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

	Six Months Ended June 30,		
(in millions)	2019	2018	Variance
Operating Revenues	$ 5,316	$ 5,074	$ 242
Operating Expenses			
Fuel used in electric generation and purchased power	1,913	1,871	42
Operation, maintenance and other	1,173	1,233	(60)
Depreciation and amortization	881	764	117
Property and other taxes	280	254	26
Impairment charges	—	33	(33)
Total operating expenses	4,247	4,155	92
(Losses) Gains on Sales of Other Assets and Other, net	(1)	12	(13)
Operating Income	1,068	931	137
Other Income and Expenses, net	65	77	(12)
Interest Expense	438	412	26
Income Before Income Taxes	695	596	99
Income Tax Expense	118	92	26
Net Income	577	504	73
Less: Net Income Attributable to Noncontrolling Interests	—	4	(4)
Net Income Attributable to Parent	$ 577	$ 500	$ 77

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- a $193 million increase in retail pricing primarily due to the impacts of the prior year Duke Energy Progress North Carolina rate case, Duke Energy Florida's base rate adjustments related to Citrus County CC being placed in service and annual increases from the 2017 Settlement Agreement;
- a $54 million increase in fuel revenues primarily related to increased fuel cost recovery due to extreme weather in the prior year at Duke Energy Progress;
- a $17 million increase in weather-normal retail sales volumes at Duke Energy Florida;
- a $12 million increase in transmission revenues related to the Fixed Bill program at Duke Energy Florida; and
- an $11 million increase in rider revenues primarily related to energy efficiency programs at Duke Energy Progress.

Partially offset by:

- a $22 million decrease in fuel and capacity revenues primarily due to a decrease in fuel and capacity rates billed to retail customers at Duke Energy Florida;
- a $14 million decrease in retail rider revenues at Duke Energy Progress primarily related to decreased revenue requirements in the current year; and
- a $13 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year at Duke Energy Progress.

Operating Expenses. The variance was driven primarily by:

- a $117 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs, new depreciation rates associated with the prior year Duke Energy Progress North Carolina rate case and Duke Energy Florida's base rate adjustments related to Citrus County CC being placed in service;
- a $42 million increase in fuel used in electric generation and purchased power primarily due to an increase in the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement from prior year at Duke Energy Progress, partially offset by lower purchased power at Duke Energy Florida; and
- a $26 million increase in property and other taxes primarily due to higher property taxes for additional plant in service at Duke Energy Florida and a favorable sales and use tax credit in the prior year at Duke Energy Progress.

Partially offset by:

- a $60 million decrease in operation, maintenance and other expense primarily due to prior year impacts associated with the Duke Energy Progress North Carolina rate case and lower employee benefit expenses at Duke Energy Progress; and
- a $33 million decrease in impairment charges primarily due to prior year impacts associated with the Duke Energy Progress North Carolina rate case.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity return ending on the Citrus County CC in the fourth quarter of 2018 at Duke Energy Florida, partially offset by life insurance proceeds at Duke Energy Progress.

Interest Expense. The variance was driven primarily by AFUDC debt return ending in the fourth quarter of 2018 on the Citrus County CC at Duke Energy Florida.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income and a decrease in AFUDC equity in the current year. The ETRs for the six months ended June 30, 2019, and 2018, were 17.0 percent and 15.4 percent, respectively. The increase in the ETR was primarily due to a decrease in AFUDC equity in the current year.

