$ 4,591	$ (16)	$ (1)	$ (12)	$ 13,704	$ (1)	$13,703
Net income	—	265	—	—	—	265	2	267
Other comprehensive income (loss)	—	—	1	(1)	2	2	—	2
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Other[(a)]	1	(1)	—	1	—	1	—	1
kalanze at cune 30, 201$	$ 9,143	$ 4,855	$ (15)	$ (1)	$ (10)	$ 13,972	$ —	$13,972
kalanze at Marzh 31, 2019	$ 9,143	$ 5,386	$ (14)	$ (1)	$ (8)	$ 14,506	$ 2	$14,508
Net income	:	32$	:	:	:	32$	1	329
Other comprehensive income	:	:	1	1	1	3	:	3
Other	:	1	:	:	(1)	:	(1)	(1)
kalanze at cune 30, 2019	7 9,143	7 5,615	7 (13)	7 :	7 ($)	7 14,$36	7 2	714,$39

	Siv Months Ended cune 30, 201$ and 2019							
			Azzumulated Other ComprehensiKe (Loss) Inzome					
	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash FloB Hedges	Net Unrealixed Gains (Losses) on AKailable-for-Sale Sezurities	Pension and OPEk AdZustments	Total Progress Energy, Inz. Stoz8holdersj Equity	Nonzontrolling Interests	Total Equity
kalanze at Dezember 31, 2016	$ 9,143	$ 4,350	$ (18)	$ 5	$ (12)	$ 13,468	$ (3)	$13,465
Net income	—	500	—	—	—	500	4	504
Other comprehensive income (loss)	—	—	3	(1)	2	4	—	4
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Other[(a)]	—	5	—	(5)	—	—	—	—
kalanze at cune 30, 201$	$ 9,143	$ 4,855	$ (15)	$ (1)	$ (10)	$ 13,972	$ —	$13,972
kalanze at Dezember 31, 201$	$ 9,143	$ 5,131	$ (12)	$ (1)	$ (7)	$ 14,254	$ 3	$14,257
Net income	:	566	:	:	:	566	:	566
Other comprehensive income	:	:	3	1	2	—	:	—
Other[(b)]	:	6	(4)	:	(3)	:	(1)	(1)
kalanze at cune 30, 2019	7 9,143	7 5,615	7 (13)	7 :	7 ($)	7 14,$36	7 2	714,$39

(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 ComprehensiKe Inzome
(Unaudited)

	Three Months Ended		Siv Months Ended	
	cune 30,		cune 30,	
(in millions)	2019	201$	2019	201$
Operating ReKenues	7 **1,3$6**	$ 1,291	7 **2,$61**	$ 2,751
Operating Evpenses				
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	**$5**	75
Impairment charges	**:**	1	**:**	33
Total operating expenses	**1,12$**	1,059	**2,312**	2,251
Gains on Sales of Other Assets and Other, net	**:**	1	**:**	2
Operating Inzome	**259**	233	**559**	502
Other Inzome and Evpenses, net	**24**	19	**4$**	37
Interest Evpense	**$1**	78	**15$**	159
Inzome kefore Inzome Taves	**202**	174	**449**	380
Inzome Tav Evpense	**33**	35	**66**	64
Net Inzome and ComprehensiKe Inzome	7 **1–9**	$ 139	7 **362**	$ 316

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY PROGRESS, LLC
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		**cune 30, 2019**		**Dezember 31, 201$**
ASSETS				
Current Assets				
Cash and cash equivalents	7	**2$**	$	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$0**		954
Regulatory assets		**562**		703
Other		**34**		62
Total current assets		**2,225**		2,387
Property, Plant and Equipment				
Cost		**33,2$$**		31,459
Accumulated depreciation and amortization		**(11,62$)**		(11,423)
Generation facilities to be retired, net		**316**		362
Net property, plant and equipment		**21,$66**		20,398
Other Nonzurrent Assets				
Regulatory assets		**4,124**		4,111
Nuclear decommissioning trust funds		**2,$33**		2,503
Operating lease right-of-use assets, net		**406**		—
Other		**5$—**		612
Total other noncurrent assets		**6,950**		7,226
Total Assets	7	**32,052**	$	30,011
LIAk ILITIES AND EQUITY				
Current Liabilities				
Accounts payable	7	**315**	$	660
Accounts payable to affiliated companies		**1$2**		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		**1–6**		178
Other		**395**		408
Total current liabilities		**1,$21**		3,099
Long-Term Debt		**$,$93**		7,451
Long-Term Debt Payable to Affiliated Companies		**150**		150
Other Nonzurrent Liabilities				
Deferred income taxes		**2,1$1**		2,119
Asset retirement obligations		**5,203**		4,311
Regulatory liabilities		**4,150**		3,955
Operating lease liabilities		**366**		—
Accrued pension and other post-retirement benefit costs		**232**		237
Investment tax credits		**141**		142
Other		**91**		106
Total other noncurrent liabilities		**12,365**		10,870
Commitments and Contingenzies				
Equity				
Memberjs Equity		**$,$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)

		Siv Months Ended cune 30,		
(in millions)		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 zash equiKalents at beginning of period		23		20
Cash and zash equiKalents 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 cune 30, 201$ and 2019
(in millions)		**Memberjs Equity**
k alanze at Marzh 31, 201$	$	8,126
Net income		139
k alanze at cune 30, 201$	$	8,265
k alanze at Marzh 31, 2019	$	8,644
Net income		**1–9**
k alanze at cune 30, 2019	**7**	**$,$13**

		Siv Months Ended cune 30, 201$ and 2019
(in millions)		**Memberjs Equity**
k alanze at Dezember 31, 2016	$	7,949
Net income		316
k alanze at cune 30, 201$	$	8,265
k alanze at Dezember 31, 201$	$	8,441
Net income		**362**
k alanze at cune 30, 2019	**7**	**$,$13**

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Statements of Operations and ComprehensiKe Inzome
(Unaudited)

	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	**2019**	**201$**	**2019**	**201$**
Operating ReKenues	7 **1,353**	$ 1,203	7 **2,439**	$ 2,318
Operating Evpenses				
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 Inzome	**321**	245	**509**	418
Other Inzome and Evpenses, net	**12**	26	**25**	47
Interest Evpense	**$3**	66	**1—5**	137
Inzome kefore Inzome Taves	**250**	205	**3—9**	328
Inzome Tav Evpense	**49**	37	**62**	57
Net Inzome	7 **201**	$ 168	7 **296**	$ 271
Other ComprehensiKe Inzome (Loss), net of tav				
Unrealized (losses) gains on available-for-sale securities	**:**	(1)	**1**	(1)
ComprehensiKe Inzome	7 **201**	$ 167	7 **29$**	$ 270

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY FLORIDA, LLC
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		cune 30, 2019		Dezember 31, 201$
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—1		18,792
Accumulated depreciation and amortization		(5,063)		(4,968)
Net property, plant and equipment		14,3$$		13,824
Other Nonzurrent 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
LIAk ILITIES 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		$3		102
Other		4—1		406
Total current liabilities		2,36$		1,642
Long-Term Debt (inzludes 71,332 at 2019 and 71,33—at 201$ related to ' IEs)		—,542		7,051
Other Nonzurrent 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 Contingenzies				
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

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)		Siv Months Ended cune 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 restrizted zash at beginning of period		65		53
Cash, zash equiKalents and restrizted 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

FINANCIAL STATEMENTS

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

	Three Months Ended cune 30, 201$ and 2019					
			Azzumulated Other ComprehensiKe Inzome (Loss)			
(in millions)		**Memberjs Equity**		**Net Unrealixed Gains (Losses) on AKailable-for-Sale Sezurities**		**Total Equity**
k alanze at Marzh 31, 201$	$	5,723	$	(2)	$	5,721
Net income		168		—		168
Other comprehensive loss		—		(1)		(1)
Other[(a)]		(1)		1		—
k alanze at cune 30, 201$	$	5,890	$	(2)	$	5,888
k alanze at Marzh 31, 2019	$	6,193	$	(1)	$	6,192
Net income		**201**		**:**		**201**
k alanze at cune 30, 2019	**7**	**—,394**	**7**	**(1)**	**7**	**—,393**

	Siv Months Ended cune 30, 201$ and 2019					
			Azzumulated Other ComprehensiKe Inzome (Loss)			
(in millions)		**Memberjs Equity**		**Net Unrealixed Gains (Losses) on AKailable-for-Sale Sezurities**		**Total Equity**
k alanze at Dezember 31, 2016	$	5,614	$	4	$	5,618
Net income		271		—		271
Other comprehensive loss		—		(1)		(1)
Other[(a)]		5		(5)		—
k alanze at cune 30, 201$	$	5,890	$	(2)	$	5,888
k alanze at Dezember 31, 201$	$	6,097	$	(2)	$	6,095
Net income		**296**		**:**		**296**
Other comprehensive income		**:**		**1**		**1**
k alanze at cune 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 ComprehensiKe Inzome
(Unaudited)

	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	**2019**	**201$**	**2019**	**201$**
Operating ReKenues				
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 Evpenses				
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$—**	821
Losses on Sales of Other Assets and Other, net	**:**	—	**:**	(106)
Operating Inzome	**64**	77	**16$**	56
Other Inzome and Evpenses, net	**—**	8	**15**	14
Interest Evpense	**24**	23	**54**	45
Inzome kefore Inzome Taves	**5—**	62	**139**	25
Inzome Tav Evpense	**9**	16	**23**	4
Net Inzome and ComprehensiKe Inzome	**7 46**	$ 46	**7 11—**	$ 21

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)		cune 30, 2019		Dezember 31, 201$
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 Nonzurrent 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	$,$$9	$	8,555
LIAk ILITIES AND EQUITY				
Current Liabilities				
Accounts payable	7	256	$	316
Accounts payable to affiliated companies		6$		78
Notes payable to affiliated companies		203		274
Taxes accrued		135		202
Interest accrued		31		22
Current maturities of long-term debt		100		551
Asset retirement obligations		—		6
Regulatory liabilities		–6		57
Other		6—		74
Total current liabilities		953		1,580
Long-Term Debt		2,3$4		1,589
Long-Term Debt Payable to Affiliated Companies		25		25
Other Nonzurrent Liabilities				
Deferred income taxes		$62		817
Asset retirement obligations		$3		87
Regulatory liabilities		$02		840
Operating lease liabilities		21		—
Accrued pension and other post-retirement benefit costs		94		79
Other		94		93
Total other noncurrent liabilities		1,9—–		1,916
Commitments and Contingenzies				
Equity				
Common stock, $8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2019 and 2018		6–2		762
Additional paid-in capital		2,66—		2,776
Retained Earnings (Accumulated deficit)		23		(93)
Total equity		3,5–4		3,445
Total Liabilities and Equity	7	$,$$9	$	8,555

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

		Siv Months Ended cune 30,		
(in millions)		**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 zash equiKalents at beginning of period		21		12
Cash and zash equiKalents 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)

	Three Months Ended cune 30, 201$ and 2019			
(in millions)	Common Stoz8	Additional Paid-in Capital	Retained Earnings (Defizit)	Total Equity
k alanze at Marzh 31, 201$	$ 762	$ 2,670	$ (294)	$ 3,138
Net income	—	—	46	46
Contribution from parent[(a)]	—	106	—	106
k alanze at cune 30, 201$	$ 762	$ 2,776	$ (248)	$ 3,290
k alanze at Marzh 31, 2019	$ 762	$ 2,776	$ (24)	$ 3,514
Net income	**:**	**:**	**46**	**46**
k alanze at cune 30, 2019	**7 6–2**	**7 2,66—**	**7 23**	**7 3,5–4**

	Siv Months Ended cune 30, 201$ and 2019			
(in millions)	Common Stoz8	Additional Paid-in Capital	Retained Earnings (Defizit)	Total Equity
k alanze at Dezember 31, 2016	$ 762	$ 2,670	$ (269)	$ 3,163
Net income	—	—	21	21
Contribution from parent[(a)]	—	106	—	106
k alanze at cune 30, 201$	$ 762	$ 2,776	$ (248)	$ 3,290
k alanze at Dezember 31, 201$	$ 762	$ 2,776	$ (93)	$ 3,445
Net income	**:**	**:**	**11—**	**11—**
k alanze at cune 30, 2019	**7 6–2**	**7 2,66—**	**7 23**	**7 3,5–4**

(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 ComprehensiKe Inzome
(Unaudited)

		Three Months Ended cune 30,				Siv Months Ended cune 30,		
(in millions)		**2019**		**201$**		**2019**		**201$**
Operating ReKenues	**7**	**614**	$	738	**7**	**1,4$2**	$	1,469
Operating Evpenses								
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—5**		1,132
Gains on Sales of Other Assets and Other, net		**3**		—		**:**		—
Operating Inzome		**14$**		169		**316**		337
Other Inzome and Evpenses, net		**$**		6		**26**		13
Interest Evpense		**2$**		43		**61**		83
Inzome kefore Inzome Taves		**12$**		132		**263**		267
Inzome Tav Evpense		**31**		34		**—–**		69
Net Inzome and ComprehensiKe Inzome	**7**	**96**	$	98	**7**	**206**	$	198

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY INDIANA, LLC
Condensed Consolidated k alanze Sheets
(Unaudited)

(in millions)		cune 30, 2019		Dezember 31, 201$
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,$31		15,443
Accumulated depreciation and amortization		(5,104)		(4,914)
Net property, plant and equipment		10,626		10,529
Other Nonzurrent Assets				
Regulatory assets		1,03$		982
Operating lease right-of-use assets, net		—9		—
Other		203		194
Total other noncurrent assets		1,301		1,176
Total Assets	7	12,$06	$	12,535
LIAk ILITIES 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 Nonzurrent Liabilities				
Deferred income taxes		1,0$4		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 Contingenzies				
Equity				
Memberjs Equity		4,54—		4,339
Total Liabilities and Equity	7	12,$06	$	12,535

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)		Siv Months Ended cune 30, 2019		201$
CASH FLOWS FROM OPERATING ACTI' ITIES				
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		–0		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 IN' ESTING ACTI' ITIES				
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 ACTI' ITIES				
Payments for the redemption of long-term debt		(–0)		—
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 zash equiKalents at beginning of period		24		9
Cash and zash equiKalents at end of period	7	12	$	24
Supplemental Diszlosures–				
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 cune 30, 201$ and 2019
		Memberjs
(in millions)		**Equity**
k alanze at Marzh 31, 201$	$	4,221
Net income		98
Distributions to parent		(75)
k alanze at cune 30, 201$	$	4,244
k alanze at Marzh 31, 2019	$	4,449
Net income		**96**
k alanze at cune 30, 2019	**7**	**4,54—**

		Siv Months Ended cune 30, 201$ and 2019
		Memberjs
(in millions)		**Equity**
k alanze at Dezember 31, 2016	$	4,121
Net income		198
Distributions to parent		(75)
k alanze at cune 30, 201$	$	4,244
k alanze at Dezember 31, 201$	$	4,339
Net income		**206**
k alanze at cune 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 ComprehensiKe Inzome
(Unaudited)

	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	**2019**	**201$**	**2019**	**201$**
Operating ReKenues	**7 209**	$ 215	**7 6$$**	$ 768
Operating Evpenses				
Cost of natural gas	**–5**	74	**33$**	333
Operation, maintenance and other	**$3**	85	**1–3**	167
Depreciation and amortization	**42**	39	**$4**	78
Property and other taxes	**13**	12	**25**	24
Total operating expenses	**203**	210	**–10**	602
Operating Inzome	**—**	5	**16$**	166
Other Inzome and Evpenses, net	**—**	4	**12**	9
Interest Evpense	**21**	20	**43**	41
(Loss) Inzome kefore Inzome Taves	**(9)**	(11)	**146**	134
Inzome Tav (kenefit) Evpense	**(2)**	(3)	**32**	32
Net (Loss) Inzome and ComprehensiKe (Loss) Inzome	**7 (6)**	$ (8)	**7 115**	$ 102

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)		cune 30, 2019		Dezember 31, 201$
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 Nonzurrent 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		—9		52
Total other noncurrent assets		49—		468
Total Assets	7	6,095	$	6,810
LIAk ILITIES 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 Nonzurrent 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 Contingenzies				
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)

		Siv Months Ended cune 30,		
(in millions)		**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 zash equiKalents at beginning of period		**:**		19
Cash and zash equiKalents 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)

	Three Months Ended cune 30, 201$ and 2019		
(in millions)	**Common Stoz8**	**Retained Earnings**	**Total Equity**
k alanze at Marzh 31, 201$	$ 860	$ 912	$ 1,772
Net loss	—	(8)	(8)
Contribution from parent	300	—	300
k alanze at cune 30, 201$	$ 1,160	$ 904	$ 2,064
k alanze at Marzh 31, 2019	$ 1,160	$ 1,053	$ 2,213
Net loss	**:**	**(6)**	**(6)**
Contribution from parent	**150**	**:**	**150**
k alanze at cune 30, 2019	**7 1,310**	**7 1,04—**	**7 2,35—**

	Siv Months Ended cune 30, 201$ and 2019		
(in millions)	**Common Stoz8**	**Retained Earnings**	**Total Equity**
k alanze at Dezember 31, 2016	$ 860	$ 802	$ 1,662
Net income	—	102	102
Contribution from parent	300	—	300
k alanze at cune 30, 201$	$ 1,160	$ 904	$ 2,064
k alanze at Dezember 31, 201$	$ 1,160	$ 931	$ 2,091
Net income	**:**	**115**	**115**
Contribution from parent	**150**	**:**	**150**
k alanze at cune 30, 2019	**7 1,310**	**7 1,04—**	**7 2,35—**

See Notes to Condensed Consolidated Financial Statements

Indev to Combined Notes to Condensed Consolidated Finanzial 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.

	Applicable Notes																	
Registrant	**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. ORGANIJATION AND kASIS OF PRESENTATION

kASIS 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.

kASIS 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.

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 EQUI' ALENTS 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.

	cune 30, 2019			Dezember 31, 201$		
	Du8e Energy	Progress Energy	Du8e Energy Florida	Du8e Energy	Progress Energy	Du8e Energy Florida
Current Assets						
Cash and cash equivalents	7 33—	7 51	7 1—	$ 442	$ 67	$ 36
Other	10—	31	31	141	39	39
Other Nonzurrent Assets						
Other	39	3$	:	8	6	—
Total cash, cash equivalents and restricted cash	7 4$1	7 120	7 46	$ 591	$ 112	$ 75

IN' ENTORY

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							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
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, 201$							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e 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 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.

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:

Praztizal Evpedient	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/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. kUSINESS SEGMENTS

Du8e 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.

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

	Three Months Ended cune 30, 2019													
(in millions)		Eleztriz Utilities and Infrastruzture		Gas Utilities and Infrastruzture		Commerzial ReneBables		Total Reportable Segments		Other		Eliminations		Total
Unaffiliated revenues	7	5,4–6	7	2$2	7	11$	7	5,$–6	7	—	7	:	7	5,$63
Intersegment revenues		$		24		:		32		19		(51)		:
Total revenues	7	5,465	7	30—	7	11$	7	5,$99	7	25	7	(51)	7	5,$63
Segment income (loss)	7	$09	7	40	7	$—	7	935	7	(115)	7	:	7	$20
Add back noncontrolling interests[(a)]														($4)
Add back preferred stock dividend														12
Net income													7	64$
Segment assets	7	131,–40	7	12,943	7	4,$60	7	149,453	7	3,$15	7	1$1	7	153,449

	Three Months Ended cune 30, 201$													
(in millions)		Eleztriz Utilities and Infrastruzture		Gas Utilities and Infrastruzture		Commerzial ReneBables		Total Reportable 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

	Siv Months Ended cune 30, 2019													
(in millions)		Eleztriz Utilities and Infrastruzture		Gas Utilities and Infrastruzture		Commerzial ReneBables		Total Reportable Segments		Other		Eliminations		Total
Unaffiliated revenues	7	10,6$$	7	1,014	7	224	7	12,02—	7	10	7	:	7	12,03—
Intersegment revenues		1—		4$		:		–4		3—		(100)		:
Total revenues	7	10,$04	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

	Siv Months Ended cune 30, 201$													
(in millions)		Eleztriz Utilities and Infrastruzture		Gas Utilities and Infrastruzture		Commerzial ReneBables		Total 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

(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.

Du8e 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 cune 30, 2019									
(in millions)		**Eleztriz Utilities and Infrastruzture**		**Gas Utilities and Infrastruzture**		**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 cune 30, 201$									
(in millions)		**Eleztriz Utilities and Infrastruzture**		**Gas Utilities and Infrastruzture**		**Total Reportable Segments**		**Other**		**Total**
Total revenues	$	346	$	103	$	449	$	10	$	459
Segment income/Net (loss) income	$	39	$	18	$	57	$	(11)	$	46

	Siv Months Ended cune 30, 2019									
(in millions)		**Eleztriz Utilities and Infrastruzture**		**Gas Utilities and Infrastruzture**		**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—

	Siv Months Ended cune 30, 201$									
(in millions)		**Eleztriz Utilities and Infrastruzture**		**Gas Utilities and Infrastruzture**		**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.

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, 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 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).

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.

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.

Du8e 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.

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.

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.

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.

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.

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.

Du8e 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.

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.

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.

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.

	Capazity (in MW)		Remaining Net k oo8 ' alue (in millions)
Duke Energy Carolinas			
Allen Steam Station Units 1-3[(a)]	5$5		15—
Duke Energy Indiana			
Gallagher Units 2 and 4[(b)]	2$0		11$
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

EN' IRONMENTAL

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 AztiKities

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.

	Siv Months Ended cune 30, 2019							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
Balance at beginning of period	7 66	7 11	7 11	7 4	7 —	7 4$	7 5	7 2
Provisions/adjustments	9	4	3	2	1	2	:	:
Cash reductions	(22)	(3)	(1)	(1)	:	(1$)	:	:
Balance at end of period	7 –4	7 12	7 13	7 5	7 6	7 32	7 5	7 2

	Siv Months Ended cune 30, 201$							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e 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

Du8e Energy Carolinas and Du8e 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.

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.

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 Prozeedings

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)		cune 30, 2019		Dezember 31, 201$
ReserKes 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.

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							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
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.

The following table presents the components of lease expense.

	Three Months Ended cune 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	1$	11	6	1	1	:
Total lease expense	7 13$	7 21	7 –6	7 32	7 35	7 5	7 —	7 2

	Siv Months Ended cune 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 4$	7 123	7 5$	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 Dezember 31, 201$
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.

	TBelKe Months Ended cune 30,							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
2020	7 269	7 33	7 129	7 51	7 6$	7 2	7 —	7 5
2021	239	2$	112	52	–9	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	–1	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 –9	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.

	Dezember 31, 201$							
(in millions)	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.

	TBelKe Months Ended cune 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

The following table presents future minimum lease payments under finance leases, as reported under the old lease standard.

	Dezember 31, 201$						
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e 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 Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
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

	Siv Months Ended cune 30, 2019							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
Cash paid for amounts inzluded in the measurement of lease liabilities[(a)]								
Operating cash flows from operating leases	7 13—	7 15	7 –9	7 23	7 36	7 1	7 3	7 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 evzhange for neB lease liabilities (non-zash)								
Operating[(b)]	7 6$	7 2	7 30	7 30	7 :	7 :	7 :	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.

	cune 30, 2019							
	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
Weighted-aKerage remaining lease term (years)								
Operating leases	11	9	10	12	9	1$	19	—
Finance leases	1—	19	16	1$	12	:	26	:
Weighted-aKerage diszount rate[(a)]								
Operating leases	3.9%	3.6%	3.$%	3.$%	3.6%	4.2%	4.1%	3.–%
Finance leases	6.9%	12.9%	11.$%	12.4%	$.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.

—. DEkT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEkT ISSUANCES

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

			Siv Months Ended cune 30, 2019				
Issuanze Date	Maturity Date	Interest Rate	Du8e Energy	Du8e Energy (Parent)	Du8e Energy Progress	Du8e Energy Ohio	Piedmont
Unsezured 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%	—90	:	:	:	—90
June 2019[a]	June 2029	3.400%	—90	—90	:	:	:
June 2019[a]	June 2049	4.200%	—90	—90	:	:	:
First Mortgage konds							
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%	—90	:	—90	:	:
Total issuances			7 3,$00	7 1,$00	7 —90	7 $00	7 —90

(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 DEkT

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	cune 30, 2019
Unsezured 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 konds			
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.

A' AILAk LE CREDIT FACILITIES

Master Credit Fazility

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							
(in millions)	Du8e Energy	Du8e Energy (Parent)	Du8e Energy Carolinas	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
Facility size[a]	7 $,000	7 2,–50	7 1,650	7 1,250	7 $00	7 450	7 –00	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 Fazilities

	cune 30, 2019	
(in millions)	Fazility sixe	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.

6. ASSET RETIREMENT Ok LIGATIONS

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.

	cune 30, 2019							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
Decommissioning of nuclear power facilities(a)	7 5,$06	7 2,401	7 3,2–5	7 2,639	7 52—	7 :	7 :	7 :
Closure of ash impoundments	–49$	2,$94	2,5	2,$39	19	46	–99	:
Other	323	46	60	3$	32	42	20	19
Total ARO	7 12,–2$	7 5,342	7 –193	7 5,–1—	7 566	7 $9	7 619	7 19
Less: current portion	639	203	41—	413	3	—	115	:
Total noncurrent ARO	7 11,$$9	7 5,139	7 5,666	7 5,203	7 564	7 $3	7 –04	7 19

(a) Duke Energy amount includes purchase accounting adjustments related to the merger with Progress Energy.

ARO Liability RollforBard

The following table presents the change in liability associated with AROs for the Duke Energy Registrants.

(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
k alanze at Dezember 31, 201$(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$)	(–)	(16)	:
Revisions in estimates of cash flows(d)	2,320	1,436	$$3	$$2	1	:	:	:
k alanze at cune 30, 2019	7 12,–2$	7 5,342	7 –193	7 5,–1—	7 566	7 $9	7 619	7 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 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.

Nuzlear Dezommissioning 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)	cune 30, 2019	Dezember 31, 201$
Duke Energy	7 –326	$ 5,579
Duke Energy Carolinas	3,564	3,133
Duke Energy Progress	2,653	2,446

$. GOODWILL

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)		Eleztriz 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.

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.

	Three Months Ended cune 30,				Siv Months Ended cune 30,			
(in millions)		2019		201$		2019		201$
Du8e Energy Carolinas								
Corporate governance and shared service expenses[(a)]	7	**196**	$	213	7	**409**	$	433
Indemnification coverages[(b)]		**5**		5		**10**		11
JDA revenue[(c)]		**16**		19		**40**		53
JDA expense[(c)]		**20**		19		**113**		73
Intercompany natural gas purchases[(d)]		**3**		4		**6**		8
Progress Energy								
Corporate governance and shared service expenses[(a)]	7	**1$3**	$	206	7	**359**	$	397
Indemnification coverages[(b)]		**10**		9		**19**		17
JDA revenue[(c)]		**20**		19		**113**		73
JDA expense[(c)]		**16**		19		**40**		53
Intercompany natural gas purchases[(d)]		**19**		19		**3$**		38
Du8e Energy Progress								
Corporate governance and shared service expenses[(a)]	7	**10$**	$	126	7	**214**	$	244
Indemnification coverages[(b)]		**4**		3		**$**		6
JDA revenue[(c)]		**20**		19		**113**		73
JDA expense[(c)]		**16**		19		**40**		53
Intercompany natural gas purchases[(d)]		**19**		19		**3$**		38
Du8e Energy Florida								
Corporate governance and shared service expenses[(a)]	7	**65**	$	80	7	**145**	$	153
Indemnification coverages[(b)]		**—**		6		**11**		11
Du8e Energy Ohio								
Corporate governance and shared service expenses[(a)]	7	**$3**	$	90	7	**1–$**	$	179
Indemnification coverages[(b)]		**1**		1		**2**		2
Du8e Energy Indiana								
Corporate governance and shared service expenses[(a)]	7	**93**	$	96	7	**190**	$	197
Indemnification coverages[(b)]		**1**		2		**3**		4
Piedmont								
Corporate governance and shared service expenses[(a)]	7	**36**	$	40	7	**–9**	$	76
Indemnification coverages[(b)]		**:**		—		**1**		1
Intercompany natural gas sales[(d)]		**22**		23		**45**		46
Natural gas storage and transportation costs[(e)]		**—**		6		**11**		12

(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.

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.

Interzompany Inzome Taves

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)	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
cune 30, 2019							
Intercompany income tax receivable	7 :	7 25	7 :	7 :	7 15	7 :	7 2—
Intercompany income tax payable	6—	:	41	19	:	1	:
Dezember 31, 201$							
Intercompany income tax receivable	$ 52	$ 47	$ 29	$ —	$ —	$ 8	$ —
Intercompany income tax payable	—	—	—	16	3	—	45

10. DERI' ATI' ES 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 RISw

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 FloB 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 Contrazts

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.

	cune 30, 2019					
(in millions)	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	—00	$00	250	550	26
Total notional amount[(a)]	7 2,3$—	7 —00	7 $00	7 250	7 550	7 26

	Dezember 31, 201$					
(in millions)	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 RISw

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.

' olumes

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, 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

	Dezember 31, 201$							
	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 RISw

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.

LOCATION AND FAIR ' ALUE OF DERI' ATI' E ASSETS AND LIAk ILITIES RECOGNIJED ON THE CONDENSED CONSOLIDATED k ALANCE 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, 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	**cune 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

DeriKatiKe Assets	Dezember 31, 201$							
(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$							
(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 LIAk ILITIES

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.

DeriKatiKe Assets	cune 30, 2019							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
Current								
Gross amounts recognized	7 36	7 :	7 :	7 :	7 :	7 6	7 29	7 2
Gross amounts offset	:	:	:	:	:	:	:	:
Net amounts presented in Current Assets: Other	7 36	7 :	7 :	7 :	7 :	7 6	7 29	7 2
Nonzurrent								
Gross amounts recognized	7 1	7 :	7 :	7 :	7 :	7 :	7 :	7 :
Gross amounts offset	:	:	:	:	:	:	:	:
Net amounts presented in Other Noncurrent Assets: Other	7 1	7 :	7 :	7 :	7 :	7 :	7 :	7 :

DeriKatiKe Liabilities	cune 30, 2019							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
Current								
Gross amounts recognized	7 154	7 $5	7 55	7 2—	7 29	7 1	7 2	7 6
Gross amounts offset	(1)	:	(1)	(1)	:	:	:	:
Net amounts presented in Current Liabilities: Other	7 153	7 $5	7 54	7 25	7 29	7 1	7 2	7 6
Nonzurrent								
Gross amounts recognized	7 1$$	7 $	7 35	7 9	7 10	7 5	7 :	7 106
Gross amounts offset	:	:	:	:	:	:	:	:
Net amounts presented in Other Noncurrent Liabilities: Other	7 1$$	7 $	7 35	7 9	7 10	7 5	7 :	7 106

DeriKatiKe Assets	Dezember 31, 201$							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e 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
Nonzurrent								
Gross amounts recognized	$ 19	$ 1	$ 2	$ 2	$ —	$ —	$ —	$ —
Gross amounts offset	(3)	(1)	(2)	(2)	—	—	—	—
Net amounts presented in Other Noncurrent Assets: Other	$ 16	$ —	$ —	$ —	$ —	$ —	$ —	$ —

DeriKatiKe Liabilities	Dezember 31, 201$							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e 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
Nonzurrent								
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

Ok cECTI' E 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.

	cune 30, 2019			
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress
Aggregate fair value of derivatives in a net liability position	7 –6	7 34	7 33	7 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

	Dezember 31, 201$			
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e 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. IN' ESTMENTS IN DEk T 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.

InKestment 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 OTTIs and are recognized immediately and deferred to regulatory accounts where appropriate.

Other AFS Sezurities

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.

DUwE 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.

	cune 30, 2019			Dezember 31, 201$		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair ' alue	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair ' alue
NDTF						
Cash and cash equivalents	7 :	7 :	7 114	$ —	$ —	$ 88
Equity securities	3,06—	3—	5,16$	2,402	95	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 InKestments	7 3,153	7 39	7 6,–93	$ 2,421	$ 126	$ 6,706
Other InKestments						
Cash and cash equivalents	7 :	7 :	7 49	$ —	$ —	$ 22
Equity securities	49	:	112	36	1	99
Corporate debt securities	2	:	–9	—	2	60
Municipal bonds	3	1	90	—	1	85
U.S. government bonds	2	:	51	1	—	45
Other debt securities	:	:	–5	—	1	58
Total Other InKestments	7 5—	7 1	7 426	$ 37	$ 5	$ 369
Total InKestments	7 3,209	7 40	7 $,030	$ 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 six months ended June 30, 2019, and 2018, were as follows.

	Three Months Ended		Siv Months Ended	
(in millions)	cune 30, 2019	cune 30, 201$	cune 30, 2019	cune 30, 201$
F' -NI–				
Realized gains	7 —–	$ 47	7 101	$ 66
Realized losses	–3	31	93	44
AFS–				
Realized gains	46	5	56	10
Realized losses	3—	12	46	25

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.

	cune 30, 2019			Dezember 31, 201$		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair ' alue	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair ' alue
NDTF						
Cash and cash equivalents	7 :	7 :	7 41	$ —	$ —	$ 29
Equity securities	1,–61	9	2,$$3	1,309	54	2,484
Corporate debt securities	1$	1	3–0	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 InKestments	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.

	Three Months Ended		Siv Months Ended	
(in millions)	cune 30, 2019	cune 30, 201$	cune 30, 2019	cune 30, 201$
F' -NI–				
Realized gains	7 44	7 2—	7 –6	$ 36
Realized losses	4$	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.

	cune 30, 2019			Dezember 31, 201$		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair ' alue	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair ' alue
NDTF						
Cash and cash equivalents	7 :	7 :	7 63	$ —	$ —	$ 59
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 InKestments	7 1,442	7 26	7 3,559	$ 1,105	$ 52	$ 3,153
Other InKestments						
Cash and cash equivalents	7 :	7 :	7 46	$ —	$ —	$ 17
Municipal bonds	3	:	50	—	—	47
Total Other InKestments	7 3	7 :	7 96	$ —	$ —	$ 64
Total InKestments	7 1,445	7 26	7 3,–5—	$ 1,105	$ 52	$ 3,217

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.

	Three Months Ended		Siv Months Ended	
(in millions)	cune 30, 2019	cune 30, 201$	cune 30, 2019	cune 30, 201$
F' -NI–				
Realized gains	7 22	$ 21	7 34	$ 30
Realized losses	15	14	24	22
AFS–				
Realized gains	30	1	31	1
Realized losses	25	4	2—	7

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.

	cune 30, 2019			Dezember 31, 201$		
(in millions)	Gross Unrealixed Holding Gains	Gross Unrealixed Holding Losses	Estimated Fair ' alue	Gross Unrealixed Holding Gains	Gross Unrealixed Holding Losses	Estimated Fair ' alue
NDTF						
Cash and cash equivalents	7 :	7 :	7 42	$ —	$ —	$ 46
Equity securities	1,092	24	1,$$—	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 InKestments	7 1,12$	7 24	7 2,$34	$ 842	$ 39	$ 2,494
Other InKestments						
Cash and cash equivalents	7 :	7 :	7 2	$ —	$ —	$ 6
Total Other InKestments	7 :	7 :	7 2	$ —	$ —	$ 6
Total InKestments	7 1,12$	7 24	7 2,$3—	$ 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 six months ended June 30, 2019, and 2018, were as follows.

	Three Months Ended		Siv Months Ended	
(in millions)	cune 30, 2019	cune 30, 201$	cune 30, 2019	cune 30, 201$
F' -NI–				
Realized gains	7 6	$ 17	7 16	$ 25
Realized losses	6	12	15	20
AFS–				
Realized gains	1	1	2	1
Realized losses	1	3	2	5

DUwE 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.

	cune 30, 2019			Dezember 31, 201$		
(in millions)	Gross Unrealixed Holding Gains	Gross Unrealixed Holding Losses	Estimated Fair ' alue	Gross Unrealixed Holding Gains	Gross Unrealixed Holding Losses	Estimated Fair ' alue
NDTF						
Cash and cash equivalents	7 :	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	:	2$5	3	1	186
Other debt securities	:	:	:	—	—	2
Total NDTF InKestments[(a)]	7 314	7 3	7 625	$ 263	$ 13	$ 659
Other InKestments						
Cash and cash equivalents	7 :	7 :	7 2	$ —	$ —	$ 1
Municipal bonds	3	:	50	—	—	47
Total Other InKestments	7 3	7 :	7 52	$ —	$ —	$ 48
Total InKestments	7 316	7 3	7 666	$ 263	$ 13	$ 707

(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.

	Three Months Ended		Siv Months Ended	
(in millions)	cune 30, 2019	cune 30, 201$	cune 30, 2019	cune 30, 201$
F' -NI–				
Realized gains	7 15	$ 4	7 16	$ 5
Realized losses	$	2	9	2
AFS–				
Realized gains	29	—	29	—
Realized losses	24	1	24	2

DUwE 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.

	cune 30, 2019			Dezember 31, 201$		
(in millions)	Gross Unrealixed Holding Gains	Gross Unrealixed Holding Losses	Estimated Fair ' alue	Gross Unrealixed Holding Gains	Gross Unrealixed Holding Losses	Estimated Fair ' alue
InKestments						
Equity securities	7 36	7 :	7 64	$ 29	$ —	$ 67
Corporate debt securities	:	:	6	—	—	8
Municipal bonds	:	1	34	—	1	33
U.S. government bonds	:	:	1	—	—	—
Total InKestments	7 36	7 1	7 11—	$ 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 six months ended June 30, 2019, and 2018, were insignificant.

DEk T SECURITY MATURITIES

The table below summarizes the maturity date for debt securities.

	cune 30, 2019					
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e 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 ' ALUE 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.

InKestments in equity sezurities

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.

InKestments in debt sezurities

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 deriKatiKes

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 deriKatiKes

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 Kalue zonsiderations

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.

DUwE 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.

	cune 30, 2019				
(in millions)	**Total Fair ' alue**	**LeKel 1**	**LeKel 2**	**LeKel 3**	**Not Categorixed**
NDTF equity securities	**7 5,16$**	**7 5,119**	**7 :**	**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)**	**7 59**

	Dezember 31, 201$				
(in millions)	**Total Fair ' alue**	**LeKel 1**	**LeKel 2**	**LeKel 3**	**Not Categorixed**
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.

	DeriKatiKes (net)			
	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	**2019**	**201$**	**2019**	**201$**
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)

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.

	cune 30, 2019			
(in millions)	Total Fair ' alue	LeKel 1	LeKel 2	Not Categorixed
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

	Dezember 31, 201$			
(in millions)	Total Fair ' alue	LeKel 1	LeKel 2	Not Categorixed
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.

	cune 30, 2019			Dezember 31, 201$		
(in millions)	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 –04	$ 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.

	cune 30, 2019			Dezember 31, 201$		
(in millions)	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 –09	$ 2,477	$ 1,888	$ 589

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.

	cune 30, 2019			Dezember 31, 201$		
(in millions)	Total Fair ' alue	LeKel 1	LeKel 2	Total Fair ' alue	LeKel 1	LeKel 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 11	$ 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.

	cune 30, 2019				Dezember 31, 201$			
(in millions)	Total Fair ' alue	LeKel 1	LeKel 2	LeKel 3	Total Fair ' alue	LeKel 1	LeKel 2	LeKel 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.

	DeriKatiKes (net)			
	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	2019	201$	2019	201$
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 2$	$ 44	7 2$	$ 44

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.

	cune 30, 2019			Dezember 31, 201$		
(in millions)	**Total Fair ' alue**	**LeKel 1**	**LeKel 3**	**Total Fair ' alue**	**LeKel 1**	**LeKel 3**
Derivative assets	**7 2**	**7 2**	**7 :**	$ 3	3	—
Derivative liabilities	**(114)**	**:**	**(114)**	(141)	—	(141)
Net (liabilities) assets	**7 (112)**	**7 2**	**7 (114)**	$ (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.

	DeriKatiKes (net)			
	Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	**2019**	**201$**	**2019**	**201$**
Balance at beginning of period	**7 (121)**	$ (132)	**7 (141)**	$ (142)
Total gains (losses) and settlements	**6**	(18)	**26**	(8)
Balance at end of period	**7 (114)**	$ (150)	**7 (114)**	$ (150)

QUANTITATI' E INFORMATION AkOUT UNOkSER' AkLE INPUTS

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

	cune 30, 2019			
InKestment Type	**Fair ' alue (in millions)**	**' aluation Tezhnique**	**UnobserKable Input**	**Range**
Du8e Energy Ohio				
FTRs	**7 6**	RTO auction pricing	FTR price – per MWh	**7 0.3— - 7 3.13**
Du8e 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**
Du8e Energy				
Total Level 3 derivatives	**7 (69)**			

	Dezember 31, 201$			
InKestment Type	**Fair ' alue (in millions)**	**' aluation Tezhnique**	**UnobserKable Input**	**Range**
Du8e Energy Ohio				
FTRs	$ 6	RTO auction pricing	FTR price – per MWh	$ 1.19 - $ 4.59
Du8e 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
Du8e Energy				
Total Level 3 derivatives	$ (113)			

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.

	cune 30, 2019		Dezember 31, 201$	
(in millions)	koo8 ' alue	Fair ' alue	koo8 ' alue	Fair ' alue
Duke Energy(a)	7 56,040	7 –0,—6	$ 54,529	$ 54,534
Duke Energy Carolinas	10,9–4	12,300	10,939	11,471
Progress Energy	19,199	21,40$	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	2,3$4	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. ' ARIAkLE 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 Finanzing 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 Finanzing 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.

RezeiKables Finanzing V Credit Fazilities

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

		Du8e Energy		
		Du8e Energy Carolinas	Du8e Energy Progress	Du8e Energy Florida
(in millions)	**CRC**	**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** **109**	$ 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,–10**	1,587
Other Noncurrent Liabilities: Asset Retirement Obligations	**10$**	106
Other Noncurrent Liabilities: Other	**222**	212

NON-CONSOLIDATED ' IEs

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

	cune 30, 2019					
	Du8e Energy				Du8e	Du8e
	Pipeline	Commerzial	Other		Energy	Energy
(in millions)	InKestments	ReneBables	' IEs	Total	Ohio	Indiana
Receivables from affiliated companies	7 :	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 45	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 –4	7 :	7 :
Net assets	7 1,020	7 1$6	7 36	7 1,244	7 45	7 $1

	Dezember 31, 201$					
	Du8e Energy				Du8e	Du8e
	Pipeline	Commerzial	Other		Energy	Energy
(in millions)	InKestments	ReneBables	' 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	$ 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 InKestments

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.

		' IE InKestment Amount (in millions)	
	OBnership	cune 30,	Dezember 31,
Entity Name	Interest	2019	201$
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.

Commerzial ReneBables

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.

	Du8e Energy Ohio		Du8e Energy Indiana	
(in millions)	**cune 30, 2019**	**Dezember 31, 201$**	**cune 30, 2019**	**Dezember 31, 201$**
Receivables sold	7 **210**	$ 269	7 **314**	$ 336
Less: Retained interests	**45**	93	**$1**	118
Net receivables sold	7 **1–5**	$ 176	7 **233**	7 **21$**

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

	Du8e Energy Ohio				Du8e Energy Indiana			
	Three Months Ended cune 30,		Siv Months Ended cune 30,		Three Months Ended cune 30,		Siv Months Ended cune 30,	
(in millions)	**2019**	**201$**	**2019**	**201$**	**2019**	**201$**	**2019**	**201$**
Sales								
Receivables sold	7 **429**	$ 461	7 **1,004**	$ 1,028	7 **–6—**	$ 692	7 **1,410**	$ 1,386
Loss recognized on sale	**3**	3	**6**	6	**4**	4	**9**	7
Cash floBs								
Cash proceeds from receivables sold	7 **44$**	$ 465	7 **1,045**	$ 1,050	7 **–$0**	$ 686	7 **1,43$**	$ 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.

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.

Eleztriz Utilities and Infrastruzture

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 Infrastruzture

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

Commerzial ReneBables

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.

Disaggregated ReKenues

Disaggregated revenues are presented as follows:

	Three Months Ended cune 30, 2019							
(in millions) k y mar8et or type of zustomer	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
Residential	7 2,304	7 –69	7 1,243	7 49—	7 646	7 159	7 225	7 :
General	1,5$4	531	650	339	411	105	196	:
Industrial	659	2$9	231	1–4	–6	3—	201	:
Wholesale	526	109	351	309	42	9	59	:
Other revenues	1$6	–$	99	44	55	25	26	:
Total Electric Utilities and Infrastructure revenue from contracts with customers	7 5,3–1	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 2$2	7 :	7 :	7 :	7 :	7 95	7 :	7 196
Commercial Renewables								
Revenue from contracts with customers	7 4—	7 :	7 :	7 :	7 :	7 :	7 :	7 :
Other								
Revenue from contracts with customers	7 —	7 :	7 :	7 :	7 :	7 :	7 :	7 :
Total revenue from contracts with customers	7 5,–95	7 1,–6—	7 2,–64	7 1,352	7 1,322	7 429	7 609	7 196
Other revenue sources[(a)]	7 16$	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 1,3$6	7 1,353	7 433	7 614	7 209

(in millions) k y mar8et or type of zustomer	Three Months Ended cune 30, 201$ Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 47	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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.

	Siv Months Ended cune 30, 2019							
(in millions) k y mar8et or type of zustomer	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e 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 $$	7 :	7 :	7 :	7 :	7 :	7 :	7 :
Other								
Revenue from contracts with customers	7 10	7 :	7 :	7 :	7 :	7 :	7 :	7 :
Total Revenue from contracts with customers	7 11,–93	7 3,395	7 5,1–6	7 2,695	7 2,362	7 9–0	7 1,463	7 6–6
Other revenue sources(a)	7 343	7 –2	7 149	7 6—	7 –6	7 4	7 9	7 21
Total revenues	7 12,03—	7 3,456	7 5,31—	7 2,$61	7 2,439	7 9–4	7 1,4$2	7 6$$

	Siv Months Ended cune 30, 201$							
(in millions) k y mar8et or type of zustomer	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 80	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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.

UNk ILLED 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, 201$
Duke Energy	7 **690**	$ 896
Duke Energy Carolinas	**2$$**	313
Progress Energy	**260**	244
Duke Energy Progress	**14$**	148
Duke Energy Florida	**122**	96
Duke Energy Ohio	**1**	2
Duke Energy Indiana	**14**	23
Piedmont	**4**	73

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.

	Three Months Ended cune 30,				Siv Months Ended cune 30,			
(in millions, evzept per-share amounts)		2019		201$		2019		201$
Income from continuing operations attributable to Duke Energy common stockholders excluding impact of participating securities	7	$19	$	504	7	1,61$	$	1,123
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.

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 Stoz8

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 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, 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 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 elect two additional Board members to the Duke Energy Board of Directors.

1—. EMPLOYEE kENEFIT PLANS

DEFINED kENEFIT 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.

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 cune 30, 2019							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e 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 cune 30, 201$							
(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)

	Siv Months Ended cune 30, 2019							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e 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	1-5	41	52	24	26	9	13	—
Expected return on plan assets	(2$-)	(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, 201$							
(in millions)	Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
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)

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

EFFECTI' E TAX RATES

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

	Three Months Ended cune 30,		Siv Months Ended cune 30,	
	2019	201$	2019	201$
Duke Energy	**15.9%**	16.5%	**12.–%**	19.9%
Duke Energy Carolinas	**19.6%**	21.5%	**1$.6%**	21.8%
Progress Energy	**1–.6%**	17.3%	**16.0%**	15.4%
Duke Energy Progress	**1–.3%**	20.1%	**16.1%**	16.8%
Duke Energy Florida	**19.–%**	18.0%	**19.5%**	17.4%
Duke Energy Ohio	**1–.1%**	25.8%	**1–.5%**	16.0%
Duke Energy Indiana	**24.2%**	25.8%	**24.2%**	25.8%
Piedmont	**22.2%**	27.3%	**21.$%**	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.

1$. SUkSEQUENT E' ENTS

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.

DUwE 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, 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.

- 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.

	Three Months Ended cune 30,							
	2019				201$			
(in millions, evzept per-share amounts)		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.

	Siv Months Ended cune 30,							
	2019				201$			
(in millions, evzept per-share amounts)		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.

Eleztriz Utilities and Infrastruzture

	Three Months Ended cune 30,			Siv Months Ended cune 30,		
(in millions)	**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 k efore 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.

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.

Siv 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 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 Impazting Future Eleztriz Utilities and Infrastruzture 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.

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.

Gas Utilities and Infrastruzture

	Three Months Ended cune 30,			Siv Months Ended cune 30,		
(in millions)	**2019**	**201$**	**' arianze**	**2019**	**201$**	**' arianze**
Operating ReKenues	7 **30—**	$ 318	$ (12)	7 **1,0–2**	$ 1,045	$ 17
Operating Evpenses						
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	**12$**	121	7
Property and other taxes	**26**	26	1	**–0**	57	3
Total operating expenses	**263**	278	(5)	**0**	791	17
Operating Inzome	**33**	40	(7)	**254**	254	—
Other Inzome and Evpenses, net	**36**	22	15	**66**	(13)	90
Interest Evpense	**26**	26	1	**56**	53	4
Inzome kefore Inzome Taves	**43**	36	7	**264**	188	86
Inzome Tav Evpense	**3**	8	(5)	**$**	44	(36)
Segment Inzome	7 **40**	$ 28	$ 12	7 **2——**	$ 144	$ 122

Piedmont LDC throughput (dekatherms)	**104,–$4,633**	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)	**52,2$1,169**	52,741,115	(459,936)

Three Months Ended cune 30, 2019, as zompared to cune 30, 201$

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.

Siv Months Ended cune 30, 2019, as zompared to cune 30, 201$

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.

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 Impazting Future Gas Utilities and Infrastruzture 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.

Commerzial ReneBables

	Three Months Ended cune 30,			Siv Months Ended cune 30,		
(in millions)	2019	201$	' arianze	2019	201$	' arianze
Operating ReKenues	7 **11$**	$ 119	$ (1)	7 **224**	$ 220	$ 4
Operating Evpenses						
Operation, maintenance and other	**–4**	69	(5)	**130**	124	6
Depreciation and amortization	**40**	38	2	**$0**	76	4
Property and other taxes	**—**	6	—	**12**	13	(1)
Total operating expenses	**110**	113	(3)	**222**	213	9
Operating Inzome	**$**	6	2	**2**	7	(5)
Other Inzome and Evpenses, net	**($)**	18	(26)	**(10)**	20	(30)
Interest Evpense	**22**	23	(1)	**43**	45	(2)
(Loss) Inzome k efore Inzome Taves	**(22)**	1	(23)	**(51)**	(18)	(33)
Inzome Tav k enefit	**(24)**	(36)	12	**(59)**	(75)	16
Less–Loss Attributable to Nonzontrolling Interests	**($4)**	(1)	(83)	**(91)**	(1)	(90)
Segment Inzome	7 **$—**	$ 38	$ 48	7 **99**	$ 58	$ 41
Renewable plant production, GWh	**2,314**	2,471	(157)	**4,3$2**	4,651	(269)
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 cune 30, 2019, as zompared to cune 30, 201$

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.

Siv Months Ended cune 30, 2019, as zompared to cune 30, 201$

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 Impazting Future Commerzial ReneBables 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 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

	Three Months Ended cune 30,			Siv Months Ended cune 30,		
(in millions)	2019	201$	' arianze	2019	201$	' arianze
Operating ReKenues	7 25	$ 32	$ (7)	7 4—	$ 67	$ (21)
Operating Evpenses	11	59	(48)	39	113	(74)
Gains (Losses) on Sales of Other Assets and Other, net	:	2	(2)	:	(99)	99
Operating Inzome (Loss)	14	(25)	39	6	(145)	152
Other Inzome and Evpenses, net	30	27	3	64	41	33
Interest Evpense	1$0	164	16	351	321	30
Loss kefore Inzome Taves	(13–)	(162)	26	(260)	(425)	155
Inzome Tav kenefit	(33)	(28)	(5)	(6$)	(27)	(51)
Less–Net Inzome Attributable to Nonzontrolling Interests	:	2	(2)	:	4	(4)
Less–Preferred DiKidends	12	—	12	12	—	12
Net Loss	7 (115)	$ (136)	$ 21	7 (204)	$ (402)	$ 198

Three Months Ended cune 30, 2019, as zompared to cune 30, 201$

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.

Inzome Tav kenefit. 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.

Siv Months Ended cune 30, 2019, as zompared to cune 30, 201$

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.

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

		Siv Months Ended cune 30,				
(in millions)		2019		201$		' arianze
Operating ReKenues	7	**3,456**	$	3,435	$	22
Operating Evpenses						
Fuel used in electric generation and purchased power		**$–6**		880		(13)
Operation, maintenance and other		**$$1**		950		(69)
Depreciation and amortization		**—3**		561		102
Property and other taxes		**155**		147		8
Impairment charges		**5**		190		(185)
Total operating expenses		**2,561**		2,728		(157)
Losses on Sales of Other Assets and Other, net		**:**		(1)		1
Operating Inzome		**$$—**		706		180
Other Inzome and Evpenses, net		**62**		74		(2)
Interest Evpense		**226**		217		10
Inzome k efore Inzome Taves		**631**		563		168
Inzome Tav Evpense		**136**		123		14
Net Inzome	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.

Inzrease (Dezrease) oKer 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 %

Siv Months Ended cune 30, 2019, as zompared to cune 30, 201$

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 Impazting 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

		Siv Months Ended cune 30,				
(in millions)		**2019**		**201$**		**' arianze**
Operating ReKenues	7	**5,31—**	$	5,074	$	242
Operating Evpenses						
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		**$$1**		764		117
Property and other taxes		**2$0**		254		26
Impairment charges		**:**		33		(33)
Total operating expenses		**4,246**		4,155		92
(Losses) Gains on Sales of Other Assets and Other, net		**(1)**		12		(13)
Operating Inzome		**1,0–$**		931		137
Other Inzome and Evpenses, net		**–5**		77		(12)
Interest Evpense		**43$**		412		26
Inzome k efore Inzome Taves		**–95**		596		99
Inzome Tav Evpense		**11$**		92		26
Net Inzome		**566**		504		73
Less–Net Inzome Attributable to Nonzontrolling Interests		**:**		4		(4)
Net Inzome Attributable to Parent	7	**566**	$	500	$	77

Siv Months Ended cune 30, 2019, as zompared to cune 30, 201$

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 Impazting 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.

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

	Siv Months Ended cune 30,		
(in millions)	**2019**	**201$**	**' arianze**
Operating ReKenues	7 **2,$61**	$ 2,751	$ 120
Operating Evpenses			
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	**$5**	75	10
Impairment charges	**:**	33	(33)
Total operating expenses	**2,312**	2,251	61
Gains on Sales of Other Assets and Other, net	**:**	2	(2)
Operating Inzome	**559**	502	57
Other Inzome and Evpenses, net	**4$**	37	11
Interest Evpense	**15$**	159	(1)
Inzome k efore Inzome Taves	**449**	380	69
Inzome Tav Evpense	**66**	64	13
Net Inzome	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.

Inzrease (Dezrease) oKer 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 %

Siv Months Ended cune 30, 2019, as zompared to cune 30, 201$

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 Impazting 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.

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

	Siv Months Ended cune 30,					
(in millions)		**2019**		**201$**		**' arianze**
Operating ReKenues	7	**2,439**	$	2,318	$	121
Operating Evpenses						
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 Inzome		**509**		418		91
Other Inzome and Evpenses, net		**25**		47		(22)
Interest Evpense		**1–5**		137		28
Inzome k efore Inzome Taves		**3–9**		328		41
Inzome Tav Evpense		**62**		57		15
Net Inzome	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.

Inzrease (Dezrease) oKer 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 %

Siv Months Ended cune 30, 2019, as zompared to cune 30, 201$

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.

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 Impazting 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

	Siv Months Ended cune 30,		
(in millions)	**2019**	**201$**	**' arianze**
Operating ReKenues			
Regulated electric	7 **–91**	$ 682	$ 9
Regulated natural gas	**263**	277	(4)
Nonregulated electric and other	**:**	24	(24)
Total operating revenues	**9–4**	983	(19)
Operating Evpenses			
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 Inzome	**16$**	56	122
Other Inzome and Evpenses, net	**15**	14	1
Interest Evpense	**54**	45	9
Inzome kefore Inzome Taves	**139**	25	114
Inzome Tav Evpense	**23**	4	19
Net Inzome	7 **11—**	$ 21	$ 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.

	Eleztriz	Natural Gas
Inzrease (Dezrease) oKer prior year	**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 %

Siv Months Ended cune 30, 2019, as zompared to cune 30, 201$

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 Impazting 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

	Siv Months Ended cune 30,				
(in millions)		2019		201$	' arianze
Operating ReKenues	7	**1,4$2**	$	1,469	$ 13
Operating Evpenses					
Fuel used in electric generation and purchased power		**4$—**		458	28
Operation, maintenance and other		**366**		378	(1)
Depreciation and amortization		**2–3**		256	7
Property and other taxes		**39**		40	(1)
Total operating expenses		**1,1–5**		1,132	33
Operating Inzome		**316**		337	(20)

Other Inzome and Evpenses, net		**26**	13	14
Interest Evpense		**61**	83	(12)
Inzome k efore Inzome Taves		**263**	267	6
Inzome Tav Evpense		**—**	69	(3)
Net Inzome	**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.

Inzrease (Dezrease) oKer 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 %

Siv Months Ended cune 30, 2019, as zompared to cune 30, 201$

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 Evpense. 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.

Inzome Tav Evpense. 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 Impazting 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 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

		Siv Months Ended cune 30,				
(in millions)		2019		201$		' arianze
Operating ReKenues	7	**6$$**	$	768	$	20
Operating Evpenses						
Cost of natural gas		**33$**		333		5
Operation, maintenance and other		**1–3**		167		(4)
Depreciation and amortization		**$4**		78		6
Property and other taxes		**25**		24		1
Total operating expenses		**–10**		602		8
Operating Inzome		**16$**		166		12
Other Inzome and Evpenses, net		**12**		9		3
Interest Evpense		**43**		41		2
Inzome k efore Inzome Taves		**146**		134		13
Inzome Tav Evpense		**32**		32		—
Net Inzome	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.

Inzrease (Dezrease) oKer 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.

Siv Months Ended cune 30, 2019, as zompared to cune 30, 201$

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.

Matters Impazting 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

Sourzes 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 FloB Information

The following table summarizes Duke Energy’s cash flows.

	Siv Months Ended cune 30,			
(in millions)		**2019**		**201$**
Cash flows provided by (used in):				
Operating activities	7	**3,05—**	$	3,302
Investing activities		**(5,6$$)**		(4,645)
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

OPERATING CASH FLOWS

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

	Siv Months Ended cune 30,					
(in millions)		**2019**		**201$**		**' arianze**
Net income	7	**1,–41**	$	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	**3,05—**	$	3,302	$	(246)

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.

