COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE ADJUSTMENT
OF NATURAL GAS RATES OF DUKE ENERGY KENTUCKY, INC.

CASE NO. 2021-00190

FILING REQUIREMENTS

VOLUME 9

Duke Energy Kentucky, Inc.
Case No. 2021-00190
Forecasted Test Period Filing Requirements
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1	6	807 KAR 5:001 Section 14(3)	If a limited liability company, the applicant shall identify in the application the state in which it is organized and the date on which it was organized, attest that it is in good standing in the state in which it is organized, and, if it is not a Kentucky limited liability company, state if it is authorized to transact business in Kentucky.	Amy B. Spiller
1	7	807 KAR 5:001 Section 14(4)	If the applicant is a limited partnership, a certified copy of its limited partnership agreement and all amendments, if any, shall be annexed to the application, or a written statement attesting that its partnership agreement and all amendments have been filed with the commission in a prior proceeding and referencing the case number of the prior proceeding.	Amy B. Spiller
1	8	807 KAR 5:001 Section 16 (1)(b)(1)	Reason adjustment is required.	Amy B. Spiller Sarah E. Lawler
1	9	807 KAR 5:001 Section 16 (1)(b)(2)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	Amy B. Spiller
1	10	807 KAR 5:001 Section 16 (1)(b)(3)	New or revised tariff sheets, if applicable in a format that complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed	Jeff L. Kern
1	11	807 KAR 5:001 Section 16 (1)(b)(4)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	Jeff L. Kern
1	12	807 KAR 5:001 Section 16 (1)(b)(5)	A statement that notice has been given in compliance with Section 17 of this administrative regulation with a copy of the notice.	Amy B. Spiller
1	13	807 KAR 5:001 Section 16(2)	If gross annual revenues exceed $5,000,000, written notice of intent filed at least 30 days, but not more than 60 days prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	Amy B. Spiller
1	14	807 KAR 5:001 Section 16(3)	Notice given pursuant to Section 17 of this administrative regulation shall satisfy the requirements of 807 KAR 5:051, Section 2.	Amy B. Spiller
1	15	807 KAR 5:001 Section 16(6)(a)	The financial data for the forecasted period shall be presented in the form of pro forma adjustments to the base period.	Abby L. Motsinger
1	16	807 KAR 5:001 Section 16(6)(b)	Forecasted adjustments shall be limited to the twelve (12) months immediately following the suspension period.	Jay P. Brown David G. Raiford Abby L. Motsinger
1	17	807 KAR 5:001 Section 16(6)(c)	Capitalization and net investment rate base shall be based on a thirteen (13) month average for the forecasted period.	Jay P. Brown
1	18	807 KAR 5:001 Section 16(6)(d)	After an application based on a forecasted test period is filed, there shall be no revisions to the forecast, except for the correction of mathematical errors, unless the revisions reflect statutory or regulatory enactments that could not, with reasonable diligence, have been included in the forecast on the date it was filed. There shall be no revisions filed within thirty (30) days of a scheduled hearing on the rate application.	Abby L. Motsinger

1	19	807 KAR 5:001 Section 16(6)(e)	The commission may require the utility to prepare an alternative forecast based on a reasonable number of changes in the variables, assumptions, and other factors used as the basis for the utility's forecast.	Abby L. Motsinger
1	20	807 KAR 5:001 Section 16(6)(f)	The utility shall provide a reconciliation of the rate base and capital used to determine its revenue requirements.	Jay P. Brown
1	21	807 KAR 5:001 Section 16(7)(a)	Prepared testimony of each witness supporting its application including testimony from chief officer in charge of Kentucky operations on the existing programs to achieve improvements in efficiency and productivity, including an explanation of the purpose of the program.	All Witnesses
1	22	807 KAR 5:001 Section 16(7)(b)	Most recent capital construction budget containing at minimum 3 year forecast of construction expenditures.	Abby L. Motsinger Brian R. Weisker
1	23	807 KAR 5:001 Section 16(7)(c)	Complete description, which may be in prefiled testimony form, of all factors used to prepare forecast period. All econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels shall be quantified, explained, and properly supported.	Abby L. Motsinger
1	24	807 KAR 5:001 Section 16(7)(d)	Annual and monthly budget for the 12 months preceding filing date, base period and forecasted period.	Abby L. Motsinger
1	25	807 KAR 5:001 Section 16(7)(e)	Attestation signed by utility's chief officer in charge of Kentucky operations providing: 1. That forecast is reasonable, reliable, made in good faith and that all basic assumptions used have been identified and justified; and 2. That forecast contains same assumptions and methodologies used in forecast prepared for use by management, or an identification and explanation for any differences; and 3. That productivity and efficiency gains are included in the forecast.	Amy B. Spiller
1	26	807 KAR 5:001 Section 16(7)(f)	For each major construction project constituting 5% or more of annual construction budget within 3 year forecast, following information shall be filed: 1. Date project began or estimated starting date; 2. Estimated completion date; 3. Total estimated cost of construction by year exclusive and inclusive of Allowance for Funds Used During construction ("AFUDC") or Interest During construction Credit; and 4. Most recent available total costs incurred exclusive and inclusive of AFUDC or Interest During Construction Credit.	Abby L. Motsinger Brian R. Weisker
1	27	807 KAR 5:001 Section 16(7)(g)	For all construction projects constituting less than 5% of annual construction budget within 3 year forecast, file aggregate of information requested in paragraph (f) 3 and 4 of this subsection.	Abby L. Motsinger Brian R. Weisker

1	28	807 KAR 5:001 Section 16(7)(h)	Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information: 1. Operating income statement (exclusive of dividends per share or earnings per share); 2. Balance sheet; 3. Statement of cash flows; 4. Revenue requirements necessary to support the forecasted rate of return; 5. Load forecast including energy and demand (electric); 6. Access line forecast (telephone); 7. Mix of generation (electric); 8. Mix of gas supply (gas); 9. Employee level; 10. Labor cost changes; 11. Capital structure requirements; 12. Rate base; 13. Gallons of water projected to be sold (water); 14. Customer forecast (gas, water); 15. MCF sales forecasts (gas); 16. Toll and access forecast of number of calls and number of minutes (telephone); and 17. A detailed explanation of any other information provided.	Abby L. Motsinger Brian R. Weisker Benjamin W. Passty
1	29	807 KAR 5:001 Section 16(7)(i)	Most recent FERC or FCC audit reports.	Bryan T. Manges
1	30	807 KAR 5:001 Section 16(7)(j)	Prospectuses of most recent stock or bond offerings.	Chris R. Bauer
1	31	807 KAR 5:001 Section 16(7)(k)	Most recent FERC Form 1 (electric), FERC Form 2 (gas), or PSC Form T (telephone).	Bryan T. Manges
2	32	807 KAR 5:001 Section 16(7)(l)	Annual report to shareholders or members and statistical supplements for the most recent 2 years prior to application filing date.	Chris R. Bauer
3	33	807 KAR 5:001 Section 16(7)(m)	Current chart of accounts if more detailed than Uniform System of Accounts charts.	Bryan T. Manges
3	34	807 KAR 5:001 Section 16(7)(n)	Latest 12 months of the monthly managerial reports providing financial results of operations in comparison to forecast.	Bryan T. Manges
3	35	807 KAR 5:001 Section 16(7)(o)	Complete monthly budget variance reports, with narrative explanations, for the 12 months prior to base period, each month of base period, and subsequent months, as available.	Bryan T. Manges Abby L. Motsinger
3-9	36	807 KAR 5:001 Section 16(7)(p)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued during prior 2 years and any Form 10-Qs issued during past 6 quarters.	Bryan T. Manges
10	37	807 KAR 5:001 Section 16(7)(q)	Independent auditor's annual opinion report, with any written communication which indicates the existence of a material weakness in internal controls.	Bryan T. Manges
10	38	807 KAR 5:001 Section 16(7)(r)	Quarterly reports to the stockholders for the most recent 5 quarters.	Chris R. Bauer

10	39	807 KAR 5:001 Section 16(7)(s)	Summary of latest depreciation study with schedules itemized by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall identify current and base period depreciation rates used by major plant accounts. If information has been filed in another PSC case, refer to that case's number and style.	John J. Spanos
10	40	807 KAR 5:001 Section 16(7)(t)	List all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with application. Include each software, program, or model; its use; identify the supplier of each; briefly describe software, program, or model; specifications for computer hardware and operating system required to run program	Jay P. Brown
10	41	807 KAR 5:001 Section 16(7)(u)	If utility had any amounts charged or allocated to it by affiliate or general or home office or paid any monies to affiliate or general or home office during the base period or during previous 3 calendar years, file: 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each allocation or payment; 2. method and amounts allocated during base period and method and estimated amounts to be allocated during forecasted test period; 3. Explain how allocator for both base and forecasted test period was determined; and 4. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during base period is reasonable.	Jeffrey R. Setser
10	42	807 KAR 5:001 Section 16(7)(v)	If gas, electric or water utility with annual gross revenues greater than $5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from single time period.	James E. Ziolkowski
10	43	807 KAR 5:001 Section 16(7)(w)	Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file: 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies supporting pricing of services generating annual revenue greater than $1,000,000 except local exchange access: a. Based on current and reliable data from single time period; and b. Using generally recognized fully allocated, embedded, or incremental cost principles.	Not Applicable
10	44	807 KAR 5:001 Section 16(8)(a)	Jurisdictional financial summary for both base and forecasted periods detailing how utility derived amount of requested revenue increase.	Jay P. Brown

10	45	807 KAR 5:001 Section 16(8)(b)	Jurisdictional rate base summary for both base and forecasted periods with supporting schedules which include detailed analyses of each component of the rate base.	Jay P. Brown David G. Raiford Abby L. Motsinger John R. Panizza James E. Ziolkowski Bryan T. Manges
10	46	807 KAR 5:001 Section 16(8)(c)	Jurisdictional operating income summary for both base and forecasted periods with supporting schedules which provide breakdowns by major account group and by individual account.	Jay P. Brown
10	47	807 KAR 5:001 Section 16(8)(d)	Summary of jurisdictional adjustments to operating income by major account with supporting schedules for individual adjustments and jurisdictional factors.	Jay P. Brown David G. Raiford Abby L. Motsinger James E. Ziolkowski
10	48	807 KAR 5:001 Section 16(8)(e)	Jurisdictional federal and state income tax summary for both base and forecasted periods with all supporting schedules of the various components of jurisdictional income taxes.	John R. Panizza
10	49	807 KAR 5:001 Section 16(8)(f)	Summary schedules for both base and forecasted periods (utility may also provide summary segregating items it proposes to recover in rates) of organization membership dues; initiation fees; expenditures for country club; charitable contributions; marketing, sales, and advertising; professional services; civic and political activities; employee parties and outings; employee gifts; and rate cases.	Jay P. Brown
10	50	807 KAR 5:001 Section 16(8)(g)	Analyses of payroll costs including schedules for wages and salaries, employee benefits, payroll taxes, straight time and overtime hours, and executive compensation by title.	Jay P. Brown Jake J. Stewart
10	51	807 KAR 5:001 Section 16(8)(h)	Computation of gross revenue conversion factor for forecasted period.	Jay P. Brown
10	52	807 KAR 5:001 Section 16(8)(i)	Comparative income statements (exclusive of dividends per share or earnings per share), revenue statistics and sales statistics for 5 calendar years prior to application filing date, base period, forecasted period, and 2 calendar years beyond forecast period.	Bryan T. Manges Abby L. Motsinger
10	53	807 KAR 5:001 Section 16(8)(j)	Cost of capital summary for both base and forecasted periods with supporting schedules providing details on each component of the capital structure.	Chris R. Bauer
10	54	807 KAR 5:001 Section 16(8)(k)	Comparative financial data and earnings measures for the 10 most recent calendar years, base period, and forecast period.	David G. Raiford Abby L. Motsinger Bryan T. Manges
10	55	807 KAR 5:001 Section 16(8)(l)	Narrative description and explanation of all proposed tariff changes.	Jeff L. Kern
10	56	807 KAR 5:001 Section 16(8)(m)	Revenue summary for both base and forecasted periods with supporting schedules which provide detailed billing analyses for all customer classes.	Jeff L. Kern
10	57	807 KAR 5:001 Section 16(8)(n)	Typical bill comparison under present and proposed rates for all customer classes.	Jeff L. Kern
10	58	807 KAR 5:001 Section 16(9)	The commission shall notify the applicant of any deficiencies in the application within thirty (30) days of the application's submission. An application shall not be accepted for filing until the utility has cured all noted deficiencies.	Sarah E. Lawler

10	59	807 KAR 5:001 Section 16(10)	A request for a waiver from the requirements of this section shall include the specific reasons for the request. The commission shall grant the request upon good cause shown by the utility. In determining if good cause has been shown, the commission shall consider: 1. if other information that the utility would provide if the waiver is granted is sufficient to allow the commission to effectively and efficiently review the rate application; 2. if the information that is the subject of the waiver request is normally maintained by the utility or reasonably available to it from the information that it maintains; and 3. the expense to the utility in providing the information that is the subject of the waiver request.	Not Applicable
10	60	807 KAR 5:001 Section (17)(1)	(1) Public postings. (a) A utility shall post at its place of business a copy of the notice no later than the date the application is submitted to the commission. (b) A utility that maintains a Web site shall, within five (5) business days of the date the application is submitted to the commission, post on its Web sites: 1. A copy of the public notice; and 2. A hyperlink to the location on the commission's Web site where the case documents are available. (c) The information required in paragraphs (a) and (b) of this subsection shall not be removed until the commission issues a final decision on the application.	Amy B. Spiller
10	61	807 KAR 5:001 Section 17(2)	(2) Customer Notice. (a) If a utility has twenty (20) or fewer customers, the utility shall mail a written notice to each customer no later than the date on which the application is submitted to the commission. (b) If a utility has more than twenty (20) customers, it shall provide notice by: 1. Including notice with customer bills mailed no later than the date the application is submitted to the commission; 2. Mailing a written notice to each customer no later than the date the application is submitted to the commission; 3. Publishing notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made no later than the date the application is submitted to the commission; or 4. Publishing notice in a trade publication or newsletter delivered to all customers no later than the date the application is submitted to the commission. (c) A utility that provides service in more than one (1) county may use a combination of the notice methods listed in paragraph (b) of this subsection.	Amy B. Spiller

10	62	807 KAR 5:001 Section 17(3)	(3) Proof of Notice. A utility shall file with the commission no later than forty-five (45) days from the date the application was initially submitted to the commission: (a) If notice is mailed to its customers, an affidavit from an authorized representative of the utility verifying the contents of the notice, that notice was mailed to all customers, and the date of the mailing; (b) If notice is published in a newspaper of general circulation in the utility's service area, an affidavit from the publisher verifying the contents of the notice, that the notice was published, and the dates of the notice's publication; or (c) If notice is published in a trade publication or newsletter delivered to all customers, an affidavit from an authorized representative of the utility verifying the contents of the notice, the mailing of the trade publication or newsletter, that notice was included in the publication or newsletter, and the date of mailing.	Amy B. Spiller

10	63	807 KAR 5:001 Section 17(4)	(4) Notice Content. Each notice issued in accordance with this section shall contain: (a) The proposed effective date and the date the proposed rates are expected to be filed with the commission; (b) The present rates and proposed rates for each customer classification to which the proposed rates will apply; (c) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rates will apply; (d) The amount of the average usage and the effect upon the average bill for each customer classification to which the proposed rates will apply, except for local exchange companies, which shall include the effect upon the average bill for each customer classification for the proposed rate change in basic local service; (e) A statement that a person may examine this application at the offices of (utility name) located at (utility address); (f) A statement that a person may examine this application at the commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at http://psc.ky.gov; (g) A statement that comments regarding the application may be submitted to the Public Service Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602; (h) A statement that the rates contained in this notice are the rates proposed by (utility name) but that the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice; (i) A statement that a person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party; and (j) A statement that if the commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the commission may take final action on the application.	Jeff L. Kern
10	64	807 KAR 5:001 Section 17(5)	(5) Abbreviated form of notice. Upon written request, the commission may grant a utility permission to use an abbreviated form of published notice of the proposed rates, provided the notice includes a coupon that may be used to obtain all the required information.	Not Applicable

11	-	807 KAR 5:001 Section 16(8)(a) through (k)	Schedule Book (Schedules A-K)	Various
12	-	807 KAR 5:001 Section 16(8)(l) through (n)	Schedules L-N	Jeff L. Kern
13	-	-	Workpapers	Various
14	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 1 of 3)	Various
15	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 2 of 3)	Various
16	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 3 of 3)	Various
17-18	-	KRS 278.2205(6)	Cost Allocation Manual	Jeffrey R. Setser

TAB 36 CONTINUED

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2020

OR

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

For the transition period from ________to________

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

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

Registrant	Title of each class	Trading symbols	Name of each exchange on which registered
Duke Energy	Common Stock, $0.001 par value	DUK	New York Stock Exchange LLC
Duke Energy	5.125% Junior Subordinated Debentures due January 15, 2073	DUKH	New York Stock Exchange LLC
Duke Energy	5.625% Junior Subordinated Debentures due September 15, 2078	DUKB	New York Stock Exchange LLC
Duke Energy	Depositary Shares, each representing a 1/1,000th interest in a share of 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock, par value $0.001 per share	DUK PR A	New York Stock Exchange LLC

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

Duke Energy Corporation (Duke Energy)	Yes ☒ No ☐	Duke Energy Florida, LLC (Duke Energy Florida)	Yes ☒ No ☐
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes ☒ No ☐	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes ☒ No ☐
Progress Energy, Inc. (Progress Energy)	Yes ☒ No ☐	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes ☒ No ☐
Duke Energy Progress, LLC (Duke Energy Progress)	Yes ☒ No ☐	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes ☒ No ☐

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

Duke Energy	Yes ☒ No ☐	Duke Energy Florida	Yes ☒ No ☐
Duke Energy Carolinas	Yes ☒ No ☐	Duke Energy Ohio	Yes ☒ No ☐
Progress Energy	Yes ☒ No ☐	Duke Energy Indiana	Yes ☒ No ☐
Duke Energy Progress	Yes ☒ No ☐	Piedmont	Yes ☒ No ☐

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

Duke Energy	Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐
Duke Energy Carolinas	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐
Progress Energy	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐
Duke Energy Progress	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐
Duke Energy Florida	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐
Duke Energy Ohio	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐
Duke Energy Indiana	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐
Piedmont	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐

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

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

Duke Energy	Yes ☐ No ☒	Duke Energy Florida	Yes ☐ No ☒
Duke Energy Carolinas	Yes ☐ No ☒	Duke Energy Ohio	Yes ☐ No ☒
Progress Energy	Yes ☐ No ☒	Duke Energy Indiana	Yes ☐ No ☒
Duke Energy Progress	Yes ☐ No ☒	Piedmont	Yes ☐ No ☒

Number of shares of common stock outstanding at April 30, 2020:

Registrant	Description	Shares
Duke Energy	Common stock, $0.001 par value	734,852,539

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

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

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

- The impact of the COVID-19 pandemic;
- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the United States electric grid or generating resources;
- The ability to obtain the necessary permits and approvals and to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, operational accidents, information technology failures or other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- The ability to obtain adequate insurance at acceptable costs;
- Employee workforce factors, including the potential inability to attract and retain key personnel;

FORWARD-LOOKING STATEMENTS

- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);
- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of United States tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy, including enhancing existing technology systems.

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

Glossary of Terms

The following terms or acronyms used in this Form 10-Q are defined below:

Term or Acronym	Definition
2013 Settlement	Revised and Restated Stipulation and Settlement Agreement approved in November 2013 among Duke Energy Florida, the Florida OPC and other customer representatives
2017 Settlement	Second Revised and Restated Settlement Agreement in 2017 among Duke Energy Florida, the Florida OPC and other customer representatives, which replaces and supplants the 2013 Settlement
ACP	Atlantic Coast Pipeline, LLC, a limited liability company owned by Dominion Energy, Inc. and Duke Energy
ACP pipeline	The approximately 600-mile proposed interstate natural gas pipeline
AFS	Available for Sale
AFUDC	Allowance for funds used during construction
AMI	Advanced Metering Infrastructure
AMT	Alternative Minimum Tax
ARO	Asset retirement obligations
Bison	Bison Insurance Company Limited
CC	Combined Cycle
CCR	Coal Combustion Residuals
CARES Act	Coronavirus Aid, Relief and Economic Security Act
Citrus County CC	Citrus County Combined Cycle Facility
Coal Ash Act	North Carolina Coal Ash Management Act of 2014
the Company	Duke Energy Corporation and its subsidiaries
Constitution	Constitution Pipeline Company, LLC
COVID-19	Coronavirus Disease 2019
CRC	Cinergy Receivables Company, LLC
Crystal River Unit 3	Crystal River Unit 3 Nuclear Plant
DEFPF	Duke Energy Florida Project Finance, LLC
DEFR	Duke Energy Florida Receivables, LLC
DEPR	Duke Energy Progress Receivables, LLC
DERF	Duke Energy Receivables Finance Company, LLC
Duke Energy	Duke Energy Corporation (collectively with its subsidiaries)
Duke Energy Ohio	Duke Energy Ohio, Inc.
Duke Energy Progress	Duke Energy Progress, LLC
Duke Energy Carolinas	Duke Energy Carolinas, LLC
Duke Energy Florida	Duke Energy Florida, LLC
Duke Energy Indiana	Duke Energy Indiana, LLC
Duke Energy Kentucky	Duke Energy Kentucky, Inc.
Duke Energy Registrants	Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
EDIT	Excess deferred income tax
EPA	U.S. Environmental Protection Agency
EPS	Earnings Per Share
ESP	Electric Security Plan
ETR	Effective tax rate

Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FPSC	Florida Public Service Commission
FTR	Financial transmission rights
GAAP	Generally accepted accounting principles in the U.S.
GAAP Reported Earnings	Net Income Available to Duke Energy Corporation Common Stockholders
GAAP Reported EPS	Basic EPS Available to Duke Energy Corporation common stockholders
GWh	Gigawatt-hours
IGCC	Integrated Gasification Combined Cycle
IMR	Integrity Management Rider
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
Investment Trusts	NDTF investments and grantor trusts of Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana
IURC	Indiana Utility Regulatory Commission
KPSC	Kentucky Public Service Commission
LLC	Limited Liability Company
MGP	Manufactured gas plant
MMBtu	Million British Thermal Unit
MW	Megawatt
MWh	Megawatt-hour
NCDEQ	North Carolina Department of Environmental Quality
NCUC	North Carolina Utilities Commission
NDTF	Nuclear decommissioning trust funds
NPNS	Normal purchase/normal sale
OPEB	Other Post-Retirement Benefit Obligations
ORS	South Carolina Office of Regulatory Staff
OTTI	Other-than-temporary impairment
OVEC	Ohio Valley Electric Corporation
Piedmont	Piedmont Natural Gas Company, Inc.
PPA	Purchase Power Agreement
Progress Energy	Progress Energy, Inc.
PSCSC	Public Service Commission of South Carolina
PUCO	Public Utilities Commission of Ohio
ROU assets	Right-of-use assets
Subsidiary Registrants	Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the Tax Act	Tax Cuts and Jobs Act
TPUC	Tennessee Public Utility Commission
U.S.	United States
VIE	Variable Interest Entity
WACC	Weighted Average Cost of Capital

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
(in millions, except per share amounts)	**2020**	**2019**
Operating Revenues		
Regulated electric	**$ 5,124**	$ 5,285
Regulated natural gas	**638**	728
Nonregulated electric and other	**187**	150
Total operating revenues	**5,949**	6,163
Operating Expenses		
Fuel used in electric generation and purchased power	**1,447**	1,609
Cost of natural gas	**199**	327
Operation, maintenance and other	**1,339**	1,419
Depreciation and amortization	**1,130**	1,089
Property and other taxes	**345**	343
Impairment charges	**2**	—
Total operating expenses	**4,462**	4,787
Gains (Losses) on Sales of Other Assets and Other, net	**1**	(3)
Operating Income	**1,488**	1,373
Other Income and Expenses		
Equity in earnings of unconsolidated affiliates	**44**	43
Other income and expenses, net	**46**	115
Total other income and expenses	**90**	158
Interest Expense	**551**	543
Income Before Income Taxes	**1,027**	988
Income Tax Expense	**137**	95
Net Income	**890**	893
Less: Net Loss Attributable to Noncontrolling Interests	**(48)**	(7)
Net Income Attributable to Duke Energy Corporation	**938**	900
Less: Preferred Dividends	**39**	—
Net Income Available to Duke Energy Corporation Common Stockholders	**$ 899**	$ 900
Earnings Per Share – Basic and Diluted		
Net income available to Duke Energy Corporation common stockholders		
Basic and Diluted	**$ 1.24**	$ 1.24
Weighted average shares outstanding		
Basic	**734**	727
Diluted	**736**	727

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	2020	2019
Net Income	$ 890	$ 893
Other Comprehensive Loss, net of tax[(a)]		
Pension and OPEB adjustments	1	—
Net unrealized losses on cash flow hedges	(81)	(17)
Reclassification into earnings from cash flow hedges	2	1
Unrealized gains on available-for-sale securities	1	4
Other Comprehensive Loss, net of tax	(77)	(12)
Comprehensive Income	813	881
Less: Comprehensive Loss Attributable to Noncontrolling Interests	(62)	(7)
Comprehensive Income Attributable to Duke Energy	875	888
Less: Preferred Dividends	39	—
Comprehensive Income Available to Duke Energy Corporation Common Stockholders	$ 836	$ 888

(a) Net of income tax impact of approximately $23 million in the first quarter of 2020 and immaterial income tax impact in the first quarter of 2019.

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,450	$ 311
Receivables (net of allowance for doubtful accounts of $28 at 2020 and $22 at 2019)	809	1,066
Receivables of VIEs (net of allowance for doubtful accounts of $61 at 2020 and $54 at 2019)	1,828	1,994
Inventory	3,324	3,232
Regulatory assets (includes $53 at 2020 and $52 at 2019 related to VIEs)	1,770	1,796
Other (includes $300 at 2020 and $242 at 2019 related to VIEs)	1,000	764
Total current assets	10,181	9,163
Property, Plant and Equipment		
Cost	149,676	147,654
Accumulated depreciation and amortization	(46,599)	(45,773)
Generation facilities to be retired, net	31	246
Net property, plant and equipment	103,108	102,127
Other Noncurrent Assets		
Goodwill	19,303	19,303
Regulatory assets (includes $980 at 2020 and $989 at 2019 related to VIEs)	13,413	13,222
Nuclear decommissioning trust funds	7,052	8,140
Operating lease right-of-use assets, net	1,633	1,658
Investments in equity method unconsolidated affiliates	2,067	1,936
Other (includes $87 at 2020 and $110 at 2019 related to VIEs)	3,315	3,289
Total other noncurrent assets	46,783	47,548
Total Assets	$ 160,072	$ 158,838
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 2,364	$ 3,487
Notes payable and commercial paper	3,033	3,135
Taxes accrued	493	392
Interest accrued	571	565
Current maturities of long-term debt (includes $216 at 2020 and 2019 related to VIEs)	5,077	3,141
Asset retirement obligations	802	881
Regulatory liabilities	826	784
Other	2,004	2,367
Total current liabilities	15,170	14,752
Long-Term Debt (includes $3,966 at 2020 and $3,997 at 2019 related to VIEs)	56,311	54,985
Other Noncurrent Liabilities		
Deferred income taxes	9,321	8,878
Asset retirement obligations	12,497	12,437
Regulatory liabilities	14,029	15,264
Operating lease liabilities	1,414	1,432
Accrued pension and other post-retirement benefit costs	919	934
Investment tax credits	659	624
Other (includes $258 at 2020 and $228 at 2019 related to VIEs)	1,669	1,581
Total other noncurrent liabilities	40,508	41,150
Commitments and Contingencies		
Equity		
Preferred stock, Series A, $0.001 par value, 40 million depositary shares authorized and outstanding at 2020 and 2019	973	973
Preferred stock, Series B, $0.001 par value, 1 million shares authorized and outstanding at 2020 and 2019	989	989
Common stock, $0.001 par value, 2 billion shares authorized; 735 million shares outstanding at 2020 and 733 million shares outstanding at 2019	1	1
Additional paid-in capital	40,930	40,881
Retained earnings	4,221	4,108
Accumulated other comprehensive loss	(193)	(130)
Total Duke Energy Corporation stockholders' equity	46,921	46,822
Noncontrolling interests	1,162	1,129
Total equity	48,083	47,951
Total Liabilities and Equity	$ 160,072	$ 158,838

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 890	$ 893
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,301	1,238
Equity component of AFUDC	(40)	(31)
(Gains) Losses on sales of other assets	(1)	3
Impairment charges	2	—
Deferred income taxes	422	97
Equity in earnings of unconsolidated affiliates	(44)	(43)
Payments for asset retirement obligations	(132)	(152)
Provision for rate refunds	(13)	35
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	10
Receivables	466	388
Inventory	(92)	(31)
Other current assets	(131)	98
Increase (decrease) in		
Accounts payable	(657)	(636)
Taxes accrued	113	(107)
Other current liabilities	(455)	(407)
Other assets	(25)	(162)
Other liabilities	(50)	46
Net cash provided by operating activities	1,554	1,239
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,832)	(2,536)
Contributions to equity method investments	(77)	(94)
Purchases of debt and equity securities	(1,392)	(860)
Proceeds from sales and maturities of debt and equity securities	1,347	851
Other	(68)	(74)
Net cash used in investing activities	(3,022)	(2,713)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	1,954	2,737
Issuance of preferred stock	—	974
Issuance of common stock	40	13
Payments for the redemption of long-term debt	(292)	(1,201)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	1,784	135
Payments for the redemption of short-term debt with original maturities greater than 90 days	(17)	(239)
Notes payable and commercial paper	(198)	(304)
Contributions from noncontrolling interests	103	6
Dividends paid	(707)	(649)
Other	(74)	(39)
Net cash provided by financing activities	2,593	1,433
Net increase (decrease) in cash, cash equivalents and restricted cash	1,125	(41)
Cash, cash equivalents and restricted cash at beginning of period	573	591
Cash, cash equivalents and restricted cash at end of period	$ 1,698	$ 550
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 934	$ 811
Non-cash dividends	27	27

See Notes to Condensed Consolidated Financial Statements

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

						Accumulated Other Comprehensive (Loss) Income					
(in millions)	Preferred Stock	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flow Hedges	Net Unrealized (Losses) Gains on Available-for-Sale Securities	Pension and OPEB Adjustments	Total Duke Energy Corporation Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2018	$ —	727	$ 1	$ 40,795	$ 3,113	$ (14)	$ (3)	$ (75)	$ 43,817	$ 17	$ 43,834
Net income (loss)	—	—	—	—	900	—	—	—	900	(7)	893
Other comprehensive (loss) income	—	—	—	—	—	(16)	4	—	(12)	—	(12)
Preferred stock, Series A, issuances, net of issuance costs[(a)]	974	—	—	—	—	—	—	—	974	—	974
Common stock issuances, including dividend reinvestment and employee benefits	—	1	—	28	—	—	—	—	28	—	28
Common stock dividends	—	—	—	—	(676)	—	—	—	(676)	—	(676)
Other[(b)]	—	—	—	—	23	(6)	(1)	(17)	(1)	5	4
Balance at March 31, 2019	$ 974	728	$ 1	$ 40,823	$ 3,360	$ (36)	$ —	$ (92)	$ 45,030	$ 15	$ 45,045
Balance at December 31, 2019	$ 1,962	733	$ 1	$ 40,881	$ 4,108	$ (51)	$ 3	$ (82)	$ 46,822	$ 1,129	$ 47,951
Net income (loss)	—	—	—	—	**899**	—	—	—	**899**	**(48)**	**851**
Other comprehensive (loss) income	—	—	—	—	—	**(65)**	**1**	**1**	**(63)**	**(14)**	**(77)**
Common stock issuances, including dividend reinvestment and employee benefits	—	**2**	—	**50**	—	—	—	—	**50**	—	**50**
Common stock dividends	—	—	—	—	**(695)**	—	—	—	**(695)**	—	**(695)**
Contributions from noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	**103**	**103**
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	**(7)**	**(7)**
Other[(c)]	—	—	—	**(1)**	**(91)**	—	—	—	**(92)**	**(1)**	**(93)**
Balance at March 31, 2020	**$ 1,962**	**735**	**$ 1**	**$ 40,930**	**$ 4,221**	**$ (116)**	**$ 4**	**$ (81)**	**$ 46,921**	**$ 1,162**	**$ 48,083**

(a) Duke Energy issued 40 million depositary shares of preferred stock, Series A.
(b) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.
(c) Amounts in Retained earnings primarily represent impacts due to implementation of a new accounting standard related to Current Estimated Credit Losses. See Note 1 for additional discussion.

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

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
Operating Revenues	**$ 1,748**	$ 1,744
Operating Expenses		
Fuel used in electric generation and purchased power	**453**	472
Operation, maintenance and other	**386**	440
Depreciation and amortization	**343**	317
Property and other taxes	**81**	80
Impairment charges	**2**	—
Total operating expenses	**1,265**	1,309
Gains on Sales of Other Assets and Other, net	**1**	—
Operating Income	**484**	435
Other Income and Expenses, net	**43**	31
Interest Expense	**123**	110
Income Before Income Taxes	**404**	356
Income Tax Expense	**65**	63
Net Income and Comprehensive Income	**$ 339**	$ 293

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 16	$ 18
Receivables (net of allowance for doubtful accounts of $3 at 2020 and 2019)	212	324
Receivables of VIEs (net of allowance for doubtful accounts of $8 at 2020 and $7 at 2019)	616	642
Receivables from affiliated companies	87	114
Notes receivable from affiliated companies	436	—
Inventory	1,067	996
Regulatory assets	524	550
Other	31	21
Total current assets	2,989	2,665
Property, Plant and Equipment		
Cost	49,534	48,922
Accumulated depreciation and amortization	(16,884)	(16,525)
Net property, plant and equipment	32,650	32,397
Other Noncurrent Assets		
Regulatory assets	3,427	3,360
Nuclear decommissioning trust funds	3,717	4,359
Operating lease right-of-use assets, net	132	123
Other	1,136	1,149
Total other noncurrent assets	8,412	8,991
Total Assets	$ 44,051	$ 44,053
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 605	$ 954
Accounts payable to affiliated companies	225	210
Notes payable to affiliated companies	—	29
Taxes accrued	132	46
Interest accrued	144	115
Current maturities of long-term debt	457	458
Asset retirement obligations	197	206
Regulatory liabilities	275	255
Other	479	611
Total current liabilities	2,514	2,884
Long-Term Debt	12,050	11,142
Long-Term Debt Payable to Affiliated Companies	300	300
Other Noncurrent Liabilities		
Deferred income taxes	3,968	3,921
Asset retirement obligations	5,552	5,528
Regulatory liabilities	5,766	6,423
Operating lease liabilities	112	102
Accrued pension and other post-retirement benefit costs	82	84
Investment tax credits	230	231
Other	640	627
Total other noncurrent liabilities	16,350	16,916
Commitments and Contingencies		
Equity		
Member's equity	12,844	12,818
Accumulated other comprehensive loss	(7)	(7)
Total equity	12,837	12,811
Total Liabilities and Equity	$ 44,051	$ 44,053

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 339	$ 293
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	414	388
Equity component of AFUDC	(14)	(9)
Gains on sales of other assets	(1)	—
Impairment charges	2	—
Deferred income taxes	22	64
Payments for asset retirement obligations	(41)	(65)
Provision for rate refunds	—	19
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	1
Receivables	156	124
Receivables from affiliated companies	27	94
Inventory	(72)	(59)
Other current assets	96	(35)
Increase (decrease) in		
Accounts payable	(253)	(266)
Accounts payable to affiliated companies	15	18
Taxes accrued	87	(91)
Other current liabilities	(108)	(70)
Other assets	(60)	(31)
Other liabilities	(11)	(7)
Net cash provided by operating activities	598	368
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(724)	(721)
Purchases of debt and equity securities	(607)	(405)
Proceeds from sales and maturities of debt and equity securities	607	405
Notes receivable from affiliated companies	(436)	—
Other	(18)	(9)
Net cash used in investing activities	(1,178)	(730)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	910	25
Payments for the redemption of long-term debt	(2)	(1)
Notes payable to affiliated companies	(29)	306
Distributions to parent	(300)	—
Other	(1)	(1)
Net cash provided by financing activities	578	329
Net decrease in cash and cash equivalents	(2)	(33)
Cash and cash equivalents at beginning of period	18	33
Cash and cash equivalents at end of period	$ 16	$ —
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 254	$ 221

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Member's Equity	Accumulated Other Comprehensive Loss: Net Losses on Cash Flow Hedges	Total Equity
Balance at December 31, 2018	$ 11,689	$ (6)	$ 11,683
Net income	293	—	293
Other	—	(1)	(1)
Balance at March 31, 2019	$ 11,982	$ (7)	$ 11,975
Balance at December 31, 2019	$ 12,818	$ (7)	$ 12,811
Net income	**339**	**—**	**339**
Distributions to parent	**(300)**	**—**	**(300)**
Other[(a)]	**(13)**	**—**	**(13)**
Balance at March 31, 2020	**$ 12,844**	**$ (7)**	**$ 12,837**

(a) Amounts primarily represent impacts due to implementation of a new accounting standard related to Current Estimated Credit Losses. See Note 1 for additional discussion.

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

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
Operating Revenues	$ 2,422	$ 2,572
Operating Expenses		
Fuel used in electric generation and purchased power	763	925
Operation, maintenance and other	554	567
Depreciation and amortization	452	455
Property and other taxes	135	137
Total operating expenses	1,904	2,084
Losses on Sales of Other Assets and Other, net	(1)	—
Operating Income	517	488
Other Income and Expenses, net	32	31
Interest Expense	206	219
Income Before Income Taxes	343	300
Income Tax Expense	60	52
Net Income	283	248
Less: Net Loss Attributable to Noncontrolling Interests	—	(1)
Net Income Attributable to Parent	$ 283	$ 249
Net Income	$ 283	$ 248
Other Comprehensive Income, net of tax		
Pension and OPEB adjustments	—	1
Net unrealized gains on cash flow hedges	1	2
Unrealized gains on available-for-sale securities	1	—
Other Comprehensive Income, net of tax	2	3
Comprehensive Income	285	251
Less: Comprehensive Loss Attributable to Noncontrolling Interests	—	(1)
Comprehensive Income Attributable to Parent	$ 285	$ 252

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 52	$ 48
Receivables (net of allowance for doubtful accounts of $8 at 2020 and $7 at 2019)	159	220
Receivables of VIEs (net of allowance for doubtful accounts of $12 at 2020 and $9 at 2019)	745	830
Receivables from affiliated companies	49	76
Notes receivable from affiliated companies	—	164
Inventory	1,463	1,423
Regulatory assets (includes $53 at 2020 and $52 at 2019 related to VIEs)	954	946
Other (includes $13 at 2020 and $39 at 2019 related to VIEs)	196	210
Total current assets	3,618	3,917
Property, Plant and Equipment		
Cost	55,788	55,070
Accumulated depreciation and amortization	(17,461)	(17,159)
Generation facilities to be retired, net	31	246
Net property, plant and equipment	38,358	38,157
Other Noncurrent Assets		
Goodwill	3,655	3,655
Regulatory assets (includes $980 at 2020 and $989 at 2019 related to VIEs)	6,489	6,346
Nuclear decommissioning trust funds	3,335	3,782
Operating lease right-of-use assets, net	762	788
Other	1,121	1,049
Total other noncurrent assets	15,362	15,620
Total Assets	$ 57,338	$ 57,694
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 730	$ 1,104
Accounts payable to affiliated companies	329	310
Notes payable to affiliated companies	2,300	1,821
Taxes accrued	117	46
Interest accrued	214	228
Current maturities of long-term debt (includes $54 at 2020 and 2019 related to VIEs)	1,828	1,577
Asset retirement obligations	421	485
Regulatory liabilities	347	330
Other	821	902
Total current liabilities	7,107	6,803
Long-Term Debt (includes $1,603 at 2020 and $1,632 at 2019 related to VIEs)	17,377	17,907
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	4,537	4,462
Asset retirement obligations	6,020	5,986
Regulatory liabilities	4,708	5,225
Operating lease liabilities	678	697
Accrued pension and other post-retirement benefit costs	480	488
Other	404	383
Total other noncurrent liabilities	16,827	17,241
Commitments and Contingencies		
Equity		
Common Stock, $0.01 par value, 100 shares authorized and outstanding at 2020 and 2019	—	—
Additional paid-in capital	9,143	9,143
Retained earnings	6,747	6,465
Accumulated other comprehensive loss	(16)	(18)
Total Progress Energy, Inc. stockholders' equity	15,874	15,590
Noncontrolling interests	3	3
Total equity	15,877	15,593
Total Liabilities and Equity	$ 57,338	$ 57,694

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 283	$ 248
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	552	546
Equity component of AFUDC	(14)	(15)
Losses on sales of other assets	1	—
Deferred income taxes	80	82
Payments for asset retirement obligations	(79)	(75)
Provision for rate refunds	2	6
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	1	1
Receivables	149	187
Receivables from affiliated companies	27	122
Inventory	(40)	(18)
Other current assets	43	35
Increase (decrease) in		
Accounts payable	(211)	(196)
Accounts payable to affiliated companies	19	(94)
Taxes accrued	71	26
Other current liabilities	(128)	(196)
Other assets	(41)	(111)
Other liabilities	(56)	(7)
Net cash provided by operating activities	659	541
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(972)	(1,012)
Purchases of debt and equity securities	(651)	(409)
Proceeds from sales and maturities of debt and equity securities	643	405
Notes receivable from affiliated companies	164	(31)
Other	(39)	(45)
Net cash used in investing activities	(855)	(1,092)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	1,295
Payments for the redemption of long-term debt	(283)	(1,132)
Notes payable to affiliated companies	479	370
Other	(1)	1
Net cash provided by financing activities	195	534
Net decrease in cash, cash equivalents and restricted cash	(1)	(17)
Cash, cash equivalents and restricted cash at beginning of period	126	112
Cash, cash equivalents and restricted cash at end of period	$ 125	$ 95
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 310	$ 310

See Notes to Condensed Consolidated Financial Statements

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

			Accumulated Other Comprehensive Loss					
	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flow Hedges	Net Unrealized Losses on Available-for-Sale Securities	Pension and OPEB Adjustments	Total Progress Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2018	$ 9,143	$ 5,131	$ (12)	$ (1)	$ (7)	$ 14,254	$ 3	$ 14,257
Net income (loss)	—	249	—	—	—	249	(1)	248
Other comprehensive income	—	—	2	—	1	3	—	3
Other[(a)]	—	6	(4)	—	(2)	—	—	—
Balance at March 31, 2019	$ 9,143	$ 5,386	$ (14)	$ (1)	$ (8)	$ 14,506	$ 2	$ 14,508
Balance at December 31, 2019	$ 9,143	$ 6,465	$ (10)	$ (1)	$ (7)	$ 15,590	$ 3	$ 15,593
Net income	—	283	—	—	—	283	—	283
Other comprehensive income	—	—	1	1	—	2	—	2
Other	—	(1)	—	—	—	(1)	—	(1)
Balance at March 31, 2020	$ 9,143	$ 6,747	$ (9)	$ —	$ (7)	$ 15,874	$ 3	$ 15,877

(a) Amounts in Retained Earnings and Accumulated Other Comprehensive Loss primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

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

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
Operating Revenues	**$ 1,338**	$ 1,484
Operating Expenses		
Fuel used in electric generation and purchased power	**405**	515
Operation, maintenance and other	**305**	335
Depreciation and amortization	**287**	290
Property and other taxes	**47**	44
Total operating expenses	**1,044**	1,184
Losses on Sales of Other Assets and Other, net	**(1)**	—
Operating Income	**293**	300
Other Income and Expenses, net	**22**	24
Interest Expense	**69**	77
Income Before Income Taxes	**246**	247
Income Tax Expense	**42**	44
Net Income and Comprehensive Income	**$ 204**	$ 203

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

(in millions)		March 31, 2020		December 31, 2019
ASSETS				
Current Assets				
Cash and cash equivalents	$	32	$	22
Receivables (net of allowance for doubtful accounts of $2 at 2020 and $3 at 2019)		77		123
Receivables of VIEs (net of allowance for doubtful accounts of $7 at 2020 and $5 at 2019)		410		489
Receivables from affiliated companies		50		52
Inventory		956		934
Regulatory assets		503		526
Other		48		60
Total current assets		2,076		2,206
Property, Plant and Equipment				
Cost		34,898		34,603
Accumulated depreciation and amortization		(12,114)		(11,915)
Generation facilities to be retired, net		31		246
Net property, plant and equipment		22,815		22,934
Other Noncurrent Assets				
Regulatory assets		4,392		4,152
Nuclear decommissioning trust funds		2,644		3,047
Operating lease right-of-use assets, net		377		387
Other		682		651
Total other noncurrent assets		8,095		8,237
Total Assets	$	32,986	$	33,377
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	$	319	$	629
Accounts payable to affiliated companies		208		203
Notes payable to affiliated companies		229		66
Taxes accrued		43		17
Interest accrued		90		110
Current maturities of long-term debt		1,006		1,006
Asset retirement obligations		421		485
Regulatory liabilities		263		236
Other		429		478
Total current liabilities		3,008		3,230
Long-Term Debt		7,903		7,902
Long-Term Debt Payable to Affiliated Companies		150		150
Other Noncurrent Liabilities				
Deferred income taxes		2,446		2,388
Asset retirement obligations		5,442		5,408
Regulatory liabilities		3,790		4,232
Operating lease liabilities		344		354
Accrued pension and other post-retirement benefit costs		235		238
Investment tax credits		135		137
Other		83		92
Total other noncurrent liabilities		12,475		12,849
Commitments and Contingencies				
Equity				
Member's Equity		9,450		9,246
Total Liabilities and Equity	$	32,986	$	33,377

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ **204**	$ 203
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	**331**	336
Equity component of AFUDC	**(10)**	(14)
Losses on sales of other assets	**1**	—
Deferred income taxes	**43**	33
Payments for asset retirement obligations	**(75)**	(68)
Provision for rate refunds	**2**	6
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	**(2)**	(3)
Receivables	**133**	87
Receivables from affiliated companies	**2**	(5)
Inventory	**(22)**	(5)
Other current assets	**54**	96
Increase (decrease) in		
Accounts payable	**(220)**	(196)
Accounts payable to affiliated companies	**5**	(57)
Taxes accrued	**26**	(4)
Other current liabilities	**(73)**	(109)
Other assets	**(51)**	(47)
Other liabilities	**(8)**	(7)
Net cash provided by operating activities	**340**	246
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	**(466)**	(548)
Purchases of debt and equity securities	**(550)**	(315)
Proceeds from sales and maturities of debt and equity securities	**540**	308
Notes receivable from affiliated companies	**—**	(38)
Other	**(16)**	(20)
Net cash used in investing activities	**(492)**	(613)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	**—**	1,270
Payments for the redemption of long-term debt	**(1)**	(601)
Notes payable to affiliated companies	**163**	(294)
Other	**—**	(1)
Net cash provided by financing activities	**162**	374
Net increase in cash and cash equivalents	**10**	7
Cash and cash equivalents at beginning of period	**22**	23
Cash and cash equivalents at end of period	$ **32**	$ 30
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ **87**	$ 117

See Notes to Condensed Consolidated Financial Statements

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

(in millions)		Member's Equity
Balance at December 31, 2018	$	8,441
Net income		203
Balance at March 31, 2019	$	8,644
Balance at December 31, 2019	$	9,246
Net income		**204**
Balance at March 31, 2020	**$**	**9,450**

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

	Three Months Ended March 31,	
(in millions)	2020	2019
Operating Revenues	$ 1,080	$ 1,086
Operating Expenses		
Fuel used in electric generation and purchased power	358	410
Operation, maintenance and other	245	230
Depreciation and amortization	165	165
Property and other taxes	88	93
Total operating expenses	856	898
Operating Income	224	188
Other Income and Expenses, net	10	13
Interest Expense	84	82
Income Before Income Taxes	150	119
Income Tax Expense	30	23
Net Income	$ 120	$ 96
Other Comprehensive Income, net of tax		
Unrealized gains on available-for-sale securities	1	1
Comprehensive Income	$ 121	$ 97

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 12	$ 17
Receivables (net of allowance for doubtful accounts of $6 at 2020 and $3 at 2019)	80	96
Receivables of VIEs (net of allowance for doubtful accounts of $5 at 2020 and $4 at 2019)	335	341
Notes receivable from affiliated companies	—	173
Inventory	508	489
Regulatory assets (includes $53 at 2020 and $52 at 2019 related to VIEs)	451	419
Other (includes $13 at 2020 and $39 at 2019 related to VIEs)	37	58
Total current assets	1,423	1,593
Property, Plant and Equipment		
Cost	20,880	20,457
Accumulated depreciation and amortization	(5,339)	(5,236)
Net property, plant and equipment	15,541	15,221
Other Noncurrent Assets		
Regulatory assets (includes $980 at 2020 and $989 at 2019 related to VIEs)	2,097	2,194
Nuclear decommissioning trust funds	691	734
Operating lease right-of-use assets, net	386	401
Other	329	311
Total other noncurrent assets	3,503	3,640
Total Assets	$ 20,467	$ 20,454
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 411	$ 474
Accounts payable to affiliated companies	111	131
Notes payable to affiliated companies	305	—
Taxes accrued	74	43
Interest accrued	79	75
Current maturities of long-term debt (includes $54 at 2020 and 2019 related to VIEs)	322	571
Regulatory liabilities	84	94
Other	383	415
Total current liabilities	1,769	1,803
Long-Term Debt (includes $1,278 at 2020 and $1,307 at 2019 related to VIEs)	7,384	7,416
Other Noncurrent Liabilities		
Deferred income taxes	2,192	2,179
Asset retirement obligations	578	578
Regulatory liabilities	918	993
Operating lease liabilities	334	343
Accrued pension and other post-retirement benefit costs	214	218
Other	169	136
Total other noncurrent liabilities	4,405	4,447
Commitments and Contingencies		
Equity		
Member's equity	6,909	6,789
Accumulated other comprehensive loss	—	(1)
Total equity	6,909	6,788
Total Liabilities and Equity	$ 20,467	$ 20,454

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

	Three Months Ended March 31,	
(in millions)	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 120	$ 96
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	219	207
Equity component of AFUDC	(4)	(1)
Deferred income taxes	34	45
Payments for asset retirement obligations	(5)	(7)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	3	2
Receivables	15	55
Receivables from affiliated companies	—	(6)
Inventory	(19)	(13)
Other current assets	7	(35)
Increase (decrease) in		
Accounts payable	11	—
Accounts payable to affiliated companies	(20)	(62)
Taxes accrued	31	20
Other current liabilities	(58)	(84)
Other assets	13	(63)
Other liabilities	(46)	(1)
Net cash provided by operating activities	301	153
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(506)	(422)
Purchases of debt and equity securities	(101)	(95)
Proceeds from sales and maturities of debt and equity securities	103	97
Notes receivable from affiliated companies	173	—
Other	(23)	(25)
Net cash used in investing activities	(354)	(445)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	25
Payments for the redemption of long-term debt	(282)	(81)
Notes payable to affiliated companies	305	291
Other	(1)	2
Net cash provided by financing activities	22	237
Net decrease in cash, cash equivalents and restricted cash	(31)	(55)
Cash, cash equivalents and restricted cash at beginning of period	56	75
Cash, cash equivalents and restricted cash at end of period	$ 25	$ 20
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 223	$ 193

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Member's Equity	Accumulated Other Comprehensive Income (Loss) Net Unrealized Gains on Available-for-Sale Securities	Total Equity
Balance at December 31, 2018	$ 6,097	$ (2)	$ 6,095
Net income	96	—	96
Other comprehensive income	—	1	1
Balance at March 31, 2019	$ 6,193	$ (1)	$ 6,192
Balance at December 31, 2019	$ 6,789	$ (1)	$ 6,788
Net income	**120**	—	**120**
Other comprehensive income	—	**1**	**1**
Balance at March 31, 2020	**$ 6,909**	**$ —**	**$ 6,909**

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
Operating Revenues		
Regulated electric	**$ 346**	$ 355
Regulated natural gas	**152**	176
Total operating revenues	**498**	531
Operating Expenses		
Fuel used in electric generation and purchased power	**87**	93
Cost of natural gas	**37**	54
Operation, maintenance and other	**123**	132
Depreciation and amortization	**68**	64
Property and other taxes	**83**	84
Total operating expenses	**398**	427
Operating Income	**100**	104
Other Income and Expenses, net	**3**	9
Interest Expense	**24**	30
Income Before Income Taxes	**79**	83
Income Tax Expense	**14**	14
Net Income and Comprehensive Income	**$ 65**	$ 69

See Notes to Condensed Consolidated Financial Statements

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

(in millions)		March 31, 2020		December 31, 2019
ASSETS				
Current Assets				
Cash and cash equivalents	$	14	$	17
Receivables (net of allowance for doubtful accounts of $5 at 2020 and $4 at 2019)		84		84
Receivables from affiliated companies		52		92
Inventory		121		135
Regulatory assets		33		49
Other		11		21
Total current assets		315		398
Property, Plant and Equipment				
Cost		10,401		10,241
Accumulated depreciation and amortization		(2,883)		(2,843)
Net property, plant and equipment		7,518		7,398
Other Noncurrent Assets				
Goodwill		920		920
Regulatory assets		567		549
Operating lease right-of-use assets, net		21		21
Other		56		52
Total other noncurrent assets		1,564		1,542
Total Assets	$	9,397	$	9,338
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	$	227	$	288
Accounts payable to affiliated companies		68		68
Notes payable to affiliated companies		399		312
Taxes accrued		170		219
Interest accrued		30		30
Asset retirement obligations		3		1
Regulatory liabilities		66		64
Other		68		75
Total current liabilities		1,031		1,057
Long-Term Debt		2,595		2,594
Long-Term Debt Payable to Affiliated Companies		25		25
Other Noncurrent Liabilities				
Deferred income taxes		942		922
Asset retirement obligations		78		79
Regulatory liabilities		760		763
Operating lease liabilities		20		21
Accrued pension and other post-retirement benefit costs		101		100
Other		97		94
Total other noncurrent liabilities		1,998		1,979
Commitments and Contingencies				
Equity				
Common Stock, $8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2020 and 2019		762		762
Additional paid-in capital		2,776		2,776
Retained earnings		210		145
Total equity		3,748		3,683
Total Liabilities and Equity	$	9,397	$	9,338

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 65**	$ 69
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**69**	65
Equity component of AFUDC	**(1)**	(3)
Deferred income taxes	**14**	20
Payments for asset retirement obligations	**—**	(1)
Provision for rate refunds	**3**	4
(Increase) decrease in		
Receivables	**1**	5
Receivables from affiliated companies	**40**	35
Inventory	**14**	15
Other current assets	**8**	(6)
Increase (decrease) in		
Accounts payable	**(19)**	(5)
Accounts payable to affiliated companies	**—**	(8)
Taxes accrued	**(49)**	(45)
Other current liabilities	**2**	14
Other assets	**(2)**	(10)
Other liabilities	**(8)**	(4)
Net cash provided by operating activities	**137**	145
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	**(217)**	(233)
Notes receivable from affiliated companies	**—**	(463)
Other	**(10)**	(11)
Net cash used in investing activities	**(227)**	(707)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	**—**	794
Notes payable to affiliated companies	**87**	(236)
Net cash provided by financing activities	**87**	558
Net decrease in cash and cash equivalents	**(3)**	(4)
Cash and cash equivalents at beginning of period	**17**	21
Cash and cash equivalents at end of period	**$ 14**	$ 17
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	**$ 66**	$ 68

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
Balance at December 31, 2018	$ 762	$ 2,776	$ (93)	$ 3,445
Net income	—	—	69	69
Balance at March 31, 2019	$ 762	$ 2,776	$ (24)	$ 3,514
Balance at December 31, 2019	$ 762	$ 2,776	$ 145	$ 3,683
Net income	**—**	**—**	**65**	**65**
Balance at March 31, 2020	**$ 762**	**$ 2,776**	**$ 210**	**$ 3,748**

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

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
Operating Revenues	$ 692	$ 768
Operating Expenses		
Fuel used in electric generation and purchased power	194	257
Operation, maintenance and other	186	189
Depreciation and amortization	132	131
Property and other taxes	22	19
Total operating expenses	534	596
Losses on Sales of Other Assets and Other, net	—	(3)
Operating Income	158	169
Other Income and Expenses, net	10	19
Interest Expense	43	43
Income Before Income Taxes	125	145
Income Tax Expense	26	35
Net Income and Comprehensive Income	$ 99	$ 110

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

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 15	$ 25
Receivables (net of allowance for doubtful accounts of $3 at 2020 and 2019)	50	60
Receivables from affiliated companies	76	79
Notes receivable from affiliated companies	543	—
Inventory	538	517
Regulatory assets	78	90
Other	36	60
Total current assets	1,336	831
Property, Plant and Equipment		
Cost	16,481	16,305
Accumulated depreciation and amortization	(5,349)	(5,233)
Net property, plant and equipment	11,132	11,072
Other Noncurrent Assets		
Regulatory assets	1,098	1,082
Operating lease right-of-use assets, net	57	57
Other	214	234
Total other noncurrent assets	1,369	1,373
Total Assets	$ 13,837	$ 13,276
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 157	$ 201
Accounts payable to affiliated companies	66	87
Notes payable to affiliated companies	—	30
Taxes accrued	81	49
Interest accrued	60	58
Current maturities of long-term debt	503	503
Asset retirement obligations	181	189
Regulatory liabilities	46	55
Other	92	112
Total current liabilities	1,186	1,284
Long-Term Debt	3,950	3,404
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	1,158	1,150
Asset retirement obligations	645	643
Regulatory liabilities	1,672	1,685
Operating lease liabilities	54	55
Accrued pension and other post-retirement benefit costs	148	148
Investment tax credits	170	164
Other	30	18
Total other noncurrent liabilities	3,877	3,863
Commitments and Contingencies		
Equity		
Member's Equity	4,674	4,575
Total Liabilities and Equity	$ 13,837	$ 13,276

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

	Three Months Ended March 31,	
(in millions)	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 99	$ 110
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	133	132
Equity component of AFUDC	(6)	(4)
Losses on sale of other assets	—	3
Deferred income taxes	16	28
Payments for asset retirement obligations	(12)	(11)
(Increase) decrease in		
Receivables	15	4
Receivables from affiliated companies	3	20
Inventory	(21)	(13)
Other current assets	25	19
Increase (decrease) in		
Accounts payable	(13)	8
Accounts payable to affiliated companies	(21)	(11)
Taxes accrued	43	20
Other current liabilities	(27)	(15)
Other assets	(4)	12
Other liabilities	8	6
Net cash provided by operating activities	238	308
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(210)	(208)
Purchases of debt and equity securities	(5)	(6)
Proceeds from sales and maturities of debt and equity securities	2	4
Notes receivable from affiliated companies	(543)	—
Other	(6)	(11)
Net cash used in investing activities	(762)	(221)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	544	—
Payments for the redemption of long-term debt	—	(60)
Notes payable to affiliated companies	(30)	(31)
Net cash provided by (used in) financing activities	514	(91)
Net decrease in cash and cash equivalents	(10)	(4)
Cash and cash equivalents at beginning of period	25	24
Cash and cash equivalents at end of period	$ 15	$ 20
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 70	$ 76

See Notes to Condensed Consolidated Financial Statements

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

(in millions)		Member's Equity
Balance at December 31, 2018	$	4,339
Net income		110
Balance at March 31, 2019	$	4,449
Balance at December 31, 2019	$	4,575
Net income		**99**
Balance at March 31, 2020	**$**	**4,674**

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

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
Operating Revenues	**$ 512**	$ 579
Operating Expenses		
Cost of natural gas	**162**	273
Operation, maintenance and other	**80**	80
Depreciation and amortization	**45**	42
Property and other taxes	**12**	12
Total operating expenses	**299**	407
Operating Income	**213**	172
Other Income and Expenses, net	**12**	6
Interest Expense	**27**	22
Income Before Income Taxes	**198**	156
Income Tax Expense	**20**	34
Net Income and Comprehensive Income	**$ 178**	$ 122

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 4	$ —
Receivables (net of allowance for doubtful accounts of $9 at 2020 and $6 at 2019)	191	241
Receivables from affiliated companies	13	10
Inventory	39	72
Regulatory assets	96	73
Other	13	28
Total current assets	356	424
Property, Plant and Equipment		
Cost	8,653	8,446
Accumulated depreciation and amortization	(1,703)	(1,681)
Net property, plant and equipment	6,950	6,765
Other Noncurrent Assets		
Goodwill	49	49
Regulatory assets	263	290
Operating lease right-of-use assets, net	23	24
Investments in equity method unconsolidated affiliates	84	83
Other	132	121
Total other noncurrent assets	551	567
Total Assets	$ 7,857	$ 7,756
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 145	$ 215
Accounts payable to affiliated companies	12	3
Notes payable to affiliated companies	486	476
Taxes accrued	36	24
Interest accrued	32	33
Regulatory liabilities	91	81
Other	54	67
Total current liabilities	856	899
Long-Term Debt	2,385	2,384
Other Noncurrent Liabilities		
Deferred income taxes	742	708
Asset retirement obligations	17	17
Regulatory liabilities	1,087	1,131
Operating lease liabilities	22	23
Accrued pension and other post-retirement benefit costs	7	3
Other	121	148
Total other noncurrent liabilities	1,996	2,030
Commitments and Contingencies		
Equity		
Common stock, no par value: 100 shares authorized and outstanding at 2020 and 2019	1,310	1,310
Retained earnings	1,310	1,133
Total equity	2,620	2,443
Total Liabilities and Equity	$ 7,857	$ 7,756

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

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 178	$ 122
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	46	42
Equity component of AFUDC	(5)	—
Deferred income taxes	12	23
Equity in earnings from unconsolidated affiliates	(2)	(2)
Provision for rate refunds	(18)	7
(Increase) decrease in		
Receivables	65	27
Receivables from affiliated companies	(3)	12
Inventory	33	45
Other current assets	(9)	22
Increase (decrease) in		
Accounts payable	(76)	(44)
Accounts payable to affiliated companies	9	(4)
Taxes accrued	12	(49)
Other current liabilities	(12)	15
Other assets	1	(3)
Other liabilities	(1)	(5)
Net cash provided by operating activities	230	208
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(231)	(209)
Other	(5)	(2)
Net cash used in investing activities	(236)	(211)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable to affiliated companies	10	3
Net cash provided by financing activities	10	3
Net increase in cash and cash equivalents	4	—
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	$ 4	$ —
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 114	$ 92

See Notes to Condensed Consolidated Financial Statements

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

(in millions)		Common Stock		Retained Earnings		Total Equity
Balance at December 31, 2018	$	1,160	$	931	$	2,091
Net income		—		122		122
Balance at March 31, 2019	$	1,160	$	1,053	$	2,213
Balance at December 31, 2019	$	1,310	$	1,133	$	2,443
Net income		—		**178**		**178**
Other		—		**(1)**		**(1)**
Balance at March 31, 2020	**$**	**1,310**	**$**	**1,310**	**$**	**2,620**

Index to Combined Notes to Condensed Consolidated Financial Statements

The unaudited notes to the Condensed Consolidated Financial Statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

	Applicable Notes															
Registrant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Duke Energy	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•
Duke Energy Carolinas	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Progress Energy	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•
Duke Energy Progress	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Duke Energy Florida	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Duke Energy Ohio	•	•	•	•	•	•	•	•		•	•	•		•	•	•
Duke Energy Indiana	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Piedmont	•	•	•	•	•	•	•	•		•		•		•	•	•

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

1. ORGANIZATION AND BASIS OF PRESENTATION

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2019.