Matters Impacting Future Results

On May 21, 2019, the PSCSC issued an order granting Duke Energy Progress' request for a retail rate increase but denying recovery of certain coal ash costs. On May 31, 2019, Duke Energy Progress filed a Petition for Rehearing or Reconsideration and awaits the order on reconsideration detailing the commission's decision. Once the order is received, Duke Energy Progress has 30 days to file a notice of appeal with the South Carolina Supreme Court. Progress Energy's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, were eligible for reassessment as low risk pursuant to legislation enacted on July 14, 2016. On November 14, 2018, NCDEQ issued final low-risk classifications for these impoundments, indicating that Duke Energy Progress had satisfied the permanent replacement water supply and certain dam improvement requirements set out in the Coal Ash Management Act. On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Progress to excavate all remaining coal ash impoundments in North Carolina. On April 26, 2019, Duke Energy Progress filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. Duke Energy Progress intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Progress Energy's results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. As noted above, the order issued in the Duke Energy Progress North Carolina rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. The NCUC did allow Duke Energy Carolinas to petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NCUC, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. If the NCUC were to rule similarly, Progress Energy's results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territory of Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Progress filed with the NCUC a petition for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. On June 11, 2019, the FPSC approved Duke Energy Florida's petition for recovery of incremental storm restoration costs related to Hurricane Michael. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

DUKE 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

	Six Months Ended June 30,		
(in millions)	2019	2018	Variance
Operating Revenues	$ 2,871	$ 2,751	$ 120
Operating Expenses			
Fuel used in electric generation and purchased power	994	917	77
Operation, maintenance and other	692	756	(64)
Depreciation and amortization	541	470	71
Property and other taxes	85	75	10
Impairment charges	—	33	(33)
Total operating expenses	2,312	2,251	61
Gains on Sales of Other Assets and Other, net	—	2	(2)
Operating Income	559	502	57
Other Income and Expenses, net	48	37	11
Interest Expense	158	159	(1)
Income Before Income Taxes	449	380	69
Income Tax Expense	77	64	13
Net Income	$ 372	$ 316	$ 56

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

Increase (Decrease) over prior period	2019
Residential sales	(7.6)%
General service sales	(3.3)%
Industrial sales	0.7 %
Wholesale power sales	(5.0)%
Joint dispatch sales	20.8 %
Total sales	(1.7)%
Average number of customers	1.3 %

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- a $68 million increase in retail pricing due to the impacts of the prior year North Carolina rate case and the current year South Carolina rate case;
- a $54 million increase in fuel revenues primarily related to increased fuel cost recovery due to extreme weather in the prior year; and
- an $11 million increase in rider revenues primarily related to energy efficiency programs.

Partially offset by:

- a $13 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year.

Operating Expenses. The variance was driven primarily by:

- a $77 million increase in fuel used in electric generation and purchased power primarily due to a higher deferred fuel balance and an increase in the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement from prior year, partially offset by lower demand and changes in generation mix;
- a $71 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs and new depreciation rates associated with the prior year North Carolina rate case, partially offset by the amortization credit for the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard requirement increase from prior year; and
- a $10 million increase in property and other taxes primarily due to a favorable sales and use tax credit in the prior year.

Partially offset by:

- a $64 million decrease in operation, maintenance and other expense primarily due to prior year impacts associated with the North Carolina rate case and lower employee benefit and outage costs; and

- a $33 million decrease in impairment charges due to prior year impacts associated with the North Carolina rate case.

Other Income and Expenses, net. The variance was driven primarily by life insurance proceeds.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income. The ETRs for the six months ended June 30, 2019, and 2018, were 17.1 percent and 16.8 percent, respectively.