IN' ESTING CASH FLOWS

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

	Siv Months Ended cune 30,		
(in millions)	**2019**	**201$**	**' arianze**
Capital, investment and acquisition expenditures	7 **(5,–26)**	$ (4,515)	$ (1,112)
Other investing items	**(1–4)**	(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.

	Siv Months Ended cune 30,		
(in millions)	**2019**	**201$**	**' arianze**
Issuances of long-term debt, net	7 **2,4–6**	$ 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

EnKironmental 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 Azt 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 CompetitiKe Prozurement

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-k alanze 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.

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 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. QUANTITATI' E AND QUALITATI' E DISCLOSURES AkOUT MARwET RISw

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

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 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.

Changes in Internal Control oKer Finanzial 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.

ITEM —. EXHIk ITS

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 (***).

Evhibit Number		Du8e Energy	Du8e Energy Carolinas	Progress Energy	Du8e Energy Progress	Du8e Energy Florida	Du8e Energy Ohio	Du8e Energy Indiana	Piedmont
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	

EXHIk ITS

*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					

EXHIk ITS

*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 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

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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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 February13, 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.

(1) 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.

4.26 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 expediters 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 lose 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

2 1 . 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 a 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 cirthotline@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 Section11.3, 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 of **Piedmont Natural Gas Company, Inc.**

By:/s/ MELODY BIRMINGHAM-BYRD

Name: Melody Birmingham-Byrd

Title: SVP Supply Chain and CPO

Matrix Service Inc.

By:/s/ ALAN R. UPDYKE

Name: Alan R Updyke

Title: President

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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EXHIBITS

ATTACHMENTS

SCHEDULES

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 dockets, 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 770l(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 770l(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 (25^{th}) 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 is 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: sstate@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: sstate@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]

EXHIBIT 31.1.1

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

EXHIBIT 31.1.C

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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: August 6, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.3

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

--/A

EXHIBIT 31.1.4

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 gnowled; 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 gnowled; 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; istrantxs other certifyin; officerAs) 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 1Taz1DAf) and 1Ddz1DAf)) for the re; istrant and have:

a) Pesi; 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) Pesi; 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; istrantxs 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) Pisclosed in this report any chan; e in the re; istrantxs internal control over financial reportin; that occurred durin; the re; istrantxs most recent fiscal quarter Athe re; istrantxs fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly ligely to materially affect, the re; istrantxs internal control over financial reportin; kand

D) (he re; istrantxs other certifyin; officerAs) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reportin; , to the re; istrantxs auditors and the audit committee of the re; istrantxs 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; istrantxs 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; istrantxs internal control over financial reportin; .

Pate: 5u; ust 9, b01/

YsYLNOO J. GCCP

Lynn J. Good
Bhief ERecutive Cfficer

EXHIBIT 31.1.5

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

EXHIBIT 31.1.6

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

EXHIBIT 31.1.6

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
Ohief Executive Cfficer

EXHIBIT 31.1.8

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 Diedmont k atural Gas Eompany, Inc.g

C) ; ased on my 2nowledBe, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma2e the statements made, in liBht of the circumstances under which such statements were made, not misleadinB with respect to the period covered by this reportg

3) ; ased on my 2nowledBe, 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 reBistrant as of, and for, the periods presented in this reportg

4) The reBistrant's other certifyinB officer(s) and I are responsible for establishinB and maintaininB disclosure controls and procedures (as defined in xAchanBe Rct 5ules 13a-1z(e) and 1zd-1z(e)) and internal control over financial reportinB (as defined in xAchanBe Rcts 5ules 13a-1z(f) and 1zd-1z(f)) for the reBistrant and have:

   a) 6esiBned such disclosure controls and procedures, or caused such disclosure controls and procedures to be desiBned under our supervision, to ensure that material information relatinB to the reBistrant, includinB its consolidated subsidiaries, is made 2nown to us by others within those entities, particularly durinB the period in which this report is beinB preparedg

   b) 6esiBned such internal control over financial reportinB, or caused such internal control over financial reportinB to be desiBned under our supervision, to provide reasonable assurance reBardinB the reliability of financial reportinB and the preparation of financial statements for eAternal purposes in accordance with Benerally accepted accountinB principlesg

   c) xvaluated the effectiveness of the reBistrant'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 evaluationgand

   d) 6isclosed in this report any chanBe in the reBistrant's internal control over financial reportinB that occurred durinB the reBistrant's most recent fiscal quarter (the reBistrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably li2ely to materially affect, the reBistrant's internal control over financial reportinBgand

z) The reBistrant's other certifyinB officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reportinB, to the reBistrant's auditors and the audit committee of the reBistrant's board of directors (or persons performinB the equivalent functions):

   a) Rll siBnificant deficiencies and material wea2nesses in the desiBn or operation of internal control over financial reportinB which are reasonably li2ely to adversely affect the reBistrant's ability to record, process, summari9e and report financial informationgand

   b) Rny fraud, whether or not material, that involves manaBement or other employees who have a siBnificant role in the reBistrant's internal control over financial reportinB.

6ate: RuBust / , C01Y

NsNLOk k J. GPP6

Lynn J. Good
Ehief xAecutive Pfficer

EXHIBIT 31.2.1

**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

EXHIBIT 31.2.2

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

EXHIBIT 31.2.3

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

EXHIBIT 31.2.4

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 Crogress, LL; 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 3y this report2

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 report2

T) ' he registrant(s other certifying officerxs) and I are responsi3le for esta3lishing and maintaining disclosure controls and procedures xas defined in EAchange Rct 5 ules 14a-1–xe) and 1–d-1–xe)) and internal control over financial reporting xas defined in EAchange 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 3e designed under our supervision, to ensure that material information relating to the registrant, including its consolidated su3sidiaries, is made known to us 3y others within those entities, particularly during the period in which this report is 3eing prepared2

3) Designed such internal control over financial reporting, or caused such internal control over financial reporting to 3e designed under our supervision, to provide reasona3le assurance regarding the relia3ility of financial reporting and the preparation of financial statements for eAternal purposes in accordance with generally accepted accounting principles2

c) Evaluated the effectiveness of the registrant(s disclosure controls and procedures and presented in this report our conclusions a3out the effectiveness of the disclosure controls and procedures, as of the end of the period covered 3y this report 3ased on such evaluation2and

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 xthe registrant(s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona3ly likely to materially affect, the registrant(s internal control over financial reporting2and

–) ' he registrant(s other certifying officerxs) and I have disclosed, 3ased on our most recent evaluation of internal control over financial reporting, to the registrant(s auditors and the audit committee of the registrant(s 3oard of directors xor persons performing the equivalent functions):

a) Rll significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasona3ly likely to adversely affect the registrant(s a3ility to record, process, summari6e and report financial information2and

3) Rny 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: Rugust 9, B01/

\sVS' ENEO K. YUGOP

Steven K. Young
EAecutive Nice Cresident and ; hief Financial Ufficer

EXHIBIT 31.2.5

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, CCL ;

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 L hief Financial Officer

--/A

EXHIBIT 31.2.6

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 Gresident and Phief Financial Cfficer

EXHIBIT 31.2.6

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

EXHIBIT 31.2.8

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 Eatural ; as 2ompany, Inc.B

k) based on my 3nowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma3e the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered 4y this reportB

T) based on my 3nowledge, 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 reportB

') (he registrantxs other certifying officerAs) and I are responsi4le for esta4lishing and maintaining disclosure controls and procedures Aas defined in R5change –ct Dules 1Ta-1zAe) and 1zd-1zAe)) and internal control over financial reporting Aas defined in R5change –cts Dules 1Ta61zAf) and 1zd61zAf)) for the registrant and have:

a) 9esigned such disclosure controls and procedures, or caused such disclosure controls and procedures to 4e designed under our supervision, to ensure that material information relating to the registrant, including its consolidated su4sidiaries, is made 3nown to us 4y others within those entities, particularly during the period in which this report is 4eing preparedB

4) 9esigned such internal control over financial reporting, or caused such internal control over financial reporting to 4e designed under our supervision, to provide reasona4le assurance regarding the relia4ility of financial reporting and the preparation of financial statements for e5ternal purposes in accordance with generally accepted accounting principlesB

c) Rvaluated the effectiveness of the registrantxs 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 evaluationBand

d) 9isclosed in this report any change in the registrantxs internal control over financial reporting that occurred during the registrantxs most recent fiscal quarter Athe registrantxs fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly li3ely to materially affect, the registrantxs internal control over financial reportingBand

z) (he registrantxs other certifying officerAs) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reporting, to the registrantxs auditors and the audit committee of the registrantxs 4oard of directors Aor persons performing the equivalent functions):

a) –ll significant deficiencies and material wea3nesses in the design or operation of internal control over financial reporting which are reasona4ly li3ely to adversely affect the registrantxs a4ility to record, process, summari/ e and report financial informationBand

4) –ny fraud, whether or not material, that involves management or other employees who have a significant role in the registrantxs internal control over financial reporting.

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GCS(RURE K. YGCE;

Steven K. Young
R5ecutive Uice President and 2hief Financial Gfficer

EXHIBIT 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**

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 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.

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

August 6, 2018

EXHIBIT 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

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 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/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 6, 2018

EXHIBIT 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

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 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 Progress Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

August 6, 2018

EXHIBIT 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**

In connection with the Quarterly Report of Duke Energy Crogre((“ ” ”) FmDuke Energy Crogre((1 0on - 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 Fthe nReport1 0‘ I“ ” ynn 8GP oo2“) hief E. ecutive Officer of Duke Energy Crogre((“ certify“ pur(uant to JU5 GLGG G Lection Js93“ a(a2opte2 pur(uant to Lection x36 of the Larbane(,O. ley Act of S33S“ that:

FJ0 The Report fully cod plie(with the required ent(of Lection JsFa0 or J9F20 of 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

” ynn 8GP oo2
) hief E. ecutive Officer

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EXHIBIT 32.1.C

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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 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

EXHIBIT 32.1.C

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Lm' The Report fully coF plie8 with the requireF ent8 of Section mJLa" or m9L- " of the Securitie8 Exchange Act of m2J4; 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,

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EXHIBIT 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

In connection with the Quarterly Report of Duke Energy InGanas, , L ("Duke Energy InGana") on Form 10-Q for the perioC enGng dune J0s3012sa8 fileC with the Securitie8 anC Exchange L ommi88ion on the Cate hereof (the "Report")sIs, ynn d. GooCsL hief Executive Officer of Duke Energy InGanascertifyspur8uant to 1U5 .S.L . Section 1J90sa8 aCopteC pur8uant to Section 206 of the Sarbane8-Oxley Act of 3003sthat:

(1) The Report fully complie8 with the requirement8 of Section 1J(a) or 19(C) of the Securitie8 Exchange Act of 12J4; anC

(3) The information containeC in the Report fairly pre8ent8sin all material re8pect8sthe financial conGtion anC re8ult8 of operation8 of Duke Energy InGana.

/8/ , YNN d. GOOD

, ynn d. GooC
L hief Executive Officer

Augu8t 6s3012

EXHIBIT 32.1.C

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EXHIBIT 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

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 1U 5 .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.

/s/ STEVEN K. YO5 NG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 6, 2018

EXHIBIT 32.2.2

1 ECTIRI1 F TIA O NPCUPF OT TA
S8 P.U.1 . UE1 TIA O S350,
F U F DANTED NPCUPF OT TA
UE1 TIA O 906 AR THE UF CBF OEU-AXLEY F 1 T AR 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, 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. YO5 NG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 6, 2018

--/A

EXHIBIT 32.2.3

1 ECTIRI1 F TIA O NPCUPF OT TA
S8 P.U.1 . UE1 TIA O S350,
F U F DANTED NPCUPF OT TA
UE1 TIA O 906 AR THE UF CBF OEU-A XLEY 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 1U 5 .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 Progress Energy.

/s/ STEVEN K. YO5 NG

Steven K. Young
Executive Vice President and Chief Financial Officer

August 6, 2018

EXHIBIT 32.2.1

4 ECTIRI4 F TIA O NPCUPF OT TA
S8 P.U.4 . UE4 TIA O S350,
F U F DANTED NPCUPF OT TA
UE4 TIA O 906 AR THE UF CBF OEU-AXLEY F 4 T AR 2002

In connection with the Quarterly Report of Duke Energy Crogress, LL(“”Duke Energy Crogress)Fon mor1 0- dQ for the perioJ enJing 3une 2- , 8- 0S, as fileJ with the x ecurities anJ Evchange (o1 1 ission on the Jate hereof “the ”Report)F, I, x teKen . YVoung, EvecutiKe Pice CresiJent anJ (hief mnancial Officer of Duke Energy Crogress, certify, pursuant to 0U5 Yx Y(Yx ection 029- , as aJopteJ pursuant to x ection S- 6 of the x arbanesdOvley Act of 8- - 8, that:

“0F The Report fully co1 plies with the require1 ents of x ection 02“aFor 09“JFof the x ecurities 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/ x TEPEN . YVO5 NG

x teKen . YVoung
EvecutiKe Pice CresiJent anJ (hief mnancial Officer

August 6, 8- 0S

--/A

EXHIBIT 32.2.1

**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 dune J0, 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 Cinancial 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/ STEVEN K. YO5 NG

Steven K. Young
Executive Vice Pre8isent ans (hief Cinancial Officer

Augu8t 6, 3012

--/A

EXHIBIT 32.2.1

CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 830, D
AS A9 OPTE9 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 ChioFmon 1or0 - dJQ for the perio3 en3ing , une 2d(8d- s(aS file3 with the xecuritieS an3 Evchange Ko0 0 iSSion on the 3ate hereof "the)ReportFm(I(xte. en Y" Voung(Evecuti. e Pice OreSi3ent an3 Khief 1inancial Cfficer of Duke Energy Chio(certify(purSuant to - U 5"x"K" xection - 29d(aS a3opte3 purSuant to xection sd6 of the xarbaneSJCvley Act of 8dd8(that:

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/S/ xTEPEN Y" VC5NG

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EXHIBIT 32.2.1

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In connection with the Quarterly Report of Duke Energy InCianas, , L ("Duke Energy InCiana") on Form 10-Q for the perioC enCing dune J0s3012sa8 fileC with the Securitie8 anC Exchange L ommi88ion on the Cate hereof (the "Report")sIsSteven K. YoungsExecutive Vice Pre8iCent anC L hief Financial Officer of Duke Energy InCianascertifyspur8uant to 1U5 .S.L . Section 1J90sa8 aCopteC pur8uant to Section 206 of the Sarbane8-Oxley Act of 3003sthat:

(1) The Report fully complie8 with the requirement8 of Section 1J(a) or 19(C) of the Securitie8 Exchange Act of 12J4; anC

(3) The information containeC in the Report fairly pre8ent8sin all material re8pect8sthe financial conCition anC re8ult8 of operation8 of Duke Energy InCiana.

/8/ STEVEN K. YO5 NG

Steven K. Young
Executive Vice Pre8iCent anC L hief Financial Officer

Augu8t 6s3012

EXHIBIT 32.2.1

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 Piegs ont Eatural , a. (os pany“ Inc”)FPiegs ontm1 on 0ors - dJQ for the periog engin3 2une 8d“ Sd- x“ a. fileg with the Cecuritie. ang vKchan3e (os s i. . ion on the gate hereof)the FReportm1“ I“ CteYen V” Ooun3“ vKecutiYe Uice Pre. igent ang (hief 0inancial 5 fficer of Piegs ont“ certify“ pur. uant to - 9 6 ”C”(” Cection - 8bd“ a. agopteg pur. uant to Cection xdA of the Car: ane. J5 Kley Tct of SddS“ thatq

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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, 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
	DUKE ENERGY	
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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Registrant	Title of each class registered	Trading symbols	Name of each exchange on which
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	Depositary 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	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.

TABLE OF CONTENTS

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
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)

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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per-share amounts)	**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	**$ —**	$ —	**$ —**	$ —
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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

FINANCIAL STATEMENTS

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

	Nine Months Ended September 30,	
(in millions)	**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

FINANCIAL STATEMENTS

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

	Three Months Ended September 30, 2018 and 2019										
						Accumulated Other Comprehensive (Loss) Income					
(in millions)	Preferred Stock	Common Stock Shares	Common Stock	Additional 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
Balance at June 30, 2018	$ —	712	$ 1	$ 39,682	$ 2,894	$ 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	$ 3,313	$ 5	$ (5)	$ (66)	$ 42,995	$ 18	$43,013
Balance at June 30, 2019	$ 973	728	$ 1	$ 40,885	$ 3,502	$ (63)	$ 4	$ (89)	$ 45,213	$ 119	$45,332
Net income (loss)	**—**	**—**	**—**	**—**	**1,327**	**—**	**—**	**—**	**1,327**	**(19)**	**1,308**
Other comprehensive (loss) income	**—**	**—**	**—**	**—**	**—**	**(15)**	**2**	**(2)**	**(15)**	**—**	**(15)**
Preferred stock, Series B, issuances, net of issuance costs[(c)]	**990**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**990**	**—**	**990**
Common stock issuances, including dividend reinvestment and employee benefits	**—**	**1**	**—**	**69**	**—**	**—**	**—**	**—**	**69**	**—**	**69**
Common stock dividends	**—**	**—**	**—**	**—**	**(690)**	**—**	**—**	**—**	**(690)**	**—**	**(690)**
Sale of noncontrolling interest[(d)]	**—**	**—**	**—**	**(465)**	**—**	**10**	**—**	**—**	**(455)**	**863**	**408**
Contribution from noncontrolling interest in subsidiaries[(e)]	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**7**	**7**
Other	**—**	**—**	**—**	**(1)**	**—**	**—**	**—**	**—**	**(1)**	**(1)**	**(2)**
Balance at September 30, 2019	**$ 1,963**	**729**	**$ 1**	**$ 40,488**	**$ 4,139**	**$ (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										
						Accumulated Other Comprehensive (Loss) Income					
(in millions)	Preferred Stock	Common Stock Shares	Common Stock	Additional 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
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 depositary 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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

--/A

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Nine Months Ended September 30,	
(in millions)	**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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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

FINANCIAL STATEMENTS

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

	Nine Months Ended September 30,	
(in millions)	**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							
			Accumulated Other Comprehensive (Loss) Income					
(in millions)	Additional Paid-in Capital	Retained Earnings	Net Gains (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 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							
			Accumulated Other Comprehensive (Loss) Income					
	Additional Paid-in Capital	Retained Earnings	Net Gains (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	—	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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Nine Months Ended September 30,	
(in millions)	**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

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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, 2018 and 2019	
(in millions)	Member's Equity	
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	
(in millions)	Member's Equity	
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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated 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)

	Nine Months Ended September 30,	
(in millions)	**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)	
(in millions)	**Member's Equity**	**Net Unrealized Gains (Losses) on Available-for-Sale Securities**	**Total Equity**
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)	
(in millions)	**Member's Equity**	**Net Unrealized Gains (Losses) on Available-for-Sale Securities**	**Total Equity**
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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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

--/A

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Nine Months Ended September 30,	
(in millions)	**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)

	Three Months Ended September 30, 2018 and 2019			
(in millions)	**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**

	Nine Months Ended September 30, 2018 and 2019			
(in millions)	**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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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)

	Nine Months Ended September 30,	
(in millions)	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	
(in millions)	**Member's Equity**	
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	
(in millions)	**Member's Equity**	
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, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 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

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)

	Nine Months Ended September 30,	
(in millions)	**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)

	Three Months Ended September 30, 2018 and 2019		
(in millions)	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**

	Nine Months Ended September 30, 2018 and 2019		
(in millions)	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

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.

	Applicable Notes																	
Registrant	**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.

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.

	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
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

	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
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 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.

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

	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	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	Total
Total revenues	$ 1,099	$ 354	$ 1,453	$ —	$ 1,453
Segment income/Net (loss) income	$ 129	$ 65	$ 194	$ (4)	$ 190

	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.

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.

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.

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 of9.5% 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 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.

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.

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.

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.

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.

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.

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

- 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.

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.

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

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.

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.

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:

	As of January 1, 2019							
(in millions)	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.

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

The following table presents operating lease maturities and a reconciliation of the undiscounted cash flows to operating lease liabilities.

	Twelve Months Ended September 30,							
(in millions)	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.

	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
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.

	Twelve Months Ended September 30,					
(in millions)	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

The following table presents future minimum lease payments under finance leases, as reported under the old lease standard.

	December 31, 2018						
(in millions)	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

	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.

6. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

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

			Nine Months Ended September 30, 2019						
Issuance Date	Maturity Date	Interest Rate	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.

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.

	September 30, 2019							
(in millions)	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.

Other Credit Facilities

	September 30, 2019	
(in millions)	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.

	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
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
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.

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.

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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.

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.

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

	September 30, 2019					
(in millions)	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

	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 $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 was305,000 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.

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							
(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	$ 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							
(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	$ 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

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								
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							
(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	$ 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.

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	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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 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, 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.

	September 30, 2019			December 31, 2018		
(in millions)	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.

	Three Months Ended		Nine Months Ended	
(in millions)	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

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.

	September 30, 2019			December 31, 2018		
(in millions)	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.

	Three Months Ended		Nine Months Ended	
(in millions)	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.

	September 30, 2019			December 31, 2018		
(in millions)	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

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.

	Three Months Ended		Nine Months Ended	
(in millions)	**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.

	September 30, 2019			December 31, 2018		
(in millions)	**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.

	Three Months Ended		Nine Months Ended	
(in millions)	**September 30, 2019**	**September 30, 2018**	**September 30, 2019**	**September 30, 2018**
FV-NI:				
Realized gains	**$ 10**	$ 7	**$ 27**	$ 32
Realized losses	**9**	7	**24**	27
AFS:				
Realized gains	**2**	—	**4**	1
Realized losses	**—**	1	**2**	6

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.

	September 30, 2019			December 31, 2018		
(in millions)	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.

	Three Months Ended		Nine Months Ended	
(in millions)	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.

	September 30, 2019			December 31, 2018		
(in millions)	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

September 30, 2019, and 2018, were insignificant.

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.

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.

	September 30, 2019				
(in millions)	**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**

	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)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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)

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.

	September 30, 2019			
(in millions)	**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**

	December 31, 2018			
(in millions)	**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.

	September 30, 2019			December 31, 2018		
(in millions)	**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.

	September 30, 2019			December 31, 2018		
(in millions)	**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

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.

	September 30, 2019			December 31, 2018		
(in millions)	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.

	September 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	$ 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.

	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	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

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.

	September 30, 2019			December 31, 2018		
(in millions)	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.

	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	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)			

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.

	September 30, 2019		December 31, 2018	
(in millions)	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.

Receivables Financing – Credit Facilities

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

	Duke Energy			
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
(in millions)	CRC	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

NON-CONSOLIDATED VIEs

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

	September 30, 2019					
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana
(in millions)	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

	December 31, 2018					
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana
(in millions)	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.

		VIE Investment Amount (in millions)	
Entity Name	Ownership Interest	September 30, 2019	December 31, 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.

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.

	Duke Energy Ohio		Duke Energy Indiana	
(in millions)	**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.

	Duke Energy Ohio				Duke Energy Indiana			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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.

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:

	Remaining Performance Obligations						
(in millions)	**2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
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:

	Remaining Performance Obligations						
(in millions)	**2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
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.

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**
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 69	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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.

	Three Months Ended September 30, 2018							
(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
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 61	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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.

	Nine 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
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.

(in millions) By market or type of customer	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
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.

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

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per-share amounts)	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.

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.

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.

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.

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 September 30,		Nine Months Ended 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.

	Three Months Ended September 30,			
	2019		2018	
(in millions, except per-share amounts)	**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.

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

	Nine Months Ended September 30,			
	2019		2018	
(in millions, except per-share amounts)	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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	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.

Gas Utilities and Infrastructure

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	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.

Commercial Renewables

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	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.

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**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.

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

	Nine Months Ended September 30,		
(in millions)	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

	Nine Months Ended September 30,		
(in millions)	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.

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

	Nine Months Ended September 30,		
(in millions)	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.

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

	Nine Months Ended September 30,		
(in millions)	**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.

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

	Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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.

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

	Nine Months Ended September 30,		
(in millions)	**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.

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

OPERATING CASH FLOWS

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

	Nine Months Ended September 30,		
(in millions)	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.

	Nine Months Ended September 30,		
(in millions)	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.

	Nine Months Ended September 30,		
(in millions)	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.

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 thethree 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.

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.

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.

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 Designation with respect to the Series B Preferred Stock, dated September 11, 2019 (incorporated by reference to Exhibit 3.1 to registrant's Current Report on Form 8-K filed on September 12, 2019, File No. 1-32853).	X							
4.1	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 August 14, 2019, File No. 1-04928).		X						
4.2	Sixty-Ninth Supplemental Indenture, dated as of September 27, 2019 (incorporated by reference to Exhibit 4.1 to registrant's Current Report on Form 8-K filed on September 27, 2019, File No. 1-3543).							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

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

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)

EXHIBIT 31.1.1

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

EXHIBIT 31.1.C

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SVF0VOUT TN 0ERTINU 32C NA THE 0OF BOUE0-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: November 8, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.3

**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

EXHIBIT 31.1.4

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 gnowled; 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 gnowled; 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; istrantxs other certifyin; officerAs) 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 1Taz1DAf) and 1Ddz1DAf)) for the re; istrant and have:

a) Pesi; 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) Pesi; 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; istrantxs 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) Pisclosed in this report any chan; e in the re; istrantxs internal control over financial reportin; that occurred durin; the re; istrantxs most recent fiscal quarter Athe re; istrantxs fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly ligely to materially affect, the re; istrantxs internal control over financial reportin; kand

D) (he re; istrantxs other certifyin; officerAs) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reportin; , to the re; istrantxs auditors and the audit committee of the re; istrantxs 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; istrantxs a4ility to record, process, summariNe 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; istrantxs internal control over financial reportin; .

Pate: 8ovem4er 9, b01/

YSYLO88 J. GCCP

Lynn J. Good
Bhief ERecutive Cfficer

EXHIBIT 31.1.5

**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

EXHIBIT 31.1.6

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

EXHIBIT 31.1.6

**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
Ohief Executive Cfficer

EXHIBIT 31.1.8

**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 Diedmont k atural Gas Eompany, Inc.g

C) ; ased on my 2nowledBe, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma2e the statements made, in liBht of the circumstances under which such statements were made, not misleadinB with respect to the period covered by this reportg

3) ; ased on my 2nowledBe, 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 reBistrant as of, and for, the periods presented in this reportg

4) The reBistrant’s other certifyinB officer(s) and I are responsible for establishinB and maintaininB disclosure controls and procedures (as defined in x AchanBe Rct 5 ules 13a-1z(e) and 1zd-1z(e)) and internal control over financial reportinB (as defined in x AchanBe Rcts 5 ules 13a-1z(f) and 1zd-1z(f)) for the reBistrant and have:

a) NesiBned such disclosure controls and procedures, or caused such disclosure controls and procedures to be desiBned under our supervision, to ensure that material information relatinB to the reBistrant, includinB its consolidated subsidiaries, is made 2nown to us by others within those entities, particularly durinB the period in which this report is beinB preparedg

b) NesiBned such internal control over financial reportinB, or caused such internal control over financial reportinB to be desiBned under our supervision, to provide reasonable assurance reBardinB the reliability of financial reportinB and the preparation of financial statements for eAternal purposes in accordance with Benerally accepted accountinB principlesg

c) x valuated the effectiveness of the reBistrant’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 evaluationgand

d) Nisclosed in this report any chanBe in the reBistrant’s internal control over financial reportinB that occurred durinB the reBistrant’s most recent fiscal quarter (the reBistrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably li2ely to materially affect, the reBistrant’s internal control over financial reportinBgand

z) The reBistrant’s other certifyinB officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reportinB, to the reBistrant’s auditors and the audit committee of the reBistrant’s board of directors (or persons performinB the equivalent functions):

a) Rll siBnificant deficiencies and material wea2nesses in the desiBn or operation of internal control over financial reportinB which are reasonably li2ely to adversely affect the reBistrant’s ability to record, process, summari8e and report financial informationgand

b) Rny fraud, whether or not material, that involves manaBement or other employees who have a siBnificant role in the reBistrant’s internal control over financial reportinB.

Nate: k ovember 9, C01/

YsYLOk k J. GPPN

Lynn J. Good
Ehief x Aecutive Pfficer

EXHIBIT 31.2.1

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

EXHIBIT 31.2.2

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

EXHIBIT 31.2.3

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

EXHIBIT 31.2.4

**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 Crogress, LL; 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 3y this report2

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 report2

T) ' he registrant(s other certifying officerxs) and I are responsi3le for esta3lishing and maintaining disclosure controls and procedures xas defined in EAchange Rct 5ules 14a-1–xe) and 1–d-1–xe)) and internal control over financial reporting xas defined in EAchange Rcts 5ules 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 3e designed under our supervision, to ensure that material information relating to the registrant, including its consolidated su3sidiaries, is made known to us 3y others within those entities, particularly during the period in which this report is 3eing prepared2

   3) Designed such internal control over financial reporting, or caused such internal control over financial reporting to 3e designed under our supervision, to provide reasona3le assurance regarding the relia3ility of financial reporting and the preparation of financial statements for eAternal purposes in accordance with generally accepted accounting principles2

   c) Evaluated the effectiveness of the registrant(s disclosure controls and procedures and presented in this report our conclusions a3out the effectiveness of the disclosure controls and procedures, as of the end of the period covered 3y this report 3ased on such evaluation2and

   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 xthe registrant(s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona3ly likely to materially affect, the registrant(s internal control over financial reporting2and

–) ' he registrant(s other certifying officerxs) and I have disclosed, 3ased on our most recent evaluation of internal control over financial reporting, to the registrant(s auditors and the audit committee of the registrant(s 3oard of directors xor persons performing the equivalent functions):

   a) Rll significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasona3ly likely to adversely affect the registrant(s a3ility to record, process, summariNe and report financial information2and

   3) Rny 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: 8ovem3er 9, B01/

\sVS' EOE8 K. YUG8P

Steven K. Young
EAecutive Oice Cresident and ; hief Financial Ufficer

EXHIBIT 31.2.5

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, CCL ;

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 L hief Financial Officer

EXHIBIT 31.2.6

**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 Gresident and Phief Financial Cfficer

EXHIBIT 31.2.6

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

EXHIBIT 31.2.8

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 Eatural ; as 2ompany, Inc.B

k) basedon my 3nowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to ma3e the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered 4y this reportB

T) basedon my 3nowledge, 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 reportB

') (he registrantxs other certifying officerAs) and I are responsi4le for esta4lishing and maintaining disclosure controls and procedures Aas defined in R5change –ct Dules 1Ta-1zAe) and 1zd-1zAe)) and internal control over financial reporting Aas defined in R5change –cts Dules 1TaN1zAf) and 1zdN1zAf)) for the registrant and have:

a) 8esigned such disclosure controls and procedures, or caused such disclosure controls and procedures to 4e designed under our supervision, to ensure that material information relating to the registrant, including its consolidated su4sidiaries, is made 3nown to us 4y others within those entities, particularly during the period in which this report is 4eing preparedB

4) 8esigned such internal control over financial reporting, or caused such internal control over financial reporting to 4e designed under our supervision, to provide reasona4le assurance regarding the relia4ility of financial reporting and the preparation of financial statements for e5ternal purposes in accordance with generally accepted accounting principlesB

c) Rvaluated the effectiveness of the registrantxs 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 evaluationBand

d) 8isclosed in this report any change in the registrantxs internal control over financial reporting that occurred during the registrantxs most recent fiscal quarter Athe registrantxs fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasona4ly li3ely to materially affect, the registrantxs internal control over financial reportingBand

z) (he registrantxs other certifying officerAs) and I have disclosed, 4ased on our most recent evaluation of internal control over financial reporting, to the registrantxs auditors and the audit committee of the registrantxs 4oard of directors Aor persons performing the equivalent functions):

a) –ll significant deficiencies and material wea3nesses in the design or operation of internal control over financial reporting which are reasona4ly li3ely to adversely affect the registrantxs a4ility to record, process, summari9e and report financial informationBand

4) –ny fraud, whether or not material, that involves management or other employees who have a significant role in the registrantxs internal control over financial reporting.

8ate: Eovem4er / , k01V

GSCS(RURE K. YGCE;

Steven K. Young
R5ecutive Uice President and 2hief Financial Gfficer

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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

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

--/A

EXHIBIT 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

In connection with the Quarterly Report of Duke Energy Crogre((“ ” ”) FmDuke Energy Crogre((10on - ord Sb3Q for the perio, en, ing 2epted 9er sb“ xbSL“ a(file, with the 2ecuritie(an, EJchange) od d i((ion on the , ate hereof Fthe mReport10“ I“ ” ynn . GP oo, “) hief EJecutive Officer of Duke Energy Crogre((“ certify“ pur(uant to S8 UG2 G G 2ection Ss5b“ a(a, opte, pur(uant to 2ection Lb6 of the 2ar9ane(3OJley 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

/(/ ” YNN . GP OOD

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EXHIBIT 32.1.C

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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.

/9/ LYNN J. GOOD

Lynn J. Goos
(hief Executive Officer

NovemSer 8, 3012

EXHIBIT 32.1.C

REFTIAIROTINP USF8SOPT TN
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O8 O9NUTE9 USF8SOPT TN
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In connection with the Quarterly Report of Duke Energy Chios Inc, L(Duke Energy Chio“” on) orF m10Q for the perio- en- ing depteF Ser b1s31m2sa9 file- with the decuritie9 an- Exchange J oF F i99ion on the - ate hereof Lthe (Report“”s Is. ynn G, v oo- s J hief ExecutiQe Cfficer of Duke Energy Chios certifys pur9uant to m8 U,d,J , dection mb51sa9 a- opte- pur9uant to dection 216 of the darSane90Cxley Act of 3113s that:

Lm” The Report fully coF plie9 with the requireF ent9 of dection mbLa” or m5L- ” of the decuritie9 Exchange Act of m2b4; an-

L3” The inforF ation containe- in the Report fairly pre9ent9s in all F aterial re9pect9s the financial con- ition an- re9ult9 of operation9 of Duke Energy Chio,

/9/ . YNN G, v CCD

. ynn G, v oo-
J hief ExecutiQe Cfficer

NoQeF Ser 8s31m2

EXHIBIT 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**

In connection with the Quarterly Report of Duke Energy InCianas, , L (“Duke Energy InCiana”) on Form 10-Q for the perioC enCing deptemSer b0s3012sa9 fileC with the decuritie9 anC Exchange L ommi99ion on the Cate hereof (the “Report”)sIs, ynn J. GooCsL hief Executive Officer of Duke Energy InCianascertifyspur9uant to 18 U.d.L. dection 1b50sa9 aCopteC pur9uant 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 conCition anC re9ult9 of operation9 of Duke Energy InCiana.

/9/ , YNN J. GOOD

, ynn J. GooC
L hief Executive Officer

NovemSer 8s3012

EXHIBIT 32.1.C

REFTIAIROTINP USF8SOPT TN
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8ERTINP 906 NA THE 8OFBOPE8-NXLEY ORT NA 2002

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EXHIBIT 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

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

EXHIBIT 32.2.2

1 ECTIRI1 F TIAO NPCUPF OT TA
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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 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

EXHIBIT 32.2.3

1 ECTIRI1 F TIAO NPCUPF OT TA
S8 P.U.1 . UE1 TIAO S350,
F U F DANTED NPCUPF OT TA
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 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

EXHIBIT 32.2.1

4 ECTIRI4 F TIAO NPCUPF OT TA
S8 P.U.4 . UE4 TIAO S350,
F U F DANTED NPCUPF OT TA
UE4 TIAO 906 AR THE UF CBF OEU-AXLEY F 4 T AR 2002

In connection with the Quarterly Report of Duke Energy Crogress, LL(“”Duke Energy Crogress)Fon mor1 0- dQ for the perioS enSing 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 mnancial Officer of Duke Energy Crogress, certify, pursuant to 08 UYbY(Ybection 025- , as aSopteS pursuant to bection x- 6 of the bar3anesdOvley 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

bteKen . YVoung
EvecutiKe Pice CresiSent anS (hief mnancial Officer

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EXHIBIT 32.2.1

**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 deptemSer b0, 3012, a9 files with the decuritie9 ans Exchange (ommi99ion on the sate hereof “the ”Report)F, I, dteven K. Young, Executive Vice Pre9isent ans (hief Cinancial 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

dteven K. Young
Executive Vice Pre9isent ans (hief Cinancial Officer

NovemSer 8, 3012

--/A

EXHIBIT 32.2.1

CERTIFICATION PURSUANT TO
85 U.S.C. SECTION 830, D
AS A9 OPTE9 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 Chio“m on 1or0 - dSQ for the periob enbing 3epte0 , er 2d(9d- s(ax fileb with the 3ecuritiex anb Evchange Ko0 0 ixxion on the bate hereof ”the)Report“m(I(3te. en Y“ Voung(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, anex-Cvley Act of 9dd9(that:

”- m The Report fully co0 pliex with the require0 entx of 3ection - 2”am or - 5”bm of the 3ecuritiex Evchange Act of - s24; anb

”9m The infor0 ation containeb in the Report fairly prexentx(in all 0 aterial rexpectx(the financial conbition anb rexultx of operationx of Duke Energy Chio“

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In connection with the Quarterly Report of Duke Energy InCianas, , L (“Duke Energy InCiana”) on Form 10-Q for the perioC enCing d eptemSer b0s3012sa9 fileC with the d ecuritie9 anC Exchange L ommi99ion on the Cate hereof (the “Report”)sIsd teven K. YoungsExecutive Vice Pre9iCent anC L hief Financial Officer of Duke Energy InCianas certifyspur9uant to 18 U.d.L . d ection 1b50sa9 aCopteC pur9uant to d ection 206 of the d arSane9-Oxley Act of 3003sthat:

(1) The Report fully complie9 with the requirement9 of d ection 1b(a) or 15(C) of the d ecuritie9 Exchange Act of 12b4; anC

(3) The information containeC in the Report fairly pre9ent9sin all material re9pect9sthe financial conCition anC re9ult9 of operation9 of Duke Energy InCiana.

/9/ d TEVEN K. YOUNG

d teven K. Young
Executive Vice Pre9iCent anC L hief Financial Officer

NovemSer 8s3012

EXHIBIT 32.2.1

**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 Piegs ont Eatural , a. (os pany" Inc")FPiegs ontm1on 0ors - dSQ for the periog enginb 3eptes 2er 9d" xd- C" a. fileg with the 3ecuritie. ang vKchanbe (os s i. . ion on the gate hereof)the FReportm1" I" 3teYen V" Ooounb" vKecutiYe 8ice Pre. igent ang (hief 0inancial Ufficer of Piegs ont" certify" pur. uant to - 5 6"3"(" 3ection - 9Ad" a. agopteg pur. uant to 3ection Cd: of the 3ar2ane. SUKley Tct of xddx" thatq

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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
	DUKE ENERGY	
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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Registrant	Title of each class	Trading symbols	Name of each exchange on which registered
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	Depositary 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 ☒	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 April 30, 2020:

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.

TABLE OF CONTENTS

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 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

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

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
(in millions, except per share amounts)	**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

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

	Three Months Ended March 31,	
(in millions)	**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

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

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)

	Three Months Ended March 31,	
(in millions)	**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:		

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Preferred Stock	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income: Net Losses on Cash Flow Hedges	Accumulated Other Comprehensive (Loss) Income: Net Unrealized (Losses) Gains on Available-for-Sale Securities	Accumulated Other Comprehensive (Loss) Income: Pension and OPEB Adjustments	Total Duke Energy Corporation 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 depositary 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

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

	Three Months Ended March 31,	
(in millions)	**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

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

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

	Three Months Ended March 31,	
(in millions)	**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

See Notes to Condensed Consolidated 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, 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

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

	Three Months Ended March 31,	
(in millions)	**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

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

Noncontrolling interests		**3**		3
Total equity		**15,877**		15,593
Total Liabilities and Equity	**$**	**57,338**	$	57,694

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	**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

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

	Three Months Ended March 31,	
(in millions)	**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

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

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

	Three Months Ended March 31,	
(in millions)	**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

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

(in millions)		Member's Equity
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**

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	**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

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

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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

			Accumulated Other Comprehensive Income (Loss)		
(in millions)		**Member's Equity**		**Net Unrealized Gains on Available-for-Sale Securities**		**Total Equity**
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

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

	Three Months Ended March 31,	
(in millions)	**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

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

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	**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

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

(in millions)		Common Stock		Additional Paid-in Capital		Retained Earnings (Deficit)		Total Equity
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**

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	**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

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

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	**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

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

(in millions)		Member's Equity
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**

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	**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

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

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
(in millions)	**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

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

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.

	Applicable Notes															
Registrant	**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.

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							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
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							
(in millions)	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 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:

	January 1, 2020					
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	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.

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

	Three Months Ended March 31, 2020						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable 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						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable 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					
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable 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				
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable 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

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, 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 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.

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 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 prudency 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).

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.

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.

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.

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.

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.

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.

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 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.

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.

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.

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 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.

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 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.

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.

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.

	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**
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.

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.

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			
Issuance Date	Maturity Date	Interest Rate	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke 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.

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.

	March 31, 2020							
(in millions)	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

	March 31, 2020	
(in millions)	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.

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.

	Three Months Ended March 31,	
(in millions)	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

(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.

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.

	March 31, 2020					
(in millions)	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

	December 31, 2019					
(in millions)	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.

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							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electricity (GWh)	**6,737**	**—**	**—**	**—**	**—**	**977**	**5,760**	**—**
Natural gas (millions of dekatherms)	**709**	**145**	**158**	**158**	**—**	**—**	**4**	**402**

	December 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	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

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.

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							
(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	$ 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							
(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

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								
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							
(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	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	$ 9	$ —	$ 3	$ 3	$ —	$ —	$ 2	$ 3
Gross amounts offset	—	—	—	—	—	—	—	—
Net amounts presented in Current Assets: Other	$ 9	$ —	$ 3	$ 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							
(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

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			
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
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			
(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 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 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.

	March 31, 2020			December 31, 2019		
(in millions)	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.

	Three Months Ended	
(in millions)	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

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.

	March 31, 2020			December 31, 2019		
(in millions)	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.

	Three Months Ended	
(in millions)	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.

	March 31, 2020			December 31, 2019		
(in millions)	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

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.

	Three Months Ended	
(in millions)	**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.

	March 31, 2020			December 31, 2019		
(in millions)	**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.

	Three Months Ended	
(in millions)	**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

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.

	March 31, 2020			December 31, 2019		
(in millions)	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.

	March 31, 2020			December 31, 2019		
(in millions)	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.

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.

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.

	March 31, 2020				
(in millions)	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

	December 31, 2019				
(in millions)	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.

	Derivatives (net)	
	Three Months Ended March 31,	
(in millions)	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)

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.

	March 31, 2020			
(in millions)	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

	December 31, 2019			
(in millions)	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.

	March 31, 2020			December 31, 2019		
(in millions)	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.

	March 31, 2020			December 31, 2019		
(in millions)	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

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.

	March 31, 2020			December 31, 2019		
(in millions)	**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.

	March 31, 2020				December 31, 2019			
(in millions)	**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.

	Derivatives (net)	
	Three Months Ended March 31,	
(in millions)	**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

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.

	March 31, 2020			December 31, 2019		
(in millions)	**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.

	Derivatives (net)	
	Three Months Ended March 31,	
(in millions)	**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)				

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.

	March 31, 2020		December 31, 2019	
(in millions)	**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.

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.

	Duke Energy			
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
(in millions)	**CRC**	**DERF**	**DEPR**	**DEFR**
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 – 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)	**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.

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 Energy Ohio	Duke Energy Indiana
(in millions)	Pipeline Investments	Commercial Renewables	Other VIEs	Total		
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

	December 31, 2019					
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana
(in millions)	Pipeline Investments	Commercial Renewables	Other VIEs	Total		
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.

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	VIE Investment Amount (in millions) 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 March 31, 2020	Duke Energy Ohio December 31, 2019	Duke Energy Indiana March 31, 2020	Duke Energy Indiana December 31, 2019
Receivables sold	**$ 234**	$ 253	**$ 274**	$ 307
Less: Retained interests	**39**	64	**48**	77
Net receivables sold	**$ 195**	$ 189	**$ 226**	$ 230

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

	Duke Energy Ohio		Duke Energy Indiana	
	Three Months Ended March 31,		Three Months Ended March 31,	
(in millions)	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:

	Remaining Performance Obligations						
(in millions)	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:

	Remaining Performance Obligations						
(in millions)	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.

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) **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	$ 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)]	$ 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.

(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.

The aging of trade receivables is presented in the table below. Duke Energy considers receivables greater than 30 days outstanding past due.

	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
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.

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.

	Three Months Ended March 31,	
(in millions, except per share amounts)	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.

QUALIFIED PENSION PLANS

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

	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**
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							
(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)

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.

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 net 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.

	Three Months Ended March 31,			
	2020		2019	
(in millions, except per share amounts)	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

	Three Months Ended March 31,		
(in millions)	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

	Three Months Ended March 31,		
(in millions)	**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

	Three Months Ended March 31,		
(in millions)	**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

	Three Months Ended March 31,		
(in millions)	**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

	Three Months Ended March 31,		
(in millions)	**2020**	**2019**	**Variance**
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.

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 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 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

	Three Months Ended March 31,		
(in millions)	**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

	Three Months Ended March 31,		
(in millions)	**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

	Three Months Ended March 31,		
(in millions)	2020	2019	Variance
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

	Three Months Ended March 31,		
(in millions)	**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.

	Electric	Natural Gas
Increase (Decrease) over prior year	**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

	Three Months Ended March 31,		
(in millions)	**2020**	**2019**	**Variance**
Operating Revenues	**$ 692**	$ 768	$ (76)
Operating Expenses			
Fuel used in electric generation and purchased power	**194**	257	(63)
Operation, maintenance and other	**186**	189	(3)
Depreciation and amortization	**132**	131	1
Property and other taxes	**22**	19	3
Total operating expenses	**534**	596	(62)
Losses on Sales of Other Assets and Other, net	**—**	(3)	3
Operating Income	**158**	169	(11)
Other Income and Expenses, net	**10**	19	(9)
Interest Expense	**43**	43	—
Income Before Income Taxes	**125**	145	(20)
Income Tax Expense	**26**	35	(9)
Net Income	**$ 99**	$ 110	$ (11)

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

	Three Months Ended March 31,		
(in millions)	**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.

	Three Months Ended March 31,	
(in millions)	**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.

	Three Months Ended March 31,		
(in millions)	**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.

	Three Months Ended March 31,		
(in millions)	**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.

	Three Months Ended March 31,		
(in millions)	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	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).		X						
4.2	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).		X						
4.3	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).		X						
4.4	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).							X	
10.1	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).	X	X		X	X	X	X	X
10.2	$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).	X							
*10.2.1	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.	X							
10.3	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).	X	X		X				
*10.4**	Performance 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		
*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

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)

Exhibit 10.4

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. <u>*Forfeiture*</u>. 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. <u>*Payment of Performance Shares*</u>. 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)

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 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.

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.

Exhibit 10.2.1

JOINDER AGREEMENT, dated as of March 27, 2020 (this "Joinder"), is made and entered into by and among DUKE 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.

(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 in 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

Schedule I

Incremental Lender	Incremental Commitment
TD Bank, N.A.	$187,500,000
Total:	**$187,500,000**

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 12, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chair, President and
Chief Executive Officer

EXHIBIT 31.1.2

**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 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/ 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 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

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 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

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 12, 2020

/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 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

EXHIBIT 31.1.7

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, 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

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 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

**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 12, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 31.2.2

**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 12, 2020

/s/ STEVEN K. YOUNG

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 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

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) 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

**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, 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

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 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

EXHIBIT 31.2.7

**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 12, 2020

/s/ STEVEN K. YOUNG

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 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

**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, 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

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, 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

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, 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

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 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

EXHIBIT 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**

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

**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 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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

**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 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

**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 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

EXHIBIT 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

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

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

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
	DUKE ENERGY	
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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Registrant	Title of each class	Trading symbols	Name of each exchange on which registered
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	Depositary 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 ☒	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 April 30, 2020:

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 Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	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.

--/A

Date:	June 2, 2020	/s/ STEVEN K. YOUNG Steven K. Young Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	June 2, 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

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

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/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

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/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

EXHIBIT 31.1.4

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/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

EXHIBIT 31.1.5

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/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

EXHIBIT 31.1.6

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/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

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/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

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/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

EXHIBIT 31.2.1

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/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

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/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

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/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

EXHIBIT 31.2.4

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/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

EXHIBIT 31.2.5

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/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

EXHIBIT 31.2.6

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/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

EXHIBIT 31.2.7

**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/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

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/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

--/A

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, 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
	DUKE ENERGY	
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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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 July 31, 2020:

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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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
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
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

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended 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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**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

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)

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

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

See Notes to Condensed Consolidated Financial Statements

--/A

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

	Three Months Ended June 30, 2019 and 2020										
						Accumulated Other Comprehensive (Loss) Income					
(in millions)	Preferred Stock	Common Stock Shares	Common Stock	Additional 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
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)	Preferred Stock	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income: Net Losses on Cash Flow Hedges	Accumulated Other Comprehensive (Loss) Income: Net Unrealized (Losses) Gains on Available-for-Sale Securities	Accumulated Other Comprehensive (Loss) Income: Pension and OPEB Adjustments	Total Duke Energy Corporation 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)	—	—	—	—	1,720	—	—	—	1,720	(91)	1,629
Other comprehensive (loss) income	—	—	—	—	—	(43)	8	3	(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)
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 depositary 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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**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

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

See Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended June 30,	
(in millions)	**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

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

	Three Months Ended June 30, 2019 and 2020		
		Accumulated Other Comprehensive Loss	
(in millions)	**Member's Equity**	**Net Losses on Cash Flow Hedges**	**Total Equity**
Balance at March 31, 2019	$ 11,982	$ (7)	$ 11,975
Net income	301	—	301
Balance at June 30, 2019	$ 12,283	$ (7)	$ 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		
		Accumulated Other Comprehensive Loss	
(in millions)	**Member's Equity**	**Net Losses on Cash Flow Hedges**	**Total Equity**
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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**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

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		3		3
Total equity		16,221		15,593
Total Liabilities and Equity	**$**	**58,103**	$	57,694

See Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended June 30,	
(in millions)	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							
			Accumulated Other Comprehensive (Loss) Income					
(in millions)	Additional Paid-in Capital	Retained Earnings	Net Gains (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 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					
	Additional Paid-in Capital	Retained Earnings	Net Gains (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	—	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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**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

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

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

	Six Months Ended June 30,	
(in millions)	**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

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

	Three Months Ended June 30, 2019 and 2020	
(in millions)	**Member's Equity**	
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	
(in millions)	**Member's Equity**	
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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**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

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

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

	Six Months Ended June 30,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended June 30, 2019 and 2020		
		Accumulated Other Comprehensive Income (Loss)	
(in millions)	Member's Equity	Net Unrealized Gains (Losses) on Available-for-Sale Securities	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		
		Accumulated Other Comprehensive Income (Loss)	
(in millions)	Member's Equity	Net Unrealized Gains on Available-for-Sale Securities	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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**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

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

See Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended June 30,	
(in millions)	**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

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

	Three Months Ended June 30, 2019 and 2020			
(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
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			
(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**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

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

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

	Six Months Ended June 30,	
(in millions)	**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

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

	Three Months Ended June 30, 2019 and 2020	
(in millions)	**Member's Equity**	
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	
(in millions)	**Member's Equity**	
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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**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

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

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

	Six Months Ended June 30,	
(in millions)	**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

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

	Three Months Ended June 30, 2019 and 2020		
(in millions)	**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**

	Six Months Ended June 30, 2019 and 2020		
(in millions)	**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

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.

	Applicable Notes															
Registrant	**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.

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.

	Three Months Ended		Six Months Ended	
(in millions)	**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

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.

	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
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

	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
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:

	January 1, 2020					
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	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 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.

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

	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					
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable 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				
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Total
Total revenues	$ 336	$ 97	$ 433	$ —	$ 433
Segment income/Net (loss) income	$ 31	$ 17	$ 48	$ (1)	$ 47

	Six Months Ended June 30, 2020				
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable 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				
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable 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.

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 prudency 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 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.

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 prudency 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.

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%.

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.

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.

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.

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.

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.

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 on 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.

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.

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.

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.

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.

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						
Issuance Date	**Maturity Date**	**Interest Rate**	**Duke Energy**	**Duke Energy (Parent)**	**Duke Energy Carolinas**	**Duke Energy Florida**	**Duke Energy Ohio**	**Duke 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.

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.

	June 30, 2020							
(in millions)	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.

Other Credit Facilities

	June 30, 2020	
(in millions)	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.

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.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**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.

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.

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

	June 30, 2020					
(in millions)	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

	December 31, 2019					
(in millions)	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	Piedmont
Electricity (GWh)	28,179	—	—	—	4,405	23,774	—
Natural gas (millions of dekatherms)	707	147	165	165	—	4	391

	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

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.

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**							
(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	$ 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**							
(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	$ 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

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								
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							
(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	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
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							
(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	$ 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							
(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

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.

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.

	June 30, 2020			December 31, 2019		
(in millions)	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.

	Three Months Ended		Six Months Ended	
(in millions)	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

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.

	June 30, 2020			December 31, 2019		
(in millions)	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	$ —	$ —	$ 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.

	Three Months Ended		Six Months Ended	
(in millions)	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		
(in millions)	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	$ —	$ —	$ 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

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.

	Three Months Ended		Six Months Ended	
(in millions)	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.

	June 30, 2020			December 31, 2019		
(in millions)	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.

	Three Months Ended		Six Months Ended	
(in millions)	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

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		
(in millions)	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	$ —	$ —	$ 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.

	Three Months Ended		Six Months Ended	
(in millions)	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		
(in millions)	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	$ 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.

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.

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.

	June 30, 2020				
(in millions)	**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**

	December 31, 2019				
(in millions)	**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.

	Derivatives (net)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**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)

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.

	June 30, 2020			
(in millions)	**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**

	December 31, 2019			
(in millions)	**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.

	June 30, 2020			December 31, 2019		
(in millions)	**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

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.

	June 30, 2020			December 31, 2019		
(in millions)	**Total Fair Value**	**Level 1**	**Level 2**	**Total Fair Value**	**Level 1**	**Level 2**
NTDF cash and cash equivalents	$ 63	$ 63	$ —	$ 53	$ 53	$ —
NDTF equity securities	1,977	1,977	—	2,077	2,077	—
NDTF 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.

	June 30, 2020			December 31, 2019		
(in millions)	**Total Fair Value**	**Level 1**	**Level 2**	**Total Fair Value**	**Level 1**	**Level 2**
NDTF cash and cash equivalents	$ 638	$ 638	$ —	$ 27	$ 27	$ —
NDTF equity securities	73	73	—	453	453	—
NDTF 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
NDTF 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.

	June 30, 2020				December 31, 2019			
(in millions)	**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

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

	Derivatives (net)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	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.

	June 30, 2020			December 31, 2019		
(in millions)	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.

	Derivatives (net)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	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)

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.

	June 30, 2020		December 31, 2019	
(in millions)	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.

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.

Receivables Financing – Credit Facilities

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

	Duke Energy	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
(in millions)	CRC	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

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	Duke
	Pipeline	Commercial	Other		Energy	Energy
(in millions)	Investments	Renewables	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	Duke
	Pipeline	Commercial	Other		Energy	Energy
(in millions)	Investments	Renewables	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.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Net (Loss) Income	$ (4,414)	$ 61	$ (4,342)	$ 114

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

		VIE Investment Amount (in millions)	
Entity Name	Ownership Interest	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.

	Duke Energy Ohio		Duke Energy Indiana	
(in millions)	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

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

	Duke Energy Ohio				Duke Energy Indiana			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	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:

	Remaining Performance Obligations						
(in millions)	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:

	Remaining Performance Obligations						
(in millions)	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.

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 June 30, 2020							
(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**
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 55	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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.

(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
	Three Months Ended June 30, 2019							
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 46	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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.

	Six Months Ended June 30, 2020							
(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**
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 113	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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.

	Six Months Ended June 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
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)	$ 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.

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 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
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**

	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
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.

	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
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.

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.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except per share amounts)	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.

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.

	Three 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
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)

	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
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)

	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
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)

	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
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 June 30,		Six Months Ended 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.

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.

	Three Months Ended June 30,			
	2020		2019	
(in millions, except per share amounts)	**(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.

	Six Months Ended June 30,							
	2020				2019			
(in millions, except per-share amounts)	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

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	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

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**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

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**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

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**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

	Six Months Ended June 30,		
(in millions)	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

	Six Months Ended June 30,		
(in millions)	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

	Six Months Ended June 30,		
(in millions)	**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

	Six Months Ended June 30,		
(in millions)	**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

	Six Months Ended June 30,		
(in millions)	**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.

	Electric	Natural Gas
Increase (Decrease) over prior year	**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

	Six Months Ended June 30,		
(in millions)	**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

	Six Months Ended June 30,		
(in millions)	**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.

	Six Months Ended June 30,	
(in millions)	**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.

	Six Months Ended June 30,		
(in millions)	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.

	Six Months Ended June 30,		
(in millions)	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.

	Six Months Ended June 30,		
(in millions)	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	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)

EXHIBIT 31.1.1

**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 10, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chair, President and
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 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/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.3

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 10, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.4

**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 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

EXHIBIT 31.1.5

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 10, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.6

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 10, 2020

/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 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

EXHIBIT 31.1.8

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 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

EXHIBIT 31.2.1

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 10, 2020

/s/ STEVEN K. YOUNG

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 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

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 10, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 31.2.4

**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) 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

**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, 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

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 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

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 10, 2020

/s/ STEVEN K. YOUNG

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 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

EXHIBIT 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**

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

EXHIBIT 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**

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

**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, 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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

--/A

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, 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
	DUKE ENERGY	
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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Registrant	Title of each class	Trading symbols	Name of each exchange on which registered
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	Depositary 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 ☒	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, 2020:

--/A

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.

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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
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
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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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)

Total Duke Energy Corporation stockholders' equity		**46,006**		46,822
Noncontrolling interests		**1,289**		1,129
Total equity		**47,295**		47,951
Total Liabilities and Equity	**$**	**161,409**	$	158,838

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**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

Non-cash dividends	**82**	81

--/A

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended September 30, 2019 and 2020										
						Accumulated Other Comprehensive (Loss) Income					
(in millions)	**Preferred Stock**	**Common Stock Shares**	**Common Stock**	**Additional 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**
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										
						Accumulated Other Comprehensive (Loss) Income					
(in millions)	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	Total Duke Energy Corporation 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)	—	—	—	—	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.