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

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

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

BASIS OF CONSOLIDATION

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries or VIEs where the respective Duke Energy Registrants have control. See Note 11 for additional information on VIEs. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities.

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic, and President Trump proclaimed that the COVID-19 outbreak in the United States constitutes a national emergency. The COVID-19 pandemic has not had a material financial impact on the Duke Energy Registrants as of March 31, 2020; however, the extent to which the COVID-19 pandemic will impact the Duke Energy Registrants during 2020 and beyond is uncertain at this time. The Duke Energy Registrants are monitoring developments closely. See Notes 3, 5, 11, 12 and 15 for information on COVID-19 and steps taken to mitigate the impacts to our business and customers.

NONCONTROLLING INTEREST

Duke Energy maintains a controlling financial interest in certain less than wholly owned nonregulated subsidiaries. As a result, Duke Energy consolidates these subsidiaries and presents the third-party investors' portion of Duke Energy's net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Condensed Consolidated Balance Sheet.

Several operating agreements of Duke Energy's subsidiaries with noncontrolling interest are subject to allocations of earnings, tax attributes and cash flows in accordance with contractual agreements that vary throughout the lives of the subsidiaries. Therefore, Duke Energy and the other investors' (the owners) interests in the subsidiaries are not fixed, and the subsidiaries apply the Hypothetical Liquidation at Book Value (HLBV) method in allocating income or loss and other comprehensive income or loss (all measured on a pretax basis) to the owners. The HLBV method measures the amounts that each owner would hypothetically claim at each balance sheet reporting date, including tax benefits realized by the owners, upon a hypothetical liquidation of the subsidiary at the net book value of its underlying assets. The change in the amount that each owner would hypothetically receive at the reporting date compared to the amount it would have received on the previous reporting date represents the amount of income or loss allocated to each owner for the reporting period. Duke Energy has received $103 million for the sale of noncontrolling interests to tax equity members for the three months ended March 31, 2020. Duke Energy allocated approximately $49 million and $7 million of losses to noncontrolling tax equity members utilizing the HLBV method for the three months ended March 31, 2020, and March 31, 2019, respectively.

Other operating agreements of Duke Energy's subsidiaries with noncontrolling interest allocate profit and loss based on their pro rata shares of the ownership interest in the respective subsidiary. Therefore, Duke Energy allocates net income or loss and other comprehensive income or loss of these subsidiaries to the owners based on their pro rata shares.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

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

	March 31, 2020			December 31, 2019		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	$ 1,450	$ 52	$ 12	$ 311	$ 48	$ 17
Other	185	13	13	222	39	39
Other Noncurrent Assets						
Other	63	60	—	40	39	—
Total cash, cash equivalents and restricted cash	$ 1,698	$ 125	$ 25	$ 573	$ 126	$ 56

INVENTORY

Provisions for inventory write-offs were not material at March 31, 2020, and December 31, 2019. The components of inventory are presented in the tables below.

	March 31, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	$ 2,280	$ 759	$ 1,018	$ 678	$ 340	$ 83	$ 319	$ 5
Coal	742	268	246	167	79	10	218	—
Natural gas, oil and other fuel	302	40	199	111	89	28	1	34
Total inventory	$ 3,324	$ 1,067	$ 1,463	$ 956	$ 508	$ 121	$ 538	$ 39

	December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	$ 2,297	$ 768	$ 1,038	$ 686	$ 351	$ 79	$ 318	$ 5
Coal	586	187	186	138	48	15	198	—
Natural gas, oil and other fuel	349	41	199	110	90	41	1	67
Total inventory	$ 3,232	$ 996	$ 1,423	$ 934	$ 489	$ 135	$ 517	$ 72

NEW ACCOUNTING STANDARDS

The following new accounting standard was adopted by the Duke Energy Registrants in 2020.

Current Expected Credit Losses. In June 2016, the FASB issued new accounting guidance for credit losses. Duke Energy adopted the new accounting guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year results. Duke Energy did not adopt any practical expedients.

Duke Energy recognizes allowances for credit losses based on management's estimate of losses expected to be incurred over the lives of certain assets or guarantees. Management monitors credit quality, changes in expected credit losses and the appropriateness of the allowance for credit losses on a forward-looking basis. Management reviews the risk of loss periodically as part of the existing assessment of collectability of receivables.

Duke Energy reviews the credit quality of its counterparties as part of its regular risk management process and requires credit enhancements, such as deposits or letters of credit, as appropriate and as allowed by regulators.

Duke Energy recorded cumulative effects of changes in accounting principles related to the adoption of new credit loss standard, for allowances for credit losses of trade and other receivables, insurance receivables and financial guarantees. These amounts are included in the Condensed Consolidated Balance Sheets in Receivables, Receivables of VIEs, Other Noncurrent Assets and Other Noncurrent Liabilities. See Notes 4 and 12 for more information.

Duke Energy recorded an adjustment for the cumulative effect of a change in accounting principle due to the adoption of this standard on January 1, 2020, as shown in the table below:

	January 1, 2020					
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Piedmont
Total pretax impact to Retained Earnings	$ 120	$ 16	$ 2	$ 1	$ 1	$ 1

The following new accounting standard has been issued but not yet adopted by the Duke Energy Registrants as of March 31, 2020.

Reference Rate Reform. In March 2020, the FASB issued new accounting guidance for reference rate reform. This guidance is elective and provides expedients to facilitate financial reporting for the anticipated transition away from the London Inter-bank Offered Rate (LIBOR) and other interbank reference rates by the end of 2021. The optional expedients are effective for modification of existing contracts or new arrangements executed between March 12, 2020, through December 31, 2022.

Duke Energy has variable-rate debt and manages interest rate risk by entering into financial contracts including interest rate swaps that are generally indexed to LIBOR. Impacted financial arrangements extending beyond 2021 may require contractual amendment or termination to fully adapt to a post-LIBOR environment. Duke Energy is assessing these financial arrangements and is evaluating the use of optional expedients outlined in the new accounting guidance. Alternative index provisions are also being assessed and incorporated into new financial arrangements that extend beyond 2021.

2. BUSINESS SEGMENTS

Duke Energy

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment primarily includes Duke Energy's regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment includes Piedmont, Duke Energy's natural gas local distribution companies in Ohio and Kentucky, and Duke Energy's natural gas storage and midstream pipeline investments. The Commercial Renewables segment is primarily comprised of nonregulated utility-scale wind and solar generation assets located throughout the U.S. The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of interest expense on holding company debt, unallocated corporate costs, Duke Energy's wholly owned captive insurance company, Bison, and Duke Energy's interest in National Methanol Company.

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

	Three Months Ended March 31, 2020						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	$ 5,174	$ 640	$ 129	$ 5,943	$ 6	$ —	$ 5,949
Intersegment revenues	9	24	—	33	17	(50)	—
Total revenues	$ 5,183	$ 664	$ 129	$ 5,976	$ 23	$ (50)	$ 5,949
Segment income (loss)[(a)]	$ 705	$ 249	$ 57	$ 1,011	$ (112)	$ —	$ 899
Add: Noncontrolling interests[(b)]							(48)
Add: Preferred stock dividend							39
Net income							$ 890
Segment assets	$ 134,838	$ 14,098	$ 6,184	$ 155,120	$ 4,964	$ (12)	$ 160,072

	Three Months Ended March 31, 2019						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	$ 5,321	$ 732	$ 106	$ 6,159	$ 4	$ —	$ 6,163
Intersegment revenues	8	24	—	32	17	(49)	—
Total revenues	$ 5,329	$ 756	$ 106	$ 6,191	$ 21	$ (49)	$ 6,163
Segment income (loss)	$ 750	$ 226	$ 13	$ 989	$ (89)	$ —	$ 900
Add: Noncontrolling interests[(b)]							(7)
Net income							$ 893

(a) Other includes a $98 million reversal, included in Operations, maintenance and other on the Condensed Consolidated Statements of Operations, of 2018 severance costs due to the partial settlement of the Duke Energy Carolina's 2019 North Carolina rate case. See Note 3 for additional information.

(b) Includes the allocation of losses to noncontrolling tax equity members. See Note 1 for additional information.

Duke Energy Ohio

Duke Energy Ohio has two reportable segments, Electric Utilities and Infrastructure and Gas Utilities and Infrastructure. The remainder of Duke Energy Ohio's operations is presented as Other.

	Three Months Ended March 31, 2020					
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Eliminations	Total
Total revenues	$ 346	$ 152	$ 498	$ —	$ —	$ 498
Segment income/Net (loss) income	$ 30	$ 36	$ 66	$ (1)	$ —	$ 65
Segment assets	$ 6,238	$ 3,135	$ 9,373	$ 26	$ (2)	$ 9,397

	Three Months Ended March 31, 2019				
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Total
Total revenues	$ 355	$ 176	$ 531	$ —	$ 531
Segment income/Net (loss) income	$ 36	$ 35	$ 71	$ (2)	$ 69

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

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

Duke Energy Carolinas and Duke Energy Progress

COVID-19 Filings

North Carolina

On March 10, 2020, Governor Roy Cooper issued Executive Order No. 116 declaring a state of emergency due to the COVID-19 pandemic. In an effort to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 19, 2020, Duke Energy Carolinas and Duke Energy Progress filed a request with the NCUC seeking authorization to waive: (1) any late payment charges incurred by a residential or nonresidential customer, effective March 21, 2020; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit; and (4) the fees and charges associated with the use of credit cards or debit cards to pay residential electric utility bills, effective March 21, 2020. The NCUC granted the companies' request on March 20, 2020.

On March 31, 2020, the governor issued Executive Order No. 124, which, in addition to requiring the steps in the NCUC order noted above, stated that nothing in Executive Order No. 124 shall relieve a customer of its obligation to pay bills for receipt of utility services provided. Executive Order No. 124 remains in effect for 60 days unless otherwise rescinded or replaced with a superseding Executive Order.

On March 31, 2020, the Carolina Utility Customers Association (CUCA) filed a petition with the NCUC to temporarily suspend minimum demand charges for commercial and industrial customers. On April 2, 2020, the NCUC issued an order requiring the North Carolina Public Staff (Public Staff) and Duke Energy Carolinas, Duke Energy Progress and other utilities to file responses. On April 9, 2020, Duke Energy Carolinas and Duke Energy Progress filed responses to CUCA's petition opposing CUCA's request. The companies assert that voiding commission-approved tariffs and allowing all commercial and industrial customers on the requested rate schedules to avoid paying a portion of their bills is not legally permissible and would result in these costs unfairly being shifted to other customers that are already paying their respective fair share of similar fixed components. Pursuant to the NCUC's April 2 order, reply comments were filed by CUCA, the Public Staff and Duke Energy Carolinas and Duke Energy Progress on April 15, 2020. A final order from the NCUC deciding CUCA's request is pending. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

South Carolina

On March 13, 2020, Governor Henry McMaster issued Executive Order No. 2020-08 declaring a state of emergency due to the COVID-19 pandemic. The governor also issued a letter on March 14, 2020, to the ORS Executive Director regarding the suspension of disconnection of essential utility services for nonpayment. On March 16, 2020, citing the governor's letter, the ORS filed a request asking the PSCSC to grant waivers so that utilities could suspend disconnections of utility services for nonpayment. Duke Energy Carolinas and Duke Energy Progress supported such motion. On March 18, 2020, the PSCSC issued an order approving such waivers, and also approved waivers for regulations related to late fees and reconnect fees. The PSCSC's order also required utilities to track the financial impacts of actions taken pursuant to such waivers for possible reporting to the PSCSC.

On April 30, 2020, the ORS requested the PSCSC grant a waiver of the applicable regulations to allow customers the flexibility to obtain deferred payment plans longer than 6 months for past-due amounts. On May 5, 2020, Duke Energy Carolinas and Duke Energy Progress filed responsive comments stating that while utility bills will remain due, Duke Energy Carolinas and Duke Energy Progress do not plan to immediately reinstitute disconnection upon the expiration of the state of emergency and intend to work through a potential grace period as economic recovery begins. Duke Energy Carolinas and Duke Energy Progress also concurred with the observation of the ORS that reduced usage is impacting the fixed cost recovery and revenue assumptions included in rates. Those costs include not only ongoing operational and financing costs necessary to serve customers, but also the borrowings necessary to support extended payment arrangements that will be an important part of emerging from the COVID-19 pandemic. Duke Energy Carolinas and Duke Energy Progress will continue to track such costs, lost revenues and potential cost savings for future evaluation by the PSCSC.

Additionally, on May 8, 2020, the ORS filed a motion for the PSCSC to solicit comments from utilities and interested stakeholders regarding measures to be taken to mitigate impacts of COVID-19 on utility customers and require recordkeeping. In a detailed motion, the ORS specifically asked the PSCSC to: (1) solicit input from utilities regarding the temporary mitigation measures to address COVID-19; (2) request utilities to inform the PSCSC of the plans utilities have to return to normalized operations; (3) require utilities to track revenue impacts, incremental costs and savings related to COVID-19 and file the findings with the PSCSC on a quarterly basis; and (4) include any other matters that the PSCSC believes should be addressed. The ORS requests that such comments be filed within 30 days of a PSCSC order approving the motion. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

2017 North Carolina Rate Case

On August 25, 2017, Duke Energy Carolinas filed an application with the NCUC for a rate increase for retail customers of approximately $647 million, which represented an approximate 13.6% increase in annual base revenues. The request for rate increase was driven by capital investments subsequent to the previous base rate case, including the William States Lee Combined Cycle Facility, grid improvement projects, AMI, investments in customer service technologies, costs of complying with CCR regulations and the Coal Ash Act and recovery of costs related to licensing and development of the William States Lee III Nuclear Station.

On February 28, 2018, Duke Energy Carolinas and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt.

On June 22, 2018, the NCUC issued an order approving the Stipulation of Partial Settlement and requiring a revenue reduction.

On July 20, 2018, the North Carolina Attorney General filed a Notice of Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction issued by the NCUC. The Attorney General contends the commission's order should be reversed and remanded, as it is in excess of the commission's statutory authority; affected by errors of law; unsupported by competent, material and substantial evidence in view of the entire record as submitted; and arbitrary or capricious. The Sierra Club, North Carolina Sustainable Energy Association, North Carolina Justice Center, North Carolina Housing Coalition, Natural Resource Defense Council and Southern Alliance for Clean Energy also filed Notices of Appeal to the North Carolina Supreme Court. On August 8, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court, which contends the commission's June 22, 2018, order should be reversed and remanded, as it is affected by errors of law, and is unsupported by substantial evidence with regard to the commission's failure to consider substantial evidence of coal ash related environmental violations. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Carolinas and Duke Energy Progress appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. On November 29, 2018, the North Carolina Supreme Court adopted a schedule for briefing set forth in the motion to consolidate the Duke Energy Carolinas and Duke Energy Progress appeals. Appellant briefs were filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Oral arguments before the North Carolina Supreme Court were held on March 11, 2020. Duke Energy Carolinas cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On September 30, 2019, Duke Energy Carolinas filed an application with the NCUC for a net rate increase for retail customers of approximately $291 million, which represented an approximate 6% increase in annual base revenues. The gross rate case revenue increase request was $445 million, which was offset by an EDIT rider of $154 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for rate increase was driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Carolinas requested rates be effective no later than August 1, 2020. The NCUC established a procedural schedule with an evidentiary hearing to begin on March 23, 2020. On March 16, 2020, in consideration of public health and safety as a result of the COVID-19 pandemic, Duke Energy Carolinas filed a motion with the NCUC seeking a suspension of the procedural schedule in the rate case, including issuing discovery requests, and postponement of the evidentiary hearing for 60 days. Also on March 16, 2020, the NCUC issued an Order Postponing Hearing and Addressing Procedural Matters, which postponed the evidentiary hearing until further order by the commission.

On March 25, 2020, Duke Energy Carolinas and the Public Staff filed an Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain issues in the base rate proceeding. Major components of the settlement included:

- Removal of deferred storm costs from the rate case;
- Filing a petition seeking to securitize the deferred storm costs within 120 days of a commission order in this rate case regarding the reasonableness and prudency of the storm costs;
- Agreement of certain assumptions to demonstrate the quantifiable benefits to customers of a securitization financing; and
- Agreement on certain accounting matters, including recovery of employee incentives, severance, aviation costs and executive compensation.

On May 6, 2020, Duke Energy Carolinas, Duke Energy Progress and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. The joint motion suggests, health and safety permitting, that the commission consider the possibility of holding the consolidated hearing in July. If the NCUC grants the joint motion, Duke Energy Carolinas expects the NCUC to issue an order on its net rate increase by the end of the year. Duke Energy Carolinas cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Carolinas filed an application with the PSCSC for a rate increase for retail customers of approximately $168 million, which represented an approximate 10% increase in retail revenues. The request for rate increase was driven by capital investments and environmental compliance progress made by Duke Energy Carolinas since its previous rate case, including the further implementation of Duke Energy Carolinas' generation modernization program, which consists of retiring, replacing and upgrading generation plants, investments in customer service technologies and continued investments in base work to maintain its transmission and distribution systems. The request included net tax benefits resulting from the Tax Act of $66 million to reflect the change in ongoing tax expense, primarily from the reduction in the federal income tax rate from 35% to 21%. The request also included $46 million to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change and benefits of $17 million from a reduction in North Carolina state income taxes allocable to South Carolina (EDIT Rider).

Duke Energy Carolinas also requested approval of its proposed Grid Improvement Plan (GIP), adjustments to its Prepaid Advantage Program and a variety of accounting orders related to ongoing costs for environmental compliance, including recovery over a five-year period of $242 million of deferred coal ash related compliance costs, grid investments between rate changes, incremental depreciation expense, a result of new depreciation rates from the depreciation study approved in the 2017 North Carolina Rate Case above, and the balance of development costs associated with the cancellation of the Lee Nuclear Project. Finally, Duke Energy Carolinas sought approval to establish a reserve and accrual for end-of-life nuclear costs for nuclear fuel and materials and supplies. On March 8, 2019, the ORS moved to establish a new and separate hearing docket to review and consider the GIP proposed by Duke Energy Carolinas. Subsequently, on March 12, 2019, the ORS and Duke Energy Carolinas executed a Stipulation resolving the ORS's motion. The Stipulation provided that costs incurred for the GIP after January 1, 2019, would be deferred with a return, subject to evaluation in a future rate proceeding. The Stipulation was approved by the PSCSC on June 19, 2019. On December 16, 2019, Duke Energy Carolinas and Duke Energy Progress filed a Joint Petition to Establish an Informational Docket for Review and Consideration of Grid Improvement Plans through which Duke Energy Carolinas and Duke Energy Progress would provide interested stakeholders information on the companies' grid activities. The PSCSC requested parties comment on procedural matters by January 31, 2020; accordingly, various groups filed comments, none of which opposed an informational docket. Duke Energy Carolinas cannot predict the outcome of this matter.

After hearings in March 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of cancellation of the Lee Nuclear Project, with Duke Energy Carolinas maintaining the Combined Operating License;
- Approval of recovery of $125 million (South Carolina retail portion) of Lee Nuclear Project development costs (including AFUDC through December 2017) over a 12-year period, but denial of a return on the deferred balance of costs;
- Approval of recovery of $96 million of coal ash costs over a five-year period with a return at Duke Energy Carolinas' WACC;
- Denial of recovery of $115 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a $66 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a $45 million decrease through the EDIT Rider to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with the Average Rate Assumption Method (ARAM) for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a five-year period for the deferred revenues; and
- Approval of a $17 million decrease through the EDIT Rider related to reductions in the North Carolina state income tax rate from 6.9% to 2.5% to be returned over a five-year period.

As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Carolinas filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Carolinas were prejudiced by unlawful, arbitrary and capricious rulings by the commission on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Carolinas' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Carolinas filed a notice of appeal on November 15, 2019, with the Supreme Court of South Carolina. On November 20, 2019, the South Carolina Energy Users Committee filed a Notice of Appeal and the ORS filed a Notice of Cross Appeal with the Supreme Court of South Carolina. On February 12, 2020, Duke Energy Carolinas and the ORS filed a joint motion to extend briefing schedule deadlines, which was approved by the Supreme Court of South Carolina on February 20, 2020. On March 10, 2020, the ORS filed a consent motion requesting withdrawal of their appeal. Initial briefs were filed on April 21, 2020. Response briefs and reply briefs are due July 6, 2020, and August 11, 2020, respectively. Also on April 21, 2020, the South Carolina Energy User's Committee filed a brief arguing that the PSCSC erred in allowing Duke Energy Carolinas' recovery of costs related to the Lee Nuclear Station. Based on legal analysis and the filing of the appeal, Duke Energy Carolinas has not recorded an adjustment for its deferred coal ash costs. Duke Energy Carolinas cannot predict the outcome of this matter.

Duke Energy Progress

2017 North Carolina Rate Case

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

On November 22, 2017, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt. On February 23, 2018, the NCUC issued an order approving the stipulation.

On May 15, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court from the NCUC's February 23, 2018, order. The Public Staff contends the NCUC's order should be reversed and remanded, as it is affected by errors of law, and is unsupported by competent, material and substantial evidence in view of the entire record as submitted. The North Carolina Attorney General and Sierra Club also filed Notices of Appeal to the North Carolina Supreme Court from the February 23, 2018, order. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Progress and Duke Energy Carolinas appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. Appellant briefs were filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Oral arguments before the North Carolina Supreme Court were held on March 11, 2020. Duke Energy Progress cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On October 30, 2019, Duke Energy Progress filed an application with the NCUC for a net rate increase for retail customers of approximately $464 million, which represented an approximate 12.3% increase in annual base revenues. The gross rate case revenue increase request was $586 million, which was offset by riders of $122 million, primarily an EDIT rider of $120 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for rate increase was driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Progress seeks to defer and recover incremental Hurricane Dorian storm costs in this proceeding and requests rates be effective no later than September 1, 2020. As a result of the COVID-19 pandemic, on March 24, 2020, the NCUC suspended the procedural schedule and postponed the previously scheduled evidentiary hearing on this matter indefinitely. On April 7, 2020, the NCUC issued an order partially resuming the procedural schedule requiring intervenors to file direct testimony on April 13, 2020. Public Staff filed supplemental direct testimony on April 23, 2020. Duke Energy Progress filed rebuttal testimony on May 4, 2020. On May 6, 2020, Duke Energy Progress, Duke Energy Carolinas and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. The joint motion suggests, health and safety permitting, that the commission consider the possibility of holding the consolidated hearing in July. If the NCUC grants the joint motion, Duke Energy Progress expects the NCUC to issue an order on its net rate increase by the end of the year. Duke Energy Progress cannot predict the outcome of this matter.

Hurricane Dorian

Hurricane Dorian reached the Carolinas in September 2019 as a Category 2 hurricane making landfall within Duke Energy Progress' service territory. Approximately 270,000 North Carolina customers and 30,000 South Carolina customers were impacted by the slow-moving storm that brought high winds, tornadoes and heavy rain. With storm-response mobilization occurring in preparation for the storm and the assistance of mutual aid partners, full restoration was accomplished within four days for all customers able to receive service. Total estimated incremental operation and maintenance expenses incurred to repair and restore the system are approximately $177 million with an additional $4 million in capital investments made for restoration efforts. Approximately $151 million and $179 million of the operation and maintenance expenses are deferred in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of March 31, 2020, and December 31, 2019, respectively. A request for an accounting order to defer incremental storm costs associated with Hurricane Dorian was included in Duke Energy Progress' October 30, 2019, general rate case filing with the NCUC. Duke Energy Progress cannot predict the outcome of this matter.

On February 7, 2020, a petition was filed with the PSCSC in the 2019 storm deferrals docket requesting deferral of approximately $22 million in operation and maintenance expenses to an existing storm deferral balance previously approved by the PSCSC. The PSCSC voted to approve the request on March 4, 2020, and issued a final order on April 7, 2020.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Progress filed an application with the PSCSC for a rate increase for retail customers of approximately $59 million, which represented an approximate 10.3% increase in annual base revenues. The request for rate increase was driven by capital investments and environmental compliance progress made by Duke Energy Progress since its previous rate case, including the further implementation of Duke Energy Progress' generation modernization program, which consists of retiring, replacing and upgrading generation plants, investments in customer service technologies and continued investments in base work to maintain its transmission and distribution systems. The request included a decrease resulting from the Tax Act of $17 million to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%. The request also included $10 million to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change (EDIT Rider) and a $12 million increase due to the expiration of EDITs related to reductions in North Carolina state income taxes allocable to South Carolina.

Duke Energy Progress also requested approval of its proposed GIP, approval of a Prepaid Advantage Program and a variety of accounting orders related to ongoing costs for environmental compliance, including recovery over a five-year period of $51 million of deferred coal ash related compliance costs, AMI deployment, grid investments between rate changes and regulatory asset treatment related to the retirement of a generating plant located in Asheville, North Carolina. Finally, Duke Energy Progress sought approval to establish a reserve and accrual for end-of-life nuclear costs for materials and supplies and nuclear fuel. On March 8, 2019, the ORS moved to establish a new and separate hearing docket to review and consider the GIP proposed by Duke Energy Progress. Subsequently, on March 12, 2019, the ORS and Duke Energy Carolinas executed a Stipulation resolving the ORS's motion, and Duke Energy Progress agreed to the Stipulation, as did other parties in the rate case. The Stipulation provided that costs incurred for the GIP after January 1, 2019, would be deferred with a return, with all costs subject to evaluation in a future rate proceeding, and that Duke Energy Progress would refile for consideration of the GIP in a new docket for resolution by January 1, 2020. The Stipulation was approved by the PSCSC on June 19, 2019. On December 16, 2019, Duke Energy Progress and Duke Energy Carolinas filed a Joint Petition to Establish an Informational Docket for Review and Consideration of Grid Improvement Plans through which Duke Energy Progress and Duke Energy Carolinas would provide interested stakeholders information on the companies' grid activities. The PSCSC requested parties comment on procedural matters by January 31, 2020; accordingly, various groups filed comments, none of which opposed an informational docket. Duke Energy Progress cannot predict the outcome of this matter.

After hearings in April 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of recovery of $4 million of coal ash costs over a five-year period with a return at Duke Energy Progress' WACC;
- Denial of recovery of $65 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a $17 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a $12 million decrease through the EDIT Tax Savings Rider resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with ARAM for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a three-year period for the deferred revenues; and
- Approval of a $12 million increase due to the expiration of EDIT related to reductions in the North Carolina state income tax rate from 6.9% to 2.5%.

As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Progress filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Progress were prejudiced by unlawful, arbitrary and capricious rulings by the commission on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Progress' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses, but allowing additional litigation-related costs. As a result of the Directive allowing litigation-related costs, customer rates were revised effective July 1, 2019. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Progress filed a notice of appeal on November 15, 2019, with the Supreme Court of South Carolina. The ORS filed a Notice of Cross Appeal on November 20, 2019. On February 12, 2020, Duke Energy Progress and the ORS filed a joint motion to extend briefing schedule deadlines, which was approved by the Supreme Court of South Carolina on February 20, 2020. On March 10, 2020, the ORS filed a consent motion requesting withdrawal of their appeal. Initial briefs were filed on April 21, 2020. Response briefs and reply briefs are due July 6, 2020, and August 11, 2020, respectively. Based on legal analysis and the filing of the appeal, Duke Energy Progress has not recorded an adjustment for its deferred coal ash costs. Duke Energy Progress cannot predict the outcome of this matter.

Western Carolinas Modernization Plan

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

Duke Energy Progress retired the 376-MW Asheville coal-fired plant on January 29, 2020, at which time the net book value, including associated ash basin closure costs, of $214 million was transferred from Generation facilities to be retired, net to Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

On March 28, 2016, the NCUC issued an order approving a Certificate of Public Convenience and Necessity (CPCN) for the new combined-cycle natural gas plants with an estimated cost of $893 million, but required Duke Energy Progress to refile for CPCN approval for the contingent simple cycle unit.

On December 27, 2019, Asheville Combined Cycle Power Block 1 and the common systems that serve both combined cycle units went into commercial operation. Power Block 1 consists of the Unit 5 Combustion Turbine and Unit 6 Steam Turbine Generator (which together form the first combined cycle unit approved in the CPCN Order). Power Block 2 consists of the Unit 7 Combustion Turbine and Unit 8 Steam Turbine Generator (which together form the second combined cycle unit approved in the CPCN Order). Duke Energy Progress placed the Unit 7 Combustion Turbine portion of Power Block 2 into commercial operation in simple-cycle mode on January 15, 2020. The Unit 8 Steam Turbine Generator went into commercial operation on April 5, 2020.

On October 8, 2018, Duke Energy Progress filed an application with the NCUC for a CPCN to construct the Hot Springs Microgrid Solar and Battery Storage Facility. On March 22, 2019, Duke Energy Progress and the Public Staff filed a Joint Proposed Order. On May 10, 2019, the NCUC issued an Order Granting Certificate of Public Convenience and Necessity with Conditions. On November 19, 2019, Duke Energy Progress filed a semiannual progress report for its Hot Springs Microgrid Solar and Battery Storage Facility. As required by an NCUC order issued December 6, 2019, an updated progress report was filed on January 15, 2020. An evidentiary hearing was held on March 5, 2020. Construction is expected to begin in the second quarter of 2020 with commercial operation expected to begin in December 2020.

Duke Energy Florida

COVID-19 Filings

On March 1, 2020, Governor Ron DeSantis issued Executive Order No. 20-51 directing the State Health Officer of Florida to declare a public health emergency in Florida related to the COVID-19 pandemic. The governor then issued a second Executive Order No. 20-52 on March 9, 2020, in which he declared a state of emergency in Florida and directed the Director of the Division of Emergency Management to implement the state's Comprehensive Emergency Management Plan. The governor issued additional Executive Orders – Nos. 2020-68, 2020-69, 2020-71, 2020-72 and 2020-83 – in response to the ongoing health care emergency that, among other things, suspended the in-person public meeting requirements for state agencies and local governments and directed the state surgeon general to issue public health advisories to limit potential exposure to COVID-19, advising against gatherings of 10 or more persons. On March 19, 2020, Duke Energy Florida filed a request to modify its tariff to allow it to waive late fees for customers, and on April 6, 2020, the FPSC issued an order approving the request. Duke Energy Florida had already voluntarily waived reconnect fees and credit card fees, and is not disconnecting customers for nonpayment. On April 2, 2020, Duke Energy Florida filed a petition with the FPSC to accelerate a $78 million fuel cost refund to customers in the month of May 2020. Typically, the refund would be made over the course of 2021. The FPSC approved the petition on April 28, 2020.

Storm Restoration Cost Recovery

In October 2018, Duke Energy Florida's service territory suffered damage when Hurricane Michael made landfall as a Category 5 hurricane with maximum sustained winds of 160 mph. The storm caused catastrophic damage from wind and storm surge, particularly from Panama City Beach to Mexico Beach, resulting in widespread outages and significant damage to transmission and distribution facilities across the central Florida Panhandle. In response to Hurricane Michael, Duke Energy Florida restored service to approximately 72,000 customers. Total estimated incremental operation and maintenance and capital costs are $311 million. Approximately $106 million and $107 million of the costs are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of March 31, 2020, and December 31, 2019, respectively. Approximately $205 million and $204 million of costs are included in Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of March 31, 2020, and December 31, 2019, respectively, representing recoverable costs under the FPSC's storm rule and Duke Energy Florida's OATT formula rates.

Duke Energy Florida filed a petition with the FPSC on April 30, 2019, to recover the retail portion of estimated incremental storm restoration costs for Hurricane Michael. On June 11, 2019, the FPSC approved the petition for recovery of estimated incremental storm restoration costs related to Hurricane Michael. The FPSC also approved the stipulation Duke Energy Florida filed, which will allow Duke Energy Florida to use the tax savings resulting from the Tax Act to recover these storm costs in lieu of implementing a storm surcharge. Approved storm costs are currently expected to be fully recovered by approximately year-end 2021. On November 22, 2019, Duke Energy Florida filed a petition for approval of actual retail recoverable storm restoration costs related to Hurricane Michael in the amount of $191 million plus interest. An Order Establishing Procedure was issued on January 30, 2020, and hearings are scheduled to begin September 15, 2020. Duke Energy Florida cannot predict the outcome of this matter.

Hurricane Dorian

In September 2019, Duke Energy Florida's service territory was threatened by Hurricane Dorian with landfall as a possible Category 5 hurricane. For several days, various forecasts and models predicted significant impact to Duke Energy Florida's service territory; accordingly, Duke Energy Florida incurred costs to secure necessary resources to be prepared for that potential impact. Although Hurricane Dorian never made landfall in Florida, its effects were still felt, and outages did occur. Preparations were required so that, if Hurricane Dorian had made landfall and impacts had been more severe, Duke Energy Florida would have been prepared to restore its customers' power in a timely fashion.

On December 19, 2019, Duke Energy Florida filed a petition with the FPSC to recover $169 million, the estimated retail portion of these costs, consistent with the provisions in the 2017 Settlement. On February 24, 2020, the commission approved the request for recovery over a 12-month period with rates effective in March 2020 and subject to true up. The final actual amount will be filed later in 2020 and the FPSC will hold a hearing to determine the final amount of incremental costs. Duke Energy Florida cannot predict the outcome of this matter. Approximately $147 million and $167 million of these costs are included in Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of March 31, 2020, and December 31, 2019, respectively, representing recoverable costs under the FPSC's storm rule and Duke Energy Florida's OATT formula rates.

Solar Base Rate Adjustment

On July 31, 2018, Duke Energy Florida petitioned the FPSC to include in base rates the revenue requirements for its first two solar generation projects, the Hamilton Project and the Columbia Project, as authorized by the 2017 Settlement. The Hamilton Project, which was placed into service on December 22, 2018, had an annual retail revenue requirement of $15 million. At its October 30, 2018, Agenda Conference, the FPSC approved the rate increase related to the Hamilton Project to go into effect beginning with the first billing cycle in January 2019 under its file and suspend authority, and revised customer rates became effective in January 2019. On April 2, 2019, the commission approved both solar projects as filed. The Columbia Project, which has a projected annual revenue requirement of $14 million, was placed in service in March 2020 and revised customer rates became effective in April 2020.

On March 25, 2019, Duke Energy Florida petitioned the FPSC to include in base rates the revenue requirements for its next wave of solar generation projects, the Trenton, Lake Placid and DeBary Solar Projects, as authorized by the 2017 Settlement. The annual retail revenue requirement for the Trenton and Lake Placid Projects was $13 million and $8 million, respectively, and they were placed into service in December 2019 with rates taking effect in January 2020. The DeBary Project has a projected annual revenue requirement of $11 million and a projected in-service date in the second quarter of 2020. The associated rate increase would take place with the first month's billing cycle after each solar generation project goes into service. On July 22, 2019, the FPSC issued an order approving Duke Energy Florida's request.

Crystal River Unit 3 Accelerated Decommissioning Filing

On May 29, 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of the Crystal River Unit 3 nuclear power station located in Citrus County, Florida, with ADP CR3, LLC and ADP SF1, LLC, each of which is a wholly owned subsidiary of Accelerated Decommissioning Partners, LLC, a joint venture between NorthStar Group Services, Inc. and Orano USA LLC. Closing of this agreement is contingent upon the approval of the U.S. Nuclear Regulatory Commission (NRC) and FPSC. If approved, the decommissioning will be accelerated starting in 2020 and continuing through 2027, rather than the expected time frame under SAFSTOR of starting in 2067 and ending in 2074. Duke Energy Florida expects that the assets of the Nuclear Decommissioning Trust Fund will be sufficient to cover the contract price. On July 10, 2019, Duke Energy Florida petitioned the FPSC for approval of the agreement. On April 1, 2020, the NRC issued an order approving the license transfer application. Following the NRC order, on April 15, 2020, the FPSC issued its Second Order Modifying Order Establishing Procedure in which hearings are scheduled to begin July 7, 2020. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Ohio

Duke Energy Ohio COVID-19 Filing

In response to the COVID-19 pandemic, on March 9, 2020, Governor Mike DeWine issued Executive Order No. 2020-01D declaring a state of emergency in the State of Ohio. The PUCO issued an order directing utilities to cease disconnections for nonpayment and waive late payment and reconnection fees and to minimize direct customer contact. The PUCO also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers, if necessary. In response, Duke Energy Ohio has ceased all disconnections except for safety-related concerns and is waiving late payment and reconnection fees. On March 19, 2020, Duke Energy Ohio filed its compliance plan with the PUCO and sought waiver of several regulations to minimize direct customer contact.

On April 16, 2020, Duke Energy Ohio filed an application for a Reasonable Arrangement to temporarily lower the minimum bill for demand-metered commercial and industrial customers. The proposal is conditioned on full recovery via Duke Energy Ohio's existing Economic Competitiveness Fund Rider (Rider ECF), which has been used by Duke Energy Ohio in the past for other reasonable arrangements with customers. On April 24, 2020, the Staff of the PUCO filed its recommendation finding Duke Energy Ohio's application is reasonable and that the PUCO should approve it. Duke Energy Ohio cannot predict the outcome of this matter.

On May 11, 2020, Duke Energy Ohio filed with the PUCO a request seeking deferral of incremental costs incurred, as well as specific miscellaneous lost revenues. The request seeks to use existing bad debts and uncollectible riders already in place for both electric and natural gas operations. Duke Energy Ohio would subsequently file for rider recovery at a later date. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky COVID-19

In response to the COVID-19 pandemic, on March 6, 2020, Governor Andy Beshear issued Executive Order No. 2020-215 declaring a state of emergency in the Commonwealth of Kentucky. The KPSC issued an order directing utilities to cease disconnections for nonpayment and waive late payment and reconnection fees. The KPSC also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers if necessary. Duke Energy Kentucky had already voluntarily ceased all disconnections except for safety-related concerns and was waiving late payment and reconnection fees.

2017 Electric Security Plan Filing

On June 1, 2017, Duke Energy Ohio filed with the PUCO a request for a standard service offer in the form of an ESP. On February 15, 2018, the procedural schedule was suspended to facilitate ongoing settlement discussions. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases pending before the PUCO, including, but not limited to, its Electric Base Rate Case. Additionally, on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation and Recommendation (Stipulation) with the PUCO resolving certain issues in this proceeding. The term of the ESP would be from June 1, 2018, to May 31, 2025, and included continuation of market-based customer rates through competitive procurement processes for generation, continuation and expansion of existing rider mechanisms and proposed new rider mechanisms relating to regulatory mandates, costs incurred to enhance the customer experience and transform the grid and a service reliability rider for vegetation management. The Stipulation established a regulatory model for the next seven years via the approval of the ESP and continued the current model for procuring supply for non-shopping customers, including recovery mechanisms. On December 19, 2018, the PUCO approved the Stipulation without material modification. Several parties, including the Office of the Ohio Consumers' Counsel (OCC), filed applications for rehearing. On February 6, 2019, the PUCO granted the parties rehearing. The PUCO issued its Second Entry on Rehearing on July 17, 2019, upholding its December 19, 2018 order and denying all assignments of error raised by the non-stipulating parties. On October 11, 2019, the OCC filed its Third Application for Rehearing arguing the PUCO erred in finding OCC's Second Application for Rehearing as improper. Duke Energy Ohio filed its Memorandum Contra on October 21, 2019. The PUCO denied OCC's Third Application for Rehearing as a matter of law. On September 13, 2019, Interstate Gas Supply/Retail Supply Association filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error because it approved unsupported charges to competitive suppliers and cost subsidies shopping customers pay for non-shopping customers. On September 16, 2019, the OCC filed an appeal challenging the PUCO's approval of OVEC recovery through Duke Energy Ohio's Price Stability Rider (Rider PSR) alleging the FPA pre-empts the commission's jurisdiction and that the record does not support finding that Rider PSR results in a limitation on shopping. Appellant briefs were filed on January 6, 2020. Appellee briefs were scheduled to be filed on March 16, 2020. On March 13, 2020, the Supreme Court of Ohio granted OCC's motion to withdraw its appeal related to OVEC recovery. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of PUCO's December 19, 2018 order approving the stipulation. The case has been resolved.

Electric Base Rate Case

Duke Energy Ohio filed with the PUCO an electric distribution base rate case application and supporting testimony in March 2017. Duke Energy Ohio requested an estimated annual increase of approximately $15 million and a return on equity of 10.4%. The application also included requests to continue certain current riders and establish new riders. On September 26, 2017, the PUCO staff filed a report recommending a revenue decrease between approximately $18 million and $29 million and a return on equity between 9.22% and 10.24%. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases pending before the PUCO. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed the Stipulation with the PUCO resolving numerous issues including those in this base rate proceeding. Major components of the Stipulation related to the base distribution rate case included a $19 million decrease in annual base distribution revenue with a return on equity unchanged from the current rate of 9.84% based upon a capital structure of 50.75% equity and 49.25% debt. Upon approval of new rates, Duke Energy Ohio's rider for recovering its initial SmartGrid implementation ended as these costs would be recovered through base rates. The Stipulation also renewed 14 existing riders, some of which were included in the company's ESP, and added two new riders including the Enhanced Service Reliability Rider to recover vegetation management costs not included in base rates, up to $10 million per year (operation and maintenance only) and the PowerForward Rider to recover costs incurred to enhance the customer experience and further transform the grid (operation and maintenance and capital). In addition to the changes in revenue attributable to the Stipulation, Duke Energy Ohio's capital-related riders, including the Distribution Capital Investments Rider, began to reflect the lower federal income tax rate associated with the Tax Act with updates to customers' bills beginning April 1, 2018. This change reduced electric revenue by approximately $20 million on an annualized basis. On December 19, 2018, the PUCO approved the Stipulation without material modification. New base rates were implemented effective January 2, 2019. Several parties, including the OCC, filed applications for rehearing. On February 6, 2019, the PUCO granted the parties rehearing. The PUCO issued its Second Entry on Rehearing on July 17, 2019, upholding its December 19, 2018 order and denying all assignments of error raised by the non-stipulating parties. On October 11, 2019, the OCC filed its Third Application for Rehearing arguing the PUCO erred in finding OCC's Second Application for Rehearing as improper. Duke Energy Ohio filed its Memorandum Contra on October 21, 2019. The PUCO denied OCC's Third Application for Rehearing as a matter of law. On September 13, 2019, Interstate Gas Supply/Retail Supply Association filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error because it approved unsupported charges to competitive suppliers and cost subsidies shopping customers pay for non-shopping customers. On September 16, 2019, the OCC filed an appeal challenging the PUCO's approval of OVEC recovery through Rider PSR alleging the FPA pre-empts the commission's jurisdiction and that the record does not support finding that Rider PSR results in a limitation on shopping. Appellant briefs were filed on January 6, 2020. Appellee briefs were scheduled to be filed on March 16, 2020. On March 13, 2020, the Supreme Court of Ohio granted OCC's motion to withdraw its appeal related to OVEC recovery. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of PUCO's December 19, 2018 order approving the stipulation. The case has been resolved.

Ohio Valley Electric Corporation

On March 31, 2017, Duke Energy Ohio filed for approval to adjust its existing Rider PSR to pass through net costs related to its contractual entitlement to capacity and energy from the generating assets owned by OVEC. Duke Energy Ohio sought deferral authority for net costs incurred from April 1, 2017, until the new rates under Rider PSR were put into effect. On April 13, 2018, Duke Energy Ohio filed a Motion to consolidate this proceeding with several other cases currently pending before the PUCO. Also, on April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation with the PUCO resolving numerous issues including those related to Rider PSR. The Stipulation activated Rider PSR for recovery of net costs incurred from January 1, 2018, through May 2025. On December 19, 2018, the PUCO approved the Stipulation without material modification. The PSR rider became effective April 1, 2019. Several parties, including the OCC, filed applications for rehearing. On February 6, 2019, the PUCO granted the parties rehearing. The PUCO issued its Second Entry on Rehearing on July 17, 2019, upholding its December 19, 2018 order and denying all assignments of error raised by the non-stipulating parties. On October 11, 2019, the OCC filed its Third Application for Rehearing arguing the PUCO erred in finding OCC's Second Application for Rehearing as improper. Duke Energy Ohio filed its Memorandum Contra on October 21, 2019. The PUCO denied OCC's Third Application for Rehearing as a matter of law. On September 13, 2019, Interstate Gas Supply/Retail Supply Association filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error because it approved unsupported charges to competitive suppliers and cost subsidies shopping customers pay for non-shopping customers. On September 16, 2019, the OCC filed an appeal challenging the PUCO's approval of OVEC recovery through Rider PSR alleging the FPA pre-empts the commission's jurisdiction and that the record does not support finding that Rider PSR results in a limitation on shopping. Appellant briefs were filed on January 6, 2020. Appellee briefs were scheduled to be filed on March 16, 2020. On March 13, 2020, the Supreme Court of Ohio granted OCC's motion to withdraw its appeal related to OVEC recovery. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of PUCO's December 19, 2018 order approving the stipulation. The case has been resolved.

On July 23, 2019, an Ohio bill was signed into law that became effective January 1, 2020. Among other things, the bill allows for recovery of prudently incurred costs, net of any revenues, for Ohio investor-owned utilities that are participants under the OVEC power agreement. The recovery shall be through a non-bypassable rider that is to replace any existing recovery mechanism approved by the PUCO and will remain in place through 2030. The amounts recoverable from customers will be subject to an annual cap, with incremental costs that exceed such cap eligible for deferral and recovery subject to review. See Note 13 for additional discussion of Duke Energy Ohio's ownership interest in OVEC.

Energy Efficiency Cost Recovery

On March 28, 2014, Duke Energy Ohio filed an application for recovery of program costs, lost distribution revenue and performance incentives related to its energy efficiency and peak demand reduction programs. These programs are undertaken to comply with environmental mandates set forth in Ohio law. The PUCO approved Duke Energy Ohio's application but found that Duke Energy Ohio was not permitted to use banked energy savings from previous years in order to calculate the amount of allowed incentive. This conclusion represented a change to the cost recovery mechanism that had been agreed upon by intervenors and approved by the PUCO in previous cases. The PUCO granted the applications for rehearing filed by Duke Energy Ohio and an intervenor. On January 6, 2016, Duke Energy Ohio and the PUCO Staff entered into a stipulation, pending the PUCO's approval, to resolve issues related to performance incentives and the PUCO Staff audit of 2013 costs, among other issues. In December 2015, based upon the stipulation, Duke Energy Ohio re-established approximately $20 million of the revenues that had been previously reversed. On October 26, 2016, the PUCO issued an order approving the stipulation without modification. In December 2016, the PUCO granted the intervenors request for rehearing for the purpose of further review. On April 10, 2019, the PUCO issued an Entry on Rehearing denying the rehearing applications. On February 26, 2020, the PUCO issued an order directing utilities to wind down their demand-side management programs by September 30, 2020, and to terminate the programs by December 31, 2020, in response to changes in Ohio law that eliminated Ohio's energy efficiency mandates. On March 27, 2020, Duke Energy Ohio filed an Application for Rehearing seeking clarification on the final true-up and reconciliation process after 2020. On April 22, 2020, the PUCO granted rehearing for further consideration.

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

Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. Duke Energy Ohio currently estimates the pipeline development costs and construction activities will range from $163 million to $245 million in direct costs (excluding overheads and AFUDC). On January 20, 2017, Duke Energy Ohio filed an amended application with the Ohio Power Siting Board (OPSB) for approval of one of two proposed routes. A public hearing was held on June 15, 2017. In April 2018, Duke Energy Ohio filed a motion with OPSB to establish a procedural schedule and filed supplemental information supporting its application. On December 18, 2018, the OPSB established a procedural schedule that included a local public hearing on March 21, 2019. An evidentiary hearing began on April 9, 2019, and concluded on April 11, 2019. Briefs were filed on May 13, 2019, and reply briefs were filed on June 10, 2019. On November 21, 2019, the OPSB approved Duke Energy Ohio's application subject to 41 conditions on construction. Applications for rehearing were filed by several stakeholders on December 23, 2019, arguing that the OPSB approval was incorrect. Duke Energy Ohio filed a memorandum contra on January 2, 2020. On February 20, 2020, the OPSB denied the rehearing requests. Construction of the pipeline extension is expected to be completed before the 2021/2022 winter season. On April 15, 2020, Joint Appellants filed a notice of appeal at the Supreme Court of Ohio of the OPSB's decision approving Duke Energy Ohio's Central Corridor application. On April 16, 2020, several of the Joint Appellants filed a motion for a Stay asking the court to suspend the OPSB's order. On April 27, 2020, Duke Energy Ohio and the OPSB each filed a motion in opposition to the Stay. If the Stay is granted, Duke Energy Ohio cannot continue working during the appeal process. Duke Energy Ohio cannot predict the outcome of this matter.

2012 Natural Gas Rate Case/MGP Cost Recovery

As part of its 2012 natural gas base rate case, Duke Energy Ohio has approval to defer and recover costs related to environmental remediation at two sites (East End and West End) that housed former MGP operations. Duke Energy Ohio has made annual applications for recovery of these deferred costs. Duke Energy Ohio has collected approximately $55 million in environmental remediation costs between 2009 through 2012 through a separate rider, Rider MGP, which is currently suspended. Duke Energy Ohio has made annual applications with the PUCO to recover its incremental remediation costs consistent with the PUCO's directive in Duke Energy Ohio's 2012 natural gas rate case. To date, the PUCO has not ruled on Duke Energy Ohio's annual applications for the calendar years 2013 through 2017. On September 28, 2018, the staff of the PUCO issued a report recommending a disallowance of approximately $12 million of the $26 million in MGP remediation costs incurred between 2013 through 2017 that staff believes are not eligible for recovery. Staff interprets the PUCO's 2012 Order granting Duke Energy Ohio recovery of MGP remediation as limiting the recovery to work directly on the East End and West End sites. On October 30, 2018, Duke Energy Ohio filed reply comments objecting to the staff's recommendations and explaining, among other things, the obligation Duke Energy Ohio has under Ohio law to remediate all areas impacted by the former MGPs and not just physical property that housed the former plants and equipment. To date, the PUCO has not ruled on Duke Energy Ohio's applications. On March 29, 2019, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2018 seeking recovery of approximately $20 million in remediation costs. On July 12, 2019, the staff recommended a disallowance of approximately $11 million for work that staff believes occurred in areas not authorized for recovery. Additionally, staff recommended that any discussion pertaining to Duke Energy Ohio's recovery of ongoing MGP costs should be directly tied to or netted against insurance proceeds collected by Duke Energy Ohio. An evidentiary hearing began on November 18, 2019, and concluded on November 21, 2019. Initial briefs were filed on January 17, 2020, and reply briefs were filed on February 14, 2020. Duke Energy Ohio cannot predict the outcome of this matter.

On March 31, 2020, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2019 seeking recovery of approximately $39 million in remediation costs incurred during 2019. Duke Energy Ohio cannot predict the outcome of this matter.

The 2012 PUCO order also contained conditional deadlines for completing the MGP environmental investigation and remediation costs at the MGP sites. Subsequent to the order, the deadline was extended to December 31, 2019. On May 10, 2019, Duke Energy Ohio filed an application requesting a continuation of its existing deferral authority for MGP remediation and investigation that must occur after December 31, 2019. On September 13, 2019, intervenor comments were filed opposing Duke Energy Ohio's request for continuation of existing deferral authority and on October 2, 2019, Duke Energy Ohio filed reply comments. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky Electric Base Rate Case

On September 3, 2019, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately $46 million, which represents an approximate 12.5% increase across all customer classes. The request for rate increase is driven by increased investment in utility plant since the last electric base rate case in 2017. Duke Energy Kentucky seeks to implement a Storm Deferral Mechanism that will enable Duke Energy Kentucky to defer actual costs incurred for major storms that are over or under amounts in base rates. In response to large customers' desire to have access to renewable resources, Duke Energy Kentucky is proposing a Green Source Advantage tariff designed for those large customers that wish to invest in renewable energy resources to meet sustainability goals. Duke Energy Kentucky is proposing an electric vehicle (EV) infrastructure pilot and modest incentives to assist customers in investing in EV technologies. Additionally, Duke Energy Kentucky is proposing to build an approximate 3.4-MW distribution battery energy storage system to be attached to Duke Energy Kentucky's distribution system providing frequency regulation and enhanced reliability to Kentucky customers. The commission issued a procedural schedule with two rounds of discovery and opportunities for intervenor and rebuttal testimony. The Kentucky Attorney General filed its testimony recommending an increase of approximately $26 million. On January 31, 2020, Duke Energy Kentucky filed rebuttal testimony updating its rate increase calculations to approximately $44 million. Hearings were held on February 19-20, 2020, with briefing completed March 20, 2020. On April 27, 2020, the KPSC issued its decision approving a $24 million increase for Duke Energy Kentucky with a 9.25% return on equity. The KPSC denied Duke Energy Kentucky's major storm deferral mechanism and EV and battery storage pilots. The KPSC approved Duke Energy Kentucky's Green Source Advantage tariff. New customer rates were effective on May 1, 2020. Duke Energy Kentucky is evaluating the order and whether to seek rehearing. Duke Energy Kentucky cannot predict the outcome of this matter.

Duke Energy Indiana

COVID-19

In response to the COVID-19 pandemic, on March 6, 2020, Governor Eric Holcomb issued Executive Order No. 20-02, which by law expired in 30 days unless extended, declaring a public health disaster emergency in the state of Indiana. On April 3, 2020, the governor then issued Executive Order No. 20-17 which renewed the public health disaster emergency declaration for an additional 30 days to May 5, 2020. On May 1, 2020, Executive Order No, 20-25 further renewed the public health disaster emergency an additional 30 days to June 4, 2020. All other Executive Orders issued since March 6, 2020, (Nos. 20-04 – 20-16) were renewed for the same 30-day period, provided they were supplements to Executive Order No. 20-02. Executive Order No. 20-05 was issued on March 19, 2020, requiring utilities in the state to suspend disconnections of utility service. Duke Energy Indiana had already voluntarily suspended all disconnections and is waiving late payment fees and check return fees. The utility is also waiving credit card fees for residential customers.

On May 8, 2020, Duke Energy Indiana, along with other Indiana utilities, filed a request with the IURC for approval of deferral treatment for costs and revenue reductions associated with the COVID-19 pandemic. The utilities requested initial deferral approval in July 2020, with individual subdockets for each utility to be established for consideration of utility-specific cost and revenue impacts, cost recovery timing and customer payment plans. The same day, the Indiana Office of Utility Consumer Counselor filed a petition asking the IURC to continue to suspend disconnections, allow the utilities accounting deferrals and require tacking of cost savings. Duke Energy Indiana cannot predict the outcome of this matter.

2019 Indiana Rate Case

On July 2, 2019, Duke Energy Indiana filed a general rate case with the IURC, its first general rate case in 16 years, for a rate increase for retail customers of approximately $395 million. The request for rate increase is driven by strategic investments to generate cleaner electricity, improve reliability and serve a growing customer base. The request is premised upon a Duke Energy Indiana rate base of $10.2 billion as of December 31, 2018, and adjusted for projected changes through December 31, 2020. On September 9, 2019, Duke Energy Indiana revised its revenue request from $395 million to $393 million and filed updated testimony for the Retail Rate Case. The updated filing reflects a clarification in the presentation of Utility Receipts Tax, a $2 million reduction in the revenue requirement for revenues that will remain in riders and changes to allocation of revenue requirements within rate classes. The Utility Receipts Tax is currently embedded in base rates and rider rates. The proposed treatment is to include the Utility Receipts Tax as a line item on the customer bill rather than included in rates. The request is an approximate 15% increase in retail revenues and approximately 17% when including estimated Utility Receipts Tax. The rebuttal case, filed on December 4, 2019, updated the requested revenue requirement to result in a 15.6% or $396 million average retail rate increase, including the impacts of the Utility Receipts Tax. Hearings concluded on February 7, 2020, and rates are expected to be effective mid-2020. Duke Energy Indiana cannot predict the outcome of these matters.

The IURC determined to take two issues out of the rate case and place them in separate subdocket proceedings due to the complexity of the rate case. The commission moved the request for approval of an electric transportation pilot and future coal ash recovery issues to separate subdockets. Coal ash expenditures prior to 2019 are still included in the rate case. Duke Energy Indiana filed testimony on April 15, 2020, in the coal ash subdocket requesting recovery for the post-2018 coal ash basin closure costs for plans that have been approved by the Indiana Department of Environmental Management as well as continuing deferral, with carrying costs, on the balance. An evidentiary hearing is scheduled to begin on September 14, 2020, and an order is expected in the first quarter of 2021. Duke Energy Indiana cannot predict the outcome of this matter.

Piedmont

COVID-19 Filings

North Carolina

On March 10, 2020, Governor Roy Cooper issued Executive Order No. 116 declaring a state of emergency due to the COVID-19 pandemic. In an effort to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 19, 2020, Piedmont filed a request with the NCUC seeking authorization to waive: (1) any late payment charges incurred by a residential or nonresidential customer, effective March 21, 2020; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit; and (4) the fees and charges associated with the use of credit cards or debit cards to pay residential electric utility bills, effective March 21, 2020. The NCUC granted Piedmont's request on March 20, 2020.