Matters Impacting Future Results

On May 21, 2019, the PSCSC issued an order granting Duke Energy Progress' request for a retail rate increase but denying recovery of certain coal ash costs. On May 31, 2019, Duke Energy Progress filed a Petition for Rehearing or Reconsideration and awaits the order on reconsideration detailing the commission's decision. Once the order is received, Duke Energy Progress has 30 days to file a notice of appeal with the South Carolina Supreme Court. Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 18, 2016, the NCDEQ issued proposed risk classifications for all coal ash surface impoundments in North Carolina. All ash impoundments not previously designated as high priority by the Coal Ash Act were designated as intermediate risk. Certain impoundments classified as intermediate risk, however, were eligible for reassessment as low risk pursuant to legislation enacted on July 14, 2016. On November 14, 2018, NCDEQ issued final low-risk classifications for these impoundments, indicating that Duke Energy Progress had satisfied the permanent replacement water supply and certain dam improvement requirements set out in the Coal Ash Management Act. On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Progress to excavate all remaining coal ash impoundments in North Carolina. On April 26, 2019, Duke Energy Progress filed a Petition for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. Duke Energy Progress intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. As the final closure plans and corrective action measures are developed and approved for each site, the closure work progresses, and the closure method scope and remedial action methods are determined, the complexity of work and the amount of coal combustion material could be different than originally estimated and, therefore, could materially impact Duke Energy Progress' results of operations, financial position and cash flows. See Note 4 to the Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information.

Duke Energy Progress is a party to multiple lawsuits and subject to fines and other penalties related to operations at certain North Carolina facilities with ash basins. As noted above, the order issued in the Duke Energy Progress North Carolina rate case supporting recovery of past coal ash remediation costs has been appealed by various parties. The outcome of these appeals, lawsuits, fines and penalties could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows. See Notes 3 and 4 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively, for additional information.

Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. The NCUC did allow Duke Energy Carolinas to petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NCUC, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. If the NCUC were to rule similarly, Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Progress' service territory was impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Progress filed with the NCUC a petition for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

DUKE 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

	Six Months Ended June 30,		
(in millions)	2019	2018	Variance
Operating Revenues	$ 2,439	$ 2,318	$ 121
Operating Expenses			
Fuel used in electric generation and purchased power	919	953	(34)
Operation, maintenance and other	474	474	—
Depreciation and amortization	340	294	46
Property and other taxes	196	179	17
Total operating expenses	1,929	1,900	29
Losses on Sales of Other Assets and Other, net	(1)	—	(1)
Operating Income	509	418	91
Other Income and Expenses, net	25	47	(22)
Interest Expense	165	137	28
Income Before Income Taxes	369	328	41
Income Tax Expense	72	57	15
Net Income	$ 297	$ 271	$ 26

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

Increase (Decrease) over prior period	2019
Residential sales	2.1 %
General service sales	1.2 %
Industrial sales	(6.0)%
Wholesale and other	5.9 %
Total sales	0.3 %
Average number of customers	1.5 %

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- a $125 million increase in retail pricing due to base rate adjustments related to Citrus County CC being placed in service and annual increases from the 2017 Settlement Agreement;
- a $17 million increase in weather-normal retail sales volumes driven by residential growth; and
- a $12 million increase in other revenues primarily due to increased transmission revenues related to the Fixed Bill program which began later in 2018 and non-regulated products and services revenues.

Partially offset by:

- a $22 million decrease in fuel and capacity revenues primarily due to a decrease in fuel and capacity rates billed to retail customers; and
- a $14 million decrease in retail rider revenues primarily related to decreased revenue requirements in the current year.

Operating Expenses. The variance was driven primarily by:

- a $46 million increase in depreciation and amortization expense primarily due to base rate adjustments related to Citrus County CC being placed in service, other additional plant in service and increases resulting from the 2018 Crystal River Unit 3 nuclear decommissioning cost study; and
- a $17 million increase in property and other taxes primarily due to higher property taxes from additional plant in service.

Partially offset by:

- a $34 million decrease in fuel used in electric generation and purchased power primarily due to lower purchased power, partially offset by higher deferred fuel and capacity expenses.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity return ending on the Citrus County CC in the fourth quarter of 2018.

Interest Expense. The variance was driven primarily by AFUDC debt return ending on the Citrus County CC in the fourth quarter of 2018 and higher debt outstanding in the current year.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income and a decrease in AFUDC equity in the current year. The ETRs for the six months ended June 30, 2019, and 2018, were 19.5 percent and 17.4 percent, respectively. The increase in the ETR was primarily due to a decrease in AFUDC equity in the current year.