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**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

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

	Three Months Ended September 30, 2019 and 2020		
		Accumulated Other Comprehensive Loss	
(in millions)	Member's Equity	Net Losses on Cash Flow Hedges	Total 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	
(in millions)	Member's Equity	Net Losses on Cash Flow Hedges	Total 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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated 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

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

	Nine Months Ended September 30,	
(in millions)	**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							
			Accumulated Other Comprehensive Loss					
(in millions)	Additional Paid-in Capital	Retained Earnings	Net Gains (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 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					
	Additional Paid-in Capital	Retained Earnings	Net Gains (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, 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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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

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

	Nine Months Ended September 30,	
(in millions)	**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

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

	Three Months Ended September 30, 2019 and 2020	
(in millions)		**Member's 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	
(in millions)		**Member's 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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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

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

	Nine Months Ended September 30,	
(in millions)	**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

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)	
(in millions)	**Member's Equity**	**Net Unrealized Gains on 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)	
(in millions)	**Member's Equity**	**Net Unrealized Gains on 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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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

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

	Nine Months Ended September 30,	
(in millions)	**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

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended September 30, 2019 and 2020			
(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
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			
(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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

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

	Nine Months Ended September 30,	
(in millions)	**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

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

	Three Months Ended September 30, 2019 and 2020	
	Member's Equity	
(in millions)		
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**

	Nine Months Ended September 30, 2019 and 2020	
	Member's Equity	
(in millions)		
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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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

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

	Nine Months Ended September 30,	
(in millions)	**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

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

	Three Months Ended September 30, 2019 and 2020		
(in millions)	**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**

	Nine Months Ended September 30, 2019 and 2020		
(in millions)	**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

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.

	Applicable Notes																
Registrant	**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.

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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.

	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
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

	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
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:

	January 1, 2020					
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	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 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.

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

(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.

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

<u>North Carolina</u>

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.

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.

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 prudency 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.

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.

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 prudency 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.

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.

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.

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.

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.

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.

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 on 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.

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.

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.

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.

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.

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.

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							
Issuance Date	Maturity Date	Interest Rate	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy 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.

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.

	September 30, 2020							
(in millions)	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

	September 30, 2020	
(in millions)	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.

The following table presents the AROs recorded on the Condensed Consolidated Balance Sheets.

	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
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)	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.

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	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

(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.

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.

	September 30, 2020					
(in millions)	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

	December 31, 2019					
(in millions)	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.

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							
(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	**$ 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								
Not Designated as Hedging Instruments								
Current	**$ 3**	**$ —**	**$ 3**	**$ 3**	**$ —**	**$ —**	**$ —**	**$ —**
Noncurrent	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total Derivative Assets – Interest Rate Contracts	**$ 3**	**$ —**	**$ 3**	**$ 3**	**$ —**	**$ —**	**$ —**	**$ —**
Total Derivative Assets	**$ 86**	**$ 38**	**$ 33**	**$ 33**	**$ —**	**$ 2**	**$ 8**	**$ 6**

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
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							
(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	$ 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							
(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							
(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	**$ 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**	**$ —**	**$ —**	**$ —**	**$ —**

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

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, 2020			
(in millions)	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**

	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.

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.

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.

	September 30, 2020			December 31, 2019		
(in millions)	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.

	Three Months Ended		Nine Months Ended	
(in millions)	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

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 Gross Unrealized Holding Gains	September 30, 2020 Gross Unrealized Holding Losses	September 30, 2020 Estimated Fair Value	December 31, 2019 Gross Unrealized Holding Gains	December 31, 2019 Gross Unrealized Holding Losses	December 31, 2019 Estimated Fair Value
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 September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended 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.

(in millions)	September 30, 2020 Gross Unrealized Holding Gains	September 30, 2020 Gross Unrealized Holding Losses	September 30, 2020 Estimated Fair Value	December 31, 2019 Gross Unrealized Holding Gains	December 31, 2019 Gross Unrealized Holding Losses	December 31, 2019 Estimated Fair Value
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

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.

	Three Months Ended		Nine Months Ended	
(in millions)	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.

	September 30, 2020			December 31, 2019		
(in millions)	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.

	Three Months Ended		Nine Months Ended	
(in millions)	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

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.

	September 30, 2020			December 31, 2019		
(in millions)	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.

	Three Months Ended		Nine Months Ended	
(in millions)	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.

	September 30, 2020			December 31, 2019		
(in millions)	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.

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.

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, 2020				
(in millions)	**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**

	December 31, 2019				
(in millions)	**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.

	Derivatives (net)			
	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(in millions)	**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)

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.

	September 30, 2020			
(in millions)	**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**

	December 31, 2019			
(in millions)	**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.

	September 30, 2020			December 31, 2019		
(in millions)	**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

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.

	September 30, 2020			December 31, 2019		
(in millions)	**Total Fair Value**	**Level 1**	**Level 2**	**Total Fair Value**	**Level 1**	**Level 2**
NTDF cash and cash equivalents	$ 57	$ 57	$ —	$ 53	$ 53	$ —
NDTF equity securities	2,150	2,150	—	2,077	2,077	—
NDTF 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.

	September 30, 2020			December 31, 2019		
(in millions)	**Total Fair Value**	**Level 1**	**Level 2**	**Total Fair Value**	**Level 1**	**Level 2**
NDTF cash and cash equivalents	$ 588	$ 588	$ —	$ 27	$ 27	$ —
NDTF equity securities	80	80	—	453	453	—
NDTF 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
NDTF 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.

	September 30, 2020				December 31, 2019			
(in millions)	**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

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

	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	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.

	September 30, 2020			December 31, 2019		
(in millions)	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.

	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	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)

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.

	September 30, 2020		December 31, 2019	
(in millions)	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.

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.

Receivables Financing – Credit Facilities

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

	Duke Energy			
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
(in millions)	CRC	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

NON-CONSOLIDATED VIEs

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

	September 30, 2020					
	Duke Energy				Duke	Duke
	Pipeline	Commercial	Other		Energy	Energy
(in millions)	Investments	Renewables	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

	December 31, 2019					
	Duke Energy				Duke	Duke
	Pipeline	Commercial	Other		Energy	Energy
(in millions)	Investments	Renewables	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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2020	2019	2020	2019
Net (Loss) Income	$ (163)	$ 65	$ (4,505)	$ 178

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

		VIE Investment Amount (in millions)	
Entity Name	Ownership Interest	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.

	Duke Energy Ohio		Duke Energy Indiana	
(in millions)	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

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

	Duke Energy Ohio				Duke Energy Indiana			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	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:

	Remaining Performance Obligations						
(in millions)	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:

	Remaining Performance Obligations						
(in millions)	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.

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 September 30, 2020							
(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
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 57	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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.

(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
	Three Months Ended September 30, 2019							
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 69	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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.

	Nine Months Ended September 30, 2020							
(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**
Electric Utilities and Infrastructure								
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	$ —
Gas Utilities and Infrastructure								
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
Commercial Renewables								
Revenue from contracts with customers	$ 170	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
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.

(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
	Nine Months Ended September 30, 2019							
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.

(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, 2020							
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**

	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

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share amounts)	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.

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)

	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)

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 September 30,		Nine Months Ended 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.

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.

	Three Months Ended September 30,			
	2020		**2019**	
(in millions, except per share amounts)	**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.

	Nine Months Ended September 30,			
	2020		2019	
(in millions, except per-share amounts)	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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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.

	Electric	Natural Gas
Increase (Decrease) over prior year	**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

	Nine Months Ended September 30,		
(in millions)	**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

	Nine Months Ended September 30,		
(in millions)	**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.

	Nine Months Ended September 30,		
(in millions)	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.

	Nine Months Ended September 30,		
(in millions)	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	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						

*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: 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)

EXHIBIT 31.1.1

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 5, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chair, President and
Chief Executive Officer

EXHIBIT 31.1.2

**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 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

**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 5, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.4

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 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

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 5, 2020

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.6

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 5, 2020

/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 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

EXHIBIT 31.1.8

**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 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

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 5, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 31.2.2

**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 5, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 31.2.3

**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 5, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 31.2.4

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) 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

EXHIBIT 31.2.5

**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, 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

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 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

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 5, 2020

/s/ STEVEN K. YOUNG

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 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

EXHIBIT 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**

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

EXHIBIT 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

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

EXHIBIT 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**

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

EXHIBIT 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

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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**

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

EXHIBIT 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

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

EXHIBIT 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**

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

EXHIBIT 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**

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

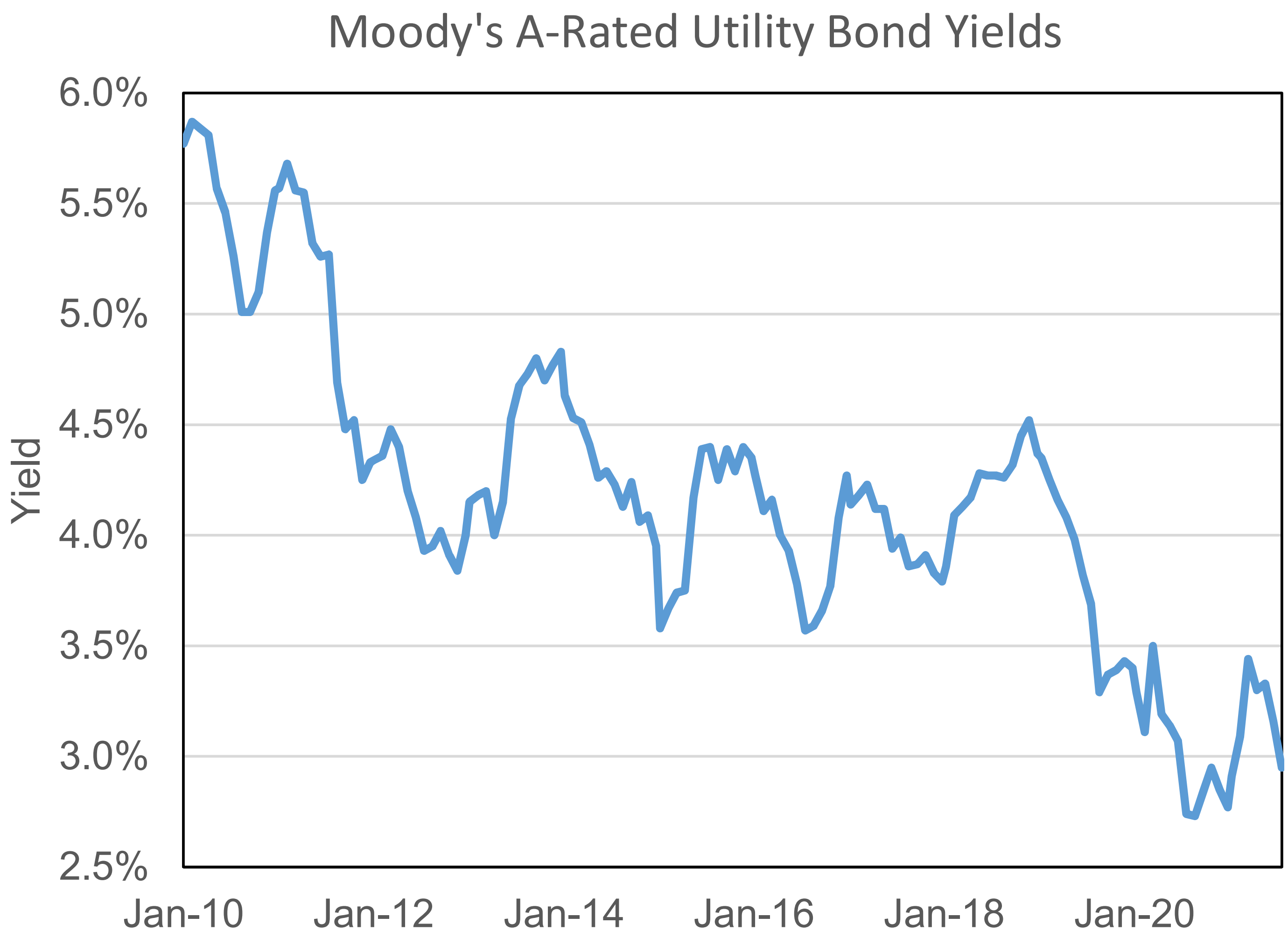
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Piedmont.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

November 5, 2020

I/A



Public Staff
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THE WALL STREET JOURNAL.

Economists Got the Decade All Wrong. They're Trying to Figure Out Why.

The U.S. has enjoyed its longest economic expansion on record without triggering inflation as interest rates remain historically low

by Greg Ip

Dec. 14, 2019 1:00 pm ET

In the fall of 2009, the global financial crisis had only just ended, and interest rates were a mere 0.1%. Peering ahead, economists assumed the recovery would resemble previous recoveries, though a tad slower, and thus rates would start rising the next year and plateau at 4.2% by 2015.

But by the fall of 2010, rates hadn't budged. Like Charlie Brown taking another run at the football, economists gamely made the same forecast that year, and the year after that and the year after that. Rates remained stuck near zero until 2015, a stretch of free money unseen since the 1940s.

When rates started to rise, they didn't come close to levels once considered normal, ending the decade between 1.5% and 1.75%. Private-sector economists now expect them to average 2.4% over the long term, according to Blue Chip Economic Indicators. Judging by the bond market, they might have guessed high again: Ten-year Treasury note yields are just 1.8%—roughly zero, adjusted for inflation.

How could economists have gotten something so basic so spectacularly wrong? What was it about this past decade that made all their predictions go awry?

Fed Chairman Jerome Powell and former chairmen Janet Yellen and Ben Bernanke. The financial crisis was followed by a stretch of free money

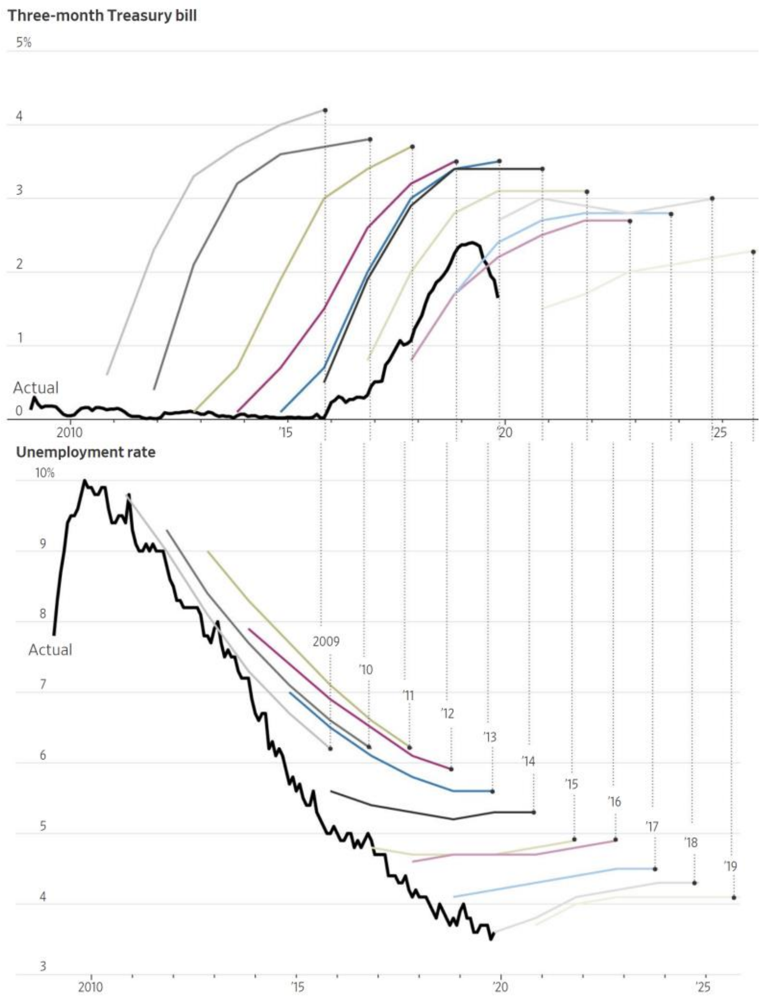
Economists have been casting around for the answer, a theory to explain their inability to peer accurately into the months ahead, let alone the years. Such a theory must do more than say “The Federal Reserve did it.” It must explain why growth was the most subdued of any expansion since the 1940s and inflation consistently ran below the Fed’s 2% target, the reasons the Fed kept rates so low.

And, no less difficult, it would have to explain why, in spite of that subdued growth, the U.S. has enjoyed its longest economic expansion on record, one marked by a record-breaking bull market in stocks and unemployment falling to a 50-year low.
One explanation is the “debt hangover”theory popularized by Carmen Reinhart and Kenneth Rogoff, whose history of financial crises, “This Time Is Different: Eight Centuries of Financial Folly,” was a sleeper hit in 2009. They found that in the wake of financial crises, households, banks, businesses and sometimes governments are fixated on paying down debts and wary that another crisis is around the corner, so they avoid borrowing and investing. This holds down growth, inflation and interest rates.

The U.S. initially tracked this model. It had barely exited its own crisis when another erupted in the eurozone, pushing Greece into default and others to the brink of it.

But as those crises faded from view, low growth, inflation and rates persisted.

A Confounding Decade
Since 2009 economists’ projections of interest rates and unemployment (shown with year made) have consistently proved too high.



Sources: Blue Chip Economic Indicators (forecasts); Federal Reserve Bank of St. Louis (actual T-bill, unemployment rates)

So in 2013 Larry Summers, a former top adviser to Presidents Bill Clinton and Barack Obama and now an economist at Harvard University, advanced an alternative explanation: "secular stagnation." He borrowed the phrase from an earlier Harvard economist, Alvin Hansen who used it in 1938 to describe the Great Depression's persistently weak growth and high unemployment. Mr. Hansen tied it to weak investment due to slow population growth: Businesses had less need to invest when there were fewer new workers and customers and when aging households bought fewer big-ticket products like houses.

Slow population growth is once again weighing on growth and interest rates, Mr. Summers noted, and he added several other factors: the fastest-growing businesses, such as social-media platforms, invest little of their rich profits. Higher inequality meant more income flows to the high-saving, low-spending rich.

Though initially skeptical of Mr. Summers's thesis, many economists have since warmed to it, at least for other parts of the world, if not the U.S. In some countries like Germany a persistent excess of savings manifests itself as a trade surplus which flows into other countries' bonds, holding down interest rates around the world.

Secular stagnation has several profound implications. First, with interest rates closer to zero, central banks are less able to combat future recessions. Second, a structural shortage of private borrowing means governments can run big deficits without pushing up interest rates. Indeed, given central banks' lack of ammunition, governments should run deficits, or the economy will stagnate. Reducing entitlements such as future Social Security benefits in the name of fiscal prudence may worsen the problem by encouraging households to save more.

Secular stagnation also increases the risk of protectionism. Any country with too little domestic demand to achieve full employment and 2% inflation will be tempted to foist the problem on its neighbors by cheapening its currency or erecting tariffs so as to export more and import less.

Yet in key respects the past decade doesn't conform to the gloomy prognosis of secular stagnation: The stock market has romped to one record after another, and job growth has remained consistently strong.

As with interest rates, economists have been surprised by unemployment, which peaked at almost 10% in 2010. Year after year, they expected it to bottom out around 5%. It's now down to 3.5%, a 50-year low, and likely headed lower.

The expansion is now the longest since records begin in the mid-1800s. It bears little resemblance to the 1930s, which Mr. Hansen described as "sick recoveries which die in their infancy and…leave a hard and seemingly immovable core of unemployment."

Job seekers and recruiters at a fair in Los Angeles. Economists have been surprised by the continued decline of unemployment.

This points to a third possible theory. The so-called natural rate of unemployment, the lowest the U.S. can sustain without running out of workers or pushing up inflation (called u* or "u-star" in economists' equations) is much lower than previously thought. So the recovery has had more ground to cover than many realized, and as a result the economy has spent much of the past decade operating well below capacity.

Jan Hatzius, chief economist at Goldman Sachs, says there isn't a lot of mystery about the behavior of inflation and interest rates: "We fell into a deep hole so we had a lot of spare capacity, and it took a long time to climb out."

The U.S. may have finally climbed out, but until Europe has as well, interest rates may remain low, he says. "How secular is it? How cyclical? Until you've seen economies really normalize from a cyclical perspective it's going to be hard to fully distinguish between those two things."

In other words, it might take the next decade to answer what really happened in the last.

Mr. Ip is The Wall Street Journal's chief economics commentator, in Washington. He can be reached at greg.ip@wsj.com.

I/A

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
16 July 2021

Update

Rate this Research

RATINGS

Piedmont Natural Gas Company, Inc.

Domicile	North Carolina, United States
Long Term Rating	A3
Type	Senior Unsecured - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Piedmont Natural Gas Company, Inc.

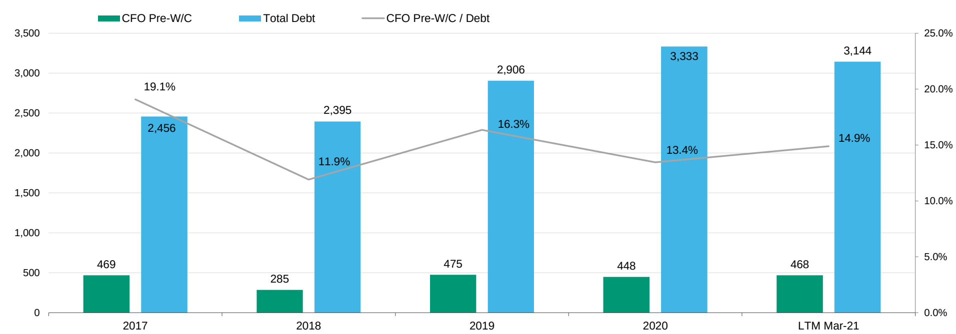
Update to credit analysis

Summary

Piedmont Natural Gas Company, Inc.'s (Piedmont) credit profile reflects its low business risk as a regulated natural gas local distribution company (LDC) operating in supportive regulatory jurisdictions in North Carolina, South Carolina and Tennessee. Our opinion recognizes that credit metrics have been impacted by the negative cash flow impact of federal tax reform and a large capital program and therefore will not return to pre-tax reform highs. We expect the company's average ratio of cash flow from operations excluding changes in working capital (CFO pre-WC) to debt will be maintained at around 15%-16% over the next two years.

Exhibit 1

Historical CFO Pre-WC, Total Debt and CFO Pre-WC to Debt ($ MM) [1]



[1] CFO pre-WC is defined as cash flow from operations excluding changes in working capital
Source: Moody's Financial Metrics

Credit strengths

» Credit supportive regulatory environments in North Carolina, South Carolina and Tennessee

» Utility growth driven by customer additions and system integrity investment

» Position as part of the Duke corporate family

Credit challenges

» Elevated capital expenditure program

» Increased leverage

» Weak credit metrics for an A3 rated LDC

Rating outlook

Piedmont's stable outlook reflects our expectation that the company will continue to receive credit supportive regulatory treatment across each of its jurisdictions. The outlook also incorporates our expectation that credit metrics, which are weak and have been adversely affected by the negative cash flow impact of federal tax reform and increased leverage due to a large capital program, will remain below pre-tax reform highs. Going forward, on average, we expect Piedmont's ratio of CFO pre-WC to debt to be between 15% and 16%.

Factors that could lead to an upgrade

» An increase in cash flow or reduction in leverage leading to a ratio of CFO pre-WC to debt that remains above 18% could put upward pressure on credit quality

Factors that could lead to a downgrade

» Piedmont's credit profile could weaken if there is a significant deterioration in the company's regulatory environments

» Or, if we expect the CFO pre-WC to debt ratio to be below 14% for an extended period, there could also be downward pressure

Key indicators

Piedmont Natural Gas Company, Inc. [1]

	Dec-17	Dec-18	Dec-19	Dec-20	LTM Mar-21
CFO Pre-W/C + Interest / Interest	6.1x	3.9x	5.2x	4.5x	4.6x
CFO Pre-W/C / Debt	19.1%	11.9%	16.3%	13.4%	14.9%
CFO Pre-W/C – Dividends / Debt	19.1%	11.9%	16.3%	13.4%	14.9%
Debt / Capitalization	52.7%	47.8%	48.3%	48.6%	43.6%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics

Profile

Headquartered in Charlotte, North Carolina, Piedmont is a local natural gas distribution company subsidiary of Duke Energy Corporation (Duke Energy, Baa2 stable) with 1.1 million customers in the southeastern U.S. Piedmont has operations in three states, North Carolina (73% of rate base), Tennessee (19%), and South Carolina (8% of rate base).

Piedmont holds indirect equity stakes in several energy related joint ventures including: Hardy Storage Company (50% ownership) in West Virginia, the Pine Needle LNG Company LLC (45% ownership) and the intrastate Cardinal Pipeline (21.5% ownership) servicing North Carolina. Piedmont also subscribes to the services of these entities.

Detailed credit considerations

Credit supportive regulatory environments

Piedmont's operations are subject to the regulatory overview of the North Carolina Utilities Commission (NCUC), the Public Service Commission of South Carolina (PSCSC), and the Tennessee Public Utility Commission (TPUC). We consider the regulatory environments to be credit supportive. The three states all provide cost recovery mechanisms and frameworks that lead to shorter regulatory lag and reasonable returns on utility investments.

Piedmont recovers its natural gas costs through a purchased gas adjustment mechanism in all three of its operating jurisdictions. In North Carolina (73% of rate base at the end of 2020), Piedmont has a full margin decoupling mechanism for residential and commercial customers, allowing the LDC to true up any over/under collection of margin regardless of customer demand through semiannual rate adjustments. This enhances cash flow predictability, a credit positive. The company also has a specific rider to recover bad debt expense.

In March 2021, Piedmont filed a general rate case in North Carolina requesting a 10.4%, or approximately $109 million, increase in retail revenues. The rate case filing request is premised on an ROE of 10.25% and a 52% equity component of the capital structure. The filing is based on a North Carolina rate base of $4.8 billion as of December 31, 2020, as adjusted for known and measurable changes through June 30, 2021. The request includes approximately $1.7 billion of plant additions related to system growth, pipeline integrity management, infrastructure investments, and safety and security upgrades. Approximately 70% of the plant additions are categories of plant investment not covered under the Integrity Management Rider (IMR) mechanism, such as Piedmont's new liquefied natural gas storage facility located in Robeson County, NC and enhancements to an existing storage facility in Huntersville, NC.

Piedmont's last North Carolina rate case was decided in November 2019 when the company was authorized a $109 million increase (before consideration of decrease riders associated with federal and state tax reform) based on a 9.7% ROE and a 52% equity layer.

In Tennessee (19% of rate base at the end of 2020), the TPUC allows Piedmont to benefit from a Weather Normalization Adjustments (WNA) clause but not from a decoupling mechanism. However, Piedmont is allowed to use a forward test year with its rate filings. Piedmont also benefits from an Integrity Management Rider (IMR) that allows the LDC to recover investments related to federal and state mandated safety and integrity programs. Piedmont has successfully implemented rate adjustments under the IMR each year since the program began. The company also has a specific rider to recover bad debt expense.

In July 2020, Piedmont filed its first general rate case in Tennessee in nine years, requesting an approximate 15%, $30 million (subsequently reduced to $26 million), increase in annual revenue. The request was driven by significant infrastructure upgrades, approximately half of which are not covered by the company's 2013 approved pipeline integrity management rider mechanism. As authorized by Tennessee, interim rates were implemented on January 2, 2021. In February 2021, the TPUC accepted a settlement granting the company a $16 million increase based on a 9.8% ROE. Rates were made effective January 2, 2021, with Piedmont to refund the difference between the interim and settled rates.

In South Carolina (8% of rate base at the end of 2020), Piedmont benefits from rate stabilization tariffs. Under the South Carolina Rate Stabilization Act, tariffs are subject to annual true-ups to support the company's allowed ROE (10.2%). In addition, a WNA mechanism offsets volume fluctuations in the winter season. The company also has a specific rider to recover bad debt expense.

In North Carolina and South Carolina, rates are set based on historical test years, which exposes the LDC to a lag in its investment cost recovery. However, similar to Tennessee, in North Carolina the NCUC has authorized the use of an IMR which allows the company to recover integrity related capital expenditures outside of general rate cases, a credit positive. Rate adjustments are now made semiannually each December and June.

Utility growth driven by customer additions and system integrity investments

Between 2015 and 2019, Piedmont's total capital expenditures increased steadily as the company invested in system integrity and to support customer growth. Annual expenditures grew from $455 million in 2015 to over $1 billion in 2019, slightly declining to $901 million in 2020. Spending is expected to decline somewhat to an average of about $800 million per year for the 2021-2025 period.

For the 2021-2025 period, Piedmont expects to deploy a total of about $4 billion of capital of which approximately 80% has been identified as growth capital. Of this, close to 60% is expected to be recovered via integrity management riders, which assures recovery will begin with minimal lag, a credit positive. Although recovery is expected to begin quickly, given the long-lived nature of these assets (which lowers the amount of depreciation included in the revenue requirement) and the loss of bonus depreciation that occurred following the enactment of federal tax reform in December of 2017, we expect credit metrics will remain below the highs demonstrated prior to 2018.

Weak credit metrics for an A3 rated LDC

Prior to 2018, Piedmont's cash flow and credit metrics were relatively strong, with the ratio of CFO pre-W/C to debt in the range of 20%. More recently, given the impact of federal tax reform, the utility's robust capital expenditure program and the associated leverage to fund these investments, credit metrics have declined significantly and are now weak for an A3 rated LDC. Going forward, in light of the company's relatively constructive regulatory environments, numerous rate adjustment mechanisms and planned rate case activity, we believe the company will demonstrate an average ratio of CFO pre-WC to debt around 15% to 16%. We note that Piedmont has not paid a dividend to parent Duke Energy since 2016 and has received capital contributions from Duke totaling $775 million since 2018, helping to limit the extent of the deterioration in credit metrics and support the utility through a period of elevated capital expenditures.

ESG considerations

Environmental considerations incorporated into our credit analysis for Piedmont are primarily related to air pollution and regulations around carbon, methane and other greenhouse gas emissions. These gases are emitted during the natural gas life cycle, including through the production of the energy that the company delivers through its own gas infrastructure.

Social risks are primarily related to health and safety, demographic and societal trends, as well as customer relations as the company works to provide reliable and affordable service to customers and safe working conditions to employees.

From a governance perspective, financial and risk management policies including a strong financial profile are important characteristics for managing environmental and social risks.

Liquidity analysis

Given its large capital expenditure program, Piedmont will continue to rely on external financing sources to maintain an adequate liquidity profile. For the last twelve months ended March 31, 2021, Piedmont generated $516 million of cash from operations (CFO), invested $870 million in capital expenditures and made no distributions to the parent which resulted in negative free cash flow (FCF) of $354 million. In 2020, Piedmont generated $481 million of CFO, invested approximately $901 million in capital expenditures and made no distributions to parent Duke Energy which resulted in negative FCF of $420 million. The shortfalls were partially funded with equity infusions from Duke Energy. We expect Piedmont to be cash flow negative for the next few years as capital expenditures remain elevated as the company spends for customer growth and system integrity. We expect shortfalls will primarily be funded with a combination of long-term and short-term debt financing.

Piedmont's additional liquidity sources include access to funding from the parent company's commercial paper program through the Duke Energy system money pool, and direct borrowings from the money pool. As of March 31, 2021, the utility had $700 million of borrowing capacity under Duke Energy's $8 billion multi-year (March 2026 termination) master credit facility. Duke Energy has unilateral ability to increase Piedmont's borrowing capacity, up to $850 million, which could provide significant additional liquidity as needed. As of March 31, 2021, the utility had no commercial paper outstanding, leaving $700 million available under the parent credit facility. The facility does not contain a material adverse change clause for new borrowings and has a single financial covenant requiring that Duke Energy and its utility subsidiaries each maintain a consolidated debt to capitalization ratio of no more than 65%, except for Piedmont. The debt to capital covenant for Piedmont is a maximum of 70%. As of March 31, 2021, we estimate Piedmont's ratio to be about 49%.

Piedmont's nearest long-term debt maturity is $45 million of unsecured notes due October 2023.

Rating methodology and scorecard factors

Methodology Scorecard Factors
Piedmont Natural Gas Company, Inc.

Regulated Electric and Gas Utilities Industry Scorecard [1][2]	Current LTM 3/31/2021		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Aa	Aa	Aa	Aa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.7x	A	4.9x - 5.4x	A
b) CFO pre-WC / Debt (3 Year Avg)	15.1%	Baa	14% - 16%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	15.1%	A	14% - 16%	A
d) Debt / Capitalization (3 Year Avg)	45.4%	A	43% - 47%	A
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A2		A2
HoldCo Structural Subordination Notching		0		0
a) Scorecard-Indicated Outcome		A2		A2
b) Actual Rating Assigned		A3		A3

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 3/31/2021 (LTM)
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics

Appendix

Exhibit 4
Peer Comparison Table [1]

	Piedmont Natural Gas Company, Inc. A3 (Stable)			Public Service Co. of North Carolina, Inc. Baa1 (Stable)			DTE Gas Company A3 (Stable)			Spire Alabama Inc. A2 (Stable)		
(In US millions)	FYE Dec-19	FYE Dec-20	LTM Mar-21	FYE Dec-19	FYE Dec-20	LTM Mar-21	FYE Dec-19	FYE Dec-20	LTM Mar-21	FYE Dec-19	FYE Sep-20	LTM Mar-21
Revenue	1,381	1,297	1,391	545	525	552	1,462	1,396	1,468	466	455	480
EBITDA	498	587	623	203	227	231	469	483	530	169	177	186
Total Debt	2,906	3,333	3,144	911	973	903	1,997	2,168	2,030	624	678	703
CFO Pre-W/C / Debt	16.3%	13.4%	14.9%	12.6%	14.3%	19.7%	18.4%	18.9%	22.9%	28.3%	25.7%	26.5%
CFO Pre-W/C – Dividends / Debt	16.3%	13.4%	14.9%	11.2%	14.3%	17.5%	12.3%	12.6%	16.0%	25.2%	22.1%	23.2%
Debt / Capitalization	48.3%	48.6%	43.6%	43.1%	41.0%	38.5%	44.2%	43.9%	40.8%	43.0%	44.4%	44.0%
Debt / EBITDA	5.8x	5.7x	5.0x	4.5x	4.3x	3.9x	4.3x	4.5x	3.8x	3.7x	3.8x	3.8x
EBITDA / Interest Expense	4.4x	4.6x	4.8x	4.6x	5.4x	5.7x	5.8x	5.9x	6.4x	7.1x	7.3x	7.9x

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade
Source: Moody's Financial Metrics

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Exhibit 5

Cash Flow and Credit Metrics [1]

CF Metrics	Dec-17	Dec-18	Dec-19	Dec-20	LTM Mar-21
As Adjusted					
FFO	**464**	**283**	**484**	**452**	**454**
+/- Other	5	2	-9	-4	14
CFO Pre-WC	**469**	**285**	**475**	**448**	**468**
+/- ΔWC	-125	185	-88	31	46
CFO	**344**	**470**	**387**	**479**	**514**
- Div	0	0	0	0	0
- Capex	579	713	1,031	899	868
FCF	**-235**	**-243**	**-644**	**-420**	**-354**
(CFO Pre-W/C) / Debt	19.1%	11.9%	16.3%	13.4%	14.9%
(CFO Pre-W/C - Dividends) / Debt	19.1%	11.9%	16.3%	13.4%	14.9%
FFO / Debt	18.9%	11.8%	16.7%	13.6%	14.4%
RCF / Debt	18.9%	11.8%	16.7%	13.6%	14.4%
Revenue	1,328	1,375	1,381	1,297	1,391
Interest Expense	92	100	114	127	129
Net Income	144	89	170	258	284
Total Assets	6,244	6,837	7,730	8,607	8,910
Total Liabilities	4,603	4,771	5,323	5,898	5,673
Total Equity	1,641	2,066	2,407	2,709	3,237

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are Financial Year-End unless indicated. LTM = Last Twelve Months
Source: Moody's Financial Metrics

Exhibit 6

Moody's - Adjusted Debt Breakdown

Piedmont Natural Gas Company, Inc.

(USD Millions)	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-20	LTM Mar-21
As Reported Debt	**2,401.0**	**2,336.0**	**2,860.0**	**3,310.0**	**3,127.0**
Pensions	4.0	3.0	4.0	0.0	0.0
Unusual	0.0	0.0	0.0	0.0	0.0
Non-Standard Adjustments	13.0	12.0	15.0	0.0	0.0
Moody's Ajusted Debt	**2,456.1**	**2,395.0**	**2,906.0**	**3,333.0**	**3,144.0**

All figures are calculated using Moody's estimates and standard adjustments
Source: Moody's Financial Metrics™

Ratings

Exhibit 7

Category	Moody's Rating
PIEDMONT NATURAL GAS COMPANY, INC.	
Outlook	Stable
Senior Unsecured	A3
PARENT: DUKE ENERGY CORPORATION	
Outlook	Stable
Issuer Rating	Baa2
Sr Unsec Bank Credit Facility	Baa2
Senior Unsecured	Baa2
Jr Subordinate	Baa3
Pref. Stock	Ba1
Commercial Paper	P-2

Source: Moody's Investors Service

REPORT NUMBER 1291384

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Piedmont Natural Gas Co. Inc.

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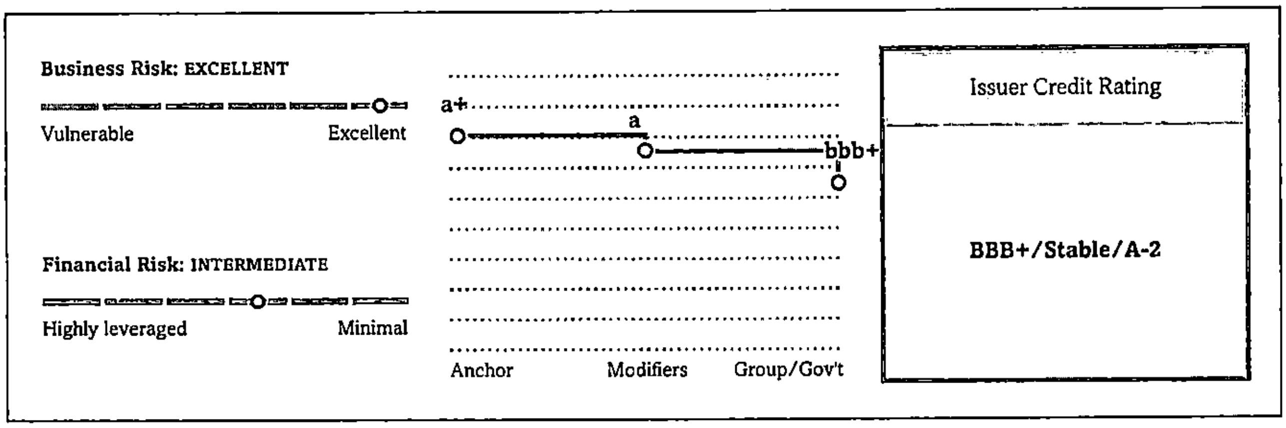
Piedmont Natural Gas Co. Inc.



Credit Highlights

Overview

Key strengths	Key risks
Lower-risk regulated gas utility that effectively manages its regulatory risk.	Most of service territory is exposed to extreme weather events, including hurricanes.
Customer base of more than 1 million provides stability to the company's cash flows.	Forecast negative discretionary cash flow indicates external funding needs.
Diverse source of cash flows from operations spread across North Carolina, South Carolina, and Tennessee.	
Operating assets are generally of higher quality compared to gas utility peers.	

Our ratings on Piedmont Natural Gas Co. Inc. are underpinned by our ratings on its immediate parent, Duke Energy Corp. We consider Piedmont to be a strategically important subsidiary of Duke. Although Piedmont is a successful utility operator, has Duke's long-term commitment, and is important to Duke's long-term strategy, we no longer view Piedmont as a core subsidiary of Duke. This view reflects the recently announced sale of an almost 20% equity stake in another Duke subsidiary, Duke Energy Indiana to GIC that we believe because of Duke's high capital spending program, could potentially be replicated at any of Duke's relatively smaller subsidiaries. Piedmont accounts for approximately 5% of Duke's regulated EBITDA. This assessment has no effect on Piedmont's stand-alone credit profile, issuer credit rating, nor issue ratings.

We expect Piedmont to manage risks related to COVID-19. As of Oct. 1, 2020, normal billing procedures resumed in all of Piedmont's service territories, and service disconnections for nonpayment resumed on Nov. 4, 2020. Overall, we expect the company to use a combination of factors to mitigate any potential cash flow shortfalls stemming from the pandemic. This includes effective expense management and working constructively with its regulators.

Piedmont's rate case with the Tennessee Public Utility Commission (TPUC) is pending. Piedmont filed for a general rate case increase with the TPUC on July 2, 2020. Piedmont requested a rate increase of about $30 million for retail customers based on 10.3% return on equity (ROE) and 50.5% equity component of capital structure. As of February 2021, the company has reached a settlement on this rate case with several parties. Although the terms of the settlement indicate a lower overall rate increase of about $16 million premised on a 9.8% ROE, other factors, such as the 50.5% authorized equity layer are favorable for Piedmont's stand-alone credit quality. It is likely a decision on this rate case could be reached by mid-2021.

Our stand-alone credit profile for Piedmont includes a negative comparable ratings analysis modifier. This incorporates our forecast for Piedmont's financial measures, which we expect will consistently reflect the lower end of its financial risk profile category, compared to peers. Specifically, we expect Piedmont's funds from operations (FFO) to debt ratio to average about 14% over our forecast period.

Outlook

The stable outlook on Piedmont reflects our stable outlook on parent Duke Energy and our expectations that Piedmont's stand-alone financial measures will be consistent with the lower end of the range for its financial risk profile category, reflecting FFO to debt of about 14% (assessed under our low-volatility financial benchmark table).

Downside scenario

We could lower our ratings on Piedmont over the next 12-24 months if we downgrade parent Duke. We could also lower Piedmont's ratings if its stand-alone business risks increase or if its stand-alone financial measures weaken such that FFO to debt consistently weakens to below 9%.

Upside scenario

We could raise our ratings on Piedmont over the next 12-24 months if parent Duke Energy is upgraded and Piedmont's stand-alone financial measures are maintained such that FFO to debt is consistently above 9%, without incurring higher business risks.

Our Base-Case Scenario

Assumptions

- Continued use of existing regulatory cost recovery mechanisms, and periodic rate case filings.
- Capital spending of about $875 million in 2020, $725 million in 2021, and averaging slightly above $815 million annually beginning in 2022.
- No cash dividends to parent until 2023.
- Negative discretionary cash flow throughout our forecast period.

Key Metrics

	2019a	2020e	2021e
FFO to debt (%)	14.4	14-15	14-15
Debt to EBITDA (x)	5.8	5.3	5.0
Cash FFO to interest	4.7	4.6	4.8

a--Actual. e--Estimate. FFO--Funds from operations.

Company Description

Piedmont Natural Gas Co. Inc. is a regulated gas utility company. It provides gas service to about 1 million residential, commercial, and industrial customers, including power generation and municipal customers, in North Carolina, South Carolina, and Tennessee. Piedmont is a subsidiary of Duke Energy, and it contributes about 5% of Duke Energy's regulated EBITDA.

Peer comparison

Table 1

Piedmont Natural Gas Co. Inc.--Peer Comparison

Industry Sector: Gas

	Piedmont Natural Gas Co. Inc.	Atmos Energy Corp.	Southwest Gas Corp.	ONE Gas Inc.	Southern Co. Gas
Ratings as of Jan. 13, 2021	BBB+/Stable/A-2	A/Stable/A-1	A-/Stable/--	A/Stable/A-1	A-/Negative/A-2
	--Fiscal year ended Dec. 31, 2019--	--Fiscal year ended Sept. 30, 2020--	--Fiscal year ended Dec. 31, 2019--	--Fiscal year ended Dec. 31, 2019--	--Fiscal year ended Dec. 31, 2019--
(Mil. $)					
Revenue	1,381.0	2,821.1	1,368.9	1,652.7	3,792.0
EBITDA	489.0	1,304.4	506.0	493.5	1,561.0
Funds from operations (FFO)	409.0	1,089.4	412.0	396.3	1,341.6
Interest expense	115.0	99.8	99.6	68.5	241.4
Cash interest paid	111.0	218.0	93.3	67.0	260.4
Cash flow from operations	387.0	1,055.8	364.7	313.0	1,075.6
Capital expenditure	1,027.0	1,927.2	774.2	412.7	1,402.0
Free operating cash flow (FOCF)	(640.0)	(871.4)	(409.5)	(99.7)	(326.4)
Discretionary cash flow (DCF)	(640.0)	(1,153.8)	(505.4)	(212.7)	(797.4)
Cash and short-term investments	0.0	20.8	40.5	17.9	46.0
Debt	2,833.4	5,053.9	2,607.2	1,807.1	5,752.1
Equity	2,443.0	6,791.2	2,005.2	2,129.4	9,506.0
Adjusted ratios					
EBITDA margin (%)	35.4	46.2	37.0	29.9	41.2
Return on capital (%)	6.6	7.7	7.1	7.9	7.2
EBITDA interest coverage (x)	4.3	13.1	5.1	7.2	6.5
FFO cash interest coverage (x)	4.7	6.0	5.4	6.9	6.2
Debt/EBITDA (x)	5.8	3.9	5.2	3.7	3.7
FFO/debt (%)	14.4	21.6	15.8	21.9	23.3
Cash flow from operations/debt (%)	13.7	20.9	14.0	17.3	18.7
FOCF/debt (%)	(22.6)	(17.2)	(15.7)	(5.5)	(5.7)
DCF/debt (%)	(22.6)	(22.8)	(19.4)	(11.8)	(13.9)

Business Risk

Our assessment of Piedmont's business risk profile largely reflects its lower-risk gas distribution utility operations, size, and effective management of regulatory risk. Piedmont's regulated utility operations provide the company with scale and some diversity in regulated cash flow sources despite concentration in North Carolina. About 70% of Piedmont's rate base is in North Carolina. The company effectively manages regulatory risk and benefits from various riders that mitigate regulatory lag and under-earning. These include the integrity management riders in North Carolina and Tennessee, which allow Piedmont to recover and earn on certain capital investments outside of the rate case process. They also include rate stabilization adjustment filings in South Carolina, which allow Piedmont to annually adjust its rates if its earnings materially deviate from its authorized returns. In addition, we view Piedmont's operating assets as generally of higher quality compared to peers, reflecting no cast iron pipes within the company's gas distribution system, and a record of delivering reliable gas service to its customers. Collectively, these factors support our overall assessment of Piedmont's business risk at the higher half of its business risk profile category, relative to peers.

Financial Risk

Financial summary

We assess Piedmont's financial measures using our low-volatility table, reflecting the company's lower-risk gas distribution operations and effective management of regulatory risk. Our base-case scenario includes capital spending of about $875 million in 2020, about $725 million in 2021, and averaging slightly above $815 million annually thereafter. In addition, our forecast incorporates equity contributions from the parent as needed to support Piedmont's capital structure, and no dividends to the parent through 2021. We expect Piedmont's financial measures will remain consistent with the lower end of the range for the intermediate financial risk profile category. Specifically, we expect FFO to debt to average about 14%-15%.

Table 2

Piedmont Natural Gas Co. Inc.--Financial Summary					
Industry Sector: Gas					
	--Fiscal year ended Dec. 31--				
	2019	**2018**	**2017**	**2016**	**2015**
(Mil. $)					
Revenue	1,381.0	1,375.0	1,328.0	1,210.8	1,371.7
EBITDA	489.0	396.5	465.4	418.1	450.7
Funds from operations (FFO)	409.0	314.3	385.1	345.8	362.6
Interest expense	115.0	101.2	94.2	85.4	83.0
Cash interest paid	111.0	98.2	92.2	96.8	84.9
Cash flow from operations	387.0	464.3	340.1	274.6	363.0
Capital expenditure	1,027.0	704.0	573.0	548.0	443.7
Free operating cash flow (FOCF)	(640.0)	(239.7)	(232.9)	(273.4)	(80.6)
Discretionary cash flow (DCF)	(640.0)	(239.7)	(232.9)	(387.4)	(184.0)
Cash and short-term investments	0.0	0.0	19.0	25.2	13.7

Table 2

Piedmont Natural Gas Co. Inc.--Financial Summary (cont.)

Industry Sector: Gas

	--Fiscal year ended Dec. 31--				
	2019	**2018**	**2017**	**2016**	**2015**
Gross available cash	0.0	0.0	19.0	25.2	13.7
Debt	2,833.4	2,312.0	2,364.0	2,119.6	1,866.8
Equity	2,443.0	2,091.0	1,662.0	1,672.1	1,426.3
Adjusted ratios					
EBITDA margin (%)	35.4	28.8	35.0	34.5	32.9
Return on capital (%)	6.6	5.7	7.7	7.1	9.6
EBITDA interest coverage (x)	4.3	3.9	4.9	4.9	5.4
FFO cash interest coverage (x)	4.7	4.2	5.2	4.6	5.3
Debt/EBITDA (x)	5.8	5.8	5.1	5.1	4.1
FFO/debt (%)	14.4	13.6	16.3	16.3	19.4
Cash flow from operations/debt (%)	13.7	20.1	14.4	13.0	19.4
FOCF/debt (%)	(22.6)	(10.4)	(9.9)	(12.9)	(4.3)
DCF/debt (%)	(22.6)	(10.4)	(9.9)	(18.3)	(9.9)

Reconciliation

Table 3

Piedmont Natural Gas Co. Inc.--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts

--Fiscal year ended Dec. 31, 2019--

Piedmont Natural Gas Co. Inc. reported amounts (mil. $)

	Debt	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Capital expenditure**
	2,860.0	478.0	304.0	87.0	489.0	409.0	1,053.0
S&P Global Ratings' adjustments							
Cash taxes paid	--	--	--	--	31.0	--	--
Cash interest paid	--	--	--	--	(84.0)	--	--
Reported lease liabilities	27.0	--	--	--	--	--	--
Operating leases	--	5.0	1.0	1.0	(1.0)	4.0	--
Capitalized interest	--	--	--	26.0	(26.0)	(26.0)	(26.0)
Share-based compensation expense	--	3.0	--	--	--	--	--
Asset-retirement obligations	13.4	1.0	1.0	1.0	--	--	--
Nonoperating income (expense)	--	--	13.0	--	--	--	--
Debt: Other	(67.0)	--	--	--	--	--	--
EBITDA: Other income/(expense)	--	2.0	2.0	--	--	--	--
Depreciation and amortization: Other	--	--	(2.0)	--	--	--	--

Table 3

Piedmont Natural Gas Co. Inc.--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (cont.)

Total adjustments	(26.6)	11.0	15.0	28.0	(80.0)	(22.0)	(26.0)

S&P Global Ratings' adjusted amounts

	Debt	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Capital expenditure
	2,833.4	489.0	319.0	115.0	409.0	387.0	1,027.0

Liquidity

As of Sept. 30, 2020, we assess Piedmont's liquidity as adequate. Piedmont can more than cover its needs for the next 12 months, even if EBITDA declines by 10%. We expect the company's liquidity sources over the next 12 months will exceed uses by more than 1.1x. Our assessment of Piedmont's liquidity also reflects the company's ability to absorb high-impact, low-probability events with limited need for refinancing, well-established relationships with banks, a solid standing in the credit markets, and manageable debt maturities over the next few years. The short-term rating on Piedmont reflects our issuer credit rating on the company.

Principal liquidity sources

- Credit facility of $600 million; and
- Cash FFO of $484 million.

Principal liquidity uses

- Maintenance capital spending of about $400 million over the next 12 months; and
- Long-term debt maturities of $160 million.

Debt maturities

- 2023: $45 million
- 2024: $40 million
- 2025: $205 million

Covenant Analysis

Compliance expectations

We expect Piedmont to comply with the terms of its covenant agreements throughout our forecast period, even with a 10% decline in EBITDA.

Requirements

Piedmont is part of Duke Energy's master credit facility, which includes a covenant that requires Piedmont's total-debt-to-total-capitalization ratio to not exceed 70%.

Environmental, Social, And Governance

Piedmont's environmental exposure is in line with other regulated natural gas utility providers, including as it relates to methane emissions. This includes the potential for operational or financial risks to arise if regulation governing methane emissions become more restrictive.

Social and governance factors are neutral. Piedmont's record of service reliability could support the company's ability to maintain social cohesion. Our views of Piedmont's governance is tied to our views of its parent, Duke Energy.

Group Influence

Our rating on Piedmont incorporates our view of the company as a strategically important subsidiary of Duke Energy, meaning that we largely view Piedmont as unlikely to be sold and as important to the group's long-term strategy. Because we assess Piedmont as not sufficiently insulated from its parent, the issuer credit rating on the company is in line with Duke's group credit profile.

Issue Ratings - Subordination Risk Analysis

Capital structure

Piedmont's capital structure consists of nearly $2.9 billion of both short-term and long-term debt.

Analytical conclusions

We rate Piedmont's senior unsecured debt the same as our issuer credit rating on the company because it is unsecured debt of a qualifying investment-grade regulated utility. The A-2 short-term rating reflects our issuer credit rating on the company.

Ratings Score Snapshot

Issuer Credit Rating

BBB+/Stable/A-2

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Excellent

Financial risk: Intermediate

- **Cash flow/leverage:** Intermediate

Anchor: a+

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Negative (-1 notch)

Stand-alone credit profile : a

- **Group credit profile:** bbb+
- **Entity status within group:** Strategically important (-2 notches from SACP)

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- Criteria | Corporates | Utilities: Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of February 9, 2021)*

Piedmont Natural Gas Co. Inc.	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured	BBB+
Issuer Credit Ratings History	
26-Jan-2021	BBB+/Stable/A-2
15-Dec-2020	A-/Negative/A-2
20-Nov-2019	A-/Stable/A-2
20-May-2019	A-/Negative/A-2
05-Feb-2019	A-/Stable/A-2
20-Jun-2017	A-/Stable/NR
12-Jan-2017	A-/Stable/A-2
14-Oct-2016	A-/Negative/A-2
Related Entities	
Cinergy Corp.	
Issuer Credit Rating	A-/Negative/A-2
Duke Energy Carolinas LLC	
Issuer Credit Rating	A-/Negative/A-2
Senior Secured	A
Senior Unsecured	A-
Duke Energy Corp.	
Issuer Credit Rating	A-/Negative/A-2
Commercial Paper	
Local Currency	A-2
Junior Subordinated	BBB
Preferred Stock	BBB
Senior Unsecured	BBB+
Duke Energy Florida, LLC	
Issuer Credit Rating	A-/Negative/A-2
Senior Secured	A
Senior Unsecured	A-
Duke Energy Indiana Inc.	
Issuer Credit Rating	A-/Negative/A-2

Ratings Detail (As Of February 9, 2021)*(cont.)	
Senior Secured	A
Senior Unsecured	A-
Duke Energy Kentucky Inc.	
Issuer Credit Rating	A-/Negative/A-2
Senior Unsecured	A-
Duke Energy Ohio Inc.	
Issuer Credit Rating	A-/Negative/A-2
Senior Secured	A
Senior Unsecured	A-
Duke Energy Progress, LLC	
Issuer Credit Rating	A-/Negative/A-2
Preferred Stock	BBB
Senior Secured	A
Senior Unsecured	A-
Florida Progress Corp.	
Issuer Credit Rating	A-/Negative/NR
Progress Energy Inc.	
Issuer Credit Rating	A-/Negative/NR
Senior Unsecured	BBB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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Piedmont Natural Gas
13 Month Average Capital Structure
as of May 31, 2021

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	Amount ($)	Ratio
Long-Term Debt	2,707,488,369	48.81%
Short-Term Debt	36,227,098	0.65%
Common Equity	2,803,794,382	50.54%
Total	5,547,509,849	100.00%

	Monthly Balance	Long-Term Debt	Short-Term Debt [1]	Common Equity	Total Capitalization
1	May-20	[redacted]	[redacted]	[redacted]	[redacted]
2	Jun-20	[redacted]	[redacted]	[redacted]	[redacted]
3	Jul-20	[redacted]	[redacted]	[redacted]	[redacted]
4	Aug-20	[redacted]	[redacted]	[redacted]	[redacted]
5	Sep-20	[redacted]	[redacted]	[redacted]	[redacted]
6	Oct-20	[redacted]	[redacted]	[redacted]	[redacted]
7	Nov-20	[redacted]	[redacted]	[redacted]	[redacted]
8	Dec-20	[redacted]	[redacted]	[redacted]	[redacted]
9	Jan-21	[redacted]	[redacted]	[redacted]	[redacted]
10	Feb-21	[redacted]	[redacted]	[redacted]	[redacted]
11	Mar-21	[redacted]	[redacted]	[redacted]	[redacted]
12	Apr-21	[redacted]	[redacted]	[redacted]	[redacted]
13	May-21	[redacted]	[redacted]	[redacted]	[redacted]
13 Month Average		2,707,488,369	36,227,098	2,803,794,382	5,547,509,849

[END CONFIDENTIAL]

[1]. Gas Inventory per Public Staff witness Feasel, Exhibit I, Schedule 2-2.

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PIEDMONT'S CAPITAL ACCOUNTS

Month	[A=B+E+J] Total Capitalization	[B=C-D] Total Long-Term Debt	[C] Long-Term Debt	[D] Unamortized Debt Expense	[E] Public Staff Gas Inventory	[F] Common Stock	[G] Retained Earnings	[H] Other Comprensive Income	[I] Balance in Paid in Capital	[J=F+G+H+I] Total Common Equity
May-20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jun-20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jul-20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Aug-20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Sep-20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Oct-20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Nov-20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dec-20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jan-21	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Feb-21	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Mar-21	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Apr-21	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
May-21	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

I/A

Public Staff
Hinton Exhibit 5

Investment Risk Measures

Group of Natural Gas Utility Companies

		Value Line[4]						S&P[5]	S&P[6]	Moody's[6]
	Company Name	Safety Rank	Beta	Price Stability	Earnings Predict.	Financial Strength	S&P[2] Beta	Quality Ranking	Bond Rating	Bond Rating
1	Atmos Energy	1	0.80	95	100	A+	0.39	A	A-	A1
2	Chesapeake Utilities	2	0.80	85	95	A	0.39	A	NA	NA
3	MDU Resources	3	1.10	75	75	B++	0.79	A-	BBB+	NA
4	National Fuel Gas	3	0.85	95	5	B+	0.74	B	BBB-	Baa3
5	New Jersey Resources	2	1.00	80	55	A+	0.54	A	NA	A1
6	Northwest Natural	3	0.85	85	5	A	0.46	B+	A+	Baa1
7	ONE Gas Inc.	2	0.80	95	100	B++	0.41	NR	BBB+	A3
8	South Jersey Inds.	3	1.05	60	65	B++	0.87	B+	BBB	NA
9	Southwest Gas	3	0.95	80	100	A	0.16	A	BBB+	Baa2
10	Spire Inc.	2	0.85	90	50	B++	0.3	A-	A-	Baa2
11	UGI Corp.	2	1.00	85	85	B++	0.99	A	NA	NA
	Average	2.4	0.91	84	67		0.55			

Sources:
[1]Value Line Investment Survey, May 28, 2021.
[2.] CFRA, S&P Global Market Intelligence, Stock Report, July 17, 2021.
[3.] S&P Global Market Intelligence, CFRA Stock Report, July 23, 2021.