On March 31, 2020, the governor issued Executive Order No. 124, which, in addition to requiring the steps in the NCUC order noted above, stated that nothing in Executive Order No. 124 shall relieve a customer of its obligation to pay bills for receipt of utility services provided. Executive Order No. 124 remains in effect for 60 days unless otherwise rescinded or replaced with a superseding Executive Order.

South Carolina

On March 13, 2020, Governor Henry McMaster issued Executive Order No. 2020-08 declaring a state of emergency due to the COVID-19 pandemic. The governor also issued a letter on March 14, 2020, to the ORS Executive Director regarding the suspension of disconnection of essential utility services for nonpayment. On March 16, 2020, citing the governor's letter, the ORS filed a request asking the PSCSC to grant waivers so that utilities could suspend disconnections of utility services for nonpayment. Piedmont supported such motion. On March 18, 2020, the PSCSC issued an order approving such waivers, and also approved waivers for regulations related to late fees and reconnect fees. The PSCSC's order also required utilities to track the financial impacts of actions taken pursuant to such waivers for possible reporting to the PSCSC.

On April 30, 2020, the ORS requested the PSCSC grant a waiver of the applicable regulations to allow customers the flexibility to obtain deferred payment plans longer than 6 months for past-due amounts. On May 5, 2020, Piedmont filed responsive comments stating that while utility bills will remain due, Piedmont does not plan to immediately reinstitute disconnection upon the expiration of the state of emergency and intends to work through a potential grace period as economic recovery begins. Piedmont also concurred with the observation of the ORS that reduced usage is impacting the fixed cost recovery and revenue assumptions included in rates. Those costs include not only ongoing operational and financing costs necessary to serve customers, but also the borrowings necessary to support extended payment arrangements that will be an important part of emerging from the COVID-19 pandemic. Piedmont will continue to track such costs, lost revenues and potential cost savings for future evaluation by the PSCSC.

Additionally, on May 8, 2020, the ORS filed a motion for the PSCSC to solicit comments from utilities and interested stakeholders regarding measures to be taken to mitigate impacts of COVID-19 on utility customers and require recordkeeping. In a detailed motion, the ORS specifically asked the PSCSC to: (1) solicit input from utilities regarding the temporary mitigation measures to address COVID-19; (2) request utilities to inform the PSCSC of the plans utilities have to return to normalized operations; (3) require utilities to track revenue impacts, incremental costs and savings related to COVID-19 and file the findings with the PSCSC on a quarterly basis; and (4) include any other matters that the PSCSC believes should be addressed. The ORS requests that such comments be filed within 30 days of a PSCSC order approving the motion. Piedmont cannot predict the outcome of this matter.

Tennessee

On March 12, 2020, Governor Bill Lee issued Executive Order No. 14 declaring a state of emergency due to the COVID-19 pandemic. In an effort to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 20, 2020, Piedmont filed a request with the TPUC seeking authorization to waive, effective March 21, 2020: (1) any late payment charges incurred by a residential or nonresidential customer; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; and (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit. The TPUC granted Piedmont's request by Order issued March 31,2020. The Order also stated that customers were not relieved of their obligation to pay for utility services received.

North Carolina Integrity Management Rider Filing

In April 2020, Piedmont filed a petition with the NCUC under the IMR mechanism to collect an additional $15 million in annual revenues, effective June 2020, based on the eligible capital investments closed to integrity and safety projects over the six-month period ending March 31, 2020. Piedmont cannot predict the outcome of this matter.

Tennessee Integrity Management Rider Filing

In November 2019, Piedmont filed a petition with the TPUC under the IMR mechanism to collect an additional $2 million in annual revenues, effective January 2020, based on the eligible capital investments closed to integrity and safety projects over the 12-month period ending October 31, 2019. An evidentiary hearing occurred on May 11, 2020. Upon approval from the TPUC, the revenue adjustment will be implemented, retroactive to January 2020. Piedmont cannot predict the outcome of this matter.

OTHER REGULATORY MATTERS

Atlantic Coast Pipeline, LLC

On September 2, 2014, Duke Energy, Dominion Energy, Inc. (Dominion), Piedmont and Southern Company Gas announced the formation of Atlantic Coast Pipeline, LLC (ACP) to build and own the proposed Atlantic Coast Pipeline (ACP pipeline), an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. The ACP pipeline is designed to meet, in part, the needs identified by Duke Energy Carolinas, Duke Energy Progress and Piedmont. Dominion will be responsible for building and operating the ACP pipeline and holds a leading ownership percentage in ACP of 53%, following the purchase in March 2020 of Southern Company Gas' 5% ownership interest. Duke Energy owns a 47% interest, which is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment. See Note 11 for additional information related to Duke Energy's ownership interest. Duke Energy Carolinas, Duke Energy Progress and Piedmont, among others, will be customers of the pipeline. Purchases will be made under several 20-year supply contracts, subject to state regulatory approval.

In 2018, the FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route, including supply header and compressors. On May 11, 2018, and October 19, 2018, FERC issued Notices to Proceed allowing full construction activities in all areas of West Virginia except in the Monongahela National Forest. On July 24, 2018, FERC issued a Notice to Proceed allowing full construction activities along the project route in North Carolina. On October 19, 2018, the conditions to effectiveness of the Virginia 401 water quality certification were satisfied and, following receipt of the Virginia 401 certification, ACP filed a request for FERC to issue a Notice to Proceed with full construction activities in Virginia. Due to legal challenges not directly related to the request for a Notice to Proceed in Virginia, this request is still pending.

ACP is the subject of challenges in state and federal courts and agencies, including, among others, challenges of the project's biological opinion (BiOp) and incidental take statement (ITS), crossings of the Blue Ridge Parkway, the Appalachian Trail, and the Monongahela and George Washington National Forests, the project's U.S. Army Corps of Engineers (USACE) 404 permit, the project's air permit for a compressor station at Buckingham, Virginia, the FERC Environmental Impact Statement order and the FERC order approving the Certificate of Public Convenience and Necessity. Each of these challenges alleges non-compliance on the part of federal and state permitting authorities and adverse ecological consequences if the project is permitted to proceed. Since December 2018, notable developments in these challenges include a stay in December 2018 issued by the U.S. Court of Appeals for the Fourth Circuit (Fourth Circuit) and the same court's July 26, 2019, vacatur of the project's BiOp and ITS (which stay and subsequent vacatur halted most project construction activity), a Fourth Circuit decision vacating the project's permits to cross the Monongahela and George Washington National Forests and the Appalachian Trail, the Fourth Circuit's remand to USACE of ACP's Huntington District 404 verification, the Fourth Circuit's remand to the National Park Service of ACP's Blue Ridge Parkway right-of-way and the most recent vacatur of the air permit for a compressor station at Buckingham, Virginia. ACP is vigorously defending these challenges and coordinating with the federal and state authorities which are the direct parties to the challenges. The Solicitor General of the United States and ACP filed petitions for certiorari to the Supreme Court of the United States on June 25, 2019, regarding the Appalachian Trail crossing and certiorari was granted on October 4, 2019. The Supreme Court hearing took place on February 24, 2020, and a ruling is expected in the second quarter of 2020.

In anticipation of the Fourth Circuit's vacatur of the BiOp and ITS, ACP and the FWS commenced work in mid-May of 2019 to set the basis for a reissued BiOp and ITS. On February 10, 2020, the FERC issued a letter to FWS requesting the re-initiation of formal consultation in support of reissuing the BiOp and ITS, and on April 14, 2020, ACP submitted the Biological Assessment, which may form the foundation for FWS' BiOp. ACP continues coordinating and working with FWS and other parties in preparation for a reissuance of the BiOp and ITS.

ACP triggered the Adverse Government Actions (AGA) clause of its agreements with its customers in December 2019. Formal negotiations have resulted in agreement on material terms, such as updated pricing and construction milestones. The modified customer agreements are expected to be executed by the third quarter of 2020.

On April 15, 2020, the United States District Court for the District of Montana granted partial summary judgment in favor of the plaintiffs in Northern Plains Resource Council v. U.S. Army Corps of Engineers (Northern Plains), vacating USACE's Nationwide Permit 12 (NWP 12) and remanding it to USACE for consultation under the Endangered Species Act (ESA) of 1973. In Northern Plains, the court ruled that NWP 12 was unlawful because USACE did not consult under the ESA with the FWS and/or National Marine Fisheries Service prior to NWP 12's reissuance in 2017. Because NWP 12 has been vacated and its application enjoined, USACE currently has suspended verification of any new or pending applications under NWP 12 until further court action clarifies the situation. ACP is reviewing the potential impact of this ruling to its own reliance on NWP 12 for small water body crossings along the pipeline route, as well as potential mitigation measures.

Given the legal challenges and ongoing discussions with customers, ACP expects the project to enter full in-service in the first half of 2022.

The delays resulting from the legal challenges described above have also impacted the cost for the project. Project cost is approximately $8 billion, excluding financing costs. This estimate is based on the current facts available around construction costs and timelines, and is subject to future changes as those facts develop. Abnormal weather, work delays (including delays due to judicial or regulatory action or COVID-19 social distancing) and other conditions may result in cost or schedule modifications, a suspension of AFUDC for ACP and/or impairment charges potentially material to Duke Energy's cash flows, financial position and results of operations.

Duke Energy's investment in ACP was $1.2 billion at March 31, 2020. Duke Energy evaluated this investment for impairment at March 31, 2020, and December 31, 2019, and determined that fair value approximated carrying value and therefore no impairment was necessary. Duke Energy also has a guarantee agreement supporting its share of the ACP revolving credit facility. Duke Energy's maximum exposure to loss under the terms of the guarantee is $845 million, which represents 47% of the outstanding borrowings under the credit facility as of March 31, 2020. See Note 13 for additional information.

Constitution Pipeline Company, LLC

Duke Energy owned a 24% ownership interest in Constitution, which was accounted for as an equity method investment. Constitution was a natural gas pipeline project slated to transport natural gas supplies from the Marcellus supply region in northern Pennsylvania to major northeastern markets. The pipeline was to be constructed and operated by Williams Partners L.P., which had a 41% ownership share. The remaining interest was held by Cabot Oil and Gas Corporation and WGL Holdings, Inc. In December 2014, Constitution received approval from the FERC to construct and operate the proposed pipeline. However, since April 2016, Constitution had stopped construction and discontinued capitalization of future development costs due to permitting delays and adverse rulings by regulatory agencies and courts.

In late 2019, Constitution determined that its principal shipper would not agree to an amended precedent agreement. Without such an amendment, the project would no longer be viable and, as of February 5, 2020, the Constitution partners formally resolved to initiate the dissolution of Constitution, and to terminate the Constitution Pipeline project. See Note 11 for additional information related to ownership interest and carrying value of the investment. Williams Partners L.P., as project Operator, is currently working to liquidate the project's assets.

Potential Coal Plant Retirements

The Subsidiary Registrants periodically file IRPs with their state regulatory commissions. The IRPs provide a view of forecasted energy needs over a long term (10 to 20 years) and options being considered to meet those needs. IRPs filed by the Subsidiary Registrants included planning assumptions to potentially retire certain coal-fired generating facilities in North Carolina and Indiana earlier than their current estimated useful lives. Duke Energy continues to evaluate the potential need to retire these coal-fired generating facilities earlier than the current estimated useful lives and plans to seek regulatory recovery for amounts that would not be otherwise recovered when any of these assets are retired.

The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of March 31, 2020, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net Book Value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-3[(a)]	**585**	**$ 149**
Duke Energy Indiana		
Gallagher Units 2 and 4[(b)]	**280**	**118**
Gibson Units 1-5[(c)]	**3,132**	**1,708**
Cayuga Units 1-2[(c)]	**1,005**	**964**
Total Duke Energy	**5,002**	**$ 2,939**

(a) Duke Energy Carolinas will retire Allen Steam Station Units 1 through 3 by December 31, 2024, as part of the resolution of a lawsuit involving alleged New Source Review violations.

(b) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher Units 2 and 4 by December 31, 2022, as part of the 2016 settlement of Edwardsport IGCC matters.

(c) On July 1, 2019, Duke Energy Indiana filed its 2018 IRP with the IURC. The 2018 IRP included scenarios evaluating the potential retirement of coal-fired generating units at Gibson and Cayuga. The rate case filed July 2, 2019, includes proposed depreciation rates reflecting retirement dates from 2026 to 2038.

Duke Energy continues to evaluate the potential need to retire generating facilities earlier than the current estimated useful lives, and plans to seek regulatory recovery, as necessary, for amounts that would not be otherwise recovered when any of these assets are retired. However, such recovery, including recovery of carrying costs on remaining book values, could be subject to future approvals and therefore cannot be assured.

Duke Energy Carolinas and Duke Energy Progress are evaluating the potential for coal-fired generating unit retirements with a net carrying value of approximately $707 million and $1.2 billion, respectively, included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of March 31, 2020.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

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

Remediation Activities

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

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

	Three Months Ended March 31, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at beginning of period	$ 58	$ 11	$ 16	$ 4	$ 9	$ 19	$ 4	$ 8
Provisions/adjustments	3	—	—	1	—	1	1	—
Cash reductions	(3)	(1)	(1)	—	—	(1)	—	—
Balance at end of period	$ 58	$ 10	$ 15	$ 5	$ 9	$ 19	$ 5	$ 8

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

(in millions)	
Duke Energy	$ 58
Duke Energy Carolinas	11
Duke Energy Ohio	41
Piedmont	2

LITIGATION

Duke Energy Carolinas and Duke Energy Progress

Coal Ash Insurance Coverage Litigation

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Superior Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. Despite a stay of the litigation from May 2019 through September 2019 to allow the parties to discuss potential resolution, no resolution was reached, and litigation resumed. In February and March 2020, the court heard arguments on numerous cross motions filed by the parties to seek legal determinations concerning several insurance related defenses raised by the insurance providers. Trial is scheduled for February 2021. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of March 31, 2020, there were 118 asserted claims for non-malignant cases with cumulative relief sought of up to $30 million, and 51 asserted claims for malignant cases with cumulative relief sought of up to $17 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recognized asbestos-related reserves of $596 million at March 31, 2020, and $604 million at December 31, 2019. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon Duke Energy Carolinas' best estimate for current and future asbestos claims through 2039 and are recorded on an undiscounted basis. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2039 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas' cumulative payments began to exceed the self-insured retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is $747 million in excess of the self-insured retention. Receivables for insurance recoveries were $742 million at March 31, 2020, and $742 million at December 31, 2019. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

Duke Energy Progress and Duke Energy Florida

Spent Nuclear Fuel Matters

On June 18, 2018, Duke Energy Progress and Duke Energy Florida sued the U.S. in the U.S. Court of Federal Claims for damages incurred for the period 2014 through 2018. The lawsuit claimed the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserted damages for the cost of on-site storage in the amount of $100 million and $203 million for Duke Energy Progress and Duke Energy Florida, respectively. Discovery is ongoing and a trial is expected to occur in early 2021.

Duke Energy Indiana

Coal Ash Basin Closure Plan Appeal

On January 27, 2020, Hoosier Environmental Council filed a Petition for Administrative Review with the Indiana Office of Environmental Adjudication (the court) challenging the Indiana Department of Environmental Management's December 10, 2019, partial approval of Duke Energy Indiana's ash pond closure plan. On March 11, 2020, Duke Energy Indiana filed a Motion to Dismiss. On May 5, 2020, the court entered an order denying that motion. The court will schedule a trial on the merits for a future date. Duke Energy Indiana cannot predict the outcome of this matter.

Other Litigation and Legal Proceedings

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

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

(in millions)	March 31, 2020	December 31, 2019
Reserves for Legal Matters		
Duke Energy	$ **61**	$ 62
Duke Energy Carolinas	**3**	2
Progress Energy	**52**	55
Duke Energy Progress	**9**	12
Duke Energy Florida	**23**	22
Piedmont	**1**	1

OTHER COMMITMENTS AND CONTINGENCIES

General

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

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

As described in Note 1, Duke Energy adopted the new guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. The reserve for credit losses for insurance receivables based on adoption of the new standard is $15 million for Duke Energy and Duke Energy Carolinas. Insurance receivables are evaluated based on the risk of default and the historical losses, current conditions and expected conditions around collectability. Management evaluates the risk of default annually based on payment history, credit rating and changes in the risk of default from credit agencies.

The reserve for credit losses for financial guarantees based on adoption of the new standard is $99 million for Duke Energy. Management considers financial guarantees for evaluation under this standard based on the anticipated amount outstanding at the time of default. The reserve for credit losses is based on the evaluation of the contingent components of financial guarantees. Management evaluates the risk of default, exposure and length of time remaining in the period for each contract.

5. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

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

			Three Months Ended March 31, 2020			
Issuance Date	Maturity Date	Interest Rate	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Indiana
Unsecured Debt						
March 2020[a]	March 2021	1.400% [b]	$ 1,688	$ 1,688	$ —	$ —
First Mortgage Bonds						
January 2020[c]	February 2030	2.450%	500	—	500	—
January 2020[c]	August 2049	3.200%	400	—	400	—
March 2020[d]	April 2050	2.750%	550	—	—	550
Total issuances			$ 3,138	$ 1,688	$ 900	$ 550

(a) Debt issued in response to market volatility concerns related to the COVID-19 pandemic. Refer to Note 1 for additional information on the COVID-19 pandemic. Proceeds will be used to reduce outstanding commercial paper and for general corporate purposes.
(b) Debt issuance has a floating interest rate.
(c) Debt issued to repay at maturity $450 million first mortgage bonds due June 2020 and for general corporate purposes.
(d) Debt issued to repay at maturity $500 million first mortgage bonds due July 2020 and to pay down short-term debt.

CURRENT MATURITIES OF LONG-TERM DEBT

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

(in millions)	Maturity Date	Interest Rate	March 31, 2020
Unsecured Debt			
Duke Energy (Parent)	June 2020	2.100%	$ 330
Duke Energy Progress	December 2020	2.292% [a]	700
Progress Energy, Inc	January 2021	4.400%	500
Duke Energy (Parent)	March 2021	1.400% [a]	1,688
First Mortgage Bonds			
Duke Energy Florida	April 2020	4.550%	250
Duke Energy Carolinas	June 2020	4.300%	450
Duke Energy Indiana	July 2020	3.750%	500
Duke Energy Progress	September 2020	1.076% [a]	300
Other[b]			359
Current maturities of long-term debt			$ 5,077

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

AVAILABLE CREDIT FACILITIES

Master Credit Facility

In March 2020, Duke Energy amended its existing $8 billion Master Credit Facility to extend the termination date to March 2025. The Duke Energy Registrants, excluding Progress Energy, have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder. Duke Energy Carolinas and Duke Energy Progress are also required to each maintain $250 million of available capacity under the Master Credit Facility as security to meet obligations under plea agreements reached with the U.S. Department of Justice in 2015 related to violations at North Carolina facilities with ash basins. This requirement expires on May 15, 2020.

The table below includes the current borrowing sublimits and available capacity under these credit facilities.

	March 31, 2020							
(in millions)	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Facility size[(a)]	$ 8,000	$ 2,650	$ 1,500	$ 1,250	$ 800	$ 600	$ 600	$ 600
Reduction to backstop issuances								
Commercial paper[(b)]	(2,540)	(1,140)	(300)	(275)	(167)	(243)	(150)	(265)
Outstanding letters of credit	(49)	(42)	(4)	(2)	—	—	—	(1)
Tax-exempt bonds	(81)	—	—	—	—	—	(81)	—
Coal ash set-aside	(500)	—	(250)	(250)	—	—	—	—
Available capacity under the Master Credit Facility	$ 4,830	$ 1,468	$ 946	$ 723	$ 633	$ 357	$ 369	$ 334

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

Other Credit Facilities

	March 31, 2020	
(in millions)	Facility size	Amount drawn
Duke Energy (Parent) Three-Year Revolving Credit Facility[(a)]	$ 1,000	$ 1,000
Duke Energy Progress Term Loan Facility	700	700

(a) In March 2020, Duke Energy (Parent) drew down the remaining $500 million.

6. GOODWILL

Duke Energy

The following table presents the goodwill by reportable segment included on Duke Energy's Condensed Consolidated Balance Sheets at March 31, 2020, and December 31, 2019.

(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total
Goodwill balance	$ 17,379	$ 1,924	$ 122	$ 19,425
Accumulated impairment charges	—	—	(122)	(122)
Goodwill, adjusted for accumulated impairment charges	$ 17,379	$ 1,924	$ —	$ 19,303

Duke Energy Ohio

Duke Energy Ohio's Goodwill balance of $920 million, allocated $596 million to Electric Utilities and Infrastructure and $324 million to Gas Utilities and Infrastructure, is presented net of accumulated impairment charges of $216 million on the Condensed Consolidated Balance Sheets at March 31, 2020, and December 31, 2019.

Progress Energy

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

Piedmont

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

7. RELATED PARTY TRANSACTIONS

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

	Three Months Ended March 31,	
(in millions)	2020	2019
Duke Energy Carolinas		
Corporate governance and shared service expenses[a]	$ 134	$ 212
Indemnification coverages[b]	5	5
Joint Dispatch Agreement (JDA) revenue[c]	7	23
JDA expense[c]	24	93
Intercompany natural gas purchases[d]	6	4
Progress Energy		
Corporate governance and shared service expenses[a]	$ 146	$ 176
Indemnification coverages[b]	9	9
JDA revenue[c]	24	93
JDA expense[c]	7	23
Intercompany natural gas purchases[d]	19	19
Duke Energy Progress		
Corporate governance and shared service expenses[a]	$ 75	$ 106
Indemnification coverages[b]	4	4
JDA revenue[c]	24	93
JDA expense[c]	7	23
Intercompany natural gas purchases[d]	19	19
Duke Energy Florida		
Corporate governance and shared service expenses[a]	$ 71	$ 70
Indemnification coverages[b]	5	5
Duke Energy Ohio		
Corporate governance and shared service expenses[a]	$ 84	$ 85
Indemnification coverages[b]	1	1
Duke Energy Indiana		
Corporate governance and shared service expenses[a]	$ 106	$ 97
Indemnification coverages[b]	2	2
Piedmont		
Corporate governance and shared service expenses[a]	$ 34	$ 32
Indemnification coverages[b]	1	1
Intercompany natural gas sales[d]	25	23
Natural gas storage and transportation costs[e]	6	5

(a) The Subsidiary Registrants are charged their proportionate share of corporate governance and other shared services costs, primarily related to human resources, employee benefits, information technology, legal and accounting fees, as well as other third-party costs. These amounts are primarily recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
(b) The Subsidiary Registrants incur expenses related to certain indemnification coverages through Bison, Duke Energy's wholly owned captive insurance subsidiary. These expenses are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.
(c) Duke Energy Carolinas and Duke Energy Progress participate in a JDA, which allows the collective dispatch of power plants between the service territories to reduce customer rates. Revenues from the sale of power and expenses from the purchase of power pursuant to the JDA are recorded in Operating Revenues and Fuel used in electric generation and purchased power, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income.
(d) Piedmont provides long-term natural gas delivery service to certain Duke Energy Carolinas and Duke Energy Progress natural gas-fired generation facilities. Piedmont records the sales in Operating revenues, and Duke Energy Carolinas and Duke Energy Progress record the related purchases as a component of Fuel used in electric generation and purchased power on their respective Condensed Consolidated Statements of Operations and Comprehensive Income.
(e) Piedmont has related party transactions as a customer of its equity method investments in Pine Needle LNG Company, LLC, Hardy Storage Company, LLC and Cardinal Pipeline Company, LLC natural gas storage and transportation facilities. These expenses are included in Cost of natural gas on Piedmont's Condensed Consolidated Statements of Operations and Comprehensive Income.

In addition to the amounts presented above, the Subsidiary Registrants have other affiliate transactions, including rental of office space, participation in a money pool arrangement, other operational transactions, such as pipeline lease arrangements, and their proportionate share of certain charged expenses. These transactions of the Subsidiary Registrants are incurred in the ordinary course of business and are eliminated in consolidation.

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

Intercompany Income Taxes

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

(in millions)	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
March 31, 2020							
Intercompany income tax receivable	$ —	$ 114	$ 1	$ 4	$ —	$ —	$ —
Intercompany income tax payable	44	—	—	—	—	6	10
December 31, 2019							
Intercompany income tax receivable	$ —	$ 125	$ 28	$ —	$ 9	$ 28	$ 13
Intercompany income tax payable	5	—	—	2	—	—	—

8. DERIVATIVES AND HEDGING

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

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

INTEREST RATE RISK

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

Cash Flow Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of accumulated other comprehensive income (loss) for the three months ended March 31, 2020, and 2019, were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables business and forward-starting interest rate swaps not accounted for under regulatory accounting.

Undesignated Contracts

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

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

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

	March 31, 2020					
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges	$ 991	$ —	$ —	$ —	$ —	$ —
Undesignated contracts	2,027	400	1,600	1,050	550	27
Total notional amount[(a)]	$ 3,018	$ 400	$ 1,600	$ 1,050	$ 550	$ 27

	December 31, 2019					
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges	$ 993	$ —	$ —	$ —	$ —	$ —
Undesignated contracts	1,277	450	800	250	550	27
Total notional amount[(a)]	$ 2,270	$ 450	$ 800	$ 250	$ 550	$ 27

(a) Duke Energy includes amounts related to consolidated VIEs of $691 million in cash flow hedges as of March 31, 2020, and $693 million in cash flow hedges as of December 31, 2019.

COMMODITY PRICE RISK

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

Volumes

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

	March 31, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electricity (GWh)	6,737	—	—	—	—	977	5,760	—
Natural gas (millions of dekatherms)	709	145	158	158	—	—	4	402

	December 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electricity (GWh)	15,858	—	—	—	—	1,887	13,971	—
Natural gas (millions of dekatherms)	704	130	160	160	—	—	3	411

U.S. EQUITY SECURITIES RISK

In May 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of Crystal River Unit 3 with ADP CR3, LLC and ADP SF1, LLC. See Note 3 for additional information on the accelerated decommissioning. Duke Energy Florida executed U.S. equity option collars within the NDTF in May 2019 to preserve the U.S. equity portfolio value in the Duke Energy Florida NDTF in the event the accelerated decommissioning is approved. These option collars were executed as a purchase of a put option and the sale of a call option on certain U.S. equity index funds. The put and call options create a collar to guarantee a minimum and maximum investment value for the Duke Energy Florida NDTF U.S. equity portfolio. The put and call options were entered into at zero-cost, with the price to purchase the puts offset entirely by the funds received to sell the calls. As of March 31, 2020, the aggregate notional amount of both the put and call options was 305,000 units in U.S. equity security index funds. The options are not designated as hedging instruments. Substantially all of Duke Energy Florida's NDTF qualifies for regulatory accounting. With regulatory accounting, the mark-to-market gains or losses on the options are deferred as regulatory liabilities or regulatory assets, respectively. The Duke Energy Florida NDTF liquidated the options in April 2020, and received proceeds of approximately $7 million.

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

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

Derivative Assets	March 31, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Commodity Contracts								
Not Designated as Hedging Instruments								
Current	$ 6	$ —	$ —	$ —	$ —	$ —	$ 2	$ 3
Noncurrent	4	2	1	1	—	1	—	—
Total Derivative Assets – Commodity Contracts	$ 10	$ 2	$ 1	$ 1	$ —	$ 1	$ 2	$ 3
Interest Rate Contracts								
Not Designated as Hedging Instruments								
Current	$ 3	$ —	$ 3	$ 3	$ —	$ —	$ —	$ —
Noncurrent	1	—	1	1	—	—	—	—
Total Derivative Assets – Interest Rate Contracts	$ 4	$ —	$ 4	$ 4	$ —	$ —	$ —	$ —
Equity Securities Contracts								
Not Designated as Hedging Instruments								
Noncurrent[(a)]	20	—	20	—	20	—	—	—
Total Derivative Assets – Equity Securities Contracts	$ 20	$ —	$ 20	$ —	$ 20	$ —	$ —	$ —
Total Derivative Assets	$ 34	$ 2	$ 25	$ 5	$ 20	$ 1	$ 2	$ 3

(a) Equity security contracts are current since they were set to expire in May 2020 but are classified as noncurrent assets on the Condensed Consolidated Balance Sheet because the amount is presented within the NDTF.

Derivative Liabilities	March 31, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Commodity Contracts								
Not Designated as Hedging Instruments								
Current	$ 79	$ 40	$ 31	$ 31	$ —	$ —	$ —	$ 8
Noncurrent	130	11	35	20	—	—	—	83
Total Derivative Liabilities – Commodity Contracts	$ 209	$ 51	$ 66	$ 51	$ —	$ —	$ —	$ 91
Interest Rate Contracts								
Designated as Hedging Instruments								
Current	$ 69	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Noncurrent	54	—	—	—	—	—	—	—
Not Designated as Hedging Instruments								
Current	30	—	29	—	29	1	—	—
Noncurrent	28	23	—	—	—	6	—	—
Total Derivative Liabilities – Interest Rate Contracts	$ 181	$ 23	$ 29	$ —	$ 29	$ 7	$ —	$ —
Total Derivative Liabilities	$ 390	$ 74	$ 95	$ 51	$ 29	$ 7	$ —	$ 91

Derivative Assets	December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Commodity Contracts								
Not Designated as Hedging Instruments								
Current	$ 17	$ —	$ —	$ —	$ —	$ 3	$ 13	$ 1
Noncurrent	1	—	—	—	—	1	—	—
Total Derivative Assets – Commodity Contracts	$ 18	$ —	$ —	$ —	$ —	$ 4	$ 13	$ 1
Interest Rate Contracts								
Not Designated as Hedging Instruments								
Current	6	—	6	—	6	—	—	—
Total Derivative Assets – Interest Rate Contracts	$ 6	$ —	$ 6	$ —	$ 6	$ —	$ —	$ —
Equity Securities Contracts								
Not Designated as Hedging Instruments								
Current	1	—	1	—	1	—	—	—
Total Derivative Assets – Equity Securities Contracts	$ 1	$ —	$ 1	$ —	$ 1	$ —	$ —	$ —
Total Derivative Assets	$ 25	$ —	$ 7	$ —	$ 7	$ 4	$ 13	$ 1

Derivative Liabilities	December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Commodity Contracts								
Not Designated as Hedging Instruments								
Current	$ 67	$ 33	$ 26	$ 26	$ —	$ —	$ 1	$ 7
Noncurrent	156	10	37	22	—	—	—	110
Total Derivative Liabilities – Commodity Contracts	$ 223	$ 43	$ 63	$ 48	$ —	$ —	$ 1	$ 117
Interest Rate Contracts								
Designated as Hedging Instruments								
Current	$ 19	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Noncurrent	21	—	—	—	—	—	—	—
Not Designated as Hedging Instruments								
Current	8	6	1	1	—	1	—	—
Noncurrent	5	—	—	—	—	5	—	—
Total Derivative Liabilities – Interest Rate Contracts	$ 53	$ 6	$ 1	$ 1	$ —	$ 6	$ —	$ —
Equity Securities Contracts								
Not Designated as Hedging Instruments								
Current	24	—	24	—	24	—	—	—
Total Derivative Liabilities – Equity Securities Contracts	$ 24	$ —	$ 24	$ —	$ 24	$ —	$ —	$ —
Total Derivative Liabilities	$ 300	$ 49	$ 88	$ 49	$ 24	$ 6	$ 1	$ 117

OFFSETTING ASSETS AND LIABILITIES

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

Derivative Assets	March 31, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Current								
Gross amounts recognized	$ 9	$ —	$ 3	$ 3	$ —	$ —	$ 2	$ 3
Gross amounts offset	—	—	—	—	—	—	—	—
Net amounts presented in Current Assets: Other	$ 9	$ —	$ 3	$ 3	$ —	$ —	$ 2	$ 3
Noncurrent								
Gross amounts recognized	$ 25	$ 2	$ 22	$ 2	$ 20	$ 1	$ —	$ —
Gross amounts offset	(3)	(2)	(1)	(1)	—	—	—	—
Net amounts presented in Other Noncurrent Assets: Other	$ 2	$ —	$ 1	$ 1	$ —	$ 1	$ —	$ —
Net amounts presented in NDTF	$ 20	$ —	$ 20	$ —	$ 20	$ —	$ —	$ —

Derivative Liabilities	March 31, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Current								
Gross amounts recognized	$ 178	$ 40	$ 60	$ 31	$ 29	$ 1	$ —	$ 8
Gross amounts offset	—	—	—	—	—	—	—	—
Net amounts presented in Current Liabilities: Other	$ 178	$ 40	$ 60	$ 31	$ 29	$ 1	$ —	$ 8
Noncurrent								
Gross amounts recognized	$ 212	$ 34	$ 35	$ 20	$ —	$ 6	$ —	$ 83
Gross amounts offset	(3)	(2)	(1)	(1)	—	—	—	—
Net amounts presented in Other Noncurrent Liabilities: Other	$ 209	$ 32	$ 34	$ 19	$ —	$ 6	$ —	$ 83

Derivative Assets	December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Current								
Gross amounts recognized	$ 24	$ —	$ 7	$ —	$ 7	$ 3	$ 13	$ 1
Gross amounts offset	(1)	—	(1)	—	(1)	—	—	—
Net amounts presented in Current Assets: Other	$ 23	$ —	$ 6	$ —	$ 6	$ 3	$ 13	$ 1
Noncurrent								
Gross amounts recognized	$ 1	$ —	$ —	$ —	$ —	$ 1	$ —	$ —
Gross amounts offset	—	—	—	—	—	—	—	—
Net amounts presented in Other Noncurrent Assets: Other	$ 1	$ —	$ —	$ —	$ —	$ 1	$ —	$ —

Derivative Liabilities	December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Current								
Gross amounts recognized	$ 118	$ 39	$ 51	$ 27	$ 24	$ 1	$ 1	$ 7
Gross amounts offset	(24)	—	(24)	—	(24)	—	—	—
Net amounts presented in Current Liabilities: Other	$ 94	$ 39	$ 27	$ 27	$ —	$ 1	$ 1	$ 7
Noncurrent								
Gross amounts recognized	$ 182	$ 10	$ 37	$ 22	$ —	$ 5	$ —	$ 110
Gross amounts offset	—	—	—	—	—	—	—	—
Net amounts presented in Other Noncurrent Liabilities: Other	$ 182	$ 10	$ 37	$ 22	$ —	$ 5	$ —	$ 110

OBJECTIVE CREDIT CONTINGENT FEATURES

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

	March 31, 2020			
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	$ 96	$ 45	$ 51	$ 51
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	96	45	51	51

	December 31, 2019			
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	$ 79	$ 35	$ 44	$ 44
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	79	35	44	44

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

9. INVESTMENTS IN DEBT AND EQUITY SECURITIES

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

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

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

Investment Trusts

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

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment has a credit loss. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value is related to a credit loss. If an credit loss exists, the unrealized credit loss is included in earnings. There were no material credit losses as of March 31, 2020, and December 31, 2019.

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

DUKE ENERGY

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

	March 31, 2020			December 31, 2019		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	$ —	$ —	$ 119	$ —	$ —	$ 101
Equity securities	2,499	170	4,488	3,523	55	5,661
Corporate debt securities	26	16	642	37	1	603
Municipal bonds	10	2	404	13	—	368
U.S. government bonds	70	—	1,212	33	1	1,256
NDTF equity security contracts	20	—	20	—	—	—
Other debt securities	4	3	163	3	—	141
Total NDTF Investments	$ 2,629	$ 191	$ 7,048	$ 3,609	$ 57	$ 8,130
Other Investments						
Cash and cash equivalents	$ —	$ —	$ 78	$ —	$ —	$ 52
Equity securities	31	1	95	57	—	122
Corporate debt securities	—	—	89	3	—	67
Municipal bonds	6	1	98	4	—	94
U.S. government bonds	5	—	51	2	—	41
Other debt securities	—	—	52	—	—	56
Total Other Investments	$ 42	$ 2	$ 463	$ 66	$ —	$ 432
Total Investments	$ 2,671	$ 193	$ 7,511	$ 3,675	$ 57	$ 8,562

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2020, and 2019, were as follows.

	Three Months Ended	
(in millions)	March 31, 2020	March 31, 2019
FV-NI:		
Realized gains	$ 23	$ 35
Realized losses	65	30
AFS:		
Realized gains	20	10
Realized losses	6	11

DUKE ENERGY CAROLINAS

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

	March 31, 2020			December 31, 2019		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	$ —	$ —	$ 33	$ —	$ —	$ 21
Equity securities	1,355	81	2,498	1,914	8	3,154
Corporate debt securities	15	12	392	21	1	361
Municipal bonds	3	1	128	3	—	96
U.S. government bonds	35	—	502	16	1	578
Other debt securities	3	3	159	3	—	137
Total NDTF Investments	$ 1,411	$ 97	$ 3,712	$ 1,957	$ 10	$ 4,347

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2020, and 2019, were as follows.

	Three Months Ended	
(in millions)	March 31, 2020	March 31, 2019
FV-NI:		
Realized gains	$ 9	$ 23
Realized losses	45	21
AFS:		
Realized gains	12	9
Realized losses	5	10

PROGRESS ENERGY

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

	March 31, 2020			December 31, 2019		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	$ —	$ —	$ 86	$ —	$ —	$ 80
Equity securities	1,144	89	1,990	1,609	47	2,507
Corporate debt securities	11	4	250	16	—	242
Municipal bonds	7	1	276	10	—	272
U.S. government bonds	35	—	710	17	—	678
NDTF equity security contracts	20	—	20	—	—	—
Other debt securities	1	—	4	—	—	4
Total NDTF Investments	$ 1,218	$ 94	$ 3,336	$ 1,652	$ 47	$ 3,783
Other Investments						
Cash and cash equivalents	$ —	$ —	$ 69	$ —	$ —	$ 49
Municipal bonds	5	—	53	3	—	51
Total Other Investments	$ 5	$ —	$ 122	$ 3	$ —	$ 100
Total Investments	$ 1,223	$ 94	$ 3,458	$ 1,655	$ 47	$ 3,883

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2020, and 2019, were as follows.

	Three Months Ended	
(in millions)	March 31, 2020	March 31, 2019
FV-NI:		
Realized gains	$ 14	$ 12
Realized losses	20	9
AFS:		
Realized gains	5	1
Realized losses	1	1

DUKE ENERGY PROGRESS

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

	March 31, 2020			December 31, 2019		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	$ —	$ —	$ 51	$ —	$ —	$ 53
Equity securities	881	79	1,631	1,258	21	2,077
Corporate debt securities	11	4	250	16	—	242
Municipal bonds	7	1	276	10	—	272
U.S. government bonds	34	—	436	16	—	403
Other debt securities	1	—	4	—	—	4
Total NDTF Investments	$ 934	$ 84	$ 2,648	$ 1,300	$ 21	$ 3,051
Other Investments						
Cash and cash equivalents	$ —	$ —	$ 2	$ —	$ —	$ 2
Total Other Investments	$ —	$ —	$ 2	$ —	$ —	$ 2
Total Investments	$ 934	$ 84	$ 2,650	$ 1,300	$ 21	$ 3,053

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2020, and 2019, were as follows.

	Three Months Ended	
(in millions)	March 31, 2020	March 31, 2019
FV-NI:		
Realized gains	$ 14	$ 10
Realized losses	20	8
AFS:		
Realized gains	5	1
Realized losses	1	1

DUKE ENERGY FLORIDA

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

	March 31, 2020			December 31, 2019		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	$ —	$ —	$ 35	$ —	$ —	$ 27
Equity securities	263	10	359	351	26	430
U.S. government bonds	1	—	274	1	—	275
NDTF equity security contracts	20	—	20	—	—	—
Total NDTF Investments[(a)]	$ 284	$ 10	$ 688	$ 352	$ 26	$ 732
Other Investments						
Cash and cash equivalents	$ —	$ —	$ 3	$ —	$ —	$ 4
Municipal bonds	5	—	53	3	—	51
Total Other Investments	$ 5	$ —	$ 56	$ 3	$ —	$ 55
Total Investments	$ 289	$ 10	$ 744	$ 355	$ 26	$ 787

(a) During the three months ended March 31, 2020, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of Crystal River Unit 3.

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2020, and 2019, were immaterial.

DUKE ENERGY INDIANA

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

	March 31, 2020			December 31, 2019		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Investments						
Equity securities	$ 26	$ 1	$ 63	$ 43	$ —	$ 81
Corporate debt securities	—	—	4	—	—	6
Municipal bonds	1	1	36	1	—	36
U.S. government bonds	—	—	3	—	—	2
Total Investments	$ 27	$ 2	$ 106	$ 44	$ —	$ 125

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2020, and 2019, were immaterial.

DEBT SECURITY MATURITIES

The table below summarizes the maturity date for debt securities.

	March 31, 2020					
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana
Due in one year or less	$ 333	$ 25	$ 302	$ 26	$ 276	$ 3
Due after one through five years	538	234	236	227	9	17
Due after five through 10 years	465	188	214	207	7	7
Due after 10 years	1,375	734	541	506	35	16
Total	$ 2,711	$ 1,181	$ 1,293	$ 966	$ 327	$ 43

10. FAIR VALUE MEASUREMENTS

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

Fair value measurements are classified in three levels based on the fair value hierarchy as defined by GAAP. Certain investments are not categorized within the fair value hierarchy. These investments are measured at fair value using the net asset value (NAV) per share practical expedient. The NAV is derived based on the investment cost, less any impairment, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

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

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

Investments in equity securities

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

Investments in debt securities

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

Commodity derivatives

Commodity derivatives with clearinghouses are classified as Level 1. If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. In isolation, increases (decreases) in natural gas forward prices result in favorable (unfavorable) fair value adjustments for natural gas purchase contracts; and increases (decreases) in electricity forward prices result in unfavorable (favorable) fair value adjustments for electricity sales contracts. Duke Energy regularly evaluates and validates pricing inputs used to estimate the fair value of natural gas commodity contracts by a market participant price verification procedure. This procedure provides a comparison of internal forward commodity curves to market participant generated curves.

Interest rate derivatives

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

Other fair value considerations

See Note 12 in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019, for a discussion of the valuation of goodwill and intangible assets.

DUKE ENERGY

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

	March 31, 2020				
(in millions)	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	$ 4,488	$ 4,440	$ —	$ —	$ 48
NDTF debt securities	2,540	767	1,773	—	—
Other equity securities	95	95	—	—	—
Other debt securities	368	126	242	—	—
NDTF equity security contracts	20	—	20	—	—
Derivative assets	34	3	28	3	—
Total assets	7,545	5,431	2,063	3	48
Derivative liabilities	(390)	(49)	(250)	(91)	—
Net assets (liabilities)	$ 7,155	$ 5,382	$ 1,813	$ (88)	$ 48

	December 31, 2019				
(in millions)	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	$ 5,684	$ 5,633	$ —	$ —	$ 51
NDTF debt securities	2,469	826	1,643	—	—
Other equity securities	122	122	—	—	—
Other debt securities	310	91	219	—	—
Derivative assets	25	3	7	15	—
Total assets	8,610	6,675	1,869	15	51
NDTF equity security contracts	(23)	—	(23)	—	—
Derivative liabilities	(277)	(15)	(145)	(117)	—
Net assets (liabilities)	$ 8,310	$ 6,660	$ 1,701	$ (102)	$ 51

The following tables provide reconciliations of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

	Derivatives (net)	
	Three Months Ended March 31,	
(in millions)	2020	2019
Balance at beginning of period	$ (102)	$ (113)
Purchases, sales, issuances and settlements:		
Settlements	(9)	(12)
Total gains included on the Condensed Consolidated Balance Sheet	23	10
Balance at end of period	$ (88)	$ (115)

DUKE ENERGY CAROLINAS

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

	March 31, 2020			
(in millions)	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF equity securities	$ 2,498	$ 2,450	$ —	$ 48
NDTF debt securities	1,214	182	1,032	—
Derivative assets	2	—	2	—
Total assets	3,714	2,632	1,034	48
Derivative liabilities	(74)	—	(74)	—
Net assets	$ 3,640	$ 2,632	$ 960	$ 48

	December 31, 2019			
(in millions)	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF equity securities	$ 3,154	$ 3,103	$ —	$ 51
NDTF debt securities	1,193	227	966	—
Total assets	4,347	3,330	966	51
Derivative liabilities	(49)	—	(49)	—
Net assets	$ 4,298	$ 3,330	$ 917	$ 51

PROGRESS ENERGY

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

	March 31, 2020			December 31, 2019		
(in millions)	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	$ 1,990	$ 1,990	$ —	$ 2,530	$ 2,530	$ —
NDTF debt securities	1,326	585	741	1,276	599	677
Other debt securities	122	69	53	100	49	51
NDTF equity security contracts	20	—	20	—	—	—
Derivative assets	25	—	25	7	—	7
Total assets	3,483	2,644	839	3,913	3,178	735
NDTF equity security contracts	—	—	—	(23)	—	(23)
Derivative liabilities	(95)	—	(95)	(65)	—	(65)
Net assets	$ 3,388	$ 2,644	$ 744	$ 3,825	$ 3,178	$ 647

DUKE ENERGY PROGRESS

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

	March 31, 2020			December 31, 2019		
(in millions)	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	$ 1,631	$ 1,631	$ —	$ 2,077	$ 2,077	$ —
NDTF debt securities	1,017	276	741	974	297	677
Other debt securities	2	2	—	2	2	—
Derivative assets	5	—	5	—	—	—
Total assets	2,655	1,909	746	3,053	2,376	677
Derivative liabilities	(51)	—	(51)	(49)	—	(49)
Net assets	$ 2,604	$ 1,909	$ 695	$ 3,004	$ 2,376	$ 628

DUKE ENERGY FLORIDA

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

	March 31, 2020			December 31, 2019		
(in millions)	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	$ 359	$ 359	$ —	$ 453	$ 453	$ —
NDTF debt securities	309	309	—	302	302	—
Other debt securities	56	3	53	55	4	51
NDTF equity security contracts	20	—	20	—	—	—
Derivative assets	—	—	—	7	—	7
Total assets	744	671	73	817	759	58
NDTF equity security contracts	—	—	—	(23)	—	(23)
Derivative liabilities	(29)	—	(29)	(1)	—	(1)
Net assets	$ 715	$ 671	$ 44	$ 793	$ 759	$ 34

DUKE ENERGY OHIO

The recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets were not material at March 31, 2020, and December 31, 2019.

DUKE ENERGY INDIANA

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

	March 31, 2020				December 31, 2019			
(in millions)	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	$ 63	$ 63	$ —	$ —	$ 81	$ 81	$ —	$ —
Other debt securities	43	—	43	—	44	—	44	—
Derivative assets	2	—	—	2	13	2	—	11
Total assets	$ 108	$ 63	$ 43	$ 2	$ 138	$ 83	$ 44	$ 11
Derivative liabilities	—	—	—	—	(1)	(1)	—	—
Net assets	$ 108	$ 63	$ 43	$ 2	$ 137	$ 82	$ 44	$ 11

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

	Derivatives (net)	
	Three Months Ended March 31,	
(in millions)	2020	2019
Balance at beginning of period	$ 11	$ 22
Purchases, sales, issuances and settlements:		
Settlements	(6)	(10)
Total losses included on the Condensed Consolidated Balance Sheet	(3)	(7)
Balance at end of period	$ 2	$ 5

PIEDMONT

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

	March 31, 2020			December 31, 2019		
(in millions)	Total Fair Value	Level 1	Level 3	Total Fair Value	Level 1	Level 3
Derivative assets	$ 3	$ 3	$ —	$ 1	$ 1	$ —
Derivative liabilities	(91)	—	(91)	(117)	—	(117)
Net (liabilities) assets	$ (88)	$ 3	$ (91)	$ (116)	$ 1	$ (117)

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

	Derivatives (net)	
	Three Months Ended March 31,	
(in millions)	2020	2019
Balance at beginning of period	$ (117)	$ (141)
Total gains and settlements	26	20
Balance at end of period	$ (91)	$ (121)

QUANTITATIVE INFORMATION ABOUT UNOBSERVABLE INPUTS

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

	March 31, 2020				
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy Ohio					
FTRs	$ 1	RTO auction pricing	FTR price – per MWh	$ 0.04 - $ 3.29	$ 1.03
Duke Energy Indiana					
FTRs	2	RTO auction pricing	FTR price – per MWh	(0.37) - 6.06	0.54
Piedmont					
Natural gas contracts	(91)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.64 - 2.41	1.94
Duke Energy					
Total Level 3 derivatives	$ (88)				

	December 31, 2019				
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy Ohio					
FTRs	$ 4	RTO auction pricing	FTR price – per MWh	$ 0.59 - $ 3.47	$ 2.07
Duke Energy Indiana					
FTRs	11	RTO auction pricing	FTR price – per MWh	(0.66) - 9.24	1.15
Piedmont					
Natural gas contracts	(117)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.59 - 2.46	1.91
Duke Energy					
Total Level 3 derivatives	$ (102)				

OTHER FAIR VALUE DISCLOSURES

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

	March 31, 2020		December 31, 2019	
(in millions)	Book Value	Fair Value	Book Value	Fair Value
Duke Energy[(a)]	$ **61,388**	$ **65,644**	$ 58,126	$ 63,062
Duke Energy Carolinas	**12,807**	**14,312**	11,900	13,516
Progress Energy	**19,355**	**21,802**	19,634	22,291
Duke Energy Progress	**9,059**	**9,798**	9,058	9,934
Duke Energy Florida	**7,706**	**8,831**	7,987	9,131
Duke Energy Ohio	**2,620**	**2,904**	2,619	2,964
Duke Energy Indiana	**4,603**	**5,433**	4,057	4,800
Piedmont	**2,385**	**2,551**	2,384	2,642

(a) Book value of long-term debt includes $1.4 billion at March 31, 2020, and $1.5 billion at December 31, 2019, of unamortized debt discount and premium, net of purchase accounting adjustments related to the mergers with Progress Energy and Piedmont that are excluded from fair value of long-term debt.

At both March 31, 2020, and December 31, 2019, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper and nonrecourse notes payable of VIEs are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

11. VARIABLE INTEREST ENTITIES

CONSOLIDATED VIEs

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

No financial support was provided to any of the consolidated VIEs during the three months ended March 31, 2020, and the year ended December 31, 2019, or is expected to be provided in the future that was not previously contractually required.

Receivables Financing – DERF/DEPR/DEFR

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

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

The most significant activity that impacts the economic performance of DERF, DEPR and DEFR are the decisions made to manage delinquent receivables. Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida are considered the primary beneficiaries and consolidate DERF, DEPR and DEFR, respectively, as they make those decisions. Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. The impact of COVID-19 and the Duke Energy Registrant's related response on customers' ability to pay for service is uncertain, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. See Note 3 for information about COVID-19 filings with state utility commissions.

Receivables Financing – CRC

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

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

CRC is considered a VIE because (i) equity capitalization is insufficient to support its operations, (ii) power to direct the activities that most significantly impact the economic performance of the entity is not held by the equity holder and (iii) deficiencies in net worth of CRC are funded by Duke Energy. The most significant activities that impact the economic performance of CRC are decisions made to manage delinquent receivables. Duke Energy is considered the primary beneficiary and consolidates CRC as it makes these decisions. Neither Duke Energy Ohio nor Duke Energy Indiana consolidate CRC. Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. The impact of COVID-19 and the Duke Energy Registrant's related response on customers' ability to pay for service is uncertain, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. See Note 3 for information about COVID-19 filings with state utility commissions.

Receivables Financing – Credit Facilities

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

	Duke Energy			
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
(in millions)	**CRC**	**DERF**	**DEPR**	**DEFR**
Expiration date	February 2023	December 2022	April 2023	April 2021
Credit facility amount	$ 350	$ 475	$ 375	$ 250
Amounts borrowed at March 31, 2020	**350**	**475**	**325**	**250**
Amounts borrowed at December 31, 2019	350	474	325	250
Restricted Receivables at March 31, 2020	**467**	**616**	**410**	**331**
Restricted Receivables at December 31, 2019	522	642	489	336

Nuclear Asset-Recovery Bonds – DEFPF

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

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

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

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

(in millions)	**March 31, 2020**	**December 31, 2019**
Receivables of VIEs	$ **4**	$ 5
Regulatory Assets: Current	**53**	52
Current Assets: Other	**13**	39
Other Noncurrent Assets: Regulatory assets	**980**	989
Current Liabilities: Other	**2**	10
Current maturities of long-term debt	**54**	54
Long-Term Debt	**1,028**	1,057

Commercial Renewables

Certain of Duke Energy's renewable energy facilities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Assets are restricted and cannot be pledged as collateral or sold to third parties without prior approval of debt holders. Additionally, Duke Energy has VIEs associated with tax equity arrangements entered into with third-party investors in order to finance the cost of renewable assets eligible for tax credits. The activities that most significantly impacted the economic performance of these renewable energy facilities were decisions associated with siting, negotiating PPAs and Engineering, Procurement and Construction agreements, and decisions associated with ongoing operations and maintenance-related activities. Duke Energy is considered the primary beneficiary and consolidates the entities as it is responsible for all of these decisions.

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

(in millions)	March 31, 2020	December 31, 2019
Current Assets: Other	$ 287	$ 203
Property, Plant and Equipment: Cost	6,106	5,747
Accumulated depreciation and amortization	(1,094)	(1,041)
Other Noncurrent Assets: Other	82	106
Current maturities of long-term debt	162	162
Long-Term Debt	1,538	1,541
Other Noncurrent Liabilities: AROs	129	127
Other Noncurrent Liabilities: Other	258	228

NON-CONSOLIDATED VIEs

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

	March 31, 2020					
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana
(in millions)	Pipeline Investments	Commercial Renewables	Other VIEs	Total		
Receivables from affiliated companies	$ —	$ (1)	$ —	$ (1)	$ 39	$ 48
Investments in equity method unconsolidated affiliates	1,243	371	—	1,614	—	—
Total assets	$ 1,243	$ 370	$ —	$ 1,613	$ 39	$ 48
Taxes accrued	(1)	—	—	(1)	—	—
Other current liabilities	—	—	3	3	—	—
Deferred income taxes	69	—	—	69	—	—
Other noncurrent liabilities	105	—	11	116	—	—
Total liabilities	$ 173	$ —	$ 14	$ 187	$ —	$ —
Net assets (liabilities)	$ 1,070	$ 370	$ (14)	$ 1,426	$ 39	$ 48

	December 31, 2019					
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana
(in millions)	Pipeline Investments	Commercial Renewables	Other VIEs	Total		
Receivables from affiliated companies	$ —	$ (1)	$ —	$ (1)	$ 64	$ 77
Investments in equity method unconsolidated affiliates	1,179	300	—	1,479	—	—
Total assets	$ 1,179	$ 299	$ —	$ 1,478	$ 64	$ 77
Taxes accrued	(1)	—	—	(1)	—	—
Other current liabilities	—	—	4	4	—	—
Deferred income taxes	59	—	—	59	—	—
Other noncurrent liabilities	—	—	11	11	—	—
Total liabilities	$ 58	$ —	$ 15	$ 73	$ —	$ —
Net assets (liabilities)	$ 1,121	$ 299	$ (15)	$ 1,405	$ 64	$ 77

The Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above except for the PPA with OVEC, which is discussed below, and various guarantees, including Duke Energy's guarantee agreement to support its share of the ACP revolving credit facility. Duke Energy's maximum exposure to loss under the terms of the guarantee is $845 million, which represents 47% of the outstanding borrowings under the credit facility as of March 31, 2020. For more information on various guarantees, refer to Note 4.

Pipeline Investments

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

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

Entity Name	Ownership Interest	VIE Investment Amount (in millions) March 31, 2020	December 31, 2019
ACP[(a)]	47%	$ 1,243	$ 1,179
Constitution[(b)]	24%	—	—
Total		$ 1,243	$ 1,179

(a) Duke Energy evaluated this investment for impairment as of March 31, 2020, and December 31, 2019, and determined that fair value approximated carrying value and therefore no impairment was necessary.

(b) During the year ended December 31, 2019, Duke Energy recorded an OTTI related to Constitution. This charge resulted in the full write-down of Duke Energy's investment in Constitution.

Commercial Renewables

Duke Energy has investments in various renewable energy project entities. Some of these entities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Duke Energy does not consolidate these VIEs because power to direct and control key activities is shared jointly by Duke Energy and other owners. In 2019, Duke Energy acquired a majority ownership in a portfolio of distributed fuel cell projects from Bloom Energy Corporation. Duke Energy is not the primary beneficiary of the assets within the portfolio and does not consolidate the assets in the portfolio.

OVEC

Duke Energy Ohio's 9% ownership interest in OVEC is considered a non-consolidated VIE due to OVEC having insufficient equity to finance its activities without subordinated financial support. The activities that most significantly impact OVEC's economic performance include fuel strategy and supply activities and decisions associated with ongoing operations and maintenance-related activities. Duke Energy Ohio does not have the unilateral power to direct these activities, and therefore, does not consolidate OVEC.

As a counterparty to an Inter-Company Power Agreement (ICPA), Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in OVEC's cost of business. On March 31, 2018, FirstEnergy Solutions Corp (FES), a subsidiary of FirstEnergy Corp. and an ICPA counterparty with a power participation ratio of 4.85%, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. In addition, certain proposed environmental rulemaking could result in future increased OVEC cost allocations. See Note 3 for additional information.

CRC

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

Amounts included in Receivables from affiliated companies in the above table for Duke Energy Ohio and Duke Energy Indiana reflect their retained interest in receivables sold to CRC. These subordinated notes held by Duke Energy Ohio and Duke Energy Indiana are stated at fair value.

The following table shows the gross and net receivables sold.

	Duke Energy Ohio		Duke Energy Indiana	
(in millions)	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Receivables sold	$ 234	$ 253	$ 274	$ 307
Less: Retained interests	39	64	48	77
Net receivables sold	$ 195	$ 189	$ 226	$ 230

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

	Duke Energy Ohio		Duke Energy Indiana	
	Three Months Ended March 31,		Three Months Ended March 31,	
(in millions)	2020	2019	2020	2019
Sales				
Receivables sold	$ 537	$ 575	$ 647	$ 734
Loss recognized on sale	4	4	4	5
Cash flows				
Cash proceeds from receivables sold	$ 559	$ 597	$ 672	$ 758
Return received on retained interests	2	2	2	3

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

12. REVENUE

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

Electric Utilities and Infrastructure

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

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

	Remaining Performance Obligations						
(in millions)	2020	2021	2022	2023	2024	Thereafter	Total
Progress Energy	$ 84	$ 92	$ 87	$ 44	$ 45	$ 58	$ 410
Duke Energy Progress	6	8	8	8	8	—	38
Duke Energy Florida	78	84	79	36	37	58	372
Duke Energy Indiana	8	5	—	—	—	—	13

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

Gas Utilities and Infrastructure

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

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

	Remaining Performance Obligations						
(in millions)	2020	2021	2022	2023	2024	Thereafter	Total
Piedmont	$ 51	$ 65	$ 64	$ 61	$ 58	$ 376	$ 675

Commercial Renewables

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

Other

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

Disaggregated Revenues

Disaggregated revenues are presented as follows:

	Three Months Ended March 31, 2020							
(in millions) By market or type of customer	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
Residential	$ 2,261	$ 756	$ 1,064	$ 502	$ 562	$ 176	$ 265	$ —
General	1,492	549	648	319	329	114	181	—
Industrial	693	269	216	154	62	35	175	—
Wholesale	497	114	321	279	42	7	55	—
Other revenues	191	60	118	63	55	20	16	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	$ 5,134	$ 1,748	$ 2,367	$ 1,317	$ 1,050	$ 352	$ 692	$ —
Gas Utilities and Infrastructure								
Residential	$ 362	$ —	$ —	$ —	$ —	$ 97	$ —	$ 264
Commercial	169	—	—	—	—	43	—	126
Industrial	41	—	—	—	—	6	—	36
Power Generation	—	—	—	—	—	—	—	11
Other revenues	30	—	—	—	—	6	—	24
Total Gas Utilities and Infrastructure revenue from contracts with customers	$ 602	$ —	$ —	$ —	$ —	$ 152	$ —	$ 461
Commercial Renewables								
Revenue from contracts with customers	$ 58	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
Revenue from contracts with customers	$ 6	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total revenue from contracts with customers	$ 5,800	$ 1,748	$ 2,367	$ 1,317	$ 1,050	$ 504	$ 692	$ 461
Other revenue sources[(a)]	$ 149	$ —	$ 55	$ 21	$ 30	$ (6)	$ —	$ 51
Total revenues	$ 5,949	$ 1,748	$ 2,422	$ 1,338	$ 1,080	$ 498	$ 692	$ 512

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

	Three Months Ended March 31, 2019							
(in millions) By market or type of customer	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
Residential	$ 2,370	$ 760	$ 1,114	$ 536	$ 578	$ 189	$ 306	$ —
General	1,427	496	632	306	326	103	197	—
Industrial	711	266	222	161	61	33	190	—
Wholesale	541	119	353	315	38	14	54	—
Other revenues	172	78	172	125	47	16	17	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	$ 5,221	$ 1,719	$ 2,493	$ 1,443	$ 1,050	$ 355	$ 764	$ —
Gas Utilities and Infrastructure								
Residential	$ 414	$ —	$ —	$ —	$ —	$ 112	$ —	$ 302
Commercial	206	—	—	—	—	49	—	157
Industrial	48	—	—	—	—	7	—	42
Power Generation	—	—	—	—	—	—	—	13
Other revenues	63	—	—	—	—	8	—	56
Total Gas Utilities and Infrastructure revenue from contracts with customers	$ 731	$ —	$ —	$ —	$ —	$ 176	$ —	$ 570
Commercial Renewables								
Revenue from contracts with customers	$ 42	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
Revenue from contracts with customers	$ 4	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total revenue from contracts with customers	$ 5,998	$ 1,719	$ 2,493	$ 1,443	$ 1,050	$ 531	$ 764	$ 570
Other revenue sources[(a)]	$ 165	$ 25	$ 79	$ 41	$ 36	$ —	$ 4	$ 9
Total revenues	$ 6,163	$ 1,744	$ 2,572	$ 1,484	$ 1,086	$ 531	$ 768	$ 579

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

As described in Note 1, Duke Energy adopted the new guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. The following table presents the reserve for credit losses for trade and other receivables based on adoption of the new standard.