Matters Impacting Future Results

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 5 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused significant damage within the service territory of Duke Energy Florida, particularly from Panama City Beach to Mexico Beach. Duke Energy Florida has not completed the final accumulation of total estimated storm restoration costs incurred. On June 11, 2019, the FPSC approved Duke Energy Florida's petition for recovery of incremental storm restoration costs related to Hurricane Michael. An order from regulatory authorities disallowing the future recovery of storm restoration costs could have an adverse impact on Duke Energy Florida's financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

DUKE 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

	Six Months Ended June 30,		
(in millions)	**2019**	**2018**	**Variance**
Operating Revenues			
Regulated electric	**$ 691**	$ 682	$ 9
Regulated natural gas	**273**	277	(4)
Nonregulated electric and other	**—**	24	(24)
Total operating revenues	**964**	983	(19)
Operating Expenses			
Fuel used in electric generation and purchased power – regulated	**179**	185	(6)
Fuel used in electric generation and purchased power – nonregulated	**—**	29	(29)
Cost of natural gas	**64**	69	(5)
Operation, maintenance and other	**255**	261	(6)
Depreciation and amortization	**130**	132	(2)
Property and other taxes	**158**	145	13
Total operating expenses	**786**	821	(35)
Losses on Sales of Other Assets and Other, net	**—**	(106)	106
Operating Income	**178**	56	122
Other Income and Expenses, net	**15**	14	1
Interest Expense	**54**	45	9
Income Before Income Taxes	**139**	25	114
Income Tax Expense	**23**	4	19
Net Income	**$ 116**	$ 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.

	Electric	Natural Gas
Increase (Decrease) over 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 %

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- a $25 million decrease in fuel related revenues primarily due to a decrease in sales volumes;
- a $16 million decrease in rider revenues primarily related to the implementation of new base rates;
- a $14 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year;
- a $12 million decrease in FTR rider revenues; and
- a $6 million decrease in OVEC revenues.

Partially offset by:

- a $38 million increase in retail pricing primarily due to rate case impacts; and
- a $12 million increase in point-to-point transmission revenues.

Operating Expenses. The variance was driven primarily by:

- a $35 million decrease in fuel used in electric generation and purchased power expense due to the prior year outage at East Bend Station and the deferral of OVEC related purchased power costs.

Partially offset by:

- a $13 million increase in property and other taxes primarily due to a higher tax base.

Other Income and Expenses, net. The variance was driven primarily by an increase in intercompany money pool interest income.

Losses on Sales of Other Assets and Other, net. The increase was driven by the loss on the prior year sale of Beckjord.

Interest Expense. The variance was driven primarily by higher debt outstanding in the current year.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income. The ETRs for the six months ended June 30, 2019, and 2018, were 16.5 percent and 16.0 percent, respectively.

Matters Impacting Future Results

On November 13, 2013, the PUCO issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact on Duke Energy Ohio's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

DUKE 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

	Six Months Ended June 30,		
(in millions)	**2019**	**2018**	**Variance**
Operating Revenues	$ **1,482**	$ 1,469	$ 13
Operating Expenses			
Fuel used in electric generation and purchased power	**486**	458	28
Operation, maintenance and other	**377**	378	(1)
Depreciation and amortization	**263**	256	7
Property and other taxes	**39**	40	(1)
Total operating expenses	**1,165**	1,132	33
Operating Income	**317**	337	(20)
Other Income and Expenses, net	**27**	13	14
Interest Expense	**71**	83	(12)
Income Before Income Taxes	**273**	267	6
Income Tax Expense	**66**	69	(3)
Net Income	$ **207**	$ 198	$ 9

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

Increase (Decrease) over prior year	2019
Residential sales	(6.3)%
General service sales	(1.7)%
Industrial sales	(1.6)%
Wholesale power sales	(33.1)%
Total sales	(7.8)%
Average number of customers	1.3 %

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- a $25 million increase in fuel revenues primarily due to higher fuel rates billed to customers, partially offset by lower wholesale fuel revenues due to the expiration of a contract with a wholesale customer.