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DCF MODEL

	Company	Yield[2]	Value Line[1] Historical EPS 10-Yr	DPS 10-Yr	BPS 10-Yr	EPS 5-Yr	DPS 5-Yr	BPS 5-Yr	Value Line Forecast EPS 5-Yr[4]	DPS 5-Yr	BPS 5-Yr	Yahoo[3] EPS 5-Yr
1	Atmos Energy	2.6	8.0	5.0	7.5	9.0	7.5	10.0	7.0	7.5	10.5	7.2
2	Chesapeake Utilities	1.6	9.5	6.5	9.5	9.0	7.5	11.0	8.5	8.0	6.5	4.7
3	MDU Resources	2.6	0.5	3.0	---	5.5	4.5	-0.5	10.5	2.5	7.5	7.2
4	National Fuel Gas	3.4	3.5	3.0	1.0	4.0	2.5	-3.0	19.0	4.0	8.5	8.5
5	New Jersery Resources	3.2	6.0	7.0	7.5	5.5	6.5	8.5	2.0	5.5	5.5	6.0
6	Northwest Natural Gas	3.6	-1.5	1.5	1.0	1.5	0.5	---	5.5	0.5	8.5	3.8
7	One Gas	3.1	---	---	---	10.0	14.5	3.0	6.5	7.0	10.5	5.0
8	South Jersey inds.	4.9	1.5	6.5	5.5	-1.5	4.0	2.5	11.5	4.5	6.5	4.8
9	Southwest Gas Corp	3.5	7.5	8.5	6.0	5.5	8.0	7.0	9.0	4.5	6.0	4.0
10	Spire	3.6	1.5	4.5	7.0	4.5	6.0	5.5	10.0	4.5	9.0	7.3
11	UGI Corp.	3.0	5.5	8.0	7.0	7.0	7.5	5.5	6.0	4.5	7.0	7.7
	Average	3.2	4.8	5.4	5.8	6.2	6.3	6.6	7.7	4.8	7.8	6.0
	Average DCF Result		8.0	8.6	9.0	9.4	9.5	9.8	10.9	8.0	11.0	9.2

Sources:

[1]Value Line Investment Survey, May 28, 2021

[2]Value Line Investment Survey, Summary and Index, Feb. 5, 2021 through June 23, 2021.

[3] Yahoo Finance, Projected Five Year Earnings Estimates, downloaded on June 30, 2021.

[4] The 5-Yr. average calculation excludes the 19% growth estimate National Fuel Gas due to unsustainability.

Note:

Average calculation does not include negative values.

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I/A

REGRESSION ANALYSIS OF APPROVED RETURNS ON EQUITY FOR LOCAL NATURAL GAS DISTRIBUTION UTILITIES

		[A]	[B]	[C]=[A]-[B]
	Year	General Rate Case Gas Utility Approved ROE[1]	Moody's A-Rated Bond Yields[2]	Gas Utility Risk Premium
1	2007	10.22%	6.05%	4.17%
2	2008	10.39%	6.51%	3.88%
3	2009	10.22%	6.04%	4.19%
4	2010	10.15%	5.47%	4.68%
5	2011	9.91%	5.04%	4.87%
6	2012	9.93%	4.13%	5.80%
7	2013	9.68%	4.48%	5.20%
8	2014	9.78%	4.28%	5.50%
9	2015	9.60%	4.12%	5.49%
10	2016	9.53%	3.93%	5.60%
11	2017	9.73%	4.00%	5.73%
12	2018	9.59%	4.25%	5.34%
13	2019	9.72%	3.77%	5.95%
14	2020	9.46%	3.02%	6.45%
15	2021	9.62%	3.15%	6.47%
			Average	5.29%

Sources:
[1] S&P Global Market Intelligence, Regulatory Research Associates, "Major Rate Case Decisions. January - June 2021, July 27, 2021.
[2] Moody's Bond Yields with annual data from January, 2007 through June, 2021.

REGRESSION ANALYSIS OF ALLOWED RETURNS ON EQUITY FOR LOCAL NATURAL GAS DISTRIBUTION UTILITIES

Regression Statistics	
Multiple R	0.925636275
R Square	0.856802513
Adjusted R Squar	0.845787322
Standard Error	0.001132705
Observations	15

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	9.97981E-05	9.98E-05	77.783716	7.56897E-07
Residual	13	1.66793E-05	1.283E-06		
Total	14	0.000116477			

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0.086826205	0.001339326	64.828303	1.038E-17
X Variable 1	0.253513724	0.028744657	8.8195077	7.569E-07

	A-Rated Public Utility Bond Yield
Feb-21	3.09%
Mar-21	3.44%
Apr-21	3.30%
May-21	3.33%
Jun-21	3.16%
Jul-21	2.95%
Average	3.21%

Predicted Cost of Equity **9.50%**

Note:
Predicted Cost of Equity of 9.50% = 0.08688681 + 0.25351372 x 3.21%.

I/A

I/A

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COMPARABLE EARNINGS ANALYSIS

		2015	2016	2017	2018	2019	2020
1	Atmos Energy	9.9%	10.1%	9.8%	9.3%	8.9%	8.6%
2	Chesapeake Utilities	11.1%	10.0%	9.0%	10.9%	10.9%	10.1%
3	MDU Resources	7.3%	9.7%	11.7%	10.5%	11.8%	12.7%
4	National Fuel Gas	NMF	NMF	16.6%	20.2%	14.5%	NMF
5	New Jersey Resources	13.9%	11.8%	12.1%	16.9%	11.3%	10.6%
6	Northwest Natural	6.9%	6.9%	NMF	8.8%	7.5%	7.9%
7	ONE Gas Inc.	6.5%	7.4%	8.2%	8.4%	8.5%	8.8%
8	South Jersey Inds.	9.5%	8.0%	8.2%	9.2%	7.2%	9.8%
9	Southwest Gas	8.7%	9.1%	9.6%	8.1%	8.5%	8.7%
10	Spire Inc.	8.7%	8.2%	8.1%	9.5%	7.9%	3.2%
11	UGI Corp.	13.1%	12.6%	12.9%	13.2%	10.8%	13.6%
	Average	9.6%	9.4%	10.6%	11.4%	9.8%	9.4%

	Average	Median
Historical ROEs, 66 observations	10.0%	9.5%

Sources:

[1.] Value Line Investment Survey, May 28, 2021.

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Summary

	Estimated Cost of Equity
DCF Method	
Historical Growth Rates	9.10%
Historical & Forecasted Growth Rates	9.35%
Predicted Growth Rates	9.73%
Risk Premium Method - LDCs	9.50%
Average	9.42%

I/A

Experts Forecast Long-Term Stock and Bond Returns: 2019 Edition

Christine Benz
Jan 10, 2019

Savvy investors might view market predictions as pure folly. After all, it's next to impossible to predict what the market will return, especially over shorter time periods, so why bother?

It's certainly a mistake to try to predict the market in an effort to determine whether, when, and how much to hold in stocks and other asset classes. Even professional investors have struggled with tactical asset allocation, casting doubt on the ability of individual investors or even financial advisors to outperform strategic asset allocation with the approach.

But the fact is, even long-term, strategically minded investors need some type of market-return forecast to craft a financial plan. Without any view on how much stocks, bonds, and cash are apt to return, it's impossible to know how much you'll need to save and for how long. You can't know whether saving for retirement should be your sole financial preoccupation or whether you can hit other goals, such as college funding, along the way. To help turn your financial goals into reality, it's crucial to make assumptions about what the major asset classes, and in turn your own portfolio, are apt to return. That way you can determine how much of the heavy lifting for your plan will come from market appreciation and how much will have to come from your own contributions.

To help you arrive at an educated guess of how much the market will contribute to the success of your plan, I've been compiling annual looks at return expectations from market experts both inside and outside of Morningstar. Note that the parameters for these return estimates vary a bit; some of the return expectations are inflation-adjusted while others are not (nominal). Some of them are quite recent, while others date to earlier in 2018. In addition, some of the experts forecast returns for the next decade, while others employ slightly shorter time horizons.

Yet there were some commonalities among many of the forecasts. First, starting yields on intermediate-term bonds, historically a good predictor of future returns from bonds, suggest that bonds will give U.S. equities a run for their money over the next decade. In addition, many of the market forecasts suggest higher returns from non-U.S. stocks, especially emerging markets, than U.S. over the next decade.

Before you take those return forecasts to the bank, however, it's important to bear in mind that these return estimates are more intermediate term than they are long. As such, they're the most relevant to investors whose time horizons are in that ballpark, or to new retirees who face sequence-of-return risk in the next decade. Investors with very long time horizons of 20 to 30 years or longer can reasonably assume that market returns will run in line with their very long-term historic norms: 8% to 10% for stocks and half that amount for bonds.

BlackRock Investment Institute
Highlights: 7% nominal (non-inflation-adjusted) return for U.S. large caps over the next decade; 9% for non-U.S. large caps; 3.3% for the U.S. Aggregate Bond index(December 2018).

Bond index(December 2018).

BlackRock Investment Institute's Capital Markets Assumption report is heavy on the disclaimers, noting that the assumptions are "not intended as a recommendation to invest in any particular asset class or strategy or as a promise--or even estimate--of future performance." For each asset class, the firm provides a median expected return, as well as "uncertainty bands" depicting returns in a range. The firm provides assumptions for conventional asset classes as well as nontraditional ones such as hedge funds and private equity.

BlackRock Investment Institute's 7% median expected return for U.S. stocks put it at the high end of our sampling, but its expectation that foreign stocks would outperform (9% for foreign large caps) was a common theme across many of the firms. Notably, however, BlackRock Investment Institute is less sanguine about the prospects for emerging markets than it is for the broad universe of global non-U.S. equities, making it something of an outlier among many of the firms in our sample.

John C. Bogle, founder of Vanguard Group
Highlights: 4%-5% returns for stocks (nominal); 4% nominal returns for bonds over the next decade (October 2018).

In an interview in October (prior to the recent market volatility), the Vanguard founder was a bit more optimistic about returns from U.S. stocks over the next decade than he had been in previous years. As always, Bogle backs into his return forecast by looking at the equity market's current dividend yield, then factors in expected earnings growth and P/E multiple expansion or contraction. The S&P 500 currently yields about 2%, and Bogle expected in late October that earnings growth would run in the range of 5%. He then gave that 7% expected return (the 2% dividend yield plus 5% earnings growth) a haircut to account for his expected P/E contraction, bringing his self-described "reasonable expectation" for stocks down to between 4% and 5%. To arrive at his 4% return expectations for bonds over the next decade, Bogle uses a blend of the starting yields for Treasuries and high-quality corporates.

GMO

Highlights: negative 4.1% real (inflation-adjusted) returns for U.S. large caps over the next seven years; negative 0.2% real returns for U.S. bonds; 4.4% real returns for emerging-markets equities; 2.9% real returns for emerging-markets debt (November 2018).

As always, the return expectations from the notoriously pessimistic Grantham Mayo Van Otterloo run toward the gloomy side of our collected prognostications. The firm expects U.S. large caps and hedged international bonds to post the worst performance of all of its major asset classes over the next 7 years: It's forecasting negative 4.1% real returns for the former and negative 2.1% real returns from dollar-hedged international bonds from developed markets. The firm expects U.S. small-cap stocks to perform much better than large, but still believes that U.S. small-cap investors will sink into the red on an inflation-adjusted basis, losing 0.7%.

Consistent with its recent expectations, the firm is most sanguine about the prospects for emerging-markets equities and bonds, forecasting 4.4% real returns for emerging-markets equities and 2.9% gains for emerging-markets bonds. The firm is more optimistic still for the subset of emerging-markets equities it considers emerging markets value stocks, predicting a nearly 8% real return for the asset class.

It's worth noting that the firm's pessimism on U.S. equities and positive outlook for emerging markets has cost it on the return front over the past several years: Wells Fargo Absolute Return (WARAX), which GMO manages, has recently struggled and earns a Neutral rating from Morningstar's analyst team.

J.P. Morgan Asset Management
Highlights: 5.25% return assumption (nominal) for U.S. equities over a 10- to 15-year horizon; 4.5% nominal return assumption for U.S. investment-grade corporate bonds over 10- to 15-year holding period (October 2018).

J.P. Morgan Asset Management updates its capital return assumptions for major asset classes annually, and notes that its assumptions are little changed from 2018. One of the biggest upward revisions in the firm's return assumptions was in the realm of U.S. high-quality corporate bonds, from 3.5% to 4.5%. As with several of the other firms, J.P. Morgan Asset Management is more sanguine about the prospects for emerging markets equities than developed markets stocks; the firm's assumption is for an 8.5% return from the asset class over the next 10 to 15 years, a function of lower starting valuations.

Note that J.P. Morgan Asset Management expresses its return assumptions in nominal, rather than inflation-adjusted, terms. However, the firm describes its inflation expectations as dovish, meaning that it expects inflation to continue to be mild. Additionally, it's important to note that the firm published its report before markets took a dive at the end of 2018.

Morningstar Investment Management
Highlights: 1.8% 10-year nominal returns for U.S. stocks; 3.3% 10-year nominal returns for U.S. bonds (Sept. 30, 2018).

The headline here is that as of Sept. 30, 2018, Morningstar Investment Management expected higher gains from U.S. bonds than U.S. stocks over the next decade. As with GMO, however, the outlook is more optimistic for foreign equities: MIM expects U.S. holders of international developed equities to earn nearly 6% on a nominal (noninflation-adjusted) basis, and U.S. holders of emerging-markets equities to earn nearly 7% nominally. Morningstar Investment Management provides its latest return expectations in Morningstar Markets Observer; the latest issue will be out this month.

Research Affiliates
Highlights: 0.7% real returns for U.S. large caps during the next 10 years; 0.5% real returns for the Barclays U.S. Aggregate Bond Index (Dec. 31, 2018; valuation-dependent model).

Research Affiliates deserves plaudits for its intuitive and user-friendly scatter plot depicting the firm's expectations for 10-year returns and volatility from the major can also adjust to see return expectations based on a valuation-focused model and one focused on dividends and growth.

The firm's recent 10-year risk/return expectations suggest that U.S. investors relying strictly on U.S. stocks and bonds could be disappointed over the next decade: The firm's valuation-dependent model calls for a 0.7% real return for U.S. large-cap stocks and 0.5% inflation-adjusted gains for the U.S. Aggregate Bond Index. Real return expectations are more encouraging for those two asset classes using the firm's "yield and growth" model--3.3% for U.S. large caps and 0.6% for the U.S. Aggregate Bond Index.

Like GMO and Morningstar, the firm has higher return expectations from foreign stocks and especially emerging markets. Its valuation-dependent model suggests a nearly 6% real return over the next decade from the MSCI EAFE index (developed markets foreign stocks) and a nearly 8% return from emerging markets equities.

Vanguard
Highlights: Nominal U.S. equity-market returns in the 3% to 5% range during the next decade; 6% to 8% returns for non-U.S. equities; 2.5% to 4.5% expected returns for global fixed-income markets (December 2018).

In its 2019 Economic and Market Outlook, Vanguard's Investment Strategy Group wrote that its 10-year return assumptions for global stocks and bonds are modestly higher than this time last year. But the firm isn't forecasting blockbuster gains from any of the major asset classes. It's expecting U.S. equities to post gains in the 3% to 5% range, lower than its forecast for non-U.S. equities (6% to 8%). Thus, like other firms, it's emphasizing the importance of geographic diversification. In contrast with several of the aforementioned firms, however, Vanguard calls valuations in emerging markets "stretched." Ditto for valuations in the U.S., which Vanguard's economists expect to contract as yields rise over the next decade.

Note that Vanguard expresses its capital markets return assumptions in nominal rather than inflation-adjusted terms. However, the report's authors don't see any reason for investors to expect runaway inflation.

Source:
https://www.morningstar.com/articles/907378/experts-forecast-longterm-stock-and-bond-returns-2

I/A

Why Market Returns May Be Lower and Global Diversification More Important in the Future

May 3, 2021

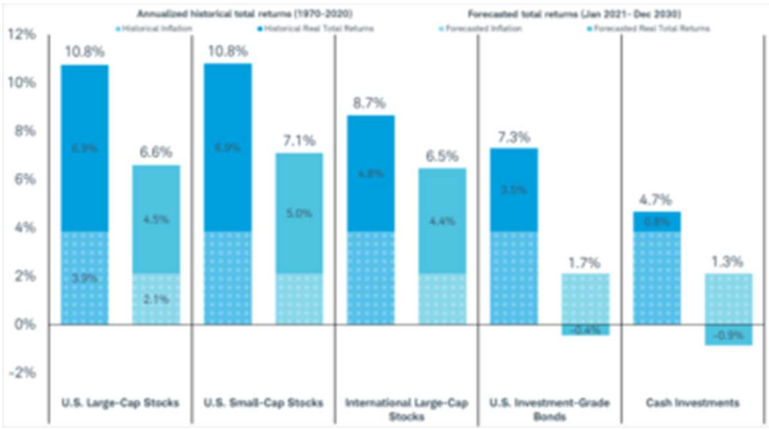
By Veeru Perianan

Market returns on stocks and bonds over the next decade are expected to fall short of historical averages, according to our 2021 estimates.[1] This article provides a broad overview of the methodology used for calculating our capital market return estimates and highlights the importance of diversification and staying focused on long-term financial objectives that are based on reasonable expectations.

The main factors behind the lower expectations for market returns are historically low interest rates, tepid long-term economic growth prospects, and elevated equity valuations.

The reduced outlook follows an extended period of double-digit returns for some asset classes, as shown in the chart below. As such, now may be a good time for investors to review, and consider resetting, long-term financial goals to ensure that they are based on projections grounded in disciplined methodology rather than on historical averages.

Curb your expectations



Total return = price growth plus dividend and interest income. The example does not reflect the effects of taxes or fees. Numbers rounded to the nearest one-tenth of a percentage point. Benchmark indexes for the asset classes: S&P 500® index (U.S. Large-Cap Stocks), Russell 2000® (U.S. Small-Cap Stocks), MSCI EAFE Index® (International Large-Cap Stocks), Bloomberg Barclays U.S. Aggregate Bond Index (U.S. Investment-Grade Bonds), and Citigroup 3-Month U.S. Treasury Bill Index (Cash Investments). Historical inflation is based on Consumer Price Index for All Urban Consumers, published by U.S. Bureau of Labor Statistics. **Past performance is no guarantee of future results.**

Source: Charles Schwab Investment Advisory, Inc. Historical data from Morningstar Direct. Data as of 12/31/2020.

Our estimates show that, over the next 10 years, stocks and bonds will likely fall short of their historical annualized returns from 1970 to December 2020. The estimated annual expected return for U.S. large-capitalization stocks from January 2021 to December 2030 is 6.6%, for example, compared with an annualized return of 10.8% during the historical period. Small-capitalization stocks, international large-capitalization stocks, core bonds, and cash investments also are projected to post lower returns through December 2030. We find the same pattern with *real* returns for these investments (i.e., returns after removing the effect of inflation). Which suggests that the reasons for this are more complex, and rest on the fundamental drivers of economic growth.

Expectations of rising inflation have been on many an investor's mind lately. The reasons are understandable, especially due to the Federal Reserve's current accommodative monetary policy as a response to the aftereffects of the pandemic on the economy. As the economy opens up and demand ramps up ahead of supply chains coming online, there could be increased inflationary pressures in the near term, but we do not believe this extends to the long term. As the economy readjusts, and we look toward the long term, we expect future inflation to remain benign at 2.1%. This is based on consensus estimates of leading economists, and is quite a bit lower than historical inflation, which has averaged 3.9% since 1970. The impact of inflation can be felt across asset classes, but most adversely in case of cash and bonds.

Cash expected returns are expected to remain low. Monetary policy, combined with investors' flight to safety, has caused bond term premiums—that is, the difference between the yields earned by locking up money over an extended period vs. rolling over a short-term instrument (like Treasury bills) for the same period—to turn negative. This suggests that bond returns are also likely to remain subdued.

Here are answers to frequently asked questions about these market estimates:

Why are long-term estimates of returns important?

A sound financial plan serves as a road map to help investors reach long-term financial goals. To get there, investors need reasonable expectations for long-term market returns.

Return expectations that are too optimistic, for example, could mislead investors to expect their investments to grow at an unrealistically high rate. This may cause them to save less, in the hope that their investments might grow large enough to fund their retirement or big expenses. But when actual returns do not match these expectations, it could lead to a delayed retirement or make it difficult to pay for a big expense, such as a college education. On the other hand, if return expectations are overly pessimistic, too much may be saved in the nest egg at the expense of everyday living.

How do you calculate your long-term forecasts?

The long-term estimates cover a 10-year time horizon. We take a forward-looking approach to forecasting returns, rather than basing our estimates on historical averages. Historical averages are less useful, as these only describe past performance. Forward-looking return estimates, however, incorporate expectations for the future, making them more useful for making investment decisions.

For U.S. and international large-cap stocks, we use analyst earnings estimates and macroeconomic forecast data to estimate two key cash-flow drivers of investment returns: recurring investment income (earnings) and capital gains generated by selling the investment at the end of the forecast horizon of 10 years. To arrive at a return estimate, we answer the question: What returns would investors make if they bought these assets at the current price level to obtain these forecasted future cash flows?

For U.S. small-capitalization stocks, we forecast the returns by analyzing and including the so-called “size risk premium.” This is the amount of money that investors in small-capitalization stocks expect to earn over and above the returns on U.S. large-capitalization stocks.

For the U.S. investment-grade bonds asset class, which includes Treasuries, investment-grade corporate bonds and securitized bonds, our forecast takes into account yield-to-maturity of a risk-free bond, roll-down return, and a credit risk premium.[2] We believe the future level of return an investor will receive is anchored to a large extent by the yield of a 10-year U.S. Treasury bond. Treasury bonds are generally considered to be default-risk-free. Aside from this, roll-down return is an additional source of return bond fund investors typically earn, as they almost always invest in a bond portfolio that is designed to maintain an average maturity. For example, a roll-down return occurs when a bond fund manager sells a bond whose maturity falls below the average maturity of the portfolio. This process typically results in a gain because yields on bonds with longer maturities are usually higher than on shorter maturities, and because bond prices rise when yields fall. Credit risk premium is the return an investor earns for taking on the risk of default, as when investing in a relatively riskier bond, such as a corporate bond.

Cash investments are very short-term in nature, typically not exceeding three months at a given time, and are reinvested at the end of each period for as long of a horizon as desired. We assume this horizon to be 10 years and estimate the returns from cash investments over this period using a term premium model.

Why do you expect long-term returns to be lower than historical averages?

Three primary factors are behind the forecast for reduced returns: low interest rates, low economic growth, and equity valuations.

- ***Low interest rates.*** Lower inflation affects yields on everything from cash to 30-year Treasury bonds. As noted earlier, inflation is low by historical standards and expected to remain so over the next 10 years. When the rate of inflation is low, *nominal* bond yields also have been low. That is because bond investors generally do not require as much yield premium to compensate for the erosion in buying power that inflation can inflict on a portfolio. Nominal bond yields are the yields that investors typically notice and does not remove the impact of inflation, as *real* yields do. Current and expected interest rates are much lower than what has transpired historically, especially compared to the high-interest-rate environment of the 1980s. The Fed has once again started following a zero-interest-rate policy in response to the economic fallout due to COVID-19. Low yields mean investors earn less from the fixed-income portion of their portfolios.
- ***Low economic growth.*** Economic growth and inflation typically go hand in hand. Strong economic growth typically causes rising inflation, as demand grows faster than supply. Inflation induced by growth is a good thing, as asset returns also tend to increase. At present, while near term economic growth is likely to be robust, as the economy opens up (post-pandemic), consensus forecasts of economic growth over the long term remain subdued. A measure of economic growth is

annual *real* gross domestic product (GDP) growth. A robust economy is fundamental to achieving healthy returns from the financial markets. Everything from monetary policy, to interest rates and company earnings are linked to this. According to consensus forecasts, economists expect 2.3% GDP growth per year, on average, over the next 10 years, even after accounting for expectations of increased economic activity post-pandemic. This compares to historical average GDP growth of 3.1% per year (since 1948).

- ***Equity valuations***. Valuations appear to be stretched compared to last March's levels. While earnings growth is expected to remain strong in the medium term—as the economy starts to get back to normal post-pandemic—the stock rally since last March has run far ahead of these expectations. High stock prices today, without a proportionate increase in future earnings, mean lower expected returns going forward. But stocks still tend to have higher expected returns than bonds, as they generally have higher risks.

What could lead to higher returns?

Returns could exceed our expectations if the U.S. economy grows more than economists anticipate. Higher-than-expected economic growth would likely lead to higher earnings growth, driving stock and bond returns higher. An example of the economy growing faster than expected occurred from 1990 to 1999. During that period, economists expected annual GDP growth of 2.4%, while the U.S. economy grew at a much higher rate of 3.4% annually on average. Corresponding returns from U.S. large-capitalization stocks were 18.2% on average and core bonds averaged 7.7% despite severe market turbulence in 1998.

What can investors do now?

Thanks to the power of compound returns, what investors do (or don't do) today can have big implications on their ability to meet their long-term goals.

Here are a few things to consider doing. First, if you don't have a long-term financial plan, now is a good time to put one together. Second, try to minimize fees and taxes, particularly in a lower-return environment. And last but not least: Build a well-diversified portfolio.

I/A

I/A

Public Staff
Hinton Exhibit 12

Piedmont Natural Gas
Overall Cost of Capital and Capital Structure
as of May 31, 2021

	Amount ($)	Ratio	Cost Rate	Weighted Cost Rate[1]	Pre-Tax Cost of Capital[2]
Long-Term Debt	2,707,488,369	48.81%	4.08%	1.991%	2.002%
Short-Term Debt	36,227,098	0.65%	0.20%	0.001%	0.001%
Common Equity	2,803,794,382	50.54%	9.42%	4.761%	6.216%
Total	5,547,509,849	100.00%		6.75%	8.22%
				Pre-Tax Interest Coverage[2]	4.1

Note:

1. The calculation of the weighted cost rate is rounded to the thousandth place.
2. The pre-tax cost of debt and equity is grossed up by tax retention factors of 0.9944 for debt capital and 0.7659 for equity capital.

I/A

Public Staff
Hinton Settlement Exhibit 1

Piedmont Natural Gas
Overall Cost of Capital and Capital Structure
as of May 31, 2021

	Amount ($)	Ratio	Cost Rate	Weighted Cost Rate[1]	Pre-Tax Cost of Capital[2]
Long-Term Debt	2,707,488,369	47.75%	4.08%	1.948%	1.959%
Short-Term Debt	36,227,098	0.65%	0.20%	0.001%	0.001%
Common Equity	2,803,794,382	51.60%	9.60%	4.954%	6.468%
Total	5,547,509,849	100.00%		6.90%	8.43%

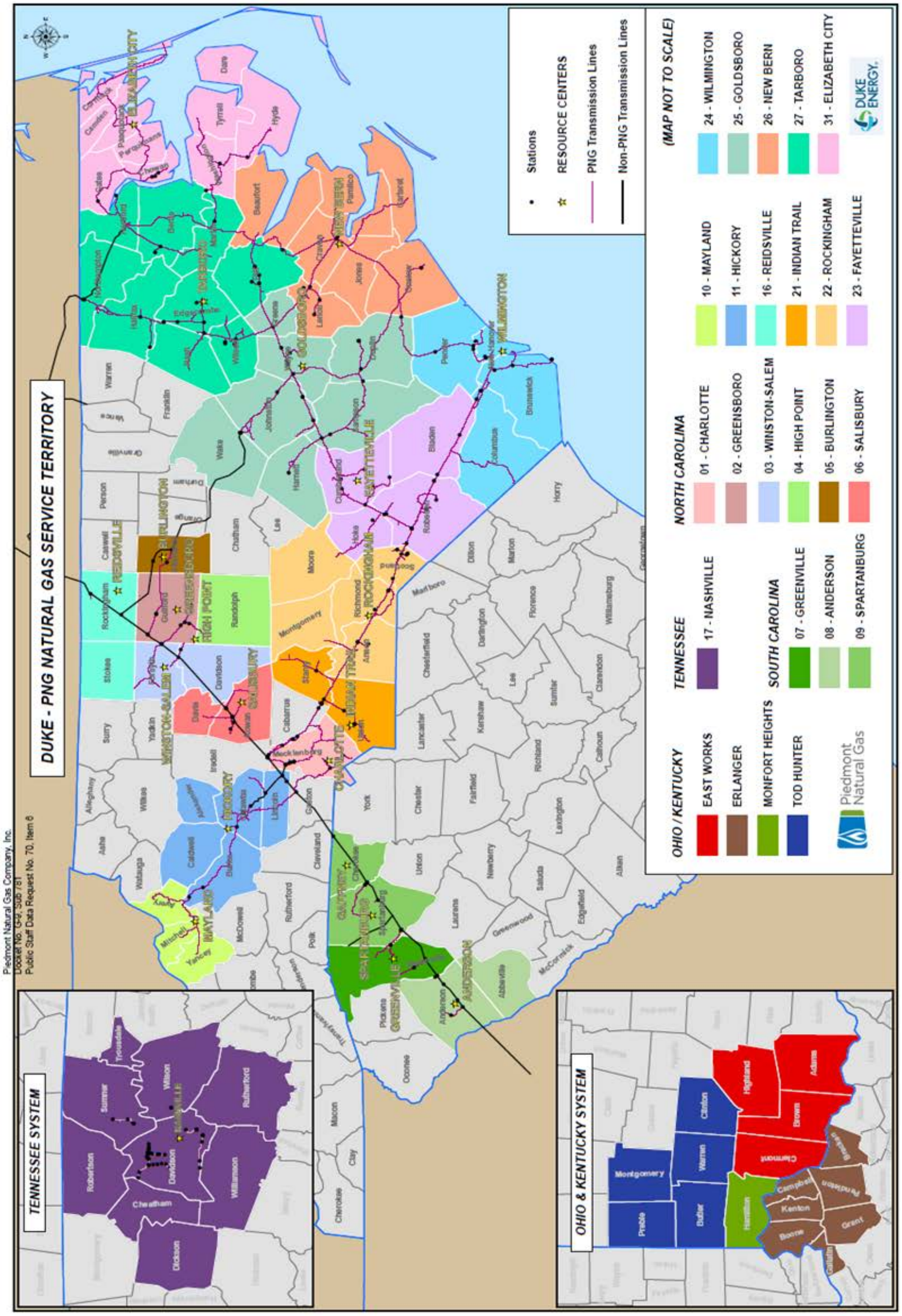
Pre-Tax Interest Coverage[2] 4.3

Note:
1. The calculation of the weighted cost rate is rounded to the thousandth place.
2. The pre-tax cost of debt and equity is grossed up by tax retention factors of 0.9944 for debt capital and 0.7659 for equity capital.

I/A

Public Staff

Metz Exhibit 1



I/A

Public Staff

Confidential Metz Exhibit 2

Docket No. G-9, Subs 722, 781 & 786

CONFIDENTIAL

I/A

I/A

Public Staff

Metz Exhibit 3

Piedmont Natural Gas Company, Inc.				G-1, Item 5	
Docket No. G-9, Sub 781				Attachment 1 of 2	
Test Period ending December 31, 2020				Page 4 of 4	
Proposed Design Day Allocation					
PRO FORMA DESIGN DAY ALLOCATION	BASE LOAD FACTOR	HEAT SENSITIVITY FACTOR	DECEMBER 2018 CUSTOMERS	DESIGN DAY DTs	
NORTH CAROLINA					
Design Day Temperature (F)	8.71				
Design Day HDD	56.29				
Rate Schedule 101 - Residential	0.85361	0.01442	701,548	589,311.22	
Rate Schedule 102 - Small General	11.15644	0.06688	71,832	296,759.07	
Rate Schedule 143 / 102 - Small General Motor Fuel	109.94167	-	9	32.53	
Rate Schedule 152 - Medium General	524.07422	1.08208	503	39,304.57	
Rate Schedules 103, 113 - Firm Large General	6,911.17845	2.97327	368	145,206.15	
Rate Schedules 143 / 103, 143 / 113 - Firm Large General Motor Fuel	7,851.68333	-	11	2,839.51	
Rate Schedule T-10 - Firm Military	63,201.46233	180.29121	1	12,226.45	
Special Contract - Firm Municipals	113,409.73490	355.37948	3	71,198.55	
Total North Carolina Design Day Dts				**1,156,878**	
SOUTH CAROLINA					
Design Day Temperature (F)	8.71				
Design Day HDD	56.29000				
Rate Schedule 201 - Residential	0.80692	0.01493	138,577	120,153.38	
Rate Schedule 202 - Small General	9.71336	0.06222	14,762	56,415.47	
Rate Schedule 252 - Medium General	558.74707	1.03612	86	6,595.61	
Rate Schedules 203, 213 - Firm Large General	2975.54579	1.83150	71	14,265.40	
Special Contract - Firm Large General	13564.55833	-	1	445.96	
Total South Carolina Design Day Dts				**197,876**	
Grand Total Carolinas Design Day Dts				**1,354,754**	
North Carolina Design Day Pro Forma Allocation %				**85.39%**	(1)
South Carolina Design Day Pro Forma Allocation %				**14.61%**	

(1) This factor is used to allocate Piedmont 2-state LNG storage plant utility account balances (balances in accounts 26XXX) to NC. This factor is also used to allocate Piedmont 2-state LNG-related O&M expenses to NC; such LNG O&M expenses are charged to accounts 0843200, 0843400, 0843500, 0843600, 0843700, 0843800, 0843900, 0844100, 0845200 and 0846201.

(1) This factor is used to allocate Piedmont 2-state LNG storage plant utility account balances (balances in accounts 26XXX) to NC. This factor is also used to allocate Piedmont 2-state LNG-related O&M expenses to NC; such LNG O&M expenses are charged to accounts 0843200, 0843400, 0843500, 0843600, 0843700, 0843800, 0843900, 0844100, 0845200 and 0846201

I/A

I/A

Public Staff

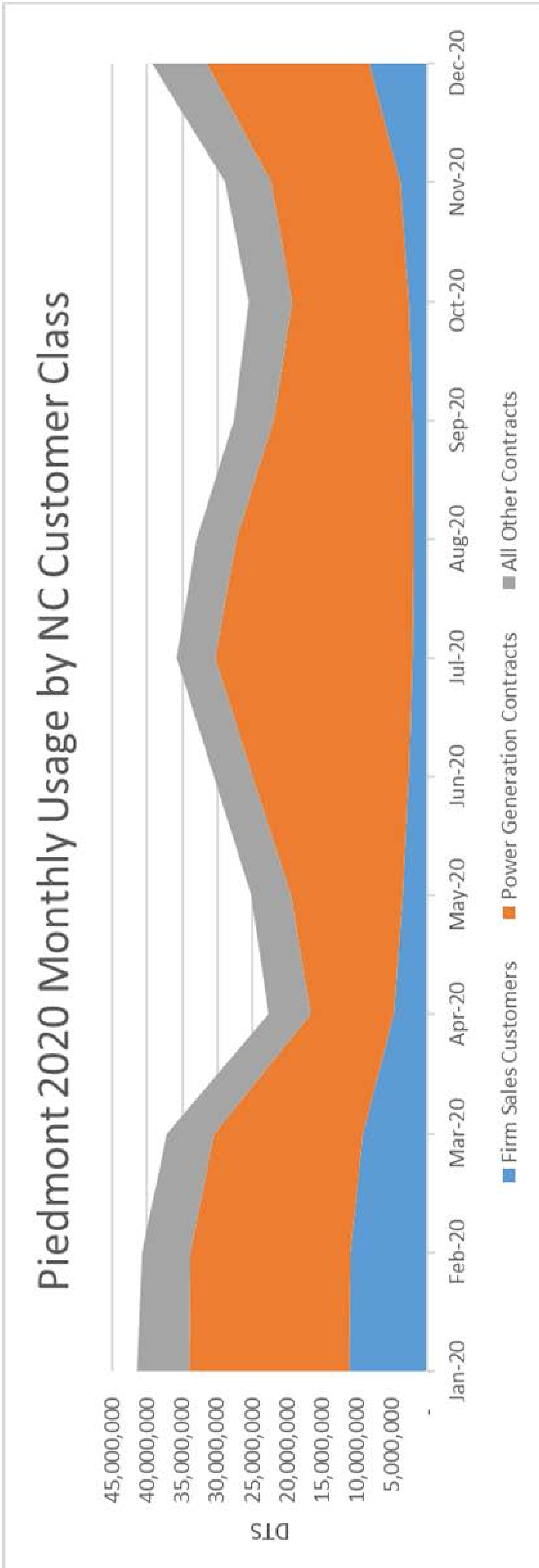
Metz Exhibit 4

I/A

I/A

Public Staff

Metz Exhibit 5



INDEX OF EXHIBITS

Exhibit No.	**Description**
Appendix A	Curriculum vitae
KWO-1	CUCA Recommended Overall Rate of Return
KWO-2	DCF Summary of O'Donnell Proxy Group
KWO-3	Plowback Rations for O'Donnell Proxy Group
KWO-4	Returns on Book Value of O'Donnell Proxy Group
KWO-5	DCF Results of O'Donnell Proxy Group
KWO-6	DCF Results of Duke Parent Company
KWO-7	CAPM Results of O'Donnell Proxy Group

CUCA Recommended Overall Rate of Return

O'Donnell Financial Analyses ROE Results		
DCF	7.50%	9.50%
CEA	9.00%	10.00%
CAPM	6.00%	8.00%
Recommendation	**9.00%**	

CUCA Overall Recommendation			
Component	Capital Structure Ratio (%)	Cost Rate (%)	Weighted Cost Rate (%)
Long-Term Debt	49.43%	4.09%	2.02%
Short-Term Debt	0.57%	0.47%	0.00%
Common Equity	50.00%	9.00%	4.50%
Total Capitalization	100.00%		6.52%

O'Donnell Proxy Group
DCF Summary

Company	Forecasted Annualized Dividend Yield 13-Wks [1]	4-Wks [2]	Current [3]	Value Line 10-Year EPS [4]	10-Year DPS [4]	10-Year BPS [4]	5-Year EPS [4]	5-Year DPS [4]	5-Year BPS [4]	Forecasted (Est'd '18-'20 to '24-'26) EPS [4]	DPS [4]	BPS [4]	Average Plowback Growth Rate [4]	CFRA 3-Year Projected EPS CAGR [5]	Schwab LT Growth Rate 3-5 Years EPS (AEE) [6]
													Exhibit KWO-3		
Atmos Energy	2.6%	2.7%	2.7%	8.0%	5.0%	7.5%	9.0%	7.5%	10.0%	7.0%	7.5%	10.5%	4.1%	8.0%	7.2%
Chesapeake Utilities	1.6%	1.6%	1.6%	9.5%	6.5%	9.5%	9.0%	7.5%	11.0%	8.5%	8.0%	6.5%	6.7%	3.6%	-
New Jersey Resources	3.1%	3.2%	3.3%	6.0%	7.0%	7.5%	5.5%	6.5%	8.5%	2.0%	5.5%	5.5%	4.1%	8.0%	6.0%
NiSource Inc	3.5%	3.5%	3.5%	2.0%	-1.5%	-3.0%	0.5%	-3.0%	-5.0%	9.5%	4.5%	4.5%	3.9%	5.0%	3.5%
Northwest Natural	3.5%	3.6%	3.6%	-1.5%	1.5%	1.0%	1.5%	0.5%	-	5.5%	0.5%	8.5%	1.9%	4.0%	3.8%
ONE Gas Inc	3.1%	3.2%	3.2%	-	-	-	10.0%	14.5%	3.0%	6.5%	7.0%	10.5%	3.5%	5.0%	5.0%
South Jersey Inds	4.9%	4.7%	4.8%	1.5%	6.5%	5.5%	-1.5%	4.0%	2.5%	11.5%	4.5%	6.5%	3.6%	6.0%	4.8%
Southwest Gas	3.5%	3.7%	3.7%	7.5%	8.5%	6.0%	5.5%	8.0%	7.0%	9.0%	4.5%	6.0%	4.4%	6.0%	4.0%
Spire Inc	3.5%	3.6%	3.6%	1.5%	4.5%	7.0%	4.5%	6.0%	5.5%	10.0%	4.5%	9.0%	3.2%	4.0%	7.3%
UGI Corp	3.0%	2.9%	2.9%	5.5%	8.0%	7.0%	7.0%	7.5%	5.5%	6.0%	4.5%	7.0%	7.0%	8.0%	7.7%
AVERAGE	**3.2%**	**3.3%**	**3.3%**	**4.4%**	**5.1%**	**5.3%**	**5.1%**	**5.9%**	**5.3%**	**7.6%**	**5.1%**	**7.5%**	**4.2%**	**5.8%**	**5.5%**
Duke Energy	3.9%	3.9%	3.9%	2.5%	3.0%	2.0%	1.5%	3.5%	1.0%	7.0%	2.0%	2.0%	2.1%	6.0%	5.0%

Notes:
EPS = earnings per share
DPS = dividends per share
BPS = book value per share
Est'd '18-'20 to '24-'26

Sources:

[1]	The Value Line Investment Survey, Summary and Index:	4/16/2021	4/23/2021	4/30/2021	5/7/2021	5/14/2021	5/21/2021	5/28/2021	6/4/2021	6/11/2021
		6/18/2021	6/25/2021	7/2/2021	7/9/2021					
[2]	The Value Line Investment Survey, Summary and Index:	6/18/2021	6/25/2021	7/2/2021	7/9/2021					
[3]	The Value Line Investment Survey, Summary and Index:	7/9/2021								
[4]	The Value Line Investment Survey:5/28/2021 (Nat Gas), 5/14/2021 (Electric Utilities East)									
[5]	CFRA Stock Report earnings estimates as of7/6/2021 as provided by Schwab.com									
[6]	Schwab Equity Report earnings estimates as of7/6/2021 as provided by Schwab.com									

O'Donnell Proxy Group
Plowback Ratios

Company	2019	2020	2021E*	2024E* - 2026E*	AVERAGE
					Exhibit KWO-2, Exhibit KWO-5 pg. 2
Atmos Energy	4.6%	4.4%	4.0%	3.5%	4.1%
Chesapeake Utilities	6.5%	6.2%	6.5%	7.5%	6.7%
New Jersey Resources	4.6%	4.3%	4.0%	3.5%	4.1%
NiSource Inc	3.8%	3.7%	2.5%	5.5%	3.9%
Northwest Natural	1.4%	1.7%	2.0%	2.5%	1.9%
ONE Gas Inc	3.8%	3.7%	3.5%	3.0%	3.5%
South Jersey Inds	NMF	2.9%	3.0%	5.0%	3.6%
Southwest Gas	3.9%	4.0%	4.0%	5.5%	4.4%
Spire Inc	2.7%	NMF	4.0%	3.0%	3.2%
UGI Corp	5.6%	7.0%	8.0%	7.5%	7.0%
AVERAGE	**4.1%**	**4.2%**	**4.2%**	**4.7%**	**4.2%**

Duke Energy	2.4%	0.4%	2.0%	3.5%	2.1%

*E = expected
Plowback = Percent retained to common equity
The Value Line Investment Survey: 5/28/2021 (Nat Gas), 5/14/2021 (Electric Utilities East)

O'Donnell Proxy Group
Returns on Book Value

Company	2019	2020	2021E*	2024E* - 2026E*
Atmos Energy	8.9%	8.6%	8.0%	7.5%
Chesapeake Utilities	10.9%	10.1%	11.0%	12.0%
New Jersey Resources	11.3%	10.6%	10.5%	10.5%
NiSource Inc	9.7%	10.5%	9.0%	11.5%
Northwest Natural	7.5%	7.9%	7.5%	7.0%
ONE Gas Inc	8.8%	8.8%	8.5%	6.5%
South Jersey Inds	7.2%	9.8%	10.0%	11.5%
Southwest Gas	8.5%	8.7%	9.0%	10.0%
Spire Inc	7.9%	3.2%	9.5%	7.5%
UGI Corp	10.8%	13.6%	14.0%	12.5%
AVERAGE	**9.2%**	**9.2%**	**9.7%**	**9.7%**

Duke Energy	8.3%	6.3%	8.5%	9.5%

*E = expected
The Value Line Investment Survey: 5/28/2021 (Nat Gas), 5/14/2021 (Electric Utilities East)

O'Donnell: Proxy Group
DCF Results

O'Donnell DCF Calculation

	VL 13-Weeks a	VL 4-Weeks b	VL 1-Week c		
	Exhibit KWO-2 →				
VL DIVIDEND YIELD AVERAGES	3.2%	3.3%	3.3%		
Growth Rates	VL EPS d	VL DPS e	VL BPS f		
	Exhibit KWO-2 →				
10-Year Growth Rate Averages	4.4%	5.1%	5.3%		
5-Year Growth Rate Averages	5.1%	5.9%	5.3%		
VL HISTORICAL GROWTH RATE AVERAGES	**4.8%**	**5.5%**	**5.3%**		
	VL EPS g	VL DPS h	VL BPS i	CFRA EPS j	Schwab EPS k
	Exhibit KWO-2 →				
FORECASTED GROWTH RATE AVERAGES	**7.6%**	**5.1%**	**7.5%**	**5.8%**	**5.5%**
	13-Weeks VL EPS = a + d	13-Weeks VL DPS = a + e	13-Weeks VL BPS = a + f		
	Rx →				
VL HISTORICAL GROWTH RATE AVERAGES + VL DIV YIELD AVERAGES	8.0%	8.8%	8.6%		
	4-Weeks VL EPS = b + d	4-Weeks VL DPS = b + e	4-Weeks VL BPS = b + f		
	Rx →				
	8.0%	8.8%	8.6%		
	1-Week VL EPS = c + d	1-Week VL DPS = c + e	1-Week VL BPS = c + f		
	Rx →				
	8.1%	8.8%	8.6%		
	MIN	AVG	MAX		
	ABOVE →				
VL HISTORICAL GROWTH RATE AVERAGES + VL DIV YIELD RANGE	**8.0%**	**8.5%**	**8.8%**		
	13-Weeks VL EPS = a + g	13-Weeks VL DPS = a + h	13-Weeks VL BPS = a + i	13-Weeks CFRA EPS = a + j	13-Weeks Schwab EPS = a + k
	Rx →				
FORECASTED GROWTH RATE AVERAGES + VL DIV YIELD AVERAGES	10.8%	8.3%	10.7%	9.0%	8.7%
	4-Weeks VL EPS = b + g	4-Weeks VL DPS = b + h	4-Weeks VL BPS = b + i	4-Weeks CFRA EPS = b + j	4-Weeks Schwab EPS = b + k
	Rx →				
	10.8%	8.4%	10.7%	9.0%	8.7%
	1-Week VL EPS = c + g	1-Week VL DPS = c + h	1-Week VL BPS = c + i	1-Week CFRA EPS = c + j	1-Week Schwab EPS = c + k
	Rx →				
	10.8%	8.4%	10.7%	9.1%	8.8%
	MIN	AVG	MAX		
	ABOVE →				
FORECASTED GROWTH RATE AVERAGES + VL DIV YIELD RANGE	**8.3%**	**9.5%**	**10.8%**		

O'Donnell: Proxy Group
DCF Results

O'Donnell DCF Calculation (cont'd)

	VL DIV YIELD AVERAGES		
	13-Weeks	4-Weeks	1-Week
	a	b	c
	Exhibit KWO-2		
Atmos Energy	2.6%	2.7%	2.7%
Chesapeake Utilities	1.6%	1.6%	1.6%
New Jersey Resources	3.1%	3.2%	3.3%
NiSource Inc	3.5%	3.5%	3.5%
Northwest Natural	3.5%	3.6%	3.6%
ONE Gas Inc	3.1%	3.2%	3.2%
South Jersey Inds	4.9%	4.7%	4.8%
Southwest Gas	3.5%	3.7%	3.7%
Spire Inc	3.5%	3.6%	3.6%
UGI Corp	3.0%	2.9%	2.9%
AVERAGE	**3.2%**	**3.3%**	**3.3%**

VL PLOWBACK	
	d
Exhibit KWO-3	
Atmos Energy	4.1%
Chesapeake Utilities	6.7%
New Jersey Resources	4.1%
NiSource Inc	3.9%
Northwest Natural	1.9%
ONE Gas Inc	3.5%
South Jersey Inds	3.6%
Southwest Gas	4.4%
Spire Inc	3.2%
UGI Corp	7.0%
AVERAGE	**4.2%**

VL PLOWBACK + VL DIV YIELD AVERAGES		
= a + d	= b + d	= c + d
Rx		
6.7%	6.8%	6.8%
8.3%	8.3%	8.3%
7.2%	7.3%	7.4%
7.3%	7.3%	7.4%
5.4%	5.5%	5.5%
6.6%	6.7%	6.7%
8.6%	8.4%	8.4%
7.9%	8.0%	8.1%
6.8%	6.8%	6.8%
10.0%	10.0%	9.9%
7.5%	**7.5%**	**7.5%**

MIN ABOVE	AVG	MAX
7.5%	**7.5%**	**7.5%**

O'Donnell: Duke Parent Company
DCF Results

O'Donnell DCF Calculation

	VL 13-Weeks a	VL 4-Weeks b	VL 1-Week c		
	Exhibit KWO-2 →				
VL DIVIDEND YIELD AVERAGES	3.9%	3.9%	3.9%		
Growth Rates	VL EPS d	VL DPS e	VL BPS f		
	Exhibit KWO-2 →				
10-Year Growth Rate Averages	2.5%	3.0%	2.0%		
5-Year Growth Rate Averages	1.5%	3.5%	1.0%		
VL HISTORICAL GROWTH RATE AVERAGES	**2.0%**	**3.3%**	**1.5%**		
	VL EPS g	VL DPS h	VL BPS i	CFRA EPS j	Schwab EPS k
	Exhibit KWO-2 →				
FORECASTED GROWTH RATE AVERAGES	**7.0%**	**2.0%**	**2.0%**	**6.0%**	**5.0%**

	13-Weeks VL EPS = a + d	13-Weeks VL DPS = a + e	13-Weeks VL BPS = a + f
	Rx →		
VL HISTORICAL GROWTH RATE AVERAGES + VL DIV YIELD AVERAGES	5.9%	7.1%	5.4%
	4-Weeks VL EPS = b + d	4-Weeks VL DPS = b + e	4-Weeks VL BPS = b + f
	Rx →		
	5.9%	7.1%	5.4%
	1-Week VL EPS = c + d	1-Week VL DPS = c + e	1-Week VL BPS = c + f
	Rx →		
	5.9%	7.2%	5.4%
	MIN ABOVE →	**AVG**	**MAX**
VL HISTORICAL GROWTH RATE AVERAGES + VL DIV YIELD RANGE	**5.4%**	**6.1%**	**7.2%**

	13-Weeks VL EPS = a + g	13-Weeks VL DPS = a + h	13-Weeks VL BPS = a + i	13-Weeks CFRA EPS = a + j	13-Weeks Schwab EPS = a + k
	Rx →				
FORECASTED GROWTH RATE AVERAGES + VL DIV YIELD AVERAGES	10.9%	5.9%	5.9%	9.9%	8.9%
	4-Weeks VL EPS = b + g	4-Weeks VL DPS = b + h	4-Weeks VL BPS = b + i	4-Weeks CFRA EPS = b + j	4-Weeks Schwab EPS = b + k
	Rx →				
	10.9%	5.9%	5.9%	9.9%	8.9%
	1-Week VL EPS = c + g	1-Week VL DPS = c + h	1-Week VL BPS = c + i	1-Week CFRA EPS = c + j	1-Week Schwab EPS = c + k
	Rx →				
	10.9%	5.9%	5.9%	9.9%	8.9%
	MIN ABOVE →	**AVG**	**MAX**		
FORECASTED GROWTH RATE AVERAGES + VL DIV YIELD RANGE	**5.9%**	**8.3%**	**10.9%**		

Exhibit KWO-6
Docket No. G-9, Sub 781
Direct Testimony of Kevin W. O'Donnell

I/A

O'Donnell: Duke Parent Company

DCF Results

O'Donnell DCF Calculation (cont'd)

VL DIV YIELD AVERAGES			
	13-Weeks	4-Weeks	1-Week
	a	b	c
	Exhibit KWO-2 →		
Duke Energy	3.9%	3.9%	3.9%

VL PLOWBACK	
	d
Exhibit KWO-3 →	
Duke Energy	2.1%

VL PLOWBACK + VL DIV YIELD AVERAGES		
= a + d	= b + d	= c + d
Rx →		
6.0%	5.9%	6.0%

MIN	AVG	MAX
ABOVE →		
5.9%	6.0%	6.0%

O'Donnell Proxy Group
CAPM Results

Natural Gas Utility Proxy Comparable Group

	30-Yr. Risk-Free Rate [1]	Average Proxy Group Beta [2]	Equity Risk Premium	Beta Adjusted Equity Risk Premium	Equity Cost Rate	Rounded Equity Cost Rate	
	a	b	c	d = b * c	= a + d	Rnd	
Treasury - Maximum	2.99%	0.90	4.25%	3.80%	6.79%	6.8%	
Treasury - Average	1.99%	0.90	4.25%	3.80%	5.79%	5.8%	
Treasury - Minimum	0.99%	0.90	4.25%	3.80%	4.79%	4.8%	LOW

	30-Yr. Risk-Free Rate [1]	Average Proxy Group Beta [2]	Equity Risk Premium	Beta Adjusted Equity Risk Premium	Equity Cost Rate	Rounded Equity Cost Rate	
	a	b	c	d = b * c	= a + d	Rnd	
Treasury - Maximum	2.99%	0.90	6.25%	5.59%	8.58%	8.6%	HIGH
Treasury - Average	1.99%	0.90	6.25%	5.59%	7.58%	7.6%	
Treasury - Minimum	0.99%	0.90	6.25%	5.59%	6.58%	6.6%	

Source:
[1] US Treasury Yields, July 2, 2020 through July 2, 2021
https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?
[2] The Value Line Investment Survey: 5/28/2021 (Nat Gas)

Duke

	30-Yr. Risk-Free Rate [1]	Duke Beta [2]	Equity Risk Premium	Beta Adjusted Equity Risk Premium	Equity Cost Rate	Rounded Equity Cost Rate	
	a	b	c	d = b * c	= a + d	Rnd	
Treasury - Maximum	2.99%	0.85	4.25%	3.61%	6.60%	6.6%	
Treasury - Average	1.99%	0.85	4.25%	3.61%	5.60%	5.6%	
Treasury - Minimum	0.99%	0.85	4.25%	3.61%	4.60%	4.6%	LOW

	30-Yr. Risk-Free Rate [1]	Duke Beta [2]	Equity Risk Premium	Beta Adjusted Equity Risk Premium	Equity Cost Rate	Rounded Equity Cost Rate	
	a	b	c	d = b * c	= a + d	Rnd	
Treasury - Maximum	2.99%	0.85	6.25%	5.31%	8.30%	8.3%	HIGH
Treasury - Average	1.99%	0.85	6.25%	5.31%	7.30%	7.3%	
Treasury - Minimum	0.99%	0.85	6.25%	5.31%	6.30%	6.3%	

Source:
[1] US Treasury Yields, July 2, 2020 through July 2, 2021
https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?
[2] The Value Line Investment Survey: 5/14/2021 (Electric Utilities East)

I/A

PUBLIC STAFF

SUMMARY OF VOLUME AND BILL ADJUSTMENT
FOR END OF PERIOD

RATE SCHEDULE (1)	DESCRIPTION (2)	SEASON (3)	BILLS/ DEMAND UNITS (4)	VOLUMES (DTS) (5)	WEATHER NORMALIZATION ADJUSTMENT (DTS) (6)	WEATHER NORMALIZATION TOTAL (DTS) (7) (5) + (6)	CUSTOMER GROWTH ADJUSTMENT (BILLS) (8)	CUSTOMER GROWTH ADJUSTMENT (DTS) (9)	TOTAL (BILLS) (10) (4) + (8)	TOTAL (DTS) (11) (7) + (9)
101 Residential Service		W	3,467,266	24,967,801	5,196,435	30,164,236	48,085	418,330	3,515,351	30,582,566
101 Residential Service		S	4,849,056	8,736,958	(173,837)	8,563,121	67,249	118,757	4,916,305	8,681,878
143/101 Exp Motor Vehicle Fuel		W	-	-	-	-	-	-	-	-
143/101 Exp Motor Vehicle Fuel		S	-	-	-	-	-	-	-	-
102 Small General Service		W	358,613	14,694,162	2,371,941	17,066,103	2,816	133,991	361,429	17,200,094
102 Small General Service		S	499,882	7,668,230	30,837	7,699,067	3,925	60,448	503,807	7,759,515
143/102 Exp Motor Vehicle Fuel		W	45	6,927	-	6,927	-	-	45	6,927
143/102 Exp Motor Vehicle Fuel		S	63	4,947	-	4,947	-	-	63	4,947
152 Medium General Service	First 500 dts	W	2,504	1,103,883	115,210	1,219,093	85	41,340	2,589	1,260,433
	Over 500 dts	W		1,420,122	148,215	1,568,337		53,183		1,621,520
152 Medium General Service	First 500 dts	S	3,517	1,220,714	4,688	1,225,402	119	41,554	3,636	1,266,956
	Over 500 dts	S		854,792	3,283	858,075		29,098		887,172
143/152 Exp Motor Vehicle Fuel	First 500 dts	W	-	-	-	-	-	-	-	-
	Over 500 dts	W		-	-	-		-		-
143/152 Exp Motor Vehicle Fuel	First 500 dts	S	-	-	-	-	-	-	-	-
	Over 500 dts	S		-	-	-		-		-
142 Natural Gas Vehicle Fuel -		W	-	33,028	-	33,028	-	-	-	33,028
Company Premise		S	-	45,052	-	45,052	-	-	-	45,052
144 Med Gen Transportation Service	First 500 dts	W	-	-	-	-	-	-	-	-
	Over 500 dts		-			-	-	-	-	-
	First 500 dts	S	-	-	-	-	-	-	-	-
	Over 500 dts					-	-	-	-	-
103 Large General Service	Demand		175,455				- dts		175,455 dts	
	First 1,500 dts	W	387	540,463	-	540,463	-	-	387	540,463
	Next 3,000 dts	W		472,780	-	472,780		-		472,780
	Next 9,000 dts	W		166,002	-	166,002		-		166,002
	Next 16,500 dts	W		7,041	-	7,041		-		7,041
	Next 30,000 dts	W		0	-	0		-		0
	Over 60,000 dts	W		0	-	0		-		0
103 Large General Service	First 1,500 dts	S	553	657,365	-	657,365	-	-	553	657,365
	Next 3,000 dts	S		420,922	-	420,922		-		420,922
	Next 9,000 dts	S		121,663	-	121,663		-		121,663
	Next 16,500 dts	S		3,058	-	3,058		-		3,058
	Next 30,000 dts	S		0	-	0		-		0
	Over 60,000 dts	S		0	-	0		-		0
143/103 Exp Motor Vehicle Fuel	Demand		8,419 dts				-		8,419 dts	
	First 1,500 dts	W	15	22,500	-	22,500	-	-	15	22,500
	Next 3,000 dts	W		29,515	-	29,515		-		29,515
	Next 9,000 dts	W		24,500	-	24,500		-		24,500
	Next 16,500 dts	W		-	-	-		-		-
	Next 30,000 dts	W		-	-	-		-		-
	Over 60,000 dts	W		-	-	-		-		-
143/103 Exp Motor Vehicle Fuel	First 1,500 dts	S	21	31,500	-	31,500	-	-	21	31,500
	Next 3,000 dts	S		45,994	-	45,994		-		45,994
	Next 9,000 dts	S		40,008	-	40,008		-		40,008
	Next 16,500 dts	S		-	-	-		-		-
	Next 30,000 dts	S		-	-	-		-		-
	Over 60,000 dts	S		-	-	-		-		-
104 Interruptible Service	First 1,500 dts	W	87	126,290	-	126,290	-	-	87	126,290
	Next 3,000 dts	W		167,195	-	167,195		-		167,195
	Next 9,000 dts	W		86,368	-	86,368		-		86,368
	Next 16,500 dts	W		-	-	-		-		-
	Next 30,000 dts	W		-	-	-		-		-
	Over 60,000 dts	W		-	-	-		-		-
104 Interruptible Service	First 1,500 dts	S	121	146,785	-	146,785	-	-	121	146,785
	Next 3,000 dts	S		117,722	-	117,722		-		117,722
	Next 9,000 dts	S		34,380	-	34,380		-		34,380
	Next 16,500 dts	S		3,243	-	3,243		-		3,243
	Next 30,000 dts	S		-	-	-		-		-
	Over 60,000 dts	S		-	-	-		-		-
SUBTOTAL			**9,182,130**	**64,021,909**	**7,696,772**	**71,718,682**	**122,278**	**896,700**	**9,304,408**	**72,615,381**