	March 31, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at December 31, 2019	$ 76	$ 10	$ 16	$ 8	$ 7	$ 4	$ 3	$ 6
Cumulative Change in Accounting Principle	5	1	2	1	1	—	—	1
Write-Offs	(10)	(3)	(4)	(2)	(2)	—	—	(1)
Credit Loss Expense	18	3	6	2	5	1	—	3
Balance at March 31, 2020	**$ 89**	**$ 11**	**$ 20**	**$ 9**	**$ 11**	**$ 5**	**$ 3**	**$ 9**

Trade and other receivables are evaluated based on an estimate of the risk of loss over the life of the receivable and current and historical conditions using supportable assumptions. Management evaluates the risk of loss for trade and other receivables by comparing the historical write-off amounts to total revenue over a specified period. Historical loss rates are adjusted due to the impact of current conditions as well as forecasted conditions over a reasonable time period. The calculated write-off rate can be applied to the receivable balance for which an established reserve does not already exist. Management reviews the assumptions and risk of loss annually for trade and other receivables. Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. The specific actions taken by each Duke Energy Registrant are described in Note 3. The impact of COVID-19 and Duke Energy's related response on customers' ability to pay for service is uncertain, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates.

The aging of trade receivables is presented in the table below. Duke Energy considers receivables greater than 30 days outstanding past due.

	March 31, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Unbilled Receivables	$ 716	$ 285	$ 195	$ 85	$ 110	$ 1	$ 16	$ 32
0-30 days	1,584	448	585	321	262	45	24	134
30-60 days	216	69	67	44	23	9	1	18
60-90 days	65	18	20	14	6	2	1	5
90+ days	145	19	57	32	25	32	11	11
Trade and Other Receivables	$ 2,726	$ 839	$ 924	$ 496	$ 426	$ 89	$ 53	$ 200

UNBILLED REVENUE

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

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

(in millions)	March 31, 2020	December 31, 2019
Duke Energy	$ 716	$ 843
Duke Energy Carolinas	285	298
Progress Energy	195	217
Duke Energy Progress	85	122
Duke Energy Florida	110	95
Duke Energy Ohio	1	1
Duke Energy Indiana	16	16
Piedmont	32	78

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

(in millions)	March 31, 2020	December 31, 2019
Duke Energy Ohio	$ 61	$ 82
Duke Energy Indiana	94	115

13. STOCKHOLDERS' EQUITY

Basic EPS is computed by dividing net income available to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income available to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the diluted weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options and equity forward sale agreements, were exercised or settled. Duke Energy's participating securities are restricted stock units that are entitled to dividends declared on Duke Energy common stock during the restricted stock unit's vesting periods. Dividends declared on preferred stock are recorded on the Condensed Consolidated Statements of Operations as a reduction of net income to arrive at net income available to Duke Energy common stockholders. Dividends accumulated on preferred stock are an adjustment to net income used in the calculation of basic and diluted EPS.

The following table presents Duke Energy's basic and diluted EPS calculations, the weighted average number of common shares outstanding and common and preferred share dividends declared.

	Three Months Ended March 31,	
(in millions, except per share amounts)	**2020**	**2019**
Income from continuing operations available to Duke Energy common stockholders excluding impact of participating securities and including accumulated preferred stock dividends adjustment	**$ 911**	$ 898
Weighted average common shares outstanding – basic	**734**	727
Equity forwards	**2**	—
Weighted average common shares outstanding – diluted	**736**	727
EPS from continuing operations available to Duke Energy common stockholders		
Basic and diluted	**$ 1.24**	$ 1.24
Potentially dilutive items excluded from the calculation[a]	**2**	2
Dividends declared per common share	**$ 0.945**	$ 0.9275
Dividends declared on Series A preferred stock per depositary share[b]	**$ 0.359**	$ —
Dividends declared on Series B preferred stock per share[c]	**$ 24.917**	$ —

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

(b) 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock dividends are payable quarterly in arrears on the 16th day of March, June, September and December. The preferred stock has a $25 liquidation preference per depositary share.

(c) 4.875% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock dividends are payable semiannually in arrears on the 16th day of March and September. The preferred stock has a $1,000 liquidation preference per share.

Common Stock

In November 2019, Duke Energy filed a prospectus supplement and executed an Equity Distribution Agreement (EDA) under which it may sell up to $1.5 billion of its common stock through an at-the-market (ATM) offering program, including an equity forward sales component. Under the terms of the EDA, Duke Energy may issue and sell shares of common stock through September 2022. In March 2020, Duke Energy marketed approximately 940,000 shares of common stock through an equity forward transaction under the ATM with an initial forward price of $89.76 per share.

Separately, in November 2019, Duke Energy marketed an equity offering of 28.75 million shares of common stock through an Underwriting Agreement. In connection with the offering, Duke Energy entered into an equity forward sales agreement with an initial forward price of $85.99 per share.

The equity forward sales agreements require Duke Energy to either physically settle the transaction by issuing shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreement, or net settle in whole or in part through the delivery or receipt of cash or shares. The settlement alternatives are at Duke Energy's election. Settlement of the forward sales agreements are expected to occur on or prior to December 31, 2020. Until settlement of the equity forwards, EPS dilution resulting from the agreements, if any, will be determined under the treasury stock method.

14. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy and certain subsidiaries maintain, and the Subsidiary Registrants participate in, qualified and non-qualified, non-contributory defined benefit retirement plans. Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants.

QUALIFIED PENSION PLANS

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

	Three Months Ended March 31, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	$ 41	$ 12	$ 12	$ 6	$ 5	$ 1	$ 2	$ 1
Interest cost on projected benefit obligation	67	16	21	10	12	4	6	2
Expected return on plan assets	(143)	(36)	(48)	(22)	(25)	(7)	(11)	(5)
Amortization of actuarial loss	34	7	11	5	6	2	3	2
Amortization of prior service credit	(8)	(2)	(1)	—	—	—	—	(2)
Amortization of settlement charges	2	1	1	—	—	—	—	—
Net periodic pension costs	$ (7)	$ (2)	$ (4)	$ (1)	$ (2)	$ —	$ —	$ (2)

	Three Months Ended March 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	$ 37	$ 12	$ 11	$ 6	$ 4	$ 1	$ 2	$ 1
Interest cost on projected benefit obligation	83	20	26	12	14	5	6	3
Expected return on plan assets	(143)	(38)	(44)	(23)	(22)	(8)	(11)	(5)
Amortization of actuarial loss	24	6	9	3	6	1	2	2
Amortization of prior service credit	(8)	(2)	(1)	—	—	—	—	(3)
Net periodic pension costs	$ (7)	$ (2)	$ 1	$ (2)	$ 2	$ (1)	$ (1)	$ (2)

NON-QUALIFIED PENSION PLANS

Net periodic pension costs for non-qualified pension plans were not material for the three months ended March 31, 2020, and 2019.

OTHER POST-RETIREMENT BENEFIT PLANS

Net periodic costs for other post-retirement benefit plans were not material for the three months ended March 31, 2020, and 2019.

15. INCOME TAXES

EFFECTIVE TAX RATES

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

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Duke Energy	**13.3%**	9.6%
Duke Energy Carolinas	**16.1%**	17.7%
Progress Energy	**17.5%**	17.3%
Duke Energy Progress	**17.1%**	17.8%
Duke Energy Florida	**20.0%**	19.3%
Duke Energy Ohio	**17.7%**	16.9%
Duke Energy Indiana	**20.8%**	24.1%
Piedmont	**10.1%**	21.8%

The increase in the ETR for Duke Energy for the three months ended March 31, 2020, was primarily due to an adjustment related to the income tax recognition for equity method investments recorded in the first quarter of 2019, partially offset by an increase in the amortization of excess deferred taxes. The equity method investment adjustment was immaterial and relates to prior years.

The decrease in the ETR for Duke Energy Carolinas for the three months ended March 31, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Indiana for the three months ended March 31, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Piedmont for the three months ended March 31, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

OTHER TAX MATTERS

On March 27, 2020, the CARES Act was enacted. The CARES Act is an emergency economic stimulus package in response to the COVID-19 pandemic. Among other provisions, the CARES Act accelerates the remaining AMT credit refund allowances resulting in taxpayers being able to immediately claim a refund in full for any AMT credit carryforwards. As a result, the remaining AMT credit carryforwards have been reclassified to a current receivable included in Other within Current Assets on the Condensed Consolidated Balance Sheets as of March 31, 2020. The total income tax receivable related to AMT credit carryforwards is approximately $572 million. The other provisions within the CARES Act do not materially impact Duke Energy's income tax accounting. See Note 1 for information on COVID-19.

16. SUBSEQUENT EVENTS

For information on subsequent events related to regulatory matters, commitments and contingencies and derivatives and hedging, see Notes 3, 4 and 8.

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

The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Duke Energy and Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. However, none of the registrants make any representation as to information related solely to Duke Energy or the Subsidiary Registrants of Duke Energy other than itself.

DUKE ENERGY

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

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2020, and with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

Executive Overview

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. In the first quarter of 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic, and President Trump proclaimed that the COVID-19 outbreak in the United States constitutes a national emergency. The Duke Energy Registrants are monitoring developments closely, have taken steps to mitigate the impacts to our business, and have a pandemic response plan in place to protect our employees, customers and communities. Financial impacts to Duke Energy's first quarter 2020 results were not material. Volumes are expected to decline in the second quarter and then begin a gradual rebound thereafter. The Duke Energy Registrants are developing cost containment plans to offset revenue declines.

- Employees. The health of our employees is of paramount importance. Power plants and electricity and natural gas delivery facilities are staffed. Employees who are not involved with power generation, power delivery, customer service or certain other functions have been performing their work duties remotely from home. Employees who need to interact with customers in-person are following the Centers for Disease Control and Prevention's safety guidelines, including social distancing and use of face masks. Operating procedure changes include additional cleaning and disinfection procedures at our facilities.

- Customers. The Duke Energy Subsidiary Registrants voluntarily announced, in the first quarter of 2020, a suspension of disconnections for nonpayment in order to give customers experiencing financial hardship extra time to make payments. This is expected to result in an increase in future charge-offs over historical levels. In addition, several Subsidiary Registrants are waiving late payment charges and other fees for credit cards and returned checks. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information. The COVID-19 pandemic and stay-at-home orders have impacted commercial and industrial customers, and many of them have suspended operations which is impacting the Duke Energy Registrants' volumes. Several large industrial customers have announced plans to restart their businesses in May.

- Communities. The Duke Energy Foundation announced approximately $6 million in donations and grants as of April 30, 2020, to support hunger relief, local health and human services nonprofits, and education initiatives across the Duke Energy Registrants' service territories.

- Balance Sheet Strength and Liquidity Assurance. See Notes 5 and 13 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities" and "Stockholders Equity," respectively, for additional information.
  - Duke Energy issued approximately $1.5 billion of debt during the first quarter of 2020.
  - Duke Energy entered into and borrowed approximately $1.7 billion under a 364-day Term Loan Credit Agreement.
  - Duke Energy drew down the remaining $500 million of availability under its existing $1 billion Three-Year Revolving Credit Facility.
  - Duke Energy issued $85 million of common stock through a forward sales agreement which is expected to settle on or prior to December 31, 2020.

- Rate Case activity and delays. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters" for additional information.
  - Duke Energy Carolinas and Duke Energy Progress filed general rate cases with the NCUC on September 30, 2019, and October 30, 2019, respectively, requesting rate increases go into effect in the third quarter of 2020. On March 16, 2020, the NCUC issued an Order Postponing Hearing and Addressing Procedural Matters, which postponed the Duke Energy Carolinas evidentiary hearing until further order by the commission. On March 24, 2020, the NCUC suspended the procedural schedule and postponed the previously scheduled evidentiary hearing on the Duke Energy Progress case indefinitely. On April 7, 2020, the NCUC issued an order partially resuming the procedural schedule. On May 6, 2020, Duke Energy Carolinas, Duke Energy Progress and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. The joint motion suggests, health and safety permitting, that the commission consider the possibility of holding the consolidated hearing in July.
  - Duke Energy Florida filed a petition with the FPSC on April 2, 2020, to accelerate a fuel cost refund to customers in the month of May 2020. Typically, the refund would be made over the course of 2021. The FPSC approved the petition on April 28, 2020.
  - Duke Energy Ohio filed an application on April 16, 2020, for a Reasonable Arrangement to temporarily lower the minimum bill for demand-metered commercial and industrial customers. The proposal is conditioned on full recovery via Duke Energy Ohio's existing Economic Competitiveness Fund Rider, which has been used by Duke Energy Ohio in the past for other reasonable arrangements with customers. On April 24, 2020, the Staff of the PUCO filed its recommendation finding Duke Energy Ohio's application is reasonable and that the PUCO should approve it.
  - Duke Energy Kentucky filed an electric rate case with the KPSC on September 3, 2019. On April 27, 2020, the KPSC issued its decision and new customer rates were effective on May 1, 2020.
  - Duke Energy Indiana filed a general rate case with the IURC on July 2, 2019. Hearings concluded on February 7, 2020, with rates expected to be effective mid-2020. Duke Energy Indiana is awaiting an order from the IURC.
- Policymaker actions. The CARES Act was signed by President Trump on March 27, 2020. Duke Energy Registrants will benefit from certain provisions such as the AMT acceleration and deferral of certain payroll taxes. See Note 15 to the Condensed Consolidated Financial Statements, "Income Taxes" for additional information.
- ACP and other assets. At present, we have not experienced any delays in ACP construction activity related to COVID-19, but we are constantly monitoring that important project. We experienced no impairments of long-lived or intangible assets resulting from this pandemic in the first quarter 2020.

Results of Operations

Non-GAAP Measures

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

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted EPS. Adjusted earnings and adjusted EPS represent income from continuing operations available to Duke Energy common stockholders in dollar and per share amounts, adjusted for the dollar and per share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. The most directly comparable GAAP measures for adjusted earnings and adjusted EPS are GAAP Reported Earnings and GAAP Reported EPS, respectively.

The special item in the periods presented below includes a reversal of 2018 severance costs which were deferred as a result of the partial settlement in the Duke Energy Carolinas 2019 North Carolina rate case.

Three Months Ended March 31, 2020, as compared to March 31, 2019

GAAP Reported EPS was $1.24 for the first quarter of 2020 and the first quarter of 2019. GAAP reported earnings increased due to positive rate case impacts and growth in Commercial Renewables. This was offset by lower returns on corporate held investments and unfavorable weather.

As discussed above, management also evaluates financial performance based on adjusted EPS. Duke Energy's first quarter 2020 adjusted EPS was $1.14 compared to $1.24 for the first quarter of 2019.

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

	Three Months Ended March 31,			
	2020		2019	
(in millions, except per share amounts)	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	$ 899	$ 1.24	$ 900	$ 1.24
Adjustments:				
Severance[(a)]	(75)	(0.10)	—	—
Adjusted Earnings/Adjusted EPS	$ 824	$ 1.14	$ 900	$ 1.24

(a) Net of tax expense of $23 million.

SEGMENT RESULTS

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

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

Electric Utilities and Infrastructure

	Three Months Ended March 31,		
(in millions)	2020	2019	Variance
Operating Revenues	$ 5,183	$ 5,329	$ (146)
Operating Expenses			
Fuel used in electric generation and purchased power	1,467	1,630	(163)
Operation, maintenance and other	1,325	1,282	43
Depreciation and amortization	977	947	30
Property and other taxes	303	301	2
Impairment charges	2	—	2
Total operating expenses	4,074	4,160	(86)
Gains (Losses) on Sales of Other Assets and Other, net	1	(3)	4
Operating Income	1,110	1,166	(56)
Other Income and Expenses, net	85	91	(6)
Interest Expense	339	338	1
Income Before Income Taxes	856	919	(63)
Income Tax Expense	151	169	(18)
Segment Income	$ 705	$ 750	$ (45)
Duke Energy Carolinas GWh sales	21,236	21,828	(592)
Duke Energy Progress GWh sales	15,670	16,348	(678)
Duke Energy Florida GWh sales	8,617	8,321	296
Duke Energy Ohio GWh sales	5,823	6,164	(341)
Duke Energy Indiana GWh sales	7,606	8,033	(427)
Total Electric Utilities and Infrastructure GWh sales	58,952	60,694	(1,742)
Net proportional MW capacity in operation	49,561	49,725	(164)

Three Months Ended March 31, 2020, as compared to March 31, 2019

Electric Utilities and Infrastructure's results were driven by unfavorable weather and lower wholesale revenues, partially offset by higher revenues resulting from the South Carolina retail rate cases and Duke Energy Florida base and solar rate adjustments. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a $147 million decrease in fuel revenues primarily due to lower fuel cost recovery;
- a $45 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year; and

- a $17 million decrease in wholesale revenues, net of fuel, primarily due to coal ash cost recovery in the prior year at Duke Energy Progress.

Partially offset by:

- a $19 million increase due to higher pricing from South Carolina retail rate case, net of a return of EDIT to customers;
- a $17 million increase in retail pricing due to Duke Energy Florida's base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment; and
- a $17 million increase in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by:

- a $163 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix at Duke Energy Progress and lower coal and natural gas costs and lower amortization of deferred fuel costs at Duke Energy Indiana.

Partially offset by:

- a $43 million increase in operation, maintenance and other expense primarily due to higher employee benefit costs and increased vegetation management costs; and
- a $30 million increase in depreciation and amortization expense primarily due to additional plant in service and new depreciation rates associated with the South Carolina retail rate case.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income. The ETRs for the three months ended March 31, 2020, and 2019, were 17.6% and 18.4%, respectively.

Matters Impacting Future Electric Utilities and Infrastructure Results

The COVID-19 pandemic has not had a material impact on Electric Utilities and Infrastructure as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Electric Utilities and Infrastructure results of operations, financial position and cash flows in the future. Electric Utilities and Infrastructure will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Electric Utilities and Infrastructure customers, suppliers and partners and could cause Electric Utilities and Infrastructure to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Electric Utilities and Infrastructure also has various pending rate case proceedings that have been delayed. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

On December 31, 2019, Duke Energy Carolinas and Duke Energy Progress entered into a settlement agreement with NCDEQ and certain community groups under which Duke Energy Carolinas and Duke Energy Progress agreed to excavate seven of the nine remaining coal ash basins in North Carolina with ash moved to on-site lined landfills. At the two remaining basins, uncapped basin ash will be excavated and moved to lined landfills. An order from regulatory authorities disallowing recovery of costs related to closure of these ash basins could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows.

On May 21, 2019, Duke Energy Carolinas and Duke Energy Progress received orders from the PSCSC granting the companies' requests for retail rate increases but denying recovery of certain coal ash costs. Duke Energy Carolinas and Duke Energy Progress have appealed these decisions to the South Carolina Supreme Court and those appeals are pending. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

In 2019, Duke Energy Indiana filed a general rate case with the IURC, and Duke Energy Carolinas and Duke Energy Progress filed general rate cases with the NCUC. The outcome of these rate cases could materially impact Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas and Duke Energy Progress have petitioned for deferral of future grid improvement costs in their 2019 rate cases. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms in 2018. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territories of Duke Energy Carolinas and Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. In September 2019, Hurricane Dorian impacted Duke Energy Progress and Duke Energy Florida's service territories. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

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

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2019, for discussion of risks associated with the Tax Act.

Gas Utilities and Infrastructure

	Three Months Ended March 31,		
(in millions)	**2020**	**2019**	**Variance**
Operating Revenues	**$ 664**	$ 756	$ (92)
Operating Expenses			
Cost of natural gas	**199**	327	(128)
Operation, maintenance and other	**110**	110	—
Depreciation and amortization	**66**	65	1
Property and other taxes	**30**	33	(3)
Total operating expenses	**405**	535	(130)
Operating Income	**259**	221	38
Other Income and Expenses, net	**49**	40	9
Interest Expense	**31**	30	1
Income Before Income Taxes	**277**	231	46
Income Tax Expense	**28**	5	23
Segment Income	**$ 249**	$ 226	$ 23
Piedmont LDC throughput (dekatherms)	**148,503,995**	151,662,741	(3,158,746)
Duke Energy Midwest LDC throughput (Mcf)	**33,785,834**	38,538,272	(4,752,438)

Three Months Ended March 31, 2020, as compared to March 31, 2019

Gas Utilities and Infrastructure's results were impacted by an increase in operating income primarily due to the North Carolina base rate case and IMR, partially offset by prior year tax benefits related to AFUDC equity from ACP. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a $134 million decrease due to lower natural gas costs passed through to customers and lower volumes due to warmer weather;
- a $20 million decrease due to return of EDIT to customers; and
- a $7 million decrease due to NCUC approval related to tax reform accounting from fixed-rate contracts in the prior year.

Partially offset by:

- a $53 million increase due to North Carolina base rate case increases; and
- a $12 million increase due to North Carolina IMR increases.

Operating Expenses. The variance was driven primarily by:

- a $128 million decrease in cost of natural gas due to lower natural gas prices, lower volumes and decreased off-system sales natural gas costs.

Other Income and Expenses, net. The variance was driven primarily by higher equity earnings from ACP in the current year.

Income Tax Expense. The increase in tax expense was primarily due to an adjustment, recorded in the first quarter of 2019, related to the income tax recognition for equity method investments and an increase in pretax income, partially offset by an increase in the amortization of excess deferred taxes. The ETRs for the three months ended March 31, 2020, and 2019, were 10.1% and 2.2%, respectively. The increase in the ETR was primarily due to an adjustment related to the income tax recognition for equity method investments recorded in the first quarter of 2019, partially offset by an increase in the amortization of excess deferred taxes. The equity method investment adjustment was immaterial and relates to prior years.

Matters Impacting Future Gas Utilities and Infrastructure Results

The COVID-19 pandemic has not had a material impact on Gas Utilities and Infrastructure as of March 31, 2020; however we cannot predict the extent to which the COVID-19 pandemic will impact Gas Utilities and Infrastructure results of operations, financial position and cash flows in the future. Gas Utilities and Infrastructure will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Gas Utilities and Infrastructure customers, suppliers and partners and could cause Gas Utilities and Infrastructure to experience an increase in certain costs, such as bad debt, or cause constructions delays with ACP. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

Gas Utilities and Infrastructure has a 47% ownership interest in ACP, which is building an approximately 600-mile interstate natural gas pipeline intended to transport diverse natural gas supplies into southeastern markets. Affected states (West Virginia, Virginia and North Carolina) have issued certain necessary permits; the project remains subject to other pending federal and state approvals, which will allow full construction activities to begin. In 2018, FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route. Given the legal challenges and ongoing discussions with customers, ACP expects the project to enter full in-service in the first half of 2022.The delays resulting from legal challenges have impacted the cost for the project. Project cost is approximately $8 billion, excluding financing costs. This estimate is based on the current facts available around construction costs and timelines, and is subject to future changes as those facts develop. Abnormal weather, work delays (including delays due to judicial or regulatory action or COVID-19 social distancing) and other conditions may result in cost or schedule modifications, a suspension of AFUDC for ACP and/or impairment charges potentially material to Duke Energy's cash flows, financial position and results of operations. ACP and Duke Energy will continue to consider their options with respect to the foregoing given their existing contractual and legal obligations. See Notes 3 and 11 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Variable Interest Entities," respectively, for additional information.

On November 13, 2013, the PUCO issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Duke Energy Ohio has filed for a request for extension of the deadline. A hearing on that request has not been scheduled. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact on Gas Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Commercial Renewables

	Three Months Ended March 31,		
(in millions)	**2020**	**2019**	**Variance**
Operating Revenues	$ **129**	$ 106	$ 23
Operating Expenses			
Operation, maintenance and other	**69**	66	3
Depreciation and amortization	**48**	40	8
Property and other taxes	**8**	6	2
Total operating expenses	**125**	112	13
Operating Income (Loss)	**4**	(6)	10
Other Income and Expenses, net	**(1)**	(2)	1
Interest Expense	**18**	21	(3)
Loss Before Income Taxes	**(15)**	(29)	14
Income Tax Benefit	**(24)**	(35)	11
Less: Loss Attributable to Noncontrolling Interests	**(48)**	(7)	(41)
Segment Income	$ **57**	$ 13	$ 44
Renewable plant production, GWh	**2,437**	2,068	369
Net proportional MW capacity in operation[(a)]	**3,502**	2,996	506

(a) Certain projects are included in tax equity structures where investors have differing interests in the project's economic attributes. One hundred percent of the tax equity project's capacity is included in the table above.

Three Months Ended March 31, 2020, as compared to March 31, 2019

Commercial Renewables' results were favorable primarily due to new tax equity structures and favorable wind revenue. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase was primarily due to favorable wind portfolio revenue as a result of favorable market pricing, favorable wind resource and new solar projects placed in service.

Operating Expenses. The increase was primarily due to higher depreciation expense as a result of new projects placed in service.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by an increase in taxes associated with Duke Energy's interest in tax equity projects and a decrease in pretax losses.

Loss Attributable to Noncontrolling Interests The increase was primarily due to new tax equity structures.

Matters Impacting Future Commercial Renewables Results

The COVID-19 pandemic has not had a material impact on Commercial Renewables as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Commercial Renewables results of operations, financial position and cash flows in the future. Commercial Renewables will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Commercial Renewables customers, suppliers and partners and could cause Commercial Renewables to experience delays in project construction and availability of financing. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

Commercial Renewables continues to experience growth with tax equity structures; however, the future expiration of federal tax incentives could result in adverse impacts to future results of operations, financial position and cash flows.

Duke Energy continues to monitor recoverability of its renewable merchant plants principally in the Electric Reliability Council of Texas West market, due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. Although these assets were not impaired, a continued decline in energy market pricing would likely result in a future impairment. Impairment of these assets could result in adverse impacts to the future results of operations, financial position and cash flows of Commercial Renewables.

Other

	Three Months Ended March 31,		
(in millions)	**2020**	**2019**	**Variance**
Operating Revenues	**$ 23**	$ 21	$ 2
Operating Expenses	**(89)**	28	(117)
Operating Income (Loss)	**112**	(7)	119
Other Income and Expenses, net	**(33)**	44	(77)
Interest Expense	**171**	171	—
Loss Before Income Taxes	**(92)**	(134)	42
Income Tax Benefit	**(19)**	(45)	26
Less: Preferred Dividends	**39**	—	39
Net Loss	**$ (112)**	$ (89)	$ (23)

Three Months Ended March 31, 2020, as compared to March 31, 2019

The variance was driven by lower returns on investments and the declaration of preferred stock dividends, partially offset by a reversal of corporate allocated severance costs. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The decrease was primarily driven by the deferral of 2018 corporate allocated severance costs due to the partial settlement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case.

Other Income and Expenses, net. The variance was primarily due to lower returns on investments that fund certain employee benefit obligations as well as lower Bison investment income.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by a decrease in pretax losses.

Preferred Dividends. The variance was driven by the declaration of preferred stock dividends on preferred stock issued in 2019.

Matters Impacting Future Other Results

The COVID-19 pandemic has not had a material impact on Other as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Other results of operations, financial position and cash flows in the future. Other will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

DUKE ENERGY CAROLINAS

Results of Operations

	Three Months Ended March 31,		
(in millions)	2020	2019	Variance
Operating Revenues	$ 1,748	$ 1,744	$ 4
Operating Expenses			
Fuel used in electric generation and purchased power	453	472	(19)
Operation, maintenance and other	386	440	(54)
Depreciation and amortization	343	317	26
Property and other taxes	81	80	1
Impairment charges	2	—	2
Total operating expenses	1,265	1,309	(44)
Gains on Sales of Other Assets and Other, net	1	—	1
Operating Income	484	435	49
Other Income and Expenses, net	43	31	12
Interest Expense	123	110	13
Income Before Income Taxes	404	356	48
Income Tax Expense	65	63	2
Net Income	$ 339	$ 293	$ 46

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

Increase (Decrease) over prior year	2020
Residential sales	(5.1)%
General service sales	(0.1)%
Industrial sales	(1.2)%
Wholesale power sales	(3.0)%
Joint dispatch sales	(54.0)%
Total sales	(2.7)%
Average number of customers	1.8 %

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a $23 million increase in weather-normal retail sales volumes; and
- an $11 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers.

Partially offset by:

- a $26 million decrease in retail sales due to unfavorable weather in the current year.

Operating Expenses. The variance was driven primarily by:

- a $54 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, partially offset by higher storm restoration costs; and
- a $19 million decrease in fuel used in electric generation and purchased power primarily due to changes in the generation mix.

Partially offset by:

- a $26 million increase in depreciation and amortization expense primarily due to additional plant in service and new depreciation rates associated with the South Carolina rate case.

Other Income and Expenses, net. The variance was primarily due to higher AFUDC equity in the current year.

Interest Expense. The variance was primarily due to higher debt outstanding in the current year.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Duke Energy Carolinas as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Duke Energy Carolinas results of operations, financial position and cash flows in the future. Duke Energy Carolinas will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Duke Energy Carolinas customers, suppliers and partners and could cause Duke Energy Carolinas to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Duke Energy Carolinas also has pending rate case proceedings that have been delayed. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

On December 31, 2019, Duke Energy Carolinas entered into a settlement agreement with NCDEQ and certain community groups under which Duke Energy Carolinas agreed to excavate five of the six remaining coal ash basins in North Carolina with ash moved to on-site lined landfills. At the one remaining basin, uncapped basin ash will be excavated and moved to lined landfills. An order from regulatory authorities disallowing recovery of costs related to closure of these ash basins could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows.

Duke Energy Carolinas filed a general rate case with the NCUC on September 30, 2019. The outcome of this rate case could materially impact Duke Energy Carolina's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas has petitioned for deferral of future grid improvement costs in its 2019 rate case. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

Duke Energy Carolinas' service territory was impacted by several named storms in 2018. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the future recovery of storm restoration costs could have an adverse impact on Duke Energy Carolinas' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 21, 2019, the PSCSC issued an order granting Duke Energy Carolinas request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Carolinas has appealed this decision to the South Carolina Supreme Court and that appeal is pending. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2019, for discussion of risks associated with the Tax Act.

PROGRESS ENERGY

Results of Operations

	Three Months Ended March 31,		
(in millions)	**2020**	**2019**	**Variance**
Operating Revenues	$ **2,422**	$ 2,572	$ (150)
Operating Expenses			
Fuel used in electric generation and purchased power	**763**	925	(162)
Operation, maintenance and other	**554**	567	(13)
Depreciation and amortization	**452**	455	(3)
Property and other taxes	**135**	137	(2)
Total operating expenses	**1,904**	2,084	(180)
Losses on Sales of Other Assets and Other, net	**(1)**	—	(1)
Operating Income	**517**	488	29
Other Income and Expenses, net	**32**	31	1
Interest Expense	**206**	219	(13)
Income Before Income Taxes	**343**	300	43
Income Tax Expense	**60**	52	8
Net Income	**283**	248	35
Less: Net Loss Attributable to Noncontrolling Interests	**—**	(1)	1
Net Income Attributable to Parent	$ **283**	$ 249	$ 34

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a $160 million decrease in fuel cost recovery driven by lower fuel prices and volumes as well as less Duke Energy Progress native load transfer sales in the current year;
- a $16 million decrease in wholesale power revenues, net of fuel, primarily due to coal ash cost recovery in the prior year at Duke Energy Progress, partially offset by increased demand at Duke Energy Florida;
- a $15 million decrease in rider revenues primarily due to the Crystal River 3 Uprate regulatory asset being fully recovered in 2019 at Duke Energy Florida; and
- a $7 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year at Duke Energy Progress, partially offset by favorable weather in the current year at Duke Energy Florida.

Partially offset by:

- a $17 million increase in retail pricing due to base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment at Duke Energy Florida;
- a $12 million increase in storm revenues due to Hurricane Dorian collections at Duke Energy Florida;
- a $10 million increase in other revenues primarily due to increased transmission revenues at Duke Energy Florida; and
- an $8 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers at Duke Energy Progress.

Operating Expenses. The variance was driven primarily by:

- a $162 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix at Duke Energy Progress and lower fuel costs, net of deferrals at Duke Energy Florida; and
- a $13 million decrease in operation, maintenance and other expense at Duke Energy Progress primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, partially offset by storm cost amortizations and employee benefits at Duke Energy Florida.

Interest Expense. The variance was driven primarily by lower interest rates on outstanding debt at Duke Energy Progress.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Progress Energy as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Progress Energy results of operations, financial position and cash flows in the future. Progress Energy will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Progress Energy customers, suppliers and partners and could cause Progress Energy to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Progress Energy also has various pending rate case proceedings that have been delayed. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

On December 31, 2019, Duke Energy Progress entered into a settlement agreement with NCDEQ and certain community groups under which Duke Energy Progress agreed to excavate two of the three remaining coal ash basins in North Carolina with ash moved to on-site lined landfills. At the one remaining basin, uncapped basin ash will be excavated and moved to lined landfills. An order from regulatory authorities disallowing recovery of costs related to closure of these ash basins could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows.

Duke Energy Progress filed a general rate case with the NCUC on October 30, 2019. The outcome of this rate case could materially impact Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Duke Energy Progress has petitioned for deferral of future grid improvement costs in its 2019 rate case. Progress Energy's results of operations, financial position and cash flows could be adversely impacted if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms in 2018. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territory of Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. In September 2019, Hurricane Dorian impacted Duke Energy Progress' and Duke Energy Florida's service territories. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 21, 2019, the PSCSC issued an order granting Duke Energy Progress' request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Progress has appealed this decision to the South Carolina Supreme Court and that appeal is pending. Progress Energy's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2019, for discussion of risks associated with the Tax Act.

DUKE ENERGY PROGRESS

Results of Operations

	Three Months Ended March 31,		
(in millions)	**2020**	**2019**	**Variance**
Operating Revenues	**$ 1,338**	$ 1,484	$ (146)
Operating Expenses			
Fuel used in electric generation and purchased power	**405**	515	(110)
Operation, maintenance and other	**305**	335	(30)
Depreciation and amortization	**287**	290	(3)
Property and other taxes	**47**	44	3
Total operating expenses	**1,044**	1,184	(140)
Losses on Sales of Other Assets and Other, net	**(1)**	—	(1)
Operating Income	**293**	300	(7)
Other Income and Expenses, net	**22**	24	(2)
Interest Expense	**69**	77	(8)
Income Before Income Taxes	**246**	247	(1)
Income Tax Expense	**42**	44	(2)
Net Income	**$ 204**	$ 203	$ 1

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

Increase (Decrease) over prior period	**2020**
Residential sales	(5.7)%
General service sales	(1.9)%
Industrial sales	(0.2)%
Wholesale power sales	(7.4)%
Joint dispatch sales	(0.5)%
Total sales	(4.1)%
Average number of customers	1.4 %

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a $109 million decrease in fuel cost recovery driven by lower fuel prices and volumes as well as less native load transfer sales in the current year;
- a $24 million decrease in retail sales due to unfavorable weather in the current year; and
- a $23 million decrease in wholesale power revenues, net of fuel, primarily due to coal ash cost recovery in the prior year.

Partially Offset by:

- an $8 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a $110 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix; and
- a $30 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case.

Interest Expense. The variance was driven primarily by lower interest rates on outstanding debt.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Duke Energy Progress as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Duke Energy Progress results of operations, financial position and cash flows in the future. Duke Energy Progress will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Duke Energy Progress customers, suppliers and partners and could cause Duke Energy Progress to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Duke Energy Progress also has pending rate case proceedings that have been delayed. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

On December 31, 2019, Duke Energy Progress entered into a settlement agreement with NCDEQ and certain community groups under which Duke Energy Progress agreed to excavate two of the three remaining coal ash basins in North Carolina with ash moved to on-site lined landfills. At the one remaining basin, uncapped basin ash will be excavated and moved to lined landfills. An order from regulatory authorities disallowing recovery of costs related to closure of these ash basins could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows.

Duke Energy Progress filed a general rate case with the NCUC on October 30, 2019. The outcome of this rate case could materially impact Duke Energy Progress' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On May 21, 2019, the PSCSC issued an order granting Duke Energy Progress' request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Progress has appealed this decision to the South Carolina Supreme Court and that appeal is pending. Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Duke Energy Progress has petitioned for deferral of future grid improvement costs in its 2019 rate case. Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

Duke Energy Progress' service territory was impacted by several named storms in 2018. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. In September 2019, Hurricane Dorian reached the Carolinas bringing high winds, tornadoes and heavy rain, impacting about 300,000 customers within the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2019, for discussion of risks associated with the Tax Act.

DUKE ENERGY FLORIDA

Results of Operations

	Three Months Ended March 31,		
(in millions)	2020	2019	Variance
Operating Revenues	$ **1,080**	$ 1,086	$ (6)
Operating Expenses			
Fuel used in electric generation and purchased power	**358**	410	(52)
Operation, maintenance and other	**245**	230	15
Depreciation and amortization	**165**	165	—
Property and other taxes	**88**	93	(5)
Total operating expenses	**856**	898	(42)
Operating Income	**224**	188	36
Other Income and Expenses, net	**10**	13	(3)
Interest Expense	**84**	82	2
Income Before Income Taxes	**150**	119	31
Income Tax Expense	**30**	23	7
Net Income	$ **120**	$ 96	$ 24

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

Increase (Decrease) over prior period	2020
Residential sales	(3.7)%
General service sales	0.4 %
Industrial sales	13.6 %
Wholesale and other	(18.0)%
Total sales	3.6 %
Average number of customers	1.5 %

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a $51 million decrease in fuel revenues primarily due to a decrease in fuel rates billed to retail customers; and
- a $15 million decrease in rider revenue requirements primarily due to the Crystal River 3 Uprate regulatory asset being fully recovered in 2019.

Partially offset by:

- a $17 million increase in retail pricing due to base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment;
- a $17 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year;
- a $12 million increase in storm revenues due to Hurricane Dorian collections;
- a $10 million increase in other revenues primarily due to increased transmission revenues; and
- a $7 million increase in wholesale power revenues, net of fuel, primarily due to increased demand.

Operating Expenses. The variance was driven primarily by:

- a $52 million decrease in fuel used in electric generation and purchased power primarily due to lower fuel costs, net of deferrals.

Partially offset by:

- a $15 million increase in operation, maintenance and other expense primarily due to storm cost amortizations and employee benefits.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Duke Energy Florida as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Duke Energy Florida results of operations, financial position and cash flows in the future. Duke Energy Florida will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Duke Energy Florida customers, suppliers and partners and could cause Duke Energy Florida to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 5 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused significant damage within the service territory of Duke Energy Florida, particularly from Panama City Beach to Mexico Beach. In September 2019, Duke Energy Florida's service territory was threatened by Hurricane Dorian with landfall as a possible Category 5 hurricane and therefore Duke Energy Florida incurred costs to secure necessary resources to be prepared for that potential impact. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the future recovery of storm restoration costs could have an adverse impact on Duke Energy Florida's financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

DUKE ENERGY OHIO

Results of Operations

	Three Months Ended March 31,		
(in millions)	2020	2019	Variance
Operating Revenues			
Regulated electric	$ 346	$ 355	$ (9)
Regulated natural gas	152	176	(24)
Total operating revenues	498	531	(33)
Operating Expenses			
Fuel used in electric generation and purchased power	87	93	(6)
Cost of natural gas	37	54	(17)
Operation, maintenance and other	123	132	(9)
Depreciation and amortization	68	64	4
Property and other taxes	83	84	(1)
Total operating expenses	398	427	(29)
Operating Income	100	104	(4)
Other Income and Expenses, net	3	9	(6)
Interest Expense	24	30	(6)
Income Before Income Taxes	79	83	(4)
Income Tax Expense	14	14	—
Net Income	$ 65	$ 69	$ (4)

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

	Electric	Natural Gas
Increase (Decrease) over prior year	2020	2020
Residential sales	(9.2)%	(16.1)%
General service sales	(3.4)%	(13.9)%
Industrial sales	(2.1)%	(2.5)%
Wholesale electric power sales	(33.1)%	n/a
Other natural gas sales	n/a	(1.9)%
Total sales	(5.5)%	(12.3)%
Average number of customers	0.8 %	0.6 %

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a $28 million decrease in fuel related revenues primarily due to lower natural gas prices as well as decreased volumes;
- a $10 million decrease due to unfavorable weather in the current year; and
- a $5 million decrease in other revenues due to lower OVEC sales into PJM.

Partially offset by:

- a $5 million increase in retail pricing primarily due to gas rate case impacts in Kentucky; and
- a $4 million increase in rider revenues primarily related to the Distribution Capital Investment rider as a result of additional investments and the new Legacy Generation Riders arising from Ohio HB6, which provide an alternative method of recovering OVEC losses, partially offset by decreased Energy Efficiency Rider Revenue.

Operating Expenses. The variance was driven primarily by:

- a $23 million decrease in fuel expense, primarily driven by lower natural gas prices; and
- a $9 million decrease in operations, maintenance and other expense primarily due to the timing of training and inspection programs for Customer Delivery and Customer Solutions as well as lower storm costs.

Partially offset by:

- a $4 million increase in depreciation and amortization primarily driven by an increase in distribution plant.

Other Income and Expenses, net. The variance was primarily due to lower intercompany interest income due to decreased borrowing and lower AFUDC equity.

Interest Expense. The variance was primarily driven by lower debt outstanding in the current year and lower post in-service carrying costs, partially offset by higher intercompany interest expense due to increased borrowing.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Duke Energy Ohio as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Duke Energy Ohio results of operations, financial position and cash flows in the future. Duke Energy Ohio will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Duke Energy Ohio customers, suppliers and partners and could cause Duke Energy Ohio to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

On November 13, 2013, the PUCO issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Duke Energy Ohio has filed a request for extension of the deadline. A hearing on that request has not been scheduled. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact on Duke Energy Ohio's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

DUKE ENERGY INDIANA

Results of Operations

	Three Months Ended March 31,		
(in millions)	**2020**	**2019**	**Variance**
Operating Revenues	$ 692	$ 768	$ (76)
Operating Expenses			
Fuel used in electric generation and purchased power	194	257	(63)
Operation, maintenance and other	186	189	(3)
Depreciation and amortization	132	131	1
Property and other taxes	22	19	3
Total operating expenses	534	596	(62)
Losses on Sales of Other Assets and Other, net	—	(3)	3
Operating Income	158	169	(11)
Other Income and Expenses, net	10	19	(9)
Interest Expense	43	43	—
Income Before Income Taxes	125	145	(20)
Income Tax Expense	26	35	(9)
Net Income	$ 99	$ 110	$ (11)

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

Increase (Decrease) over prior year	**2020**
Residential sales	(10.0)%
General service sales	(4.8)%
Industrial sales	(2.6)%
Wholesale power sales	1.8 %
Total sales	(5.3)%
Average number of customers	1.1 %

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a $58 million decrease in fuel revenues primarily due to lower cost of fuel and unseasonably milder weather;
- a $9 million decrease in retail sales due to unfavorable weather in the current year; and
- an $8 million decrease in rider revenues primarily related to lower Edwardsport IGCC sales volumes.

Operating Expenses. The variance was driven primarily by:

- a $63 million decrease in fuel used in electric generation and purchased power expense primarily due to lower coal and natural gas costs and lower amortization of deferred fuel costs, partially offset by higher purchased power expense.

Other Income and Expenses, net. The decrease was primarily due to life insurance proceeds received in the prior year.

Income Tax Expense. The decrease in income tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Duke Energy Indiana as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Duke Energy Indiana results of operations, financial position and cash flows in the future. Duke Energy Indiana will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Duke Energy Indiana customers, suppliers and partners and could cause Duke Energy Indiana to experience an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Duke Energy Indiana also has a pending rate case proceeding that could be delayed. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

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

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

PIEDMONT

Results of Operations

	Three Months Ended March 31,		
(in millions)	**2020**	**2019**	**Variance**
Operating Revenues	$ **512**	$ 579	$ (67)
Operating Expenses			
Cost of natural gas	**162**	273	(111)
Operation, maintenance and other	**80**	80	—
Depreciation and amortization	**45**	42	3
Property and other taxes	**12**	12	—
Total operating expenses	**299**	407	(108)
Operating Income	**213**	172	41
Other Income and Expenses, net	**12**	6	6
Interest Expense	**27**	22	5
Income Before Income Taxes	**198**	156	42
Income Tax Expense	**20**	34	(14)
Net Income	$ **178**	$ 122	$ 56

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

Increase (Decrease) over prior year	2020
Residential deliveries	(13.1)%
Commercial deliveries	(12.4)%
Industrial deliveries	(2.1)%
Power generation deliveries	5.8 %
For resale	(23.7)%
Total throughput deliveries	(2.1)%
Secondary market volumes	(26.3)%
Average number of customers	1.4 %

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

Three Months Ended March 31, 2020, as compared to March 31, 2019

Operating Revenues. The variance was driven primarily by:

- a $111 million decrease due to lower natural gas costs passed through to customers;
- a $20 million decrease due to return of EDIT to customers; and
- a $7 million decrease due to NCUC approval related to tax reform accounting from fixed-rate contracts in the prior year.

Partially offset by:

- a $53 million increase due to North Carolina base rate case increases; and
- a $12 million increase due to North Carolina IMR increases.

Operating Expenses. The variance was driven primarily by:

- a $111 million decrease in cost of natural gas due to lower natural gas prices.

Income Tax Expense. The decrease in income tax expense was primarily due to an increase in the amortization of excess deferred taxes, partially offset by an increase in pretax income.

Matters Impacting Future Results

The COVID-19 pandemic has not had a material impact on Piedmont as of March 31, 2020; however, we cannot predict the extent to which the COVID-19 pandemic will impact Piedmont results of operations, financial position and cash flows in the future. Piedmont will continue to actively monitor the impacts of COVID-19 including the potential economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown could adversely affect Piedmont customers, suppliers and partners and could cause Piedmont to experience an increase in certain costs, such as bad debt. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt and equity issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019, included a summary and detailed discussion of projected primary sources and uses of cash for 2020 to 2022.

In March 2020, capital markets experienced significant liquidity challenges as a result of the ongoing uncertainty around the economic impacts from COVID-19. Investor demand for liquidity and cash holdings created substantial volatility, particularly in the short-term commercial paper market. As such, issuers of commercial paper experienced difficulties issuing commercial paper for longer duration at competitive interest rates. During March 2020 and in response to market volatility and the ongoing economic uncertainty related to COVID-19, Duke Energy took several actions to enhance the Company's liquidity position including:

- Duke Energy drew down the remaining $500 million of availability under the existing $1 billion Three-Year Revolving Credit Facility; and
- Duke Energy entered into and borrowed the full amount under a $1.5 billion, 364-day Term Loan Credit Agreement. The Term Loan Credit Agreement contains a provision for additional borrowing capacity of $500 million. Duke Energy exercised the provision and borrowed an additional $188 million, for a total borrowing of approximately $1.7 billion.

As of March 31, 2020, Duke Energy had approximately $1.5 billion of cash on hand and $4.8 billion available under its $8 billion Master Credit Facility. Duke Energy has additional liquidity available totaling approximately $2.6 billion under outstanding equity forward agreements. Duke Energy expects to have sufficient liquidity in the form of cash on hand, cash from operations and available credit capacity to support its funding needs. Duke Energy continues to monitor access to credit and equity markets.

In addition to the $500 million draw under the Three-Year Revolving Credit Facility and $1.7 billion of incremental borrowings under the new 364-day Term Loan Credit Agreement, Duke Energy also issued approximately $1.5 billion of debt and raised $67 million of common equity through its dividend reinvestment program during the three months ended March 31, 2020. Refer to Notes 5 and 13 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities" and "Stockholders' Equity," respectively, for information regarding Duke Energy's debt and equity issuances, debt maturities and available credit facilities including the Master Credit Facility.

In light of the COVID-19 pandemic, Duke Energy currently does not expect significant changes to the projected capital and investment expenditures provided in the Form 10-K for the year ended December 31, 2019. However, Duke Energy will continue to reassess capital projects depending on the duration and severity of economic impacts caused by the pandemic.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

	Three Months Ended March 31,	
(in millions)	**2020**	**2019**
Cash flows provided by (used in):		
Operating activities	**$ 1,554**	$ 1,239
Investing activities	**(3,022)**	(2,713)
Financing activities	**2,593**	1,433
Net increase (decrease) in cash, cash equivalents and restricted cash	**1,125**	(41)
Cash, cash equivalents and restricted cash at beginning of period	**573**	591
Cash, cash equivalents and restricted cash at end of period	**$ 1,698**	$ 550

OPERATING CASH FLOWS

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

	Three Months Ended March 31,		
(in millions)	**2020**	**2019**	**Variance**
Net income	**$ 890**	$ 893	$ (3)
Non-cash adjustments to net income	**1,627**	1,299	328
Payments for asset retirement obligations	**(132)**	(152)	20
Working capital	**(831)**	(801)	(30)
Net cash provided by operating activities	**$ 1,554**	$ 1,239	$ 315

The variance was primarily due to timing of payments of property taxes, higher Nuclear Electric Insurance Limited (NEIL) refunds in the current year and lower storm costs in the current year.

INVESTING CASH FLOWS

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

	Three Months Ended March 31,		
(in millions)	**2020**	**2019**	**Variance**
Capital, investment and acquisition expenditures	**$ (2,909)**	$ (2,630)	$ (279)
Other investing items	**(113)**	(83)	(30)
Net cash used in investing activities	**$ (3,022)**	$ (2,713)	$ (309)

The variance relates to an increase in capital expenditures due to higher overall investments primarily in the Commercial Renewables segment.

FINANCING CASH FLOWS

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

	Three Months Ended March 31,		
(in millions)	2020	2019	Variance
Issuances of long-term debt, net	$ 1,662	$ 1,536	$ 126
Issuances of common stock	40	13	27
Issuances of preferred stock	—	974	(974)
Notes payable, commercial paper and other short-term borrowings	1,569	(408)	1,977
Dividends paid	(707)	(649)	(58)
Contributions from noncontrolling interests	103	6	97
Other financing items	(74)	(39)	(35)
Net cash provided by financing activities	$ 2,593	$ 1,433	$ 1,160

The variance was primarily due to:

- a $1,977 million increase in net proceeds from issuances of notes payable and commercial paper primarily due to borrowings of $1.7 billion under the 364-day Term Loan Credit Agreement.

Partially offset by:

- a $974 million decrease in proceeds from the issuance of preferred stock.

OTHER MATTERS

Environmental Regulations

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

Off-Balance Sheet Arrangements

During the three months ended March 31, 2020, there were no material changes to Duke Energy's off-balance sheet arrangements. See Note 11 – Variable Interest Entities and Note 13 – Stockholders' Equity to the Condensed Consolidated Financial Statements for information regarding ACP and equity forward sales agreements. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Balance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

Contractual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three months ended March 31, 2020, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K for the Duke Energy Registrants. During the three months ended March 31, 2020, there were no material changes to the Duke Energy Registrants' disclosures about market risk, other than as described below.

Credit Risk

In response to the COVID-19 pandemic, in March 2020, the Duke Energy Subsidiary Registrants announced a suspension of disconnections for nonpayment to be effective throughout the national emergency. This is expected to result in an increase in charge-offs over historical levels. In addition, the Registrants are monitoring the effects of the resultant economic slowdown on counterparties' abilities to perform under their contractual obligations.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

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

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2020, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) that occurred during the fiscal quarter ended March 31, 2020, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements. For additional information, see Item 3, "Legal Proceedings," in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in the Duke Energy Registrants' Annual Report on Form 10-K for the year ended December 31, 2019, which could materially affect the Duke Energy Registrants' financial condition or future results. As described in the Duke Energy Form 8-K Filing on May 8, 2020, the information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in the Annual Report on Form 10-K for the year ended December 31, 2019.

The Duke Energy Registrants' operations have been and may be affected by COVID-19 in ways listed below and in ways the registrants cannot predict at this time.

The COVID-19 pandemic has begun to impact the Duke Energy Registrants' business strategy, results of operations, financial position and cash flows, albeit not materially as of this filing date, from specific activities listed below:

- Decreased demand for electricity and natural gas;
- Delays in rate cases and other legal proceedings; and
- The health and availability of our critical personnel and their ability to perform business functions.

Furthermore, due to the unpredictability of the COVID-19 pandemic's ongoing impact on global health and economic stability as of this filing date, the Duke Energy Registrants expect that the activities listed below could negatively impact their business strategy, results of operations, financial position and cash flows:

- An inability to procure satisfactory levels of fuels or other necessary equipment to continue production of electricity and delivery of natural gas;
- An inability to obtain labor or equipment necessary for the construction of generation projects or pipeline expansion;
- An inability to maintain information technology systems and protections from cyberattack;
- An inability to obtain financing in volatile financial markets;
- Additional federal regulation tied to stimulus and other aid packages;
- Impairment charges to certain assets, including goodwill; and
- Actions of state utility commissions or federal or state governments to allow customers to suspend or delay payment of bills related to the provision of electric or gas services.

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

None.

ITEM 6. EXHIBITS

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

Exhibit Number		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
4.1	One-Hundred and Second Supplemental Indenture, dated as of August 14, 2019 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on January 8, 2020, File No. 1-4928).		X						
4.2	One-Hundred and Third Supplemental Indenture, dated as of January 8, 2020 (incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K filed on January 8, 2020, File No. 1-4928).		X						
4.3	One-Hundred and Fourth Supplemental Indenture, dated as of January 8, 2020 (incorporated by reference to Exhibit 4.3 to Registrant's Current Report on Form 8-K filed on January 8, 2020, File No. 1-4928).		X						
4.4	Seventieth Supplemental Indenture, dated as of March 12, 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on March 12, 2020, File No. 1-3543).							X	
10.1	Amendment No. 5 and Consent, dated as of March 16, 2020, among Registrants, the Lenders party thereto, the Issuing Lenders party thereto, and Wells Fargo Bank, N.A., as Administrative Agent, and Swingline Lender (incorporated by reference to Exhibit 10.1 to Registrants' Current Report on Form 8-K, filed on March 17, 2020, File Nos. 1-32853, 1-4928, 1-3382, 1-3274, 1-1232, 1-3543, 1-6196).	X	X		X	X	X	X	X
10.2	$1.5 billion 364-Day Term Loan Credit Agreement, dated as of March 19, 2020, among the Registrant, as Borrower, certain Lenders from time to time parties thereto, and PNC Bank, N.A., as Administrative Agent, and Registrant's borrowing of the remaining $500 million under Registrant's existing $1 billion revolving credit facility on March 17, 2020 (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on March 19, 2020, File No. 1-32853).	X							
*10.2.1	Joinder Agreement, dated as of March 27, 2020, by and among the Registrant, each of the Incremental Lenders listed therein, and PNC BANK, N.A., as Administrative Agent.	X							
10.3	Duke Energy Carolinas Summary of Partial Settlement in North Carolina Rate Case (incorporated by reference to Exhibit 99.1 to Registrants' Current Report on Form 8-K filed on March 26, 2020, File Nos. 1-32853, 1-4928, 1-3382).	X	X		X				
*10.4**	Performance Award Agreement	X							

EXHIBITS

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

*32.1.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X	
*32.1.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X
*32.2.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X							
*32.2.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X						
*32.2.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X					
*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X				
*32.2.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X			
*32.2.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X		
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X	
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X
*101.INS	XBRL Instance Document (this does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).	X	X	X	X	X	X	X	X
*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X
*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X

The total amount of securities of the registrant or its subsidiaries authorized under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the SEC, to furnish copies of any or all of such instruments to it.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION
DUKE ENERGY CAROLINAS, LLC
PROGRESS ENERGY, INC.
DUKE ENERGY PROGRESS, LLC
DUKE ENERGY FLORIDA, LLC
DUKE ENERGY OHIO, INC.
DUKE ENERGY INDIANA, LLC
PIEDMONT NATURAL GAS COMPANY, INC.

Date: May 12, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: May 12, 2020

/s/ DWIGHT L. JACOBS

Dwight L. Jacobs
Senior Vice President, Chief Accounting Officer, Tax and Controller
(Principal Accounting Officer)

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2020

OR

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

For the transition period from ________to________

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification Number
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 July 31, 2020:

Registrant	Description	Shares
Duke Energy	Common stock, $0.001 par value	735,432,137

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

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

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

- The impact of the COVID-19 pandemic;
- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the United States electric grid or generating resources;
- The ability to obtain the necessary permits and approvals and to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, operational accidents, information technology failures or other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- The ability to obtain adequate insurance at acceptable costs;
- Employee workforce factors, including the potential inability to attract and retain key personnel;

FORWARD-LOOKING STATEMENTS

- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);
- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of United States tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy, including enhancing existing technology systems.