Partially offset by:

- a $10 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year; and
- a $1 million decrease in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by:

- a $28 million increase in fuel used in electric generation and purchased power expense primarily due to higher amortization of deferred fuel costs and higher purchased power, partially offset by lower natural gas and coal costs; and
- a $7 million increase in depreciation and amortization expense primarily due to the regulatory liability related to Edwardsport IGCC plant being fully amortized in the prior year.

Other Income and Expenses, net. The increase was primarily due to life insurance proceeds, a prior year deduction for customer refunds, legal fees and contributions related to the IGCC tax settlement and a prior year true up of executive deferred compensation.

Interest Expense. The variance was primarily due to recording a debt return on the cumulative balance of deferred coal ash spend based on probability of recovery. This adjustment was immaterial and primarily relates to prior years.

Income Tax Expense. The decrease in tax expense was primarily due to an increase in the amortization of excess deferred taxes, partially offset by an increase in pretax income. The ETRs for the six months ended June 30, 2019, and 2018, were 24.2 percent and 25.8 percent, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Matters Impacting Future Results

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

Duke Energy Indiana filed a general rate case with the IURC on July 2, 2019, its first general rate case in Indiana in 16 years. The outcome of this rate case could materially impact Duke Energy Indiana's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

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

	Six Months Ended June 30,		
(in millions)	2019	2018	Variance
Operating Revenues	$ 788	$ 768	$ 20
Operating Expenses			
Cost of natural gas	338	333	5
Operation, maintenance and other	163	167	(4)
Depreciation and amortization	84	78	6
Property and other taxes	25	24	1
Total operating expenses	610	602	8
Operating Income	178	166	12
Other Income and Expenses, net	12	9	3
Interest Expense	43	41	2
Income Before Income Taxes	147	134	13
Income Tax Expense	32	32	—
Net Income	$ 115	$ 102	$ 13

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

Increase (Decrease) over prior year	2019
Residential deliveries	(8.3)%
Commercial deliveries	(5.1)%
Industrial deliveries	2.0 %
Power generation deliveries	(7.9)%
For resale	4.9 %
Total throughput deliveries	(5.7)%
Secondary market volumes	7.1 %
Average number of customers	1.2 %

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

Six Months Ended June 30, 2019, as compared to June 30, 2018

Operating Revenues. The variance was driven primarily by:

- an $11 million increase primarily due to North Carolina and Tennessee IMR increases;
- a $9 million increase primarily due to higher natural gas prices associated with increased off-system sales; and
- an $8 million increase primarily due to NCUC approval related to tax reform accounting from fixed rate contracts.

Partially offset by:

- a $6 million decrease primarily due to a reduction of rates in South Carolina.

Operating Expenses. The variance was driven primarily by:

- a $6 million increase in depreciation and amortization expense primarily due to additional plant in service; and
- a $5 million increase in cost of natural gas primarily due to the impact of higher natural gas prices on off-system sales and unbilled revenue.

Partially offset by:

- a $4 million decrease in operations, maintenance and other expense primarily due to lower labor costs and a portion of rent expense being charged to shared services in current year.

Interest Expense. The variance was driven by higher debt outstanding in the current year and higher interest expense due to customers as a result of tax reform deferrals, partially offset by favorable AFUDC debt interest.

Matters Impacting Future Results

Piedmont filed a general rate case with the NCUC on April 1, 2019, its first general rate case in North Carolina in six years. The outcome of this rate case could materially impact Piedmont's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2018, for discussion of risks associated with the Tax Act.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt and equity issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. See Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018, for a summary and detailed discussion of projected primary sources and uses of cash for 2019 to 2021.