PUBLIC STAFF

**SUMMARY OF VOLUME AND BILL ADJUSTMENT
FOR END OF PERIOD**

RATE SCHEDULE (1)	DESCRIPTION (2)	SEASON (3)	BILLS/ DEMAND UNITS (4)	VOLUMES (DT) (5)	WEATHER NORMALIZATION ADJUSTMENT (DT) (6)	WEATHER NORMALIZATION TOTAL (DT) (7) (5) + (6)	CUSTOMER GROWTH ADJUSTMENT (BILLS) (8)	CUSTOMER GROWTH ADJUSTMENT (DT) (9)	TOTAL (BILLS) (10) (4) + (8)	TOTAL (DT) (11) (7) + (9)
143/104 Exp Motor Vehicle Fuel	First 1,500 dts	W	-	-	-	-	-	-	-	-
	Next 3,000 dts	W		-	-	-		-		-
	Next 9,000 dts	W		-	-	-		-		-
	Next 16,500 dts	W		-	-	-		-		-
	Next 30,000 dts	W		-	-	-		-		-
	Over 60,000 dts	W		-	-	-		-		-
	First 1,500 dts	S	-	-	-	-	-	-	-	-
	Next 3,000 dts	S		-	-	-		-		-
	Next 9,000 dts	S		-	-	-		-		-
	Next 16,500 dts	S		-	-	-		-		-
	Next 30,000 dts	S		-	-	-		-		-
	Over 60,000 dts	S		-	-	-		-		-
113 Large General Transportation Service	Demand		1,664,818 dts		-		21,604		1,686,422 dts	
	First 1,500 dts	W	1,463	1,999,261	-	1,999,261	5	7,500	1,468	2,006,761
	Next 3,000 dts	W		2,707,361	-	2,707,361		15,000		2,722,361
	Next 9,000 dts	W		2,984,365	-	2,984,365		45,000		3,029,365
	Next 30,000 dts	W		1,907,877	-	1,907,877		82,500		1,990,377
	Next 46,500 dts	W		1,654,315	-	1,654,315		70,125		1,724,440
	Over 60,000 dts	W		3,001,054	-	3,001,054		0		3,001,054
113 Large General Transportation Service	First 1,500 dts	S	2,041	2,634,064	-	2,634,064	7	10,500	2,048	2,644,564
	Next 3,000 dts	S		3,185,097	-	3,185,097		21,000		3,206,097
	Next 9,000 dts	S		3,397,313	-	3,397,313		63,000		3,460,313
	Next 16,500 dts	S		2,302,383	-	2,302,383		113,487		2,415,870
	Next 30,000 dts	S		2,100,219	-	2,100,219		41,590		2,141,810
	Over 60,000 dts	S		3,512,795	-	3,512,795		0		3,512,795
143/113 Exp Motor Vehicle Fuel	Demand		44,823 dts				600		45,423 dts	
	First 1,500 dts	W	40	59,894	-	59,894	5	7,500	45	67,394
	Next 3,000 dts	W		90,581	-	90,581		3,905		94,486
	Next 9,000 dts	W		58,028	-	58,028		-		58,028
	Next 30,000 dts	W		82,500	-	82,500		-		82,500
	Next 46,500 dts	W		47,512	-	47,512		-		47,512
	Over 60,000 dts	W		-	-	-		-		-
143/113 Exp Motor Vehicle Fuel	First 1,500 dts	S	56	84,000	-	84,000	7	10,500	63	94,500
	Next 3,000 dts	S		137,539	-	137,539		5,467		143,006
	Next 9,000 dts	S		87,207	-	87,207		-		87,207
	Next 16,500 dts	S		115,500	-	115,500		-		115,500
	Next 30,000 dts	S		79,645	-	79,645		-		79,645
	Over 60,000 dts	S		-	-	-		-		-
114 Interruptible Transportation Service	First 1,500 dts	W	1,208	1,576,331	-	1,576,331	5	7,500	1,213	1,583,831
	Next 3,000 dts	W		2,387,296	-	2,387,296		5,675		2,392,971
	Next 9,000 dts	W		3,214,190	-	3,214,190		(15,281)		3,198,909
	Next 16,500 dts	W		2,297,944	-	2,297,944		(49,500)		2,248,444
	Next 30,000 dts	W		2,222,135	-	2,222,135		(90,000)		2,132,135
	Over 60,000 dts	W		1,372,297	-	1,372,297		(10,161)		1,362,136
114 Interruptible Transportation Service	First 1,500 dts	S	1,676	2,239,062	-	2,239,062	2	3,000	1,678	2,242,062
	Next 3,000 dts	S		3,169,572	-	3,169,572		(7,055)		3,162,517
	Next 9,000 dts	S		3,838,369	-	3,838,369		(51,955)		3,786,414
	Next 16,500 dts	S		2,788,562	-	2,788,562		(99,000)		2,689,562
	Next 30,000 dts	S		2,651,927	-	2,651,927		(177,209)		2,474,718
	Over 60,000 dts	S		1,532,413	-	1,532,413		(21,443)		1,510,970
143/114 Exp Motor Vehicle Fuel	First 1,500 dts	W	-	-	-	-	-	-	-	-
	Next 3,000 dts	W		-	-	-		-		-
	Next 9,000 dts	W		-	-	-		-		-
	Next 16,500 dts	W		-	-	-		-		-
	Next 30,000 dts	W		-	-	-		-		-
	Over 60,000 dts	W		-	-	-		-		-
143/114 Exp Motor Vehicle Fuel	First 1,500 dts	S	-	-	-	-	-	-	-	-
	Next 3,000 dts	S		-	-	-		-		-
	Next 9,000 dts	S		-	-	-		-		-
	Next 16,500 dts	S		-	-	-		-		-
	Next 30,000 dts	S		-	-	-		-		-
	Over 60,000 dts	S		-	-	-		-		-
SUBTOTAL			**6,484**	**61,518,608**	**-**	**61,518,608**	**31**	**(8,355)**	**6,515**	**61,510,254**

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PUBLIC STAFF

SUMMARY OF VOLUME AND BILL ADJUSTMENT
FOR END OF PERIOD

RATE SCHEDULE (1)	DESCRIPTION (2)	SEASON (3)	BILLS/ DEMAND UNITS (4)	VOLUMES (DT) (5)	WEATHER NORMALIZATION ADJUSTMENT (DT) (6)	WEATHER NORMALIZATION TOTAL (DT) (7) (5) + (6)	CUSTOMER GROWTH ADJUSTMENT (BILLS) (8)	CUSTOMER GROWTH ADJUSTMENT (DT) (9)	TOTAL (BILLS) (10) (4) + (8)	TOTAL (DT) (11) (7) + (9)
105 Outdoor Gaslight Service	Fixtures		5,397		-	0	- dts	-	5,397	0
		W	282	3,593	-	3,593	-	-	282	3,593
		S	393	5,042	-	5,042	-	-	393	5,042
			84,000 dts				-		84,000 dts	
T-10 Transportation for Rate 10		W	5	745,667	-	745,667	-	-	5	745,667
T-10 Transportation for Rate 10		S	7	514,826	-	514,826	-	-	7	514,826
12 Military Installations In Onslow County		W	-	-	-	-	-	-	-	-
12 Military Installations In Onslow County		S	-	-	-	-	-	-	-	-
T-12 Transportation for Rate 12		W	-	-	-	-	-	-	-	-
T-12 Transportation for Rate 12		S	-	-	-	-	-	-	-	-
Power Generation Contracts		W	76	108,791,607	-	108,791,607	6	8,678,554	82	117,470,161
Power Generation Contracts		S	112	140,453,299	-	140,453,299	-	16,405,242	112	156,858,541
Special Contracts-Municipal		W	16	4,204,171	-	4,204,171	-	-	16	4,204,171
Special Contracts-Municipal		S	21	2,847,562	-	2,847,562	-	-	21	2,847,562
Special Contracts-Large Volume		W	50	2,023,465	-	2,023,465	(4)	88,077	46	2,111,542
Special Contracts-Large Volume		S	58	2,123,266	-	2,123,266	5	453,718	63	2,576,984
Special Contracts-Military		W	15	608,438	-	608,438	-	1,319	15	609,756
Special Contracts-Military		S	21	420,018	-	420,018	-	4,038	21	424,056
Subtotal			**1,056**	**262,740,952**	**-**	**262,740,952**	**7**	**25,630,947**	**1,063**	**288,371,899**
Subtotal w/o Power Generation			**9,189,482**	**139,036,563**	**7,696,772**	**146,733,336**	**122,310**	**1,435,497**	**9,311,793**	**148,168,832**
Total			**9,189,670**	**388,281,469**	**7,696,772**	**395,978,242**	**122,316**	**26,519,293**	**9,311,987**	**422,497,534**

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PIEDMONT NATURAL GAS COMPANY. INC.
PUBLIC STAFF END-OF-PERIOD REVENUE LEVEL
Docket G-9. Sub 781

RATE SCHEDULE (1)	DESCRIPTION (2)	SEASON (3)	NUMBER OF BILLS (4)	MONTHLY FACILITIES CHARGE (5)	MONTHLY DEMAND CHARGE (6)	VOLUMES (DT) (7)	END-OF PERIOD RATES ($/DT) (8)	FACILITIES CHARGE REVENUES ($) (9)	DEMAND CHARGE REVENUES ($) (10)	ENERGY CHARGE REVENUES ($) (11)	MARGIN DECOUPLING ADJUSTMENT ($) (12)	MINIMUM MARGIN AGREEMENT ($) (13)	COMPRESSION CHARGE REVENUES ($) (14)	INTEGRITY MANAGEMENT RIDER REVENUES ($) (15)	TOTAL REVENUES ($) (16)
101	Residential Service	Winter	3,515,351	$10.00		30,582,566	$12.1423	$35,153,515		$371,342,694	$10,568,439			$22,127,731	$417,064,647
		Summer	4,916,305	10.00		8,681,878	$11.6325	$49,163,047		$100,991,950	(606,065)				$149,548,931
			8,431,656			39,264,445		$84,316,561		$472,334,644	$9,962,374	0	0	$22,127,731	$588,741,309
102	Small General Service	Winter	361,429	$22.00		17,200,094	$9.3880	$7,951,429		$161,474,487	$5,506,676			9,014,369	$174,932,592
		Summer	503,807	22.00		7,759,515	$8.9902	$11,083,748		$69,759,590	6,353,982				$87,197,320
			865,235			24,959,609		$19,035,177		$231,234,077	11,860,658				$271,144,281
143/102	Experimental Motor Vehicle Fuel	Winter	45	$22.00		6,927	9.3880	990		65,027	(23091)				42,925
	Small General Service	Summer	63	22.00		4,947	8.9902	1,386		44,475	(18967)				26,894
			108			11,874		2,376		109,502	(42059)				69,820
152	Medium General Service First 500 dts	Winter	2,589	$75.00		1,260,433	$8.5185	$194,168		$10,736,999	$203,932	65,978		1,253,609	10,940,930
	Over 500 dts	Winter				1,621,520	$8.1875			$13,276,193	$262,354				13,538,546
						2,881,953				$24,013,191	$466,285				24,673,645
	First 500 dts	Summer	3,636	$75.00		1,266,956	$8.4609	$272,720		$10,719,584	$1,036,938				
	Over 500 dts	Summer				887,172	$8.1554			$7,235,244	$726,105				11,756,522
															7,961,349
						2,154,128				$17,954,829	$1,763,043				19,990,592
	Total Rate Schedule 152		6,225			5,036,081		$466,888		$41,968,020	$2,229,329				45,983,823
143/152	Experimental Motor Vehicle Fuel First 500 dts	Winter	0	$75.00		0	8.5185	0		0	0				0
	Medium General Service Over 500 dts	Winter	0			0	8.1875	0		0	0				0
			0			0		0		0	0				0
	First 500 dts	Summer	0	$75.00		0	8.4609	0		0	0				0
	Over 500 dts	Summer	0			0	8.1554	0		0	0				0
			0			0		0		0	0				0
	Total Rate Schedule 143/152		0			0		$0		$0	$0				$0
144	Medium General Transportation Se First 500 dts	Winter	0	$75.00		0	5.2685	0		0	0				0
	Over 500 dts	Winter	0			0	4.9375	0		0	0				0
			0			0		0		0	0				0
	First 500 dts	Summer	0	$75.00		0	5.2109	0		0	0				0
	Over 500 dts	Summer	0			0	4.9054	0		0	0				0
			0			0		0		0	0				0
	Total Rate Schedule 144		0			0		$0		$0	$0				$0
142	Natural Gas Vehilce Fuel	Winter	0	$22.00		33,028	$9.4934	$0		$313,550			312,322	40,990	$313,550
	Customer Premises	Summer	0	22.00		45,052	$9.4934	0		$427,699					427,699
			0			78,080		$0		$741,248					$1,094,560
	SUBTOTAL - PAGE 1		**9,303,225 bills**			**69,350,088 dts**		**$103,821,002**	**$0**	**$746,387,491**	**$24,010,302**			**32,436,697.94**	**$907,033,793**

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PIEDMONT NATURAL GAS COMPANY, INC.
PUBLIC STAFF END-OF-PERIOD REVENUE LEVEL
Docket G-9, Sub 781

RATE SCHEDULE (1)	DESCRIPTION (2)			SEASON (3)	NUMBER OF BILLS (4)	MONTHLY FACILITIES CHARGE (5)	MONTHLY DEMAND CHARGE (6)	VOLUMES (DT) (7)	END-OF PERIOD RATES ($/DT) (8)	FACILITIES CHARGE REVENUES ($) (9)	DEMAND CHARGE REVENUES ($) (10)	ENERGY CHARGE REVENUES ($) (11)	MARGIN DECOUPLING ADJUSTMENT ($) (12)	MINIMUM MARGIN AGREEMENT ($) (13)	COMPRESSION CHARGE REVENUES ($) (13)	INTEGRITY MANAGEMENT RIDER REVENUES ($) (14)	TOTAL REVENUES ($) (13)
103	Large General Sales Service	Demand Charge					$14.95	175,455			$2,623,045			35,732		102,475	
		First	1,500 dts	Winter	387	$350.00		540,463	5.0392	$135,450		2,723,500					2,723,500
		Next	3,000 dts	Winter				472,780	4.4065			2,083,306					2,083,306
		Next	9,000 dts	Winter				166,002	4.0653			674,846					674,846
		Next	16,500 dts	Winter				7,041	3.9170			27,580					27,580
		Next	30,000 dts	Winter				0	3.8765			0					0
		Over	60,000 dts	Winter				0	3.4915			0					0
								1,186,286				$5,509,231					$5,644,681.48
		First	1,500 dts	Summer	553	$350.00		657,365	4.4186	$193,550		$2,904,634					$2,904,634
		Next	3,000 dts	Summer				420,922	4.0924			$1,722,582					$1,722,582
		Next	9,000 dts	Summer				121,663	3.8484			$468,207					$468,207
		Next	16,500 dts	Summer				3,058	3.7344			$11,421					$11,421
		Next	30,000 dts	Summer				-	3.5663			$0					$0
		Over	60,000 dts	Summer				-	3.3932			$0					$0
								1,203,009				5,106,844					5,300,394
		Total Rate Schedule 103			940			2,389,294		329,000		10,616,076					13,706,327
143/103	Experimental Motor Vehicle Fuel Large General Sales Service	Demand Charge					$14.95	8,419			$125,857				143,569		
		First	1,500 dts	Winter	15	$350.00		22,500	5.0392	$5,250		113,382					113,382
		Next	3,000 dts	Winter				29,515	4.4065			130,057					130,057
		Next	9,000 dts	Winter				24,500	4.0653			99,601					99,601
		Next	16,500 dts	Winter				0	3.9170			0					0
		Next	30,000 dts	Winter				0	3.8765			0					0
		Over	60,000 dts	Winter				0	3.4915			0					0
								76,515				$343,040					$348,290
		First	1,500 dts	Summer	21	$350.00		31,500	4.4186	$7,350		139,186					139,186
		Next	3,000 dts	Summer				45,994	4.0924			188,225					188,225
		Next	9,000 dts	Summer				40,008	3.8484			153,966					153,966
		Next	16,500 dts	Summer				0	3.7344			0					0
		Next	30,000 dts	Summer				0	3.5663			0					0
		Over	60,000 dts	Summer				0	3.3932			0					0
								117,502				481,377					488,727
		Total Rate Schedule 143/103			36			194,017		12,600		824,417					1,106,442
104	Interruptible Sales Service	First	1,500 dts	Winter	87	$350.00		126,290	5.3158	$30,450		671,330				30,742	671,330
		Next	3,000 dts	Winter				167,195	5.0994			852,592					852,592
		Next	9,000 dts	Winter				86,368	4.7544			410,629					410,629
		Next	16,500 dts	Winter				0	4.4772			0					0
		Next	30,000 dts	Winter				0	4.2196			0					0
		Over	60,000 dts	Winter				0	4.0008			0					0
								379,853				$1,934,552					$1,965,002
		First	1,500 dts	Summer	121	$350.00		146,785	4.9913	$42,350		732,649					732,649
		Next	3,000 dts	Summer				117,722	4.5274			532,972					532,972
		Next	9,000 dts	Summer				34,380	4.4656			153,529					153,529
		Next	16,500 dts	Summer				3,243	4.3104			13,979					13,979
		Next	30,000 dts	Summer				0	4.1915			0					0
		Over	60,000 dts	Summer				0	4.0175			0					0
								302,130				$1,433,129					$1,475,479
		Total Rate Schedule 104			208			681,983		$72,800		$3,367,680					$3,471,223
143/104	Experimental Motor Vehicle Fuel Interruptible Sales Service	First	1,500 dts	Winter	0	$350.00		0	5.3158	$0		0				0	0
		Next	3,000 dts	Winter				0	5.0994			0					0
		Next	9,000 dts	Winter				0	4.7544			0					0
		Next	16,500 dts	Winter				0	4.4772			0					0
		Next	30,000 dts	Winter				0	4.2196			0					0
		Over	60,000 dts	Winter				0	4.0008			0					0
								0				0					0
	SUBTOTAL - PAGE 2				**1,184 bills**			**3,265,293 dts**		**$414,400**	**$0**	**$14,808,173**	**$0**				**$18,283,992**

I/A

PIEDMONT NATURAL GAS COMPANY. INC.
PUBLIC STAFF END-OF-PERIOD REVENUE LEVEL
PUBLIC STAFF END-OF-PERIOD REVENUE LEVEL
Docket G-9, Sub 781

RATE SCHEDULE (1)	DESCRIPTION (2)			SEASON (3)	NUMBER OF BILLS (4)	MONTHLY FACILITIES CHARGE (5)	MONTHLY DEMAND CHARGE (6)	VOLUMES (DT) (7)	END-OF PERIOD RATES ($/DT) (8)	FACILITIES CHARGE REVENUES ($) (9)	DEMAND CHARGE REVENUES ($) (10)	ENERGY CHARGE REVENUES ($) (11)	MARGIN DECOUPLING ADJUSTMENT ($) (12)	MINIMUM MARGIN AGREEMENT ($) (13)	COMPRESSION CHARGE REVENUES ($) (14)	INTEGRITY MANAGEMENT RIDER REVENUES ($) (15)	TOTAL REVENUES ($) (16)
143/104	Experimental Motor Vehicle Fuel Interruptible Sales Service	First	1,500 dts	Summer	0	$350.00		0	4.9913	$0		0				0	0
		Next	3,000 dts	Summer				0	4.5274			0					0
		Next	9,000 dts	Summer				0	4.4656			0					0
		Next	16,500 dts	Summer				0	4.3104			0					0
		Next	30,000 dts	Summer				0	4.1915			0					0
		Over	60,000 dts	Summer				0	4.0175			0					0
								0				0					0
					0			0				0					0
113	Large General Transportation																$0
	Service					Demand	2.9500	1,686,422			4,974,945			37,655		765,145	
		First	1,500 dts	Winter	1,468	$350.00		2,006,761	1.7892	513,800		3,590,506					3,590,506
		Next	3,000 dts	Winter				2,722,361	1.1565			3,148,423					3,148,423
		Next	9,000 dts	Winter				3,029,365	0.8153			2,469,855					2,469,855
		Next	16,500 dts	Winter				1,990,377	0.6670			1,327,591					1,327,591
		Next	30,000 dts	Winter				1,724,440	0.6265			1,080,370					1,080,370
		Over	60,000 dts	Winter				3,001,054	0.2415			724,769					724,769
								14,474,358				$12,341,514					$12,855,314
		First	1,500 dts	Summer	2,048	$350.00		2,644,564	1.1686	$716,800		$3,090,450					$3,090,450
		Next	3,000 dts	Summer				3,206,097	0.8424			$2,700,831					$2,700,831
		Next	9,000 dts	Summer				3,460,313	0.5984			$2,070,668					$2,070,668
		Next	16,500 dts	Summer				2,415,870	0.4844			$1,170,259					$1,170,259
		Next	30,000 dts	Summer				2,141,810	0.3163			$677,465					$677,465
		Over	60,000 dts	Summer				3,512,795	0.1432			$503,049					$503,049
								17,381,449				$10,212,722					$10,929,522
	Minimum Margin Agreement Payments																
		Total Rate Schedule 113			3,516			31,855,807		1,230,600	$4,974,945	$22,554,236					$29,562,581
143/113	Experimental Motor Vehicle Fuel																$0
	Large General Transportation Service					Demand	2.9500	45,423			133,999			10,988	1,096,104		
		First	1,500 dts	Winter	45	$350.00		67,394	1.7892	$15,750		120,581					120,581
		Next	3,000 dts	Winter				94,486	1.1565			109,273					109,273
		Next	9,000 dts	Winter				58,028	0.8153			47,310					47,310
		Next	16,500 dts	Winter				82,500	0.6670			55,028					55,028
		Next	30,000 dts	Winter				47,512	0.6265			29,767					29,767
		Over	60,000 dts	Winter				0	0.2415			0					0
								349,919				$361,959					$377,708.98
		First	1,500 dts	Summer	63	$350.00		94,500	1.1686	$22,050		110,433					110,433
		Next	3,000 dts	Summer				143,006	0.8424			120,469					120,469
		Next	9,000 dts	Summer				87,207	0.5984			52,185					52,185
		Next	16,500 dts	Summer				115,500	0.4844			55,949					55,949
		Next	30,000 dts	Summer				79,645	0.3163			25,192					25,192
		Over	60,000 dts	Summer				0	0.1432			0					0
								519,859				$364,228					$386,278.33
	Minimum Margin Agreement Payments																
		Total Rate Schedule 113			108			869,778		$37,800	$133,999	$726,187					$2,005,078
114	Interruptible Transportation Service	First	1,500 dts	Winter	1,213	$350.00		1,583,831	1.8932	$424,550		2,998,516		822,409		758,314	2,998,516
		Next	3,000 dts	Winter				2,392,971	1.3060			3,125,231					3,125,231
		Next	9,000 dts	Winter				3,198,909	1.0013			3,203,083					3,203,083
		Next	16,500 dts	Winter				2,248,444	0.6624			1,489,380					1,489,380
		Next	30,000 dts	Winter				2,132,135	0.4953			1,056,056					1,056,056
		Over	60,000 dts	Winter				1,362,136	0.2783			379,089					379,089
								12,918,426				$12,251,356					$12,675,905.88
	SUBTOTAL - PAGE 3				**4.837 bills**			**45.644.010 dts**		**$1.692.950**	**$5.108.944**	**$35.531.779**					**$44.243.565**

I/A

PIEDMONT NATURAL GAS COMPANY. INC.
PUBLIC STAFF END-OF-PERIOD REVENUE LEVEL
Docket G-9. Sub 781

RATE SCHEDULE (1)	DESCRIPTION (2)			SEASON (3)	NUMBER OF BILLS (4)	MONTHLY FACILITIES CHARGE (5)	MONTHLY DEMAND CHARGE (6)	VOLUMES (DT) (7)	END-OF PERIOD RATES ($/DT) (8)	FACILITIES CHARGE REVENUES ($) (9)	DEMAND CHARGE REVENUES ($) (10)	ENERGY CHARGE REVENUES ($) (11)	MARGIN DECOUPLING ADJUSTMENT ($) (12)	MINIMUM MARGIN AGREEMENT ($) (13)	COMPRESSION CHARGE REVENUES ($) (14)	INTEGRITY MANAGEMENT RIDER REVENUES ($) (15)	TOTAL REVENUES ($) (16)
114	Interruptible Transportation	First	1,500 dts	Summer	1,678	$350.00		2,242,062	1.20310	$587,300		2,697,436					2,697,436
	Service	Next	3,000 dts	Summer				3,162,517	0.72720			2,299,797					2,299,797
		Next	9,000 dts	Summer				3,786,414	0.61380			2,324,119					2,324,119
		Next	16,500 dts	Summer				2,689,562	0.48210			1,296,651					1,296,651
		Next	30,000 dts	Summer				2,474,718	0.33740			834,982					834,982
		Over	60,000 dts	Summer				1,510,970	0.19260			291,020					291,020
								15,866,243				$9,744,004					$10,331,304.27
	Minimum Margin Agreement Payments																
		Total Rate Schedule 114			2,891			28,784,669		$1,011,850		$21,995,360					$24,587,933
143/114	Experimental Motor Vehicle Fuel Interruptible Transportation																
	Service	First	1,500 dts	Winter	0	$350.00		0	1.8932	$0		0					0
		Next	3,000 dts	Winter				0	1.3060			0					0
		Next	9,000 dts	Winter				0	1.0013			0					0
		Next	16,500 dts	Winter				0	0.6624			0					0
		Next	30,000 dts	Winter				0	0.4953			0					0
		Over	60,000 dts	Winter				0	0.2783			0					0
								0				0					0
		First	1,500 dts	Summer	0	$350.00		0	1.2031	$0		0					0
		Next	3,000 dts	Summer				0	0.7272			0					0
		Next	9,000 dts	Summer				0	0.6138			0					0
		Next	16,500 dts	Summer				0	0.4821			0					0
		Next	30,000 dts	Summer				0	0.3374			0					0
		Over	60,000 dts	Summer				0	0.1926			0					0
	Minimum Margin Agreement Payments				0			0									
		Total Rate Schedule 143/114			0			0		$0	$0	$0					$0
105	Outdoor Gaslight Service (		5,397 fixtures)	Winter	282	$18.93 /fixture		3,593				$102,158					
				Summer	393	18.93 /fixture		5,042									
					675			8,635		$0		$102,158					$102,158
T-10	Transportation For						$10.00	84,000			$840,000					64,901	
	Military Bases			Winter	5	$0.00		745,667	1.44700	$0		$1,078,983					$1,078,983
				Summer	7	0.00		514,826	0.53700	0		$276,464					276,464
					12			1,260,492		$0	$840,000	$1,355,447					$2,260,348
T-12	Transportation For Military			Winter	0	$0.00		0	2.9157	$0	$0	$0					$0
	Bases In Onslow County			Summer	0	0.00		0	2.3768	$0	$0	$0					$0
					0			0		$0	$0	$0					$0
12	Sales For Military			Winter	0	$0.00		0	6.1657	$0	$0	$0					$0
	Bases In Onslow County			Summer	0	0.00		0	5.6268	$0	$0	$0					0
					0			0		$0	$0	$0					$0
	SUBTOTAL - PAGE 3				**2,365 bills**			**17,135,370 dts**		**$587,300**	**$0**	**$11,201,610**	**$0**				**$12,693,811**

I/A

PIEDMONT NATURAL GAS COMPANY. INC.
PUBLIC STAFF END-OF-PERIOD REVENUE LEVEL
Docket G-9. Sub 781

RATE SCHEDULE (1)	DESCRIPTION (2)	SEASON (3)	NUMBER OF BILLS (4)	MONTHLY FACILITIES CHARGE (5)	MONTHLY DEMAND CHARGE (6)	VOLUMES (DT) (7)	END-OF PERIOD RATES ($/DT) (8)	FACILITIES CHARGE REVENUES ($) (9)	DEMAND CHARGE REVENUES ($) (10)	ENERGY CHARGE REVENUES ($) (11)	MARGIN DECOUPLING ADJUSTMENT ($) (12)	MINIMUM MARGIN AGREEMENT ($) (13)	COMPRESSION CHARGE REVENUES ($) (14)	INTEGRITY MANAGEMENT RIDER REVENUES ($) (15)	TOTAL REVENUES ($) (16)
	Special Contracts-Power Generation	Winter	82	$0.00		117,470,161		$0	$0	$44,300,413					$44,300,413
		Summer	112	$0.00		156,858,541				$61,998,863					$61,998,863
			194			274,328,702				$106,299,276					106,299,276
	Special Contracts-Municipal	Winter	16	$0.00		4,204,171		$0	$0	$4,213,561					$4,213,561
		Summer	21	$0.00		2,847,562				$5,484,045					$5,484,045
			37			7,051,733				$9,697,606					$9,697,606
	Special Contracts-Large Volume	Winter	46	$0.00		2,111,542		$0	$0	$1,410,572					$1,410,572
		Summer	63	$0.00		2,576,984			$0	$1,720,776					$1,720,776
			109			4,688,525				$3,131,348					$3,131,348
	Special Contracts-Military	Winter	15	$0.00		609,756		$0	$0	$3,708,501					$3,708,501
		Summer	21	$0.00		424,056			$0	3,988,097					$3,988,097
			36			1,033,812			$0	$7,696,598					$7,696,598
	SUBTOTAL - PAGE 5		**376 bills**			**287,102,772 dts**		**$0**	**$0**	**$126,824,828**					**$126,824,828**
	TOTAL COMPANY		**9,311,987 bills**			**422,497,534 dts**		**$106,515,652**	**$8,697,845**	**$934,753,881**	**$24,010,302**			**34,158,275**	**$1,110,660,712**

OTHER OPERATING REVENUES	**$3.030.299**
TOTAL OPERATING REVENUES	**$1.113.691.011**

Sales	**$930.829.224**
Transportation	**$60.703.258**
Total Sales & Transportation	**$991.532.482**
Special contracts-Lrg Vol	$3.131.348
Electric Gen	$106.299.276
Municipal	$9.697.606
Sub Total	**$1.110.660.711**
Other Operating Revenue	**$3.030.299**
Total	**$1.113.691.010**

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Patel Exhibit
III

PURCHASED GAS EXPENSE
Piedmont Natural Gas, Inc.
Docket G-9, Sub 781

Line No.	DESCRIPTION	NUMBER OF DAYS	DAILY DEMAND UNITS (Dts)	ANNUAL QUANTITY (Dts)	DAILY UNIT COST ($/DT)	MONTHLY AMOUNT ($)	TOTAL ANNUAL AMOUNT ($)	NC/SC ALLOCATION (%)	NC ANNUAL AMOUNT ($)
1	**I. Commodity Costs:**								
2	Sales			72,615,382	**$3.2500**		$235,999,990	100.00%	$235,999,990
3	Unaccounted For Gas			1,958,090	3.2500		6,363,791	100.00%	6,363,791
4	Commodity Costs - Power Generation & Special Contracts						1,887,218		1,887,218
5	**Total Commodity Gas Cost**			**74,573,471**			**244,251,000**		**$244,251,000**
	II. Fixed Costs:								
6	**Transportation Demand Charges:**								
	Transco:								
7	FT Zone 1 to Zone 5: Year Round	365	51,173	18,678,145	0.48232	$750,737	$9,008,843	**83.16%**	$7,491,754
8	FT Zone 2 to Zone 5: Year Round	365	75,254	27,467,710	0.46885	1,073,186	12,878,236	83.16%	10,709,541
9	FT Zone 3 to Zone 5: Year Round	365	174,589	63,724,985	0.43362	2,302,702	27,632,428	83.16%	22,979,127
10	FT (Incremental) Zone 1 to Zone 5: Year Round	365	1,095	399,675	0.48232	16,064	192,771	83.16%	160,309
11	FT (Incremental) Zone 2 to Zone 5: Year Round	365	1,610	587,650	0.46885	22,960	275,520	83.16%	229,122
12	FT (Incremental) Zone 3 to Zone 5: Year Round	365	3,735	1,363,275	0.43362	49,262	591,143	83.16%	491,595
13	FT (Peaking Service) Zone 1 to Zone 5: Dec - Feb	90	1,073	96,570	0.87487	7,041	84,486	83.16%	70,259
14	FT (Peaking Service) Zone 2 to Zone 5: Dec - Feb	90	1,579	142,110	0.85082	10,075	120,910	83.16%	100,549
15	FT (Peaking Service) Zone 3 to Zone 5: Dec - Feb	90	3,662	329,580	0.78792	21,640	259,683	83.16%	215,952
16	FT Southeast Expansion Zone 4 to Zone 5: Year Round	365	129,485	47,262,025	0.38126	1,501,593	18,019,120	83.16%	14,984,700
17	FT Southern Expansion Zone 4 to Zone 5: Nov & Mar	61	65,251	3,980,311	0.38126	126,461	1,517,533	83.16%	1,261,981
18	FT Southern Expansion Zone 4 to Zone 5: Dec - Feb	90	72,502	6,525,180	0.38126	207,316	2,487,790	83.16%	2,068,846
19	FT Sunbelt Expansion - Zone 3 to Zone 5: Year Round	365	32,199	11,752,635	0.23815	233,241	2,798,890	83.16%	2,327,557
20	FT Sunbelt Expansion - Zone 4 to Zone 5: Year Round	365	9,201	3,358,365	0.18245	51,061	612,734	83.16%	509,549
21	FT Zone 6 to Zone 6: Year Round	365	13,232	4,829,680	0.12790	51,476	617,716	83.16%	513,693
22	FT Zone 6 to Zone 4: Year Round (Leidy Southeast Expansion)	365	100,000	36,500,000	0.55449	1,686,574	20,238,885	83.16%	16,830,657
23	FT Zone 6 to Zone 5: Year Round (Virgina Southside Expansion)	365	20,000	7,300,000	0.46949	285,606	3,427,277	83.16%	2,850,124
24	**Texas Eastern:**								
25	FT-1: Nov - Mar	151	5,067	3,825,285	0.20834	159,395	796,976	83.16%	662,765
26	**Dominion:**								
27	FT-GSS: Nov - Mar	151	2,666	2,012,830	0.16285	65,557	327,791	83.16%	272,591
28	**Columbia:**								
29	Columbia Gulf: FTS: Year Round	365	32,801	11,972,365	0.41849	417,526	5,010,287	83.16%	4,166,555
30	Columbia Gulf: NTS: Year Round	365	10,000	3,650,000	0.42444	129,100	1,549,200	83.16%	1,288,315
31	Columbia Gulf: SST: Oct - Mar: 6 Months	182	86,368	15,718,976	0.41960	549,646	6,595,751	83.16%	5,485,027
32	Columbia Gulf: SST: Apr - Sep: 6 Months	183	43,184	7,902,672	0.41960	276,333	3,297,876	83.16%	2,742,513
33	**Hardy/Columbia:**								
34	Hardy/Columbia TPS: Year Round	365	68,835	25,124,775	0.41849	876,202	10,514,409	83.16%	8,743,782
35	**Cardinal:**								
36	FT Zone 1A to Zone 1A: Year Round	365	62,100	22,666,500	0.02549	48,147	577,769	100.00%	577,769
37	FT Zone 1A to Zone2: Year Round	365	41,400	15,111,000	0.08102	102,024	1,224,293	100.00%	1,224,293
38	FT Zone 1A to Zone2: Year Round - Cardinal Expansion	365	149,000	54,385,000	0.08102	367,189	4,406,273	100.00%	4,406,273
39	**East Tennessee:**								
40	FT-A: Year Round	365	45,000	16,425,000	0.35846	490,635	5,887,620	83.16%	4,896,145
41	**Midwestern:**								
42	Midwestern FT-A: Year Round	365	20,000	7,300,000	0.06000	36,500	438,000	83.16%	364,241
43	Midwestern FT-B: Year Round	365	20,000	7,300,000	0.08650	52,621	631,450	83.16%	525,114
44									
45	**Subtotal - Demand Cost**					**11,967,870**	**142,021,660**		**119,150,698**
46									
47	**Storage Charges:**								
48	**Pine Needle:**								
49	Pine Needle LNG-1 Capacity	365	263,400	96,141,000	0.07707	617,466	7,409,587	83.16%	6,161,812
50	**Transco:**								
51	General Storage Service (GSS) Demand	365	77,475	28,278,375	0.10548	248,567	2,982,803	83.16%	2,480,499
52	General Storage Service (GSS) Capacity	365	4,293,463	1,567,113,995	0.00063	82,273	987,282	83.16%	821,024
53	Washington Storage Service (WSS) Demand	365	96,069	35,065,185	0.03102	90,644	1,087,722	83.16%	904,550
54	Washington Storage Service (WSS) Capacity	365	9,126,563	3,331,195,495	0.00033	91,608	1,099,295	83.16%	914,173
55	Liquified Natural Gas (LNG) Demand	365	8,643	3,154,695	0.10316	27,120	325,438	83.16%	270,635
56	Liquified Natural Gas (LNG) Capacity	365	44,754	16,335,210	0.01988	27,062	324,744	83.16%	270,057
57	Eminence Storage Service (ESS) Demand	365	150,430	54,906,950	0.02500	114,389	1,372,674	83.16%	1,141,515
58	Eminence Storage Service (ESS) Capacity	365	1,261,622	460,492,030	0.00346	132,775	1,593,302	83.16%	1,324,990
59	**Columbia:**								
60	Columbia Gas FSS Demand	365	86,368	31,524,320	0.12263	322,153	3,865,832	83.16%	3,214,826
61	Columbia Gas FSS Capacity	365	5,137,358	1,875,135,670	0.00221	345,231	4,142,765	83.16%	3,445,124
62	**Hardy/Columbia:**								
63	Hardy HSS Demand	365	70,600	25,769,000	0.16632	357,166	4,285,985	83.16%	3,564,225
64	Hardy HSS Capacity	365	4,950,965	1,807,102,225	0.00237	356,617	4,279,416	83.16%	3,558,762
65	**Dominion:**								
66	Dominion GSS NE Storage Demand	365	13,330	4,865,450	0.06034	24,463	293,559	83.16%	244,123
67	Dominion GSS NE Storage Capacity	365	799,800	291,927,000	0.00097	23,514	282,169	83.16%	234,652
	Subtotal - Storage Costs					**2,861,048**	**34,332,573**		**28,550,967**
68									
69	**Piedmont LNG Capitalization**						796,773	83.16%	662,596
71									
72	**Subtotal - Storage Cost**					**5,722,096**	**35,129,346**		**29,213,563**
73									
74	Secondary Market Credits						(25,794,317)	100.00%	(25,794,317)
75									
77									
78	**Total Fixed Gas Costs (Demand Charges)**					**17,689,966**	**185,689,262**		**$122,569,944**
79									
80	**III. Total Gas Cost**					**$29,657,836**	**$429,940,262**		**$366,820,944**

I/A

Perry Exhibit I
Schedule 1

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
SUMMARY OF PUBLIC STAFF ADJUSTMENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Public Staff Filed Amount
1	**Application Increase in Revenue Requirement filed by the Company**	**$109,025,725**
	Public Staff Adjustments:	
2	Change in Equity ratio from 52% to 50.54%	(6,702,256)
3	Change in cost of long-term debt from 4.09% to 4.08%	(236,724)
4	Change in cost of short-term debt from 0.47% to 0.20%	(85,115)
5	Change in return on equity from 10.25% to 9.42%	(26,412,817)
6	Plant in Service Updates and Related Items at May 31, 2021	(56,741,982)
7	ADIT - updated to May 31, 2021	738,514
8	Design Day Allocation Change	(4,006,615)
9	Adjust working capital - Lead Lag	52,150
10	Other working capital - May 31, 2021 updates	541,350
11	Adjustment to end of period revenue - weather and growth and COG	(64,774,757)
12	Adjustment to other operating revenues	(1,894,144)
13	Adjustment to the Cost of Gas	66,925,077
13	Robeson LNG Adjustment	(5,498,027)
14	Special Contract - remove PIS associated with facilities	(174,335)
15	Payroll and Related Expenses	(2,399,614)
16	Other Benefits	(2,782,972)
26	Pension OPEB LTD Expense	(826,603)
17	Customer Payment Fees	(843,386)
18	Board Expenses	(362,778)
19	Executive Compensation	(270,911)
20	Incentive Plans	(367,921)
21	Rate Case Expenses - 4 year amortization	(238,369)
22	Sponsorships & Donations	(63,762)
23	Uncollectibles	(820,682)
24	Inflation Adjustment - removed certain expenses and updated rate	(719,351)
25	Nonutility Adjustment - O&M and plant	(598,751)
27	Deferral: PIM Transmission Costs - update actual expenses @ May 31, 2021, 4 years	(883,412)
28	Deferral: Environmental Costs - update actual expenses @ May 31, 2021, 4 years	70,700
29	Deferral: PIM Distribution Costs - update actual expenses @ May 31, 2021, 4 years	1,354,405
30	Deferral EasternNC, 4 year amortization	(138,923)
31	Deferred Undercollection of Regulatory Fee, 4 years	(55,933)
32	COVID Expense Adjustment - non recurring	(958,480)
33	Regulatory Fee Expense	1,067
34	Advertising - remove promotional, image, competitive, & non-recurring	(384,851)
35	Aviation Expense	(192,175)
36	Interest on customer deposits	(490)
37	Lobbying Expenses	(76,553)
38	Amortization of protected EDIT, net of tax	460,637
39	Change in retention factor - Uncollectibles and Regulatory Fee changes	(114,747)
40	Adjust cash working capital for revenue impact of Public Staff adjustments	(4,995)
41	Rounding	(3)
42	**Public Staff Adjustments**	(109,488,533)
43	**Public Staff Revenue Requirement Increase**	**($462,808)**
	Rider impacts on Public Staff Revenue Requirement:	
44	Federal Unprotected EDIT Rider, 3 year remaining flow back	($22,340,624)
45	State EDIT, 1 year remaining flow back	(20,483,570)
46	**Public Staff Recommended Change in Revenue Requirement due to Riders (Sum of Lines 48-50)**	**($42,824,194)**
47	**Public Staff Recommended Change in Revenue Requirement for Year 1**	($43,287,001)
54	Public Staff Recommended Change in Revenue Requirement for Years 2- 3	($22,803,432)
55	Public Staff Recommended Change in Revenue Requirement for Year 4	($462,808)

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
SUPPORT FOR RECONCILIATION SCHEDULE
For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 1-1

Line No.	Item			Amount
	Plant in Service Updates and Related Items at May 31, 2021			
1	Rate base	($43,068,056)	[1]	
2	Income statement	(13,673,926)	[2]	
3	Total (L1 + L2)			($56,741,982)
	Special Contract Adjustment			
4	Rate base	($174,335)	[1]	
5	Income statement	0	[2]	
6	Total (L4 + L5)			($174,335)
	Deferred Environmental			
7	Rate base	$15,611	[1]	
8	Income statement	55,089	[2]	
9	Total			$70,700
	Amortizaton of PIM - T Costs			
10	Rate base	($1,932,390)	[1]	
11	Income statement	1,048,978	[2]	
12	Total (L4 + L5)			($883,412)
	Amortizaton of PIM - D Costs			
25	Rate base	$230,143	[1]	
26	Income statement	1,124,262	[2]	
27	Total			$1,354,405
	Robeson LNG Adjustment			
13	Rate base	($2,978,750)	[1]	
14	Income statement	(2,519,277)	[2]	
15	Total (L4 + L5)			($5,498,027)
	Undercollection of Regulatory Fee			
16	Rate base	($2,470)		
17	Income statement	(53,463)	[2]	
18	Total			($55,933)
	Change in the Design Day Allocation %			
19	Rate base	($265,037)	[1]	
20	Income statement	(3,741,578)		
21	Total			($4,006,615)
	Amortization FIT- Protected EDIT			
22	Rate base	$325,301	[1]	
23	Income statement	135,336	[2]	
24	Total			$460,637
	Nonutility Adjustment			
28	Rate base	($227,324)	[1]	
29	Income statement	(371,427)	[2]	
30	Total (L4 + L5)			($598,751)

[1] Perry Exhibit I, Schedule 2(a).
[2] Perry Exhibit I, Schedule 3.

I/A

Perry Exhibit I
Schedule 1-2

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
STATEMENT OF NET OPERATING INCOME FOR RETURN, RATE BASE AND OVERALL RETURN
For The Test Year Ended December 31, 2020

Line No.	Item	Per Company	Public Staff Adjustments	After Public Staff Adjustments	Rate Increase	After Rate Increase
		(a)	(b)	(c)	(d)	(e)
	NET OPERATING INCOME FOR RETURN					
	Operating Revenues:					
1	Sales and transportation of gas	$1,045,885,591	$64,775,120	$1,110,660,711	($462,808)	$1,110,197,903
2	Other operating revenues	1,136,144	1,894,155	3,030,299		3,030,299
3	Operating revenues, excl special contracts	1,047,021,735	66,669,275	1,113,691,010	(462,808)	1,113,228,201
4	Electric Generation & Special Contract Revenues	0	0	0		0
5	Total operating revenues	1,047,021,735	66,669,275	1,113,691,010	(462,808)	1,113,228,201
6	Cost of gas	303,827,431	62,993,513	366,820,944		366,820,944
7	**Margin**	743,194,304	3,675,762	746,870,066	(462,808)	746,407,258
	Operating Expenses:					
8	Operating and maintenance	215,365,324	(10,396,916)	204,968,408	(2,600)	$204,965,809
9	Depreciation	171,688,708	(8,326,132)	163,362,576		163,362,576
10	General taxes	41,152,004	(6,757,907)	34,394,096		34,394,096
11	State income tax (2.5%)	5,531,640	952,601	6,484,241	(11,475)	6,472,766
12	Federal income tax (21%)	41,241,001	7,801,802	49,042,803	(93,978)	48,948,825
13	Amortization of investment tax credits	(28,065)	0	(28,065)		(28,065)
14	Amortization of EDIT	0	103,657	103,657		103,657
15	Total operating expenses	474,950,612	(16,622,895)	458,327,716	(108,053)	458,219,663
16	Interest on customer deposits	(895,159)	375	(894,784)		(894,784)
17	Net operating income for return	$267,348,533	$20,299,032	$287,647,566	($354,755)	$287,292,810
18	**RATE BASE**					
19	Plant in service	$7,170,414,094	($583,468,527)	$6,586,945,567	$0	$6,586,945,567
20	Accumulated depreciation	(1,676,988,803)	16,139,663	(1,660,849,140)	0	(1,660,849,140)
21	Net plant in service	5,493,425,290	(567,328,864)	4,926,096,427	0	4,926,096,427
22	Working Capital - Other	95,430,840	5,614,423	101,045,263	0	101,045,263
23	Working Capital - Lead Lag	66,950,717	634,438	67,585,155	(60,763)	67,524,392
24	Defered Regulatory Assets		50,627,726	50,627,726		50,627,726
25	Deferred Income Taxes	(904,324,847)	12,942,014	(891,382,833)	0	(891,382,833)
26	Original cost rate base	$4,751,482,000	($497,510,263)	$4,253,971,738	($60,763)	$4,253,910,975
27	Overall Rate of Return on Rate Base	5.63%		6.75%		6.74%

I/A

Perry Exhibit I
Schedule 1-3

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF GROSS REVENUE EFFECT FACTORS
For The Test Year Ended December 31, 2020

Line No.	Item	Capital Structure	Cost Rates	Retention Factors	Gross Revenue Effect	Composite Tax Rate	Net of Tax Overall Rate of Return
		(a)	(b)	(c)	(d)	(e)	(f)
	Rate Base Factor:						
1	Long-term debt	48.81%	4.08%	0.9943824	0.02002698	0.77025	1.53%
2	Short-term debt	0.65%	0.20%	0.9943824	0.00001307	0.77025	0.00%
3	Common equity	50.54%	9.42%	0.7659230	0.06215857	1.00000	4.76%
4	Total (Sum of L1 thru L3)	100.00%			0.08219862		6.29%
	Net Income Factor:						
5	Total revenue				1.0000000		
6	Uncollectibles				0.0043232		
7	Balance (L5 - L6)				0.9956768		
8	Regulatory fee (L7 x current regulatory fee rate)				0.0012944		
9	Balance (L7 - L8)				0.9943824		
10	Less: State income tax (L9 x 2.5%)				0.0248596		
11	Balance (L9 - L10)				0.9695228		
12	Less: Federal income tax (L11 x 21%)				0.2035998		
13	Gross up factor (L11 - L12)				0.7659230		

Perry Exhibit I
Schedule 2

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2020

		Under Present Rates						After Public Staff Recommended Increase			
Line No.	Item	Company Adjusted Per Company		Public Staff Adjustments		After Public Staff Adjustments		Public Staff Adjustments		After Public Staff Adjustments	
		(a)	[1]	(b)	[2]	(c)	[3]	(d)	[5]	(e)	[6]
1	Plant in service	$7,170,414,094		(583,468,527)		$6,586,945,567				$6,586,945,567	
2	Accumulated depreciation	(1,676,988,803)		16,139,663		(1,660,849,140)				(1,660,849,140)	
3	Net plant in service (Sum of L1 thru L3)	5,493,425,290		(567,328,864)		4,926,096,427		0		4,926,096,427	
4	Working Capital - Other	95,430,840		5,614,423		101,045,263				101,045,263	
5	Working Capital - Lead Lag	66,950,717		634,438		67,585,155	[4]	($60,763)		$67,524,392	
6	Deferred Regulatory Assets	71,176,810		(20,549,085)		50,627,726				50,627,726	
7	Deferred Income Taxes	(904,324,847)		12,942,014		(891,382,833)				(891,382,833)	
8	Original cost rate base (Sum of L4 thru L7)	$4,822,658,812		($568,687,073)		$4,253,971,738		($60,763)		$4,253,910,975	

[1] Bowman Exhibit_(QPB-7), Page 1 of 4, Column (3)
[2] Perry Exhibit I, Schedule 2(a).
[3] Column (a) plus Column (b).
[4] Perry Exhibit I, Schedule 2-2, Column (d).
[5] Perry Exhibit I, Schedule 2-4, Column (k), Line 50.
[6] Column (c) plus Column (d).

I/A

Perry Exhibit I
Schedule 2(a)

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENTS TO RATE BASE
For The Test Year Ended December 31, 2020

Line No.	Item	Update PIS & Acc Dep, May 31, 2021 [1] (a)	Adjust Other Working Capital [2] (b)	Nonutility on May 31, 2021 [3] (c)	Special Contracts [4] (d)	Robeson LNG Plant [5] (e)	ADIT Update [6] (f)	ADIT - Protected EDIT [7] (g)
1	Plant in service	($534,857,739)		($4,168,721)	($4,014,753)	($36,608,740)		
2	Accumulated depreciation	10,906,655		1,403,178	1,893,850	370,303		
3	Net plant in service (Sum of L1 thru L2)	(523,951,084)	-	(2,765,543)	(2,120,902)	(36,238,438)	-	-
4	Working Capital - Other		6,585,881					
5	Working Capital - Lead Lag							
6	Deferred Regulatory Asset		0					
7	Deferred Income Taxes						8,984,509	3,957,505
8	Original cost rate base (Sum of L3 thru L6)	(523,951,084)	6,585,881	(2,765,543)	(2,120,902)	(36,238,438)	8,984,509	3,957,505
9	Revenue requirement impact	($43,068,056)	$541,350	($227,324)	($174,335)	($2,978,750)	$738,514	$325,301

Line No.	Item	Design Day Allocation Change [8] (h)	Deferred PIM-T [9] (i)	Deferred Environmental Costs [10] (j)	Deferred PIM-D [11] (k)	Undercollection of Regulatory Fee [12] (l)	Adjust WC for Lead Lag [13] (m)	Total Rate Base Adjustments [14] (n)
1	Plant in service	($3,818,573)						($583,468,527)
2	Accumulated depreciation	$1,565,676						$16,139,663
3	Net plant in service (Sum of L1 thru L2)	(2,252,897)	-	-	-	-	-	(567,328,864)
4	Working Capital - Other	($971,458)						$5,614,423
5	Working Capital - Lead Lag						634,438	$634,438
6	Deferred Regulatory Asset		(23,508,794)	189,922	2,799,836	(30,048)		($20,549,085)
7	Deferred Income Taxes							$12,942,014
8	Original cost rate base (Sum of L3 thru L6)	(3,224,355)	(23,508,794)	189,922	2,799,836	(30,048)	634,438	(568,687,073)
9	Revenue requirement impact	($265,037)	($1,932,390)	$15,611	$230,143	($2,470)	$52,150	($46,745,293)

[1] Perry Exhibit I, Schedule 2-1.
[2] Perry Exhibit I, Schedule 2-2.
[3] Perry Exhibit I, Schedule 2-1 (c).
[4] Per Sub 743 Rate Case. Information not provided in DR 87-1e CONFIDENTIAL Attachment.
[5] Per witness Metz. Perry Exhibit I, Schedule 3-5.
[6] Per May 31, 2021 update.
[7] Perry Exhibit II, Schedule 1.
[8] Perry Exhibit I, Schedule 3-6.
[9] Perry Exhibit I, Schedule 3-9.
[10] Perry Exhibit I, Schedule 3-11.
[11] Perry Exhibit I, Schedule 3-10.
[12] Perry Exhibit I, Schedule 3-12.
[13] Perry Exhibit I, Schedule 2-4, Column (g), Line 35.
[14] Sum of Columns (a) through (p).

Perry Exhibit I
Schedule 2-1

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
SUPPORT FOR UPDATED PLANT IN SERVICE
For The Test Year Ended December 31, 2020

Line No.	Item	Amount	
	Plant in Service:		
1	North Carolina plant in service at May 31, 2021	$6,635,556,354	[1]
2	Less adjusted plant in service per Company	7,170,414,094	[2]
3	Public Staff's adjustment to plant in service (L1 - L2)	($534,857,739)	
	Accumulated Depreciation:		
4	North Carolina accumulated depreciation at May 31, 2021	($1,648,318,205)	[1]
5	End of period depreciation adjustment on May 31, 2021 plant at Company proposed rates	(17,763,943)	[3]
6	Total accumulated depreciation at May 31, 2021 (L4 + L5)	(1,666,082,148)	
7	Less accumulated depreciation per Company	(1,676,988,803)	[2]
8	Public Staff's adjustment to accumulated depreciation (L6 - L7)	$10,906,655	
	Depreciation Expense:		
9	Annual depreciation on plant at May 31, 2021	$164,767,210	[1]
10	Reserve Surplus amotization @ May 31, 2021	(456,210)	[4]
11	Depreciation Expense per Public Staff	164,311,000	
12	Depreciation Expense Per Company	171,688,708	[2]
13	Adjustment per Public Staff	($7,377,708)	
	Property Taxes		
14	Net Plant in Service at May 31, 2021 (L1 + L6)	$4,969,474,206	
15	North Carolina tax rate	$0.00495	
16	Adjustment to property taxes for additions (L18 x L19 x L20)	24,594,761	
17	Property Tax for additions per Company Application	30,814,164	[5]
18	Public Staff's adjustment to property taxes (L21 - L22)	($6,219,404)	

[1] Per Company Response 110-1 Corrected Attachment.
[2] Per Company G-1 filing, 5_Detail_Plant in Service and Depr Exp.
[3] Per Piedmont per books May 31, 2021 12 ME depreciation expense minus Line 9.
[4] Per Company.
[5] Revised Per Company, 6 UPDATE_GenTax Adj.