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

Glossary of Terms

The following terms or acronyms used in this Form 10-Q are defined below:

Term or Acronym	Definition
2013 Settlement	Revised and Restated Stipulation and Settlement Agreement approved in November 2013 among Duke Energy Florida, the Florida OPC and other customer representatives
2017 Settlement	Second Revised and Restated Settlement Agreement in 2017 among Duke Energy Florida, the Florida OPC and other customer representatives, which replaces and supplants the 2013 Settlement
ACP	Atlantic Coast Pipeline, LLC, a limited liability company owned by Dominion Energy, Inc. and Duke Energy
ACP pipeline	The approximately 600-mile canceled interstate natural gas pipeline
AFS	Available for Sale
AFUDC	Allowance for funds used during construction
AMT	Alternative Minimum Tax
ARO	Asset retirement obligations
Bison	Bison Insurance Company Limited
CC	Combined Cycle
CCR	Coal Combustion Residuals
CARES Act	Coronavirus Aid, Relief and Economic Security Act
Coal Ash Act	North Carolina Coal Ash Management Act of 2014
the Company	Duke Energy Corporation and its subsidiaries
Constitution	Constitution Pipeline Company, LLC
COVID-19	Coronavirus Disease 2019
CRC	Cinergy Receivables Company, LLC
Crystal River Unit 3	Crystal River Unit 3 Nuclear Plant
DEFPF	Duke Energy Florida Project Finance, LLC
DEFR	Duke Energy Florida Receivables, LLC
DEPR	Duke Energy Progress Receivables, LLC
DERF	Duke Energy Receivables Finance Company, LLC
Duke Energy	Duke Energy Corporation (collectively with its subsidiaries)
Duke Energy Ohio	Duke Energy Ohio, Inc.
Duke Energy Progress	Duke Energy Progress, LLC
Duke Energy Carolinas	Duke Energy Carolinas, LLC
Duke Energy Florida	Duke Energy Florida, LLC
Duke Energy Indiana	Duke Energy Indiana, LLC
Duke Energy Kentucky	Duke Energy Kentucky, Inc.
Duke Energy Registrants	Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
EDIT	Excess deferred income tax
EPA	U.S. Environmental Protection Agency
EPS	Earnings Per Share
ESP	Electric Security Plan
ETR	Effective tax rate
Exchange Act	Securities Exchange Act of 1934

GLOSSARY OF TERMS

FERC	Federal Energy Regulatory Commission
FPSC	Florida Public Service Commission
FTR	Financial transmission rights
GAAP	Generally accepted accounting principles in the U.S.
GAAP Reported Earnings (Loss)	Net Income (Loss) Available to Duke Energy Corporation Common Stockholders
GAAP Reported Earnings (Loss) Per Share	Basic Earnings (Loss) Per Share Available to Duke Energy Corporation common stockholders
GWh	Gigawatt-hours
IGCC	Integrated Gasification Combined Cycle
IMR	Integrity Management Rider
IRS	Internal Revenue Service
Investment Trusts	NDTF investments and grantor trusts of Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana
IURC	Indiana Utility Regulatory Commission
KPSC	Kentucky Public Service Commission
LLC	Limited Liability Company
MGP	Manufactured gas plant
MMBtu	Million British Thermal Unit
MW	Megawatt
MWh	Megawatt-hour
NCUC	North Carolina Utilities Commission
NDTF	Nuclear decommissioning trust funds
NPNS	Normal purchase/normal sale
OPEB	Other Post-Retirement Benefit Obligations
ORS	South Carolina Office of Regulatory Staff
OVEC	Ohio Valley Electric Corporation
Piedmont	Piedmont Natural Gas Company, Inc.
PPA	Purchase Power Agreement
Progress Energy	Progress Energy, Inc.
PSCSC	Public Service Commission of South Carolina
PUCO	Public Utilities Commission of Ohio
Subsidiary Registrants	Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the Tax Act	Tax Cuts and Jobs Act
TPUC	Tennessee Public Utility Commission
U.S.	United States
VIE	Variable Interest Entity
WACC	Weighted Average Cost of Capital

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except per share amounts)	**2020**	**2019**	**2020**	**2019**
Operating Revenues				
Regulated electric	$ 4,963	$ 5,423	$ 10,087	$ 10,708
Regulated natural gas	263	280	901	1,008
Nonregulated electric and other	195	170	382	320
Total operating revenues	5,421	5,873	11,370	12,036
Operating Expenses				
Fuel used in electric generation and purchased power	1,349	1,641	2,796	3,250
Cost of natural gas	59	76	258	403
Operation, maintenance and other	1,353	1,434	2,692	2,853
Depreciation and amortization	1,150	1,089	2,280	2,178
Property and other taxes	334	334	679	677
Impairment charges	6	4	8	4
Total operating expenses	4,251	4,578	8,713	9,365
Gains on Sales of Other Assets and Other, net	7	3	8	—
Operating Income	1,177	1,298	2,665	2,671
Other Income and Expenses				
Equity in (losses) earnings of unconsolidated affiliates	(1,968)	44	(1,924)	87
Other income and expenses, net	137	89	183	204
Total other income and expenses	(1,831)	133	(1,741)	291
Interest Expense	554	542	1,105	1,085
(Loss) Income Before Income Taxes	(1,208)	889	(181)	1,877
Income Tax (Benefit) Expense	(316)	141	(179)	236
Net (Loss) Income	(892)	748	(2)	1,641
Add: Net Loss Attributable to Noncontrolling Interests	90	84	138	91
Net (Loss) Income Attributable to Duke Energy Corporation	(802)	832	136	1,732
Less: Preferred Dividends	15	12	54	12
Net (Loss) Income Available to Duke Energy Corporation Common Stockholders	$ (817)	$ 820	$ 82	$ 1,720
Earnings (Loss) Per Share – Basic and Diluted				
Net (loss) income available to Duke Energy Corporation common stockholders				
Basic and Diluted	$ (1.13)	$ 1.12	$ 0.11	$ 2.36
Weighted average shares outstanding				
Basic	735	728	734	728
Diluted	735	728	735	728

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Net (Loss) Income	$ (892)	$ 748	$ (2)	$ 1,641
Other Comprehensive Loss, net of tax[a]				
Pension and OPEB adjustments	(1)	3	—	3
Net unrealized gains (losses) on cash flow hedges	5	(29)	(76)	(46)
Reclassification into earnings from cash flow hedges	2	2	4	3
Unrealized gains on available-for-sale securities	6	4	7	8
Other Comprehensive Income (Loss), net of tax	12	(20)	(65)	(32)
Comprehensive (Loss) Income	(880)	728	(67)	1,609
Add: Comprehensive Loss Attributable to Noncontrolling Interests	88	84	150	91
Comprehensive (Loss) Income Attributable to Duke Energy	(792)	812	83	1,700
Less: Preferred Dividends	15	12	54	12
Comprehensive (Loss) Income Available to Duke Energy Corporation Common Stockholders	$ (807)	$ 800	$ 29	$ 1,688

(a) Net of income tax impacts of approximately $20 million and $10 million for the six months ended June 30, 2020, and 2019, respectively. All other periods presented include immaterial income tax impacts.

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 341	$ 311
Receivables (net of allowance for doubtful accounts of $23 at 2020 and $22 at 2019)	753	1,066
Receivables of VIEs (net of allowance for doubtful accounts of $79 at 2020 and $54 at 2019)	2,049	1,994
Inventory	3,289	3,232
Regulatory assets (includes $53 at 2020 and $52 at 2019 related to VIEs)	1,774	1,796
Other (includes $260 at 2020 and $242 at 2019 related to VIEs)	1,031	764
Total current assets	9,237	9,163
Property, Plant and Equipment		
Cost	151,592	147,654
Accumulated depreciation and amortization	(47,295)	(45,773)
Generation facilities to be retired, net	28	246
Net property, plant and equipment	104,325	102,127
Other Noncurrent Assets		
Goodwill	19,303	19,303
Regulatory assets (includes $969 at 2020 and $989 at 2019 related to VIEs)	13,285	13,222
Nuclear decommissioning trust funds	8,000	8,140
Operating lease right-of-use assets, net	1,580	1,658
Investments in equity method unconsolidated affiliates	861	1,936
Other (includes $85 at 2020 and $110 at 2019 related to VIEs)	3,458	3,289
Total other noncurrent assets	46,487	47,548
Total Assets	$ 160,049	$ 158,838
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 2,398	$ 3,487
Notes payable and commercial paper	4,785	3,135
Taxes accrued	657	392
Interest accrued	569	565
Current maturities of long-term debt (includes $462 at 2020 and $216 at 2019 related to VIEs)	3,756	3,141
Asset retirement obligations	729	881
Regulatory liabilities	898	784
Other	2,898	2,367
Total current liabilities	16,690	14,752
Long-Term Debt (includes $3,643 at 2020 and $3,997 at 2019 related to VIEs)	56,143	54,985
Other Noncurrent Liabilities		
Deferred income taxes	8,979	8,878
Asset retirement obligations	12,539	12,437
Regulatory liabilities	14,553	15,264
Operating lease liabilities	1,377	1,432
Accrued pension and other post-retirement benefit costs	911	934
Investment tax credits	683	624
Other (includes $251 at 2020 and $228 at 2019 related to VIEs)	1,563	1,581
Total other noncurrent liabilities	40,605	41,150
Commitments and Contingencies		
Equity		
Preferred stock, Series A, $0.001 par value, 40 million depositary shares authorized and outstanding at 2020 and 2019	973	973
Preferred stock, Series B, $0.001 par value, 1 million shares authorized and outstanding at 2020 and 2019	989	989
Common stock, $0.001 par value, 2 billion shares authorized; 735 million shares outstanding at 2020 and 733 million shares outstanding at 2019	1	1
Additional paid-in capital	40,997	40,881
Retained earnings	2,707	4,108
Accumulated other comprehensive loss	(183)	(130)
Total Duke Energy Corporation stockholders' equity	45,484	46,822
Noncontrolling interests	1,127	1,129
Total equity	46,611	47,951
Total Liabilities and Equity	$ 160,049	$ 158,838

See Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended June 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (2)	$ 1,641
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	2,651	2,483
Equity in losses (earnings) of unconsolidated affiliates	1,924	(87)
Equity component of AFUDC	(76)	(67)
Gains on sales of other assets	(8)	—
Impairment charges	8	4
Deferred income taxes	105	527
Payments for asset retirement obligations	(287)	(336)
Provision for rate refunds	(12)	57
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(24)	(11)
Receivables	281	304
Inventory	(56)	(110)
Other current assets	(124)	(265)
Increase (decrease) in		
Accounts payable	(638)	(700)
Taxes accrued	273	(56)
Other current liabilities	(344)	(378)
Other assets	(193)	(1)
Other liabilities	(121)	51
Net cash provided by operating activities	3,357	3,056
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(5,103)	(5,465)
Contributions to equity method investments	(164)	(162)
Purchases of debt and equity securities	(3,818)	(2,316)
Proceeds from sales and maturities of debt and equity securities	3,755	2,302
Other	(141)	(147)
Net cash used in investing activities	(5,471)	(5,788)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	3,788	4,622
Issuance of preferred stock	—	973
Issuance of common stock	57	27
Payments for the redemption of long-term debt	(1,951)	(2,155)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	1,866	240
Payments for the redemption of short-term debt with original maturities greater than 90 days	(113)	(299)
Notes payable and commercial paper	(129)	383
Contributions from noncontrolling interests	163	193
Dividends paid	(1,391)	(1,312)
Other	(108)	(50)
Net cash provided by financing activities	2,182	2,622
Net increase (decrease) in cash, cash equivalents and restricted cash	68	(110)
Cash, cash equivalents and restricted cash at beginning of period	573	591
Cash, cash equivalents and restricted cash at end of period	$ 641	$ 481
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 945	$ 917
Non-cash dividends	54	54

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended June 30, 2019 and 2020										
						Accumulated Other Comprehensive (Loss) Income					
(in millions)	Preferred Stock	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Gains (Losses) on Cash Flow Hedges	Net Unrealized (Losses) Gains on Available-for-Sale-Securities	Pension and OPEB Adjustments	Total Duke Energy Corporation Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 31, 2019	$ 974	728	$ 1	$ 40,823	$ 3,360	$ (36)	$ —	$ (92)	$ 45,030	$ 15	$ 45,045
Net income (loss)	—	—	—	—	820	—	—	—	820	(84)	736
Other comprehensive (loss) income	—	—	—	—	—	(27)	4	3	(20)	—	(20)
Preferred stock issuances, net of issuance costs	(1)	—	—	—	—	—	—	—	(1)	—	(1)
Common stock issuances, including dividend reinvestment and employee benefits	—	—	—	61	—	—	—	—	61	—	61
Common stock dividends	—	—	—	—	(678)	—	—	—	(678)	—	(678)
Contribution from noncontrolling interest in subsidiaries[(a)]	—	—	—	—	—	—	—	—	—	193	193
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(1)	(1)
Other	—	—	—	1	—	—	—	—	1	(4)	(3)
Balance at June 30, 2019	$ 973	728	$ 1	$ 40,885	$ 3,502	$ (63)	$ 4	$ (89)	$ 45,213	$ 119	$ 45,332
Balance at March 31, 2020	$ 1,962	735	$ 1	$ 40,930	$ 4,221	$ (116)	$ 4	$ (81)	$ 46,921	$ 1,162	$ 48,083
Net income (loss)	—	—	—	—	**(817)**	—	—	—	**(817)**	**(90)**	**(907)**
Other comprehensive (loss) income	—	—	—	—	—	**5**	**6**	**(1)**	**10**	**2**	**12**
Common stock issuances, including dividend reinvestment and employee benefits	—	—	—	**66**	—	—	—	—	**66**	—	**66**
Common stock dividends	—	—	—	—	**(696)**	—	—	—	**(696)**	—	**(696)**
Contribution from noncontrolling interest in subsidiaries[(a)]	—	—	—	—	—	—	—	—	—	**60**	**60**
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	**(7)**	**(7)**
Other	—	—	—	**1**	**(1)**	—	—	—	—	—	—
Balance at June 30, 2020	**$ 1,962**	**735**	**$ 1**	**$ 40,997**	**$ 2,707**	**$ (111)**	**$ 10**	**$ (82)**	**$ 45,484**	**$ 1,127**	**$ 46,611**

See Notes to Condensed Consolidated Financial Statements

	Six Months Ended June 30, 2019 and 2020										
						Accumulated Other Comprehensive (Loss) Income					
(in millions)	Preferred Stock	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flow Hedges	Net Unrealized (Losses) Gains on Available-for-Sale Securities	Pension and OPEB Adjustments	Total Duke Energy Corporation Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2018	$ —	727	$ 1	$ 40,795	$ 3,113	$ (14)	$ (3)	$ (75)	$ 43,817	$ 17	$ 43,834
Net income (loss)	—	—	—	—	1,720	—	—	—	1,720	(91)	1,629
Other comprehensive (loss) income	—	—	—	—	—	(43)	8	3	(32)	—	(32)
Preferred stock, Series A, issuances, net of issuance costs[b]	973	—	—	—	—	—	—	—	973	—	973
Common stock issuances, including dividend reinvestment and employee benefits	—	1	—	89	—	—	—	—	89	—	89
Common stock dividends	—	—	—	—	(1,354)	—	—	—	(1,354)	—	(1,354)
Contributions from noncontrolling interest in subsidiaries[a]	—	—	—	—	—	—	—	—	—	193	193
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(1)	(1)
Other[c]	—	—	—	1	23	(6)	(1)	(17)	—	1	1
Balance at June 30, 2019	$ 973	728	$ 1	$ 40,885	$ 3,502	$ (63)	$ 4	$ (89)	$ 45,213	$ 119	$ 45,332
Balance at December 31, 2019	$ 1,962	733	$ 1	$ 40,881	$ 4,108	$ (51)	$ 3	$ (82)	$ 46,822	$ 1,129	$ 47,951
Net income (loss)	**—**	**—**	**—**	**—**	**82**	**—**	**—**	**—**	**82**	**(138)**	**(56)**
Other comprehensive (loss) income	**—**	**—**	**—**	**—**	**—**	**(60)**	**7**	**—**	**(53)**	**(12)**	**(65)**
Common stock issuances, including dividend reinvestment and employee benefits	**—**	**2**	**—**	**116**	**—**	**—**	**—**	**—**	**116**	**—**	**116**
Common stock dividends	**—**	**—**	**—**	**—**	**(1,391)**	**—**	**—**	**—**	**(1,391)**	**—**	**(1,391)**
Contributions from noncontrolling interest in subsidiaries[a]	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**163**	**163**
Distributions to noncontrolling interest in subsidiaries	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(14)**	**(14)**
Other[d]	**—**	**—**	**—**	**—**	**(92)**	**—**	**—**	**—**	**(92)**	**(1)**	**(93)**
Balance at June 30, 2020	**$ 1,962**	**735**	**$ 1**	**$ 40,997**	**$ 2,707**	**$ (111)**	**$ 10**	**$ (82)**	**$ 45,484**	**$ 1,127**	**$ 46,611**

(a) Relates to tax equity financing activity in the Commercial Renewables segment.

(b) Duke Energy issued 40 million depositary shares of preferred stock, Series A.

(c) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

(d) Amounts in Retained earnings primarily represent impacts due to implementation of a new accounting standard related to Current Estimated Credit Losses. See Note 1 for additional discussion.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Operating Revenues	$ 1,610	$ 1,713	$ 3,358	$ 3,457
Operating Expenses				
Fuel used in electric generation and purchased power	376	395	829	867
Operation, maintenance and other	430	441	816	881
Depreciation and amortization	375	346	718	663
Property and other taxes	75	75	156	155
Impairment charges	—	5	2	5
Total operating expenses	1,256	1,262	2,521	2,571
Losses on Sales of Other Assets and Other, net	(1)	—	—	—
Operating Income	353	451	837	886
Other Income and Expenses, net	43	41	86	72
Interest Expense	125	117	248	227
Income Before Income Taxes	271	375	675	731
Income Tax Expense	37	74	102	137
Net Income and Comprehensive Income	$ 234	$ 301	$ 573	$ 594

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

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 24	$ 18
Receivables (net of allowance for doubtful accounts of $1 at 2020 and $3 at 2019)	255	324
Receivables of VIEs (net of allowance for doubtful accounts of $13 at 2020 and $7 at 2019)	675	642
Receivables from affiliated companies	78	114
Inventory	1,080	996
Regulatory assets	490	550
Other	19	21
Total current assets	2,621	2,665
Property, Plant and Equipment		
Cost	50,068	48,922
Accumulated depreciation and amortization	(17,098)	(16,525)
Net property, plant and equipment	32,970	32,397
Other Noncurrent Assets		
Regulatory assets	3,440	3,360
Nuclear decommissioning trust funds	4,265	4,359
Operating lease right-of-use assets, net	125	123
Other	1,158	1,149
Total other noncurrent assets	8,988	8,991
Total Assets	$ 44,579	$ 44,053
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 615	$ 954
Accounts payable to affiliated companies	147	210
Notes payable to affiliated companies	131	29
Taxes accrued	166	46
Interest accrued	127	115
Current maturities of long-term debt	508	458
Asset retirement obligations	194	206
Regulatory liabilities	293	255
Other	488	611
Total current liabilities	2,669	2,884
Long-Term Debt	11,713	11,142
Long-Term Debt Payable to Affiliated Companies	300	300
Other Noncurrent Liabilities		
Deferred income taxes	4,004	3,921
Asset retirement obligations	5,566	5,528
Regulatory liabilities	6,232	6,423
Operating lease liabilities	106	102
Accrued pension and other post-retirement benefit costs	77	84
Investment tax credits	229	231
Other	611	627
Total other noncurrent liabilities	16,825	16,916
Commitments and Contingencies		
Equity		
Member's equity	13,079	12,818
Accumulated other comprehensive loss	(7)	(7)
Total equity	13,072	12,811
Total Liabilities and Equity	$ 44,579	$ 44,053

See Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended June 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 573	$ 594
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	854	804
Equity component of AFUDC	(29)	(21)
Impairment charges	2	5
Deferred income taxes	31	54
Payments for asset retirement obligations	(86)	(131)
Provision for rate refunds	2	35
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	(8)
Receivables	40	83
Receivables from affiliated companies	36	81
Inventory	(84)	(77)
Other current assets	170	(133)
Increase (decrease) in		
Accounts payable	(249)	(282)
Accounts payable to affiliated companies	(63)	(41)
Taxes accrued	120	38
Other current liabilities	(134)	(71)
Other assets	(83)	87
Other liabilities	(35)	(18)
Net cash provided by operating activities	1,065	999
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,271)	(1,357)
Purchases of debt and equity securities	(1,017)	(1,114)
Proceeds from sales and maturities of debt and equity securities	1,017	1,114
Other	(73)	(46)
Net cash used in investing activities	(1,344)	(1,403)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	938	25
Payments for the redemption of long-term debt	(454)	(3)
Notes payable to affiliated companies	102	365
Distributions to parent	(300)	—
Other	(1)	(1)
Net cash provided by financing activities	285	386
Net increase (decrease) in cash and cash equivalents	6	(18)
Cash and cash equivalents at beginning of period	18	33
Cash and cash equivalents at end of period	$ 24	$ 15
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 256	$ 252

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

	Three Months Ended June 30, 2019 and 2020		
		Accumulated Other Comprehensive Loss	
(in millions)	Member's Equity	Net Losses on Cash Flow Hedges	Total Equity
Balance at March 31, 2019	$ 11,982	$ (7)	$ 11,975
Net income	301	—	301
Balance at June 30, 2019	$ 12,283	$ (7)	$ 12,276
Balance at March 31, 2020	$ 12,844	$ (7)	$ 12,837
Net income	**234**	**—**	**234**
Other	**1**	**—**	**1**
Balance at June 30, 2020	**$ 13,079**	**$ (7)**	**$ 13,072**

	Six Months Ended June 30, 2019 and 2020		
		Accumulated Other Comprehensive Loss	
(in millions)	Member's Equity	Net Losses on Cash Flow Hedges	Total Equity
Balance at December 31, 2018	$ 11,689	$ (6)	$ 11,683
Net income	594	—	594
Other	—	(1)	(1)
Balance at June 30, 2019	$ 12,283	$ (7)	$ 12,276
Balance at December 31, 2019	$ 12,818	$ (7)	$ 12,811
Net income	**573**	**—**	**573**
Distributions to parent	**(300)**	**—**	**(300)**
Other[a]	**(12)**	**—**	**(12)**
Balance at June 30, 2020	**$ 13,079**	**$ (7)**	**$ 13,072**

(a) Amounts primarily represent impacts due to implementation of a new accounting standard related to Current Estimated Credit Losses. See Note 1 for additional discussion.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Operating Revenues	$ 2,498	$ 2,744	$ 4,920	$ 5,316
Operating Expenses				
Fuel used in electric generation and purchased power	777	988	1,540	1,913
Operation, maintenance and other	589	606	1,143	1,173
Depreciation and amortization	432	426	884	881
Property and other taxes	137	143	272	280
Total operating expenses	1,935	2,163	3,839	4,247
Gains (Losses) on Sales of Other Assets and Other, net	7	(1)	6	(1)
Operating Income	570	580	1,087	1,068
Other Income and Expenses, net	33	34	65	65
Interest Expense	199	219	405	438
Income Before Income Taxes	404	395	747	695
Income Tax Expense	60	66	120	118
Net Income	344	329	627	577
Less: Net Income Attributable to Noncontrolling Interests	—	1	—	—
Net Income Attributable to Parent	$ 344	$ 328	$ 627	$ 577
Net Income	$ 344	$ 329	$ 627	$ 577
Other Comprehensive Income, net of tax				
Pension and OPEB adjustments	1	1	1	2
Net unrealized gains on cash flow hedges	1	1	2	3
Unrealized (losses) gains on available-for-sale securities	(1)	1	—	1
Other Comprehensive Income, net of tax	1	3	3	6
Comprehensive Income	345	332	630	583
Less: Comprehensive Income Attributable to Noncontrolling Interests	—	1	—	—
Comprehensive Income Attributable to Parent	$ 345	$ 331	$ 630	$ 583

See Notes to Condensed Consolidated Financial Statements

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

(in millions)		June 30, 2020		December 31, 2019
ASSETS				
Current Assets				
Cash and cash equivalents	$	78	$	48
Receivables (net of allowance for doubtful accounts of $9 at 2020 and $7 at 2019)		153		220
Receivables of VIEs (net of allowance for doubtful accounts of $20 at 2020 and $9 at 2019)		920		830
Receivables from affiliated companies		42		76
Notes receivable from affiliated companies		—		164
Inventory		1,466		1,423
Regulatory assets (includes $53 at 2020 and $52 at 2019 related to VIEs)		957		946
Other (includes $32 at 2020 and $39 at 2019 related to VIEs)		145		210
Total current assets		3,761		3,917
Property, Plant and Equipment				
Cost		56,420		55,070
Accumulated depreciation and amortization		(17,704)		(17,159)
Generation facilities to be retired, net		28		246
Net property, plant and equipment		38,744		38,157
Other Noncurrent Assets				
Goodwill		3,655		3,655
Regulatory assets (includes $969 at 2020 and $989 at 2019 related to VIEs)		6,308		6,346
Nuclear decommissioning trust funds		3,734		3,782
Operating lease right-of-use assets, net		737		788
Other		1,164		1,049
Total other noncurrent assets		15,598		15,620
Total Assets	$	58,103	$	57,694
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	$	675	$	1,104
Accounts payable to affiliated companies		222		310
Notes payable to affiliated companies		2,373		1,821
Taxes accrued		201		46
Interest accrued		213		228
Current maturities of long-term debt (includes $304 at 2020 and $54 at 2019 related to VIEs)		1,829		1,577
Asset retirement obligations		357		485
Regulatory liabilities		388		330
Other		847		902
Total current liabilities		7,105		6,803
Long-Term Debt (includes $1,361 at 2020 and $1,632 at 2019 related to VIEs)		17,625		17,907
Long-Term Debt Payable to Affiliated Companies		150		150
Other Noncurrent Liabilities				
Deferred income taxes		4,560		4,462
Asset retirement obligations		6,038		5,986
Regulatory liabilities		4,813		5,225
Operating lease liabilities		662		697
Accrued pension and other post-retirement benefit costs		480		488
Other		449		383
Total other noncurrent liabilities		17,002		17,241
Commitments and Contingencies				
Equity				
Common Stock, $0.01 par value, 100 shares authorized and outstanding at 2020 and 2019		—		—
Additional paid-in capital		9,143		9,143
Retained earnings		7,090		6,465
Accumulated other comprehensive loss		(15)		(18)
Total Progress Energy, Inc. stockholders' equity		16,218		15,590
Noncontrolling interests		3		3
Total equity		16,221		15,593
Total Liabilities and Equity	$	58,103	$	57,694

See Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended June 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 627**	$ 577
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	**1,118**	1,061
Equity component of AFUDC	**(24)**	(31)
(Gains) Losses on sales of other assets	**(6)**	1
Deferred income taxes	**94**	126
Payments for asset retirement obligations	**(173)**	(183)
Provision for rate refunds	**2**	10
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	**(22)**	(1)
Receivables	**(15)**	(42)
Receivables from affiliated companies	**34**	119
Inventory	**(42)**	(26)
Other current assets	**102**	114
Increase (decrease) in		
Accounts payable	**(238)**	(196)
Accounts payable to affiliated companies	**(88)**	(125)
Taxes accrued	**155**	82
Other current liabilities	**(64)**	(162)
Other assets	**(51)**	(82)
Other liabilities	**(97)**	24
Net cash provided by operating activities	**1,312**	1,266
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	**(1,812)**	(1,988)
Purchases of debt and equity securities	**(2,602)**	(1,094)
Proceeds from sales and maturities of debt and equity securities	**2,588**	1,089
Notes receivable from affiliated companies	**164**	—
Other	**(81)**	(59)
Net cash used in investing activities	**(1,743)**	(2,052)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	**514**	1,295
Payments for the redemption of long-term debt	**(550)**	(1,188)
Notes payable to affiliated companies	**552**	685
Other	**—**	2
Net cash provided by financing activities	**516**	794
Net increase in cash, cash equivalents and restricted cash	**85**	8
Cash, cash equivalents and restricted cash at beginning of period	**126**	112
Cash, cash equivalents and restricted cash at end of period	**$ 211**	$ 120
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	**$ 287**	$ 278

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended June 30, 2019 and 2020							
			Accumulated Other Comprehensive (Loss) Income					
(in millions)	Additional Paid-in Capital	Retained Earnings	Net Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Pension and OPEB Adjustments	Total Progress Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 31, 2019	$ 9,143	$ 5,386	$ (14)	$ (1)	$ (8)	$ 14,506	$ 2	$ 14,508
Net income	—	328	—	—	—	328	1	329
Other comprehensive income	—	—	1	1	1	3	—	3
Other	—	1	—	—	(1)	—	(1)	(1)
Balance at June 30, 2019	$ 9,143	$ 5,715	$ (13)	$ —	$ (8)	$ 14,837	$ 2	$ 14,839
Balance at March 31, 2020	$ 9,143	$ 6,747	$ (9)	$ —	$ (7)	$ 15,874	$ 3	$ 15,877
Net income	—	344	—	—	—	344	—	344
Other comprehensive income	—	—	1	(1)	1	1	—	1
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Other	—	(1)	—	—	—	(1)	1	—
Balance at June 30, 2020	$ 9,143	$ 7,090	$ (8)	$ (1)	$ (6)	$ 16,218	$ 3	$ 16,221

	Six Months Ended June 30, 2019 and 2020							
			Accumulated Other Comprehensive Loss					
	Additional Paid-in Capital	Retained Earnings	Net Gains (Losses) on Cash Flow Hedges	Net Unrealized Losses on Available-for-Sale Securities	Pension and OPEB Adjustments	Total Progress Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2018	$ 9,143	$ 5,131	$ (12)	$ (1)	$ (7)	$ 14,254	$ 3	$ 14,257
Net income	—	577	—	—	—	577	—	577
Other comprehensive income	—	—	3	1	2	6	—	6
Other[(a)]	—	7	(4)	—	(3)	—	(1)	(1)
Balance at June 30, 2019	$ 9,143	$ 5,715	$ (13)	$ —	$ (8)	$ 14,837	$ 2	$ 14,839
Balance at December 31, 2019	$ 9,143	$ 6,465	$ (10)	$ (1)	$ (7)	$ 15,590	$ 3	$ 15,593
Net income	—	627	—	—	—	627	—	627
Other comprehensive income	—	—	2	—	1	3	—	3
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Other	—	(2)	—	—	—	(2)	1	(1)
Balance at June 30, 2020	$ 9,143	$ 7,090	$ (8)	$ (1)	$ (6)	$ 16,218	$ 3	$ 16,221

(a) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Operating Revenues	$ 1,243	$ 1,387	$ 2,581	$ 2,871
Operating Expenses				
Fuel used in electric generation and purchased power	395	479	800	994
Operation, maintenance and other	317	357	622	692
Depreciation and amortization	257	251	544	541
Property and other taxes	44	41	91	85
Total operating expenses	1,013	1,128	2,057	2,312
Gains on Sales of Other Assets and Other, net	6	—	5	—
Operating Income	236	259	529	559
Other Income and Expenses, net	19	24	41	48
Interest Expense	68	81	137	158
Income Before Income Taxes	187	202	433	449
Income Tax Expense	26	33	68	77
Net Income and Comprehensive Income	$ 161	$ 169	$ 365	$ 372

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

(in millions)		June 30, 2020		December 31, 2019
ASSETS				
Current Assets				
Cash and cash equivalents	$	51	$	22
Receivables (net of allowance for doubtful accounts of $4 at 2020 and $3 at 2019)		77		123
Receivables of VIEs (net of allowance for doubtful accounts of $10 at 2020 and $5 at 2019)		451		489
Receivables from affiliated companies		42		52
Inventory		980		934
Regulatory assets		526		526
Other		37		60
Total current assets		2,164		2,206
Property, Plant and Equipment				
Cost		35,120		34,603
Accumulated depreciation and amortization		(12,303)		(11,915)
Generation facilities to be retired, net		28		246
Net property, plant and equipment		22,845		22,934
Other Noncurrent Assets				
Regulatory assets		4,448		4,152
Nuclear decommissioning trust funds		3,023		3,047
Operating lease right-of-use assets, net		367		387
Other		688		651
Total other noncurrent assets		8,526		8,237
Total Assets	$	33,535	$	33,377
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	$	287	$	629
Accounts payable to affiliated companies		153		203
Notes payable to affiliated companies		257		66
Taxes accrued		88		17
Interest accrued		102		110
Current maturities of long-term debt		1,006		1,006
Asset retirement obligations		357		485
Regulatory liabilities		306		236
Other		468		478
Total current liabilities		3,024		3,230
Long-Term Debt		7,907		7,902
Long-Term Debt Payable to Affiliated Companies		150		150
Other Noncurrent Liabilities				
Deferred income taxes		2,485		2,388
Asset retirement obligations		5,457		5,408
Regulatory liabilities		4,087		4,232
Operating lease liabilities		339		354
Accrued pension and other post-retirement benefit costs		237		238
Investment tax credits		134		137
Other		105		92
Total other noncurrent liabilities		12,844		12,849
Commitments and Contingencies				
Equity				
Member's Equity		9,610		9,246
Total Liabilities and Equity	$	33,535	$	33,377

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

	Six Months Ended June 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 365	$ 372
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	635	634
Equity component of AFUDC	(19)	(28)
Gains on sales of other assets	(6)	—
Deferred income taxes	60	26
Payments for asset retirement obligations	(164)	(166)
Provision for rate refunds	2	10
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(5)	(5)
Receivables	96	58
Receivables from affiliated companies	10	(17)
Inventory	(46)	(26)
Other current assets	87	115
Increase (decrease) in		
Accounts payable	(260)	(223)
Accounts payable to affiliated companies	(50)	(96)
Taxes accrued	71	53
Other current liabilities	(16)	(74)
Other assets	(86)	(3)
Other liabilities	(5)	25
Net cash provided by operating activities	669	655
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(795)	(1,115)
Purchases of debt and equity securities	(569)	(473)
Proceeds from sales and maturities of debt and equity securities	548	458
Other	(21)	(20)
Net cash used in investing activities	(837)	(1,150)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	20	1,270
Payments for the redemption of long-term debt	(13)	(602)
Notes payable to affiliated companies	191	(167)
Other	(1)	(1)
Net cash provided by financing activities	197	500
Net increase in cash and cash equivalents	29	5
Cash and cash equivalents at beginning of period	22	23
Cash and cash equivalents at end of period	$ 51	$ 28
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 95	$ 112

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended June 30, 2019 and 2020 Member's Equity
Balance at March 31, 2019	$ 8,644
Net income	169
Balance at June 30, 2019	$ 8,813
Balance at March 31, 2020	$ 9,450
Net income	**161**
Other	**(1)**
Balance at June 30, 2020	**$ 9,610**

(in millions)	Six Months Ended June 30, 2019 and 2020 Member's Equity
Balance at December 31, 2018	$ 8,441
Net income	372
Balance at June 30, 2019	$ 8,813
Balance at December 31, 2019	$ 9,246
Net income	**365**
Other	**(1)**
Balance at June 30, 2020	**$ 9,610**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Operating Revenues	**$ 1,250**	$ 1,353	**$ 2,330**	$ 2,439
Operating Expenses				
Fuel used in electric generation and purchased power	**382**	509	**740**	919
Operation, maintenance and other	**269**	244	**514**	474
Depreciation and amortization	**175**	175	**340**	340
Property and other taxes	**92**	103	**180**	196
Total operating expenses	**918**	1,031	**1,774**	1,929
Losses on Sales of Other Assets and Other, net	**—**	(1)	**—**	(1)
Operating Income	**332**	321	**556**	509
Other Income and Expenses, net	**15**	12	**25**	25
Interest Expense	**80**	83	**164**	165
Income Before Income Taxes	**267**	250	**417**	369
Income Tax Expense	**51**	49	**81**	72
Net Income	**$ 216**	$ 201	**$ 336**	$ 297
Other Comprehensive Income, net of tax				
Unrealized (losses) gains on available-for-sale securities	**(1)**	—	**—**	1
Comprehensive Income	**$ 215**	$ 201	**$ 336**	$ 298

See Notes to Condensed Consolidated Financial Statements

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

(in millions)		June 30, 2020		December 31, 2019
ASSETS				
Current Assets				
Cash and cash equivalents	$	20	$	17
Receivables (net of allowance for doubtful accounts of $5 at 2020 and $3 at 2019)		72		96
Receivables of VIEs (net of allowance for doubtful accounts of $9 at 2020 and $4 at 2019)		469		341
Receivables from affiliated companies		2		—
Notes receivable from affiliated companies		—		173
Inventory		486		489
Regulatory assets (includes $53 at 2020 and $52 at 2019 related to VIEs)		432		419
Other (includes $32 at 2020 and $39 at 2019 related to VIEs)		44		58
Total current assets		1,525		1,593
Property, Plant and Equipment				
Cost		21,290		20,457
Accumulated depreciation and amortization		(5,394)		(5,236)
Net property, plant and equipment		15,896		15,221
Other Noncurrent Assets				
Regulatory assets (includes $969 at 2020 and $989 at 2019 related to VIEs)		1,860		2,194
Nuclear decommissioning trust funds		711		734
Operating lease right-of-use assets, net		370		401
Other		327		311
Total other noncurrent assets		3,268		3,640
Total Assets	$	20,689	$	20,454
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	$	388	$	474
Accounts payable to affiliated companies		80		131
Notes payable to affiliated companies		232		—
Taxes accrued		177		43
Interest accrued		67		75
Current maturities of long-term debt (includes $304 at 2020 and $54 at 2019 related to VIEs)		323		571
Regulatory liabilities		82		94
Other		372		415
Total current liabilities		1,721		1,803
Long-Term Debt (includes $1,028 at 2020 and $1,307 at 2019 related to VIEs)		7,628		7,416
Other Noncurrent Liabilities				
Deferred income taxes		2,181		2,179
Asset retirement obligations		581		578
Regulatory liabilities		726		993
Operating lease liabilities		323		343
Accrued pension and other post-retirement benefit costs		211		218
Other		194		136
Total other noncurrent liabilities		4,216		4,447
Commitments and Contingencies				
Equity				
Member's equity		7,125		6,789
Accumulated other comprehensive loss		(1)		(1)
Total equity		7,124		6,788
Total Liabilities and Equity	$	20,689	$	20,454

See Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended June 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 336**	$ 297
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	**478**	423
Equity component of AFUDC	**(6)**	(2)
Losses on sales of other assets	**—**	1
Deferred income taxes	**37**	82
Payments for asset retirement obligations	**(9)**	(17)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	**(20)**	2
Receivables	**(110)**	(101)
Receivables from affiliated companies	**(2)**	10
Inventory	**4**	1
Other current assets	**(11)**	8
Increase (decrease) in		
Accounts payable	**23**	27
Accounts payable to affiliated companies	**(51)**	(29)
Taxes accrued	**134**	74
Other current liabilities	**(50)**	(80)
Other assets	**37**	(77)
Other liabilities	**(91)**	(8)
Net cash provided by operating activities	**699**	611
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	**(1,016)**	(873)
Purchases of debt and equity securities	**(2,033)**	(621)
Proceeds from sales and maturities of debt and equity securities	**2,040**	631
Notes receivable from affiliated companies	**173**	—
Other	**(60)**	(37)
Net cash used in investing activities	**(896)**	(900)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	**495**	25
Payments for the redemption of long-term debt	**(537)**	(136)
Notes payable to affiliated companies	**232**	369
Other	**2**	3
Net cash provided by financing activities	**192**	261
Net decrease in cash, cash equivalents and restricted cash	**(5)**	(28)
Cash, cash equivalents and restricted cash at beginning of period	**56**	75
Cash, cash equivalents and restricted cash at end of period	**$ 51**	$ 47
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	**$ 192**	$ 166

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended June 30, 2019 and 2020		
		Accumulated Other Comprehensive Income (Loss)	
(in millions)	Member's Equity	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Total Equity
Balance at March 31, 2019	$ 6,193	$ (1)	$ 6,192
Net income	201	—	201
Balance at June 30, 2019	$ 6,394	$ (1)	$ 6,393
Balance at March 31, 2020	$ 6,909	$ —	$ 6,909
Net income	**216**	**—**	**216**
Other comprehensive income	**—**	**(1)**	**(1)**
Balance at June 30, 2020	**$ 7,125**	**$ (1)**	**$ 7,124**

	Six Months Ended June 30, 2019 and 2020		
		Accumulated Other Comprehensive Income (Loss)	
(in millions)	Member's Equity	Net Unrealized Gains on Available-for-Sale Securities	Total Equity
Balance at December 31, 2018	$ 6,097	$ (2)	$ 6,095
Net income	297	—	297
Other comprehensive income	—	1	1
Balance at June 30, 2019	$ 6,394	$ (1)	$ 6,393
Balance at December 31, 2019	$ 6,789	$ (1)	$ 6,788
Net income	**336**	**—**	**336**
Balance at June 30, 2020	**$ 7,125**	**$ (1)**	**$ 7,124**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Operating Revenues				
Regulated electric	**$ 330**	$ 336	**$ 676**	$ 691
Regulated natural gas	**93**	97	**245**	273
Total operating revenues	**423**	433	**921**	964
Operating Expenses				
Fuel used in electric generation and purchased power	**77**	86	**164**	179
Cost of natural gas	**6**	10	**43**	64
Operation, maintenance and other	**95**	123	**218**	255
Depreciation and amortization	**68**	66	**136**	130
Property and other taxes	**78**	74	**161**	158
Total operating expenses	**324**	359	**722**	786
Operating Income	**99**	74	**199**	178
Other Income and Expenses, net	**4**	6	**7**	15
Interest Expense	**25**	24	**49**	54
Income Before Income Taxes	**78**	56	**157**	139
Income Tax Expense	**12**	9	**26**	23
Net Income and Comprehensive Income	**$ 66**	$ 47	**$ 131**	$ 116

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

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 8	$ 17
Receivables (net of allowance for doubtful accounts of $5 at 2020 and $4 at 2019)	83	84
Receivables from affiliated companies	47	92
Notes receivable from affiliated companies	35	—
Inventory	129	135
Regulatory assets	32	49
Other	14	21
Total current assets	348	398
Property, Plant and Equipment		
Cost	10,591	10,241
Accumulated depreciation and amortization	(2,923)	(2,843)
Net property, plant and equipment	7,668	7,398
Other Noncurrent Assets		
Goodwill	920	920
Regulatory assets	593	549
Operating lease right-of-use assets, net	21	21
Other	59	52
Total other noncurrent assets	1,593	1,542
Total Assets	$ 9,609	$ 9,338
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 249	$ 288
Accounts payable to affiliated companies	58	68
Notes payable to affiliated companies	79	312
Taxes accrued	210	219
Interest accrued	31	30
Asset retirement obligations	5	1
Regulatory liabilities	69	64
Other	71	75
Total current liabilities	772	1,057
Long-Term Debt	2,994	2,594
Long-Term Debt Payable to Affiliated Companies	25	25
Other Noncurrent Liabilities		
Deferred income taxes	958	922
Asset retirement obligations	77	79
Regulatory liabilities	751	763
Operating lease liabilities	20	21
Accrued pension and other post-retirement benefit costs	102	100
Other	96	94
Total other noncurrent liabilities	2,004	1,979
Commitments and Contingencies		
Equity		
Common Stock, $8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2020 and 2019	762	762
Additional paid-in capital	2,776	2,776
Retained earnings	276	145
Total equity	3,814	3,683
Total Liabilities and Equity	$ 9,609	$ 9,338

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

	Six Months Ended June 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 131**	$ 116
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**138**	132
Equity component of AFUDC	**(2)**	(7)
Deferred income taxes	**24**	45
Payments for asset retirement obligations	**—**	(5)
Provision for rate refunds	**6**	3
(Increase) decrease in		
Receivables	**2**	24
Receivables from affiliated companies	**45**	64
Inventory	**6**	2
Other current assets	**8**	(13)
Increase (decrease) in		
Accounts payable	**(22)**	(44)
Accounts payable to affiliated companies	**(10)**	—
Taxes accrued	**(9)**	(67)
Other current liabilities	**2**	2
Other assets	**(24)**	(18)
Other liabilities	**(3)**	(15)
Net cash provided by operating activities	**292**	219
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	**(403)**	(473)
Notes receivable from affiliated companies	**(35)**	—
Other	**(27)**	(31)
Net cash used in investing activities	**(465)**	(504)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	**397**	794
Payments for the redemption of long-term debt	**—**	(451)
Notes payable to affiliated companies	**(233)**	(71)
Net cash provided by financing activities	**164**	272
Net decrease in cash and cash equivalents	**(9)**	(13)
Cash and cash equivalents at beginning of period	**17**	21
Cash and cash equivalents at end of period	**$ 8**	$ 8
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	**$ 94**	$ 93

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended June 30, 2019 and 2020			
(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
Balance at March 31, 2019	$ 762	$ 2,776	$ (24)	$ 3,514
Net income	—	—	47	47
Balance at June 30, 2019	$ 762	$ 2,776	$ 23	$ 3,561
Balance at March 31, 2020	$ 762	$ 2,776	$ 210	$ 3,748
Net income	—	—	**66**	**66**
Balance at June 30, 2020	**$ 762**	**$ 2,776**	**$ 276**	**$ 3,814**

	Six Months Ended June 30, 2019 and 2020			
(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
Balance at December 31, 2018	$ 762	$ 2,776	$ (93)	$ 3,445
Net income	—	—	116	116
Balance at June 30, 2019	$ 762	$ 2,776	$ 23	$ 3,561
Balance at December 31, 2019	$ 762	$ 2,776	$ 145	$ 3,683
Net income	—	—	**131**	**131**
Balance at June 30, 2020	**$ 762**	**$ 2,776**	**$ 276**	**$ 3,814**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Operating Revenues	$ 617	$ 714	$ 1,309	$ 1,482
Operating Expenses				
Fuel used in electric generation and purchased power	161	229	355	486
Operation, maintenance and other	171	188	357	377
Depreciation and amortization	134	132	266	263
Property and other taxes	20	20	42	39
Total operating expenses	486	569	1,020	1,165
Gains on Sales of Other Assets and Other, net	—	3	—	—
Operating Income	131	148	289	317
Other Income and Expenses, net	9	8	19	27
Interest Expense	42	28	85	71
Income Before Income Taxes	98	128	223	273
Income Tax Expense	17	31	43	66
Net Income and Comprehensive Income	$ 81	$ 97	$ 180	$ 207

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

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 16	$ 25
Receivables (net of allowance for doubtful accounts of $3 at 2020 and 2019)	44	60
Receivables from affiliated companies	59	79
Notes receivable from affiliated companies	425	—
Inventory	489	517
Regulatory assets	90	90
Other	45	60
Total current assets	1,168	831
Property, Plant and Equipment		
Cost	16,736	16,305
Accumulated depreciation and amortization	(5,472)	(5,233)
Net property, plant and equipment	11,264	11,072
Other Noncurrent Assets		
Regulatory assets	1,113	1,082
Operating lease right-of-use assets, net	56	57
Other	251	234
Total other noncurrent assets	1,420	1,373
Total Assets	$ 13,852	$ 13,276
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 204	$ 201
Accounts payable to affiliated companies	74	87
Notes payable to affiliated companies	—	30
Taxes accrued	46	49
Interest accrued	64	58
Current maturities of long-term debt	503	503
Asset retirement obligations	172	189
Regulatory liabilities	51	55
Other	104	112
Total current liabilities	1,218	1,284
Long-Term Debt	3,950	3,404
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	1,195	1,150
Asset retirement obligations	643	643
Regulatory liabilities	1,655	1,685
Operating lease liabilities	54	55
Accrued pension and other post-retirement benefit costs	150	148
Investment tax credits	170	164
Other	12	18
Total other noncurrent liabilities	3,879	3,863
Commitments and Contingencies		
Equity		
Member's Equity	4,655	4,575
Total Liabilities and Equity	$ 13,852	$ 13,276

See Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended June 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 180**	$ 207
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	**267**	265
Equity component of AFUDC	**(12)**	(9)
Deferred income taxes	**38**	60
Payments for asset retirement obligations	**(28)**	(17)
(Increase) decrease in		
Receivables	**19**	5
Receivables from affiliated companies	**20**	39
Inventory	**28**	(41)
Other current assets	**13**	48
Increase (decrease) in		
Accounts payable	**22**	26
Accounts payable to affiliated companies	**(13)**	(17)
Taxes accrued	**4**	(18)
Other current liabilities	**(22)**	(13)
Other assets	**(29)**	(33)
Other liabilities	**(6)**	15
Net cash provided by operating activities	**481**	517
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	**(456)**	(443)
Purchases of debt and equity securities	**(14)**	(14)
Proceeds from sales and maturities of debt and equity securities	**7**	11
Notes receivable from affiliated companies	**(425)**	—
Other	**(16)**	(21)
Net cash used in investing activities	**(904)**	(467)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	**544**	—
Payments for the redemption of long-term debt	**—**	(60)
Notes payable to affiliated companies	**(30)**	(2)
Distributions to parent	**(100)**	—
Net cash provided by (used in) financing activities	**414**	(62)
Net decrease in cash and cash equivalents	**(9)**	(12)
Cash and cash equivalents at beginning of period	**25**	24
Cash and cash equivalents at end of period	**$ 16**	$ 12
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	**$ 83**	$ 84

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended June 30, 2019 and 2020 Member's Equity
Balance at March 31, 2019	$ 4,449
Net income	97
Balance at June 30, 2019	$ 4,546
Balance at March 31, 2020	$ 4,674
Net income	**81**
Distributions to parent	**(100)**
Balance at June 30, 2020	**$ 4,655**

(in millions)	Six Months Ended June 30, 2019 and 2020 Member's Equity
Balance at December 31, 2018	$ 4,339
Net income	207
Balance at June 30, 2019	$ 4,546
Balance at December 31, 2019	$ 4,575
Net income	**180**
Distributions to parent	**(100)**
Balance at June 30, 2020	**$ 4,655**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Operating Revenues	$ 197	$ 209	$ 709	$ 788
Operating Expenses				
Cost of natural gas	53	65	215	338
Operation, maintenance and other	79	83	159	163
Depreciation and amortization	43	42	88	84
Property and other taxes	12	13	24	25
Total operating expenses	187	203	486	610
Operating Income	10	6	223	178
Other Income and Expenses, net	16	6	28	12
Interest Expense	33	21	60	43
(Loss) Income Before Income Taxes	(7)	(9)	191	147
Income Tax (Benefit) Expense	(9)	(2)	11	32
Net Income (Loss) and Comprehensive Income (Loss)	$ 2	$ (7)	$ 180	$ 115

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

(in millions)	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Receivables (net of allowance for doubtful accounts of $6 at 2020 and 2019)	$ 102	$ 241
Receivables from affiliated companies	14	10
Inventory	29	72
Regulatory assets	118	73
Other	54	28
Total current assets	317	424
Property, Plant and Equipment		
Cost	8,701	8,446
Accumulated depreciation and amortization	(1,715)	(1,681)
Net property, plant and equipment	6,986	6,765
Other Noncurrent Assets		
Goodwill	49	49
Regulatory assets	280	290
Operating lease right-of-use assets, net	22	24
Investments in equity method unconsolidated affiliates	85	83
Other	278	121
Total other noncurrent assets	714	567
Total Assets	$ 8,017	$ 7,756
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 138	$ 215
Accounts payable to affiliated companies	36	3
Notes payable to affiliated companies	200	476
Taxes accrued	28	24
Interest accrued	34	33
Current maturities of long-term debt	160	—
Regulatory liabilities	97	81
Other	56	67
Total current liabilities	749	899
Long-Term Debt	2,619	2,384
Other Noncurrent Liabilities		
Deferred income taxes	763	708
Asset retirement obligations	17	17
Regulatory liabilities	1,078	1,131
Operating lease liabilities	21	23
Accrued pension and other post-retirement benefit costs	7	3
Other	141	148
Total other noncurrent liabilities	2,027	2,030
Commitments and Contingencies		
Equity		
Common stock, no par value: 100 shares authorized and outstanding at 2020 and 2019	1,310	1,310
Retained earnings	1,312	1,133
Total equity	2,622	2,443
Total Liabilities and Equity	$ 8,017	$ 7,756

See Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended June 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 180**	$ 115
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**89**	85
Equity component of AFUDC	**(9)**	—
Deferred income taxes	**17**	40
Equity in earnings from unconsolidated affiliates	**(4)**	(4)
Provision for rate refunds	**(24)**	9
(Increase) decrease in		
Receivables	**154**	168
Receivables from affiliated companies	**(4)**	5
Inventory	**42**	37
Other current assets	**(69)**	(17)
Increase (decrease) in		
Accounts payable	**(68)**	(70)
Accounts payable to affiliated companies	**33**	14
Taxes accrued	**5**	(61)
Other current liabilities	**(4)**	10
Other assets	**(13)**	(9)
Other liabilities	**7**	(2)
Net cash provided by operating activities	**332**	320
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	**(438)**	(480)
Contributions to equity method investments	**—**	(16)
Notes receivable from affiliated companies	**—**	(16)
Other	**(11)**	(6)
Net cash used in investing activities	**(449)**	(518)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	**394**	596
Payments for the redemption of long-term debt	**—**	(350)
Notes payable to affiliated companies	**(277)**	(198)
Capital contributions from parent	**—**	150
Net cash provided by financing activities	**117**	198
Net increase in cash and cash equivalents	**—**	—
Cash and cash equivalents at beginning of period	**—**	—
Cash and cash equivalents at end of period	**$ —**	$ —
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	**$ 98**	$ 115

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended June 30, 2019 and 2020		
(in millions)	Common Stock	Retained Earnings	Total Equity
Balance at March 31, 2019	$ 1,160	$ 1,053	$ 2,213
Net loss	—	(7)	(7)
Contribution from parent	150	—	150
Balance at June 30, 2019	$ 1,310	$ 1,046	$ 2,356
Balance at March 31, 2020	$ 1,310	$ 1,310	$ 2,620
Net income	—	**2**	**2**
Balance at June 30, 2020	**$ 1,310**	**$ 1,312**	**$ 2,622**

	Six Months Ended June 30, 2019 and 2020		
(in millions)	Common Stock	Retained Earnings	Total Equity
Balance at December 31, 2018	$ 1,160	$ 931	$ 2,091
Net income	—	115	115
Contribution from parent	150	—	150
Balance at June 30, 2019	$ 1,310	$ 1,046	$ 2,356
Balance at December 31, 2019	$ 1,310	$ 1,133	$ 2,443
Net income	—	**180**	**180**
Other	—	**(1)**	**(1)**
Balance at June 30, 2020	**$ 1,310**	**$ 1,312**	**$ 2,622**

Index to Combined Notes to Condensed Consolidated Financial Statements

The unaudited notes to the Condensed Consolidated Financial Statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

	Applicable Notes															
Registrant	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**
Duke Energy	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•
Duke Energy Carolinas	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Progress Energy	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•
Duke Energy Progress	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Duke Energy Florida	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Duke Energy Ohio	•	•	•	•	•	•	•	•		•	•	•		•	•	•
Duke Energy Indiana	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Piedmont	•	•	•	•	•	•	•	•		•		•		•	•	•

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

1. ORGANIZATION AND BASIS OF PRESENTATION

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2019.

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

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

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

BASIS OF CONSOLIDATION

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries or VIEs where the respective Duke Energy Registrants have control. See Note 11 for additional information on VIEs. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities.

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. In March 2020, the World Health Organization declared COVID-19 a global pandemic, and President Trump proclaimed that the COVID-19 outbreak in the United States constitutes a national emergency. The extent to which the COVID-19 pandemic will impact the Duke Energy Registrants during 2020 and beyond is uncertain, and the Duke Energy Registrants are monitoring developments closely. The company incurred approximately $34 million and $40 million of incremental COVID-19 costs for the three and six months ended June 30, 2020, respectively, included in Operation, maintenance and other on the Condensed Consolidated Statements of Operations. These costs were primarily bad debt expense, personal protective equipment and cleaning supplies. Further the company experienced approximately another $25 million of waived late payment fees for the three and six months ended June 30, 2020. See Notes 3, 5, 11, 12 and 15 for additional information as well as steps taken to mitigate the impacts to our business and customers from the COVID-19 pandemic.

OTHER CURRENT ASSETS

Included in Other within Current Assets on the Piedmont Condensed Consolidated Balance Sheets are income taxes receivable of $22 million and $14 million as of June 30, 2020, and December 31, 2019, respectively, and prepaid assets of $19 million and $3 million as of June 30, 2020, and December 31, 2019, respectively. The income taxes receivable relates to increases of net operating losses for Piedmont and intercompany tax settlements. The prepaid assets relate to natural gas storage injections and inventory transfers classified as prepaid assets until winter season when the gas is moved to Inventory on the Piedmont Condensed Consolidated Balance Sheets under certain agreements.

OTHER CURRENT LIABILITIES

During the second quarter of 2020, Duke Energy recorded a current liability related to the abandonment of ACP within Current Liabilities in the Gas Utilities and Infrastructure segment. The liability represents Duke Energy's obligation to fund ACP's obligations of outstanding debt and satisfy ARO requirements to restore construction sites. As a result, Liabilities associated with unconsolidated affiliates is $920 million, and exceeds 5% of Total current liabilities on the Duke Energy Condensed Consolidated Balance Sheets as of June 30, 2020. See Notes 3, 4 and 11 for further information.

NONCONTROLLING INTEREST

Duke Energy maintains a controlling financial interest in certain less than wholly owned nonregulated subsidiaries. As a result, Duke Energy consolidates these subsidiaries and presents the third-party investors' portion of Duke Energy's net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Condensed Consolidated Balance Sheet.

Several operating agreements of Duke Energy's subsidiaries with noncontrolling interest are subject to allocations of earnings, tax attributes and cash flows in accordance with contractual agreements that vary throughout the lives of the subsidiaries. Therefore, Duke Energy and the other investors' (the owners) interests in the subsidiaries are not fixed, and the subsidiaries apply the Hypothetical Liquidation at Book Value (HLBV) method in allocating income or loss and other comprehensive income or loss (all measured on a pretax basis) to the owners. The HLBV method measures the amounts that each owner would hypothetically claim at each balance sheet reporting date, including tax benefits realized by the owners over the IRS recapture period, upon a hypothetical liquidation of the subsidiary at the net book value of its underlying assets. The change in the amount that each owner would hypothetically receive at the reporting date compared to the amount it would have received on the previous reporting date represents the amount of income or loss allocated to each owner for the reporting period. The following table presents cash received for the sale of noncontrolling interest to tax equity members and allocated losses to noncontrolling tax equity members utilizing the HLBV method for the three and six months ended June 30, 2020, and 2019.

	Three Months Ended		Six Months Ended	
(in millions)	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Cash received for the sale of noncontrolling interest to tax equity members	$ 60	$ 187	$ 163	$ 193
Allocated losses to noncontrolling tax equity members utilizing the HLBV method	79	83	128	90

Other operating agreements of Duke Energy's subsidiaries with noncontrolling interest allocate profit and loss based on their pro rata shares of the ownership interest in the respective subsidiary. Therefore, Duke Energy allocates net income or loss and other comprehensive income or loss of these subsidiaries to the owners based on their pro rata shares.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Duke Energy, Progress Energy and Duke Energy Florida have restricted cash balances related primarily to collateral assets, escrow deposits and VIEs. See Notes 9 and 11 for additional information. Restricted cash amounts are included in Other within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets. The following table presents the components of cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets.

	June 30, 2020			December 31, 2019		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	$ 341	$ 78	$ 20	$ 311	$ 48	$ 17
Other	193	31	31	222	39	39
Other Noncurrent Assets						
Other	107	102	—	40	39	—
Total cash, cash equivalents and restricted cash	$ 641	$ 211	$ 51	$ 573	$ 126	$ 56

INVENTORY

Provisions for inventory write-offs were not material at June 30, 2020, and December 31, 2019. The components of inventory are presented in the tables below.

	June 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	$ 2,220	$ 769	$ 1,014	$ 682	$ 333	$ 83	$ 254	$ 5
Coal	776	271	257	189	68	13	234	—
Natural gas, oil and other fuel	293	40	195	109	85	33	1	24
Total inventory	$ 3,289	$ 1,080	$ 1,466	$ 980	$ 486	$ 129	$ 489	$ 29

	December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	$ 2,297	$ 768	$ 1,038	$ 686	$ 351	$ 79	$ 318	$ 5
Coal	586	187	186	138	48	15	198	—
Natural gas, oil and other fuel	349	41	199	110	90	41	1	67
Total inventory	$ 3,232	$ 996	$ 1,423	$ 934	$ 489	$ 135	$ 517	$ 72

NEW ACCOUNTING STANDARDS

The following new accounting standard was adopted by the Duke Energy Registrants in 2020.

Current Expected Credit Losses. In June 2016, the Financial Accounting Standards Board (FASB) issued new accounting guidance for credit losses. Duke Energy adopted the new accounting guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year results. Duke Energy did not adopt any practical expedients.

Duke Energy recognizes allowances for credit losses based on management's estimate of losses expected to be incurred over the lives of certain assets or guarantees. Management monitors credit quality, changes in expected credit losses and the appropriateness of the allowance for credit losses on a forward-looking basis. Management reviews the risk of loss periodically as part of the existing assessment of collectability of receivables.

Duke Energy reviews the credit quality of its counterparties as part of its regular risk management process and requires credit enhancements, such as deposits or letters of credit, as appropriate and as allowed by regulators.

Duke Energy recorded cumulative effects of changes in accounting principles related to the adoption of new credit loss standard, for allowances for credit losses of trade and other receivables, insurance receivables and financial guarantees. These amounts are included in the Condensed Consolidated Balance Sheets in Receivables, Receivables of VIEs, Other Noncurrent Assets and Other Noncurrent Liabilities. See Notes 4 and 12 for more information.

Duke Energy recorded an adjustment for the cumulative effect of a change in accounting principle due to the adoption of this standard on January 1, 2020, as shown in the table below:

	January 1, 2020					
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Piedmont
Total pretax impact to Retained Earnings	$ 120	$ 16	$ 2	$ 1	$ 1	$ 1

The following new accounting standard has been issued but not yet adopted by the Duke Energy Registrants as of June 30, 2020.

Reference Rate Reform. In March 2020, the FASB issued new accounting guidance for reference rate reform. This guidance is elective and provides expedients to facilitate financial reporting for the anticipated transition away from the London Inter-bank Offered Rate (LIBOR) and other interbank reference rates by the end of 2021. The optional expedients are effective for modification of existing contracts or new arrangements executed between March 12, 2020, through December 31, 2022.