Duke Energy issued $3.8 billion of debt, drew $650 million under the Duke Energy Progress Term Loan Facility and paid off in full the $350 million Piedmont term loan during the six months ended June 30, 2019. Refer to Note 6 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for information regarding Duke Energy's debt issuances, debt maturities and available credit facilities including the Master Credit Facility.

In March 2019, Duke Energy issued preferred stock for net proceeds of $973 million. In addition, for the six months ended June 30, 2019, Duke Energy raised approximately $80 million of common equity through its DRIP. Refer to Note 15 to the Condensed Consolidated Financial Statements, "Stockholders' Equity," for information regarding Duke Energy's equity issuances.

Credit Ratings

In May 2019, S&P revised the credit ratings outlook for Duke Energy Corporation and all other Duke Energy Registrants from stable to negative, principally due to concerns of weaker financial measures due to 2018 storms, uncertainty over coal ash remediation costs and recovery in the Carolinas, regulatory lag during a period of robust capital spending and delays related to the ACP pipeline. There have been no changes to the credit ratings of any of the Duke Energy Registrants during 2019 by any of the rating agencies. Moody's and Fitch continue to maintain a stable outlook on Duke Energy Corporation.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

	Six Months Ended June 30,	
(in millions)	**2019**	**2018**
Cash flows provided by (used in):		
Operating activities	**$ 3,056**	$ 3,302
Investing activities	**(5,788)**	(4,645)
Financing activities	**2,622**	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	**$ 481**	$ 427

OPERATING CASH FLOWS

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

	Six Months Ended June 30,		
(in millions)	**2019**	**2018**	**Variance**
Net income	**$ 1,641**	$ 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	**(336)**	(245)	(91)
Payment for disposal of other assets	**—**	(105)	105
Working capital	**(1,170)**	(413)	(757)
Net cash provided by operating activities	**$ 3,056**	$ 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.

INVESTING CASH FLOWS

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

	Six Months Ended June 30,		
(in millions)	2019	2018	Variance
Capital, investment and acquisition expenditures	$ (5,627)	$ (4,515)	$ (1,112)
Other investing items	(161)	(130)	(31)
Net cash used in investing activities	$ (5,788)	$ (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.

	Six Months Ended June 30,		
(in millions)	2019	2018	Variance
Issuances of long-term debt, net	$ 2,467	$ 537	$ 1,930
Issuances of common stock	27	820	(793)
Issuances of preferred stock	973	—	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	$ 2,622	$ 1,265	$ 1,357

The variance was primarily due to:

- a $973 million increase in proceeds from the issuance of preferred stock; and
- a $1,930 million increase in proceeds from net issuances of long-term debt primarily due to the timing of issuances and redemptions of long-term debt.

Partially offset by:

- an $807 million decrease in net proceeds from issuances of notes payable and commercial paper primarily due to the use of proceeds from the preferred stock issuance and increased long-term debt issuances to pay down outstanding commercial paper; and
- a $793 million decrease in proceeds from the issuance of common stock due primarily to prior year issuances under equity forward agreements.

OTHER MATTERS

Environmental Regulations

The Duke Energy Registrants are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal, coal ash and other environmental matters. These regulations can be changed from time to time and result in new obligations of the Duke Energy Registrants. Refer to Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for further information regarding potential plant retirements and regulatory filings related to the Duke Energy Registrants.

Coal Ash Management Act of 2014

On March 26, 2019, NCDEQ granted Duke Energy's application in part, extending by four months until December 1, 2019, the Coal Ash Act's closure deadline applicable to the Sutton plant impoundments.

On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas and Duke Energy Progress to excavate all remaining coal ash impoundments at the Allen, Belews Creek, Rogers, Marshall, Mayo and Roxboro facilities in North Carolina. With respect to the final six sites, which NCDEQ has ruled as low risk, science and engineering support a variety of closure methods including capping in place and hybrid cap-in-place as appropriate solutions that protect public health and the environment. On April 26, 2019, Duke Energy Carolinas and Duke Energy Progress filed Petitions for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's April 1 Order. For more information, see Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements.