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF PLANT IN SERVICE AND DEPRECIATION EXPENSE
For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 2-1 (a)

Line No.	Item	Actual amounts @ May 31, 2021: Joint 3-state Property Per Books [1] (a)	"000" 3-State Allocated [2] (b)	Joint 2-state Property Per Books [1] (c)	"088" 2-State Allocated (d)	Joint Property Allocated to NC [5] (e)	NC Direct Per Books [1] (f)	Total NC Plant 5/31/2021 [6] (g)	Corporate Proposed Depreciation Rates [7] (h)	NC Proposed Depreciation Rates [8] (i)	NC Provison for Depreciation at Proposed Rates [9] (j)
	Allocation Factors		**76.53%**	**91.31%**	**85.24%**						
	INTANGIBLE PLANT										
1	20100 Organization	$ -				$ -	$ 15,171	$ 15,171			$ -
2	20200 Franchises and Consents	-				-	586,786	586,786			-
3	20300 5 Year Software	59,905,923	45,846,003			45,846,003	-	45,846,003	20.00%		9,169,201
4	20310 10 Year Software	140,536,818	107,552,827			107,552,827	-	107,552,827	10.00%		10,755,283
5	20300 Miscellaneous Intangible Pl	-				-	2,444,025	2,444,025			-
6	20301 Customer Contracts	-				-	42,900	42,900			-
7	Total Intangible Plant (Sum of L1 thru L6)	200,442,741	153,398,830	-	-	153,398,830	3,088,881	156,487,711			19,924,483
	OTHER STORAGE PLANT										
8	26000 Land and Land Rights	-		6,967,666	5,939,238 [3]	5,939,238	24,186	5,963,425	0.00%		-
9	26100 Structures & Improvements	-		58,233,357	49,638,113 [3]	49,638,113	239,551	49,877,664	2.02%		1,002,690
10	26200 Gas Holders	-		12,998,370	11,079,810 [3]	11,079,810	-	11,079,810	1.48%		163,981
11	26300 Purification Equipment	-		26,468,997	22,562,173 [3]	22,562,173	-	22,562,173	2.46%		555,029
12	26310 Liquefaction Equipment	-		23,672,863	20,178,748 [3]	20,178,748	-	20,178,748	2.06%		415,682
13	26320 Vaporizing Equipment	-		34,775,344	29,642,503 [3]	29,642,503	-	29,642,503	3.43%		1,016,738
14	26330 Compressor Equipment	-		10,627,474	9,058,859 [3]	9,058,859	-	9,058,859	2.51%		227,377
15	26340 Measuring & Reg Equipment	-		719,800	613,557 [3]	613,557	-	613,557	3.10%		19,020
16	26350 Other Equipment	-		9,298,087	7,925,689 [3]	7,925,689	-	7,925,689	2.98%		236,186
17	Total Other Storage Plant (Sum of L8 thru L16)	-	-	183,761,958	156,638,693	156,638,693	263,737	156,902,430			3,636,704
	TRANSMISSION PLANT										
18	26510 Land and Land Rights	-		-	-	-	37,079,689	37,079,689		0.00%	-
19	26520 Rights-of-Way	-		-	-	-	133,124,872	133,124,872		1.25%	1,664,061
20	26610 S&I - Comp Station Struct	-		-	-	-	19,787,461	19,787,461		2.10%	415,537
21	26620 S&I - M&R Station Str	-		-	-	-	13,629,772	13,629,772		2.10%	286,225
22	26700 Mains	-		-	-	-	2,639,560,488	2,639,560,488		1.84%	48,567,913
23	26701 Mains, Cathodic Protection	-		-	-	-	7,822,902	7,822,902			-
24	26800 Compressor Station Equip	-		-	-	-	176,430,594	176,430,594		2.85%	5,028,272
25	26900 System Meas & Reg Station	-		-	-	-	278,675,745	278,675,745		2.33%	6,493,145
26	Total Transmission Plant (Sum of L18 thru L25)	-	-	-	-	-	3,306,111,523	3,306,111,523			62,455,153
	DISTRIBUTION PLANT										
27	27400 Non-depr Land & Land Rights	-	-	63,862	58,312 [4]	58,312	2,401,656	2,459,968		0.00%	-
28	27401 Rights of Way	-	-	-	-	-	11,822,738	11,822,738		1.32%	156,060
29	27500 Structures & Improvements -	-	-	824,052	752,441 [4]	752,441	631,066	1,383,507	4.60%	1.70%	45,340
30	27600 Mains	-	-	-	-	-	1,383,406,262	1,383,406,262		1.71%	23,656,247
31	27800 System Meas & Reg Station	-	-	-	-	-	83,765,013	83,765,013		1.93%	1,616,665
32	27900 Meas & Reg Sta Equip - City	-	-	-	-	-	97,233,964	97,233,964		1.90%	1,847,445
33	28000 Services	-	-	-	-	-	815,679,522	815,679,522		2.78%	22,675,891
34	28100 Meters	7,796,702	5,966,816	100,076	91,380 [4]	6,058,196	92,504,322	98,562,518	4.50%	2.90%	2,955,244
35	28104 Meters - Meter Accessories	-	-	1,980,582	1,808,470	1,808,470	-	1,808,470	14.46%		261,505
36	28105 Meters - Meter Acc, ERTs	17,157,650	13,130,749	-	-	13,130,749	31,234,584	44,365,333	14.46%	3.46%	2,979,423
37	28200 Meter Installations	-	-	-	-	-	57,884,651	57,884,651		3.28%	1,898,617
38	28300 House Regulators	-	-	-	-	-	12,526,839	12,526,839		2.96%	370,794
39	28400 House regulator installations	-	-	-	-	-	477,867	477,867		3.40%	16,247
40	28500 Ind Meas & Reg St Equip	-	-	-	-	-	43,502,633	43,502,633		1.63%	709,093
41	28600 Other Prop on Cust Premises	-	-	-	-	-	743,304	743,304		1.50%	11,150
42	28700 Other Equipment - Other	-	-	-	-	-	43,672	43,672		2.29%	1,000
43	Total Distribution Plant (Sum of L27 thru L42)	24,954,352	19,097,566	2,968,572	2,710,603	21,808,169	2,633,858,092	2,655,666,261			59,200,721
	GENERAL PLANT										
44	28900 Non-depr Land & Land Rights	-	-	-	-	-	3,828,965	3,828,965	0.00%	0.00%	-
45	29000 Structures and Improvements	6,083,092	4,655,390	215,747	196,998 [4]	4,852,388	123,427,274	128,279,663	2.10%	2.00%	2,570,446
46	29410 CNG Station Equipment	2,908	2,225		-	2,225	20,909,414	20,911,639	4.08%	3.90%	815,558
47	29600 Power Operated Equipment	-	-	861,228	786,387 [4]	786,387	12,478,819	13,265,206	3.71%	3.28%	438,480
48	29210 Pass. Cars & Sta Wagons		-		-	-	2,402,657	2,402,657	0.00%	11.76%	282,525
	29240 Transportation- 3 Year Meter	353,841					908,190	908,190	18.07%	18.07%	164,110
49	29201 Transportation - 5 Year Rural Use	316,861	242,494		-	242,494	14,406,273	14,648,767	15.40%	12.82%	1,884,636
50	29202 Transportation - 7 Year Urban Use	1,042,825	798,074	380,714	347,630 [4]	1,145,704	39,004,407	40,150,111	8.83%	7.54%	3,042,098
51	29203 Transportation - 10 Year Heavy Duty	776,988	594,629	225,057	205,500 [4]	800,129	10,637,201	11,437,329	7.29%	6.14%	711,429
52	29204 Transportation - 15 Year Trailers & Other	21,889	16,751	5,636	5,146 [4]	21,898	1,959,622	1,981,520	4.94%	4.58%	90,767
53	29200 Transportation Equipment	-	-	-	-	-		-	0.00%	18.07%	-
###	Total General Plant Depreciated (Sum of L44 thru L54)	8,598,403	6,309,563	1,688,381	1,541,661	7,851,224	229,962,822	237,814,046			10,000,049
###	29001 S&I - Leasehold Impr	8,553,881	6,546,285	-	-	6,546,285	29,791	6,576,076	4.76%		311,603
###	29100 Office Furniture and Equipm	10,614,606	8,123,358	116,574	106,443 [4]	8,229,801	15,406,711	23,636,512	5.00%	5.00%	1,181,826
###	29101 Electronic Data Processing	2,020,090	1,545,975	-	-	1,545,975	-	1,545,975			-
###	29102 PC Equipment	29,353,389	22,464,149	-	-	22,464,149	107,158	22,571,307	20.00%		4,492,830
###	29103 Customer Information System	17,721,735	13,562,444	-	-	13,562,444	-	13,562,444	5.00%		678,122
###	29105 SaaS - 3 yr Contract	208,452	159,528	-	-	159,528	-	159,528			-
###	29300 Stores Equipment	-	-	-	-	-	3,385	3,385		5.00%	169
###	29400 Tools, Shop & Garage Equip	3,291,086	2,518,668	445,171	406,486 [4]	2,925,154	17,404,274	20,329,428	5.00%	5.00%	1,016,471
###	29500 Laboratory Equipment	-	-	346,475	316,367 [4]	316,367	807,436	1,123,802	5.00%	5.00%	56,190
###	29700 Communication Equipment	24,526,592	18,770,201	1,224,563	1,118,149 [4]	19,888,350	8,610,201	28,498,550	5.56%	5.56%	1,584,519
###	29800 Miscellaneous Equipment	326,800	250,100	59,703	54,515 [4]	304,615	4,262,762	4,567,376	5.00%	5.00%	228,369
###	Total General Plant Amortized (Sum of L56 thru L72)	96,616,631	73,940,708	2,192,487	2,001,960	75,942,667	46,631,716	122,574,383			9,550,100
###	Total updated Plant In Service per Public Staff										
###	(L7 + L17 + L26 + L43 + L55 + L73)	$ 330,612,127	$ 252,746,667	$ 190,611,398	$ 162,892,916	$ 415,639,583	$ 6,219,916,771	$ 6,635,556,354			$ 164,767,210

[1] Updated Plant In Service through May 31, 2019, per DR 20-2 UPIS update_annualized depr exp 5-31-19.xls.
[2] Column (a) x 3-state allocator of 75.99%.
[3] Column (c) x 2-state LNG allocator of 85.24%.
[4] Column (c) x 2-state Non-LNG allocator of 90.25%.
[5] Column (b) + Column (d).
[6] Column (e) + Column (f).
[7] Recommended rates from Appendix B - Corporate Comparison of Depreciation Rates Final.
[8] Recommended rates from Appendix B - NC Comparison of Depreciation Rates Final.
[9] Column (e) x Column (h) + Column (f) x Column (i).

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF ACCUMULATED DEPRECIATION
For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 2-1 (b)

Line No.	Item	Actual amounts @ May 31, 2021: 3-State Before Allocated [1]	2-State Before Allocated [1]	Joint Property Allocated to NC		NC Direct Per Books [1]	Total NC Accum. Depr. 6/30/2019 [4]
		(a)	(b)	(c)		(d)	(e)
		76.53%	**91.31%**				
			85.24%				
	INTANGIBLE PLANT						
1	20100 Organization	$18,626,931	$0	$14,255,190		$2,444,025	$ 16,699,215
2	20200 Franchises and Consents	69,356,769	-	53,078,735		-	53,078,735
3	20200 - NC NCNG Fr. & Consent-47106	-	-	-		15,171	15,171
4	20300 Miscellaneous Intangible Plant	-	-	-		586,786	586,786
5	20301 Customer Contracts	-	-	-		42,900	42,900
6	Total Intangible Plant (Sum of L1 thru L5)	87,983,700	0	67,333,926		3,088,881	70,422,807
	OTHER STORAGE PLANT						
7	26000 Non-depr Land & Land Rights	-	-	-		-	0
8	26100 S&I	-	8,238,504	7,022,501	[2]	-	7,022,501
9	26200 Gas Holders	-	10,666,079	9,091,765	[2]	-	9,091,765
10	26300 Purification Equipment	-	3,378,985	2,880,247	[2]	-	2,880,247
11	26310 Liquefaction Equipment	-	3,954,257	3,370,609	[2]	-	3,370,609
12	26320 Vaporizing Equipment	-	7,056,711	6,015,140	[2]	-	6,015,140
13	26330 Compressor Equipment	-	1,906,229	1,624,869	[2]	-	1,624,869
14	26340 M&R Equipment	-	78,942	67,290	[2]	-	67,290
15	26350 Other Equipment	-	2,074,337	1,768,165	[2]	-	1,768,165
16	Total Other Storage Plant (Sum of L7 thru L15)	0	37,354,044	31,840,587		0	31,840,587
	TRANSMISSION PLANT						
17	26510 Non-depr Land	-	-	-		-	0
18	26520 Land Rights	-	-	-		22,736,334	22,736,334
19	26610 S&I - Comp Station Struct	-	-	-		(26,078,120)	(26,078,120)
20	26620 S&I - M&R Station Str	-	-	-		(19,238,757)	(19,238,757)
21	26700 Mains	-	-	-		317,948,811	317,948,811
22	26701 Mains, Cathodic Protection	-	-	-		474,715	474,715
23	26800 Compressor Station Equip	-	-	-		77,422,717	77,422,717
24	26900 System Meas & Reg Station	-	-	-		51,213,146	51,213,146
25	Total Transmission Plant (Sum of L17 thru L24)	0	0	0		424,478,847	424,478,847
	DISTRIBUTION PLANT						
26	27400 Non-depr Land	-	-	-			0
27	27401 Land Rights	-	-	-		2,552,099	2,552,099
28	27500 S&I	-	402,570	367,587	[3]	386,229	753,815
29	27600 Mains	-	-	-		445,199,795	445,199,795
30	27600 NC Cathodic Protect.-47106	-	-	-		-	0
31	27800 M&R Station Equipment	-	-	-		7,508,485	7,508,485
32	27900 M&R City Gate Equipment	-	-	-		11,036,097	11,036,097
33	28000 Services	-	-	-		400,281,091	400,281,091
34	28100 Meters	(10,826,128)	589,746	(7,746,739)	[3]	43,356,289	35,609,550
35	28104 Meters - Meter Accessories	-	1,316,227	1,201,847	[3]	-	1,201,847
36	28105 Meters - Meter Acc, ERTs	11,271,134	-	8,625,799	[3]	27,391,211	36,017,010
37	28200 Meter Installations	-	-	-		11,868,181	11,868,181
38	28300 House Regulators	-	-	-		5,453,663	5,453,663
39	28400 House Regulator Installatio	-	-	-		80,997	80,997
40	28500 Industrial M&R Station Equip	-	-	-		16,413,037	16,413,037
41	28600 Other Property on Customer Premises	-	-	-		688,021	688,021
42	28700 Other Equipment	-	-	-		18,624	18,624
43	Total Distribution Plant (Sum of L26 thru L42)	445,005	2,308,543	2,448,493		972,233,819	974,682,312
	GENERAL PLANT						
44	28900 Non-depr Land	-	-	-		68	68
45	29000 S&I	(1,723,630)	11,280	(1,308,795)	[3]	22,023,837	20,715,043
46	29600 Power Operated Equipment		621,015	567,049	[3]	5,185,329	5,752,377
47	29410 CNG Station Equipment	960	-	735		4,917,828	4,918,563
48	29200 Transportation Equipment - 3 Year		-	-	[3]	447,809	447,809
49	29201 Transportation - 5 Year Rural Use	134,467	-	102,908		10,270,866	10,373,774
50	29202 Transportation - 7 Year Urban Use	112,186	279,679	341,231		20,460,127	20,801,357
51	29203 Transportation - 10 Year Heavy Duty	496,615	205,189	567,417		5,961,405	6,528,822
52	29204 Transportation - 15 Year Trailers & Other	258,939	4,784	202,534		675,337	877,871
53	29210 Pass. Cars & Sta Wagons	16,421	-	12,567		2,178,255	2,190,822
54	292.11 Gas NC Light Trucks1/2 3/4 T	12,242	-	9,369		553,843	563,212
55	292.12 Gas NC Med Truck1&1 1/2 Ton	-	-	-			0
56	292.13 Gas NC Trucks 2 tons & over	-	-	-		3,232	3,232
57	292.18 Gas NC Trailer	-	-	-		5,916	5,916
58	29200 Transportation Equipment - 3 Year Meter Reading	-	-	-			0
59	29204 Trans Equip - Leased Buyout		-	-	[3]	(2)	(2)
60	Total General Plant Depreciated (Sum of L44 thru L59)	(691,801)	1,121,947	495,014		72,683,850	73,178,864
61	29001 Leasehold Improvements	4,870,675	-	3,727,528	[3]	29,404	3,756,931
62	29001 NC CNG Structures-47106	4,773,044	-	3,652,810		3,863,356	7,516,167
63	29100 Office Furniture and Equipm	11,098	3,062	11,289	[3]		11,289
64	29101 C3 Mainframe Equip Gov		-	-	[3]	-	0
65	29101 C3 Mainframe Equip. Gov Special		-	-		-	0
66	29102 PC Equipment (Computer Processing Hardware)	18,230,591	-	13,951,871	[3]	8,520	13,960,391
67	29103 Customer Information System	26,866,037	-	20,560,578	[3]	-	20,560,578
68	29104 Client Service Applications	135,790	-	103,920	[3]	-	103,920
69	29105 SaaS - 3 yr Contract	208,334	-	159,438	[3]	-	159,438
70	29300 Stores Equipment		(12,879)	(11,760)	[3]	3,329	(8,431)
71	29400 Tools, Shop & Garage Equip	1,793,469	117,230	1,479,585	[3]	8,200,960	9,680,545
72	29500 Laboratory Equipment		107,600	98,250	[3]	593,469	691,719
73	29700 Communication Equipment Gov	13,418,332	340,693	10,580,137		4,440,181	15,020,318
74	29700 C3 Communicat. Equip	-		-	[3]		0
75	29800 Miscellaneous Equipment Gov	24,980	17,640	35,224		2,226,698	2,261,922
76	29800 C3 Misc Equipment			-	[3]		0
77	Total General Plant Amortized (Sum of L61 thru L76)	70,332,349	573,347	54,348,870		19,365,918	73,714,788
78	Total updated Accumulated Depreciation per Public Staff						
79	(L6 + L16 + L25 + L43 + L60 + L77)	$ 158,069,254	$ 41,357,880	$ 156,466,890		$ 1,491,851,315	$ 1,648,318,205

[1] Updated Accumulated Depreciation through May 31, 2021 per DR 22-2 Updated.
[2] Column (b) x 2-state LNG allocator + Column (a) x 3-state allocator.
[3] Column (b) x 2-state Non-LNG allocator + Column (a) x 3-state allocator.
[4] Column (c) + Column (d).

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT OF PLANT RELATED ITEMS TO NON UTILITY OPERATIONS
For The Test Year Ended December 31, 2020

Perry Exhibit I
Schedule 2-1 (c)

Balances at June 30 2019

Line No.	Acct. No.	Item	Corporate Utility Plant In Service [1] (a)	NC Direct Utility Plant In Service [2] (b)	Total Utility Plant In Service [3] (c)	Total Accumulated Depreciation [4] (d)
1	28900	28900 Non-depr Land & Land Rights	0	3,828,965	3,828,965	68
2	29000	29000 Structures and Improvements	4,852,388	123,427,274	128,279,663	20,715,043
3	29410	29410 CNG Station Equipment	2,225	20,909,414	20,911,639	4,918,563
4	29600	29600 Power Operated Equipment	786,387	12,478,819	13,265,206	5,752,377
5	29210	29210 Pass. Cars & Sta Wagons	0	2,402,657	2,402,657	2,190,822
6	29201	29201 Transportation - 5 Year Rural Use	242,494	14,406,273	14,648,767	10,373,774
7	29202	29202 Transportation - 7 Year Urban Use	1,145,704	39,004,407	40,150,111	20,801,357
8	29203	29203 Transportation - 10 Year Heavy Duty	800,129	10,637,201	11,437,329	6,528,822
9	29204	29204 Transportation - 15 Year Trailers & Other	21,898	1,959,622	1,981,520	877,871
10	29200	29200 Transportation Equipment	0	0	0	447,809
11	29001	29001 S&I - Leasehold Impr	6,546,285	29,791	6,576,076	3,756,931
12	29100	29100 Office Furniture and Equipm	8,229,801	15,406,711	23,636,512	11,289
13	29101	29101 Electronic Data Processing	1,545,975	0	1,545,975	0
14	29102	29102 PC Equipment	22,464,149	107,158	22,571,307	13,960,391
15	29103	29103 Customer Information System	13,562,444	0	13,562,444	20,560,578
16	29300	29300 Stores Equipment	0	3,385	3,385	(8,431)
17	29400	29400 Tools, Shop & Garage Equip	2,925,154	17,404,274	20,329,428	9,680,545
18	29700	29700 Communication Equipment	19,888,350	8,610,201	28,498,550	0
19	29800	29800 Miscellaneous Equipment	304,615	4,262,762	4,567,376	0
20		Total plant-related nonutility adjustment (Sum of L1 thru L20)	$83,317,997	$274,878,913	$358,196,910	$120,567,810

Allocable To Non Utility

Line No.	Non Utility % [5] (e)	Corporate Utility Plant In Service [6] (f)	NC Direct Utility Plant In Service [7] (g)	Total Utility Plant In Service [8] (h)	Accumulated Depreciation [9] (i)	Corporate Depreciation Expense % [10] (j)	NC Depreciation Expense % [11] (k)	Total Depreciation Expense Amount [12] (l)
1	1.1638%	0	44,562	44,562	1	0.00%	0.00%	0
2	1.1638%	56,472	1,436,455	1,492,928	241,083	2.10%	2.00%	29,915
3	1.1638%	26	243,345	243,371	57,243	4.08%	3.90%	9,492
4	1.1638%	9,152	145,229	154,381	66,947	3.71%	3.28%	5,103
5	1.1638%	0	27,962	27,962	25,497	0.00%	11.76%	3,288
6	1.1638%	2,822	167,661	170,483	120,731	15.40%	12.82%	21,934
7	1.1638%	13,334	453,936	467,270	242,088	8.83%	7.54%	35,404
8	1.1638%	9,312	123,796	133,108	75,983	7.29%	6.14%	8,280
9	1.1638%	255	22,806	23,061	10,217	4.94%	4.58%	1,056
10	1.1638%	0	0	0	5,212	0.00%	18.07%	0
11	1.1638%	76,186	347	76,533	43,723	4.76%		3,626
12	1.1638%	95,779	179,304	275,083	131	5.00%	5.00%	13,754
13	1.1638%	17,992	0	17,992	0			0
14	1.1638%	261,439	1,247	262,686	162,472	20.00%		52,288
15	1.1638%	157,841	0	157,841	239,285	5.00%		7,892
16	1.1638%	0	39	39	(98)		5.00%	2
17	1.1638%	34,043	202,552	236,595	112,663	5.00%	5.00%	11,830
18	1.1638%	231,462	100,206	331,668	0	5.56%	5.56%	18,441
19	1.1638%	3,545	49,610	53,155	0	5.00%	5.00%	2,658
20		$969,661	$3,199,060	$4,168,721	$1,403,178			$224,962

[1] Perry Exhibit I, Schedule 1-1, Column (e)
[2] Perry Exhibit I, Schedule 1-1, Column (f)
[3] Column (a) + Column (b)
[4] Perry Exhibit I, Schedule 1-2, Column (e)
[5] Perry Exhibit I, Schedule 3-19.
[6] Column (a) * Column (e)
[7] Column (b) * Column (e)
[8] Column (f) + Column (g)
[9] Column (d) * Column (e)
[10] Perry Exhibit I, Schedule 1-1, Column (h)
[11] Perry Exhibit I, Schedule 1-1, Column (i)
[12] Column (f) * Column (j)+Column (g) * Column (k)

I/A

Perry Exhibit I
Schedule 2-2

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Test Year Per Company [1] (a)	Company Ratemaking Adjustments [2] (b)	After Company Adjustments [3] (c)	Public Staff Working Captial Adjustments [4] (d)	Amount Per Public Staff [5] (e)
	Lead Lag Study					
1	Lead Lag Study	$42,845,319	24,105,398	$66,950,717	$634,438	$67,585,155 [6]
	Average materials and supplies:					
2	Operating and construction supplies	6,786,081	($2,014)	6,784,067	$2,416,611	$9,200,678
3	Natural gas stored	35,707,698	62,836	35,770,534	1,428,022	$37,198,556
4	Totals (L2 + L3)	42,493,779	60,822	42,554,601	3,844,633	46,399,234
	Cash working capital:					
5	Fleet & Other Overheads	494,728	85,613	580,341	223,406	803,747
6	Accrued Vacation Liability	(2,365,301)	10,462	(2,354,839)	(213,313)	(2,568,152)
7	Accured Interest on Customer Deposits	(4,073,725)	0	(4,073,725)	(98,832)	(4,172,557)
8	Customer Deposits	(11,403,922)	(425)	(11,404,347)	76,252	(11,328,095)
9	Deferred Pipeline Integrity Management - Transmission	65,836,973	409,634	66,246,607	(23,508,794)	42,737,813 [7]
10	Deferred Pipeline Integrity Management - Distribution	5,318,527	(1,191,131)	4,127,396	2,799,836	6,927,232 [8]
11	Camp LaJeune Prepayment	(2,384,603)	0	(2,384,603)	598,837	(1,785,766)
12	Prepaid Insurance	811,834	(3,591)	808,243	141,842	950,085
13	Deferred Revenue	(27,056,931)	0	(27,056,931)	(500,175)	(27,557,106)
14	Undercollection of NCUC Regulatory Fees	203,405	0	203,405	(30,048)	173,357 [9]
15	Pension/OPEB Asset (Liability)	99,610,517	(440,713)	99,169,804	2,513,230	101,683,034
16	Special Supplier Refunds	(407,704)	0	(407,704)	0	(407,704)
17	Environmental Expenses Incurred	821,686	(222,283)	599,403	189,922	789,325 [10]
18	Total Cash Working Capital	125,405,483	(1,352,434)	124,053,049	(17,807,836)	106,245,213
19	Total working capital (L1 + L4 + L16)	$210,744,581	$22,813,786	$233,558,367	($13,328,765)	$220,229,602

[1] G-1, Item 4, 7_WorkingCapital Adj, Summary tab, Column E
[2] Column (c) - Column (a)
[3] G-1, Item 4, 7_WorkingCapital Adj, Summary tab, Column I
[4] Column (f) - Column (c). Per Public Staff witness Feasel.
[5] Per Company's supplemental response to data request 35-2 unless noted otherwise
[6] Perry Exhibit I, Schedule 2-3, Column g, Line 34
[7] Perry Exhibit I, Schedule 3-9, Line 16
[8] Perry Exhibit I, Schedule 3-11, Line 15
[9] Perry Exhibit I, Schedule 3-12, Line 10
[10] Perry Exhibit I, Schedule 3-10, Line 15

I/A

Perry Exhibit I
Schedule 2-3

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Per Books Amounts [1]	Company Ratemaking Adjustments [2]	After Company Adjustments [3]	Public Staff Adjustments [4]	After Public Staff Adjustments [5]	(Lead) / Lag Days [1]	Working Capital From Lead/ Lag Study [6]
	INVESTOR SUPPLIED CASH WORKING CAPITAL (ITEM 26 SCHEDULE A)	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Operating Revenues							
1.	Gas Sales and Transportation	$922,385,957	$123,499,634	$1,045,885,591	$64,775,120	$1,110,660,711	54.68	$166,386,103
2.	Other Operating Revenues	3,194,374	(2,058,230)	1,136,144	1,894,155	3,030,299	72.54	$602,204
3.	Total Operating Revenues	$925,580,331	$121,441,404	$1,047,021,735	$66,669,275	$1,113,691,010		$166,988,307
	Operation & Maintenance Expense							
4.	Purchased Gas	240,811,923	63,015,508	$303,827,431	62,993,513	$366,820,944	(36.80)	($36,979,097)
5.	Labor	77,705,107	1,768,632	79,473,739	(5,037,493)	74,436,246	(9.92)	(2,022,299)
6.	Incentive Pay STIP	6,031,526	2,023,481	8,055,006	(213,834)	7,841,173	(252.46)	(5,423,432)
7.	Incentive Pay LTIP	2,561,445	157,821	2,719,266	(126,022)	2,593,244	(621.50)	(4,415,620)
8.	Employee Pensions & Benefits - Acct 926	11,282,698	5,927,203	17,209,901	(821,959)	16,387,942	(9.52)	(427,619)
9.	Prepaid Expenses				0			
10.	Insurance - Other Acct 925	3,004,348	242,446	3,246,794	0	3,246,794	0	0
11.	Insurance - Property		0	0	0	0	0	0
12.	Insurance - Liability		0	0	0	0	0	0
13.	Fleet Expense	6,245,359	169,985	6,415,344	0	6,415,344	(38.48)	(676,270)
14.	Credit Card Expense	6,646,560	180,906	6,827,466	0	6,827,466	(31.43)	(587,825)
15.	Virtual Card Expense - Vendors	3,588,034	97,658	3,685,692	0	3,685,692	(31.59)	(319,004)
16.	Regulatory Commission Amortization - Acct 928.000	14,223,757	1,178,175	15,401,932	2,162,649	17,564,581	0.00	0
17.	Regulatory Commission Exp - Acct 928.014	1,194,196	159,629	1,353,825	85,269	1,439,094	(79.58)	(313,751)
18.	Uncollectible Accounts - Acct 904	7,046,092	(1,428,465)	5,617,627	(536,039)	5,081,588	0	0
19.	Other O&M Expenses	70,837,042	(5,478,312)	65,358,730	(5,805,829)	59,552,901	(59.41)	(9,693,298)
	Total O&M expenses	451,178,086	68,014,668	519,192,754	52,700,254	571,893,008		(60,858,215)
20.	**Depreciation Expense**	132,956,307	38,732,401	171,688,708	(8,326,132)	163,362,576	0	0
	Other Taxes							
21.	Other Taxes Excluding Property Taxes	4,108,192	(93,691)	4,014,501	0	4,014,501	(280.79)	(3,088,358)
22.	Property Taxes	21,676,679	9,137,485	30,814,164	(6,346,540)	24,467,624	(185.74)	(12,451,052)
23.	Payroll Taxes	6,107,786	215,552	6,323,338	(411,367)	5,911,971	(24.46)	(396,256)
	Income Taxes							
24.	Federal Income Taxes	(20,052,963)	8,533,888	(11,519,075)	7,804,390	(3,714,685)	(37.75)	384,190
25.	State Income Taxes	(3,435,351)	17,121,018	13,685,667	952,917	14,638,584	(37.75)	(1,513,991)
26.	**Provision for Deferred Income Taxes**	44,606,048		44,606,048	0	44,606,048	0	0
27.	**Amort Investment Tax Credit**	(28,065)	0	(28,065)	0	(28,065)	0	0
28.	**Interest On Customers' Deposits**	895,159	0	895,159	375	895,534	0	0
	Return							
29.	Interest on Long-Term Debt (Acct 0427460)	140,168,084	(46,574,503)	93,593,581	(8,890,580)	84,703,001	(92.54)	(21,475,739)
30.	Interest on Short-Term Debt (Acct 0430216)	1,913,850	(1,789,184)	124,666	(69,373)	55,293	(24.63)	(3,731)
31.	Income for Return	145,486,519	28,143,769	173,630,286	29,255,331	202,885,617	0	0
32.	**Total Requirements**	925,580,330	121,441,404	1,047,021,732	66,669,275	1,113,691,007		(99,403,152)
33.	Working capital from lead / lag study per Public Staff							$67,585,155
34.	Amount per Company application							$66,950,717
35.	Adjustment to working capital from lead / lag study							$634,438

[1] G-1, Item 26, Lead Lag Summary.
[2] G-1, Item 4a, Page 48.
[3] Column (a) plus Column (b).
[4] Perry Exhibit I, Schedule 2-3(a), Column ee.
[5] Column (c) plus Column (d).
[6] Column (e) divided by 365 times column (f).

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Update Plant to May 31, 2021 [1] (a)	COG Adjustment [1] (b)	End of period Revenue Adjustment [1] (c)	Robeson LNG Adjustment [1] (d)	Design Day Allocation Change [1] (e)	COVID-Related Expenses [1] (f)	Payroll and Related Costs [1] (g)
	Operating Revenues							
1.	Gas Sales and Transportation		$0	$64,775,120				
2.	Other Operating Revenues		0					
3.	Total Operating Revenues	0	0	64,775,120	0	0	0	0
	Operation & Maintenance Expense							
4.	Purchased Gas		66,549,119			(3,555,606)		
5.	Labor							(2,216,566)
6.	Incentive Pay STIP							
7.	Incentive Pay LTIP							
8.	Employee Pensions & Benefits - Acct 926							
9.	Prepaid Expenses							
10.	Insurance - Other Acct 925							
11.	Insurance - Property							
12.	Insurance - Liability							
13.	Fleet Expense							
14.	Credit Card Expense							
15.	Virtual Card Expense - Vendors							
16.	Regulatory Commission Amortization - Acct 928.000							
17.	Regulatory Commission Exp - Acct 928.014			84,208				
18.	Uncollectible Accounts - Acct 904			280,033				
19.	Other O&M Expenses				(1,783,517)	(49,649)	(953,096)	
20.	Total O&M expenses	0	66,549,119	364,240	(1,783,517)	(3,605,255)	(953,096)	(2,216,566)
21.	**Depreciation Expense**	(7,377,708)			(634,805)	(88,656)		
	Other Taxes							
22.	Other Taxes Excluding Property Taxes							
23.	Property Taxes	(6,219,404)			(86,802)	(26,648)		
24.	Payroll Taxes							(169,567)
	Income Taxes							
25.	Federal Income Taxes	2,784,009	(13,625,932)	13,188,128	512,924	761,784	195,147	488,561
26.	State Income Taxes	339,928	(1,663,728)	1,610,272	62,628	93,014	23,827	59,653
27.	**Provision for Deferred Income Taxes**							
28.	**Amort Investment Tax Credit**							
29.	**Interest On Customers' Deposits**							
	Return							
30.	Interest on Long-Term Debt (Acct 0427460)							
31.	Interest on Short-Term Debt (Acct 0430216)							
32.	Income for Return	10,473,175	(51,259,459)	49,612,480	1,929,572	2,865,761	734,122	1,837,919
33.	Total Requirement	0	0	64,775,120	0	0	0	0

[1] Based on adjustments made by Public Staff in Perry Exhibit 1, Schedule 3.
[2] Sum of Columns (a) through (ee).

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Other Employee benefits [1]	Customer Payment Fees [1]	Board Expenses [1]	Executive Compensation [1]	Incentives [1]	Pension OPEB LTD [1]	Rate Case Expenses [1]
		(h)	(i)	(j)	(k)	(l)	(m)	(n)
	Operating Revenues							
1.	Gas Sales and Transportation							
2.	Other Operating Revenues							
3.	Total Operating Revenues	0	0	0	0	0	0	0
	Operation & Maintenance Expense							
4.	Purchased Gas							
5.	Labor	(2,570,681)			(250,246)			
6.	Incentive Pay STIP					(213,834)		
7.	Incentive Pay LTIP					(126,022)		
8.	Employee Pensions & Benefits - Acct 926						(821,959)	
9.	Prepaid Expenses							
10.	Insurance - Other Acct 925							
11.	Insurance - Property							
12.	Insurance - Liability							
13.	Fleet Expense							
14.	Credit Card Expense							
15.	Virtual Card Expense - Vendors							
16.	Regulatory Commission Amortization - Acct 928.000							
17.	Regulatory Commission Exp - Acct 928.014							
18.	Uncollectible Accounts - Acct 904							
19.	Other O&M Expenses		(838,648)	(360,740)				(237,030)
20.	Total O&M expenses	(2,570,681)	(838,648)	(360,740)	(250,246)	(339,856)	(821,959)	(237,030)
21.	**Depreciation Expense**							
	Other Taxes							
22.	Other Taxes Excluding Property Taxes							
23.	Property Taxes							
24.	Payroll Taxes	(196,657)			(19,144)	(25,999)		
	Income Taxes							
25.	Federal Income Taxes	566,613	171,713	73,861	55,158	74,909	168,296	48,532
26.	State Income Taxes	69,183	20,966	9,019	6,735	9,146	20,549	5,926
27.	**Provision for Deferred Income Taxes**							
28.	**Amort Investment Tax Credit**							
29.	**Interest On Customers' Deposits**							
	Return							
30.	Interest on Long-Term Debt (Acct 0427460)							
31.	Interest on Short-Term Debt (Acct 0430216)							
32.	Income for Return	2,131,542	645,969	277,860	207,497	281,800	633,114	182,572
33.	Total Requirement	0	0	0	0	0	0	0

[1] Based on adjustments made by Public Staff in Perry Exhibit 1, Schedule 3.
[2] Sum of Columns (a) through (ee).

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Sponsorships & Donations [1]	Uncollectibles [1]	Inflation [1]	Nonutility Expenses [1]	PIM Transmission [1]	Environmental Costs [1]	PIM Distribution [1]
		(o)	(p)	(q)	(r)	(s)	(t)	(u)
	Operating Revenues							
1.	Gas Sales and Transportation							
2.	Other Operating Revenues							
3.	Total Operating Revenues	0	0	0	0	0	0	0
	Operation & Maintenance Expense							
4.	Purchased Gas							
5.	Labor							
6.	Incentive Pay STIP							
7.	Incentive Pay LTIP							
8.	Employee Pensions & Benefits - Acct 926							
9.	Prepaid Expenses							
10.	Insurance - Other Acct 925							
11.	Insurance - Property							
12.	Insurance - Liability							
13.	Fleet Expense							
14.	Credit Card Expense							
15.	Virtual Card Expense - Vendors							
16.	Regulatory Commission Amortization - Acct 928.000					1,043,086	54,779	1,117,946
17.	Regulatory Commission Exp - Acct 928.014							
18.	Uncollectible Accounts - Acct 904		(816,072)					
19.	Other O&M Expenses	(63,404)		(715,311)	(130,692)			
20.	Total O&M expenses	(63,404)	(816,072)	(715,311)	(130,692)	1,043,086	54,779	1,117,946
21.	**Depreciation Expense**				(224,962)			
	Other Taxes							
22.	Other Taxes Excluding Property Taxes							
23.	Property Taxes				(13,687)			
24.	Payroll Taxes							
	Income Taxes							
25.	Federal Income Taxes	12,982	167,091	146,460	75,623	(213,572)	(11,216)	(228,899)
26.	State Income Taxes	1,585	20,402	17,883	9,234	(26,077)	(1,369)	(27,949)
27.	**Provision for Deferred Income Taxes**							
28.	**Amort Investment Tax Credit**							
29.	**Interest On Customers' Deposits**							
	Return							
30.	Interest on Long-Term Debt (Acct 0427460)							
31.	Interest on Short-Term Debt (Acct 0430216)							
32.	Income for Return	48,837	628,579	550,968	284,484	(803,437)	(42,194)	(861,098)
33.	Total Requirement	0	0	0	0	0	0	0

[1] Based on adjustments made by Public Staff in Perry Exhibit 1, Schedule 3.
[2] Sum of Columns (a) through (ee).

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Regulatory Fee [1]	Advertising [1]	Other Operating [1]	Aviation [1]	EDIT - FIT Protected [1]	Eastern NCNG [1]	Interest on Customer Deposits [1]
		(v)	(w)	(x)	(y)	(z)	(aa)	(bb)
	Operating Revenues							
1.	Gas Sales and Transportation							
2.	Other Operating Revenues			1,894,155				
3.	Total Operating Revenues	0	0	1,894,155	0	0	0	0
	Operation & Maintenance Expense							
4.	Purchased Gas							
5.	Labor							
6.	Incentive Pay STIP							
7.	Incentive Pay LTIP							
8.	Employee Pensions & Benefits - Acct 926							
9.	Prepaid Expenses							
10.	Insurance - Other Acct 925							
11.	Insurance - Property							
12.	Insurance - Liability							
13.	Fleet Expense							
14.	Credit Card Expense							
15.	Virtual Card Expense - Vendors							
16.	Regulatory Commission Amortization - Acct 928.000							
17.	Regulatory Commission Exp - Acct 928.014	1,061						
18.	Uncollectible Accounts - Acct 904							
19.	Other O&M Expenses		(382,688)	10,651	(191,096)	103,657	(138,143)	0
20.	Total O&M expenses	1,061	(382,688)	10,651	(191,096)	103,657	(138,143)	0
21.	**Depreciation Expense**							
	Other Taxes							
22.	Other Taxes Excluding Property Taxes							
23.	Property Taxes							
24.	Payroll Taxes							
	Income Taxes							
25.	Federal Income Taxes	(217)	78,355	385,647	39,127	0	28,285	0
26.	State Income Taxes	(27)	9,567	47,088	4,777	0	3,454	0
27.	**Provision for Deferred Income Taxes**							
28.	**Amort Investment Tax Credit**							
29.	**Interest On Customers' Deposits**							375
	Return							
30.	Interest on Long-Term Debt (Acct 0427460)							
31.	Interest on Short-Term Debt (Acct 0430216)							
32.	Income for Return	(817)	294,766	1,450,769	147,192	(103,657)	106,404	(375)
33.	Total Requirement	0	0	1,894,155	0	0	0	0

[1] Based on adjustments made by Public Staff in Perry Exhibit 1, Schedule 3.
[2] Sum of Columns (a) through (ee).

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Undercollection of Regulatory Fee [1] (cc)	Lobbying Expense [1] (dd)	Interest Synchronisation [1] (ee)	Total Public Staff Adjustments [2] (ff)
	Operating Revenues				
1.	Gas Sales and Transportation				64,775,120
2.	Other Operating Revenues				1,894,155
3.	Total Operating Revenues	0	0	0	66,669,275
	Operation & Maintenance Expense				
4.	Purchased Gas				62,993,513
5.	Labor				(5,037,493)
6.	Incentive Pay STIP				(213,834)
7.	Incentive Pay LTIP				(126,022)
8.	Employee Pensions & Benefits - Acct 926				(821,959)
9.	Prepaid Expenses				0
10.	Insurance - Other Acct 925				0
11.	Insurance - Property				0
12.	Insurance - Liability				0
13.	Fleet Expense				0
14.	Credit Card Expense				0
15.	Virtual Card Expense - Vendors				0
16.	Regulatory Commission Amortization - Acct 928.000	(53,162)			2,162,649
17.	Regulatory Commission Exp - Acct 928.014				85,269
18.	Uncollectible Accounts - Acct 904				(536,039)
19.	Other O&M Expenses		(76,123)		(5,805,829)
20.	Total O&M expenses	(53,162)	(76,123)	0	52,700,254
21.	**Depreciation Expense**				(8,326,132)
	Other Taxes				
22.	Other Taxes Excluding Property Taxes				0
23.	Property Taxes				(6,346,540)
24.	Payroll Taxes				(411,367)
	Income Taxes				
25.	Federal Income Taxes	10,885	15,586	1,834,550	7,804,390
26.	State Income Taxes	1,329	1,903	223,999	952,917
27.	**Provision for Deferred Income Taxes**				0
28.	**Amort Investment Tax Credit**				0
29.	**Interest On Customers' Deposits**				375
	Return				
30.	Interest on Long-Term Debt (Acct 0427460)			(8,890,580)	(8,890,580)
31.	Interest on Short-Term Debt (Acct 0430216)			(69,373)	(69,373)
32.	Income for Return	40,948	58,634	6,901,404	29,255,331
33.	Total Requirement	0	0	0	66,669,275

[1] Based on adjustments made by Public Staff in Perry Exhibit 1, Schedule 3.
[2] Sum of Columns (a) through (ee).

I/A

Perry Exhibit I
Schedule 2-4

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO WORKING CAPITAL COMPONENTS
For The Test Year Ended December 31, 2020
After Rate Increase

Line No.	Item	Under Present Rates After Adjustments [1]	(Lead) Lag Days [2]	Iteration 1 Increase	Iteration 1 With Increase [3]	Iteration 1 CWC Change [4]	Iteration 2 Increase [5]	Iteration 2 With Increase [10]	Iteration 2 CWC Change [13]	Iteration 3 Increase [14]	Iteration 3 With Increase [15]	Iteration 3 CWC Change [16]	After Increase Cumulative Increase [17]	After Increase After Increase [18]
	INVESTOR SUPPLIED CASH WORKING CAPITAL (ITEM 26 SCHEDULE A)	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
	Operating Revenues													
1.	Gas Sales and Transportation (L3 - L2)	$1,110,660,711	54.68	($469,548)	$1,110,191,163	($70,342)	$7,961	$1,110,199,124	1,193	($132)	$1,110,198,992	($20)	($461,719)	$1,110,198,992
2.	Other Operating Revenues	3,030,299	72.54		3,030,299	0		3,030,299			3,030,299			$3,030,299
3.	Total Operating Revenues	$1,113,691,010		($469,548)	$1,113,221,462 [13]	($70,342)	$7,961	$1,113,229,422 [11]	$1,193	($132)	$1,113,229,291	($20)	($461,719)	$1,113,229,291
	Operation & Maintenance Expense													
4.	Purchased Gas	$366,820,944	(36.80)		366,820,944	0		366,820,944			366,820,944		0	366,820,944
5.	Labor	74,436,246	(9.92)		74,436,246	0		74,436,246			74,436,246		0	74,436,246
6.	Incentive Pay STIP	7,841,173	(252.46)		7,841,173	0		7,841,173			7,841,173		0	7,841,173
7.	Incentive Pay LTIP	2,593,244	(621.50)		2,593,244	0		2,593,244			2,593,244		0	2,593,244
8.	Employee Pensions & Benefits - Acct 926	16,387,942	(9.52)		16,387,942	0		16,387,942			16,387,942		0	16,387,942
9.	Prepaid Expenses												0	0
10.	Insurance - Other Acct 925	3,246,794	0.00		3,246,794	0		3,246,794			3,246,794		0	3,246,794
11.	Insurance - Property	0	0.00		0	0		0			0		0	0
12.	Insurance - Liability	0	0.00		0	0		0			0		0	0
13.	Fleet Expense	6,415,344	(38.48)		6,415,344	0		6,415,344			6,415,344		0	6,415,344
14.	Credit Card Expense	6,827,466	(31.43)		6,827,466	0		6,827,466			6,827,466		0	6,827,466
15.	Virtual Card Expense - Vendors	3,685,692	(31.59)		3,685,692	0		3,685,692			3,685,692		0	3,685,692
16.	Regulatory Commission Amortization - Acct 928.000	17,564,581	0.00		17,564,581	0		17,564,581			17,564,581		0	17,564,581
17.	Regulatory Commission Exp - Acct 928.014	1,439,094	(79.58)	(610)	1,438,484	133	10 [7]	1,438,494	(2)	(0)	1,438,494	0	(600)	1,438,494
18.	Uncollectible Accounts - Acct 904	5,081,588	0.00	(2,030)	5,079,558	0	34 [7]	5,079,592	0	(1)	5,079,592	0	(1,996)	5,079,592
19.	Other O&M Expenses	59,552,901	(59.41)		59,552,901	0		59,552,901			59,552,901		0	59,552,901
20.	Total O&M Expense	$571,893,008		($2,640)	$571,890,368	$133	$45	$571,890,412	($2)	($1)	$571,890,412	$0	($2,596)	$571,890,412
21.	**Depreciation Expense**	163,362,576	0.00		163,362,576			163,362,576			163,362,576		$0	$163,362,576
	Other Taxes													
22.	Other Taxes Excluding Property Taxes	4,014,501	(280.79)		4,014,501	0		4,014,501	0		4,014,501		0	4,014,501
23.	Property Taxes	24,467,624	(185.74)		24,467,624	0		24,467,624	0		24,467,624		0	24,467,624
24.	Payroll Taxes	5,911,971	(24.46)		5,911,971	0		5,911,971	0		5,911,971		0	5,911,971
						0			0				0	0
	Income Taxes					0			0				0	0
25.	Federal Income Taxes	(3,714,685)	(37.75)	(95,600)	(3,810,285)	9,887	(657) [8]	(3,810,941)	68	(18)	(3,810,960)	2	(96,275)	(3,810,960)
26.	State Income Taxes	14,638,584	(37.75)	(11,673)	14,626,911	1,207	(72) [9]	14,626,839	7	(2)	14,626,837	0	(11,747)	14,626,837
						0			0				0	0
27.	**Provision for Deferred Income Taxes**	44,606,048	0.00		44,606,048	0		44,606,048	0		44,606,048		0	44,606,048
						0			0	0		0	0	0
28.	**Amort Investment Tax Credit**	(28,065)	0.00		(28,065)	0		(28,065)	0		(28,065)		0	(28,065)
						0			0				0	0
29.	**Interest On Customers' Deposits**	895,534	0.00		895,534	0		895,534	0		895,534		0	895,534
						0			0				0	0
	Return					0			0	0		0	0	0
30.	Interest on Long-Term Debt (Acct 0427460)	84,703,001	(92.54)	0	84,703,001	0	11,457	84,714,458 [12]	(2,905)	(33)	84,714,425	8	11,425	84,714,425
31.	Interest on Short-Term Debt (Acct 0430216)	55,293	(24.63)	0	55,293	0	7	55,301 [12]	(1)	(0)	55,301	0	7	55,301
32.	Income for Return	202,885,617	0.00	(359,638)	202,525,979	0	(2,814)	202,523,165 [12]	0	(78)	202,523,087	0	(362,530)	202,523,087
33.	Total requirement	$1,113,691,007		($469,551)	$1,113,221,456	$11,228	$7,966	$1,113,229,422	($2,832)	($132)	$1,113,229,291	$11	($461,716)	$1,113,229,291
34.	Cumulative change in working capital					($59,114)			($60,754)			($60,762.97)		($60,763)
35.	Rate base under present rates					4,253,971,738 [6]			4,253,971,738			4,253,971,738		4,253,971,738
36.	Rate base after rate increase	$4,253,971,738				$4,253,912,623			$4,253,910,983			$4,253,910,975		$4,253,910,975
37.	Overall rate of return (L32 / L36)	6.76%				6.75%			6.75%			6.75%		6.75%
38.	Target rate of return	6.75%				6.75%			6.75%			6.75%		6.75%
		287,643,911												

[1] Perry Exhibit I, Schedule 2-3, Column (c).
[2] Perry Exhibit I, Schedule 2-3, Column (f).
[3] Column (a) plus Column (c).
[4] Column (c) divided by 365 times Column (b).
[5] Column (g) minus Column (d).
[6] Perry Exhibit I, Schedule 2, Column (c), Line 8.
[7] Uncollectible factor X (Sum of taxes and Return on Column (f))/(1-Uncollectible factor).
[8] Column (f), Line 32 - Line 26, divided by (1 - Federal Income tax percentage) - Line 32, Column (f).
[9] Column (f), Line 32, divided by (1 - State Income tax percentage) - Line 32, Column (f).

[10] Column (d) plus Column (f).
[11] Column (g), sum of Lines 20 to 32.
[12] Column (e), Line 36 times appropriate percentage and cost factor.
[13] Column (f) divided by 365 times Column (b).
[14] Column (j) minus Column (g).
[15] Column (g) plus Column (i).
[16] Column (i)/365 X Column (b)
[17] Column (c) + Column (f) + Column (i)
[18] Column (a) plus Column (l).

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
NET OPERATING INCOME FOR RETURN
For The Test Year Ended December 31, 2020

Line No.	Item	Per Company [1] (a)	Plant Updates @ May 31, 2021 [2] (b)	Update Cost of Gas [3] (c)	Revenues @ May 31, 2021 [3] (d)	Robeson LNG Adjustment [4] (e)	Design Day Allocation Change [5] (f)	COVID-Related Expenses [6] (g)	Payroll and Related Costs [7] (h)	Other Benefits [8] (i)
	Operating Revenues:									
1	Sales and transportation of gas	$1,045,885,591			$64,775,120					
2	Other operating revenues	1,136,144								
3	Total operating revenues (L1 - L3)	1,047,021,735	0	0	64,775,120	0	0	0	0	0
4	Cost of gas	303,827,431		66,549,119	0		(3,555,606)			
5	**Margin (L4 - L5)**	743,194,304	0	(66,549,119)	64,775,120	0	3,555,606	0	0	0
	Operating Expenses:									
6	Operating and maintenance	215,365,324			364,240	(1,783,517)	(49,649)	(953,096)	(2,216,566)	(2,570,681)
7	Depreciation	171,688,708	(7,377,708)			(634,805)	(88,656)			
8	General taxes	41,152,004	(6,219,404)			(86,802)	(26,648)		(169,567)	(196,657)
9	State income tax (2.5%)	5,531,640	339,928	(1,663,728)	1,610,272	62,628	93,014	23,827	59,653	69,183
10	Federal income tax (21%)	41,241,001	2,784,009	(13,625,932)	13,188,128	512,924	761,784	195,147	488,561	566,613
11	Amortization of investment tax credits	(28,065)								
12	Amortization of EDIT	0								
13	Total operating expenses (Sum of L4 thru L10)	474,950,612	(10,473,175)	(15,289,660)	15,162,640	(1,929,572)	689,845	(734,122)	(1,837,919)	(2,131,542)
14	Interest on customer deposits	(895,159)								
15	Net operating income for return (L3 - L12+L11+L12)	$267,348,533	$10,473,175	($51,259,459)	$49,612,480	$1,929,572	$2,865,761	$734,122	$1,837,919	$2,131,542
16	Revenue Requirement Effect		$13,673,926	($66,925,077)	$64,774,757	$2,519,277	$3,741,578	$958,480	$2,399,614	$2,782,972

[1] Perry Exhibit I, Schedule 3A.
[2] Perry Exhibit I, Schedule 2-1.
[3] Perry Exhibit I, Schedule 3B.
[4] Per Public Staff witness Metz. Perry Exhibit I, Schedule 3-5.
[5] Per Public Staff witness Metz. Perry Exhibit I, Schedule 3-6.
[6] Per Public Staff witness Perry. Removed non-recurring expenses.
[7] Perry Exhibit I, Schedule 3-1.
[8] Coleman Exhibit I, Schedule 1

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
NET OPERATING INCOME FOR RETURN
For The Test Year Ended December 31, 2020

Line No.	Item	Customer Payment Fees [9]	Board Expenses [10]	Executive Compensation [11]	Incentives [12]	Pension OPEB LTD Expense [13]	Rate Case Expenses [14]	Sponsorships & Dues [15]	Uncollectibles [16]	Inflation [17]
		(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
	Operating Revenues:									
1	Sales and transportation of gas									
2	Other operating revenues									
3	Total operating revenues (L1 - L3)	0	0	0	0	0	0	0	0	0
4	Cost of gas									
5	**Margin (L4 - L5)**	0	0	0	0	0	0	0	0	0
	Operating Expenses:									
6	Operating and maintenance	(838,648)	(360,740)	(250,246)	(339,856)	(821,959)	(237,030)	(63,404)	(816,072)	(715,311)
7	Depreciation									
8	General taxes			(19,144)	(25,999)					
9	State income tax (2.5%)	20,966	9,019	6,735	9,146	20,549	5,926	1,585	20,402	17,883
10	Federal income tax (21%)	171,713	73,861	55,158	74,909	168,296	48,532	12,982	167,091	146,460
11	Amortization of investment tax credits									
12	Amortization of EDIT									
13	Total operating expenses (Sum of L4 thru L10)	(645,969)	(277,860)	(207,497)	(281,800)	(633,114)	(182,572)	(48,837)	(628,579)	(550,968)
14	Interest on customer deposits									
15	Net operating income for return (L3 - L12+L11+L12)	$645,969	$277,860	$207,497	$281,800	$633,114	$182,572	$48,837	$628,579	$550,968
16	Revenue Requirement Effect	$843,386	$362,778	$270,911	$367,921	$826,603	$238,369	$63,762	$820,682	$719,351

[9] Perry Exhibit I, Schedule 3-7.
[10] Coleman Exhibit I, Schedule 2
[11] Coleman Exhibit I, Schedule 3
[12] Perry Exhibit I, Schedule 3-2.
[13] Perry Exhibit I, Schedule 3-3.
[14] Perry Exhibit I,Schedule 3-8.
[15] Perry Exhibit I,Schedule 3-18.
[16] Perry Exhibit I, Schedule 3-4.
[17] Perry Exhibit I, Schedule 3-15.
[18] Perry Exhibit I, Schedule 19.

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
NET OPERATING INCOME FOR RETURN
For The Test Year Ended December 31, 2020

Line No.	Item	Nonutility Expenses [18]	PIM Transmission Costs [19]	Environmental Costs [20]	PIM Distribution Costs [21]	Regulatory Fee [22]	Advertising [23]	Other Operating Revenues [24]	Aviation [24]	Amortization EDIT - FIT Protected [25]
		(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)
	Operating Revenues:									
1	Sales and transportation of gas									
2	Other operating revenues							1,894,155		
3	Total operating revenues (L1 - L3)	0	0	0	0	0	0	1,894,155	0	0
4	Cost of gas									
5	**Margin (L4 - L5)**	0	0	0	0	0	0	1,894,155	0	0
	Operating Expenses:									
6	Operating and maintenance	(130,692)	1,043,086	54,779	1,117,946	1,061	(382,688)	10,651	(191,096)	
7	Depreciation	(224,962)								
8	General taxes	(13,687)								
9	State income tax (2.5%)	9,234	(26,077)	(1,369)	(27,949)	(27)	9,567	47,088	4,777	0
10	Federal income tax (21%)	75,623	(213,572)	(11,216)	(228,899)	(217)	78,355	385,647	39,127	0
11	Amortization of investment tax credits									
12	Amortization of EDIT									$103,657
13	Total operating expenses (Sum of L4 thru L10)	(284,484)	803,437	42,194	861,098	817	(294,766)	443,386	(147,192)	103,657
14	Interest on customer deposits									
15	Net operating income for return (L3 - L12+L11+L12)	$284,484	($803,437)	($42,194)	($861,098)	($817)	$294,766	$1,450,769	$147,192	($103,657)
16	Revenue Requirement Effect	$371,427	($1,048,978)	($55,089)	($1,124,262)	($1,067)	$384,851	$1,894,144	$192,175	($135,336)

[19] Perry Exhibit I, Schedule 3-9.
[20] Perry Exhibit I, Schedule 3-11.
[21] Perry Exhibit I, Schedule 3-10.
[22] Perry Exhibit I, Schedule 3-11.
[23] Excluded advertisements per Public Staff witness Perry.
[24] Perry Exhibit I, Schedule 3-16.
[25] Perry Exhibit II, Schedule 1.
[26] Perry Exhibit I, Schedule 3-13.

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
NET OPERATING INCOME FOR RETURN
For The Test Year Ended December 31, 2020

Line No.	Item	Eastern NCNG [26] (bb)	Interest on Customer Deposits [27] (cc)	Undercollection of Regulatory Fee [28] (dd)	Lobbying Expense [29] (ee)	Interest Synchronization [30] (ff)	After Public Staff Adjustments [31] (gg)
	Operating Revenues:						
1	Sales and transportation of gas						$1,110,660,711
2	Other operating revenues						3,030,299
3	Total operating revenues (L1 - L3)	0	0	0	0	0	1,113,691,010
4	Cost of gas						366,820,944
5	**Margin (L4 - L5)**	0	0	0	0	0	746,870,066
	Operating Expenses:						
6	Operating and maintenance	(138,143)		(53,162)	(76,123)		204,968,408
7	Depreciation						163,362,576
8	General taxes						34,394,096
9	State income tax (2.5%)	3,454	0	1,329	1,903	223,683	6,484,241
10	Federal income tax (21%)	28,285	0	10,885	15,586	1,831,962	49,042,803
11	Amortization of investment tax credits						(28,065)
12	Amortization of EDIT						103,657
13	Total operating expenses (Sum of L4 thru L10)	(106,404)	-	(40,948)	(58,634)	2,055,644	458,327,716
14	Interest on customer deposits		375				(894,784)
15	Net operating income for return (L3 - L12+L11+L12)	$106,404	$375	$40,948	$58,634	($2,055,644)	$287,647,566
16	Revenue Requirement Effect	$138,923	$490	$53,463	$76,553	($2,683,879)	

[27] Per May 31, 2021 updated balance.
[28] Perry Exhibit I, Schedule 3-12.
[29] Perry Exhibit I, Schedule 3-17.
[30] Perry Exhibit I, Schedule 3-20.
[31] Sum of columns (a) through (ff).