Duke Energy has variable-rate debt and manages interest rate risk by entering into financial contracts including interest rate swaps that are generally indexed to LIBOR. Impacted financial arrangements extending beyond 2021 may require contractual amendment or termination to fully adapt to a post-LIBOR environment. Duke Energy is assessing these financial arrangements and is evaluating the use of optional expedients outlined in the new accounting guidance. Alternative index provisions are also being assessed and incorporated into new financial arrangements that extend beyond 2021. The full outcome of the transition away from LIBOR cannot be determined at this time, but is not expected to have a material impact on the financial statements.

2. BUSINESS SEGMENTS

Duke Energy

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment primarily includes Duke Energy's regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment includes Piedmont, Duke Energy's natural gas local distribution companies in Ohio and Kentucky, and Duke Energy's natural gas storage and midstream pipeline investments.

The Commercial Renewables segment is primarily comprised of nonregulated utility-scale wind and solar generation assets located throughout the U.S. In 2020, Duke Energy evaluated recoverability of a renewable merchant plant located in the Electric Reliability Council of Texas West market due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. Duke Energy determined that the asset was not impaired because the carrying value of $155 million approximates the aggregate estimated future cash flows and therefore further testing was not required. A continued decline in energy market pricing would likely result in a future impairment. Duke Energy retained 51% ownership interest in this facility following the 2019 transaction to sell a minority interest in certain renewable assets.

The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of interest expense on holding company debt, unallocated corporate costs, Duke Energy's wholly owned captive insurance company, Bison, and Duke Energy's interest in National Methanol Company.

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

	Three Months Ended June 30, 2020						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	$ 5,026	$ 265	$ 123	$ 5,414	$ 7	$ —	$ 5,421
Intersegment revenues	8	24	—	32	19	(51)	—
Total revenues	$ 5,034	$ 289	$ 123	$ 5,446	$ 26	$ (51)	$ 5,421
Segment income (loss)[a]	$ 753	$ (1,576)	$ 90	$ (733)	$ (84)	$ —	$ (817)
Less: Noncontrolling interests[c]							90
Add: Preferred stock dividend							15
Net Loss							$ (892)
Segment assets	$ 136,724	$ 13,072	$ 6,386	$ 156,182	$ 3,874	$ (7)	$ 160,049

	Three Months Ended June 30, 2019						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	$ 5,467	$ 282	$ 118	$ 5,867	$ 6	$ —	$ 5,873
Intersegment revenues	8	24	—	32	19	(51)	—
Total revenues	$ 5,475	$ 306	$ 118	$ 5,899	$ 25	$ (51)	$ 5,873
Segment income (loss)	$ 809	$ 40	$ 86	$ 935	$ (115)	$ —	$ 820
Less: Noncontrolling interests[c]							84
Add: Preferred stock dividend							12
Net Income							$ 748

	Six Months Ended June 30, 2020						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	$ 10,200	$ 905	$ 252	$ 11,357	$ 13	$ —	$ 11,370
Intersegment revenues	17	48	—	65	36	(101)	—
Total revenues	$ 10,217	$ 953	$ 252	$ 11,422	$ 49	$ (101)	$ 11,370
Segment income (loss)[(a)(b)]	$ 1,458	$ (1,327)	$ 147	$ 278	$ (196)	$ —	$ 82
Less: Noncontrolling interests[(c)]							138
Add: Preferred stock dividend							54
Net Loss							$ (2)

	Six Months Ended June 30, 2019						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	$ 10,788	$ 1,014	$ 224	$ 12,026	$ 10	$ —	$ 12,036
Intersegment revenues	16	48	—	64	36	(100)	—
Total revenues	$ 10,804	$ 1,062	$ 224	$ 12,090	$ 46	$ (100)	$ 12,036
Segment income (loss)	$ 1,559	$ 266	$ 99	$ 1,924	$ (204)	$ —	$ 1,720
Less: Noncontrolling interests[(c)]							91
Add: Preferred stock dividend							12
Net Income							$ 1,641

(a) Gas Utilities and Infrastructure includes $2.0 billion of pretax costs related to the abandonment of its ACP investment recorded within Equity in (losses) earnings of unconsolidated affiliates on the Condensed Consolidated Statements of Operations. See Notes 1, 3 and Note 11 for additional information.

(b) Other includes a $98 million reversal, included in Operations, maintenance and other on the Condensed Consolidated Statements of Operations, of 2018 severance costs due to the partial settlement of the Duke Energy Carolina's 2019 North Carolina rate case. See Note 3 for additional information.

(c) Includes the allocation of losses to noncontrolling tax equity members. See Note 1 for additional information.

Duke Energy Ohio

Duke Energy Ohio has two reportable segments, Electric Utilities and Infrastructure and Gas Utilities and Infrastructure. The remainder of Duke Energy Ohio's operations is presented as Other.

	Three Months Ended June 30, 2020					
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Eliminations	Total
Total revenues	$ 330	$ 93	$ 423	$ —	$ —	$ 423
Segment income/Net (loss) income	$ 44	$ 23	$ 67	$ (1)	$ —	$ 66
Segment assets	$ 6,378	$ 3,213	$ 9,591	$ 26	$ (8)	$ 9,609

	Three Months Ended June 30, 2019				
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Total
Total revenues	$ 336	$ 97	$ 433	$ —	$ 433
Segment income/Net (loss) income	$ 31	$ 17	$ 48	$ (1)	$ 47

(in millions)	Six Months Ended June 30, 2020 Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Total
Total revenues	$ 676	$ 245	$ 921	$ —	$ 921
Segment income/Net (loss) income	$ 74	$ 59	$ 133	$ (2)	$ 131

(in millions)	Six Months Ended June 30, 2019 Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Total
Total revenues	$ 691	$ 273	$ 964	$ —	$ 964
Segment income/Net (loss) income	$ 67	$ 52	$ 119	$ (3)	$ 116

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

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

Duke Energy Carolinas and Duke Energy Progress

COVID-19 Filings

North Carolina

On March 10, 2020, Governor Roy Cooper issued Executive Order No. 116 declaring a state of emergency due to the COVID-19 pandemic. On March 19, 2020, the NCUC issued an order directing that utilities under its jurisdiction suspend disconnections for nonpayment of utility bills during the state of emergency (as defined by Executive Order No. 116) and allow for customers to enter into payment arrangements to pay off arrearages accumulated during the state of emergency after the end of the state of emergency. Additionally, to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 19, 2020, Duke Energy Carolinas and Duke Energy Progress filed a request with the NCUC seeking authorization to waive: (1) any late payment charges incurred by a residential or nonresidential customer, effective March 21, 2020; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit; and (4) the fees and charges associated with the use of credit cards or debit cards to pay residential electric utility bills, effective March 21, 2020. The NCUC granted the companies' request on March 20, 2020.

On March 31, 2020, the governor issued Executive Order No. 124, which, in addition to requiring the steps in the NCUC order noted above, stated that nothing in Executive Order No. 124 shall relieve a customer of its obligation to pay bills for receipt of utility services provided. Executive Order No. 124 remains in effect for 60 days unless otherwise rescinded or replaced with a superseding Executive Order. On May 30, 2020, the governor issued Executive Order No. 142, which extended effective period for Executive Order No. 124 to July 29, 2020. Executive Order No. 142 was not extended.

On July 10, 2020, Duke Energy Carolinas and Duke Energy Progress filed a petition with the NCUC for clarification regarding when they may begin working with customers on establishing payment arrangements for arrears accumulated since March 13, 2020. On July 29, 2020, the NCUC issued its Order Lifting Disconnection Moratorium and Allowing Collection of Arrearages Pursuant to Special Repayment Plans. The order contained the following: 1) public utilities may resume customer disconnections due to nonpayment for bills first rendered on or after September 1, 2020, after appropriate notice; 2) the late fee moratorium will continue through the end of the state of emergency or until further order of the commission; 3) Duke Energy utilities may reinstate fees for checks returned for insufficient funds as well as transaction fees for use of credit cards or debit cards for bills first rendered on or after September 1, 2020; and 4) no sooner than September 1, 2020, the collection of past-due or delinquent accounts accrued up to and including August 31, 2020, may proceed subject to conditions.

Duke Energy Carolinas and Duke Energy Progress filed a joint petition on August 7, 2020, with the NCUC for deferral treatment of incremental costs and waived customer fees due to the COVID-19 pandemic. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

South Carolina

On March 13, 2020, Governor Henry McMaster issued Executive Order No. 2020-08 declaring a state of emergency due to the COVID-19 pandemic. The governor also issued a letter on March 14, 2020, to the ORS Executive Director regarding the suspension of disconnection of essential utility services for nonpayment. On March 18, 2020, the PSCSC issued an order approving such waivers, and also approved waivers for regulations related to late fees and reconnect fees. The PSCSC's order also required utilities to track the financial impacts of actions taken pursuant to such waivers for possible reporting to the PSCSC.

On April 30, 2020, the ORS requested the PSCSC grant a waiver of the applicable regulations to allow customers the flexibility to obtain deferred payment plans longer than six months for past-due amounts. On May 5, 2020, Duke Energy Carolinas and Duke Energy Progress filed responsive comments stating that while utility bills will remain due, Duke Energy Carolinas and Duke Energy Progress do not plan to immediately reinstitute disconnection upon the expiration of the state of emergency and intend to work through a potential grace period as economic recovery begins. Duke Energy Carolinas and Duke Energy Progress also concurred with the observation of the ORS that reduced usage is impacting the fixed-cost recovery and revenue assumptions included in rates. Those costs include not only ongoing operational and financing costs necessary to serve customers, but also the borrowings necessary to support extended payment arrangements that will be an important part of emerging from the COVID-19 pandemic. Duke Energy Carolinas and Duke Energy Progress will continue to track such costs, lost revenues and potential cost savings for future evaluation by the PSCSC.

Additionally, on May 8, 2020, the ORS filed a motion for the PSCSC to solicit comments from utilities and interested stakeholders regarding measures to be taken to mitigate impacts of COVID-19 on utility customers and require recordkeeping. In a detailed motion, the ORS specifically asked the PSCSC to: (1) solicit input from utilities regarding the temporary mitigation measures to address COVID-19; (2) request utilities to inform the PSCSC of the plans utilities have to return to normalized operations; (3) require utilities to track revenue impacts, incremental costs and savings related to COVID-19 and file the findings with the PSCSC on a quarterly basis; and (4) include any other matters that the PSCSC believes should be addressed. On May 14, 2020, the PSCSC adopted the ORS' motion.

On May 13, 2020, the ORS filed a letter with the PSCSC that included a request from Governor McMaster that utilities proceed with developing and implementing plans for phasing in normal business operations. On May 14, 2020, the PSCSC conditionally vacated the regulation waivers regarding termination of service and suspension of disconnect fees. Prior to termination, utilities are to refer past-due customers to local organizations for assistance and/or deferred payment arrangements. Duke Energy Carolinas and Duke Energy Progress filed a report on June 30, 2020, as required by PSCSC order, reporting revenue impact, costs and savings related to COVID-19 to date. Duke Energy Carolinas and Duke Energy Progress are evaluating a filing with the PSCSC for deferral treatment of incremental costs and waived customer fees due to the COVID-19 pandemic. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

2017 North Carolina Rate Case

On August 25, 2017, Duke Energy Carolinas filed an application with the NCUC for a rate increase for retail customers of approximately $647 million. On February 28, 2018, Duke Energy Carolinas and the North Carolina Public Staff (Public Staff) filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt. On June 22, 2018, the NCUC issued an order approving the Stipulation of Partial Settlement and requiring a revenue reduction.

The North Carolina Attorney General and other parties separately filed Notices of Appeal to the North Carolina Supreme Court. On August 8, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Carolinas and Duke Energy Progress appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. On November 29, 2018, the North Carolina Supreme Court adopted a schedule for briefing set forth in the motion to consolidate the Duke Energy Carolinas and Duke Energy Progress appeals. Appellant briefs were filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Oral arguments before the North Carolina Supreme Court were held on March 11, 2020. Duke Energy Carolinas cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On September 30, 2019, Duke Energy Carolinas filed an application with the NCUC for a net rate increase for retail customers of approximately $291 million, which represented an approximate 6% increase in annual base revenues. The gross rate case revenue increase request was $445 million, which was offset by an EDIT rider of $154 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for a rate increase was driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Carolinas requested rates be effective no later than August 1, 2020. The NCUC established a procedural schedule with an evidentiary hearing to begin on March 23, 2020. On March 16, 2020, in consideration of public health and safety as a result of the COVID-19 pandemic, Duke Energy Carolinas filed a motion with the NCUC seeking a suspension of the procedural schedule in the rate case, including issuing discovery requests, and postponement of the evidentiary hearing for 60 days. Also on March 16, 2020, the NCUC issued an Order Postponing Hearing and Addressing Procedural Matters, which postponed the evidentiary hearing until further order by the commission.

On March 25, 2020, Duke Energy Carolinas and the Public Staff filed an Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain issues in the base rate proceeding. Major components of the settlement included:

- Removal of deferred storm costs from the rate case;
- Filing a petition seeking to securitize the deferred storm costs within 120 days of a commission order in this rate case regarding the reasonableness and prudency of the storm costs;
- Agreement of certain assumptions to demonstrate the quantifiable benefits to customers of a securitization financing; and
- Agreement on certain accounting matters, including recovery of employee incentives, severance, aviation costs and executive compensation.

On May 6, 2020, Duke Energy Carolinas, Duke Energy Progress and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. On June 17, 2020, the NCUC issued an order adopting procedures for the expert witness hearings to take place in three phases: 1) a hearing on issues common to both rate cases conducted remotely; 2) a hearing on Duke Energy Carolinas specific rate case issues conducted in person, followed immediately by; 3) a hearing on Duke Energy Progress specific rate case issues conducted in person. On July 24, 2020, Duke Energy Carolinas filed its request for approval of its notice to customers required to implement temporary rates. On July 27, 2020, Duke Energy Carolinas filed a joint motion with Duke Energy Progress and the Public Staff notifying the commission that the parties reached a joint partial settlement with the Public Staff and requesting a postponement of the evidentiary hearing until August 24, 2020. The NCUC granted the joint motion on July 27, 2020. Also on July 27, 2020, Duke Energy Carolinas filed a letter stating that it intended to update its temporary rates calculation to reflect the terms of the partial settlement.

On July 31, 2020, Duke Energy Carolinas and the Public Staff filed a Second Agreement and Stipulation of Partial Settlement (Second Partial Settlement), which is subject to review and approval of the NCUC, resolving certain remaining issues in the base rate proceeding. Major components of the Second Partial Settlement included:

- A return on equity of 9.6% and a capital structure of 52% equity and 48% debt;
- Agreement on amortization over a five-year period for unprotected federal EDIT flowbacks to customers;
- Agreement on the inclusion of plant in service and other revenue requirement updates through May 31, 2020, subject to Public Staff review. Annual revenue requirement associated with the May 31 update is estimated at $45 million; and
- Settlement on certain grid deferral projects of $0.8 billion and agreement to withdraw Duke Energy Carolinas' request for deferral of remaining grid projects of $0.5 billion.

The remaining items to be litigated at hearing include recovery of deferred coal ash compliance costs that are subject to asset retirement obligation accounting, implementation of new depreciation rates and amortization of the hydro station sale. As a result of the additional settlement terms, the NCUC ordered the Duke Energy Carolinas and Duke Energy Progress remote, consolidated evidentiary hearing to be delayed until August 24, 2020.

On August 4, 2020, Duke Energy Carolinas, filed an amended motion for approval of its amended notice to customers, seeking to exercise its statutory right to implement temporary rates subject to refund on or after August 24, 2020. The revenue requirement to be recovered, subject to refund, through the temporary rates is based on and consistent with the base rate component of the Second Partial Settlement with the Public Staff and excludes the items to be litigated noted above. Duke Energy Carolinas will not begin the amortization or implementation of these items until a final order is issued in the rate case and new base rates are implemented. These items will also be excluded when determining whether a refund of amounts collected through these temporary rates is needed. In addition, Duke Energy Carolinas also seeks authorization to place a temporary decrement EDIT Rider into effect, concurrent with the temporary base rate change. The temporary rate changes are not final rates and remain subject to the NCUC's determination of the just and reasonable rates to be charged by Duke Energy Carolinas on a permanent basis. The NCUC approved the August 4, 2020 amended temporary rates motion on August 6, 2020.

Duke Energy Carolinas expects the NCUC to issue an order on its net rate increase by the end of the year. Duke Energy Carolinas cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Carolinas filed an application with the PSCSC for a rate increase for retail customers of approximately $168 million.

After hearings in March 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of cancellation of the Lee Nuclear Project, with Duke Energy Carolinas maintaining the Combined Operating License;
- Approval of recovery of $125 million (South Carolina retail portion) of Lee Nuclear Project development costs (including AFUDC through December 2017) over a 12-year period, but denial of a return on the deferred balance of costs;
- Approval of recovery of $96 million of coal ash costs over a five-year period with a return at Duke Energy Carolinas' WACC;
- Denial of recovery of $115 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a $66 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a $45 million decrease through the EDIT Rider to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with the Average Rate Assumption Method (ARAM) for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a five-year period for the deferred revenues; and
- Approval of a $17 million decrease through the EDIT Rider related to reductions in the North Carolina state income tax rate from 6.9% to 2.5% to be returned over a five-year period.

As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Carolinas filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Carolinas were prejudiced by unlawful, arbitrary and capricious rulings by the commission on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Carolinas' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Carolinas filed a notice of appeal on November 15, 2019, with the Supreme Court of South Carolina. On November 20, 2019, the South Carolina Energy Users Committee filed a Notice of Appeal and the ORS filed a Notice of Cross Appeal with the Supreme Court of South Carolina. On February 12, 2020, Duke Energy Carolinas and the ORS filed a joint motion to extend briefing schedule deadlines, which was approved by the Supreme Court of South Carolina on February 20, 2020. On March 10, 2020, the ORS filed a consent motion requesting withdrawal of their appeal, which was granted by the Supreme Court of South Carolina on April 30, 2020. Initial briefs were filed on April 21, 2020, which included the South Carolina Energy User's Committee brief arguing that the PSCSC erred in allowing Duke Energy Carolinas' recovery of costs related to the Lee Nuclear Station. Response briefs were filed on July 6, 2020, and reply briefs are due on August 11, 2020. Based on legal analysis and the filing of the appeal, Duke Energy Carolinas has not recorded an adjustment for its deferred coal ash costs. Duke Energy Carolinas cannot predict the outcome of this matter.

Duke Energy Progress

2017 North Carolina Rate Case

On June 1, 2017, Duke Energy Progress filed an application with the NCUC for a rate increase for retail customers of approximately $477 million, which was subsequently adjusted to $420 million. On November 22, 2017, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt. On February 23, 2018, the NCUC issued an order approving the stipulation. The Public Staff, the North Carolina Attorney General and the Sierra Club filed notes of appeal to the North Carolina Supreme Court.

On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Progress and Duke Energy Carolinas appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. Appellant briefs were filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Oral arguments before the North Carolina Supreme Court were held on March 11, 2020. Duke Energy Progress cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On October 30, 2019, Duke Energy Progress filed an application with the NCUC for a net rate increase for retail customers of approximately $464 million, which represented an approximate 12.3% increase in annual base revenues. The gross rate case revenue increase request was $586 million, which was offset by riders of $122 million, primarily an EDIT rider of $120 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for rate increase was driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Progress seeks to defer and recover incremental Hurricane Dorian storm costs in this proceeding and requests rates be effective no later than September 1, 2020. As a result of the COVID-19 pandemic, on March 24, 2020, the NCUC suspended the procedural schedule and postponed the previously scheduled evidentiary hearing on this matter indefinitely. On April 7, 2020, the NCUC issued an order partially resuming the procedural schedule requiring intervenors to file direct testimony on April 13, 2020. Public Staff filed supplemental direct testimony on April 23, 2020. Duke Energy Progress filed rebuttal testimony on May 4, 2020.

On June 2, 2020, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain issues in the base rate proceeding. Major components of the settlement included:

- Removal of deferred storm costs from the rate case;
- Filing a petition seeking to securitize the deferred storm costs within 120 days of a commission order in this rate case regarding the reasonableness and prudency of the storm costs;
- Agreement of certain assumptions to demonstrate the quantifiable benefits to customers of a securitization financing;
- Agreement that the Asheville CC project is complete and in service and agreement on the amount to be included in rate base; and
- Agreement on certain accounting matters, including recovery of employee incentives, severance, aviation costs and executive compensation.

On May 6, 2020, Duke Energy Progress, Duke Energy Carolinas and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. On June 17, 2020, the NCUC issued an order adopting procedures for the expert witness hearings to take place in three phases: 1) a hearing on issues common to both rate cases conducted remotely; 2) a hearing on Duke Energy Carolinas specific rate case issues conducted in person, followed immediately by; 3) a hearing on Duke Energy Progress specific rate case issues conducted in person. On July 27, 2020, Duke Energy Progress filed a joint motion with Duke Energy Carolinas and the Public Staff notifying the commission that the parties reached a joint partial settlement with the Public Staff and requesting a postponement of the evidentiary hearing until August 24, 2020. The NCUC granted the joint motion on July 27, 2020.

On July 31, 2020, Duke Energy Progress and the Public Staff filed a Second Agreement and Stipulation of Partial Settlement (Second Partial Settlement), which is subject to review and approval of the NCUC, resolving certain remaining issues in the base rate proceeding. Major components of the Second Partial Settlement included:

- A return on equity of 9.6% and a capital structure of 52% equity and 48% debt;
- Agreement on amortization over a five-year period for unprotected federal EDIT flowbacks to customers;
- Agreement on the inclusion of plant in service and other revenue requirement updates through May 31, 2020, subject to Public Staff review. Annual revenue requirement associated with the May 31 update is estimated at $25 million; and
- Settlement on certain grid deferral projects of $0.5 billion and agreement to withdraw Duke Energy Progress' request for deferral of remaining grid projects of $0.5 billion.

The remaining items to be litigated at hearing include recovery of deferred coal ash compliance costs that are subject to asset retirement obligation accounting and implementation of new depreciation rates. As a result of the additional settlement terms, the NCUC ordered the Duke Energy Progress and Duke Energy Carolinas remote, consolidated evidentiary hearing to be delayed until August 24, 2020.

On August 7, 2020, Duke Energy Progress filed a motion for approval of notice required to implement temporary rates, seeking to exercise its statutory right to implement temporary rates subject to refund on or after September 1, 2020. The revenue requirement to be recovered subject to refund through the temporary rates is based on and consistent with the terms of the base rate component of the settlement agreements with the Public Staff and excludes items to be litigated noted above. Duke Energy Progress will not begin the amortization or implementation of these items until a final determination is issued in the rate case and new base rates are implemented. These items will also be excluded when determining whether a refund of amounts collected through these temporary rates is needed. In addition, Duke Energy Progress also seeks authorization to place a temporary decrement EDIT Rider into effect, concurrent with the temporary base rate change. The temporary rate changes are not final rates and remain subject to the NCUC's determination of the just and reasonable rates to be charged by Duke Energy Progress on a permanent basis.

Duke Energy Progress expects the NCUC to issue an order on its net rate increase by the end of the year. Duke Energy Progress cannot predict the outcome of this matter.

Hurricane Dorian

Hurricane Dorian reached the Carolinas in September 2019 as a Category 2 hurricane making landfall within Duke Energy Progress' service territory. Total estimated incremental operation and maintenance expenses incurred to repair and restore the system are approximately $165 million with an additional $4 million in capital investments made for restoration efforts. Approximately $139 million and $179 million of the operation and maintenance expenses are deferred in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of June 30, 2020, and December 31, 2019, respectively. A request for an accounting order to defer incremental storm costs associated with Hurricane Dorian was included in Duke Energy Progress' October 30, 2019, general rate case filing with the NCUC. Terms of the June 2, 2020, Agreement and Stipulation of Partial Settlement removed incremental storm costs from the general rate case. A petition seeking to securitize these costs will be filed within 120 days of an NCUC order in the general rate case. Duke Energy Progress cannot predict the outcome of this matter.

On February 7, 2020, a petition was filed with the PSCSC in the 2019 storm deferrals docket requesting deferral of approximately $22 million in operation and maintenance expenses to an existing storm deferral balance previously approved by the PSCSC. The PSCSC voted to approve the request on March 4, 2020, and issued a final order on April 7, 2020. On July 1, 2020, Duke Energy Progress filed a supplemental true up reducing the actual costs to $17 million.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Progress filed an application with the PSCSC for a rate increase for retail customers of approximately $59 million.

After hearings in April 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of recovery of $4 million of coal ash costs over a five-year period with a return at Duke Energy Progress' WACC;
- Denial of recovery of $65 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a $17 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a $12 million decrease through the EDIT Tax Savings Rider resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with ARAM for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a three-year period for the deferred revenues; and
- Approval of a $12 million increase due to the expiration of EDIT related to reductions in the North Carolina state income tax rate from 6.9% to 2.5%.

As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Progress filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Progress were prejudiced by unlawful, arbitrary and capricious rulings by the commission on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Progress' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses, but allowing additional litigation-related costs. As a result of the Directive allowing litigation-related costs, customer rates were revised effective July 1, 2019. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Progress filed a notice of appeal on November 15, 2019, with the Supreme Court of South Carolina. The ORS filed a Notice of Cross Appeal on November 20, 2019. On February 12, 2020, Duke Energy Progress and the ORS filed a joint motion to extend briefing schedule deadlines, which was approved by the Supreme Court of South Carolina on February 20, 2020. On March 10, 2020, the ORS filed a consent motion requesting withdrawal of their appeal, which was granted by the Supreme Court of South Carolina on April 30, 2020. Initial briefs were filed on April 21, 2020. Response briefs were filed on July 6, 2020, and reply briefs are due on August 11, 2020. Based on legal analysis and the filing of the appeal, Duke Energy Progress has not recorded an adjustment for its deferred coal ash costs. Duke Energy Progress cannot predict the outcome of this matter.

Western Carolinas Modernization Plan

Duke Energy Progress retired the 376-MW Asheville coal-fired plant on January 29, 2020, at which time the net book value, including associated ash basin closure costs, of $214 million was transferred from Generation facilities to be retired, net to Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

On December 27, 2019, Asheville Combined Cycle Unit 5 Combustion Turbine and Unit 6 Steam Turbine Generator and the common systems that serve combined cycle units went into commercial operation. Duke Energy Progress placed the Unit 7 Combustion Turbine into commercial operation in simple-cycle mode on January 15, 2020. The Unit 8 Steam Turbine Generator went into commercial operation on April 5, 2020. On June 2, 2020, Duke Energy Progress filed a request with the PSCSC for an accounting order for the deferral of post-in-service costs incurred in connection with the addition of the Asheville combined cycle generating plant. The petition requested the PSCSC issue an accounting order authorizing Duke Energy Progress to defer post-in-service costs including the Asheville combined cycle's depreciation expense, property taxes, incremental O&M and carrying costs at WACC of approximately $8 million annually. On June 17, 2020, the PSCSC voted to approve the petition and issued its final order on July 6, 2020.

On October 8, 2018, Duke Energy Progress filed an application with the NCUC for a CPCN to construct the Hot Springs Microgrid Solar and Battery Storage Facility, which was approved with certain conditions on May 10, 2019. A hearing to update the NCUC on the status of the project was held on March 5, 2020. Construction began in May 2020 with commercial operation expected to begin in December 2020.

FERC Return on Equity Complaint

On October 11, 2019, North Carolina Eastern Municipal Power Agency (NCEMPA) filed a complaint at the FERC against Duke Energy Progress pursuant to Section 206 of the Federal Power Act (FPA). Duke Energy Progress provides NCEMPA with service under the Full Requirements Power Purchase Agreement (FRPPA). The complaint alleges that the 11% stated return on equity (ROE) component contained in the FRPPA's demand formula rate is unjust and unreasonable. On July 16, 2020, the FERC set this matter for hearing and settlement judge procedures and established a refund effective date of October 11, 2019. In its order setting the matter for settlement, the FERC allowed for variation to the base transmission-related ROE methodology developed in Order No. 569-A, through the introduction of "specific facts and circumstances" involving the parties to this case. It is Duke Energy Progress' view that, in consideration of the specific facts and circumstances of risks under the provisions of the FRPPA, the stated 11% ROE applied to NCEMPA's metered billing demand is just and reasonable. Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Florida

COVID-19 Filings

On March 1, 2020, Governor Ron DeSantis issued Executive Order No. 20-51 directing the State Health Officer of Florida to declare a public health emergency in Florida related to the COVID-19 pandemic. The governor then issued a second Executive Order No. 20-52 on March 9, 2020, in which he declared a state of emergency in Florida and directed the Director of the Division of Emergency Management to implement the state's Comprehensive Emergency Management Plan. The governor issued additional Executive Orders – Nos. 2020-68, 2020-69, 2020-71, 2020-72 and 2020-83 – in response to the ongoing health care emergency that, among other things, suspended the in-person public meeting requirements for state agencies and local governments and directed the state surgeon general to issue public health advisories to limit potential exposure to COVID-19, advising against gatherings of 10 or more persons. On March 19, 2020, Duke Energy Florida filed a request to modify its tariff to allow it to waive late fees for customers, and on April 6, 2020, the FPSC issued an order approving the request. Duke Energy Florida had already voluntarily waived reconnect fees and credit card fees, and is not disconnecting customers for nonpayment. On April 2, 2020, Duke Energy Florida filed a petition with the FPSC to accelerate a $78 million fuel cost refund to customers in the month of May 2020. Typically, the refund would be made over the course of 2021. The FPSC approved the petition on April 28, 2020.

Storm Restoration Cost Recovery

Duke Energy Florida filed a petition with the FPSC on April 30, 2019, to recover $223 million of estimated retail incremental storm restoration costs for Hurricane Michael, consistent with the provisions in the 2017 Settlement, and the FPSC approved the petition on June 11, 2019. The FPSC also approved allowing Duke Energy Florida to use the tax savings resulting from the Tax Act to recover these storm costs in lieu of implementing a storm surcharge. Approved storm costs are currently expected to be fully recovered by approximately year-end 2021. On November 22, 2019, Duke Energy Florida filed a petition for approval of actual retail recoverable storm restoration costs related to Hurricane Michael in the amount of $191 million plus interest. On May 19, 2020, Duke Energy Florida filed a supplemental true up reducing the actual retail recoverable storm restoration costs related to Hurricane Michael by approximately $3 million, resulting in a total request to recover $188 million actual retail recoverable storm restoration costs, plus interest. An Order Establishing Procedure was issued on January 30, 2020, and hearings are scheduled to begin September 15, 2020. Approximately $163 million and $204 million of these costs are included in Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of June 30, 2020, and December 31, 2019, respectively. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Florida filed a petition with the FPSC on December 19, 2019, to recover $169 million of estimated retail incremental storm restoration costs for Hurricane Dorian, consistent with the provisions in the 2017 Settlement and the FPSC approved the petition on February 24, 2020. Approved storm costs are currently expected to be recovered over a 12-month period with rates effective in March 2020 and subject to true up. The final actual amount will be filed later in 2020 and the FPSC will hold a hearing to determine the final amount of incremental costs. Approximately $95 million and $167 million of these costs are included in Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of June 30, 2020, and December 31, 2019, respectively, representing recoverable costs under the FPSC's storm rule and Duke Energy Florida's OATT formula rates. Duke Energy Florida cannot predict the outcome of this matter.

Clean Energy Connection

On July 1, 2020, Duke Energy Florida petitioned the FPSC for approval of a voluntary solar program. The program consists of 10 new solar generating facilities with combined capacity of approximately 750 MW. The program allows participants to support cost effective solar development in Florida. Participants will pay a subscription fee based on per kilowatt-subscriptions and receive a credit on their bill based on the generation associated with their portion of the solar portfolio. The estimated cost of the 10 new solar generation facilities is approximately $1 billion over the next four years, and this investment will be included in base rates offset by the revenue from the subscription fees. The credits will be included for recovery in the fuel cost recovery clause. Duke Energy Florida cannot predict the outcome of this matter.

Crystal River Unit 3 Accelerated Decommissioning Filing

On May 29, 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of the Crystal River Unit 3 nuclear power station located in Citrus County, Florida, with ADP CR3, LLC and ADP SF1, LLC, each of which is a wholly owned subsidiary of Accelerated Decommissioning Partners, LLC, a joint venture between NorthStar Group Services, Inc. and Orano USA LLC. Closing of this agreement is contingent upon the approval of the U.S. Nuclear Regulatory Commission (NRC), which was received on April 1, 2020, and FPSC. If approved, the decommissioning will be accelerated starting in 2020 and continuing through 2027, rather than the expected time frame under SAFSTOR of starting in 2067 and ending in 2074. Duke Energy Florida expects that the assets of the Nuclear Decommissioning Trust Fund will be sufficient to cover the contract price. On July 10, 2019, Duke Energy Florida petitioned the FPSC for approval of the agreement. The FPSC held the hearing on July 7-9, 2020, and is expected to vote on the petition at its August 18 Agenda Conference. Duke Energy Florida cannot predict the outcome of this matter.

Storm Protection Plan

On April 10, 2020, Duke Energy Florida filed its initial Storm Protection Plan (SPP) with the FPSC. The SPP outlines storm protection programs over a 10-year planning period intended to enhance the existing infrastructure for the purpose of reducing restoration costs and reducing outage times associated with extreme weather conditions therefore improving overall service reliability. The FPSC will hold a hearing to determine whether to approve, deny, or approve the SPP with modifications beginning on August 10, 2020. On July 31, 2020, Duke Energy Florida entered into a settlement with certain intervenors in support of this filing. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Ohio

Duke Energy Ohio COVID-19 Filing

In response to the COVID-19 pandemic, on March 9, 2020, Governor Mike DeWine issued Executive Order No. 2020-01D declaring a state of emergency in the state of Ohio. The PUCO issued an order directing utilities to cease disconnections for nonpayment and waive late payment and reconnection fees and to minimize direct customer contact. The PUCO also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers, if necessary. In response, Duke Energy Ohio has ceased all disconnections except for safety-related concerns and is waiving late payment and reconnection fees. On March 19, 2020, Duke Energy Ohio filed its compliance plan with the PUCO and sought waiver of several regulations to minimize direct customer contact. On May 4, 2020, Duke Energy Ohio filed a motion to suspend payment rules to enable proactive outreach to residential customers offering additional options for managing their utility bills. PUCO found the proposal to address the state of emergency and the accompanying waivers reasonable and directed Duke Energy Ohio to work with the PUCO Staff on a comprehensive plan for resumption of activities and operations, to be filed 45 days before resumption of activities. The transition plan was filed on June 26, 2020, and approved by the PUCO on July 29, 2020.

On April 16, 2020, Duke Energy Ohio filed an application for a Reasonable Arrangement to temporarily lower the minimum bill for demand-metered commercial and industrial customers. On June 17, 2020, the PUCO denied Duke Energy Ohio's application for a reasonable arrangement and ordered the Duke Energy Ohio to work with the PUCO Staff on payment arrangements for impacted nonresidential customers.

On May 11, 2020, Duke Energy Ohio filed with the PUCO a request seeking deferral of incremental costs incurred, as well as specific miscellaneous lost revenues using existing bad debts and uncollectible riders already in place for both electric and natural gas operations. Duke Energy Ohio would subsequently file for rider recovery at a later date. On June 17, 2020, the PUCO approved Duke Energy Ohio's deferral application. The commission denied the accrual of carrying costs and ordered Duke Energy Ohio to also track potential savings experienced as a result of COVID-19.

Duke Energy Kentucky COVID-19

In response to the COVID-19 pandemic, on March 6, 2020, Governor Andy Beshear issued Executive Order No. 2020-215 declaring a state of emergency in the commonwealth of Kentucky. The KPSC issued an order directing utilities to cease disconnections for nonpayment and waive late payment. The KPSC also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers if necessary. In response, Duke Energy Kentucky has ceased all disconnections except for safety-related concerns and is waiving late payment and reconnection fees. On June 23, 2020, the KPSC issued data requests to all jurisdictional utilities seeking information on customer bill impacts, arrearages, bad debt and incremental costs and savings due to COVID-19. Responses were filed on July 21, 2020. Duke Energy Kentucky cannot predict the outcome of this matter.

2017 Electric Security Plan Filing

On June 1, 2017, Duke Energy Ohio filed with the PUCO a request for a standard service offer in the form of an ESP. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation and Recommendation (Stipulation) with the PUCO resolving that the term of the ESP would be from June 1, 2018, to May 31, 2025, and included continuation of market-based customer rates through competitive procurement processes for generation, continuation and expansion of existing rider mechanisms and approved new rider mechanisms relating to costs incurred to enhance the customer experience and transform the grid and a service reliability rider for vegetation management. On September 13, 2019, and September 16, 2019, Interstate Gas Supply/Retail Supply Association and the Ohio Consumers' Counsel (OCC), respectively, filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error. On March 13, 2020, the Supreme Court of Ohio dismissed OCC's appeal. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of the PUCO's December 19, 2018 order approving the stipulation. The case has been resolved.

Electric Base Rate Case

Duke Energy Ohio filed with the PUCO an electric distribution base rate case application and supporting testimony in March 2017. Duke Energy Ohio requested an estimated annual increase of approximately $15 million and a return on equity of 10.4%. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed the Stipulation with the PUCO including a $19 million decrease in annual base distribution revenue with a return on equity unchanged from the current rate of 9.84% based upon a capital structure of 50.75% equity and 49.25% debt. Upon approval of new rates, Duke Energy Ohio's rider for recovering its initial SmartGrid implementation ended as these costs would be recovered through base rates. The Stipulation also renewed 14 existing riders, some of which were included in the company's ESP, and added two new riders including the Enhanced Service Reliability Rider to recover vegetation management costs not included in base rates, up to $10 million per year (operation and maintenance only) and the Power Future Initiatives Rider (formerly PowerForward Rider) to recover costs incurred to enhance the customer experience and further transform the grid (operation and maintenance and capital). In addition to the changes in revenue attributable to the Stipulation, Duke Energy Ohio's capital-related riders, including the Distribution Capital Investments Rider, began to reflect the lower federal income tax rate associated with the Tax Act with updates to customers' bills beginning April 1, 2018. This change reduced electric revenue by approximately $20 million on an annualized basis. On December 19, 2018, the PUCO approved the Stipulation without material modification. New base rates were implemented effective January 2, 2019. On September 13, 2019, and September 16, 2019, Interstate Gas Supply/Retail Supply Association and the OCC, respectively, filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error. On March 13, 2020, the Supreme Court of Ohio dismissed OCC's appeal. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of the PUCO's December 19, 2018 order approving the stipulation. The case has been resolved.

Ohio Valley Electric Corporation

On March 31, 2017, Duke Energy Ohio filed for approval to adjust its existing Rider PSR to pass through net costs related to its contractual entitlement to capacity and energy from the generating assets owned by OVEC. Duke Energy Ohio sought deferral authority for net costs incurred from April 1, 2017, until the new rates under Rider PSR were put into effect. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation with the PUCO resolving numerous issues including those related to Rider PSR. The Stipulation activated Rider PSR for recovery of net costs incurred from January 1, 2018, through May 2025. On December 19, 2018, the PUCO approved the Stipulation without material modification. The PSR rider became effective April 1, 2019. On September 13, 2019, and September 16, 2019, Interstate Gas Supply/Retail Supply Association and the OCC filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error. On March 13, 2020, the Supreme Court of Ohio dismissed OCC's appeal. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of the PUCO's December 19, 2018 order approving the stipulation. The case has been resolved.

On July 23, 2019, House Bill 6 (HB6) was signed into law that became effective January 1, 2020. Among other things, the bill allows for funding of two nuclear generating facilities located in Northern Ohio through a charge on utility bills owned by Energy Harbor (f/k/a FirstEnergy Solutions), repeal of energy efficiency mandates, and recovery of prudently incurred costs, net of any revenues, for Ohio investor-owned utilities that are participants under the OVEC power agreement. The recovery shall be through a non-bypassable rider that is to replace any existing recovery mechanism approved by the PUCO and will remain in place through 2030. The amounts recoverable from customers will be subject to an annual cap, with incremental costs that exceed such cap eligible for deferral and recovery subject to review. See Note 13 for additional discussion of Duke Energy Ohio's ownership interest in OVEC. In July 2020, legislation to repeal HB 6 has been proposed in both the Ohio House and Senate. Duke Energy Ohio cannot predict the outcome of this matter.

Energy Efficiency Cost Recovery

On March 28, 2014, Duke Energy Ohio filed an application for recovery of program costs, lost distribution revenue and performance incentives related to its energy efficiency and peak demand reduction programs. The PUCO approved Duke Energy Ohio's application but found that Duke Energy Ohio was not permitted to use banked energy savings from previous years in order to calculate the amount of allowed incentive. This conclusion represented a change to the cost recovery mechanism that had been agreed upon by intervenors and approved by the PUCO in previous cases. The PUCO granted the applications for rehearing filed by Duke Energy Ohio and an intervenor. On January 6, 2016, Duke Energy Ohio and the PUCO Staff entered into a stipulation, pending the PUCO's approval, to resolve issues related to performance incentives and the PUCO Staff audit of 2013 costs, among other issues. In December 2015, based upon the stipulation, Duke Energy Ohio re-established approximately $20 million of the revenues that had been previously reversed. On October 26, 2016, the PUCO issued an order approving the stipulation without modification. On February 26, 2020, the PUCO issued an order directing utilities to wind down their demand-side management programs by September 30, 2020, and to terminate the programs by December 31, 2020, in response to changes in Ohio law that eliminated Ohio's energy efficiency mandates. On March 27, 2020, Duke Energy Ohio filed an Application for Rehearing seeking clarification on the final true up and reconciliation process after 2020. On April 22, 2020, the PUCO granted rehearing for further consideration.

On June 8, 2020, Duke Energy Ohio filed an application to implement a voluntary energy efficiency program portfolio to commence on January 1, 2021. The application proposes a mechanism for recovery of program costs, lost margins and a shared savings incentive mechanism similar to those previously approved by the PUCO. On June 17, 2020, the PUCO, on its own motion, struck Duke Energy Ohio's proposal to include a shared savings mechanism in its plan finding such incentives are not permissible or supportable under Ohio law. On June 26, 2020, Duke Energy Ohio withdrew its application.

Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. Duke Energy Ohio currently estimates the pipeline development costs and construction activities will range from $163 million to $245 million in direct costs (excluding overheads and AFUDC) and that construction of the pipeline extension is expected to be completed before the 2021/2022 winter season. An evidentiary hearing for a Certificate of Environmental Compatibility and Public Need concluded on April 11, 2019. Briefs were filed on May 13, 2019, and reply briefs were filed on June 10, 2019. On November 21, 2019, the OPSB approved Duke Energy Ohio's application subject to 41 conditions on construction. Applications for rehearing were filed by several stakeholders on December 23, 2019, arguing that the OPSB approval was incorrect. On February 20, 2020, the OPSB denied the rehearing requests. On April 15, 2020, Joint Appellants filed a notice of appeal at the Supreme Court of Ohio of the OPSB's decision approving Duke Energy Ohio's Central Corridor application. On June 4, 2020, the OPSB filed a motion to dismiss claims raised by one of the Joint Appellants and to suspend the briefing schedule while the court considers the motion to dismiss. On August 5, 2020, the Supreme Court of Ohio dismissed one of the Joint Appellants from the appeal and established a new briefing schedule, with appellants' briefs due in 20 days. Duke Energy Ohio cannot predict the outcome of this matter.

MGP Cost Recovery

As part of its 2012 natural gas base rate case, Duke Energy Ohio has approval to defer and recover costs related to environmental remediation at two sites (East End and West End) that housed former MGP operations. Duke Energy Ohio has made annual applications for recovery of these deferred costs. Duke Energy Ohio has collected approximately $55 million in environmental remediation costs between 2009 through 2012 through Rider MGP, which is currently suspended. Duke Energy Ohio has made annual applications with the PUCO to recover its incremental remediation costs consistent with the PUCO's directive in Duke Energy Ohio's 2012 natural gas rate case. To date, the PUCO has not ruled on Duke Energy Ohio's annual applications for the calendar years 2013 through 2017. On September 28, 2018, the staff of the PUCO issued a report recommending a disallowance of approximately $12 million of the $26 million in MGP remediation costs incurred between 2013 through 2017 that staff believes are not eligible for recovery. Staff interprets the PUCO's 2012 Order granting Duke Energy Ohio recovery of MGP remediation as limiting the recovery to work directly on the East End and West End sites. On October 30, 2018, Duke Energy Ohio filed reply comments objecting to the staff's recommendations and explaining, among other things, the obligation Duke Energy Ohio has under Ohio law to remediate all areas impacted by the former MGPs and not just physical property that housed the former plants and equipment. On March 29, 2019, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2018 seeking recovery of approximately $20 million in remediation costs. On July 12, 2019, the staff recommended a disallowance of approximately $11 million for work that staff believes occurred in areas not authorized for recovery. Additionally, staff recommended that any discussion pertaining to Duke Energy Ohio's recovery of ongoing MGP costs should be directly tied to or netted against insurance proceeds collected by Duke Energy Ohio. An evidentiary hearing concluded on November 21, 2019. Initial briefs were filed on January 17, 2020, and reply briefs were filed on February 14, 2020. Duke Energy Ohio cannot predict the outcome of this matter.

On March 31, 2020, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2019 seeking recovery of approximately $39 million in remediation costs incurred during 2019. On July 23, 2020, the staff recommended a disallowance of approximately $4 million for work the staff believes occurred in areas not authorized for recovery. Additionally, the staff recommended insurance proceeds, net of litigation costs and attorney fees, should be reimbursed to customers and not be held by Duke Energy Ohio until all investigation and remediation is complete. Duke Energy Ohio cannot predict the outcome of this matter.

The 2012 PUCO order also contained conditional deadlines for completing the MGP environmental investigation and the deferral of remediation costs at the MGP sites. Subsequent to the order, the deadline was extended to December 31, 2019. On May 10, 2019, Duke Energy Ohio filed an application requesting a continuation of its existing deferral authority for MGP remediation and investigation that must occur after December 31, 2019. On September 13, 2019, intervenor comments were filed opposing Duke Energy Ohio's request for continuation of existing deferral authority and on October 2, 2019, Duke Energy Ohio filed reply comments. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky Electric Base Rate Case

On September 3, 2019, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately $46 million. On January 31, 2020, Duke Energy Kentucky filed rebuttal testimony updating its rate increase calculations to approximately $44 million. Hearings concluded on February 20, 2020, and briefing was completed March 20, 2020. On April 27, 2020, the KPSC issued its decision approving a $24 million increase for Duke Energy Kentucky with a 9.25% return on equity. The KPSC denied Duke Energy Kentucky's major storm deferral mechanism and EV and battery storage pilots. The KPSC approved Duke Energy Kentucky's Green Source Advantage tariff. New customer rates were effective on May 1, 2020. On May 18, 2020, Duke Energy Kentucky filed its motion for rehearing and on June 4, 2020, the motion was granted in part and denied in part by the KPSC. On August 6, 2020, Duke Energy Kentucky submitted a letter to the commission submitting the case for decision without hearing. On August 6, 2020, the Kentucky Attorney General also filed a letter requesting to submit the rehearing case for decision without hearing. The Attorney General's letter also stated that the commission's reduction to the company's forecasted capital in its initial order was overstated and should be corrected, resulting in an approximate $5 million increase in the company's revenue requirement. Duke Energy Kentucky cannot predict the outcome of this matter.

Duke Energy Indiana

COVID-19

In response to the COVID-19 pandemic, on March 6, 2020, Governor Eric Holcomb issued Executive Order No. 20-02, which by law expired in 30 days unless extended, declaring a public health disaster emergency in the state of Indiana. Subsequently, the governor issued Executive Orders Nos. 20-17, 20-25, 20-30 and 20-34, each renewing the public health disaster emergency declaration for an additional 30 days, which is currently extended through September 2, 2020. All other Executive Orders issued since March 6, 2020, (Nos. 20-04 – 20-16) were renewed for the same 30-day period, provided they were supplements to Executive Order No. 20-02. Executive Order No. 20-05 was issued on March 19, 2020, requiring utilities in the state to suspend disconnections of utility service. Duke Energy Indiana had already voluntarily suspended all disconnections and is waiving late payment fees and check return fees. The utility is also waiving credit card fees for residential customers.

On May 8, 2020, Duke Energy Indiana, along with other Indiana utilities, filed a request with the IURC for approval of deferral treatment for costs and revenue reductions associated with the COVID-19 pandemic. The utilities requested initial deferral approval in July 2020, with individual subdockets for each utility to be established for consideration of utility-specific cost and revenue impacts, cost recovery timing and customer payment plans. On June 29, 2020, the IURC issued an order in Phase 1 wherein it extended the disconnection moratorium for jurisdictional utilities until August 14, 2020, along with requiring six month payment arrangements, waiver of late fees, reconnection fees, convenience fees and deposits. The IURC permitted jurisdictional utilities to use regulatory accounting for any impacts associated with the prohibition on utility disconnections, waiver or exclusion of certain utility fees (i.e., late fees, convenience fees, deposits, and reconnection fees), the use of expanded payment arrangements to aid customers, and for COVID-19 related uncollectible and incremental bad debt expense. The IURC did not permit recovery of lost revenues due to load reduction or carrying costs. In Phase 2 filings, individual utilities may choose to request regulatory accounting for other COVID-19 related operation and maintenance costs wherein evidence of the impact of any costs or offsetting savings can be presented and considered in an evidentiary hearing. Duke Energy Indiana cannot predict the outcome of this matter.

2019 Indiana Rate Case

On July 2, 2019, Duke Energy Indiana filed a general rate case with the IURC for a rate increase for retail customers of approximately $395 million. The rebuttal case, filed on December 4, 2019, updated the requested revenue requirement to result in a 15.6% or $396 million average retail rate increase, including the impacts of the Utility Receipts Tax. Hearings concluded on February 7, 2020. On June 29, 2020, the IURC issued the order in the rate case approving a revenue increase of $146 million before certain adjustments and ratemaking refinements. The order provided for an overall cost of capital of 5.7% based on a 9.7% return on equity and a 53% equity component of the capital structure, and approved Duke Energy Indiana's requested forecasted rate base of $10.2 billion as of December 31, 2020, including the Edwardsport IGCC Plant. The IURC reduced Duke Energy Indiana's request by slightly more than $200 million, when accounting for the utility receipts tax and other adjustments. Approximately 50% of the reduction is due to a prospective change in depreciation and use of regulatory asset for the end-of-life inventory at retired generating plants, approximately 20% is due to the approved 9.7% return on equity versus requested 10.4% and approximately 20% is related to miscellaneous earnings neutral adjustments. The rates were effective July 30, 2020. Several groups filed notices of appeal of the IURC order on July 29, 2020. Duke Energy Indiana cannot predict the outcome of this matter.

2020 Indiana Coal Ash Recovery Case

In Duke Energy Indiana's rate case, the IURC approved coal ash basin closure costs expended through 2018 including financing costs as a regulatory asset and included in rate base. The IURC opened a subdocket to deal with the post-2018 coal ash related expenditures. Duke Energy Indiana filed testimony on April 15, 2020, in the coal ash subdocket requesting recovery for the post-2018 coal ash basin closure costs for plans that have been approved by the Indiana Department of Environmental Management as well as continuing deferral, with carrying costs, on the balance. An evidentiary hearing is scheduled to begin on September 14, 2020, and an order is expected in the first quarter of 2021. Duke Energy Indiana cannot predict the outcome of this matter.

Piedmont

COVID-19 Filings

North Carolina

On March 10, 2020, Governor Roy Cooper issued Executive Order No. 116 declaring a state of emergency due to the COVID-19 pandemic. On March 19, 2020, the NCUC issued on order directing that utilities under its jurisdiction suspend disconnections for nonpayment of utility bills during the state of emergency (as defined by Executive Order No. 116) and allow for customers to enter into payment arrangements to pay off arrearages accumulated during the state of emergency after the end of the state of emergency. Additionally, to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 19, 2020, Piedmont filed a request with the NCUC seeking authorization to waive: (1) any late payment charges incurred by a residential or nonresidential customer, effective March 21, 2020; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit; and (4) the fees and charges associated with the use of credit cards or debit cards to pay residential electric utility bills, effective March 21, 2020. The NCUC granted Piedmont's request on March 20, 2020.

On March 31, 2020, the governor issued Executive Order No. 124, which, in addition to requiring the steps in the NCUC order noted above, stated that nothing in Executive Order No. 124 shall relieve a customer of its obligation to pay bills for receipt of utility services provided. Executive Order No. 124 remains in effect for 60 days unless otherwise rescinded or replaced with a superseding Executive Order. On May 30, 2020, the governor issued Executive Order No. 142, which extended effective period for Executive Order No. 124 to July 29, 2020. Executive Order No. 142 was not extended.

On July 10, 2020, Piedmont filed a petition with the NCUC for clarification regarding when they may begin working with customers on establishing payment arrangements for arrears accumulated since March 13, 2020. On July 29, 2020, the NCUC issued its Order Lifting Disconnection Moratorium and Allowing Collection of Arrearages Pursuant to Special Repayment Plans. The order contained the following: 1) public utilities may resume customer disconnections due to nonpayment for bills first rendered on or after September 1, 2020, after appropriate notice; 2) the late fee moratorium will continue through the end of the state of emergency or until further order of the commission; 3) Duke Energy utilities may reinstate fees for checks returned for insufficient funds as well as transaction fees for use of credit cards or debit cards for bills first rendered on or after September 1, 2020; and 4) no sooner than September 1, 2020, the collection of past due or delinquent accounts accrued up to and including August 31, 2020, may proceed subject to conditions. Piedmont cannot predict the outcome of this matter.

South Carolina

On March 13, 2020, Governor Henry McMaster issued Executive Order No. 2020-08 declaring a state of emergency due to the COVID-19 pandemic. The governor also issued a letter on March 14, 2020, to the ORS Executive Director regarding the suspension of disconnection of essential utility services for nonpayment. On March 18, 2020, the PSCSC issued an order approving such waivers, and also approved waivers for regulations related to late fees and reconnect fees. The PSCSC's order also required utilities to track the financial impacts of actions taken pursuant to such waivers for possible reporting to the PSCSC.

On April 30, 2020, the ORS requested the PSCSC grant a waiver of the applicable regulations to allow customers the flexibility to obtain deferred payment plans longer than six months for past-due amounts. On May 5, 2020, Piedmont filed responsive comments stating that while utility bills will remain due, Piedmont does not plan to immediately reinstitute disconnection upon the expiration of the state of emergency and intends to work through a potential grace period as economic recovery begins. Piedmont also concurred with the observation of the ORS that reduced usage is impacting the fixed-cost recovery and revenue assumptions included in rates. Those costs include not only ongoing operational and financing costs necessary to serve customers, but also the borrowings necessary to support extended payment arrangements that will be an important part of emerging from the COVID-19 pandemic. Piedmont will continue to track such costs, lost revenues and potential cost savings for future evaluation by the PSCSC.

Additionally, on May 8, 2020, the ORS filed a motion for the PSCSC to solicit comments from utilities and interested stakeholders regarding measures to be taken to mitigate impacts of COVID-19 on utility customers and require recordkeeping. In a detailed motion, the ORS specifically asked the PSCSC to: (1) solicit input from utilities regarding the temporary mitigation measures to address COVID-19; (2) request utilities to inform the PSCSC of the plans utilities have to return to normalized operations; (3) require utilities to track revenue impacts, incremental costs and savings related to COVID-19 and file the findings with the PSCSC on a quarterly basis; and (4) include any other matters that the PSCSC believes should be addressed. On May 14, 2020, the PSCSC adopted the ORS' motion.

On May 13, 2020, the ORS filed a letter with the PSCSC that included a request from Governor McMaster that utilities proceed with developing and implementing plans for phasing in normal business operations. On May 14, 2020, the PSCSC conditionally vacated the regulation waivers regarding termination of service and suspension of disconnect fees. Prior to termination, utilities are to refer past-due customers to local organizations for assistance and/or deferred payment arrangements. Piedmont filed a report on June 30, 2020, as required by PSCSC order, reporting revenue impact, costs and savings related to COVID-19 to date. Piedmont cannot predict the outcome of this matter.

Tennessee

On March 12, 2020, Governor Bill Lee issued Executive Order No. 14 declaring a state of emergency due to the COVID-19 pandemic. In an effort to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 20, 2020, Piedmont filed a request with the TPUC seeking authorization to waive, effective March 21, 2020: (1) any late payment charges incurred by a residential or nonresidential customer; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; and (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit. The TPUC granted Piedmont's request by Order issued March 31,2020. The Order also stated that customers were not relieved of their obligation to pay for utility services received.

2020 Tennessee Rate Case

On July 2, 2020, Piedmont filed an application with the TPUC, its first general rate case in Tennessee in nine years, for a rate increase for retail customers of approximately $30 million, which represents an approximate 15% increase in annual revenues. The rate increase is driven by significant infrastructure upgrade investments since its previous rate case. Approximately half of the plant additions being added to rate base are categories of capital investment not covered under the IMR mechanism, which was approved in 2013. An evidentiary hearing is expected to be scheduled for fall 2020, and a decision and revised customer rates are expected to become effective January 1, 2021. Piedmont cannot predict the outcome of this matter.

OTHER REGULATORY MATTERS

Atlantic Coast Pipeline, LLC

On September 2, 2014, Duke Energy, Dominion Energy, Inc. (Dominion), Piedmont and Southern Company Gas announced the formation of Atlantic Coast Pipeline, LLC (ACP) to build and own the proposed Atlantic Coast Pipeline (ACP pipeline), an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. The ACP pipeline was designed to meet, in part, the needs identified by Duke Energy Carolinas, Duke Energy Progress and Piedmont. Dominion would have been responsible for building and operating the ACP pipeline and holds a leading ownership percentage in ACP of 53%, following the purchase in March 2020 of Southern Company Gas' 5% ownership interest. Duke Energy owns a 47% interest, which is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment.

On April 15, 2020, the United States District Court for the District of Montana granted partial summary judgment in favor of the plaintiffs in Northern Plains Resource Council v. U.S. Army Corps of Engineers (USACE) (Northern Plains), vacating USACE's Nationwide Permit 12 (NWP 12) and remanding it to USACE for consultation under the Endangered Species Act (ESA) of 1973. In Northern Plains, the court ruled that NWP 12 was unlawful because USACE did not consult under the ESA with the U.S. Fish and Wildlife Service and/or National Marine Fisheries Service prior to NWP 12's reissuance in 2017. Because NWP 12 has been vacated and its application enjoined, USACE currently has suspended verification of any new or pending applications under NWP 12 until further court action clarifies the situation.

On May 28, 2020, the U.S. Court of Appeals for the Ninth Circuit issued a ruling that limited the NWP 12 vacatur to energy infrastructure projects. In July 2020, the Supreme Court of the United States issued an order allowing other new oil and gas pipeline projects to use the NWP 12 process pending appeal to the U.S. Court of Appeals for the Ninth Circuit; however, that did not decrease the uncertainty associated with an eventual ruling. Together, these rulings indicated that the timeline to reinstate the necessary water crossing permits for ACP would likely cause further delays and cost increases.

On July 5, 2020, Dominion announced a sale of substantially all of its gas transmission and storage segment assets, operations core to the ACP pipeline project.

As a result of the uncertainty created by the NWP 12 rulings, the potential impact on the cost and schedule for the project, the ongoing legal challenges and the risk of additional legal challenges and delays through the construction period and Dominion's decision to sell substantially all of its gas transmission and storage segment assets, Duke Energy's Board of Directors and management decided that it was not prudent to continue to invest in the project. On July 5, 2020, Duke Energy and Dominion announced the cancellation of the ACP pipeline.

As a result, Duke Energy recorded a pretax charge to earnings of approximately $2.0 billion for the three months and six months ended June 30, 2020, within Equity in (losses) earnings of unconsolidated affiliates on the Duke Energy Condensed Consolidated Statements of Operations. The tax benefit associated with this abandonment was $374 million and is recorded in Income Tax (Benefit) Expense on the Duke Energy Condensed Consolidated Statements of Operations. Additional charges of less than $100 million are expected to be recorded within the next 12 months as ACP incurs obligations to exit operations.

As part of the pretax charge to earnings of approximately $2.0 billion, Duke Energy established a $920 million current liability related to the abandonment of ACP within Current Liabilities in the Gas Utilities and Infrastructure segment. The liability represents Duke Energy's obligation of approximately $860 million to fund ACP's outstanding debt and approximately $60 million to satisfy ARO requirements to restore construction sites.

See Notes 1, 4 and 11 for additional information regarding this transaction.