Duke Energy estimates the undiscounted, unadjusted cost to close the remaining impoundments by excavation, as outlined in the NCDEQ closure determination, will be approximately $4 billion to $5 billion more than the prior project cost estimate of $5.6 billion in the aggregate for the closure for all Duke Energy Carolinas and Duke Energy Progress impoundments. Excavation would likely extend beyond the required federal and state deadlines for impoundment closure. Duke Energy intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. AROs recorded on the Duke Energy Carolinas and Duke Energy Progress Condensed Consolidated Balance Sheets at June 30, 2019, and December 31, 2018, include the legal obligation for closure of coal ash basins and the disposal of related ash as a result of the Coal Ash Act, the EPA CCR rule and other agreements. For more information, see Note 7, "Asset Retirement Obligations," to the Condensed Consolidated Financial Statements.

Duke Energy has completed excavation of all coal ash at the Riverbend plant and coal ash regulated by the Coal Ash Act at the Dan River and Sutton plants.

North Carolina Competitive Procurement

Based on an independent evaluation process, Duke Energy will own or purchase a total of 551 MW of renewable energy from projects under the North Carolina's CPRE program. The process used was approved by the NCUC to select projects that would deliver the lowest cost renewable energy for customers. Five Duke Energy projects, totaling about 190 MW, were selected during the competitive bidding process. Duke Energy has completed the contracting process for the winning projects; there will be a second tranche for CPRE that is scheduled to occur in the fourth quarter of 2019.

Off-Balance Sheet Arrangements

During the three and six months ended June 30, 2019, there were no material changes to Duke Energy's off-balance sheet arrangements. See Note 13 to the Condensed Consolidated Financial Statements, "Variable Interest Entities," for a discussion of off-balance sheet arrangements regarding ACP. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Balance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

Contractual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three and six months ended June 30, 2019, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the three and six months ended June 30, 2019, there were no material changes to the Duke Energy Registrants' disclosures about market risk. For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K for the Duke Energy Registrants.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

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

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2019, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) that occurred during the fiscal quarter ended June 30, 2019, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

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
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	

EXHIBITS

*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					

EXHIBITS

*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X				
*32.2.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X			
*32.2.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X		
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X	
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X
*101.INS	XBRL Instance Document (this does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).	X	X	X	X	X	X	X	X
*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)

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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2019

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification Number
1-32853	**DUKE ENERGY CORPORATION** (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218
1-4928	**DUKE ENERGY CAROLINAS, LLC** (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853	56-0205520
1-15929	**PROGRESS ENERGY, INC.** (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-2155481
1-3382	**DUKE ENERGY PROGRESS, LLC** (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-0165465
1-3274	**DUKE ENERGY FLORIDA, LLC** (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853	59-0247770
1-1232	**DUKE ENERGY OHIO, INC.** (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853	31-0240030
1-3543	**DUKE ENERGY INDIANA, LLC** (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853	35-0594457
1-6196	**PIEDMONT NATURAL GAS COMPANY, INC.** (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120	56-0556998

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, 2019:

Registrant	Description	Shares
Duke Energy	Common stock, $0.001 par value	729,032,868

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

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

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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

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)
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
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

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

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

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

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

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**

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

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

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

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)	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