I/A

Perry Exhibit I
Schedule 3A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO COMPANY FILED COST OF SERVICE
For The Test Year Ended December 31, 2020

Line No.	Description	Company Before Increase [1]	Interest Synch on CWC Increase	Company Without Rate Increase [3]	Company Without Rate Increase
	Operating Revenues:				
1.	Sale and transportation of gas	$1,045,885,591		$1,045,885,591	$1,045,885,591
2.	Other operating revenues	1,136,144		1,136,144	1,136,144
3.	Total operating revenues (Sum of L1 thru L4)	1,047,021,735	0	1,047,021,735	1,047,021,735
4.	Cost of gas	303,827,431	0 [2]	303,827,431	303,827,431
5.	Margin (L5 - L6)	743,194,304	0	743,194,304	743,194,304
6.	Operation and maintenance	215,365,324	0 [2]	215,365,324	215,365,324
7.	Depreciation	171,688,708		171,688,708	171,688,708
8.	General taxes	41,152,004		41,152,004	41,152,004
9.	State income taxes	5,531,640	[2]	5,531,640	5,531,640
10.	Federal income taxes	41,241,001	[2]	41,241,001	41,241,001
11.	Amortization of investment tax credits	(28,065)		(28,065)	(28,065)
12.	Amortization of EDIT			0	0
13.	Total operating expenses (Sum of L8 thru L14)	474,950,612	0	474,950,612	474,950,612
15.	Net operating income (L7 less L15)	268,243,692	0	268,243,692	268,243,692
16.	Interest on customer deposits	(895,159)		(895,159)	(895,159)
17.	Net operating income for return (Sum of L15 thru L16)	$267,348,533	$0	$267,348,533	$267,348,533

[1] Bowman Exhibit 7, Page 1 of 4, "After Accounting and Pro Forma Adjustments" column.
[2] Interest synchronization effect of increase in CWC due to rate increase
[3] Column (a) plus Column (b).

Perry Exhibit I
Schedule 3B

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
SUMMARY OF REVENUE AND
COST OF GAS ADJUSTMENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Sales and Transportation Revenues (a)		Other Operating Revenues (d)		Cost of Gas (e)		Regulatory Fee [5] (f)	Uncollectibles [6] (g)
1	Company amount per application	$1,045,885,591	[1]	$1,136,144	[1]	$303,827,431	[1]		
2	Operating Revenues EOP - Public Staff Volumes	64,775,120	[2]					84,208	280,033
3	Commodity gas costs @ $3.25					56,908,194	[2]		
4	Fixed gas costs at current rates					9,640,925	[2]		
5	Fixed gas costs - PS allocation adjustment					(3,555,606)	[4]		
6	Adjustment to other operating revenues			1,894,155	[3]			2,462	8,189
7	Public Staff Amount (Sum of L1 thru L4)	$1,110,660,711		$3,030,299		$366,820,944		$86,670	$288,221
8	Total Revenues	$1,113,691,010							

[1] Bowman Exhibit 7, Page 1 of 4, "After Accounting and Pro Forma Adjustments" column.
[2] Per Public Staff Witness Patel.
[3] Perry Exhibit I, Schedule 3C, Column (f), Line 6.
[4] Per Public Staff Witness Metz.
[5] Updated Regulatory Fee multiplied with Columns (a), (c) and (e)
[6] Public Staff Uncollectible factor multiplied with Columns (a), (c) and (e)

Perry Exhibit I
Schedule 3C

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
OTHER OPERATING REVENUES
For The Test Year Ended December 31, 2020

Line No.	Item	2020 [1] (a)	2019 [1] (b)	2018 [1] (c)	2017 [1] (d)	2016 [1] (e)	5 - Year Average (f)
1	Late payment revenues	$495,867	$1,917,998	$2,423,246	$2,110,044	$1,413,008	$1,672,033
2	Miscellaneous service revenues	521,446	1,572,557	1,794,164	1,248,318	1,036,802	1,234,657
3	Rent from gas properties	121,728	151,792	87,125	131,695	125,704	123,609
4	Total other operating revenues	$1,139,042	$3,642,347	$4,304,535	$3,490,057	$2,575,514	3,030,299
5	Test year operating revenues per Company						1,136,144 [2]
6	Public Staff adjustment to other operating revenues						$1,894,155

[1] Per Company data request response 31-1 a & b.
[2] Bowman Exhibit _(QPB-7), page 1 of 4.

I/A

Perry Exhibit I
Schedule 3-1

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO PAYROLL
For The Test Year Ended December 31, 2020

Line No.	Item	Amount (a)		Total (b)	
1	Total Piedmont Payroll Expenses at May 31, 2021 (Excluding DEBS, Overtime & Temps)	$ 128,042,599	[1]		
2	Piedmont NC O&M Expense %	43.99%	[1]		
3	Piedmont NC O&M Expense Payroll Expenses at May 31, 2021 (Excluding DEBS, Overtime & Temps)	56,325,939			
4	Company Pro Forma NC O&M Payroll Expense	57,673,619	[2]		
5	Adjustment to Piedmont NC Straight Time Payroll Expenses per Public Staff (L3-L4)			(1,347,680)	
6	Total DEBS Payroll Expenses at May 31, 2021 (Excluding Overtime and Temps)	774,419,693	[1]		
7	% of DEBS O&M Payroll Expense charged to Piedmont NC	2.02%	[1]		
8	Annual DEBS O&M Expense Payroll charged to Piedmont NC per Public Staff (L6 x L7)	15,643,278			
9	Company Pro Forma DEBS O&M Expense Payroll	15,536,968	[2]		
10	Adjustment to DEBS O&M Expense Payroll Charged to Piedmont per Public Staff (L8 - L9)			106,310	
11	Total Other Payroll Expenses at May 31, 2021	975,196	[1]		
12	% of Other Duke Companies Straight Time Expenses charged to Piedmont NC	1.27%	[1]		
13	Other Payroll O&M Expense per Public Staff (L11 x L12)	12,385			
14	Company Pro Forma Other Payroll O&M Expense	987,581	[2]	(975,196)	
15	Adjustment to Payroll O&M Expenses per Public Staff (L13 - L14)			(2,216,566)	
16	Payroll tax percentage			7.65%	[2]
17	Public Staff Adjustment to Payroll Taxes (L16 x L17)			($169,567)	

[1] Company May 31, 2021 update DR 124.1 4A_Payroll Adj without Temps.
[2] Company Adjustment 4A_Payroll Adj.

I/A

Perry Exhibit I
Schedule 3-2

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO INCENTIVES
For The Test Year Ended December 31, 2020

Line No.	Item	Amount	
	Short Term Incentive Plan (STIP)		
1	NC O&M portion of STIP pro forma adjustment for EPS outcomes for LTIP Executives	(325,648)	[1]
2	Executive STIP already removed in Executive Compensation Adjustment	111,814	[2]
3	Public Staff Adjustment for STIP related to EPS	($213,834)	
	Long Term Incentive Plan (LTIP)		
4	NC O&M portion of LTIP pro forma adjustment for EPS outcomes	(507,697)	[1]
5	NC O&M portion of LTIP pro forma adjustment for TSR outcomes	(253,849)	[1]
6	Adjustment to remove LTIP for EPS & TSR	(761,546)	
7	LTIP already removed in Executive Compensation Adjustment	635,524	[2]
8	Public Staff Adjustment for LTIP related to EPS & TSR	($126,022)	
9	Total adjustment to Incentive pay (L3 + L18)	($339,856)	

[1] From Company Response to Public Staff Data Request No. 125, Items 1&2.
[2] Based on Public Staff Executive Compensation Adjustment.

I/A

Perry Exhibit I
Schedule 3-3

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO PENSION OPEB & LTD EXPENSE
For The Test Year Ended December 31, 2020

Line No.	Item	Amount	
	North Carolina O&M Expense Amounts @ May 31, 2021:		
1	Qualified Pensions	($2,644,396)	[1]
2	Non-Qualified Pension to expense	280,825	[1]
3	Postretirement Benefits (OPEB)	(1,157,080)	[1]
4	LTD	1,290,701	[1]
5	Public Staff NC Pension & OPEB expense	(2,229,951)	
5	Piedmont North Carolina Pension OPEB pro forma expense	(1,407,992)	[2]
6	Adjustment to North Carolins Pension pro forma expense	($821,959)	

[1] From Company Update to G-1, Item 9
[2] G-1, Item 4E_Pension OPEB LTD Adj.

I/A

Perry Exhibit I
Schedule 3-4

PIEDMONT NATURAL GAS COMPANY
Docket No. G-9, Sub 743
ADJUSTMENT TO UNCOLLECTIBLES
For The Test Year Ended December 31, 2018

Line No.	Item	NC Net Charge-Offs (a)		Gas Cost Deferrals	Total, net gas costs		Sales & Transportation Revenues (b)	
1	Year Ended December 31, 2016	3,736,196	[1]	(925,805)	$2,810,391		791,832,820	
2	Year Ended December 31, 2017	5,451,299	[1]	(1,495,506)	$3,955,793		861,817,440	
3	Year Ended December 31, 2018	$7,862,260	[1]	($2,139,364)	$5,722,896		$884,070,971	[3]
4	Year Ended December 31, 2019	5,770,761	[1]	(1,800,456)	3,970,306		920,601,978	[3]
5	Year Ended December 31, 2020	2,898,786	[1]	(420,169)	2,478,617		922,277,748	[3]
6	Total for the 5 year period (Sum of L1 - L5)				$18,938,003		$4,380,600,957	
7	Number of years presented				5	[2]	5	[2]
8	Three-year average (L4 / L5)				$3,787,601		876,120,191	
9	Uncollectibles percentage per Public Staff (L6, Column (c) / L6, Column (d))						0.4323152%	
10	Pro Forma Revenues from sales and transportation of gas, net of gas costs						1,110,660,711	[3]
11	Uncollectibles per Public Staff (L7 x L8)						4,801,555	
12	Uncollectibles per Company						5,617,627	[4]
13	Adjustment to uncollectibles (L9 - L10)						($816,072)	

[1] Per G-1, Item 4. Excludes Klausner wrtie-off per Company.
[2] Per Public Staff.
[3] Per monthly financial reports.
[4] Per Company filing, G-1 Item 10

I/A

Perry Exhibit I
Schedule 3-5

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT FOR ROBESON LNG
For The Test Year Ended December 31, 2020

Line No.	Item	May 2021 Update Company Amount		Public Staff Amount [2]	Public Staff Adjustment [3]
	Robeson LNG Plant In Service and Depr Exp				
1	Storage Plant May 2021 Additions (2 state)	0		0	0
2	Non-depr land May 2021 Additions (2 state)	$2,708,289	[1]	0	($2,708,289)
3	Other	0		0	0
4	Other Storage Plant	2,708,289		0	(2,708,289)
5	Line 456 & Line 457	33,900,451	[2]	0	(33,900,451)
6	Accumulated Depreciation	(370,303)	[2]	0	370,303
7	Robeson LNG Plant in Service per Public Staff	$36,238,438		$0	($36,238,438)
8	Depreciation Expense	$634,805	[2]	$0	($634,805)
9	Robeson LNG - Property Taxes Adj	$3,142		$0	($3,142)
	O&M LNG Expenses				
10	Salaries and Wages	$986,735		$0	($986,735)
11	Incentives	106,859		0	(106,859)
12	Fringe Benefits	301,464		0	(301,464)
13	O&M Expenses excluding personnel cost	626,653		0	(626,653)
14	Incremental property insurance	66,961		0	(66,961)
15	Total Robeson LNG O&M Expenses	$2,088,673		$0	($2,088,673)
16	Demand Day Allocator (LNG)	85.39%		**83.16%**	83.16%
17	Public Staff LNG Expense Adjustments	$1,783,517		$0	($1,783,517)
18	O&M LNG Salaries & Incentives - Payroll Tax Adj				($83,660)

[1] Company Data Response 120-33 times Public Staff Design Day allocation factor.
[2] Company Data Response 113-15a Atttachment and deprecation rates per Perry Exhibit I, Schedule 2-1 (a).
[3] Per Company pro forma adjustments, LNG Summary
[4] Amount per Public Staff witness Metz
[5] Column (a) minus Column (b).

Perry Exhibit I
Schedule 3-6

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO DEMAND ALLOCATOR ADJUSTMENT
For The Test Year Ended December 31, 2020

Line No.		85.24% Test Period NC/SC Allocated Amounts	[1]	100% NC/SC Amounts	
	Income Statement Effect:				
1	0843200- LNG Maint of Structures & Impr	$5,129		$6,017	
2	0843400- LNG Maint Purification Equip	0		0	
3	0843500- LNG Maint Liquefaction Equip	180		211	
4	0843600- LNG Maint Vaporization Equip	61,770		72,466	
5	0843700- LNG Maint Compressor Equip	29,245		34,310	
6	0843800- LNG Maint Measure/Reg Equip	0		0	
7	0843900- LNG Maint Other Storage Equip	150,886		177,013	
8	0844100-LNG Ops Supv Eng Labor & Exp	332,755		390,375	
9	0845200-LNG Power	105,116		123,318	
10	0846201- LNG Operation Labor & Exp	1,351,535		1,585,564	
11	Total LNG Terminating, Processing & Operating Expense	$2,036,617		$2,389,274	
12	Public Staff NC Design Day Pro Forma Allocation %			**83.16%**	[2]
13	NC Allocated LNG O&M Expenses per Public Staff			1,986,968	
14	NC Allocated LNG O&M Expenses per Company			2,036,617	
15	Public Staff LNG O&M Expense Adjustment			($49,649)	
16	Gas in Storage @ May 31, 2021 - adjustment to use the Public Staff allocation factor			(971,458)	[4]
17	Fixed Gas Costs - @ May 31, 2021 - adjustment to use the Public Staff allocation factor			(3,555,606)	[5]

	Balance Sheet Effect:	Plant	[3]	Acc Depreciation	[3]	Depreciation Rate	[3]	Depreciation Expense	[3]
18	26000 Land and Land Rights	$6,967,666		$0		0.00%		0	
19	26100 Structures & Improvements	58,233,357		8,238,504		2.02%		$978,246	
20	26200 Gas Holders	12,998,370		10,666,079		1.48%		159,984	
21	26300 Purification Equipment	26,468,997		3,378,985		2.46%		541,499	
22	26310 Liquefaction Equipment	23,672,863		3,954,257		2.06%		405,549	
23	26320 Vaporizing Equipment	34,775,344		7,056,711		3.43%		991,952	
24	26330 Compressor Equipment	10,627,474		1,906,229		2.51%		221,834	
25	26340 Measuring & Reg Equipment	719,800		78,942		3.10%		18,557	
26	26350 Other Equipment	9,298,087		2,074,337		2.98%		230,428	
		183,761,958		37,354,044					
27	Public Staff NC Design Day Pro Forma Allocation %	**83.16%**		**83.16%**					
28	NC Storage Plant per Public Staff	152,820,119		(33,406,264)				3,548,047	
29	NC Storage Plant per Company	156,638,693		(31,840,587)				3,636,704	
30	Public Staff LNG 2 State Adjustments	($3,818,573)		($1,565,676)				($88,656)	
31	Property Tax Adjustment per Public Staff			($26,648)					

[1] Per G-1 filing, Item 1, Attachment 9 of 9.
[2] Per Public Staff witness Metz.
[3] May Update
[4] 32-2 Supplemntal - CWC UPDATE-May using the Public Staff Design Day allocation factor
[5] Cost of Gas per Public Staff witness Patel X Public Staff Design Day allocation factor.

I/A

Perry Exhibit I
Schedule 3-7

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO CUSTOMER PAYMENT FEES
For The Test Year Ended December 31, 2020

Line No.	Item	Amount	
1	Estimated annual Speedpay transactions	586,303	[1]
2	Speedpay rate per transaction	$1.50	[2]
3	Annual Speedpay transaction expenses (L1 x L2)	$879,455	
4	NC allocation	71.52%	[1]
5	Public Staff annual Speedpay transaction expenses (L3 x L4)	628,986	
6	Company pro forma customer payment fees	1,467,634	[1]
7	Public Staff adjustment to pro forma expenses (L5 - L6)	($838,648)	

[1] Per G-1 Item 4J_Customer Payment Fees Adj.
[2] Contracted third-party fee approved in Docket No. E-7, Subs 1213 and 1214.

I/A

Perry Exhibit I
Schedule 3-8

PIEDMONT NATURAL GAS COMPANY
Docket No. G-9, Sub 743
ADJUSTMENT TO RATE CASE EXPENSE
For The Test Year Ended December 31, 2018

Line No.	Item	Company Amount [1] (a)	Actual Payments as of May 31, 2021 [2] (b)	Difference (c)	50% of Difference (d)	Public Staff Amount [3] (e)	
1	Legal	$500,000	$200,431	$299,569	149,785	$350,215	
2	ROE Witness	100,000	33,282	66,718	33,359	66,641	
3	Lead Lag Witness (Management Application Consulting)	4,500		4,500	2,250	2,250	
4	CCOS Witness (Witness Menhorn from MCR) Plus Cost Model (b)	227,000	197,980	29,020	14,510	212,490	
5	Other Consultants		45,790			45,790	
	Regulatory Notices:				0	0	
6	Newspapers	215,000		215,000	107,500	107,500	[4]
7	Customer Mailings	250,000	278,330	(28,330)	(14,165)	264,165	[4]
8	PNG Travel and Misc Expense (Guident)	10,000	6,918	3,082	1,541	8,459	
9	Total Amount	$1,306,500	$762,731	$589,559	294,780	$1,057,510	
10	Amortization Period					4	[5]
11	Public Staff Proposed annual amortization expense					264,378	
12	Company Proposed Annual Amortization Expense					501,408	
13	Rate Case Expense Public Staff Adjustment					($237,030)	

[1] G-1, Item 4Q_Rate Case Adj
[2] Per updated Company data request responses to DR 25, Item 2
[3] Actual payments as of May 31, 2021 X 50% of difference
[4] Same as Column (b)
[5] Per Public Staff.

I/A

Perry Exhibit I
Schedule 3-9

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
AMORTIZATION OF PIPELINE INTEGRITY MANAGEMENT - TRANSMISSION COSTS
For The Test Year Ended December 31, 2020

Line No.	Item		North Carolina Amount	
	Income Statement Effect:			
1	Unamortized Deferred Balance, as approved for rate recovery per the Company's 2019 rate case.		$54,449,944	[1]
2	Add: Incremental deferred PIM-T expenses 7/1/2019 - 11/30/2019		7,035,358	[2]
3	Add: Updated deferred PIM-T expenses 12/1/2019 - 11/30/2020		17,953,498	[2]
	Add: Updated deferred PIM-T expenses 12/1/2020 - 2/28/2021		1,942,117	[2]
4	Add: Updated deferred PIM-T expenses 3/1/2021 - 5/31/2021		3,962,179	[2]
			85,343,096	
5	Less: Amortization expense 6/30/2019 to 10/312019	($2,268,748)		
6	Less: Amortization expense 11/1/2019 to 12/31/2020	(26,090,598)		
7	Total amortization expense through December 31, 2020		(28,359,346)	
8	Total Deferred PIM Costs per Public Staff		56,983,751	
9	Amortization period in years		4	[3]
10	Amortization of Deferred PIM Costs per Public Staff		14,245,938	
11	Amortization of Deferred PIM Costs per Company		13,202,852	[4]
12	Public Staff Adjustment to Amortization of PIM Costs		$1,043,086	
	Rate Base Effect:			
13	Unamortized Pipeline Integrity Costs at December 31, 2020		$56,983,751	[5]
14	Less: Ongoing amortization reflected in O&M expenses		14,245,938	[6]
15	Unamortized PIM balance per Public Staff		42,737,813	
16	Deferred Pipeline Integrity Costs per Company		66,246,607	[7]
17	Unamortized Pipeline Integrity Costs per Public Staff		($23,508,794)	

[1] G-1, Item 4, 4P_PIM-T Adj, Summary tab, Line 1
[2] Per Public Staff witness Feasel review of Company data request responses.
[3] Per Public Staff.
[4] G-1, Item 4, 4P_PIM-T Adj, Summary tab, Line 6
[5] Line 8.
[6] Line 10.
[7] Calculated based on G-1, Item 4, 7_WorkingCapital Adj, G PIM-D and PIM-T tab

I/A

Perry Exhibit I
Schedule 3-10

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
AMORTIZATION OF PIPELINE INTEGRITY MANAGEMENT - DISTRIBUTION COSTS
For The Test Year Ended December 31, 2020

Line No.	Item	North Carolina Amount	
	Income Statement Effect:		
1	Unamortized PIM-D Costs @ June 30, 2019	$0	[1]
2	Add: Incremental Deferred PIM-D expenses 1/1/2020 - 11/30/2020	3,835,882	[2]
3	Add: Updated Deferred PIM-D expenses 12/1/2020 - 2/28/2021	2,689,444	[2]
4	Add: Updated Deferred PIM-D expenses 3/1/2021 - 5/31/2021	2,710,983	[2]
		9,236,309	
5	Less: Amortization expenses from 11/1/2019 to 12/31/2020	0	
6	Total Deferred PIM-D Costs per Public Staff	9,236,309	
7	Amortization period in years	4	[3]
8	Amortization of Deferred PIM Costs per Public Staff	2,309,077	
9	Amortization of Deferred PIM Costs per Company	1,191,131	[1]
10	Public Staff Adjustment to Amortization of PIM-D Costs	$1,117,946	
	Rate Base Effect:		
11	Unamortized Distribution Pipeline Integrity Costs at December 31, 2020	$9,236,309	[4]
12	Less: Ongoing amortization reflected in O&M expenses	2,309,077	[5]
13	Unamortized PIM-D balance per Public Staff	6,927,232	
14	Deferred Distribution Pipeline Integrity Costs per Company	4,127,396	[6]
15	Unamortized Distribution Pipeline Integrity Costs per Public Staff	$2,799,836	

[1] G-1, Item 4O_PIM-D Adj. Tab: Summary
[2] Per Public Staff witness Feasel review of Company data request responses.
[3] Per Public Staff.
[4] Line 6.
[5] Line 8.
[6] Calculated based on G-1, Item 4, 7_WorkingCapital Adj, G PIM-D and PIM-T tab

Perry Exhibit I
Schedule 3-11

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO AMORTIZATION OF ENVIRONMENTAL COSTS
For The Test Year Ended December 31, 2020

Line No.	Item		Amount	
	Income Statement Effect:			
1	Unamortized Environmental Costs @ May 31, 2021		($55,817)	[1]
2	Add: Incremental deferred Environmental expenses 7/1/2019 - 10/31/2020		777,964	[2]
3	Add: Updated deferred Environmental expenses 11/1/2020 - 3/31/2021		211,854	[2]
4	Add: Updated deferred Environmental expenses 4/1/2021 - 5/31/2021		89,360	[2]
			1,023,362	
5	Less: Amortization expense 11/1/2019 to 12/31/2019	($2,326)		
6	Less: Amortization expense 1/1/2020 to 11/30/2021	(26,746)		
7	Total amortization expense through November 30, 2021		(29,071)	
8	Total Deferred Environmental Costs per Public Staff		1,052,433	
9	Amortization period in years		4	[3]
10	Amortization of Deferred Environmental Costs per Public Staff		263,108	
11	Amortization of Deferred Environmental Costs per Company		208,329	[4]
12	Public Staff Adjustment to Amortization of Environmental Costs		$54,779	
	Rate Base Effect:			
13	Unamortized Deferred Environmental Costs @ October 31, 2021		$1,052,433	[5]
14	Less: Ongoing amortization reflected in O&M expenses		$263,108	[6]
15	Unamortized Environmental balance per Public Staff		$789,325	
16	Deferred Environmental Costs per Company		599,403	[7]
17	Unamortized Environmental Costs per Public Staff		$189,922	

[1] G-1, Item 4, 4N_Environmental Adj, Summary tab, Line 1
[2] Per Public Staff witness Feasel review of Company data request responses.
[3] Per Public Staff.
[4] G-1, Item 4, 4N_Environmental Adj, Summary tab, Line 6
[5] Line 8.
[6] Line 10.
[7] G-1, Item 4, 7_WorkingCapital Adj, N Environmental Exp tab, cell E26

I/A

Perry Exhibit I
Schedule 3-12

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
AMORTIZATION DUE TO REGULATORY FEE UNDERCOLLECTION
For The Test Year Ended December 31, 2020

Line No.	Item	Public Staff Amount (a)	
1	Undercollection of Regulatory Fees at October 31, 2019	$443,793	[1]
2	Amortization through November 30, 2021	(212,650)	[4]
3	Projected Balance for Recovery (Line 1 + Line 2)	231,143	
4	Proposed amortization period, in years	4	[5]
5	Proposed annual amortization expense (Line 3 / Line 4)	57,786	
6	Less: Amortized expense amount included in the Test Period	110,948	
7	Undercollection for Recovery (Line 5 - Line 6)	($53,162)	
	Rate Base Effect:		
8	Unamortized Regulatory Fee Costs @ November 30, 2021	$231,143	
9	Less: Ongoing amortization reflected in O&M expenses	(57,786)	
10	Unamortized Regulatory Fee balance per Public Staff	173,357	
11	Deferred Regulatory Fee Costs per Company	203,405	[6]
12	Unamortized Regulatory Fee Costs per Public Staff	($30,048)	

[1] Balance at 10/31/2021 per G-9, Sub 743.
[2] G-1, Item 4a, Page 93, Line 2
[3] Monthly amortization expense times 23 months.

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO AMORTIZE EASTERN NC DEFERRED O&M EXPENSES
For The Test Year Ended December 31, 2020

Line No.	Item	North Carolina Amount	
1	Amortization of Deferred Eastern O&M per Public Staff	$159,616	
2	Amortization of Deferred Eastern O&M per Company	297,759	[3]
3	Adjustment to Deferred Eastern O&M Amortization (L1-L2)	($138,143)	

[1] Per Schedule 3-9, Page 2 of 2.
[2] Per Public Staff witness
[3] Public Staff Settlement Exhibit in Docket No. G-9, Sub 743.

I/A

PIEDMONT NATURAL GAS COMPANY
Docket No. G-9, Sub 781
Eastern Deferred O&M Amortization
For The Test Year Ended December 31, 2020

Assumptions:	
Annual Interest Rate	6.29%
Term in number of months	48
Principal Subject to Amortization	563,150

Period	Beginning Balance	Monthly Charge	Amortization of Principal	Interest Income	Ending Balance
Dec-21	$563,150 [1]	$13,301	$10,348	$2,953	$552,802
Jan-22	552,802	13,301	10,402	2,899	542,399
Feb-22	542,399	13,301	10,457	2,844	531,942
Mar-22	531,942	13,301	10,512	2,790	521,431
Apr-22	521,431	13,301	10,567	2,734	510,864
May-22	510,864	13,301	10,622	2,679	500,241
Jun-22	500,241	13,301	10,678	2,623	489,563
Jul-22	489,563	13,301	10,734	2,567	478,829
Aug-22	478,829	13,301	10,790	2,511	468,039
Sep-22	468,039	13,301	10,847	2,454	457,192
Oct-22	457,192	13,301	10,904	2,398	446,288
Nov-22	446,288	13,301	10,961	2,340	435,327
Dec-22	435,327	13,301	11,018	2,283	424,309
Jan-23	424,309	13,301	11,076	2,225	413,232
Feb-23	413,232	13,301	11,134	2,167	402,098
Mar-23	402,098	13,301	11,193	2,109	390,905
Apr-23	390,905	13,301	11,251	2,050	379,654
May-23	379,654	13,301	11,310	1,991	368,343
Jun-23	368,343	13,301	11,370	1,932	356,974
Jul-23	356,974	13,301	11,429	1,872	345,544
Aug-23	345,544	13,301	11,489	1,812	334,055
Sep-23	334,055	13,301	11,550	1,752	322,506
Oct-23	322,506	13,301	11,610	1,691	310,895
Nov-23	310,895	13,301	11,671	1,630	299,224
Dec-23	299,224	13,301	11,732	1,569	287,492
Jan-24	287,492	13,301	11,794	1,508	275,699
Feb-24	275,699	13,301	11,856	1,446	263,843
Mar-24	263,843	13,301	11,918	1,384	251,925
Apr-24	251,925	13,301	11,980	1,321	239,945
May-24	239,945	13,301	12,043	1,258	227,902
Jun-24	227,902	13,301	12,106	1,195	215,796
Jul-24	215,796	13,301	12,170	1,132	203,626
Aug-24	203,626	13,301	12,234	1,068	191,393
Sep-24	191,393	13,301	12,298	1,004	179,095
Oct-24	179,095	13,301	12,362	939	166,733
Nov-24	166,733	13,301	12,427	874	154,306
Dec-24	154,306	13,301	12,492	809	141,814
Jan-25	141,814	13,301	12,558	744	129,256
Feb-25	129,256	13,301	12,624	678	116,632
Mar-25	116,632	13,301	12,690	612	103,943
Apr-25	103,943	13,301	12,756	545	91,187
May-25	91,187	13,301	12,823	478	78,363
Jun-25	78,363	13,301	12,890	411	65,473
Jul-25	65,473	13,301	12,958	343	52,515
Aug-25		13,301	13,301	0	(13,301)
Sep-25	(13,301)	13,301	13,371	(70)	(26,672)
Oct-25	(26,672)	13,301	13,441	(140)	(40,114)
Nov-25	(40,114)	13,301	13,512	(210)	(53,625)

Sum of Monthly Charge from Dec-21 to Nov -22 $159,616

[1] Based on Ending Balance in Docket No. G-9, Sub 743.

Perry Exhibit I
Schedule 3-14

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO CHANGES FOR REGULATORY FEE EXPENSE
For The Test Year Ended December 31, 2020

Line No.	Item	Amount	
1	Adjusted Test Year Sales and Transportation Revnues	$1,047,021,735	[1]
2	Less:		
3	Uncollectibles	4,801,555	[2]
4	Amount Subject to Fee	1,042,220,180	
5	Current Regulatory fee rate	0.130%	[3]
6	Adjusted Fee per Public Staff (L4 x L5)	1,354,886	
7	Adjusted Fee per Company	1,353,825	[1]
8	Public Staff Adjustment to Regulatory Fee (L6 - L7)	$1,061	

[1] G-1, Item 4R_Reg Commission Fee Adj.
[2] Perry Exhibit I, Schedule 3-4, Line 9.
[3] Per Commission Order on June 18, 2019, in Docket No. M-100, Sub 142.

I/A

Perry Exhibit I
Schedule 3-15

Piedmont Natural Gas Company
Docket No. G-9, Sub 781
ADJUSTMENT TO INFLATION EXPENSE
For The Test Year Ended December 31, 2020

Line No.	Item		Amount	
1	Non-adjusted O&M expenses per the Company		$210,366,163	[1]
2	Less adjusted expenses per Company filing		140,622,940	[1]
3	Total expenses subject to inflation per Company		69,743,223	
	Less: Additional Expenses adjusted by Company			
4	Test Year Customer Growth Expenses - growth not applied because growth too high, expenses too high		(28,024,252)	[1]
	Less: Additional Expenses adjusted by Public Staff elsewhere			
5	Board of Director Expenses	($721,478) [2]		
6	LNG O&M expenses	(2,088,673) [2]		
7	Remove lobbying expenses	(75,805) [2]		
8	Remove sponsorships and dues	(782,303) [2]		
9	Remove Board of Directors expenses	(803,450) [2]		
10	Test year advertising expenses	(1,056,662) [2]		
11	Adjusted expenses not subject to inflation adjustment (Sum of L5 through L10)		(5,528,371)	
12	Non-adjusted O&M expenses per the Public Staff (L3 + L4 + L11)		$36,190,600	
13	Inflation index		1.93%	[3]
14	Inflation adjustment per Public Staff (L12 x L13)		698,479	
15	Inflation adjustment per Company		1,413,789	[1]
16	**Adjustment to non-adjusted O&M expenses increased for inflation (L14 - L15)**		($715,311)	

[1] G-1 Item 4a, Page 102. Native file 2019-04-04 File 16.xls
[2] Perry Exhibit I, Schedule 3 and test year expenses in the MFR G-1, Item 2.
[3] Company's methodolgoy updated per Public Staff Witness Hinton.

Perry Exhibit I
Schedule 3-16

PIEDMONT NATURAL GAS COMPANY
Docket No. G-9, Sub 743
ADJUSTMENT TO AVIATION EXPENSES
For The Test Year Ended December 31, 2018

Line No.	Item			Amount	
1	NC Direct			$301,167	[1]
2	2-State			28,912	[1]
3	3-State			$37,823	[1]
4	Utility Patrol expense allocated to NC			367,902	
5	Total Other Aviation Expense Allocated to NC Operations in 2020	557,818	[1]		
6	Percentage of Aviation expenses to be excluded:				
7	Miles disallowed	170,342	[2]		
8	Total Miles	202,060	[2]		
9	Percentage of Aviation expenses to be disallowed (line 7/line 9)	84.30%			
10	Amount of Aviation expense allowed (1- 84.30% =15.70%)	15.70%		87,577	[3]
11	Total Aviation Expense Allowed per Public Staff			455,479	
12	Total Aviation Expense per Company			646,575	
13	Public Staff Adjustment to Aviation O&M expenses (L11 - L12)			($191,096)	

[1] Company adjustment 4L_ Aviation Adj PS
[2] Calculated by Public Staff based on Company response to Public Staff Data Request No. 69, Item 4c.
[3] Line 5 X Public Staff allowable percenatge of 15.70%.

I/A

Perry Exhibit I
Schedule 3-17

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO LOBBYING EXPENSE
For The Test Year Ended December 31, 2020

Line No.	Item	Amount	
1	Remove Test Year Stakeholder Strategy charges related to lobbying	$60,633	[1]
2	Remove Federal Government Affairs charges related to lobbying	45,240	[1]
3	Total Public Staff adjustment to remove lobbying expenses (L1 + L2)	$105,873	
4	NC Allocation Percentage	71.9000%	[2]
5	Public Staff adjustment to lobbying expense (L3 X L4)	$76,123	

[1] Based on Company response to Public Staff Data Request 84-1 i-vii, and 84-3
[2] NC allocation factor.

Perry Exhibit I
Schedule 3-18

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT FOR SPONSORSHIPS & DUES
For The Test Year Ended December 31, 2020

Line No.	Item	3 State		NC Direct		Total	
		(a)		(b)		(c)	
1	Sponsorships	$1,458	[1]	$54,631	[1]	$56,089	[1]
2	Chamber of Commerce Dues	10,744	[2]			10,744	[2]
3	Total amount removed (L1 + L2)	$12,201		$54,631		$66,833	
4	NC Test Year Allocator %	71.90%		100%			
5	Public Staff adjustment to sponsorship & dues (L3 X L 4)	($8,773)		($54,631)		($63,404)	

[1] Per Public Staff Data Request Response 54-2 CONFIDENTIAL attachment.
[2] Item 11 Attachment 2_CONFIDENTIAL

I/A

Perry Exhibit II
Schedule 3-19

PIEDMONT NATURAL GAS COMPANY
Docket No. G-9, Sub 743
ADJUSTMENT TO NONUTILITY
For The Test Year Ended December 31, 2018

Line No.	Account No.	Description	Merchandising, Jobbing, and CNG		Nonutility Equity Investments [1]		NC Total [5]
	Expenses subject to allocation:						
1.	90370	Postage	$2,558,076	[1]			
2.	90500	Misc. Customer Acctg. Exp	11,438	[1]			
3.	92000	Admin & General Salaries - officers	$1,484,326	[1]	$1,484,326	[2]	
4.		Corporate Office Rent	$7,105,112	[1]			
5.		Incentive Pay - LTIP, STIP	774,886	[3]	$774,886	[3]	
		Employee Benefits Education	78,706	[1]			
		Directors' Fees, Expenses & Shareholder Expens	95,923	[1]			
6.	92198	Supplies and Expenses	10,338,009	[3]			
7.	9232000	Outside services	11,783,515	[3]			
8.	92140, 92154	Computer Services	3,862,852	[3]	3,862,852	[3]	
9.	92510	Insurance Premiums	3,004,348	[1]	3,004,348	[3]	
10.	92520	Safety Programs, Materials	1,135,690	[1]			
11.	93230	Maintenance Other General Plant	777,513	[1]	777,513		
12.		Total (Sum of L1 thru L12)	$43,010,394		$9,903,924		
13.		Allocation factors	1.1638%		0.3895%		
14.		Public Staff Amount (L13 x L14)	500,209		38,643		$538,852
15.		Company Amount	408,160		0		408,160
16.		Public Staff adjustment (L15 - L16)	$92,049		$38,643		$130,692
	Plant-related nonutility adjustment:						
		Decrease in Plant in Service	($4,168,721)	[4]			
		Decrease in Accumulated Deprecation	1,403,178	[4]			
		Decrease Net Nonutility PIS	($2,765,543)				
		Decrease Depreciation Expense	($224,962)	[4]			
		Decrease Property Tax	($13,687)	[4]			

Allocation Ratios:

	Revenues	Payroll	Property	Average
Utility	98.26%	97.70%	99.38%	98.45%
Merchandise and Jobbing	1.19%	2.30%	0.00%	1.16%
Other Non-Utility	0.55%	0.00%	0.62%	0.39%
Total	100.00%	100.00%	100.00%	100.00%
				1.55%

[1] Per Company's adjustment,4K_Non-Utility Adj
[2] Per Data Request Response 125-1&2 CONFIDENTIAL Attachment.
[3] Per Company's adjustment,4K_Non-Utility Ad, NC Alloc IS Dec 2020 tab.
[4] Per Perry Exhibit I, Schedule 2- 1 (c).
[5] Column (a) + Column (b) + Column(c).

I/A

Perry Exhibit I
Schedule 3-20

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
INTEREST SYNCHRONIZATION ADJUSTMENT
For The Test Year Ended December 31, 2020

Line No.	Item	Amount	
1	Interest expense assigned to rate base per Company	$93,718,247	[1]
2	Interest expense assigned to rate base per Public Staff	84,770,937	[2]
3	Difference in interest expense tax deduction (L2 - L1)	(8,947,310)	
4	Adjustment to state income taxes (L3 x 2.5%)	223,683	
5	Adjustment to federal income taxes (L3 + L4 x 21%)	1,831,962	
6	Total adjustment to income taxes	$2,055,644	

[1] Bowman Exhibit_(QPB-8), Page 2.
[2] Perry Exhibit I, Schedule 4, Column (e), Line 1 + Line 2.

Perry Exhibit I
Schedule 4

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
RETURN ON EQUITY AND ORIGINAL COST RATE BASE
For The Test Year Ended December 31, 2020

						Before Recommended Increase						After Recommended Increase					
Line No.	Item	Capitalization Ratios		Original Cost Rate Base		Embedded Cost/Return %		Weighted Cost/Return %		Net Operating Income		Rate Base	Embedded Cost/Return %		Weighted Cost/Return %		Net Operating Income	
		(a)	[1]	(b)		(c)		(d)		(e)		(f)	(g)	[1]	(h)		(i)	
1	Long term debt	48.81%		$2,076,363,605	[2]	4.08%	[1]	1.9910%	[5]	$84,715,635	[7]	$2,076,333,947	4.08%		1.99%	[10]	$84,714,425	[12]
2	Short term debt	0.65%		27,650,816	[2]	0.20%	[1]	0.0010%	[5]	55,302	[7]	27,650,421	0.20%		0.00%	[10]	55,301	[12]
3	Common equity	50.54%		2,149,957,316	[2]	9.44%	[4]	4.7690%	[5]	202,876,629	[8]	2,149,926,607	9.42%		4.76%	[10]	202,523,086	[12]
4	Totals	100.00%		$4,253,971,738	[3]			6.76%	[6]	$287,647,566	[9]	$4,253,910,975			6.75%	[11]	$287,292,812	[13]

[1] Per Public Staff Witness Hinton.
[2] Column (a) x Column (b), Line 4.
[3] Perry Exhibit I, Schedule 2.
[4] Column (e) / Column (b).
[5] Column (a) x Column (c).
[6] Column (e), Line 4 / Column (b), Line 4.
[7] Column (b) x Column (c).
[8] Column (e), Line 4 - Line 1 - Line 2.
[9] Perry Exhibit I, Schedule 3.
[10] Column (a) x Column (f).
[11] Column (h), Line 4 / Column (b), Line 4.
[12] Column (b) x Column (f).
[13] Sum of Line 1 thru L3.

I/A

Perry Exhibit I
Schedule 5

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF INCREASE (DECREASE) IN REVENUE REQUIREMENT
For The Test Year Ended December 31, 2020

Line No.	Item	Debt Long Term (a)		Debt Short Term (b)		Equity (c)		Total (d)
1	Required net operating income	$84,714,425	[1]	$55,301	[1]	$202,523,086	[1]	$287,292,812
2	Net operating income before proposed increase	84,715,635	[2]	55,302	[2]	202,876,629	[2]	287,647,566
3	Additional net operating income requirement (L1 - L2)	(1,210)		(1)		(353,543)		(354,754)
4	Retention factor	0.994382	[3]	0.994382	[3]	0.7659230	[4]	
5	Additional gross revenue requirement (L3 / L4)	($1,217)		($1)		($461,590)		($462,808)

[1] Perry Exhibit I, Schedule 4, Column (h).
[2] Perry Exhibit I, Schedule 4, Column (e).
[3] Perry Exhibit I, Schedule 5 (a), Column (d), Line 10.
[4] Perry Exhibit I, Schedule 5 (a), Column (d), Line 13.

I/A

I/A

Perry Exhibit II
Schedule 1

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
ADJUSTMENT TO FLOWBACK PROTECTED EDIT DUE TO TAX CUTS AND JOBS ACT
For The Test Year Ended December 31, 2020

Line No.	Item	Amount	
	Income Statement		
1	Regulatory liability for federal tax change related to protected EDIT - NC	($201,146,975)	1/
2	Annual amortization percentage	1.967%	2/
3	Annual amortization of protected EDIT - NC (L2 x L3)	(3,957,505)	
4	Amount included in rate from prior rate case	(4,061,162)	3/
5	Annual amortization of protected EDIT - NC, net of tax (L3 + L4)	$103,657	
	Rate Base		
6	Adjustment to regulatory assets and liabilities (L3)	$3,957,505	
7	Adjustment to accumulated deferred income taxes per Company	0	
8	Adjustment to rate base (L6 + L8)	$3,957,505	

1/ Data Request Response 84-1 Attachment 1 of 2 at 12-31/20 + 11 months of amortization thru 11-30-21
2/ Remaining rider years appropved in the Sub 743 rate case.
3/ Amount reflected in the Sub 743 rate case.

I/A

Perry Exhibit II
Schedule 2

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF LEVELIZED FEDERAL UNPROTECTED EDIT RIDER CREDIT
For The Test Year Ended December 31, 2020

Line No.	Item	Year 1 Revenue Requirement		Year 2 Revenue Requirement		Year 3 Revenue Requirement		Total Revenue Requirement	
		(a)		(b)		(c)		(f)	
	Annuity Factor								
1	Number of years	3	1/						
2	Payment per period	1							
3	After tax rate of return	6.296%	2/						
4	Present value of 1 dollar over number of years with								
5	with 1 payment per year	2.6584							
6	1 plus (interest rate divided by two)	1.0315							
7	Annuity factor (L4 x L5)	2.7421							
8	Total NC retail regulatory liability to be amortized	($46,920,618)	3/	($46,920,618)	3/	($46,920,618)	3/		
9	Line 7	2.7421		2.7421		2.7421			
10	Levelized rider federal EDIT regulatory liability (L8 / L9)	(17,111,199)		(17,111,199)		(17,111,199)		(51,333,597)	5/
11	Retention factor	0.7659230	4/	0.7659230	4/	0.7659230	4/	0.7659230	4/
12	Levelized rider federal EDIT credit (L5 / L6)	($22,340,624)		($22,340,624)		($22,340,624)		($67,021,873)	

1/ Remaining rider period approved in the prior rate case in Docket No G-9, Sub 743.
2/ Perry Exhibit II, Schedule 3(a), Line 3.
3/ Data Request Response 84-1 Attachment 1 of 2 at 12-31/20 + 11 months of amortization thru 11-30-21
4/ Perry Exhibit I, Schedule 5, Line 4.
5/ Column (a) plus Column (b).

I/A

Perry Exhibit II
Schedule 2(a)

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF ANNUITY FACTOR FOR EDIT LIABILITY RIDER
For The Test Year Ended December 31, 2020

Line No.	Item	Amount	
	Annuity Factor		
1	Number of years	3	1/
2	Payment per period	1	
3	After tax rate of return (L9)	6.296%	
4	Present value of 1 dollar over number of years with with 1 payment per year	2.6584	
5	1 plus (interest rate divided by two)	1.0315	
6	Annuity factor (L4 x L5)	2.7421	

Line No.		Capital Structure (a)		Cost Rates (b)		Overall Rate of Return (c)	[3]	Net of Tax Rate (d)	4/
	After Tax Rate of Return								
7	Long-term debt	48.81%	2/	4.08%	2/	1.991%		1.534%	
8	Short-term debt	0.65%	2/	0.20%	2/	0.001%		0.001%	
9	Common equity	50.54%	2/	9.42%	2/	4.761%		4.761%	
10	Total	100.00%				6.754%		6.296%	

1/ Remaining rider period approved in the prior rate case in Docket No G-9, Sub 743.
2/ Perry Exhibit I, Schedule 4.
3/ Column (a) times Column (b).
4/ Column (c) times (1 minus combined income tax rate of 22.975%)

I/A

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF LEVELIZED STATE EDIT RIDER CREDIT
For The Test Year Ended December 31, 2020

Perry Exhibit II
Schedule 3

Line No.	Item	Year 1 Revenue Requirement (a)		Total Revenue Requirement 4/ (c)	
1	Total NC retail regulatory liability to be amortized	($15,224,449)	1/		
2	Annuity factor	0.9704	2/		
3	Levelized rider EDIT regulatory liability (L1 / L2)	(15,688,838)		($15,688,838)	
4	Retention factor	0.7659230	3/	0.7659230	3/
5	Levelized rider EDIT credit (L5 / L6)	($20,483,570)		($20,483,570)	

1/ Data Request Response 84-1 Attachment 1 of 2 at 12-31/20 + 11 months of amortization thru 11-30-21
2/ Perry Exhibit II, Schedule 3(a), Line 3.
3/ Perry Exhibit I, Schedule 5, Line 4.
4/ Column (a) plus Column (b).

I/A

Perry Exhibit II
Schedule 3(a)

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
CALCULATION OF ANNUITY FACTOR FOR EDIT LIABILITY RIDER
For The Test Year Ended December 31, 2020

Line No.	Item	Amount	
	Annuity Factor		
1	Number of years	1	1/
2	Payment per period	1	
3	After tax rate of return (L9)	6.296%	
4	Present value of 1 dollar over number of years with with 1 payment per year	0.9408	
5	1 plus (interest rate divided by two)	1.0315	
6	Annuity factor (L4 x L5)	0.9704	

Line No.		Capital Structure (a)		Cost Rates (b)		Overall Rate of Return (c)	Net of Tax Rate (d) [4]
	After Tax Rate of Return						
7	Long-term debt	48.81%	2/	4.08%	2/	1.991%	1.534%
8	Short-term debt	0.65%	2/	0.20%	2/	0.001%	0.001%
9	Common equity	50.54%	2/	9.42%	2/	4.761%	4.761%
10	Total	100.00%				6.754%	6.296%

1/ Remaining rider period approved in the prior rate case in Docket No G-9, Sub 743.
2/ Perry Exhibit I, Schedule 4.
3/ Column (a) times Column (b).
4/ Column (c) times (1 minus combined income tax rate of 22.975%)

I/A

I/A

PERRY EXHIBIT III

NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION

June 1, 2020

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. G-9, Sub 722

Dear Ms. Campbell:

In accordance with the Commission's Order Granting Extension of Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action issued in this docket on April 20, 2020, I transmit herewith for filing public and confidential versions of the Public Staff's Recommendations and Proposed Order.

By copy of this letter, I am forwarding a copy of the redacted version to all parties of record by electronic delivery. The confidential version will be provided to those parties that have entered into a confidentiality agreement.

Sincerely,

Electronically submitted
/s/ Elizabeth D. Culpepper
Staff Attorney
elizabeth.culpepper@psncuc.nc.gov

Attachments

Executive Director	Communications	Economic Research	Legal	Transportation
(919) 733-2435	(919) 733-5610	(919) 733-2267	(919) 733-6110	(919) 733-7766
Accounting	**Consumer Services**	**Electric**	**Natural Gas**	**Water**
(919) 733-4279	(919) 733-9277	(919) 733-2267	(919) 733-4326	(919) 733-5610

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I/A

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. G-9, SUB 722

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Consolidated Natural Gas Construction and Redelivery Services Agreement Between Piedmont Natural Gas Company, Inc., and Duke Energy Carolinas, LLC	))))	PUBLIC STAFF RECOMMENDATIONS AND PROPOSED ORDER

NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission (Public Staff), by and through its Executive Director, Christopher J. Ayers, and respectfully submits its recommendations and proposed order in response to the Commission's Order Granting Extension of Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action issued in this docket on April 20, 2020 (Second Interim Order).

BACKGROUND

1. On July 26, 2004, in Docket No. G-9, Sub 491, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application for approval of a multi-year Gas Redelivery Agreement (Original Agreement) between Piedmont and Duke Power Company, the predecessor of Duke Energy Carolinas, LLC (DEC). In summary, the Original Agreement set the rates and terms by which Piedmont proposed to provide natural gas redelivery service to DEC's Lincoln County Combustion Turbine Facility (Lincoln Plant). On August 30, 2004, the Public Staff presented the Original Agreement to the Commission as an agenda item during a Regular Staff

Conference and recommended that the Commission approve the Original Agreement, which was approved by the Commission on September 3, 2004.

2. On September 29, 2016, in Docket Nos. E-2, Sub 1095, E-7, Sub 1100, and G-9, Sub 682, the Commission issued an Order Approving Merger Subject to Regulatory Conditions and Code of Conduct (Merger Order), approving the merger of Piedmont and Duke Energy Corporation, the parent company of DEC. Among other things, the Merger Order resulted in DEC and Piedmont becoming affiliates of one another, with contracts between DEC and Piedmont thus being subject to the requirements of N.C. Gen. Stat. § 62-153.

3. On April 23, 2018, pursuant to N.C.G.S. § 62-153(b), Piedmont filed with the Commission in the instant docket a form of Consolidated Natural Gas Construction and Redelivery Services Agreement related to the construction of new incremental natural gas facilities (New Facilities) and the provision of additional redelivery service by Piedmont to DEC at the Lincoln Plant and Customer’s agreement to pay special contract rates and to guarantee certain margin recoveries by Piedmont to cover the costs of such service (Revised Agreement). Piedmont stated that the Revised Agreement consolidated, superseded, and expanded upon DEC’s and Piedmont’s rights and responsibilities under the Original Agreement for services at the Lincoln Plant.

4. The Public Staff reviewed the proposed Revised Agreement and raised several concerns with Piedmont, particularly with respect to the degree of system contribution provided for by the agreed rates set forth in the Revised Agreement. On November 16, 2018, Piedmont filed a revised Consolidated Natural

Gas Construction and Redelivery Services Agreement (Second Revised Agreement) between Piedmont and DEC. Piedmont stated that the Second Revised Agreement added a usage-based system support surcharge that was renegotiated with DEC in order to address the Public Staff's concerns related to system contributions by the New Facilities. Piedmont requested that the Second Revised Agreement be substituted in its entirety for the previously filed Revised Agreement and that the Commission approve the Second Revised Agreement at its earliest convenience.

5. On January 10, 2020, Piedmont filed a Request for Authorization to Commence Service. Piedmont summarized the Public Staff's investigation and stated that it engaged with the Public Staff in discussions about the utilization of usage-based system support charges for special contract arrangements as reflected in the Stipulation in Piedmont's last general rate case in Docket No. G-9, Sub 743 (2019 Rate Case), and that those discussions were continuing. Piedmont further stated that it had been advised that DEC will require service to the New Facilities beginning February 1, 2020, and that Piedmont is physically able and willing to provide such service as requested by DEC since Piedmont proceeded with construction of those facilities notwithstanding the ongoing nature of discussions with the Public Staff about the appropriate rates for service through such facilities to provide such service as requested by DEC. Piedmont requested that the Commission authorize the commencement of incremental service to the Lincoln Plant effective February 1, 2020, on an interim basis, at the rates reflected in the Second Revised Agreement, which according to Piedmont include a

volumetric usage-based system support surcharge applicable to the New Facilities that will be subject to retroactive adjustment pursuant to a final order by the Commission in this proceeding. Finally, Piedmont stated that the Public Staff did not object to the requested interim authority.

6. On January 28, 2020, the Commission issued the Order Granting Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action (Interim Order), which authorized Piedmont to commence service to DEC at the Lincoln Plant under the rates and other terms set forth in the Second Revised Agreement. Such interim authority was effective on February 1, 2020, and shall end at midnight on April 30, 2020, unless it is extended by order of the Commission prior to its expiration. The Interim Order also required that the rates paid by DEC and received by Piedmont should be subject to retroactive adjustment if the Commission determines such an adjustment to be appropriate when the Commission takes final action on the Second Revised Agreement. The Interim Order also required that on or before March 16, 2020, the Public Staff file its final recommendations and a proposed order with the Commission in this docket, or place this matter on a Regular Staff Conference agenda, otherwise the Public Staff shall provide the Commission with a written report on the status of its review of the Second Revised Agreement no later than March 18, 2020.

7. On March 18, 2020, the Public Staff filed a status report indicating that it was finalizing its recommendations and proposed order, and anticipated that it should be able to make the filing in the near future.

8. On April 14, 2020, Piedmont filed a Motion for Extension of Authorization to Provide Service. On April 20, 2020, the Commission issued the Second Interim Order, which authorized Piedmont to operate under the Second Revised Agreement and required the Public Staff to file its final recommendation(s) and proposed order on or before June 1, 2020.

PUBLIC STAFF'S REVIEW

9. The Public Staff has reviewed the Second Revised Agreement and other information provided by Piedmont in response to Public Staff data requests pursuant to the parameters set forth in N.C.G.S. § 62-140, N.C.G.S. § 62-142, and N.C.G.S. § 62-153(b).

10. The Public Staff believes that the purpose of the volumetric rate component included in special and electric generation contracts is to provide recovery of costs related to existing local distribution company (LDC) infrastructure and operations and to prevent subsidization of the contract customer by the LDC's other customers. The special and electric generation contracts are typically negotiated, and may be structured with (a) a demand charge that recovers the plant investment required to serve the customer, (b) margin and fixed gas cost components, (c) other negotiated volumetric components that provide system contributions, or (d) other contributions resulting from the contract terms that result in a benefit to the system. The volumetric rate component should be comparable

with the type of volumetric contribution paid by both interruptible[1] and firm[2] tariffed transportation customers on the LDC's system.

11. In the current instance, the infrastructure costs to serve the existing facilities at the Lincoln Plant (Existing Facilities) have been fully recovered through a demand charge imposed under the Original Agreement that was approved in Docket No. G-9, Sub 491. Piedmont stated that the Original Agreement would simultaneously help preserve the reliability and affordability of electric service provided by DEC to North Carolina consumers and ensure that Piedmont's natural gas customers receive the load-leveling and margin benefits of this significant natural gas customer. The Original Agreement also provided for a **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** on the Piedmont system. Contrastingly, the Revised Agreement addressed **[BEGIN CONFIDENTIAL]** [redacted]

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[1] "Service on an interruptible basis means that the capacity used to provide the service is subject to a prior claim by another customer or another class of service and receives a lower priority than such other classes of service." 18 C.F.R. § 284.9(a)(3) (2020).

[2] "Service on a firm basis means that the service is not subject to a prior claim by another customer or another class of service and receives the same priority as any other class of firm service." 18 C.F.R. § 284.7(a)(3) (2020).

[redacted]. **[END CONFIDENTIAL]** The new pipeline facilities are designed to take delivery of **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]** The Revised Agreement also provided that **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]** The Public Staff had concerns and began discussions with the Company due to the fact that the Revised Agreement **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]** The Public Staff and Piedmont agreed to continue to work together to determine the appropriate usage-based system support surcharges for the special contract and electric generation arrangements filed by Piedmont.

12. The Second Revised Agreement filed by Piedmont added a usage-based system support surcharge that was negotiated with DEC in order to address Public Staff concerns related to system contributions by the New Facilities. The Public Staff was not consulted regarding the specific methodology used by Piedmont to determine the usage-based system support surcharge prior to the filing of the Second Revised Agreement. Once the Second Revised Agreement was filed, and throughout 2019, the Public Staff sent data requests and reviewed the responses related to the new volumetric system support charge while discussions continued, including during the 2019 Rate Case. Based upon its investigation, the Public Staff found that the system support charge in the Second Revised Agreement **[BEGIN CONFIDENTIAL]** [redacted]

[redacted]. **[END CONFIDENTIAL]**

13. The Public Staff has concerns regarding the methodology chosen by Piedmont due to the fact that Piedmont has **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]**

14. The Public Staff has continued to research and perform analyses on the methodology needed to determine the appropriate volumetric rate components for the New Facilities based on the type of electric generator – combined cycle (CC) or combustion turbine (CT), the amount of plant investment required, the volume levels, the nature of transportation service – firm or interruptible, the location of the electric generator, prior negotiated electric generation agreements, and prior bypass agreements that were approved by the Commission when there were issues of negotiated volumetric charges. The Public Staff has come to the following conclusions:

a. A volumetric rate component should generally apply to all volumes flowing through the system to the electric generator when delivering gas on a firm or interruptible transportation basis; otherwise, the volumetric charge has a greater risk of not providing adequate system support.

b. The methodology for determining the volumetric system support charge for (i) electric generation customers and (ii) special contract customers, who tend to have contracts shorter in length and will be returning to tariff rates once the incremental plant investment is recovered, may need to be different.

c. The volumetric system support component for a CT electric generator may be different from a CC electric generator, primarily due to the fact that CT electric generators are typically utilizing interruptible transportation. In our research, the Public Staff has found that negotiated CT electric generation agreements usually include **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]** This is consistent with the **[BEGIN CONFIDENTIAL]** [redacted] **[END**

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[3] Docket No. G-5, Sub 517, Natural Gas Redelivery Agreement between Public Service Company of North Carolina, Inc. and Southern Company Services, Inc., d/b/a Southern Power Company - North Carolina, Article VII, Section B. Order Allowing Agreement to Become Effective issued August 25, 2010.

Docket No. G-9, Sub 491, Gas Redelivery Agreement between Piedmont Natural Gas Company, Inc. and Duke Power, Article II, Section 2.01. Order Allowing Contract to Become Effective issued September 3, 2004.