Potential Coal Plant Retirements

The Subsidiary Registrants periodically file integrated resource plans (IRPs) with their state regulatory commissions. The IRPs provide a view of forecasted energy needs over a long term (10 to 20 years) and options being considered to meet those needs. IRPs filed by the Subsidiary Registrants included planning assumptions to potentially retire certain coal-fired generating facilities in North Carolina and Indiana earlier than their current estimated useful lives. Duke Energy continues to evaluate the potential need to retire these coal-fired generating facilities earlier than the current estimated useful lives and plans to seek regulatory recovery for amounts that would not be otherwise recovered when any of these assets are retired.

The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of June 30, 2020, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net Book Value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-3[(a)]	**585**	**$ 145**
Duke Energy Indiana		
Gallagher Units 2 and 4[(b)]	**280**	**116**
Gibson Units 1-5[(c)]	**3,132**	**1,690**
Cayuga Units 1-2[(c)]	**1,005**	**953**
Total Duke Energy	**5,002**	**$ 2,904**

(a) Duke Energy Carolinas will retire Allen Steam Station units 1 through 3 by December 31, 2024, as part of the resolution of a lawsuit involving alleged New Source Review violations.

(b) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher units 2 and 4 by December 31, 2022, as part of the 2016 settlement of Edwardsport IGCC matters.

(c) On July 1, 2019, Duke Energy Indiana filed its 2018 IRP with the IURC. The 2018 IRP included scenarios evaluating the potential retirement of coal-fired generating units at Gibson and Cayuga. The rate case filed July 2, 2019, included proposed depreciation rates reflecting retirement dates from 2026 to 2038. These updated retirement dates were approved by the IURC as part of the rate case order issued on June 29, 2020.

Duke Energy continues to evaluate the potential need to retire generating facilities earlier than the current estimated useful lives, and plans to seek regulatory recovery, as necessary, for amounts that would not be otherwise recovered when any of these assets are retired. However, such recovery, including recovery of carrying costs on remaining book values, could be subject to future approvals and therefore cannot be assured.

Duke Energy Carolinas and Duke Energy Progress are evaluating the potential for coal-fired generating unit retirements with a net carrying value of approximately $693 million and $1.2 billion, respectively, included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of June 30, 2020.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

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

Remediation Activities

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

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

(in millions)	June 30, 2020	December 31, 2019
Reserves for Environmental Remediation		
Duke Energy	**$ 55**	$ 58
Duke Energy Carolinas	**10**	11
Progress Energy	**14**	16
Duke Energy Progress	**5**	4
Duke Energy Florida	**8**	9
Duke Energy Ohio	**19**	19
Duke Energy Indiana	**5**	4
Piedmont	**7**	8

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

(in millions)	
Duke Energy	$ 59
Duke Energy Carolinas	11
Duke Energy Ohio	42

LITIGATION

Duke Energy Carolinas and Duke Energy Progress

Coal Ash Insurance Coverage Litigation

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Business Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. In February and March 2020, the court heard arguments on numerous cross motions filed by the parties to seek legal determinations concerning several insurance related defenses raised by the insurance providers. On June 5, 2020, the court issued four rulings in favor of Duke Energy's legal positions in the coal ash recovery litigation proceedings. Due to COVID-19, the court has issued a new scheduling order and the trial is now scheduled for January 2022. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of June 30, 2020, there were 118 asserted claims for non-malignant cases with cumulative relief sought of up to $27 million, and 59 asserted claims for malignant cases with cumulative relief sought of up to $20 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recognized asbestos-related reserves of $590 million at June 30, 2020, and $604 million at December 31, 2019. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon Duke Energy Carolinas' best estimate for current and future asbestos claims through 2039 and are recorded on an undiscounted basis. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2039 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas' cumulative payments began to exceed the self-insured retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is $747 million in excess of the self-insured retention. Receivables for insurance recoveries were $742 million at June 30, 2020, and December 31, 2019. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

Duke Energy Progress and Duke Energy Florida

Spent Nuclear Fuel Matters

On June 18, 2018, Duke Energy Progress and Duke Energy Florida sued the U.S. in the U.S. Court of Federal Claims for damages incurred for the period 2014 through 2018. The lawsuit claimed the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserted damages for the cost of on-site storage in the amount of $100 million and $203 million for Duke Energy Progress and Duke Energy Florida, respectively. Discovery is ongoing and a trial is expected to occur in 2021.

Duke Energy Florida

Power Purchase Dispute Arbitration

Duke Energy Florida, on behalf of its customers, entered into a power purchase contract for the purchase of firm capacity and energy from a qualified facility. Duke Energy Florida determined the qualified facility did not perform in accordance with the power purchase contract, and Duke Energy Florida terminated the power purchase contract. The qualified facility counterparty filed a confidential American Arbitration Association (AAA) arbitration demand, challenging the termination of the power purchase contract and seeking damages. Duke Energy Florida denies liability and is vigorously defending the arbitration claim. The final arbitration hearing is scheduled for December 2020. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Indiana

Coal Ash Basin Closure Plan Appeal

On January 27, 2020, Hoosier Environmental Council filed a Petition for Administrative Review with the Indiana Office of Environmental Adjudication (the court) challenging the Indiana Department of Environmental Management's December 10, 2019, partial approval of Duke Energy Indiana's ash pond closure plan. On March 11, 2020, Duke Energy Indiana filed a Motion to Dismiss. On May 5, 2020, the court entered an order denying that motion. The parties are engaged in discovery and a hearing is scheduled for February 22, 2021. Duke Energy Indiana cannot predict the outcome of this matter.

Other Litigation and Legal Proceedings

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

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

(in millions)	June 30, 2020	December 31, 2019
Reserves for Legal Matters		
Duke Energy	$ 60	$ 62
Duke Energy Carolinas	3	2
Progress Energy	52	55
Duke Energy Progress	9	12
Duke Energy Florida	23	22
Piedmont	1	1

OTHER COMMITMENTS AND CONTINGENCIES

General

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

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

As described in Note 1, Duke Energy adopted the new guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. The reserve for credit losses for insurance receivables based on adoption of the new standard is $15 million for Duke Energy and Duke Energy Carolinas as of June 30, 2020. Insurance receivables are evaluated based on the risk of default and the historical losses, current conditions and expected conditions around collectability. Management evaluates the risk of default annually based on payment history, credit rating and changes in the risk of default from credit agencies.

As of June 30, 2020, Duke Energy recognized $860 million related to the guarantees of ACP's outstanding debt of which $95 million was previously recognized due the adoption of new guidance for credit losses effective January 1, 2020. This reserve is included within Other current liabilities on the Condensed Consolidated Balance Sheets. See Notes 1, 3 and 11 for more information. The remaining reserve for credit losses for financial guarantees of $4 million as of June 30, 2020, is included within Other noncurrent liabilities on the Duke Energy's Condensed Consolidated Balance Sheets. Management considers financial guarantees for evaluation under this standard based on the anticipated amount outstanding at the time of default. The reserve for credit losses is based on the evaluation of the contingent components of financial guarantees. Management evaluates the risk of default, exposure and length of time remaining in the period for each contract.

5. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

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

			Six Months Ended June 30, 2020						
Issuance Date	Maturity Date	Interest Rate	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Unsecured Debt									
May 2020[a]	Jun 2030	2.450%	$ 500	$ 500	$ —	$ —	$ —	$ —	$ —
May 2020[b]	Jun 2050	3.350%	400	—	—	—	—	—	400
First Mortgage Bonds									
January 2020[c]	Feb 2030	2.450%	500	—	500	—	—	—	—
January 2020[c]	Aug 2049	3.200%	400	—	400	—	—	—	—
March 2020[d]	Apr 2050	2.750%	550	—	—	—	—	550	—
May 2020[b]	Jun 2030	2.125%	400	—	—	—	400	—	—
June 2020[b]	Jun 2030	1.750%	500	—	—	500	—	—	—
Total issuances			$ 3,250	$ 500	$ 900	$ 500	$ 400	$ 550	$ 400

(a) Debt issued to repay $500 million borrowing made under Duke Energy (Parent) revolving credit facility in March 2020, and for general corporate purposes.
(b) Debt issued to repay short-term debt and for general corporate purposes.
(c) Debt issued to repay at maturity $450 million first mortgage bonds due June 2020 and for general corporate purposes.
(d) Debt issued to repay at maturity $500 million first mortgage bonds due July 2020 and to pay down short-term debt.

CURRENT MATURITIES OF LONG-TERM DEBT

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

(in millions)	Maturity Date	Interest Rate	June 30, 2020
Unsecured Debt			
Duke Energy Progress	December 2020	0.986% (a)	$ 700
Progress Energy, Inc	January 2021	4.400%	500
Duke Energy (Parent)	May 2021	0.924% (a)	500
Piedmont	June 2021	4.240%	160
Secured Debt			
Duke Energy Florida	April 2021	1.384% (a)	250
First Mortgage Bonds			
Duke Energy Indiana	July 2020	3.750%	500
Duke Energy Progress	September 2020	0.498% (a)	300
Duke Energy Carolinas	June 2021	3.900%	500
Other[(b)]			346
Current maturities of long-term debt			$ 3,756

(a) Debt has a floating interest rate.
(b) Includes finance lease obligations, amortizing debt and small bullet maturities.

AVAILABLE CREDIT FACILITIES

Master Credit Facility

In March 2020, Duke Energy amended its existing $8 billion Master Credit Facility to extend the termination date to March 2025. The Duke Energy Registrants, excluding Progress Energy, have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder.

The table below includes the current borrowing sublimits and available capacity under these credit facilities.

	June 30, 2020							
(in millions)	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Facility size[(a)]	$ 8,000	$ 2,650	$ 1,500	$ 1,250	$ 800	$ 600	$ 600	$ 600
Reduction to backstop issuances								
Commercial paper[(b)]	(2,480)	(1,248)	(389)	(323)	(156)	(79)	(150)	(135)
Outstanding letters of credit	(47)	(40)	(3)	(2)	—	—	—	(2)
Tax-exempt bonds	(81)	—	—	—	—	—	(81)	—
Available capacity under the Master Credit Facility	$ 5,392	$ 1,362	$ 1,108	$ 925	$ 644	$ 521	$ 369	$ 463

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

Term Loan Facility

In response to market volatility and ongoing liquidity impacts from COVID-19, in March 2020, Duke Energy (Parent) entered into a $1.5 billion, 364-day Term Loan Credit Agreement, borrowing the full $1.5 billion available on March 19, 2020. The term loan contains a provision for increasing the amount available for borrowing by up to $500 million. Duke Energy (Parent) exercised this provision on March 27, 2020, borrowing an additional $188 million. Proceeds were used to reduce outstanding commercial paper and for general corporate purposes. Refer to Note 1 for additional information on the COVID-19 pandemic.

Other Credit Facilities

	June 30, 2020	
(in millions)	Facility size	Amount drawn
Duke Energy (Parent) Three-Year Revolving Credit Facility[a]	$ 1,000	$ 500
Duke Energy Progress Term Loan Facility	700	700

(a) In March 2020, Duke Energy (Parent) drew down the remaining $500 million. In May 2020, Duke Energy (Parent) repaid $500 million with proceeds of May 2020 unsecured debt issuance.

6. GOODWILL

Duke Energy

The following table presents the goodwill by reportable segment included on Duke Energy's Condensed Consolidated Balance Sheets at June 30, 2020, and December 31, 2019.

(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total
Goodwill balance	$ 17,379	$ 1,924	$ 122	$ 19,425
Accumulated impairment charges	—	—	(122)	(122)
Goodwill, adjusted for accumulated impairment charges	$ 17,379	$ 1,924	$ —	$ 19,303

Duke Energy Ohio

Duke Energy Ohio's Goodwill balance of $920 million, allocated $596 million to Electric Utilities and Infrastructure and $324 million to Gas Utilities and Infrastructure, is presented net of accumulated impairment charges of $216 million on the Condensed Consolidated Balance Sheets at June 30, 2020, and December 31, 2019.

Progress Energy

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

Piedmont

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

7. RELATED PARTY TRANSACTIONS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Duke Energy Carolinas				
Corporate governance and shared service expenses[(a)]	$ 196	$ 197	$ 330	$ 409
Indemnification coverages[(b)]	5	5	10	10
Joint Dispatch Agreement (JDA) revenue[(c)]	3	17	10	40
JDA expense[(c)]	20	20	44	113
Intercompany natural gas purchases[(d)]	10	3	16	7
Progress Energy				
Corporate governance and shared service expenses[(a)]	$ 189	$ 183	$ 335	$ 359
Indemnification coverages[(b)]	9	10	18	19
JDA revenue[(c)]	20	20	44	113
JDA expense[(c)]	3	17	10	40
Intercompany natural gas purchases[(d)]	19	19	38	38
Duke Energy Progress				
Corporate governance and shared service expenses[(a)]	$ 113	$ 108	$ 188	$ 214
Indemnification coverages[(b)]	5	4	9	8
JDA revenue[(c)]	20	20	44	113
JDA expense[(c)]	3	17	10	40
Intercompany natural gas purchases[(d)]	19	19	38	38
Duke Energy Florida				
Corporate governance and shared service expenses[(a)]	$ 76	$ 75	$ 147	$ 145
Indemnification coverages[(b)]	4	6	9	11
Duke Energy Ohio				
Corporate governance and shared service expenses[(a)]	$ 77	$ 83	$ 161	$ 168
Indemnification coverages[(b)]	1	1	2	2
Duke Energy Indiana				
Corporate governance and shared service expenses[(a)]	$ 92	$ 93	$ 198	$ 190
Indemnification coverages[(b)]	2	1	4	3
Piedmont				
Corporate governance and shared service expenses[(a)]	$ 37	$ 37	$ 71	$ 69
Indemnification coverages[(b)]	—	—	1	1
Intercompany natural gas sales[(d)]	29	22	54	45
Natural gas storage and transportation costs[(e)]	6	6	12	11

(a) The Subsidiary Registrants are charged their proportionate share of corporate governance and other shared services costs, primarily related to human resources, employee benefits, information technology, legal and accounting fees, as well as other third-party costs. These amounts are primarily recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.

(b) The Subsidiary Registrants incur expenses related to certain indemnification coverages through Bison, Duke Energy's wholly owned captive insurance subsidiary. These expenses are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.

(c) Duke Energy Carolinas and Duke Energy Progress participate in a JDA, which allows the collective dispatch of power plants between the service territories to reduce customer rates. Revenues from the sale of power and expenses from the purchase of power pursuant to the JDA are recorded in Operating Revenues and Fuel used in electric generation and purchased power, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income.

(d) Piedmont provides long-term natural gas delivery service to certain Duke Energy Carolinas and Duke Energy Progress natural gas-fired generation facilities. Piedmont records the sales in Operating revenues, and Duke Energy Carolinas and Duke Energy Progress record the related purchases as a component of Fuel used in electric generation and purchased power on their respective Condensed Consolidated Statements of Operations and Comprehensive Income.

(e) Piedmont has related party transactions as a customer of its equity method investments in Pine Needle LNG Company, LLC, Hardy Storage Company, LLC and Cardinal Pipeline Company, LLC natural gas storage and transportation facilities. These expenses are included in Cost of natural gas on Piedmont's Condensed Consolidated Statements of Operations and Comprehensive Income.

In addition to the amounts presented above, the Subsidiary Registrants have other affiliate transactions, including rental of office space, participation in a money pool arrangement, other operational transactions, such as pipeline lease arrangements, and their proportionate share of certain charged expenses. These transactions of the Subsidiary Registrants are incurred in the ordinary course of business and are eliminated in consolidation.

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

Intercompany Income Taxes

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

(in millions)	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
June 30, 2020							
Intercompany income tax receivable	$ —	$ 63	$ —	$ —	$ —	$ 10	$ 23
Intercompany income tax payable	19	—	7	51	1	—	—
December 31, 2019							
Intercompany income tax receivable	$ —	$ 125	$ 28	$ —	$ 9	$ 28	$ 13
Intercompany income tax payable	5	—	—	2	—	—	—

8. DERIVATIVES AND HEDGING

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

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

INTEREST RATE RISK

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

Cash Flow Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of accumulated other comprehensive income (loss) for the three and six months ended June 30, 2020, and 2019, were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables business and forward-starting interest rate swaps not accounted for under regulatory accounting.

Undesignated Contracts

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

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

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

	June 30, 2020					
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges	$ 650	$ —	$ —	$ —	$ —	$ —
Undesignated contracts	1,477	400	1,050	1,050	—	27
Total notional amount[(a)]	$ 2,127	$ 400	$ 1,050	$ 1,050	$ —	$ 27

	December 31, 2019					
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges	$ 993	$ —	$ —	$ —	$ —	$ —
Undesignated contracts	1,277	450	800	250	550	27
Total notional amount[(a)]	$ 2,270	$ 450	$ 800	$ 250	$ 550	$ 27

(a) Duke Energy includes amounts related to consolidated VIEs of $650 million in cash flow hedges as of June 30, 2020, and $693 million in cash flow hedges as of December 31, 2019.

COMMODITY PRICE RISK

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

Volumes

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

	June 30, 2020						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electricity (GWh)	28,179	—	—	—	4,405	23,774	—
Natural gas (millions of dekatherms)	707	147	165	165	—	4	391

	December 31, 2019						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electricity (GWh)	15,858	—	—	—	1,887	13,971	—
Natural gas (millions of dekatherms)	704	130	160	160	—	3	411

U.S. EQUITY SECURITIES RISK

In May 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of Crystal River Unit 3 with ADP CR3, LLC and ADP SF1, LLC. See Note 3 for additional information on the accelerated decommissioning. Duke Energy Florida executed U.S. equity option collars within the NDTF in May 2019, to preserve the U.S. equity portfolio value in the Duke Energy Florida NDTF in the event the accelerated decommissioning is approved. The Duke Energy Florida NDTF liquidated the options in April 2020, and received proceeds of approximately $7 million.

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

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

Derivative Assets	June 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Commodity Contracts								
Not Designated as Hedging Instruments								
Current	$ 20	$ 2	$ 1	$ 1	$ —	$ 3	$ 10	$ 4
Noncurrent	7	5	2	2	—	—	—	—
Total Derivative Assets – Commodity Contracts	$ 27	$ 7	$ 3	$ 3	$ —	$ 3	$ 10	$ 4
Interest Rate Contracts								
Not Designated as Hedging Instruments								
Current	$ 3	$ —	$ 3	$ 3	$ —	$ —	$ —	$ —
Noncurrent	2	—	2	2	—	—	—	—
Total Derivative Assets – Interest Rate Contracts	$ 5	$ —	$ 5	$ 5	$ —	$ —	$ —	$ —
Total Derivative Assets	$ 32	$ 7	$ 8	$ 8	$ —	$ 3	$ 10	$ 4

Derivative Liabilities	June 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Commodity Contracts								
Not Designated as Hedging Instruments								
Current	$ 55	$ 29	$ 17	$ 17	$ —	$ —	$ 1	$ 7
Noncurrent	138	8	32	16	—	—	—	98
Total Derivative Liabilities – Commodity Contracts	$ 193	$ 37	$ 49	$ 33	$ —	$ —	$ 1	$ 105
Interest Rate Contracts								
Designated as Hedging Instruments								
Current	$ 14	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Noncurrent	56	—	—	—	—	—	—	—
Not Designated as Hedging Instruments								
Current	68	20	48	48	—	1	—	—
Noncurrent	30	—	24	24	—	6	—	—
Total Derivative Liabilities – Interest Rate Contracts	$ 168	$ 20	$ 72	$ 72	$ —	$ 7	$ —	$ —
Total Derivative Liabilities	$ 361	$ 57	$ 121	$ 105	$ —	$ 7	$ 1	$ 105

Derivative Assets	December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Commodity Contracts								
Not Designated as Hedging Instruments								
Current	$ 17	$ —	$ —	$ —	$ —	$ 3	$ 13	$ 1
Noncurrent	1	—	—	—	—	1	—	—
Total Derivative Assets – Commodity Contracts	$ 18	$ —	$ —	$ —	$ —	$ 4	$ 13	$ 1
Interest Rate Contracts								
Not Designated as Hedging Instruments								
Current	6	—	6	—	6	—	—	—
Total Derivative Assets – Interest Rate Contracts	$ 6	$ —	$ 6	$ —	$ 6	$ —	$ —	$ —
Equity Securities Contracts								
Not Designated as Hedging Instruments								
Current	1	—	1	—	1	—	—	—
Total Derivative Assets – Equity Securities Contracts	$ 1	$ —	$ 1	$ —	$ 1	$ —	$ —	$ —
Total Derivative Assets	$ 25	$ —	$ 7	$ —	$ 7	$ 4	$ 13	$ 1

Derivative Liabilities	December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Commodity Contracts								
Not Designated as Hedging Instruments								
Current	$ 67	$ 33	$ 26	$ 26	$ —	$ —	$ 1	$ 7
Noncurrent	156	10	37	22	—	—	—	110
Total Derivative Liabilities – Commodity Contracts	$ 223	$ 43	$ 63	$ 48	$ —	$ —	$ 1	$ 117
Interest Rate Contracts								
Designated as Hedging Instruments								
Current	$ 19	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Noncurrent	21	—	—	—	—	—	—	—
Not Designated as Hedging Instruments								
Current	8	6	1	1	—	1	—	—
Noncurrent	5	—	—	—	—	5	—	—
Total Derivative Liabilities – Interest Rate Contracts	$ 53	$ 6	$ 1	$ 1	$ —	$ 6	$ —	$ —
Equity Securities Contracts								
Not Designated as Hedging Instruments								
Current	24	—	24	—	24	—	—	—
Total Derivative Liabilities – Equity Securities Contracts	$ 24	$ —	$ 24	$ —	$ 24	$ —	$ —	$ —
Total Derivative Liabilities	$ 300	$ 49	$ 88	$ 49	$ 24	$ 6	$ 1	$ 117

OFFSETTING ASSETS AND LIABILITIES

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

Derivative Assets	June 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Current								
Gross amounts recognized	$ 23	$ 2	$ 4	$ 4	$ —	$ 3	$ 10	$ 4
Gross amounts offset	(3)	(2)	(1)	(1)	—	—	—	—
Net amounts presented in Current Assets: Other	$ 20	$ —	$ 3	$ 3	$ —	$ 3	$ 10	$ 4
Noncurrent								
Gross amounts recognized	$ 9	$ 5	$ 4	$ 4	$ —	$ —	$ —	$ —
Gross amounts offset	(4)	(2)	(2)	(2)	—	—	—	—
Net amounts presented in Other Noncurrent Assets: Other	$ 5	$ 3	$ 2	$ 2	$ —	$ —	$ —	$ —

Derivative Liabilities	June 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Current								
Gross amounts recognized	$ 137	$ 49	$ 65	$ 65	$ —	$ 1	$ 1	$ 7
Gross amounts offset	(3)	(2)	(1)	(1)	—	—	—	—
Net amounts presented in Current Liabilities: Other	$ 134	$ 47	$ 64	$ 64	$ —	$ 1	$ 1	$ 7
Noncurrent								
Gross amounts recognized	$ 224	$ 8	$ 56	$ 40	$ —	$ 6	$ —	$ 98
Gross amounts offset	(4)	(2)	(2)	(2)	—	—	—	—
Net amounts presented in Other Noncurrent Liabilities: Other	$ 220	$ 6	$ 54	$ 38	$ —	$ 6	$ —	$ 98

Derivative Assets	December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Current								
Gross amounts recognized	$ 24	$ —	$ 7	$ —	$ 7	$ 3	$ 13	$ 1
Gross amounts offset	(1)	—	(1)	—	(1)	—	—	—
Net amounts presented in Current Assets: Other	$ 23	$ —	$ 6	$ —	$ 6	$ 3	$ 13	$ 1
Noncurrent								
Gross amounts recognized	$ 1	$ —	$ —	$ —	$ —	$ 1	$ —	$ —
Gross amounts offset	—	—	—	—	—	—	—	—
Net amounts presented in Other Noncurrent Assets: Other	$ 1	$ —	$ —	$ —	$ —	$ 1	$ —	$ —

Derivative Liabilities	December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Current								
Gross amounts recognized	$ 118	$ 39	$ 51	$ 27	$ 24	$ 1	$ 1	$ 7
Gross amounts offset	(24)	—	(24)	—	(24)	—	—	—
Net amounts presented in Current Liabilities: Other	$ 94	$ 39	$ 27	$ 27	$ —	$ 1	$ 1	$ 7
Noncurrent								
Gross amounts recognized	$ 182	$ 10	$ 37	$ 22	$ —	$ 5	$ —	$ 110
Gross amounts offset	—	—	—	—	—	—	—	—
Net amounts presented in Other Noncurrent Liabilities: Other	$ 182	$ 10	$ 37	$ 22	$ —	$ 5	$ —	$ 110

OBJECTIVE CREDIT CONTINGENT FEATURES

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

	June 30, 2020			
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	$ 63	$ 29	$ 34	$ 34
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	63	29	34	34

	December 31, 2019			
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	$ 79	$ 35	$ 44	$ 44
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	79	35	44	44

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

9. INVESTMENTS IN DEBT AND EQUITY SECURITIES

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

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

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

Investment Trusts

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

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment has a credit loss. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value is related to a credit loss. If a credit loss exists, the unrealized credit loss is included in earnings. There were no material credit losses as of June 30, 2020, and December 31, 2019.

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

DUKE ENERGY

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

	June 30, 2020			December 31, 2019		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	$ —	$ —	$ 731	$ —	$ —	$ 101
Equity securities	3,034	92	5,039	3,523	55	5,661
Corporate debt securities	66	2	806	37	1	603
Municipal bonds	18	1	417	13	—	368
U.S. government bonds	62	—	813	33	1	1,256
Other debt securities	9	1	194	3	—	141
Total NDTF Investments	$ 3,189	$ 96	$ 8,000	$ 3,609	$ 57	$ 8,130
Other Investments						
Cash and cash equivalents	$ —	$ —	$ 113	$ —	$ —	$ 52
Equity securities	51	—	116	57	—	122
Corporate debt securities	8	—	125	3	—	67
Municipal bonds	5	1	103	4	—	94
U.S. government bonds	3	—	40	2	—	41
Other debt securities	1	1	34	—	—	56
Total Other Investments	$ 68	$ 2	$ 531	$ 66	$ —	$ 432
Total Investments	$ 3,257	$ 98	$ 8,531	$ 3,675	$ 57	$ 8,562

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2020, and 2019, were as follows.

	Three Months Ended		Six Months Ended	
(in millions)	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
FV-NI:				
Realized gains	$ 302	$ 66	$ 325	$ 101
Realized losses	67	63	132	93
AFS:				
Realized gains	27	47	47	57
Realized losses	13	36	19	47

DUKE ENERGY CAROLINAS

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

	June 30, 2020			December 31, 2019		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	$ —	$ —	$ 30	$ —	$ —	$ 21
Equity securities	1,796	47	2,989	1,914	8	3,154
Corporate debt securities	41	2	519	21	1	361
Municipal bonds	6	—	133	3	—	96
U.S. government bonds	30	—	399	16	1	578
Other debt securities	7	1	188	3	—	137
Total NDTF Investments	$ 1,880	$ 50	$ 4,258	$ 1,957	$ 10	$ 4,347

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2020, and 2019, were as follows.

	Three Months Ended		Six Months Ended	
(in millions)	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
FV-NI:				
Realized gains	$ 27	$ 44	$ 36	$ 67
Realized losses	25	48	70	69
AFS:				
Realized gains	18	16	30	25
Realized losses	8	11	13	21

PROGRESS ENERGY

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

	June 30, 2020			December 31, 2019		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	$ —	$ —	$ 701	$ —	$ —	$ 80
Equity securities	1,238	45	2,050	1,609	47	2,507
Corporate debt securities	25	—	287	16	—	242
Municipal bonds	12	1	284	10	—	272
U.S. government bonds	32	—	414	17	—	678
Other debt securities	2	—	6	—	—	4
Total NDTF Investments	$ 1,309	$ 46	$ 3,742	$ 1,652	$ 47	$ 3,783
Other Investments						
Cash and cash equivalents	$ —	$ —	$ 108	$ —	$ —	$ 49
Municipal bonds	4	—	52	3	—	51
Total Other Investments	$ 4	$ —	$ 160	$ 3	$ —	$ 100
Total Investments	$ 1,313	$ 46	$ 3,902	$ 1,655	$ 47	$ 3,883

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2020, and 2019, were as follows.

	Three Months Ended		Six Months Ended	
(in millions)	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
FV-NI:				
Realized gains	$ 275	$ 22	$ 289	$ 34
Realized losses	42	15	62	24
AFS:				
Realized gains	6	30	11	31
Realized losses	4	25	5	26

DUKE ENERGY PROGRESS

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

	June 30, 2020			December 31, 2019		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	$ —	$ —	$ 63	$ —	$ —	$ 53
Equity securities	1,176	45	1,977	1,258	21	2,077
Corporate debt securities	25	—	287	16	—	242
Municipal bonds	12	1	284	10	—	272
U.S. government bonds	32	—	414	16	—	403
Other debt securities	2	—	6	—	—	4
Total NDTF Investments	$ 1,247	$ 46	$ 3,031	$ 1,300	$ 21	$ 3,051
Other Investments						
Cash and cash equivalents	$ —	$ —	$ 1	$ —	$ —	$ 2
Total Other Investments	$ —	$ —	$ 1	$ —	$ —	$ 2
Total Investments	$ 1,247	$ 46	$ 3,032	$ 1,300	$ 21	$ 3,053

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2020, and 2019, were as follows.

	Three Months Ended		Six Months Ended	
(in millions)	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
FV-NI:				
Realized gains	$ 26	$ 7	$ 40	$ 17
Realized losses	27	7	47	15
AFS:				
Realized gains	6	1	11	2
Realized losses	4	1	5	2

DUKE ENERGY FLORIDA

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

	June 30, 2020			December 31, 2019		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	$ —	$ —	$ 638	$ —	$ —	$ 27
Equity securities	62	—	73	351	26	430
U.S. government bonds	—	—	—	1	—	275
Total NDTF Investments[(a)]	$ 62	$ —	$ 711	$ 352	$ 26	$ 732
Other Investments						
Cash and cash equivalents	$ —	$ —	$ 2	$ —	$ —	$ 4
Municipal bonds	4	—	52	3	—	51
Total Other Investments	$ 4	$ —	$ 54	$ 3	$ —	$ 55
Total Investments	$ 66	$ —	$ 765	$ 355	$ 26	$ 787

(a) During the six months ended June 30, 2020, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of Crystal River Unit 3.

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2020, and 2019, were as follows.

	Three Months Ended		Six Months Ended	
(in millions)	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
FV-NI:				
Realized gains	$ 249	$ 15	$ 249	$ 17
Realized losses	15	8	15	9
AFS:				
Realized gains	—	29	—	29
Realized losses	—	24	—	24

DUKE ENERGY INDIANA

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

	June 30, 2020			December 31, 2019		
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Investments						
Equity securities	$ 39	$ —	$ 77	$ 43	$ —	$ 81
Corporate debt securities	—	—	3	—	—	6
Municipal bonds	1	1	39	1	—	36
U.S. government bonds	—	—	3	—	—	2
Total Investments	$ 40	$ 1	$ 122	$ 44	$ —	$ 125

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and six months ended June 30, 2020, and 2019, were immaterial.

DEBT SECURITY MATURITIES

The table below summarizes the maturity date for debt securities.

	June 30, 2020					
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana
Due in one year or less	$ 63	$ 19	$ 30	$ 28	$ 2	$ 3
Due after one through five years	563	254	244	235	9	15
Due after five through 10 years	587	270	226	219	7	9
Due after 10 years	1,319	696	543	509	34	18
Total	$ 2,532	$ 1,239	$ 1,043	$ 991	$ 52	$ 45

10. FAIR VALUE MEASUREMENTS

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

Fair value measurements are classified in three levels based on the fair value hierarchy as defined by GAAP. Certain investments are not categorized within the fair value hierarchy. These investments are measured at fair value using the net asset value (NAV) per share practical expedient. The NAV is derived based on the investment cost, less any impairment, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

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

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

Investments in equity securities

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

Investments in debt securities

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

Commodity derivatives

Commodity derivatives with clearinghouses are classified as Level 1. If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. In isolation, increases (decreases) in natural gas forward prices result in favorable (unfavorable) fair value adjustments for natural gas purchase contracts; and increases (decreases) in electricity forward prices result in unfavorable (favorable) fair value adjustments for electricity sales contracts. Duke Energy regularly evaluates and validates pricing inputs used to estimate the fair value of natural gas commodity contracts by a market participant price verification procedure. This procedure provides a comparison of internal forward commodity curves to market participant generated curves.

Interest rate derivatives

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

Other fair value considerations

See Note 12 in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019, for a discussion of the valuation of goodwill and intangible assets.

DUKE ENERGY

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

	June 30, 2020				
(in millions)	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF cash and cash equivalents	$ 731	$ 731	$ —	$ —	$ —
NDTF equity securities	5,039	4,991	—	—	48
NDTF debt securities	2,230	336	1,894	—	—
Other equity securities	116	116	—	—	—
Other debt securities	302	36	266	—	—
Other cash and cash equivalents	113	113	—	—	—
Derivative assets	32	4	15	13	—
Total assets	8,563	6,327	2,175	13	48
Derivative liabilities	(361)	(1)	(255)	(105)	—
Net assets (liabilities)	$ 8,202	$ 6,326	$ 1,920	$ (92)	$ 48

	December 31, 2019				
(in millions)	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF cash and cash equivalents	$ 101	$ 101	$ —	$ —	$ —
NDTF equity securities	5,684	5,633	—	—	51
NDTF debt securities	2,368	725	1,643	—	—
Other equity securities	122	122	—	—	—
Other debt securities	258	39	219	—	—
Other cash and cash equivalents	52	52	—	—	—
Derivative assets	25	3	7	15	—
Total assets	8,610	6,675	1,869	15	51
NDTF equity security contracts	(23)	—	(23)	—	—
Derivative liabilities	(277)	(15)	(145)	(117)	—
Net assets (liabilities)	$ 8,310	$ 6,660	$ 1,701	$ (102)	$ 51

The following tables provide reconciliations of beginning and ending balances of assets and liabilities measured at fair value using Level 3 measurements.

	Derivatives (net)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Balance at beginning of period	$ (88)	$ (115)	$ (102)	$ (113)
Purchases, sales, issuances and settlements:				
Purchases	14	38	14	38
Settlements	(6)	(11)	(15)	(23)
Total (losses) gains included on the Condensed Consolidated Balance Sheet	(12)	9	11	19
Balance at end of period	$ (92)	$ (79)	$ (92)	$ (79)

DUKE ENERGY CAROLINAS

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

	June 30, 2020			
(in millions)	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF cash and cash equivalents	$ 30	$ 30	$ —	$ —
NDTF equity securities	2,989	2,941	—	48
NDTF debt securities	1,239	125	1,114	—
Derivative assets	7	—	7	—
Total assets	4,265	3,096	1,121	48
Derivative liabilities	(57)	—	(57)	—
Net assets	$ 4,208	$ 3,096	$ 1,064	$ 48

	December 31, 2019			
(in millions)	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF cash and cash equivalents	$ 21	$ 21	$ —	$ —
NDTF equity securities	3,154	3,103	—	51
NDTF debt securities	1,172	206	966	—
Total assets	4,347	3,330	966	51
Derivative liabilities	(49)	—	(49)	—
Net assets	$ 4,298	$ 3,330	$ 917	$ 51

PROGRESS ENERGY

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

	June 30, 2020			December 31, 2019		
(in millions)	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF cash and cash equivalents	$ 701	$ 701	$ —	$ 80	$ 80	$ —
NDTF equity securities	2,050	2,050	—	2,530	2,530	—
NDTF debt securities	991	211	780	1,196	519	677
Other debt securities	52	—	52	51	—	51
Other cash and cash equivalents	108	108	—	49	49	—
Derivative assets	8	—	8	7	—	7
Total assets	3,910	3,070	840	3,913	3,178	735
NDTF equity security contracts	—	—	—	(23)	—	(23)
Derivative liabilities	(121)	—	(121)	(65)	—	(65)
Net assets	$ 3,789	$ 3,070	$ 719	$ 3,825	$ 3,178	$ 647

DUKE ENERGY PROGRESS

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

	June 30, 2020			December 31, 2019		
(in millions)	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NTDF cash and cash equivalents	$ 63	$ 63	$ —	$ 53	$ 53	$ —
NDTF equity securities	1,977	1,977	—	2,077	2,077	—
NDTF debt securities	991	211	780	921	244	677
Other cash and cash equivalents	1	1	—	2	2	—
Derivative assets	8	—	8	—	—	—
Total assets	3,040	2,252	788	3,053	2,376	677
Derivative liabilities	(105)	—	(105)	(49)	—	(49)
Net assets	$ 2,935	$ 2,252	$ 683	$ 3,004	$ 2,376	$ 628

DUKE ENERGY FLORIDA

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

	June 30, 2020			December 31, 2019		
(in millions)	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF cash and cash equivalents	$ 638	$ 638	$ —	$ 27	$ 27	$ —
NDTF equity securities	73	73	—	453	453	—
NDTF debt securities	—	—	—	275	275	—
Other debt securities	52	—	52	51	—	51
Other cash and cash equivalents	2	2	—	4	4	—
Derivative assets	—	—	—	7	—	7
Total assets	765	713	52	817	759	58
NDTF equity security contracts	—	—	—	(23)	—	(23)
Derivative liabilities	—	—	—	(1)	—	(1)
Net assets	$ 765	$ 713	$ 52	$ 793	$ 759	$ 34

DUKE ENERGY OHIO

The recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets were not material at June 30, 2020, and December 31, 2019.

DUKE ENERGY INDIANA

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

	June 30, 2020				December 31, 2019			
(in millions)	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	$ 77	$ 77	$ —	$ —	$ 81	$ 81	$ —	$ —
Other debt securities	45	—	45	—	44	—	44	—
Derivative assets	10	—	—	10	13	2	—	11
Total assets	$ 132	$ 77	$ 45	$ 10	$ 138	$ 83	$ 44	$ 11
Derivative liabilities	(1)	(1)	—	—	(1)	(1)	—	—
Net assets	$ 131	$ 76	$ 45	$ 10	$ 137	$ 82	$ 44	$ 11

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

	Derivatives (net)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Balance at beginning of period	$ 2	$ 5	$ 11	$ 22
Purchases, sales, issuances and settlements:				
Purchases	10	29	10	29
Settlements	(4)	(9)	(10)	(19)
Total gains (losses) included on the Condensed Consolidated Balance Sheet	2	3	(1)	(4)
Balance at end of period	$ 10	$ 28	$ 10	$ 28

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.

	June 30, 2020			December 31, 2019		
(in millions)	Total Fair Value	Level 1	Level 3	Total Fair Value	Level 1	Level 3
Derivative assets	$ 4	$ 4	$ —	$ 1	$ 1	$ —
Derivative liabilities	(105)	—	(105)	(117)	—	(117)
Net (liabilities) assets	$ (101)	$ 4	$ (105)	$ (116)	$ 1	$ (117)

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

	Derivatives (net)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Balance at beginning of period	$ (91)	$ (121)	$ (117)	$ (141)
Total gains and settlements	(14)	7	12	27
Balance at end of period	$ (105)	$ (114)	$ (105)	$ (114)

QUANTITATIVE INFORMATION ABOUT UNOBSERVABLE INPUTS

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

	June 30, 2020				
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy Ohio					
FTRs	$ 3	RTO auction pricing	FTR price – per MWh	$ 0.23 - $ 1.45	$ 0.69
Duke Energy Indiana					
FTRs	10	RTO auction pricing	FTR price – per MWh	(1.03) - 6.19	0.71
Piedmont					
Natural gas contracts	(105)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.73 - 2.39	2.01
Duke Energy					
Total Level 3 derivatives	$ (92)				

	December 31, 2019				
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy Ohio					
FTRs	$ 4	RTO auction pricing	FTR price – per MWh	$ 0.59 - $ 3.47	$ 2.07
Duke Energy Indiana					
FTRs	11	RTO auction pricing	FTR price – per MWh	(0.66) - 9.24	1.15
Piedmont					
Natural gas contracts	(117)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.59 - 2.46	1.91
Duke Energy					
Total Level 3 derivatives	$ (102)				

OTHER FAIR VALUE DISCLOSURES

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

	June 30, 2020		December 31, 2019	
(in millions)	Book Value	Fair Value	Book Value	Fair Value
Duke Energy[(a)]	$ 59,899	$ 68,428	$ 58,126	$ 63,062
Duke Energy Carolinas	12,521	15,046	11,900	13,516
Progress Energy	19,604	23,476	19,634	22,291
Duke Energy Progress	9,063	10,506	9,058	9,934
Duke Energy Florida	7,951	9,655	7,987	9,131
Duke Energy Ohio	3,019	3,551	2,619	2,964
Duke Energy Indiana	4,603	5,617	4,057	4,800
Piedmont	2,779	3,289	2,384	2,642

(a) Book value of long-term debt includes $1.4 billion at June 30, 2020, and $1.5 billion at December 31, 2019, of unamortized debt discount and premium, net of purchase accounting adjustments related to the mergers with Progress Energy and Piedmont that are excluded from fair value of long-term debt.

At both June 30, 2020, and December 31, 2019, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper and nonrecourse notes payable of VIEs are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

11. VARIABLE INTEREST ENTITIES

CONSOLIDATED VIEs

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

No financial support was provided to any of the consolidated VIEs during the six months ended June 30, 2020, and the year ended December 31, 2019, or is expected to be provided in the future that was not previously contractually required.

Receivables Financing – DERF/DEPR/DEFR

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

DERF, DEPR and DEFR borrow amounts under credit facilities to buy these receivables. Borrowing availability from the credit facilities is limited to the amount of qualified receivables purchased which generally exclude receivables past due more than a predetermined number of days and reserves for expected past-due balances. The sole source of funds to satisfy the related debt obligations is cash collections from the receivables. Amounts borrowed under the credit facilities for DERF and DEPR are reflected on the Condensed Consolidated Balance Sheets as Long-Term Debt. Amounts borrowed under the credit facilities for DEFR are reflected on the Condensed Consolidated Balance Sheets as Current maturities of long-term debt.

Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. The full impact of COVID-19 and the Duke Energy Registrant's related response on customers' ability to pay for service is uncertain. However, the level of past-due receivables at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida have increased significantly during the COVID-19 pandemic, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. In the second quarter of 2020, DERF, DEPR and DEFR executed amendments to their credit facilities to manage the impact of past-due receivables resulting from the suspension of customer disconnections from COVID-19. See Note 3 for information about COVID-19 filings with state utility commissions.

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

Receivables Financing – CRC

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

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

Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. The full impact of COVID-19 and the Duke Energy Registrant's related response on customers' ability to pay for service is uncertain. However, the level of past-due receivables at Duke Energy Ohio and Duke Energy Indiana have increased significantly during the COVID-19 pandemic, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. In July of 2020, CRC executed an amendment to its credit facility to manage the impact of past-due receivables resulting from the suspension of customer disconnections from COVID-19. See Note 3 for information about COVID-19 filings with state utility commissions.

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

Receivables Financing – Credit Facilities

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

	Duke Energy			
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
(in millions)	CRC	DERF	DEPR	DEFR
Expiration date	February 2023	December 2022	April 2023	April 2021
Credit facility amount	$ 350	$ 475	$ 350	$ 250
Amounts borrowed at June 30, 2020	**350**	**475**	**333**	**250**
Amounts borrowed at December 31, 2019	350	474	325	250
Restricted Receivables at June 30, 2020	**454**	**675**	**451**	**463**
Restricted Receivables at December 31, 2019	522	642	489	336

Nuclear Asset-Recovery Bonds – DEFPF

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

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

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

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

(in millions)	June 30, 2020	December 31, 2019
Receivables of VIEs	**$ 6**	$ 5
Regulatory Assets: Current	**53**	52
Current Assets: Other	**32**	39
Other Noncurrent Assets: Regulatory assets	**969**	989
Current Liabilities: Other	**10**	10
Current maturities of long-term debt	**54**	54
Long-Term Debt	**1,028**	1,057

Commercial Renewables

Certain of Duke Energy's renewable energy facilities are VIEs due to Duke Energy issuing guarantees for debt service and operations and maintenance reserves in support of debt financings. Assets are restricted and cannot be pledged as collateral or sold to third parties without prior approval of debt holders. Additionally, Duke Energy has VIEs associated with tax equity arrangements entered into with third-party investors in order to finance the cost of renewable assets eligible for tax credits. The activities that most significantly impacted the economic performance of these renewable energy facilities were decisions associated with siting, negotiating PPAs and Engineering, Procurement and Construction agreements, and decisions associated with ongoing operations and maintenance-related activities. Duke Energy is considered the primary beneficiary and consolidates the entities as it is responsible for all of these decisions.

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

(in millions)	June 30, 2020	December 31, 2019
Current Assets: Other	**$ 228**	$ 203
Property, Plant and Equipment: Cost	**6,198**	5,747
Accumulated depreciation and amortization	**(1,145)**	(1,041)
Other Noncurrent Assets: Other	**75**	106
Current maturities of long-term debt	**158**	162
Long-Term Debt	**1,457**	1,541
Other Noncurrent Liabilities: AROs	**144**	127
Other Noncurrent Liabilities: Other	**251**	228

NON-CONSOLIDATED VIEs

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

	June 30, 2020					
	Duke Energy				Duke	Duke
	Pipeline	Commercial	Other		Energy	Energy
(in millions)	Investments	Renewables	VIEs	Total	Ohio	Indiana
Receivables from affiliated companies	$ —	$ (1)	$ —	$ (1)	$ 34	$ 49
Investments in equity method unconsolidated affiliates	—	413	1	414	—	—
Deferred tax asset	439	—	—	439	—	—
Total assets	$ 439	$ 412	$ 1	$ 852	$ 34	$ 49
Taxes accrued	9	—	—	9	—	—
Other current liabilities	920	—	4	924	—	—
Other noncurrent liabilities	—	—	10	10	—	—
Total liabilities	$ 929	$ —	$ 14	$ 943	$ —	$ —
Net (liabilities) assets	$ (490)	$ 412	$ (13)	$ (91)	$ 34	$ 49

	December 31, 2019					
	Duke Energy				Duke	Duke
	Pipeline	Commercial	Other		Energy	Energy
(in millions)	Investments	Renewables	VIEs	Total	Ohio	Indiana
Receivables from affiliated companies	$ —	$ (1)	$ —	$ (1)	$ 64	$ 77
Investments in equity method unconsolidated affiliates	1,179	300	—	1,479	—	—
Total assets	$ 1,179	$ 299	$ —	$ 1,478	$ 64	$ 77
Taxes accrued	(1)	—	—	(1)	—	—
Other current liabilities	—	—	4	4	—	—
Deferred income taxes	59	—	—	59	—	—
Other noncurrent liabilities	—	—	11	11	—	—
Total liabilities	$ 58	$ —	$ 15	$ 73	$ —	$ —
Net assets (liabilities)	$ 1,121	$ 299	$ (15)	$ 1,405	$ 64	$ 77

The Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above except for the PPA with OVEC, which is discussed below, and future exit costs associated with the abandonment of the investment in ACP, as discussed below.

Pipeline Investments

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

On July 5, 2020, Duke Energy determined that it would no longer invest in the construction of the ACP pipeline. See Notes 1, 3 and 4 for further information regarding this transaction.

For the three and six months ended June 30, 2020, the ACP investment is considered a significant subsidiary because its income exceeds 20% of Duke Energy's income. The table below presents unaudited summarized financial information for ACP.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Net (Loss) Income	$ (4,414)	$ 61	$ (4,342)	$ 114

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

		VIE Investment Amount (in millions)	
Entity Name	Ownership Interest	June 30, 2020	December 31, 2019
ACP[(a)]	47%	$ (920)	$ 1,179
Constitution[(b)]	24%	—	—
Total		$ (920)	$ 1,179

(a) During the quarter ended June 30, 2020, Duke Energy abandoned its investment in ACP as described above. The current liability related to the abandonment of ACP represents Duke Energy's obligation to fund ACP's obligations. See Notes 1, 3 and 4 for more information.

(b) During the year ended December 31, 2019, Duke Energy recorded an other-than-temporary impairment related to Constitution. This charge resulted in the full write-down of Duke Energy's investment in Constitution.

Commercial Renewables

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

Other

In 2019, Duke Energy acquired a majority ownership in a portfolio of distributed fuel cell projects from Bloom Energy Corporation. Duke Energy is not the primary beneficiary of the assets within the portfolio and does not consolidate the assets in the portfolio.

OVEC

Duke Energy Ohio's 9% ownership interest in OVEC is considered a non-consolidated VIE due to OVEC having insufficient equity to finance its activities without subordinated financial support. The activities that most significantly impact OVEC's economic performance include fuel strategy and supply activities and decisions associated with ongoing operations and maintenance-related activities. Duke Energy Ohio does not have the unilateral power to direct these activities, and therefore, does not consolidate OVEC.

As a counterparty to an Inter-Company Power Agreement (ICPA), Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in OVEC's cost of business. On March 31, 2018, FirstEnergy Solutions Corp (FES), a subsidiary of FirstEnergy Corp. and an ICPA counterparty with a power participation ratio of 4.85%, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. In addition, certain proposed environmental rulemaking could result in future increased OVEC cost allocations. In July 2020, legislation was proposed to repeal HB 6. Duke Energy cannot predict the outcome in this matter. See Note 3 for additional information.

CRC

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

Amounts included in Receivables from affiliated companies in the above table for Duke Energy Ohio and Duke Energy Indiana reflect their retained interest in receivables sold to CRC. These subordinated notes held by Duke Energy Ohio and Duke Energy Indiana are stated at fair value.

The following table shows the gross and net receivables sold.

	Duke Energy Ohio		Duke Energy Indiana	
(in millions)	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Receivables sold	$ 221	$ 253	$ 280	$ 307
Less: Retained interests	34	64	49	77
Net receivables sold	$ 187	$ 189	$ 231	$ 230

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

	Duke Energy Ohio				Duke Energy Indiana			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019	2020	2019	2020	2019
Sales								
Receivables sold	**$ 429**	$ 429	**$ 966**	$ 1,004	**$ 583**	$ 676	**$ 1,230**	$ 1,410
Loss recognized on sale	**2**	3	**6**	7	**2**	4	**6**	9
Cash flows								
Cash proceeds from receivables sold	**$ 431**	$ 448	**$ 990**	$ 1,045	**$ 580**	$ 680	**$ 1,252**	$ 1,438
Return received on retained interests	**—**	2	**2**	4	**1**	2	**3**	5

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

12. REVENUE

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

Electric Utilities and Infrastructure

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

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

	Remaining Performance Obligations						
(in millions)	2020	2021	2022	2023	2024	Thereafter	Total
Progress Energy	**$ 58**	$ 92	$ 94	$ 44	$ 45	$ 58	$ 391
Duke Energy Progress	**4**	8	8	8	8	—	36
Duke Energy Florida	**54**	84	86	36	37	58	355
Duke Energy Indiana	**5**	5	—	—	—	—	10

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

Gas Utilities and Infrastructure

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

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

	Remaining Performance Obligations						
(in millions)	2020	2021	2022	2023	2024	Thereafter	Total
Piedmont	**$ 34**	$ 65	$ 64	$ 61	$ 58	$ 376	$ 658

Commercial Renewables

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

Other

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

Disaggregated Revenues

Disaggregated revenues are presented as follows:

	Three Months Ended June 30, 2020							
(in millions) By market or type of customer	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
Residential	$ 2,249	$ 677	$ 1,173	$ 460	$ 713	$ 169	$ 231	$ —
General	1,379	507	611	298	313	103	161	—
Industrial	658	260	212	154	58	33	152	—
Wholesale	435	101	285	240	45	5	44	—
Other revenues	284	62	191	70	121	19	25	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	$ 5,005	$ 1,607	$ 2,472	$ 1,222	$ 1,250	$ 329	$ 613	$ —
Gas Utilities and Infrastructure								
Residential	$ 157	$ —	$ —	$ —	$ —	$ 62	$ —	$ 96
Commercial	75	—	—	—	—	23	—	52
Industrial	27	—	—	—	—	3	—	22
Power Generation	—	—	—	—	—	—	—	6
Other revenues	12	—	—	—	—	3	—	11
Total Gas Utilities and Infrastructure revenue from contracts with customers	$ 271	$ —	$ —	$ —	$ —	$ 91	$ —	$ 187
Commercial Renewables								
Revenue from contracts with customers	$ 55	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
Revenue from contracts with customers	$ 7	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total revenue from contracts with customers	$ 5,338	$ 1,607	$ 2,472	$ 1,222	$ 1,250	$ 420	$ 613	$ 187
Other revenue sources[(a)]	$ 83	$ 3	$ 26	$ 21	$ —	$ 3	$ 4	$ 10
Total revenues	$ 5,421	$ 1,610	$ 2,498	$ 1,243	$ 1,250	$ 423	$ 617	$ 197

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

	Three Months Ended June 30, 2019							
(in millions) By market or type of customer	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
Residential	$ 2,304	$ 679	$ 1,243	$ 496	$ 747	$ 159	$ 225	$ —
General	1,584	531	750	339	411	105	197	—
Industrial	759	289	231	164	67	36	201	—
Wholesale	527	109	351	309	42	9	59	—
Other revenues	187	68	99	44	55	25	27	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	$ 5,361	$ 1,676	$ 2,674	$ 1,352	$ 1,322	$ 334	$ 709	$ —
Gas Utilities and Infrastructure								
Residential	$ 146	$ —	$ —	$ —	$ —	$ 64	$ —	$ 82
Commercial	85	—	—	—	—	26	—	59
Industrial	29	—	—	—	—	3	—	24
Power Generation	—	—	—	—	—	—	—	13
Other revenues	22	—	—	—	—	2	—	19
Total Gas Utilities and Infrastructure revenue from contracts with customers	$ 282	$ —	$ —	$ —	$ —	$ 95	$ —	$ 197
Commercial Renewables								
Revenue from contracts with customers	$ 46	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
Revenue from contracts with customers	$ 6	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total revenue from contracts with customers	$ 5,695	$ 1,676	$ 2,674	$ 1,352	$ 1,322	$ 429	$ 709	$ 197
Other revenue sources[(a)]	$ 178	$ 37	$ 70	$ 35	$ 31	$ 4	$ 5	$ 12
Total revenues	$ 5,873	$ 1,713	$ 2,744	$ 1,387	$ 1,353	$ 433	$ 714	$ 209

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

	Six Months Ended June 30, 2020							
(in millions) By market or type of customer	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
Residential	$ 4,515	$ 1,433	$ 2,242	$ 962	$ 1,280	$ 345	$ 496	$ —
General	2,887	1,056	1,275	617	658	217	342	—
Industrial	1,351	529	428	308	120	68	327	—
Wholesale	932	215	606	519	87	12	99	—
Other revenues	475	122	309	133	176	39	41	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	$ 10,160	$ 3,355	$ 4,860	$ 2,539	$ 2,321	$ 681	$ 1,305	$ —
Gas Utilities and Infrastructure								
Residential	$ 519	$ —	$ —	$ —	$ —	$ 159	$ —	$ 360
Commercial	244	—	—	—	—	66	—	178
Industrial	68	—	—	—	—	9	—	58
Power Generation	—	—	—	—	—	—	—	17
Other revenues	42	—	—	—	—	9	—	35
Total Gas Utilities and Infrastructure revenue from contracts with customers	$ 873	$ —	$ —	$ —	$ —	$ 243	$ —	$ 648
Commercial Renewables								
Revenue from contracts with customers	$ 113	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
Revenue from contracts with customers	$ 13	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total Revenue from contracts with customers	$ 11,159	$ 3,355	$ 4,860	$ 2,539	$ 2,321	$ 924	$ 1,305	$ 648
Other revenue sources[(a)]	$ 211	$ 3	$ 60	$ 42	$ 9	$ (3)	$ 4	$ 61
Total revenues	$ 11,370	$ 3,358	$ 4,920	$ 2,581	$ 2,330	$ 921	$ 1,309	$ 709

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

	Six Months Ended June 30, 2019							
(in millions) By market or type of customer	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
Residential	$ 4,674	$ 1,439	$ 2,357	$ 1,032	$ 1,325	$ 348	$ 531	$ —
General	3,011	1,027	1,382	645	737	208	394	—
Industrial	1,470	555	453	325	128	69	391	—
Wholesale	1,068	228	704	624	80	23	113	—
Other revenues	359	146	271	169	102	41	44	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	$ 10,582	$ 3,395	$ 5,167	$ 2,795	$ 2,372	$ 689	$ 1,473	$ —
Gas Utilities and Infrastructure								
Residential	$ 560	$ —	$ —	$ —	$ —	$ 176	$ —	$ 384
Commercial	291	—	—	—	—	75	—	216
Industrial	77	—	—	—	—	10	—	66
Power Generation	—	—	—	—	—	—	—	26
Other revenues	85	—	—	—	—	10	—	75
Total Gas Utilities and Infrastructure revenue from contracts with customers	$ 1,013	$ —	$ —	$ —	$ —	$ 271	$ —	$ 767
Commercial Renewables								
Revenue from contracts with customers	$ 88	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other								
Revenue from contracts with customers	$ 10	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total Revenue from contracts with customers	$ 11,693	$ 3,395	$ 5,167	$ 2,795	$ 2,372	$ 960	$ 1,473	$ 767
Other revenue sources[(a)]	$ 343	$ 62	$ 149	$ 76	$ 67	$ 4	$ 9	$ 21
Total revenues	$ 12,036	$ 3,457	$ 5,316	$ 2,871	$ 2,439	$ 964	$ 1,482	$ 788

(a) Other revenue sources include revenues from leases, derivatives and alternative revenue programs that are not considered revenues from contracts with customers. Alternative revenue programs in certain jurisdictions include regulatory mechanisms that periodically adjust for over or under collection of related revenues.

As described in Note 1, Duke Energy adopted the new guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. The following table presents the reserve for credit losses for trade and other receivables based on adoption of the new standard.

	Three Months Ended June 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at March 31, 2020	$ 89	$ 11	$ 20	$ 9	$ 11	$ 5	$ 3	$ 9
Write-Offs	(9)	(3)	(3)	(3)	—	—	—	(4)
Credit Loss Expense	15	6	12	8	3	—	—	1
Other Adjustments	7	—	—	—	—	—	—	—
Balance at June 30, 2020	**$ 102**	**$ 14**	**$ 29**	**$ 14**	**$ 14**	**$ 5**	**$ 3**	**$ 6**

	Six Months Ended June 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at December 31, 2019	$ 76	$ 10	$ 16	$ 8	$ 7	$ 4	$ 3	$ 6
Cumulative Change in Accounting Principle	5	1	2	1	1	—	—	1
Write-Offs	(19)	(6)	(7)	(5)	(2)	—	—	(5)
Credit Loss Expense	33	9	18	10	8	1	—	4
Other Adjustments	7	—	—	—	—	—	—	—
Balance at June 30, 2020	**$ 102**	**$ 14**	**$ 29**	**$ 14**	**$ 14**	**$ 5**	**$ 3**	**$ 6**

Trade and other receivables are evaluated based on an estimate of the risk of loss over the life of the receivable and current and historical conditions using supportable assumptions. Management evaluates the risk of loss for trade and other receivables by comparing the historical write-off amounts to total revenue over a specified period. Historical loss rates are adjusted due to the impact of current conditions, including the impacts of COVID-19, as well as forecasted conditions over a reasonable time period. The calculated write-off rate can be applied to the receivable balance for which an established reserve does not already exist. Management reviews the assumptions and risk of loss periodically for trade and other receivables. Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. The specific actions taken by each Duke Energy Registrant are described in Note 3. The impact of COVID-19 and Duke Energy's related response on customers' ability to pay for service is uncertain, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates.

The aging of trade receivables is presented in the table below. Duke Energy considers receivables greater than 30 days outstanding past due.