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

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

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

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

(in millions)	Nine Months Ended September 30, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,098	$ 910
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,649	1,458
Equity component of AFUDC	(48)	(80)
Gains on sales of other assets	—	(23)
Impairment charges	(25)	34
Deferred income taxes	342	342
Accrued pension and other post-retirement benefit costs	14	18
Contributions to qualified pension plans	(57)	(45)
Payments for asset retirement obligations	(309)	(164)
Other rate case adjustments	—	37
Provision for rate refunds	13	101
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	9	14
Receivables	(128)	(316)
Receivables from affiliated companies	135	16
Inventory	45	119
Other current assets	79	(156)
Increase (decrease) in		
Accounts payable	(64)	427
Accounts payable to affiliated companies	(6)	76
Taxes accrued	150	143
Other current liabilities	(96)	(28)
Other assets	(281)	(668)
Other liabilities	(90)	(34)
Net cash provided by operating activities	2,430	2,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,866)	(2,689)
Purchases of debt and equity securities	(1,304)	(1,216)
Proceeds from sales and maturities of debt and equity securities	1,300	1,225
Net proceeds from the sales of other assets	—	20
Notes receivable from affiliated companies	—	(205)
Other	(130)	(142)
Net cash used in investing activities	(3,000)	(3,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,295	1,785
Payments for the redemption of long-term debt	(1,263)	(719)
Notes payable to affiliated companies	554	(11)
Dividends to parent	—	(250)
Other	8	(3)
Net cash provided by financing activities	594	802
Net increase (decrease) in cash, cash equivalents and restricted cash	24	(24)
Cash, cash equivalents and restricted cash at beginning of period	112	87
Cash, cash equivalents and restricted cash at end of period	$ 136	$ 63
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 400	$ 441

See Notes to Condensed Consolidated Financial Statements

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

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

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

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

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended September 30, 2018 and 2019 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**

(in millions)	Nine Months Ended September 30, 2018 and 2019 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**

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

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

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.

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

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

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)	**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

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.

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

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

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

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**

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)	**2019**	**2018**	**2019**	**2018**
Operating Revenues	**$ 168**	$ 172	**$ 956**	$ 940
Operating Expenses				
Cost of natural gas	**46**	54	**384**	387
Operation, maintenance and other	**78**	85	**241**	252
Depreciation and amortization	**43**	40	**127**	118
Property and other taxes	**14**	12	**39**	36
Total operating expenses	**181**	191	**791**	793
Operating (Loss) Income	**(13)**	(19)	**165**	147
Other Income and Expenses, net	**7**	6	**19**	15
Interest Expense	**22**	19	**65**	60
(Loss) Income Before Income Taxes	**(28)**	(32)	**119**	102
Income Tax (Benefit) Expense	**(10)**	(11)	**22**	21
Net (Loss) Income and Comprehensive (Loss) Income	**$ (18)**	$ (21)	**$ 97**	$ 81

See Notes to Condensed Consolidated Financial Statements

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

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

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 Note 3 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 Note 3 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 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 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 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.

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	Duke
	Pipeline	Commercial	Other		Energy	Energy
(in millions)	Investments	Renewables	VIEs	Total	Ohio	Indiana
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	Duke
	Pipeline	Commercial	Other		Energy	Energy
(in millions)	Investments	Renewables	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 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)	
	Ownership	September 30,	December 31,
Entity Name	Interest	2019	2018
ACP[(a)]	47%	$ 1,127	$ 797
Constitution	24%	25	25
Total		$ 1,152	$ 822

(a) Duke Energy evaluated this investment for impairment as of September 30, 2019, and December 31, 2018, and determined that fair value approximated carrying value and therefore no impairment was necessary.

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.

	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.

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.

	Nine Months Ended September 30,	
(in millions)	**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 the three and nine months ended September 30, 2019, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the three and nine months ended September 30, 2019, there were no material changes to the Duke Energy Registrants' disclosures about market risk. For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K for the Duke Energy Registrants.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

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		

EXHIBITS

*31.2.7	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.							X	
*31.2.8	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.								X
*32.1.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X							
*32.1.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X						
*32.1.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X					
*32.1.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X				
*32.1.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X			
*32.1.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X		
*32.1.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X	
*32.1.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X
*32.2.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X							
*32.2.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X						
*32.2.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X					
*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X				
*32.2.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X			
*32.2.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X		
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X	
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X
*101.INS	XBRL Instance Document (this does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).	X	X	X	X	X	X	X	X

*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)