Docket No. G-5, Sub 398, Transportation Service Agreement between Public Service Company of North Carolina, Inc. and Carolina Power & Light Company, Section IV(A)(ii). Order Allowing Contract to Become Effective and Approving Accounting Treatment issued May 23, 1999.

CONFIDENTIAL] reflected in the Original Agreement, as well as the **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** reflected in the Second Revised Agreement related to what will now be **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** to the Existing Facilities.

d. Also based on our research, we have determined that the volumetric system support charge for a CC electric generator agreement may be higher due to the fact that CC electric generators are typically requiring firm transportation service, as well as creating more risk on the system with the higher volumes being delivered. The Public Staff has found that other CC electric generation agreements usually include a **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]** In past dockets, CC electric generator agreements may also have produced enough system benefits to customers in a general rate case from other contract terms, such as tax rates and approved overall return components that were no longer in effect following the conclusion of a particular proceeding.

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[4] Docket No. G-5, Sub 559, Natural Gas Pipeline Construction and Transportation Service Agreement between Public Service Company of North Carolina, Inc. and Duke Energy Progress, Inc., Order Allowing Agreement to become Effective issued October 6, 2015.

Docket No. G-5, Sub 569, Natural Gas Pipeline Construction and Transportation Service Agreement between Public Service Company of North Carolina, Inc. and Duke Energy Carolinas, LLC, Order Allowing Agreement to Become Effective issued December 20, 2016.

e. The Commission in past cases has also had to make decisions based on bypass situations when a large transportation customer was in close proximity to the interstate pipeline. In a case involving Owens-Brockway Glass Container, Inc., and Piedmont (Docket No. G-9, Sub 395), the customer did not want to pay a tariff transportation rate to Piedmont to redeliver gas when it was so close in proximity to the interstate pipeline. In that case, the Commission found that the proposed bypass was probable and, therefore, ordered the parties to continue to negotiate until they came to an agreed upon rate. The final negotiated contract included a **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]**

f. Using the filed per books Allocated Cost of Service Study and revenue data reflected in the 2019 Rate Case, as well as the contract terms of the Second Revised Agreement, the Public Staff determined the operating and maintenance expenses assigned to Rate Schedule 113 – Large General Transportation (Firm) Service customers and the assigned volumes by customer class updated for the contract O&M and volumes and calculated an O&M per dt rate for firm transportation service between $0.09 per dt to $0.05 per dt, utilizing reasonably representative load factors for the New Facilities.

g. The Public Staff notes that the Commission has approved two other negotiated electric generation agreements[5] in recent years prior to Piedmont filing the Second Revised Agreement. These electric generation agreements for **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** on the LDC's system. These **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** the Public Staff believes that electric generators on the Piedmont system are getting a better arrangement than they are getting on other LDC systems in the state.

15. The Public Staff has had discussions with Piedmont involving all of the points discussed above. Although Piedmont does not have access to the volumetric rates that electric generators are paying to other LDCs in North Carolina for firm and interruptible transportation volumes that are delivered to electric generation facilities, the Public Staff and the Commission both have access to the

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[5] See footnote 4.

rates. In our discussions with Piedmont, the Public Staff has attempted to explain to Piedmont how other types of electric generation agreements in North Carolina are structured without divulging the confidential nature of the terms in the other electric generation agreements.

PUBLIC STAFF'S RECOMMENDATIONS

16. Based on the foregoing, the Public Staff has determined that the terms of the Second Revised Agreement are not in accordance with the requirements of N.C.G.S. § 62-140 and N.C.G.S. § 62-153. The Public Staff recommends that Piedmont renegotiate with DEC for a **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** as reflected in the Second Revised Agreement, for the following reasons:

a. The New Facilities include a **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** electric generation plant that will be utilizing **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** transportation service on Piedmont's system.

b. The **[BEGIN CONFIDENTIAL]** [redacted]

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[6] There have been two special contracts that the Public Staff recently recommended approval of and the Commission subsequently approved that **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]** The Public Staff further concluded that these special contracts were estimated to provide benefits that

[redacted] **[END CONFIDENTIAL]** does not represent a reasonable level of system contributions due to the expected **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** transportation basis to the New Facilities, which creates more risk on the system.

c. The Original Agreement for the Lincoln Plant, which has now been rolled into the Second Revised Agreement for the New Facilities, will continue to include a **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** delivered to the Existing Facilities, but will now be delivered **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]**

d. Other **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** electric generation agreements in North Carolina include a **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** while other **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** electric generation agreements that involve **[BEGIN CONFIDENTIAL]** [redacted]

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will flow to other ratepayers as determined in a fair and reasonable manner in a general rate case proceeding.

[redacted]. **[END CONFIDENTIAL]**

e. Even in a “bypass situation” where an industrial customer was located very close to an interstate pipeline, this Commission has concluded that a customer must pay a volumetric charge for transporting all volumes on Piedmont’s system.

17. To summarize, in this docket, Piedmont is proposing to **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** and (b) is comparable to the volumetric pricing of other electric generators outside of Piedmont’s service territory, and (c) is generally a more reasonable and appropriate methodology **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]** The Public Staff believes its recommendation is reasonable given the **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]** Unless Piedmont renegotiates with DEC as set out above, the Public Staff recommends that the Commission impute **[BEGIN CONFIDENTIAL]** [redacted] **[END**

CONFIDENTIAL] for the New Facilities in Piedmont's future general rate case proceedings when determining end of period and proposed revenues. In addition, the Public Staff recommends that Piedmont should be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports.

18. The Public Staff recommends that the Commission issue the proposed order approving the Public Staff's recommendations, which is attached as Attachment A.

Respectfully submitted, this the 1st day of June, 2020.

PUBLIC STAFF

Christopher J. Ayers
Executive Director

Dianna W. Downey
Acting Chief Counsel

Electronically submitted
/s/ Elizabeth D. Culpepper
Staff Attorney
elizabeth.culpepper@psncuc.nc.gov

430 North Salisbury Street
4326 Mail Service Center
Raleigh, North Carolina 27699-4300
Telephone: (919) 733-6110

CERTIFICATE OF SERVICE

I do hereby certify that I have this day served a copy of the foregoing upon each of the parties of record in this proceeding or their attorneys of record by emailing them an electronic copy or by causing a paper copy of the same to be hand-delivered or deposited in the United States Mail, postage prepaid, properly addressed to each.

This the 1st day of June, 2020.

Electronically submitted
/s/ Elizabeth D. Culpepper

I/A

ATTACHMENT A

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. G-9, SUB 722

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Consolidated Natural Gas Construction and Redelivery Services Agreement Between Piedmont Natural Gas Company, Inc., and Duke Energy Carolinas, LLC	))))	ORDER ALLOWING AGREEMENT TO BECOME EFFECTIVE

BY THE COMMISSION: On July 26, 2004, in Docket No. G-9, Sub 491, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application for approval of a multi-year Gas Redelivery Agreement (Original Agreement) between Piedmont and Duke Power Company, the predecessor of Duke Energy Carolinas, LLC (DEC). In summary, the Original Agreement set the rates and terms by which Piedmont proposed to provide natural gas redelivery service to DEC's Lincoln County Combustion Turbine Facility (Lincoln Plant). On August 30, 2004, the Public Staff presented the Original Agreement to the Commission as an agenda item during a Regular Staff Conference and recommended that the Commission approve the Original Agreement, which was approved by the Commission on September 3, 2004.

On September 29, 2016, in Docket Nos. E-2, Sub 1095, E-7, Sub 1100, and G-9, Sub 682, the Commission issued an Order Approving Merger Subject to Regulatory Conditions and Code of Conduct (Merger Order), approving the merger of Piedmont and Duke Energy Corporation, the parent company of DEC. Among other things, the Merger

Order resulted in DEC and Piedmont becoming affiliates of one another, with contracts between DEC and Piedmont thus being subject to the requirements of N.C. Gen. Stat. § 62-153.

On April 23, 2018, pursuant to N.C.G.S. § 62-153(b), Piedmont filed with the Commission in the instant docket a form of Consolidated Natural Gas Construction and Redelivery Services Agreement related to the construction of new incremental natural gas facilities (New Facilities) and the provision of additional redelivery service by Piedmont to DEC at the Lincoln Plant and Customer's agreement to pay special contract rates and to guarantee certain margin recoveries by Piedmont to cover the costs of such service (Revised Agreement). Piedmont stated that the Revised Agreement consolidated, superseded, and expanded upon DEC's and Piedmont's rights and responsibilities under the Original Agreement for services at the Lincoln Plant.

The Public Staff reviewed the proposed Revised Agreement and raised several concerns with Piedmont, particularly with respect to the degree of system contribution provided for by the agreed rates set forth in the Revised Agreement. On November 16, 2018, Piedmont filed a revised Consolidated Natural Gas Construction and Redelivery Services Agreement (Second Revised Agreement) between Piedmont and DEC. Piedmont stated that the Second Revised Agreement added a usage-based system support surcharge that was renegotiated with DEC in order to address the Public Staff's concerns related to system contributions by the New Facilities. Piedmont requested that the Second Revised Agreement be substituted in its entirety for the previously filed

Revised Agreement and that the Commission approve the Second Revised Agreement at its earliest convenience.

On January 10, 2020, Piedmont filed a Request for Authorization to Commence Service. Piedmont summarized the Public Staff's investigation and stated that it engaged with the Public Staff in discussions about the utilization of usage-based system support charges for special contract arrangements as reflected in the Stipulation in Piedmont's last general rate case in Docket No. G-9, Sub 743 (2019 Rate Case), and that those discussions were continuing. Piedmont further stated that it had been advised that DEC will require service to the New Facilities beginning February 1, 2020, and that Piedmont is physically able and willing to provide such service as requested by DEC since Piedmont proceeded with construction of those facilities notwithstanding the ongoing nature of discussions with the Public Staff about the appropriate rates for service through such facilities to provide such service as requested by DEC. Piedmont requested that the Commission authorize the commencement of incremental service to the Lincoln Plant effective February 1, 2020, on an interim basis, at the rates reflected in the Second Revised Agreement, which according to Piedmont include a volumetric usage-based system support surcharge applicable to the New Facilities that will be subject to retroactive adjustment pursuant to a final order by the Commission in this proceeding. Finally, Piedmont stated that the Public Staff did not object to the requested interim authority.

On January 28, 2020, the Commission issued the Order Granting Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action (Interim

Order), which authorized Piedmont to commence service to DEC at the Lincoln Plant under the rates and other terms set forth in the Second Revised Agreement. Such interim authority was effective on February 1, 2020, and shall end at midnight on April 30, 2020, unless it is extended by order of the Commission prior to its expiration. The Interim Order also required that the rates paid by DEC and received by Piedmont should be subject to retroactive adjustment if the Commission determines such an adjustment to be appropriate when the Commission takes final action on the Second Revised Agreement. The Interim Order also required that on or before March 16, 2020, the Public Staff file its final recommendations and a proposed order with the Commission in this docket, or place this matter on a Regular Staff Conference agenda, otherwise the Public Staff shall provide the Commission with a written report on the status of its review of the Second Revised Agreement no later than March 18, 2020.

On March 18, 2020, the Public Staff filed a status report indicating that it was finalizing its recommendations and proposed order, and anticipated that it should be able to make the filing in the near future.

On April 14, 2020, Piedmont filed a Motion for Extension of Authorization to Provide Service. On April 20, 2020, the Commission issued the Order Granting Extension of Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action issued in this docket on April 20, 2020 (Second Interim Order), which authorized Piedmont to operate under the Second Revised Agreement and required the Public Staff to file its final recommendation(s) and proposed order on or before June 1, 2020.

On June 1, 2020, the Public Staff filed its Recommendations and Proposed Order in accordance with the Second Interim Order (Public Staff Recommendations). The Public Staff stated that it had reviewed the Agreement and other information provided by Piedmont in response to Public Staff data requests. Based on its investigation, the Public Staff determined that the terms of the Second Revised Agreement are not in accordance with the requirements of N.C.G.S. § 62-140 and N.C.G.S. § 62-153. The Public Staff recommended that the Commission issue an order requiring Piedmont to renegotiate with DEC as set forth in the Public Staff Recommendations. The Public Staff also recommended that if Piedmont does not renegotiate with DEC, that the Commission make an appropriate imputation in Piedmont's future general rate case proceedings when determining end of period and proposed revenues. In addition, the Public Staff recommended that Piedmont should be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports.

The Commission, having carefully reviewed the Second Revised Agreement between Piedmont and the Customer, and the Public Staff Recommendations concludes that the terms of the Second Revised Agreement are not in accordance with the requirements of N.C.G.S. § 62-140 and N.C.G.S. § 62-153. Accordingly, the Commission finds good cause to order Piedmont to either renegotiate with DEC or make an appropriate imputation in Piedmont's future general rate case proceedings when determining end of period and proposed revenues. The Commission also finds that Piedmont should be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports.

IT IS, THEREFORE, ORDERED as follows:

1. That, Piedmont shall renegotiate with DEC or agree to make the appropriate imputation in its future general rate case proceedings when determining end of period and proposed revenues as set forth in the Public Staff Recommendations.

2. The Piedmont shall be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports as set forth in the Public Staff Recommendations.

3. That Piedmont is hereby authorized to continue to provide natural gas service to the Customer on an interim basis pursuant to the Second Interim Order.

4. That, on or before thirty days from the date of this Order, Piedmont shall make a filing with the Commission advising whether it will renegotiate with DEC or will agree to make the appropriate imputation in its future general rate case proceedings when determining end of period and proposed revenues.

ISSUED BY ORDER OF THE COMMISSION

This the ____ day of ___________, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

I/A

I/A

Public Staff

Confidential Perry Exhibit IV

Docket No. G-9, Subs 722, 781 & 786

CONFIDENTIAL

I/A

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NORTH CAROLINA

PUBLIC STAFF

UTILITIES COMMISSION

June 24, 2020

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: Docket No. G-9, Sub 722

Dear Ms. Campbell:

Subsequent to the Public Staff's filing of its recommendations in this docket on June 1, 2020, the Public Staff learned that corrections needed to be made to the filing. The Public Staff is transmitting herewith for filing public and confidential versions of corrected pages 6, 7, 11, and 15, as well as a revised proposed order reflecting this filing.

By copy of this letter, I am forwarding a copy of the redacted version to all parties of record by electronic delivery. The confidential version will be provided to those parties that have entered into a confidentiality agreement.

Sincerely,

Electronically submitted
/s/ Elizabeth D. Culpepper
Staff Attorney
elizabeth.culpepper@psncuc.nc.gov

Attachments

I/A

with the type of volumetric contribution paid by both interruptible[1] and firm[2] tariffed transportation customers on the LDC's system.

11. In the current instance, the infrastructure costs to serve the existing facilities at the Lincoln Plant (Existing Facilities) have been fully recovered through a demand charge imposed under the Original Agreement that was approved in Docket No. G-9, Sub 491. Piedmont stated that the Original Agreement would simultaneously help preserve the reliability and affordability of electric service provided by DEC to North Carolina consumers and ensure that Piedmont's natural gas customers receive the load-leveling and margin benefits of this significant natural gas customer. The Original Agreement also provided for a **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** on the Piedmont system. Contrastingly, the Revised Agreement addressed **[BEGIN CONFIDENTIAL]** [redacted]

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[1] "Service on an interruptible basis means that the capacity used to provide the service is subject to a prior claim by another customer or another class of service and receives a lower priority than such other classes of service." 18 C.F.R. § 284.9(a)(3) (2020).

[2] "Service on a firm basis means that the service is not subject to a prior claim by another customer or another class of service and receives the same priority as any other class of firm service." 18 C.F.R. § 284.7(a)(3) (2020).

[redacted]. **[END CONFIDENTIAL]** The new pipeline facilities are designed to take delivery of **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]** The Revised Agreement also provided that **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]** The Public Staff had concerns and began discussions with the Company due to the fact that the Revised Agreement **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]** The Public Staff and Piedmont agreed to continue to work

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CONFIDENTIAL] reflected in the Original Agreement, as well as the **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** reflected in the Second Revised Agreement ~~**related to what will now be**~~ **for [BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** to the Existing Facilities.

d. Also based on our research, we have determined that the volumetric system support charge for a CC electric generator agreement may be higher due to the fact that CC electric generators are typically requiring firm transportation service, as well as creating more risk on the system with the higher volumes being delivered. The Public Staff has found that other CC electric generation agreements usually include a **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]** In past dockets, CC electric generator agreements may also have produced enough system benefits to customers in a general rate case from other contract terms, such as tax rates and approved overall return components that were no longer in effect following the conclusion of a particular proceeding.

[4] Docket No. G-5, Sub 559, Natural Gas Pipeline Construction and Transportation Service Agreement between Public Service Company of North Carolina, Inc. and Duke Energy Progress, Inc., Order Allowing Agreement to become Effective issued October 6, 2015.

Docket No. G-5, Sub 569, Natural Gas Pipeline Construction and Transportation Service Agreement between Public Service Company of North Carolina, Inc. and Duke Energy Carolinas, LLC, Order Allowing Agreement to Become Effective issued December 20, 2016.

I/A

per year, **[END CONFIDENTIAL]** does not represent a reasonable level of system contributions due to the expected **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** transportation basis to the New Facilities, which creates more risk on the system.

c. The Original Agreement for the Lincoln Plant, which has now been rolled into the Second Revised Agreement for the New Facilities, will continue to include a **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** delivered to the Existing Facilities~~**, but will now be delivered**~~ **[BEGIN CONFIDENTIAL]** [redacted]. **[END CONFIDENTIAL]**

d. Other **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** electric generation agreements in North Carolina include a **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** while other **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** electric generation agreements that involve **[BEGIN CONFIDENTIAL]** [redacted]

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will flow to other ratepayers as determined in a fair and reasonable manner in a general rate case proceeding.

I/A

ATTACHMENT A

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. G-9, SUB 722

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Consolidated Natural Gas Construction and	)	ORDER ALLOWING
Redelivery Services Agreement Between	)	AGREEMENT TO
Piedmont Natural Gas Company, Inc., and	)	BECOME EFFECTIVE
Duke Energy Carolinas, LLC	)	

BY THE COMMISSION: On July 26, 2004, in Docket No. G-9, Sub 491, Piedmont Natural Gas Company, Inc. (Piedmont), filed an application for approval of a multi-year Gas Redelivery Agreement (Original Agreement) between Piedmont and Duke Power Company, the predecessor of Duke Energy Carolinas, LLC (DEC). In summary, the Original Agreement set the rates and terms by which Piedmont proposed to provide natural gas redelivery service to DEC's Lincoln County Combustion Turbine Facility (Lincoln Plant). On August 30, 2004, the Public Staff presented the Original Agreement to the Commission as an agenda item during a Regular Staff Conference and recommended that the Commission approve the Original Agreement, which was approved by the Commission on September 3, 2004.

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Order resulted in DEC and Piedmont becoming affiliates of one another, with contracts between DEC and Piedmont thus being subject to the requirements of N.C. Gen. Stat. § 62-153.

On April 23, 2018, pursuant to N.C.G.S. § 62-153(b), Piedmont filed with the Commission in the instant docket a form of Consolidated Natural Gas Construction and Redelivery Services Agreement related to the construction of new incremental natural gas facilities (New Facilities) and the provision of additional redelivery service by Piedmont to DEC at the Lincoln Plant and Customer's agreement to pay special contract rates and to guarantee certain margin recoveries by Piedmont to cover the costs of such service (Revised Agreement). Piedmont stated that the Revised Agreement consolidated, superseded, and expanded upon DEC's and Piedmont's rights and responsibilities under the Original Agreement for services at the Lincoln Plant.

The Public Staff reviewed the proposed Revised Agreement and raised several concerns with Piedmont, particularly with respect to the degree of system contribution provided for by the agreed rates set forth in the Revised Agreement. On November 16, 2018, Piedmont filed a revised Consolidated Natural Gas Construction and Redelivery Services Agreement (Second Revised Agreement) between Piedmont and DEC. Piedmont stated that the Second Revised Agreement added a usage-based system support surcharge that was renegotiated with DEC in order to address the Public Staff's concerns related to system contributions by the New Facilities. Piedmont requested that the Second Revised Agreement be substituted in its entirety for the previously filed

Revised Agreement and that the Commission approve the Second Revised Agreement at its earliest convenience.

On January 10, 2020, Piedmont filed a Request for Authorization to Commence Service. Piedmont summarized the Public Staff's investigation and stated that it engaged with the Public Staff in discussions about the utilization of usage-based system support charges for special contract arrangements as reflected in the Stipulation in Piedmont's last general rate case in Docket No. G-9, Sub 743 (2019 Rate Case), and that those discussions were continuing. Piedmont further stated that it had been advised that DEC will require service to the New Facilities beginning February 1, 2020, and that Piedmont is physically able and willing to provide such service as requested by DEC since Piedmont proceeded with construction of those facilities notwithstanding the ongoing nature of discussions with the Public Staff about the appropriate rates for service through such facilities to provide such service as requested by DEC. Piedmont requested that the Commission authorize the commencement of incremental service to the Lincoln Plant effective February 1, 2020, on an interim basis, at the rates reflected in the Second Revised Agreement, which according to Piedmont include a volumetric usage-based system support surcharge applicable to the New Facilities that will be subject to retroactive adjustment pursuant to a final order by the Commission in this proceeding. Finally, Piedmont stated that the Public Staff did not object to the requested interim authority.

On January 28, 2020, the Commission issued the Order Granting Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action (Interim

Order), which authorized Piedmont to commence service to DEC at the Lincoln Plant under the rates and other terms set forth in the Second Revised Agreement. Such interim authority was effective on February 1, 2020, and shall end at midnight on April 30, 2020, unless it is extended by order of the Commission prior to its expiration. The Interim Order also required that the rates paid by DEC and received by Piedmont should be subject to retroactive adjustment if the Commission determines such an adjustment to be appropriate when the Commission takes final action on the Second Revised Agreement. The Interim Order also required that on or before March 16, 2020, the Public Staff file its final recommendations and a proposed order with the Commission in this docket, or place this matter on a Regular Staff Conference agenda, otherwise the Public Staff shall provide the Commission with a written report on the status of its review of the Second Revised Agreement no later than March 18, 2020.

On March 18, 2020, the Public Staff filed a status report indicating that it was finalizing its recommendations and proposed order, and anticipated that it should be able to make the filing in the near future.

On April 14, 2020, Piedmont filed a Motion for Extension of Authorization to Provide Service. On April 20, 2020, the Commission issued the Order Granting Extension of Interim Authority to Operate Under Second Revised Agreement and Requiring Public Staff Action issued in this docket on April 20, 2020 (Second Interim Order), which authorized Piedmont to operate under the Second Revised Agreement and required the Public Staff to file its final recommendation(s) and proposed order on or before June 1, 2020.

On June 1, 2020, the Public Staff filed its Recommendations and Proposed Order in accordance with the Second Interim Order (Public Staff Recommendations). The Public Staff stated that it had reviewed the Agreement and other information provided by Piedmont in response to Public Staff data requests. Based on its investigation, the Public Staff determined that the terms of the Second Revised Agreement are not in accordance with the requirements of N.C.G.S. § 62-140 and N.C.G.S. § 62-153. The Public Staff recommended that the Commission issue an order requiring Piedmont to renegotiate with DEC as set forth in the Public Staff Recommendations. The Public Staff also recommended that if Piedmont does not renegotiate with DEC, that the Commission make an appropriate imputation in Piedmont's future general rate case proceedings when determining end of period and proposed revenues. In addition, the Public Staff recommended that Piedmont should be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports.

On June 24, 2020, the Public Staff filed corrections to pages 6, 7, 11, and 15 of the Public Staff Recommendations, as well as a revised proposed order.

The Commission, having carefully reviewed the Second Revised Agreement between Piedmont and the Customer, and the Public Staff Recommendations as corrected concludes that the terms of the Second Revised Agreement are not in accordance with the requirements of N.C.G.S. § 62-140 and N.C.G.S. § 62-153. Accordingly, the Commission finds good cause to order Piedmont to either renegotiate with DEC or make an appropriate imputation in Piedmont's future general rate case proceedings when determining end of period and proposed revenues. The Commission also finds that Piedmont should be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports.

IT IS, THEREFORE, ORDERED as follows:

1. That, Piedmont shall renegotiate with DEC or agree to make the appropriate imputation in its future general rate case proceedings when determining end of period and proposed revenues as set forth in the Public Staff Recommendations as corrected.

2. The Piedmont shall be required to include the imputed revenues for the relevant period as a footnote in its GS-1 Reports as set forth in the Public Staff Recommendations as corrected.

3. That Piedmont is hereby authorized to continue to provide natural gas service to the Customer on an interim basis pursuant to the Second Interim Order.

4. That, on or before thirty days from the date of this Order, Piedmont shall make a filing with the Commission advising whether it will renegotiate with DEC or will agree to make the appropriate imputation in its future general rate case proceedings when determining end of period and proposed revenues.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of ___________, 2020.

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk

I/A

I/A

Public Staff

Confidential Perry Exhibit VI

Docket No. G-9, Subs 722, 781 & 786

CONFIDENTIAL

I/A

PERRY EXHIBIT VII

**RESPONSES TO COMMISSION QUESTIONS
IN ATTACHMENT A TO ITS
ORDER CONSOLIDATING DOCKETS AND
REQUIRING FILING OF TESTIMONY
ISSUED MARCH 16, 2021**

1. On June 1, 2020,[1] the Public Staff filed its recommendations and proposed order in the current docket. Paragraph 10 of the proposed order[2] states that the Public Staff believes that the purpose of the volumetric rate component included in special and electric generation contracts is to provide recovery of costs related to existing LDC infrastructure and operations and to prevent subsidization of the contract customer by the LDC's other customers. In light of this statement, provide:

a. Detailed information regarding the rationale that supports the purpose of the volumetric rate component as the main factor that helps in cost recovery of the existing LDC infrastructure and operations; and

Response: [BEGIN CONFIDENTIAL] [redacted] **[END CONFIDENTIAL]**

b. In the absence of a volumetric rate, provide the calculations and the assumptions used to calculate the subsidy that DEC's New Facilities would receive.

Response: [BEGIN CONFIDENTIAL] [redacted]

[redacted]

---

[1] On June 24, 2020, the Public Staff filed corrected pages 6, 7, 11, and 15 to the recommendations it filed on June 1, 2020, as well as a revised proposed order reflecting the filing.

[2] The reference to Paragraph 10 of the proposed order is incorrect. The correct reference is Paragraph 10 of the Public Staff's recommendations.

PERRY EXHIBIT VII

[redacted] **[END CONFIDENTIAL]**

2. With the data already provided by Piedmont in Docket No. G-9, Sub 722 and supplemental testimony/exhibits in Docket No. G-9 Sub 781; is it possible for Public Staff to design cost of service based fixed demand rate and volumetric rate for DEC's New Facilities?

Response: Yes.

a. If yes, calculate the cost-based volumetric rate and provide the calculations and assumptions used; and

Response: Please see calculations shown on CONFIDENTIAL Attachment A that reflect the Company's contract demand charge and the volumetric charge recommended by the Public Staff, as well as the price-out for Rate Schedule 113 using the same volumes levels.

b. If no, provide a copy of any additional data requested from Piedmont to calculate the cost-based demand and volumetric rates. Provide the calculations and the methodology used to calculate the rate.

Response: No answer required.

3. Does the Public Staff believe that it is appropriate for **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]?** Provide a detailed explanation supporting your response.

Response: [BEGIN CONFIDENTIAL] [redacted] **[END CONFIDENTIAL]**.

4. Among **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** sites that have negotiated rates, please explain why only **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** have facilities volumetric rates.

Response: Because the **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]**, the Public Staff is not currently able to respond to this question. **[BEGIN**

CONFIDENTIAL] [redacted] **[END CONFIDENTIAL]**, the Public Staff will strive to answer the question.

I/A

CONFIDENTIAL

CONFIDENTIAL Attachment A

[redacted]

I/A

I/A

Public Staff

Confidential Perry Exhibit VIII

Docket No. G-9, Subs 722, 781 & 786

CONFIDENTIAL

I/A

Perry Settlement Exhibit I

Piedmont Natural Gas Company, Inc.
Docket No. G-9, Sub 781
SUMMARY OF SETTLEMENT ADJUSTMENTS
For The Test Year Ended December 31, 2020

Line No.	Item	Settlement	
1	**Application Increase in Revenue Requirement filed by the Company**	**$109,025,725**	
2	Company Filed June Update	(12,153,620)	
3	**Increase in Margin Revenue Requested due to Company Update**	**$96,872,105**	
	Public Staff Adjustments:		
4	Change in Equity ratio from 52% to 51.60%	(1,935,965)	
5	Change in cost of long-term debt from 4.08% to 4.08%	0	
6	Change in cost of short-term debt from 0.35% to 0.20%	(46,446)	
7	Change in return on equity from 10.25% to 9.60%	(20,743,428)	
8	Plant in Service Updates and Related Items at June 30, 2021	(27,888,796)	[1]
9	ADIT - updated balance to June 30, 2021	0	
10	Design Day Allocation Change - removed adjustment	0	
11	Cash working capital - Lead Lag based on pro forma revenues and expenses	(1,046,450)	
12	Other working capital - June 30, 2021 updates	0	
13	EOP Revenues & Commodity COG - moved to line 47	0	
14	Adjustment to other operating revenues	(1,905,124)	
15	Adjustment to the Cost of Gas - moved to line 48	0	
16	Robeson LNG Plant Adjustment - Lines 456 and 457, land, and operating expenses	(5,189,068)	[1]
17	Special Contract (Original Lincoln CT) - remove plant previously recovered through lump sum payment	(111,287)	
18	Payroll and Related Expenses	(15,965)	
19	Other Benefits	(1,313,594)	
20	Pension OPEB LTD Expense	(436,672)	
21	Customer Payment Fees	0	
22	Board Expenses	(362,829)	
23	Executive Compensation	(270,949)	
24	Incentive Plans	(367,973)	
25	Rate Case Expenses - 4 year amortization, no unamortized balance from Sub 743	(175,794)	
26	Sponsorships & Donations	(63,771)	
27	Uncollectibles	(1,015,778)	
28	Inflation Adjustment	(160,589)	
29	Nonutility Adjustment - O&M and plant	(547,483)	
30	Deferral: PIM Transmission Costs - update actual expenses @ June 30, 2021, 4 years -adjusted reg asset EOP bal	(272,957)	
31	Deferral: Environmental Costs - update actual expenses @ June 30, 2021, 4 years -adjusted reg asset EOP bal	26,407	
32	Deferral: PIM Distribution Costs - update actual expenses @ June 30, 2021, 4 years-adjusted reg asset EOP bal	389,477	
33	Deferral Eastern NCNG, 4 year amortization	(138,435)	
34	Deferred Undercollection of Regulatory Fee, 4 years	(54,416)	
35	COVID Expense Adjustment	(438,384)	
36	Regulatory Fee Expense	3,797	
37	Advertising - remove promotional, image, competitive, & non-recurring	(384,905)	
38	Aviation Expense	(192,202)	
39	Interest on customer deposits	(490)	
40	Lobbying Expenses	(76,564)	
41	Amortization of Federal protected EDIT, net of tax	1,652,340	
42	Change in retention factor - Uncollectibles and Regulatory Fee changes	(88,311)	
43	Adjust cash working capital for recommended revenue increase	433,855	
44	Rounding	305	
45	**Total Settlement Adjustments to Margin Revenue**	(62,738,445)	
46	**Settlement Increase in Margin Revenue**	**$34,133,660**	
47	Decrease in Commodity Cost of Gas - update CU & LAUF factor	(2,035,207)	
48	Increase in Demand costs - update fixed gas costs	8,966,494	
49	**Settlement Increase in COG of Gas Revenues (Sum of Lines 47-48)**	6,931,287	
50	**Total Settlement Revenue Requirement Increase**	**$41,064,947**	
	EDIT Rider impacts on Revenue Requirement:		
51	Annual Federal Unprotected EDIT Rider, 3 year remaining flow back	($25,562,970)	
52	Annual State EDIT Rider, 1 year remaining flow back	(22,201,275)	
53	**Annual EDIT Rider Impact (Sum of Lines 51-52)**	**($47,764,245)**	
54	**Change in Revenue Requirement for Year 1, including EDIT Rider Impact [2]**	($6,699,298)	
55	**Change in Revenue Requirement for Years 2 & 3, including EDIT Rider Impact [2]**	$15,501,977	
56	**Change in Revenue Requirement for Year 4, including EDIT Rider Impact [2]**	$41,064,947	

[1] Excludes Robeson LNG Plant and the Pender Onslow Expansion Project

[2] Year 1 = Nov 1, 2021 thru Oct 31, 2022
Year 2 = Nov 1, 2022 thru Oct 31, 2023
Year 3 = Nov 1, 2023 thru Oct 31, 2024
Year 4 = Nov 1, 2024 thru Oct 31, 2025

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

Docket No. G-9, Sub 781

In the Matter of

Application of Piedmont Natural Gas Company, Inc. for an Adjustment of Rates, Charges, and Tariffs Applicable to Service in North Carolina	)))))	**PETITION**

Piedmont Natural Gas Company, Inc. ("Piedmont" or "the Company"), through counsel and pursuant to N.C. Gen. Stat. § 62-133 and Rule R1-17 of the Rules and Regulations of the North Carolina Utilities Commission ("Commission"), hereby respectfully requests that the Commission approve each of the following proposals described further herein and supported by the testimony of Company witnesses filed concurrent herewith: (i) a general increase in and revisions to the rates and charges for customers served by the Company; (ii) continuation of Piedmont's Integrity Management Rider ("IMR") mechanism contained in Appendix E to its approved service regulations; (iii) continued regulatory asset treatment for certain incremental Transmission Integrity Management Program ("TIMP") and Distribution Integrity Management Program ("DIMP") Operations and Maintenance ("O&M") expenses, and certain incremental environmental cleanup and remediation O&M expenses; (iv) continued utilization of the depreciation rates for the Company's North Carolina and joint property assets approved in the Company's most recent general rate case in 2019; (v) revised and updated amortizations and recovery of certain regulatory assets accrued since Piedmont's last general rate case proceeding; (vi) utilization of the lead-lag study filed by Piedmont in its most recent general rate case filing in 2019; (vii) adoption of a Rider mechanism to allow Piedmont to recover the costs of its approved energy efficiency programs from customers on a commensurate basis with the electric utilities with whom Piedmont competes or, in the alternative, authorization to defer costs associated with Piedmont's approved energy efficiency programs pending amortization at the Commission's discretion at some later date; and (viii) other updates and revisions to Piedmont's rate schedules and service regulations.

The relief requested herein, among other things, is designed to update the Company's rates, charges, and tariffs in conformance with the Company's additional investment of capital to expand its gas distribution system to better serve its current and future customers and to comply with federal pipeline safety and integrity requirements and for changes to the Company's capital structure and operating expenses. The revised rates Piedmont proposes to implement in this proceeding are set forth on Appendix I to this Petition. In support of this Petition and all of the relief sought by Piedmont in this docket, the Company respectfully shows the following:

I.

Notices and Other Communications

The names and addresses of the persons to whom any notices or other communications with respect to this Petition are to be sent are as follows:

James H. Jeffries IV
McGuire Woods LLP
201 North Tryon Street, Suite 3000
Charlotte, NC 28202
Telephone: 704-343-2348
Email: jjeffries@mcguirewoods.com

and

Brian S. Heslin
Deputy General Counsel
Duke Energy Corporation
550 S. Tryon Street
Charlotte, NC 28202
Telephone: 980-373-0550
Email: brian.heslin@duke-energy.com

II.

Description of Applicant

Piedmont is a subsidiary of Duke Energy Corporation and is engaged in the business of transporting, distributing and selling natural gas in the states of North Carolina, South Carolina and Tennessee. Piedmont is a public utility under the laws of this State, and its public utility operations in North Carolina are subject to the jurisdiction of this Commission. The Commission has previously granted Piedmont Certificates of Public Convenience and Necessity authorizing it to acquire certain gas franchises and properties in the State of North Carolina. Piedmont currently provides natural gas service to approximately 775,000 customers in North Carolina.

III.

Additions to Natural Gas Facilities for Expansion and in Compliance with Federal Pipeline Safety and Integrity Requirements

In order to make natural gas service available to as many citizens within its certificated service area as feasible, since its last rate case, Piedmont has been adding customers and making capital investments in various system growth projects, including reinforcement of existing transmission facilities. In addition to capital investments prompted by system growth, Piedmont has also made substantial capital investments (and is continuing to make such investments) in projects designed to enable the Company to comply with federal pipeline safety and integrity management requirements. The capital investments in integrity management related projects have been included in the operation of Piedmont's IMR mechanism. While Piedmont has been allowed to begin recovering the costs and earning a return on much of its capital investment for integrity related projects under the IMR mechanism, neither its integrity-related capital investments nor its capital expended for system growth infrastructure investments are currently reflected Piedmont's base rates. This rate case filing seeks to include all such capital invested since Piedmont's last general rate case filing into its base rates.

IV.

Reasons Supporting a General Rate Increase

As shown in Exhibit ___(QPB-7), filed concurrent with this Petition, the Company's *pro forma* overall rate of return as of December 31, 2020 is 5.54% and its *pro forma* return on common equity as of that time is only 6.92%. This pro forma level of return will not permit the Company to compete for debt and equity capital on reasonable terms, and, therefore, will not enable the Company to continue to invest in new plant, add new customers and provide adequate, safe, and reliable service to existing customers. If the Company is to maintain its facilities and services in accordance with the reasonable requirements of its customers and the requirements of the Pipeline and Hazardous Material Safety Administration ("PHMSA"), compete for capital on terms that are reasonable and fair to customers and to investors, and produce a fair return for stockholders, it must be granted general rate relief. These and other reasons supporting Piedmont's request for general rate relief are explained in the concurrently filed testimonies and exhibits of Piedmont witnesses Weintraub, Weisker, Newlin, Powers, Couzens, Bowman, D'Ascendis, and Menhorn.

V.

Effective Date of General Rate Increase

The Company proposes to make the rates set forth in Appendix I hereto effective on and after April 21, 2021; however, the Company anticipates that the Commission may suspend these rates and set this application for hearing. The Company respectfully requests that the Commission establish a procedural schedule that will permit the final rates in this case to become effective as soon as reasonably possible following the completion of any evidentiary hearing process determined necessary by the Commission.

VI.

Exhibits and Schedules

Pursuant to the provisions of Rule R1-17 of the Commission's Rules and Regulations, the Company is filing with this Petition: (1) a one page summary of all proposed increases and changes affecting customers, which schedule has been identified as Appendix I (Rule R1-17(b)(9)(f); (2) N.C.U.C. Form G-1 (Rule R1-17(b)(12)); and (3) the direct testimony and exhibits that will be relied upon by Petitioner at the hearing of this Docket (Rule R1-17(b)(13)). Information relative to Piedmont's filing and responsive to the requirements of Commission Rule R1-17(b)(1) to (10) is provided and/or discussed as follows:

Rule R1-17(b)(1)	Piedmont's present rates and charges now on file with and approved by the Commission are set forth in Appendix I.
Rule R1-17(b)(2)	Piedmont's proposed rates and charges proposed to be placed into effect on April 21, 2021 are set forth in Appendix I.
Rule R1-17(b)(3)	The original cost of all Piedmont property used or useful in providing service to the public to which the proposed rates relate as of December 31, 2020 as adjusted for projected changes through June 30, 2021 is set forth in Exhibit__ (QPB-1).
Rule R1-17(b)(5)	A statement of Accrued Depreciation on all property to which the proposed rates relate as of December 31, 2020 and of the rates and methods used in computing the amount charged to depreciation are set forth on Exhibit__(QPB-3) and Exhibit__(QPB-6).
Rule R1-17(b)(6)	A statement of materials and supplies costs as of December 31, 2020 is contained on line 3 of Exhibit__(QPB-4).
Rule R1-17(b)(7)	A statement of Cash Working Capital required by Piedmont for the efficient, economic operation of its business as of December 31, 2020 is contained in Exhibit__(QPB-4).
Rule R1-17(b)(8) &(9)	A statement of gross revenues received, operating expenses and net operating income for return on investment for the twelve months ended December 31, 2020, as the same appear on Petitioner's books, together with (1) accounting and pro forma adjustments, (2) rates of return on original cost rate base and (3) return on common equity is set forth in Exhibit__(QPB-7).
Rule R1-17(b)(10)	A Balance Sheet as of December 31, 2020, and Income Statement for the twelve months ended December 31, 2020 is set forth in Exhibit__(QPB-8).

VII.

Utilization of Existing Depreciation Rates

For purposes of this proceeding, Piedmont seeks to utilize the depreciation rates approved in Docket No. G-9, Sub 743, Piedmont's 2019 general rate case, to amortize the costs of assets, net of salvage value, over the estimated useful life of the assets. These depreciation rates were approved only two years ago and are sufficiently fresh that they do not require updating in this case. Utilization of these rates will allow Piedmont to continue to properly align the Company's recovery of its invested capital with the useful life of its underlying physical plant.

VIII.

Adoption of Lead/Lag Study from Docket No. G-9, Sub 743

For purposes of this proceeding, Piedmont proposes to utilize the Lead/Lag Study results from its prior 2019 rate case for purposes of calculating Cash Working Capital requirements in this proceeding. This Lead/Lag Study was adopted as part of the settlement with the Public Staff in the last case, was approved by the Commission in that context, and underlies Piedmont's current rates. The study is also relatively recent and Piedmont is not aware of any changes to its practices that would materially alter the results of that study. As such, Piedmont respectfully submits that the cost saving benefit to customers from not conducting a new study in this case outweigh the risk of any difference in lead/lag day computations that might result from conducting a new study.

IX.

Changes in Rate Schedules, Service Regulations, and Classifications

Piedmont proposes to implement new rates as reflected on Appendix I attached hereto. Piedmont's proposed rate changes are discussed in the testimonies of Piedmont witnesses Pia Powers, Kally Couzens, and Cindy Menhorn. Piedmont also proposes to make minor changes to its Rate Schedules and Service Regulations designed to clean up administrative inconsistencies in these tariffs. These proposed changes to Piedmont's Rate Schedules and Service Regulations are discussed in the testimony of Piedmont witness Pia Powers.

X.

Amortization and Collection of Unamortized Regulatory Asset Balances

Piedmont seeks amortization and collection of certain expenses that have been deferred pursuant to prior Commission order. These costs, proposed amortizations and recovery are discussed in the testimony of Piedmont witness Quynh Bowman.

XI.

Establishment of New Energy Efficiency Program Cost Recovery Rider

Piedmont proposes to establish, as Appendix H to its North Carolina Service Regulations, a new rider mechanism to collect and recover the costs of its various approved energy efficiency programs. The rider proposed by the Company will be similar to those authorized and approved by the Commission for various electric utilities in the State who compete with Piedmont and whose energy efficiency and conservation programs, in some cases, provide incentives to adopt electricity in applications where natural gas is a competitive alternative fuel. Allowing natural gas utilities to effectuate recovery of dollars spent on energy efficiency using the same rider mechanism as competing electric utilities will ensure a level playing field when managing and operating these types of programs for the benefit of the public and will guard against unfair or destructive competition. This rider is discussed in the testimony of Piedmont witness Powers. In the alternative, Piedmont requests authorization from the Commission to defer the costs incurred under its approved Energy Efficiency programs (which have been removed from its base rates in this filing), in order to amortize such costs in a future proceeding subject to the Commission's discretion.

XII.

Intent to Update as Permitted by N. C. Gen. Stat. § 62-133(c)

This Petition, the N.C.U.C. Form G-1 and the testimony and exhibits of witnesses contain information that is now known to the Company and upon which the Company will rely to support this request. However, the Company plans to offer at or prior to hearing such additional relevant, material, and competent evidence as may be permitted by G.S. § 62-133(c) or other provision of North Carolina law as to the Company's costs, revenues, volumes, rate base, return or any other matter relevant to the Commission's determination of the matters raised herein.

XIII.

Consolidation with Docket No. G-9, Sub 722

Piedmont is aware of the Commission's March 16, 2021 Order Consolidating Dockets and Requiring Filing of Testimony issued in Docket No. G-9, Sub 722, which consolidated issues pending in that docket with this rate case proceeding and directed the filing of prefiled testimony by Piedmont in support of its positions in Sub 722 by April 19, 2021. Piedmont will comply with this Order and will prefile testimony on the issues raised in Docket No. G-9, Sub 722 on or before April 19, 2021.

WHEREFORE, the Company respectfully requests the Commission to grant a general increase in rates and charges for natural gas services, to approve the proposed rates set forth in Appendix I hereto, to adopt the depreciation rates and Lead/Lag study for Piedmont approved in its last general rate case proceeding, to approve the changes in rate design, costs, revenues, rate base, cost allocation, rate schedules, service regulations, classifications and practices requested herein, to amortize and permit recovery by Piedmont (or a return to customers) of certain deferred environmental and pipeline integrity management costs, to approve a new rider mechanism for recovery of energy efficiency program costs, and to grant all other relief requested herein and addressed in the testimony of Piedmont's witnesses filed concurrently herewith, all to be effective April 21, 2021. The Company further requests that the Commission grant a waiver of any of the Commission's Rules and Regulations as may be necessary or appropriate to provide the Company with the relief requested in this Petition.

This the 22nd day of March, 2021.

PIEDMONT NATURAL GAS COMPANY, INC.

/s/ James H. Jeffries IV
James H. Jeffries IV
McGuire Woods LLP
201 North Tryon Street, Suite 3000
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/s/ Brian S. Heslin
Brian S. Heslin
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Piedmont Natural Gas Company, Inc.
General Rate Case
Docket No. G-9, Sub 781

APPENDIX I

Piedmont Natural Gas Company, Inc.
Comparison of Present and Proposed Rates
Docket No. G-9 Sub 781

Rate Schedule	Present Revenue Rates[1]	Proposed Revenue Rates
101 - Residential Service		
Monthly Charge	10.00	10.00
Monthly Charge	10.00	10.00
Winter per DT	11.8924	13.9247
Summer per DT	11.3826	13.4149
102- Small General Service		
Monthly Charge	22.00	22.00
Winter per DT	8.9239	10.6894
Summer per DT	8.5261	10.2916
152- Medium General Service		
Monthly Charge	75.00	75.00
Winter - First 500 per DT	8.0544	9.3837
Winter - Over 500 per DT	7.7234	9.0527
Summer - First 500 per DT	7.9968	9.3261
Summer - Over 500 per DT	7.6913	9.0206
142 - Natural Gas Vehicle Fuel		
Winter per DT	9.0293	10.8500
Summer per DT	9.0293	10.8500
Compression Charge per DT (maximum rate)	4.0000	4.0000
143- Experimental Motor Vehicle Fuel		
Monthly Charge	*Monthly charge is reflected on corresponding rate schedule*	
Winter per DT	*Volumetric charge is reflected on corresponding rate schedule*	
Summer per DT	*Volumetric charge is reflected on corresponding rate schedule*	
Compression Charge per DT (maximum rate)	4.0000	4.0000
144- Experimental Medium Gen Motor Fuel - Transportation		
Monthly Charge	75.00	75.00
Winter - First 500 per DT	5.5544	6.8837
Winter - Over 500 per DT	5.2234	6.5527
Summer - First 500 per DT	5.4968	6.8261
Summer - Over 500 per DT	5.1913	6.5206
Compression Charge per DT (maximum rate)	4.0000	4.0000
103 - Large General Sales Service		
Monthly Charge	350.00	350.00
Demand Charge per DT	14.9500	15.1700
Winter - First 1,500 per DT	4.3133	4.7948
Winter - Next 3,000 per DT	3.6806	4.0093
Winter - Next 9,000 per DT	3.3394	3.5943
Winter - Next 16,500 per DT	3.1911	3.4073
Winter - Next 30,000 per DT	3.1506	3.3493
Winter - Over 60,000 per DT	2.7656	2.9223
Summer - First 1,500 per DT	3.6927	3.8749
Summer - Next 3,000 per DT	3.3665	3.4908
Summer - Next 9,000 per DT	3.1225	3.2210
Summer - Next 16,500 per DT	3.0085	3.0813
Summer - Next 30,000 per DT	2.8404	2.9075
Summer - Over 60,000 per DT	2.6673	2.7267
104 - Interruptible Sales Service		
Monthly Charge	350.00	350.00
Winter - First 1,500 per DT	4.5897	4.8596
Winter - Next 3,000 per DT	4.3733	4.4764
Winter - Next 9,000 per DT	4.0283	4.0693
Winter - Next 16,500 per DT	3.7511	3.7543
Winter - Next 30,000 per DT	3.4935	3.5163
Winter - Over 60,000 per DT	3.2747	3.3342
Summer - First 1,500 per DT	4.2652	4.1940
Summer - Next 3,000 per DT	3.8013	3.8924
Summer - Next 9,000 per DT	3.7395	3.7824
Summer - Next 16,500 per DT	3.5843	3.5937
Summer - Next 30,000 per DT	3.4654	3.5084
Summer - Over 60,000 per DT	3.2914	3.3665

Piedmont Natural Gas Company, Inc.
Comparison of Present and Proposed Rates
Docket No. G-9 Sub 781

Rate Schedule	Present Revenue Rates[1]	Proposed Revenue Rates
113 - Large General Transportation Service		
Monthly Charge	350.00	350.00
Demand Charge per DT	2.9500	3.1700
Winter - First 1,500 per DT	1.8133	2.2948
Winter - Next 3,000 per DT	1.1806	1.5093
Winter - Next 9,000 per DT	0.8394	1.0943
Winter - Next 16,500 per DT	0.6911	0.9073
Winter - Next 30,000 per DT	0.6506	0.8493
Winter - Over 60,000 per DT	0.2656	0.4223
Summer - First 1,500 per DT	1.1927	1.3749
Summer - Next 3,000 per DT	0.8665	0.9908
Summer - Next 9,000 per DT	0.6225	0.7210
Summer - Next 16,500 per DT	0.5085	0.5813
Summer - Next 30,000 per DT	0.3404	0.4075
Summer - Over 60,000 per DT	0.1673	0.2267
114 - Interruptible Transportation Service		
Monthly Charge	350.00	350.00
Winter - First 1,500 per DT	1.9171	2.1870
Winter - Next 3,000 per DT	1.3299	1.4330
Winter - Next 9,000 per DT	1.0252	1.0662
Winter - Next 16,500 per DT	0.6863	0.6895
Winter - Next 30,000 per DT	0.5192	0.5420
Winter - Over 60,000 per DT	0.3022	0.3617
Summer - First 1,500 per DT	1.2270	1.1558
Summer - Next 3,000 per DT	0.7511	0.8422
Summer - Next 9,000 per DT	0.6377	0.6806
Summer - Next 16,500 per DT	0.5060	0.5154
Summer - Next 30,000 per DT	0.3613	0.4043
Summer - Over 60,000 per DT	0.2165	0.2916
105 - Outdoor Gas Light Service		
Per Fixture Charge	18.93	21.18
T-10 - Military Operations Transportation		
Demand Charge per DT	10.0000	10.0000
Winter per DT	1.4711	1.9886
Summer per DT	0.5611	0.6498
12 - Military Installations in Onslow County - Sales		
Winter per DT	5.4398	*eliminated*
Summer per DT	4.9009	*eliminated*
T-12 - Military Installation in Onslow County - Transportation		
Winter per DT	2.9398	*eliminated*
Summer per DT	2.4009	*eliminated*
106 - Schedule For Limiting and Curtailing		
Emergency Gas per DT	10.0000	10.0000
Unauthorized Gas per DT	25.0000	25.0000
Reconnect Fees		
Residential		
February Through August	55.00	55.00
September Through January	85.00	85.00
All Others		
February Through August	55.00	55.00
September Through January	110.00	110.00
Returned Check Charge		
Returned Check Charge	25.00	25.00

1/ Present Revenue Rates include IMR base billing rates for the recovery of the current IMR revenue requirement and are exclusive of temporary increments or decrements.

--/A

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

VERIFICATION

Bruce Barkley, being duly sworn, deposes and says that he is Vice President – Rates and Natural Gas Supply of Piedmont Natural Gas Company, Inc., that as such, he has read the foregoing and knows the contents thereof; and he believes that the facts set forth therein are true and correct.

Bruce Barkley

Bruce Barkley

Mecklenburg County, North Carolina
Signed and sworn to before me this day by Bruce Barkley

Date: 03/19/2021

Notary Public

(Official Seal)

My commission expires: 09-25-2022

CHETAN PATEL
Notary Public
Mecklenburg County N.C.
My Commission Expires 9-25-2022

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Updated Appendix I

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Updated Appendix I

Piedmont Natural Gas Company, Inc.
Comparison of Present and Proposed Rates
Docket No. G-9 Sub 781

Rate Schedule	Updated Present Revenue Rates[1]	Updated Proposed Revenue Rates
101 - Residential Service		
Monthly Charge	10.00	10.00
Monthly Charge	10.00	10.00
Winter per DT	12.7201	14.4492
Summer per DT	12.2103	13.9394
102- Small General Service		
Monthly Charge	22.00	22.00
Winter per DT	9.7244	11.3058
Summer per DT	9.3266	10.9080
152- Medium General Service		
Monthly Charge	75.00	75.00
Winter - First 500 per DT	8.8549	10.0929
Winter - Over 500 per DT	8.5239	9.7619
Summer - First 500 per DT	8.7973	10.0353
Summer - Over 500 per DT	8.4918	9.7298
142 - Natural Gas Vehicle Fuel		
Winter per DT	9.8298	11.4121
Summer per DT	9.8298	11.4121
Compression Charge per DT (maximum rate)	4.0000	4.0000
143- Experimental Motor Vehicle Fuel		
Monthly Charge	*Monthly charge is reflected on corresponding rate schedule*	
Winter per DT	*Volumetric charge is reflected on corresponding rate schedule*	
Summer per DT	*Volumetric charge is reflected on corresponding rate schedule*	
Compression Charge per DT (maximum rate)	4.0000	4.0000
144- Experimental Medium Gen Motor Fuel - Transportation		
Monthly Charge	75.00	75.00
Winter - First 500 per DT	5.6049	6.8429
Winter - Over 500 per DT	5.2739	6.5119
Summer - First 500 per DT	5.5473	6.7853
Summer - Over 500 per DT	5.2418	6.4798
Compression Charge per DT (maximum rate)	4.0000	4.0000
103 - Large General Sales Service		
Monthly Charge	350.00	350.00
Demand Charge per DT	14.9500	15.1700
Winter - First 1,500 per DT	5.0806	5.5170
Winter - Next 3,000 per DT	4.4479	4.7558
Winter - Next 9,000 per DT	4.1067	4.3430
Winter - Next 16,500 per DT	3.9584	4.1586
Winter - Next 30,000 per DT	3.9179	4.1022
Winter - Over 60,000 per DT	3.5329	3.6779
Summer - First 1,500 per DT	4.4600	4.6239
Summer - Next 3,000 per DT	4.1338	4.2439
Summer - Next 9,000 per DT	3.8898	3.9755
Summer - Next 16,500 per DT	3.7758	3.8372
Summer - Next 30,000 per DT	3.6077	3.6648
Summer - Over 60,000 per DT	3.4346	3.4854
104 - Interruptible Sales Service		
Monthly Charge	350.00	350.00
Winter - First 1,500 per DT	5.3570	5.5900
Winter - Next 3,000 per DT	5.1406	5.2265
Winter - Next 9,000 per DT	4.7956	4.8211
Winter - Next 16,500 per DT	4.5184	4.5082
Winter - Next 30,000 per DT	4.2608	4.2714
Winter - Over 60,000 per DT	4.0420	4.0915
Summer - First 1,500 per DT	5.0325	4.9395
Summer - Next 3,000 per DT	4.5686	4.6430
Summer - Next 9,000 per DT	4.5068	4.5347
Summer - Next 16,500 per DT	4.3516	4.3477
Summer - Next 30,000 per DT	4.2327	4.2641
Summer - Over 60,000 per DT	4.0587	4.1240

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Updated Appendix I

Piedmont Natural Gas Company, Inc.
Comparison of Present and Proposed Rates
Docket No. G-9 Sub 781

Rate Schedule	Updated Present Revenue Rates[1]	Updated Proposed Revenue Rates
113 - Large General Transportation Service		
Monthly Charge	350.00	350.00
Demand Charge per DT	2.9500	3.1700
Winter - First 1,500 per DT	1.8306	2.2670
Winter - Next 3,000 per DT	1.1979	1.5058
Winter - Next 9,000 per DT	0.8567	1.0930
Winter - Next 16,500 per DT	0.7084	0.9086
Winter - Next 30,000 per DT	0.6679	0.8522
Winter - Over 60,000 per DT	0.2829	0.4279
Summer - First 1,500 per DT	1.2100	1.3739
Summer - Next 3,000 per DT	0.8838	0.9939
Summer - Next 9,000 per DT	0.6398	0.7255
Summer - Next 16,500 per DT	0.5258	0.5872
Summer - Next 30,000 per DT	0.3577	0.4148
Summer - Over 60,000 per DT	0.1846	0.2354
114 - Interruptible Transportation Service		
Monthly Charge	350.00	350.00
Winter - First 1,500 per DT	1.9344	2.1674
Winter - Next 3,000 per DT	1.3472	1.4331
Winter - Next 9,000 per DT	1.0425	1.0680
Winter - Next 16,500 per DT	0.7036	0.6934
Winter - Next 30,000 per DT	0.5365	0.5471
Winter - Over 60,000 per DT	0.3195	0.3690
Summer - First 1,500 per DT	1.2443	1.1513
Summer - Next 3,000 per DT	0.7684	0.8428
Summer - Next 9,000 per DT	0.6550	0.6829
Summer - Next 16,500 per DT	0.5233	0.5194
Summer - Next 30,000 per DT	0.3786	0.4100
Summer - Over 60,000 per DT	0.2338	0.2991
105 - Outdoor Gas Light Service		
Per Fixture Charge	18.93	20.79
T-10 - Military Operations Transportation		
Demand Charge per DT	10.0000	10.0000
Winter per DT	1.4884	1.9543
Summer per DT	0.5784	0.6540
12 - Military Installations in Onslow County - Sales		
Winter per DT	6.2071	*eliminated*
Summer per DT	5.6682	*eliminated*
T-12 - Military Installation in Onslow County - Transportation		
Winter per DT	2.9571	*eliminated*
Summer per DT	2.4182	*eliminated*
106 - Schedule For Limiting and Curtailing		
Emergency Gas per DT	10.0000	10.0000
Unauthorized Gas per DT	25.0000	25.0000
Reconnect Fees		
Residential		
February Through August	55.00	55.00
September Through January	85.00	85.00
All Others		
February Through August	55.00	55.00
September Through January	110.00	110.00
Returned Check Charge		
Returned Check Charge	25.00	25.00

1/ Present Revenue Rates, effective July 1, 2021 in Docket No. G-9, Sub 790, include IMR base billing rates for the recovery of the current IMR revenue requirement and are exclusive of temporary increments or decrements.