	June 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Unbilled Receivables	**$ 829**	**$ 332**	**$ 274**	**$ 137**	**$ 137**	**$ 1**	**$ 7**	**$ 6**
0-30 days	**1,624**	**470**	**685**	**336**	**344**	**48**	**28**	**73**
30-60 days	**152**	**49**	**56**	**28**	**28**	**6**	**1**	**6**
60-90 days	**90**	**29**	**34**	**17**	**17**	**4**	**1**	**5**
90+ days	**209**	**64**	**53**	**24**	**29**	**29**	**10**	**18**
Trade and Other Receivables	**$ 2,904**	**$ 944**	**$ 1,102**	**$ 542**	**$ 555**	**$ 88**	**$ 47**	**$ 108**

UNBILLED REVENUE

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

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

(in millions)	June 30, 2020	December 31, 2019
Duke Energy	$ 829	$ 843
Duke Energy Carolinas	332	298
Progress Energy	274	217
Duke Energy Progress	137	122
Duke Energy Florida	137	95
Duke Energy Ohio	1	1
Duke Energy Indiana	7	16
Piedmont	6	78

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

(in millions)	June 30, 2020	December 31, 2019
Duke Energy Ohio	$ 68	$ 82
Duke Energy Indiana	106	115

13. STOCKHOLDERS' EQUITY

Basic EPS is computed by dividing net income available to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income available to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the diluted weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options and equity forward sale agreements, were exercised or settled. Duke Energy's participating securities are restricted stock units that are entitled to dividends declared on Duke Energy common stock during the restricted stock unit's vesting periods. Dividends declared on preferred stock are recorded on the Condensed Consolidated Statements of Operations as a reduction of net income to arrive at net income available to Duke Energy common stockholders. Dividends accumulated on preferred stock are an adjustment to net income used in the calculation of basic and diluted EPS.

The following table presents Duke Energy's basic and diluted EPS calculations, the weighted average number of common shares outstanding and common and preferred share dividends declared.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except per share amounts)	2020	2019	2020	2019
Net (loss) income available to Duke Energy common stockholders excluding impact of participating securities	$ (817)	$ 819	$ 82	$ 1,718
Accumulated preferred stock dividends	(12)	—	—	—
Net (loss) income available to Duke Energy common stockholders excluding impact of participating securities and including accumulated preferred stock dividends	$ (829)	$ 819	$ 82	$ 1,718
Weighted average common shares outstanding – basic	735	728	734	728
Equity forwards	—	—	1	—
Weighted average common shares outstanding – diluted	735	728	735	728
Earnings (Loss) Per Share available to Duke Energy common stockholders				
Basic and diluted	$ (1.13)	$ 1.12	$ 0.11	$ 2.36
Potentially dilutive items excluded from the calculation[(a)]	2	2	2	2
Dividends declared per common share	$ 0.945	$ 0.928	$ 1.890	$ 1.855
Dividends declared on Series A preferred stock per depositary share[(b)]	$ 0.359	$ 0.307	$ 0.719	$ 0.307
Dividends declared on Series B preferred stock per share[(c)]	$ —	$ —	$ 24.917	$ —

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

(b) 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock dividends are payable quarterly in arrears on the 16th day of March, June, September and December. The preferred stock has a $25 liquidation preference per depositary share.

(c) 4.875% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock dividends are payable semiannually in arrears on the 16th day of March and September. The preferred stock has a $1,000 liquidation preference per share.

Common Stock

In November 2019, Duke Energy filed a prospectus supplement and executed an Equity Distribution Agreement (EDA) under which it may sell up to $1.5 billion of its common stock through an at-the-market (ATM) offering program, including an equity forward sales component. Under the terms of the EDA, Duke Energy may issue and sell shares of common stock through September 2022. In March 2020, Duke Energy marketed approximately 940,000 shares of common stock through an equity forward transaction under the ATM with an initial forward price of $89.76 per share. In May 2020, Duke Energy marketed approximately 903,000 shares of common stock through an equity forward transaction under the ATM with an initial forward price of $82.44 per share.

Separately, in November 2019, Duke Energy marketed an equity offering of 28.75 million shares of common stock through an Underwriting Agreement. In connection with the offering, Duke Energy entered into an equity forward sales agreement with an initial forward price of $85.99 per share.

The equity forward sales agreements require Duke Energy to either physically settle the transaction by issuing shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreement, or net settle in whole or in part through the delivery or receipt of cash or shares. The settlement alternatives are at Duke Energy's election. Settlement of the forward sales agreements are expected to occur on or prior to December 31, 2020. Until settlement of the equity forwards, EPS dilution resulting from the agreements, if any, will be determined under the treasury stock method.

14. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

Duke Energy and certain subsidiaries maintain, and the Subsidiary Registrants participate in, qualified and non-qualified, non-contributory defined benefit retirement plans. Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants.

QUALIFIED PENSION PLANS

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

	Three Months Ended June 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	$ 42	$ 14	$ 12	$ 8	$ 6	$ 1	$ 2	$ 2
Interest cost on projected benefit obligation	68	15	22	9	11	4	5	3
Expected return on plan assets	(143)	(36)	(47)	(22)	(26)	(7)	(10)	(6)
Amortization of actuarial loss	30	7	9	4	5	1	3	3
Amortization of prior service credit	(8)	(2)	(1)	(1)	(1)	—	(1)	(3)
Amortization of settlement charges	3	1	—	1	—	—	—	—
Net periodic pension costs	$ (8)	$ (1)	$ (5)	$ (1)	$ (5)	$ (1)	$ (1)	$ (1)

	Three Months Ended June 30, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	$ 37	$ 12	$ 10	$ 6	$ 6	$ 1	$ 2	$ 2
Interest cost on projected benefit obligation	82	21	26	12	13	4	7	3
Expected return on plan assets	(143)	(37)	(45)	(21)	(22)	(6)	(10)	(6)
Amortization of actuarial loss	25	5	9	3	6	—	1	1
Amortization of prior service credit	(8)	(2)	—	(1)	(1)	—	(1)	(2)
Net periodic pension costs	$ (7)	$ (1)	$ —	$ (1)	$ 2	$ (1)	$ (1)	$ (2)

	Six Months Ended June 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	$ 83	$ 26	$ 24	$ 14	$ 11	$ 2	$ 4	$ 3
Interest cost on projected benefit obligation	135	31	43	19	23	8	11	5
Expected return on plan assets	(286)	(72)	(95)	(44)	(51)	(14)	(21)	(11)
Amortization of actuarial loss	64	14	20	9	11	3	6	5
Amortization of prior service credit	(16)	(4)	(2)	(1)	(1)	—	(1)	(5)
Amortization of settlement charges	5	2	1	1	—	—	—	—
Net periodic pension costs	$ (15)	$ (3)	$ (9)	$ (2)	$ (7)	$ (1)	$ (1)	$ (3)

	Six Months Ended June 30, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	$ 74	$ 24	$ 21	$ 12	$ 10	$ 2	$ 4	$ 3
Interest cost on projected benefit obligation	165	41	52	24	27	9	13	6
Expected return on plan assets	(286)	(75)	(89)	(44)	(44)	(14)	(21)	(11)
Amortization of actuarial loss	49	11	18	6	12	1	3	3
Amortization of prior service credit	(16)	(4)	(1)	(1)	(1)	—	(1)	(5)
Net periodic pension costs	$ (14)	$ (3)	$ 1	$ (3)	$ 4	$ (2)	$ (2)	$ (4)

NON-QUALIFIED PENSION PLANS

Net periodic pension costs for non-qualified pension plans were not material for the three and six months ended June 30, 2020, and 2019.

OTHER POST-RETIREMENT BENEFIT PLANS

Net periodic costs for OPEB plans were not material for the three and six months ended June 30, 2020, and 2019.

15. INCOME TAXES

EFFECTIVE TAX RATES

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Duke Energy	26.2%	15.9%	98.9%	12.6%
Duke Energy Carolinas	13.7%	19.7%	15.1%	18.7%
Progress Energy	14.9%	16.7%	16.1%	17.0%
Duke Energy Progress	13.9%	16.3%	15.7%	17.1%
Duke Energy Florida	19.1%	19.6%	19.4%	19.5%
Duke Energy Ohio	15.4%	16.1%	16.6%	16.5%
Duke Energy Indiana	17.3%	24.2%	19.3%	24.2%
Piedmont	128.6%	22.2%	5.8%	21.8%

The increase in the ETR for Duke Energy for the three and six months ended June 30, 2020, was primarily due to the impact of an abandonment of the ACP investment and an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Carolinas for the three months ended June 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes and certain favorable tax credits.

The decrease in the ETR for Duke Energy Carolinas for the six months ended June 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Progress Energy for the three months ended June 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Progress for the three and six months ended June 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Indiana for the three and six months ended June 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The increase in the ETR for Piedmont for the three months ended June 30, 2020, was primarily due to an increase in AFUDC Equity, in relation to pretax losses.

The decrease in the ETR for Piedmont for the six months ended June 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes and an increase in AFUDC equity.

OTHER TAX MATTERS

On March 27, 2020, the CARES Act was enacted. The CARES Act is an emergency economic stimulus package in response to the COVID-19 pandemic. Among other provisions, the CARES Act accelerates the remaining AMT credit refund allowances resulting in taxpayers being able to immediately claim a refund in full for any AMT credit carryforwards. As a result, the remaining AMT credit carryforwards were reclassified in the first quarter 2020 to a current receivable included in Other within Current Assets on the Condensed Consolidated Balance Sheets. The total income tax receivable related to AMT credit carryforwards is approximately $572 million as of June 30, 2020. The other provisions within the CARES Act do not materially impact Duke Energy's income tax accounting. See Note 1 for information on COVID-19.

16. SUBSEQUENT EVENTS

For information on subsequent events related to regulatory matters and variable interest entities, see Notes 3 and 11.

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

The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Duke Energy and Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont. However, none of the registrants make any representation as to information related solely to Duke Energy or the Subsidiary Registrants of Duke Energy other than itself.

DUKE ENERGY

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

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the six months ended June 30, 2020, and with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

Executive Overview

ACP

On April 15, 2020, the United States District Court for the District of Montana granted partial summary judgment in favor of the plaintiffs in Northern Plains Resource Council v. U.S. Army Corps of Engineers (USACE) (Northern Plains), vacating USACE's Nationwide Permit 12 (NWP 12) and remanding it to USACE for consultation under the Endangered Species Act (ESA) of 1973. In Northern Plains, the court ruled that NWP 12 was unlawful because USACE did not consult under the ESA with the U.S. Fish and Wildlife Service and/or National Marine Fisheries Service prior to NWP 12's reissuance in 2017. Because NWP 12 has been vacated and its application enjoined, USACE currently has suspended verification of any new or pending applications under NWP 12 until further court action clarifies the situation.

On May 28, 2020, the U.S. Court of Appeals for the Ninth Circuit issued a ruling that limited the NWP 12 vacatur to energy infrastructure projects. In July 2020, the Supreme Court of the United States issued an order allowing other new oil and gas pipeline projects to use the NWP 12 process pending appeal to the U.S. Court of Appeals for the Ninth Circuit; however, that did not decrease the uncertainty associated with an eventual ruling. Together, these rulings indicated that the timeline to reinstate the necessary water crossing permits for ACP would likely cause further delays and cost increases.

On July 5, 2020, Dominion announced a sale of substantially all of its gas transmission and storage segment assets, operations core to the ACP pipeline project.

As a result of the uncertainty created by the NWP 12 rulings, the potential impact on the cost and schedule for the project, the ongoing legal challenges and risk of additional legal challenges throughout construction and Dominion's decision to sell substantially all of its gas transmission and storage segment assets, Duke Energy's Board of Directors and management decided that it was not prudent to continue to invest in the project. On July 5, 2020, Duke Energy and Dominion announced the cancellation of the ACP pipeline.

As a result, Duke Energy recorded a pretax charge to earnings of approximately $2.0 billion for the three months and six months ended June 30, 2020, within Equity in (losses) earnings of unconsolidated affiliates on the Duke Energy Condensed Consolidated Statements of Operations. The tax benefit associated with this abandonment was $374 million and is recorded in Income Tax (Benefit) Expense on the Duke Energy Condensed Consolidated Statements of Operations. Additional charges of less than $100 million are expected to be recorded within the next 12 months as ACP incurs obligations to exit operations.

See Notes 3, 4, and 11 to the Condensed Consolidated Financial Statements, "Regulatory Matters," "Commitments and Contingencies," and "Variable Interest Entities," respectively, for additional information.

Even though the ACP pipeline was a critical infrastructure project for transporting natural gas into the Southeastern United States, natural gas still is an important fuel to help Duke Energy reach its carbon reduction goals of 50% by 2030 and net-zero carbon emissions by 2050 in a reliable and cost effective manner. In addition, Duke Energy will continue advancing its clean energy goals by investing in renewables, battery storage, energy efficiency programs and grid projects.

Social Justice and Racial Equity

In response to national events, in June and July 2020, the Duke Energy Foundation pledged $1.75 million to nonprofit organizations committed to social justice and racial equity. This grant builds upon the company's past efforts to support and encourage diversity, inclusion and equity in our company and communities. The company will continue to engage its employees, local organizations and leaders to understand how to be a part of the long-term solution to the social justice issues our communities and organizations face.

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. Retail electric sales are down 6.5% for the quarter compared to the prior year due to the pandemic. This reduction however is not as steep as expected in our revised March 2020 forecast reflecting the potential economic impact of COVID-19 on 2020 results. The company also incurred approximately $40 million of incremental COVID-19 costs, primarily bad debt expense, personal protective equipment and cleaning supplies, and experienced another $25 million of waived late payment fees for the six months ended June 30, 2020. The Duke Energy Registrants are monitoring developments closely, have taken steps to mitigate the impacts to our business, and have a pandemic response plan in place to protect our employees, customers and communities. We expect to begin a sales rebound during the second half of 2020 and have cost mitigation plans.

- Employees. The health of our employees is of paramount importance. Power plants and electricity and natural gas delivery facilities are staffed. Employees who are not involved with power generation, power delivery, customer service or certain other functions have been performing their work duties remotely from home. Employees who need to interact with customers in person are following the Centers for Disease Control and Prevention's safety guidelines, including social distancing and use of face masks. Operating procedure changes include additional cleaning and disinfection procedures at our facilities.
- Customers. The Duke Energy Subsidiary Registrants began, in the first quarter of 2020, a suspension of disconnections for nonpayment in order to give customers experiencing financial hardship extra time to make payments. This is expected to result in an increase in future charge-offs over historical levels. In addition, several Subsidiary Registrants are waiving late payment charges and other fees for credit cards and returned checks. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information. The COVID-19 pandemic and stay-at-home orders have impacted commercial and industrial customers, and many of them have suspended operations which is impacting the Duke Energy Registrants' volumes. Several large industrial customers have begun to restart their businesses since initially closing in late March and April.
- Communities. The Duke Energy Foundation announced approximately $6 million in donations and grants as of June 30, 2020, to support hunger relief, local health and human services nonprofits, and education initiatives across the Duke Energy Registrants' service territories.
- Balance Sheet Strength and Liquidity Assurance. See Notes 5 and 13 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," and "Stockholders Equity," respectively, for additional information. During the six months ended June 30, 2020:
  - Duke Energy issued approximately $3.3 billion of debt.
  - Duke Energy entered into and borrowed approximately $1.7 billion under a 364-day Term Loan Credit Agreement.
  - Duke Energy drew down the remaining $500 million of availability under its existing $1 billion Three-Year Revolving Credit Facility.
  - Duke Energy issued $85 million of common stock through a forward sales agreement which is expected to settle on or prior to December 31, 2020.
- Policymaker actions. The CARES Act was signed by President Trump on March 27, 2020. Duke Energy Registrants will benefit from certain provisions such as the AMT acceleration and deferral of certain payroll taxes. See Note 15 to the Condensed Consolidated Financial Statements, "Income Taxes," for additional information.

Rate Case and utility commission filings. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

- On July 31, 2020, Duke Energy Carolinas, Duke Energy Progress and the Public Staff filed a Second Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain remaining issues in the 2019 base rate proceeding. As a result of the additional settlement terms, the NCUC ordered the remote evidentiary hearing to be delayed until August 24, 2020. Duke Energy Carolinas and Duke Energy Progress expect the NCUC to issue an order on each net rate increase by the end of the year. On August 4, 2020 and August 7, 2020, respectively, Duke Energy Carolinas and Duke Energy Progress filed a motion for approval of notice required to implement temporary rates, seeking to exercise its statutory right to implement temporary rates subject to refund.
- Duke Energy Florida filed a petition with the FPSC on April 2, 2020, to accelerate a fuel cost refund to customers in the month of May 2020. Typically, the refund would be made over the course of 2021. The FPSC approved the petition on April 28, 2020.
- Duke Energy Kentucky filed an electric rate case with the KPSC on September 3, 2019. On April 27, 2020, the KPSC issued its decision and new customer rates were effective on May 1, 2020. On May 18, 2020, Duke Energy Kentucky filed its motion for rehearing, and on June 4, 2020, the motion was granted in part and denied in part by the KPSC.
- Duke Energy Indiana filed a general rate case with the IURC on July 2, 2019. The IURC issued its order June 29, 2020, approving a revenue increase of approximately $146 million, before utility receipt taxes. Customer rates were effective July 30, 2020. Several groups filed notices of appeal of the IURC order on July 29, 2020.
- COVID-19 deferral requests
  - Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the NCUC for deferral treatment of incremental costs and waived customer fees due to the COVID-19 pandemic on August 7, 2020. Duke Energy Carolinas and Duke Energy Progress are evaluating a filing with the PSCSC for deferral treatment of incremental costs and waived customer fees due to the COVID-19 pandemic.
  - Duke Energy Ohio on May 11, 2020, filed with the PUCO a request seeking deferral of incremental costs incurred due to the COVID-19 pandemic, as well as specific miscellaneous lost revenues. The request seeks to use existing bad debts and uncollectible riders already in place for both electric and natural gas operations. Duke Energy Ohio would subsequently file for rider recovery at a later date. On June 17, 2020, the PUCO approved Duke Energy Ohio's deferral application.
  - On May 8, 2020, Duke Energy Indiana, along with other Indiana utilities, filed a request with the IURC for approval of deferral treatment for costs associated with the COVID-19 pandemic. On June 29, 2020, the IURC issued its order permitting jurisdictional utilities to use regulatory accounting for any impacts associated with the prohibition on utility disconnections, waiver or exclusion of certain utility fees, the use of expanded payment arrangements to aid customers, and for COVID-19 related uncollectible and incremental bad debt expense.

Results of Operations

Non-GAAP Measures

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

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted EPS. Adjusted earnings and adjusted EPS represent income from continuing operations available to Duke Energy Corporation common stockholders in dollar and per share amounts, adjusted for the dollar and per share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. The most directly comparable GAAP measures for adjusted earnings and adjusted EPS are GAAP Reported Earnings (Loss) and GAAP Reported Earnings (Loss) Per Share, respectively.

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

- ACP represents costs related to the abandonment of the ACP investment.
- Severance represents the reversal of 2018 costs which were deferred as a result of the partial settlement in the Duke Energy Carolinas 2019 North Carolina rate case.

Three Months Ended June 30, 2020, as compared to June 30, 2019

GAAP reported loss per share was $(1.13) for the second quarter of 2020 compared to earnings per share of $1.12 in the second quarter of 2019. GAAP reported earnings decreased primarily due to the abandonment of the investment in ACP.

As discussed above, management also evaluates financial performance based on adjusted EPS. Duke Energy's second quarter 2020 adjusted EPS was $1.08 compared to $1.12 for the second quarter of 2019. The decrease in adjusted earnings was primarily due to unfavorable weather, lower volumes and higher depreciation expense, partially offset by lower operations and maintenance expense.

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

	Three Months Ended June 30,			
	2020		2019	
(in millions, except per share amounts)	(Loss) Earnings	(Loss) Earnings Per Share	Earnings	EPS
GAAP Reported (Loss) Earnings/GAAP Reported (Loss) Earnings Per Share	$ (817)	$ (1.13)	$ 820	$ 1.12
Adjustments:				
ACP[(a)]	1,626	2.21	—	—
Adjusted Earnings/Adjusted EPS	$ 809	$ 1.08	$ 820	$ 1.12

(a) Net of tax benefit of $374 million.

Six Months Ended June 30, 2020, as compared to June 30, 2019

GAAP Reported EPS was $0.11 for the six months ended June 30, 2020, compared to $2.36 for the six months ended June 30, 2019. GAAP reported earnings decreased primarily due to the abandonment of the investment in ACP.

As discussed above, management also evaluates financial performance based on adjusted EPS. Duke Energy's adjusted EPS was $2.22 for the six months ended June 30, 2020, compared to $2.36 for the six months ended June 30, 2019. The decrease in adjusted earnings was primarily due to unfavorable weather, lower volumes, higher depreciation expense, higher financing costs and a prior year adjustment related to income tax recognition for equity method investments. This was partially offset by positive rate case impacts, growth in Commercial Renewables and lower operations and maintenance expense.

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

	Six Months Ended June 30,			
	2020		2019	
(in millions, except per-share amounts)	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	$ 82	$ 0.11	$ 1,720	$ 2.36
Adjustments:				
ACP[(a)]	1,626	2.21	—	—
Severance[(b)]	(75)	(0.10)	—	—
Adjusted Earnings/Adjusted EPS	$ 1,633	$ 2.22	$ 1,720	$ 2.36

(a) Net of tax benefit of $374 million.
(b) Net of tax expense of $23 million.

SEGMENT RESULTS

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

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

Electric Utilities and Infrastructure

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	2020	2019	Variance	2020	2019	Variance
Operating Revenues	$ 5,034	$ 5,475	$ (441)	$ 10,217	$ 10,804	$ (587)
Operating Expenses						
Fuel used in electric generation and purchased power	1,367	1,662	(295)	2,834	3,292	(458)
Operation, maintenance and other	1,240	1,318	(78)	2,565	2,600	(35)
Depreciation and amortization	993	951	42	1,970	1,898	72
Property and other taxes	296	297	(1)	599	598	1
Impairment charges	1	4	(3)	3	4	(1)
Total operating expenses	3,897	4,232	(335)	7,971	8,392	(421)
Gains on Sales of Other Assets and Other, net	7	3	4	8	—	8
Operating Income	1,144	1,246	(102)	2,254	2,412	(158)
Other Income and Expenses, net	89	89	—	174	180	(6)
Interest Expense	344	330	14	683	668	15
Income Before Income Taxes	889	1,005	(116)	1,745	1,924	(179)
Income Tax Expense	136	196	(60)	287	365	(78)
Segment Income	$ 753	$ 809	$ (56)	$ 1,458	$ 1,559	$ (101)
Duke Energy Carolinas GWh sales	19,083	21,604	(2,521)	40,319	43,432	(3,113)
Duke Energy Progress GWh sales	14,807	16,222	(1,415)	30,477	32,570	(2,093)
Duke Energy Florida GWh sales	10,800	11,301	(501)	19,417	19,622	(205)
Duke Energy Ohio GWh sales	5,262	5,660	(398)	11,085	11,824	(739)
Duke Energy Indiana GWh sales	6,773	7,437	(664)	14,379	15,470	(1,091)
Total Electric Utilities and Infrastructure GWh sales	56,725	62,224	(5,499)	115,677	122,918	(7,241)
Net proportional MW capacity in operation				50,364	49,725	639

Three Months Ended June 30, 2020, as compared to June 30, 2019

Electric Utilities and Infrastructure's variance is due to unfavorable weather, lower weather-normal retail sale volumes driven by impacts from the COVID-19 pandemic and lower wholesale revenues, partially offset by higher revenues resulting from the South Carolina retail rate cases and Duke Energy Florida base and solar rate adjustments. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a $332 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs at Duke Energy Florida in response to the COVID-19 pandemic;

- a $79 million decrease in retail sales, net of fuel revenues, due to unfavorable weather compared to prior year;
- a $47 million decrease in wholesale revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and lower capacity volumes at Duke Energy Progress; and
- a $32 million decrease in weather-normal retail sale volumes due to lower nonresidential customer demand driven by impacts from the COVID-19 pandemic.

Partially offset by:

- a $23 million increase in retail pricing due to Duke Energy Florida's base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment; and
- a $13 million increase due to higher pricing from South Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a $295 million decrease in fuel used in electric generation and purchased power primarily due to lower generation demand and lower fuel, coal, and natural gas costs; and
- a $78 million decrease in operation, maintenance and other expense driven by lower employee benefit costs and lower outage costs.

Partially offset by:

- a $42 million increase in depreciation and amortization expense primarily due to additional plant in service and impacts from the South Carolina retail rate cases.

Interest Expense. The variance was primarily due to higher outstanding debt in the current year and favorable debt return on deferred coal ash spend in the prior year.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes. The ETRs for the three months ended June 30, 2020, and June 30, 2019, were 15.3% and 19.5%. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Six Months Ended June 30, 2020, as compared to June 30, 2019

Electric Utilities and Infrastructure's variance is due to unfavorable weather, lower weather-normal retail sale volumes driven by impacts from the COVID-19 pandemic and lower wholesale revenues, partially offset by higher revenues resulting from the South Carolina retail rate cases and Duke Energy Florida base and solar rate adjustments. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a $482 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs at Duke Energy Florida in response to the COVID-19 pandemic;
- a $124 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year;
- a $63 million decrease in wholesale revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and lower capacity volumes at Duke Energy Progress; and
- a $15 million decrease in weather-normal retail sale volumes due to lower nonresidential customer demand driven by impacts from the COVID-19 pandemic.

Partially offset by:

- a $39 million increase in retail pricing due to Duke Energy Florida's base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment; and
- a $32 million increase due to higher pricing from South Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a $458 million decrease in fuel used in electric generation and purchased power primarily due to lower generation demand and lower fuel, coal, and natural gas costs; and
- a $35 million decrease in operation, maintenance and other expense primarily lower employee benefit costs and lower outage costs.

Partially offset by:

- a $72 million increase in depreciation and amortization expense primarily due to additional plant in service and impacts from the South Carolina retail rate cases.

Interest Expense. The variance was primarily due to higher outstanding debt in the current year and favorable debt return on deferred coal ash spend in the prior year.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes. The ETRs for the six months ended June 30, 2020, and 2019, were 16.4% and 19.0%, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Gas Utilities and Infrastructure

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	2020	2019	Variance	2020	2019	Variance
Operating Revenues	**$ 289**	$ 306	$ (17)	**$ 953**	$ 1,062	$ (109)
Operating Expenses						
Cost of natural gas	**60**	76	(16)	**259**	403	(144)
Operation, maintenance and other	**99**	107	(8)	**209**	217	(8)
Depreciation and amortization	**62**	63	(1)	**128**	128	—
Property and other taxes	**26**	27	(1)	**56**	60	(4)
Total operating expenses	**247**	273	(26)	**652**	808	(156)
Operating Income	**42**	33	9	**301**	254	47
Other Income and Expenses						
Equity in (losses) earnings of unconsolidated affiliates	**(1,970)**	31	(2,001)	**(1,933)**	64	(1,997)
Other income and expenses, net	**14**	6	8	**26**	13	13
Total other income and expenses	**(1,956)**	37	(1,993)	**(1,907)**	77	(1,984)
Interest Expense	**37**	27	10	**68**	57	11
(Loss) Income Before Income Taxes	**(1,951)**	43	(1,994)	**(1,674)**	274	(1,948)
Income Tax (Benefit) Expense	**(375)**	3	(378)	**(347)**	8	(355)
Segment (Loss) Income	**$ (1,576)**	$ 40	$ (1,616)	**$ (1,327)**	$ 266	$ (1,593)
Piedmont LDC throughput (dekatherms)	**96,807,940**	104,684,733	(7,876,793)	**245,311,935**	256,347,474	(11,035,539)
Duke Energy Midwest LDC throughput (Mcf)	**15,106,407**	13,742,907	1,363,500	**48,892,241**	52,281,179	(3,388,938)

Three Months Ended June 30, 2020, as compared to June 30, 2019

Gas Utilities and Infrastructure's results were impacted primarily by the abandonment of the investment in ACP. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a $16 million decrease due to lower natural gas costs passed through to customers and decreased off-system sales natural gas costs; and
- a $7 million decrease due to return of EDIT to customers.

Partially offset by:

- a $7 million increase due to North Carolina base rate case increases.

Operating Expenses. The variance was driven primarily by:

- a $16 million decrease in cost of natural gas due to lower natural gas prices and decreased off-system sales natural gas costs; and
- an $8 million decrease in operation, maintenance and other due to deferral of previously expensed IT project costs and lower employee benefits costs.

Equity in (losses) earnings of unconsolidated affiliates. The variance was driven primarily by the abandonment of the investment in ACP.

Interest Expense. The variance was driven primarily by interest on the EDIT balance being returned to customers and higher debt outstanding in the current year, offset by lower AFUDC debt income.

Income Tax Benefit. The decrease in tax expense was primarily due to a decrease in pretax income driven by the impact of an abandonment of the ACP investment. The ETRs for the three months ended June 30, 2020, and 2019, were 19.2% and 7%, respectively. The increase in the ETR was primarily due to the impact of an abandonment of the ACP investment.

Six Months Ended June 30, 2020, as compared to June 30, 2019

Gas Utilities and Infrastructure's results were impacted primarily by the abandonment of ACP. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a $144 million decrease due to lower natural gas costs passed through to customers and decreased off-system sales natural gas costs; and
- a $27 million decrease due to return of EDIT to customers.

Partially offset by:

- a $60 million increase due to North Carolina base rate case increases.

Operating Expenses. The variance was driven primarily by:

- a $144 million decrease in cost of natural gas due to lower natural gas prices and decreased off-system sales natural gas costs; and
- an $8 million decrease in operation, maintenance and other due to deferral of previously expensed IT project costs and lower employee benefits costs.

Equity in (losses) earnings of unconsolidated affiliates. The variance was driven primarily by the abandonment of the investment in ACP.

Interest Expense. The variance was driven primarily by interest on the EDIT balance being returned to customers and higher debt outstanding in the current year, offset by lower AFUDC debt income.

Income Tax Benefit. The decrease in tax expense was primarily due to a decrease in pretax income driven by the impact of an abandonment of the ACP investment. The ETRs for the six months ended June 30, 2020, and 2019, were 20.7% and 2.9%, respectively. The increase in the ETR was primarily due to an adjustment, recorded in the first quarter of 2019, related to the income tax recognition for equity method investments. The equity method investment adjustment was immaterial and relates to prior years.

Commercial Renewables

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**2020**	**2019**	**Variance**	**2020**	**2019**	**Variance**
Operating Revenues	**$ 123**	$ 118	$ 5	**$ 252**	$ 224	$ 28
Operating Expenses						
Operation, maintenance and other	**63**	64	(1)	**132**	130	2
Depreciation and amortization	**48**	40	8	**96**	80	16
Property and other taxes	**8**	6	2	**16**	12	4
Impairment charges	**6**	—	6	**6**	—	6
Total operating expenses	**125**	110	15	**250**	222	28
Operating (Loss) Income	**(2)**	8	(10)	**2**	2	—
Other Income and Expenses, net	**2**	(8)	10	**1**	(10)	11
Interest Expense	**13**	22	(9)	**31**	43	(12)
Loss Before Income Taxes	**(13)**	(22)	9	**(28)**	(51)	23
Income Tax Benefit	**(13)**	(24)	11	**(37)**	(59)	22
Add: Loss Attributable to Noncontrolling Interests	**90**	84	6	**138**	91	47
Segment Income	**$ 90**	$ 86	$ 4	**$ 147**	$ 99	$ 48
Renewable plant production, GWh	**2,660**	2,314	346	**5,097**	4,382	715
Net proportional MW capacity in operation[(a)]				**3,779**	3,157	622

(a) Certain projects are included in tax equity structures where investors have differing interests in the project's economic attributes. One hundred percent of the tax equity project's capacity is included in the table above.

Three Months Ended June 30, 2020, as compared to June 30, 2019

Commercial Renewables' results were favorable primarily due to new investments in solar projects. During the second quarter of 2020, Commercial Renewables had over 250MW of capacity placed in service. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase was primarily due to new solar projects placed in service.

Operating Expenses. The increase was primarily due to higher depreciation and property tax expense as a result of new projects placed in service and an impairment charge in the current year related to a non-contracted wind project.

Other Income and Expenses, net. The increase was primarily due to mark-to-market losses in the solar portfolio in the prior year.

Interest Expense. The decrease was primarily due to higher capitalized interest for solar and wind projects in development.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by a decrease in production tax credits generated and an increase in taxes associated with new tax equity investments.

Loss Attributable to Noncontrolling Interests. The increase was primarily due to tax equity structures related to new renewable investments.

Six Months Ended June 30, 2020, as compared to June 30, 2019

Commercial Renewables' results were favorable primarily due to new investments in renewable projects and favorable wind revenue. Since the second quarter of 2019, Commercial Renewables has placed in service over 700MW of capacity.

The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase was primarily due to new projects placed in service and favorable wind portfolio revenue as a result of favorable market pricing and wind resource.

Operating Expenses. The increase was primarily due to higher depreciation and property tax expense as a result of new projects placed in service and an impairment charge in the current year related to a non-contracted wind project.

Other Income and Expenses, net. The increase was primarily due to mark-to-market losses in the solar portfolio in the prior year.

Interest Expense. The decrease was primarily due to higher capitalized interest for solar and wind projects in development.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by an increase in taxes associated with new tax equity investments and a decrease in production tax credits generated.

Loss Attributable to Noncontrolling Interests. The increase was primarily due to tax equity structures related to new renewable investments.

Other

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	2020	2019	Variance	2020	2019	Variance
Operating Revenues	$ 26	$ 25	$ 1	$ 49	$ 46	$ 3
Operating Expenses	37	11	26	(52)	39	(91)
Operating (Loss) Income	(11)	14	(25)	101	7	94
Other Income and Expenses, net	45	30	15	12	74	(62)
Interest Expense	167	180	(13)	338	351	(13)
Loss Before Income Taxes	(133)	(136)	3	(225)	(270)	45
Income Tax Benefit	(64)	(33)	(31)	(83)	(78)	(5)
Less: Preferred Dividends	15	12	3	54	12	42
Net Loss	$ (84)	$ (115)	$ 31	$ (196)	$ (204)	$ 8

Three Months Ended June 30, 2020, as compared to June 30, 2019

The variance was primarily driven by lower state income tax expense. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The increase was primarily driven by higher loss experience related to non-property captive insurance claims and higher expenses associated with certain employee benefit obligations.

Other Income and Expenses, net. The variance was primarily due to higher returns on investments that fund certain employee benefit obligations, partially offset by lower earnings on the NMC investment.

Interest Expense. The variance was primarily due to lower outstanding short-term debt and lower interest rates.

Income Tax Benefit. The increase in the tax benefit was primarily driven by lower state income tax expense. The ETRs for the three months ended June 30, 2020, and 2019 were 48.1% and 24.3%, respectively. The increase in the ETR was primarily due to lower state income tax expense.

Six Months Ended June 30, 2020, as compared to June 30, 2019

The variance was primarily driven by a reversal of corporate allocated severance costs, partially offset by lower returns on investments and the declaration of preferred stock dividends. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The decrease was primarily due to the deferral of 2018 corporate allocated severance costs due to the partial settlement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case.

Other Income and Expenses, net. The variance was primarily due to lower returns on investments that fund certain employee benefit obligations, lower earnings on the NMC investment and lower interest income due to a tax true up in the prior year.

Interest Expense. The variance was primarily due to lower outstanding short-term debt and lower interest rates.

Preferred Dividends. The variance was driven by the declaration of preferred stock dividends on preferred stock issued in 2019.

DUKE ENERGY CAROLINAS

Results of Operations

	Six Months Ended June 30,		
(in millions)	2020	2019	Variance
Operating Revenues	$ 3,358	$ 3,457	$ (99)
Operating Expenses			
Fuel used in electric generation and purchased power	829	867	(38)
Operation, maintenance and other	816	881	(65)
Depreciation and amortization	718	663	55
Property and other taxes	156	155	1
Impairment charges	2	5	(3)
Total operating expenses	2,521	2,571	(50)
Operating Income	837	886	(49)
Other Income and Expenses, net	86	72	14
Interest Expense	248	227	21
Income Before Income Taxes	675	731	(56)
Income Tax Expense	102	137	(35)
Net Income	$ 573	$ 594	$ (21)

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

Increase (Decrease) over prior year	2020
Residential sales	(5.0)%
General service sales	(6.7)%
Industrial sales	(9.6)%
Wholesale power sales	(3.0)%
Joint dispatch sales	(60.0)%
Total sales	(7.2)%
Average number of customers	1.8 %

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a $77 million decrease in retail sales due to unfavorable weather in the current year; and
- a $66 million decrease in fuel revenues due to lower prices and retail sales volumes.

Partially offset by:

- a $37 million increase in weather-normal retail sales volumes; and
- a $17 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a $65 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, partially offset by higher storm restoration costs; and
- a $38 million decrease in fuel used in electric generation and purchased power primarily due to lower retail sales volumes, net of a prior period true up.

Partially offset by:

- a $55 million increase in depreciation and amortization expense primarily due to additional plant in service and new depreciation rates associated with the South Carolina rate case.

Other Income and Expenses, net. The variance was primarily due to higher AFUDC equity in the current year.

Interest Expense. The variance was primarily due to higher debt outstanding in the current year.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes.

PROGRESS ENERGY

Results of Operations

	Six Months Ended June 30,		
(in millions)	2020	2019	Variance
Operating Revenues	$ 4,920	$ 5,316	$ (396)
Operating Expenses			
Fuel used in electric generation and purchased power	1,540	1,913	(373)
Operation, maintenance and other	1,143	1,173	(30)
Depreciation and amortization	884	881	3
Property and other taxes	272	280	(8)
Total operating expenses	3,839	4,247	(408)
Gains (Losses) on Sales of Other Assets and Other, net	6	(1)	7
Operating Income	1,087	1,068	19
Other Income and Expenses, net	65	65	—
Interest Expense	405	438	(33)
Income Before Income Taxes	747	695	52
Income Tax Expense	120	118	2
Net Income	627	577	50

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a $380 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs in response to the COVID-19 pandemic at Duke Energy Florida and lower fuel prices, volumes and native load transfer sales in the current year at Duke Energy Progress;
- a $49 million decrease in wholesale power revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and lower capacity volumes at Duke Energy Progress, partially offset by increased demand at Duke Energy Florida;
- a $44 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year at Duke Energy Progress, partially offset by favorable weather in the current year at Duke Energy Florida;
- a $32 million decrease in rider revenues primarily due to the Crystal River 3 uprate regulatory asset being fully recovered in 2019 at Duke Energy Florida; and
- a $29 million decrease in weather-normal retail sales volume.

Partially offset by:

- a $55 million increase in storm revenues due to Hurricane Dorian collections at Duke Energy Florida;
- a $39 million increase in retail pricing due to base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment at Duke Energy Florida;
- a $15 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers at Duke Energy Progress; and
- a $12 million increase in other revenues primarily due to increased transmission revenues at Duke Energy Florida.

Operating Expenses. The variance was driven primarily by:

- a $373 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix at Duke Energy Progress and lower fuel costs at Duke Energy Florida;
- a $30 million decrease in operation, maintenance and other expense at Duke Energy Progress primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, reduced outage costs and energy efficiency program costs, partially offset by storm cost amortizations at Duke Energy Florida; and
- an $8 million decrease in property and other taxes primarily due to lower revenue related taxes as a result of the decreased fuel revenues, and lower accrued property taxes at Duke Energy Florida.

Interest Expense. The variance was driven primarily by lower interest rates on outstanding debt at Duke Energy Progress.

DUKE ENERGY PROGRESS

Results of Operations

	Six Months Ended June 30,		
(in millions)	2020	2019	Variance
Operating Revenues	$ 2,581	$ 2,871	$ (290)
Operating Expenses			
Fuel used in electric generation and purchased power	800	994	(194)
Operation, maintenance and other	622	692	(70)
Depreciation and amortization	544	541	3
Property and other taxes	91	85	6
Total operating expenses	2,057	2,312	(255)
Gains on Sales of Other Assets and Other, net	5	—	5
Operating Income	529	559	(30)
Other Income and Expenses, net	41	48	(7)
Interest Expense	137	158	(21)
Income Before Income Taxes	433	449	(16)
Income Tax Expense	68	77	(9)
Net Income	$ 365	$ 372	$ (7)

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

Increase (Decrease) over prior period	2020
Residential sales	(6.0)%
General service sales	(8.8)%
Industrial sales	(4.8)%
Wholesale power sales	(12.2)%
Joint dispatch sales	22.8 %
Total sales	(6.4)%
Average number of customers	1.6 %

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a $185 million decrease in fuel cost recovery driven by lower fuel prices and volumes as well as less native load transfer sales in the current year;
- a $61 million decrease in wholesale power revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and decreased volumes, partially offset by increased capacity rates;
- a $60 million decrease in retail sales due to unfavorable weather in the current year; and
- a $13 million decrease in weather-normal retail sales volumes in the current year.

Partially Offset by:

- a $15 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a $194 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix; and
- a $70 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, reduced outage costs and energy efficiency program costs.

Interest Expense. The variance was driven primarily by lower interest rates on outstanding debt.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes.

DUKE ENERGY FLORIDA

Results of Operations

	Six Months Ended June 30,		
(in millions)	2020	2019	Variance
Operating Revenues	$ 2,330	$ 2,439	$ (109)
Operating Expenses			
Fuel used in electric generation and purchased power	740	919	(179)
Operation, maintenance and other	514	474	40
Depreciation and amortization	340	340	—
Property and other taxes	180	196	(16)
Total operating expenses	1,774	1,929	(155)
Losses on Sales of Other Assets and Other, net	—	(1)	1
Operating Income	556	509	47
Other Income and Expenses, net	25	25	—
Interest Expense	164	165	(1)
Income Before Income Taxes	417	369	48
Income Tax Expense	81	72	9
Net Income	$ 336	$ 297	$ 39

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

Increase (Decrease) over prior period	2020
Residential sales	1.2 %
General service sales	(6.6)%
Industrial sales	5.4 %
Wholesale and other	(10.7)%
Total sales	(1.0)%
Average number of customers	1.7 %

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a $195 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs in response to the COVID-19 pandemic;
- a $32 million decrease in rider revenues primarily due to full recovery of the Crystal River 3 uprate regulatory asset in 2019; and
- a $16 million decrease in weather-normal retail sales volumes.

Partially offset by:

- a $55 million increase in storm revenues due to Hurricane Dorian collections;
- a $39 million increase in retail pricing due to base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment;
- a $16 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year;
- a $12 million increase in other revenues primarily due to increased transmission revenues; and
- a $12 million increase in wholesale power revenues, net of fuel, primarily due to increased demand.

Operating Expenses. The variance was driven primarily by:

- a $179 million decrease in fuel used in electric generation and purchased power primarily due to lower fuel costs; and
- a $16 million decrease in property and other taxes driven by lower gross receipts taxes due to decreased fuel revenues as well as lower accrued property taxes.

Partially offset by:

- a $40 million increase in operation, maintenance and other expense primarily due to storm cost amortizations.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income.

DUKE ENERGY OHIO

Results of Operations

	Six Months Ended June 30,		
(in millions)	2020	2019	Variance
Operating Revenues			
Regulated electric	$ 676	$ 691	$ (15)
Regulated natural gas	245	273	(28)
Total operating revenues	921	964	(43)
Operating Expenses			
Fuel used in electric generation and purchased power	164	179	(15)
Cost of natural gas	43	64	(21)
Operation, maintenance and other	218	255	(37)
Depreciation and amortization	136	130	6
Property and other taxes	161	158	3
Total operating expenses	722	786	(64)
Operating Income	199	178	21
Other Income and Expenses, net	7	15	(8)
Interest Expense	49	54	(5)
Income Before Income Taxes	157	139	18
Income Tax Expense	26	23	3
Net Income	$ 131	$ 116	$ 15

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

	Electric	Natural Gas
Increase (Decrease) over prior year	2020	2020
Residential sales	(2.3)%	(7.5)%
General service sales	(8.1)%	(10.1)%
Industrial sales	(8.0)%	(3.2)%
Wholesale electric power sales	(52.0)%	n/a
Other natural gas sales	n/a	(0.5)%
Total sales	(6.3)%	(6.5)%
Average number of customers	1.3 %	0.8 %

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a $34 million decrease in fuel related revenues primarily due to lower natural gas prices and decreased volumes;
- an $8 million decrease in other revenues due to lower OVEC sales into PJM; and
- a $6 million decrease in bulk power marketing sales.

Partially offset by:

- a $10 million increase in retail pricing primarily due to rate case impacts in Kentucky.

Operating Expenses. The variance was driven primarily by:

- a $36 million decrease in fuel expense, primarily driven by lower natural gas prices and decreased volumes; and
- a $37 million decrease in operations, maintenance and other expense primarily due to Customer Connect and Network Integration Transmission Services deferrals, the timing of energy efficiency programs and outage costs, lower employee benefit expenses and lower vegetation and pole maintenance costs.

Partially offset by:

- a $6 million increase in depreciation and amortization primarily driven by an increase in distribution plant, partially offset by lower amortization due to the suspension of the MGP rider in Ohio.

Other Income and Expenses, net. The variance was primarily due to lower AFUDC equity and lower intercompany interest income.

DUKE ENERGY INDIANA

Results of Operations

	Six Months Ended June 30,		
(in millions)	2020	2019	Variance
Operating Revenues	$ **1,309**	$ 1,482	$ (173)
Operating Expenses			
Fuel used in electric generation and purchased power	**355**	486	(131)
Operation, maintenance and other	**357**	377	(20)
Depreciation and amortization	**266**	263	3
Property and other taxes	**42**	39	3
Total operating expenses	**1,020**	1,165	(145)
Operating Income	**289**	317	(28)
Other Income and Expenses, net	**19**	27	(8)
Interest Expense	**85**	71	14
Income Before Income Taxes	**223**	273	(50)
Income Tax Expense	**43**	66	(23)
Net Income	$ **180**	$ 207	$ (27)

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

Increase (Decrease) over prior year	2020
Residential sales	(3.5)%
General service sales	(9.3)%
Industrial sales	(9.8)%
Wholesale power sales	(4.3)%
Total sales	(7.1)%
Average number of customers	1.4 %

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a $118 million decrease in fuel revenues primarily due to lower fuel cost recovery driven by customer demand and fuel prices;
- a $20 million decrease in weather-normal retail sales volumes driven by lower nonresidential customer demand;
- an $18 million decrease in rider revenues primarily related to lower Edwardsport IGCC sales volumes; and
- a $9 million decrease primarily related to the true up of wholesale revenues in the current year.

Operating Expenses. The variance was driven primarily by:

- a $131 million decrease in fuel used in electric generation and purchased power expense primarily due to lower coal and natural gas costs, lower amortization of deferred fuel costs and lower purchased power expense; and
- a $20 million decrease in operation, maintenance and other expense primarily due to lower outage expenses, storm restoration costs, training costs, employee related costs and the Customer Connect deferral.

Other Income and Expenses, net. The decrease was primarily due to life insurance proceeds received in the prior year.

Interest Expense. The variance was primarily due to higher fixed-rate debt outstanding in the current year and a favorable debt return, in the prior year, on the cumulative balance of deferred coal ash spend.

Income Tax Expense. The decrease in income tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes.

PIEDMONT

Results of Operations

	Six Months Ended June 30,		
(in millions)	2020	2019	Variance
Operating Revenues	$ 709	$ 788	$ (79)
Operating Expenses			
Cost of natural gas	215	338	(123)
Operation, maintenance and other	159	163	(4)
Depreciation and amortization	88	84	4
Property and other taxes	24	25	(1)
Total operating expenses	486	610	(124)
Operating Income	223	178	45
Other Income and Expenses, net	28	12	16
Interest Expense	60	43	17
Income Before Income Taxes	191	147	44
Income Tax Expense	11	32	(21)
Net Income	$ 180	$ 115	$ 65

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

Increase (Decrease) over prior year	2020
Residential deliveries	(4.6)%
Commercial deliveries	(11.8)%
Industrial deliveries	(3.3)%
Power generation deliveries	(2.8)%
For resale	(15.0)%
Total throughput deliveries	(4.3)%
Secondary market volumes	(17.7)%
Average number of customers	1.7 %

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

Six Months Ended June 30, 2020, as compared to June 30, 2019

Operating Revenues. The variance was driven primarily by:

- a $123 million decrease due to lower natural gas costs passed through to customers and decreased off-system sales natural gas costs;
- a $27 million decrease due to return of EDIT to customers; and
- a $7 million decrease due to NCUC approval related to tax reform accounting from fixed-rate contracts in the prior year.

Partially offset by:

- a $60 million increase due to North Carolina base rate case increases; and
- a $15 million increase due to North Carolina IMR increases.

Operating Expenses. The variance was driven primarily by:

- a $123 million decrease in cost of natural gas due to lower natural gas prices and decreased off-system sales natural gas costs.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity and intercompany interest related to Belews Creek and Marshall Power Generation contracts.

Interest Expense. The variance was driven primarily by interest on the EDIT balance being returned to customers and higher debt outstanding in the current year, partially offset by lower AFUDC debt income.

Income Tax Expense. The decrease in income tax expense was primarily due to an increase in the amortization of excess deferred taxes and an increase in AFUDC Equity, partially offset by an increase in pretax income.

Matters Impacting Future Results

The matters discussed herein could materially impact the future operating results, financial condition and cash flows of the Duke Energy Registrants and Business Segments.

COVID-19

Duke Energy cannot predict the extent to which the COVID-19 pandemic will impact its results of operations, financial position and cash flows in the future. Duke Energy will continue to actively monitor the impacts of COVID-19 including the economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown will adversely affect the company's customers, suppliers and partners and could cause an increase in certain costs, such as bad debt, and a reduction in the demand for energy. It could also cause delays in construction for Commercial Renewables and availability of financing. The company also has various pending rate case proceedings that have been delayed. Duke Energy has cost mitigation plans in place to partially offset these impacts, and the ability to execute these plans is critical to preserving future financial results. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

ACP

On July 5, 2020, Duke Energy and Dominion Energy determined that they would no longer invest in the construction of the Atlantic Coast Pipeline. Duke Energy has recorded $2.0 billion of pretax charges and expects additional charges of less than $100 million to be recorded when certain exit costs related to the project are incurred by ACP. Estimates used to calculate the loss could be revised and exit obligations which have not yet been incurred or recorded could have an adverse impact on future results. Furthermore, the loss of earnings from this project, including AFUDC, will lower Duke Energy's future expected results. See Notes 1, 3, 4 and 11 to the Condensed Consolidated Financial Statements, "Organization and Basis of Presentation," "Regulatory Matters," "Commitments and Contingencies," and "Variable Interest Entities," respectively, for additional information.

Regulatory Matters

On December 31, 2019, Duke Energy Carolinas and Duke Energy Progress entered into a settlement agreement with North Carolina Department of Environmental Quality and certain community groups under which Duke Energy Carolinas and Duke Energy Progress agreed to excavate seven of the nine remaining coal ash basins in North Carolina with ash moved to on-site lined landfills. At the two remaining basins, uncapped basin ash will be excavated and moved to lined landfills. Duke Energy Carolinas and Duke Energy Progress have also received orders from the PSCSC granting the companies' requests for retail rate increases but denying recovery of certain coal ash costs. Duke Energy Carolinas and Duke Energy Progress have appealed these decisions to the South Carolina Supreme Court and those appeals are pending. Appeals of the 2017 North Carolina approved rate cases for Duke Energy Carolinas and Duke Energy Progress are still pending at the North Carolina Supreme Court. The North Carolina Attorney General and various intervenors primarily dispute the allowance of recovery of coal ash costs from customers, which was approved by the NCUC. An order from regulatory or judicial authorities disallowing recovery of costs related to closure of these ash basins could have an adverse impact on future results.

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

Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms in 2018. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territories of Duke Energy Carolinas and Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. In September 2019, Hurricane Dorian impacted Duke Energy Progress and Duke Energy Florida's service territories. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact.

Duke Energy Carolinas received an order from the NCUC in 2018, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas and Duke Energy Progress have petitioned for deferral of future grid improvement costs in their 2019 rate cases. There could be adverse impact if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

In 2019, Duke Energy Carolinas and Duke Energy Progress filed general rate cases with the NCUC. The outcome of these rate cases could have a material impact.

The PUCO has issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Duke Energy Ohio has filed for a request for extension of the deadline. A hearing on that request has not been scheduled. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact.

For additional information, see Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters."

Other Matters

Duke Energy continues to experience growth in Commercial Renewables with tax equity structures; however, the future expiration of federal tax incentives could result in adverse impacts to future results of operations, financial position and cash flows.

Duke Energy continues to monitor recoverability of a renewable merchant plant located in the Electric Reliability Council of Texas West market, due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. Based on the most recent recoverability test performed this quarter, the carrying value approximated the aggregate estimated future cash flows for this plant and therefore further testing was not required. A continued decline in energy market pricing would likely result in a future impairment. Impairment of this asset could result in adverse impacts. For additional information, see Note 2 to the Condensed Consolidated Financial Statements, "Business Segments."

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Duke Energy Registrants' Annual Reports on Form 10-K for the year ended December 31, 2019, for discussion of risks associated with the Tax Act.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt and equity issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019, included a summary and detailed discussion of projected primary sources and uses of cash for 2020 to 2022.

During March 2020, in response to market volatility and the ongoing economic uncertainty related to COVID-19, Duke Energy took several actions to enhance the company's liquidity position including:

- Duke Energy drew down the remaining $500 million of availability under the existing $1 billion Three-Year Revolving Credit Facility, which was subsequently repaid during the second quarter of 2020; and
- Duke Energy entered into and borrowed the full amount under a $1.5 billion, 364-day Term Loan Credit Agreement. The Term Loan Credit Agreement contains a provision for additional borrowing capacity of $500 million. Duke Energy exercised the provision and borrowed an additional $188 million, for a total borrowing of approximately $1.7 billion.

Following March 2020, access to credit and equity markets has normalized. In addition to the financings to address the company's liquidity position, for the six months ended June 30, 2020, Duke Energy issued approximately $3.3 billion in debt, raised $111 million of common equity through its dividend reinvestment program, and paid down $500 million on the Three-Year Revolving Credit Facility. Despite the recovery in capital markets, Duke Energy continues to monitor access to credit and equity markets amid the ongoing economic uncertainty related to COVID-19.

As of June 30, 2020, Duke Energy had approximately $341 million of cash on hand, $5.4 billion available under its $8 billion Master Credit Facility and $500 million available under the $1 billion Three-Year Revolving Credit Facility. Duke Energy has additional liquidity available totaling approximately $2.6 billion under outstanding equity forward agreements. Duke Energy expects to have sufficient liquidity in the form of cash on hand, cash from operations and available credit capacity to support its funding needs. Duke Energy continues to monitor access to credit and equity markets. Refer to Notes 5 and 13 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities" and "Stockholders' Equity," respectively, for information regarding Duke Energy's debt and equity issuances, debt maturities and available credit facilities including the Master Credit Facility.

In light of the COVID-19 pandemic and cancellation of the ACP pipeline, Duke Energy currently does not expect significant changes to the total projected capital and investment expenditures provided in the Form 10-K for the year ended December 31, 2019. However, Duke Energy will continue to reassess capital projects depending on the duration and severity of economic impacts caused by the pandemic.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

	Six Months Ended June 30,	
(in millions)	**2020**	**2019**
Cash flows provided by (used in):		
Operating activities	**$ 3,357**	$ 3,056
Investing activities	**(5,471)**	(5,788)
Financing activities	**2,182**	2,622
Net increase (decrease) in cash, cash equivalents and restricted cash	**68**	(110)
Cash, cash equivalents and restricted cash at beginning of period	**573**	591
Cash, cash equivalents and restricted cash at end of period	**$ 641**	$ 481

OPERATING CASH FLOWS

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

	Six Months Ended June 30,		
(in millions)	2020	2019	Variance
Net (loss) income	$ (2)	$ 1,641	$ (1,643)
Non-cash adjustments to net income	4,592	2,917	1,675
Payments for asset retirement obligations	(287)	(336)	49
Working capital	(946)	(1,166)	220
Net cash provided by operating activities	$ 3,357	$ 3,056	$ 301

The variance was primarily due to timing of payments of property taxes, higher Nuclear Electric Insurance Limited (NEIL) refunds in the current year and lower storm costs in the current year.

INVESTING CASH FLOWS

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

	Six Months Ended June 30,		
(in millions)	2020	2019	Variance
Capital, investment and acquisition expenditures	$ (5,267)	$ (5,627)	$ 360
Other investing items	(204)	(161)	(43)
Net cash used in investing activities	$ (5,471)	$ (5,788)	$ 317

The variance relates to lower capital expenditures in the current year for plants now in service.

FINANCING CASH FLOWS

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

	Six Months Ended June 30,		
(in millions)	2020	2019	Variance
Issuances of long-term debt, net	$ 1,837	$ 2,467	$ (630)
Issuances of common stock	57	27	30
Issuances of preferred stock	—	973	(973)
Notes payable, commercial paper and other short-term borrowings	1,624	324	1,300
Dividends paid	(1,391)	(1,312)	(79)
Contributions from noncontrolling interests	163	193	(30)
Other financing items	(108)	(50)	(58)
Net cash provided by financing activities	$ 2,182	$ 2,622	$ (440)

The variance was primarily due to:

- a $1.3 billion increase in net proceeds from issuances of notes payable and commercial paper primarily due to borrowings of $1.7 billion under the 364-day Term Loan Credit Agreement.

Partially offset by:

- a $973 million decrease in proceeds from the issuance of preferred stock; and
- a $630 million decrease in proceeds from net issuances of long-term debt primarily due to the timing of issuances and redemptions of long-term debt.

OTHER MATTERS

Environmental Regulations

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

On May 14, 2020, the five-year probation period following the Dan River coal ash spill ended. The court appointed monitor confirmed in U.S. District Court for the Eastern District of North Carolina that Duke Energy met or exceeded every obligation throughout the process. Separately, in a final report to the EPA, it was noted that the company made significant enhancements to its Ethics and Compliance Program and its environmental compliance programs.

Section 126 Petitions

On November 16, 2016, the state of Maryland filed a petition with EPA under Section 126 of the Clean Air Act alleging that 19 power plants, including two plants (three units) that Duke Energy Registrants own and operate, contribute to violations of EPA's National Ambient Air Quality Standards (NAAQS) for ozone in the state of Maryland. On March 12, 2018, the state of New York filed a petition with EPA, also under Section 126 of the Clean Air Act alleging that over 60 power plants, including six that Duke Energy Registrants own and operate, contribute to violations of EPA's ozone NAAQS in the state of New York. Both Maryland and New York sought EPA orders requiring the states in which the named power plants operate to impose more stringent NOx emission limitations on the plants. On October 5, 2018, EPA denied the Maryland petition. That same day, Maryland appealed EPA's denial. On October 18, 2019, EPA denied the New York petition, and New York appealed that decision on October 29, 2019. On May 19, 2020, the U.S. Court of Appeals for the D.C. Circuit issued its decision, finding, with one exception, that EPA reasonably denied the Maryland petition. The court remanded one issue to EPA regarding target sources lacking catalytic controls. All of the Duke Energy units targeted have selective catalytic reduction so the decision is favorable for these units. A different panel of the same court heard oral argument in New York's appeal of EPA's denial of its Section 126 Petition on May 7, 2020, and on July 14, 2020, the panel issued its decision remanding the Petition to EPA for further review. The Duke Energy Registrants cannot predict the outcome of this matter.

Off-Balance Sheet Arrangements

During the three and six months ended June 30, 2020, there were no material changes to Duke Energy's off-balance sheet arrangements. See Notes 1, 3, 4 and 11 to the Condensed Consolidated Financial Statements, "Organization and Basis of Presentation," "Regulatory Matters," "Commitments and Contingencies," and "Variable Interest Entities," respectively, for additional information on ACP. See Note 13 to the Condensed Consolidated Financial Statements, "Stockholders' Equity," for information regarding equity forward sales agreements. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Balance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

Contractual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three and six months ended June 30, 2020, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K for the Duke Energy Registrants. During the three and six months ended June 30, 2020, there were no material changes to the Duke Energy Registrants' disclosures about market risk, other than as described below.

Credit Risk

In response to the COVID-19 pandemic, in March 2020, the Duke Energy Subsidiary Registrants announced a suspension of disconnections for nonpayment to be effective throughout the national emergency. This has resulted in an increase in charge-offs over historical levels. In addition, the Registrants are monitoring the effects of the resultant economic slowdown on counterparties' abilities to perform under their contractual obligations.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

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

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2020, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) that occurred during the fiscal quarter ended June 30, 2020, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements. For additional information, see Item 3, "Legal Proceedings," in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in the Duke Energy Registrants' Annual Report on Form 10-K for the year ended December 31, 2019, which could materially affect the Duke Energy Registrants' financial condition or future results. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in the Annual Report on Form 10-K for the year ended December 31, 2019.

The Duke Energy Registrants' operations have been and may be affected by COVID-19 in ways listed below and in ways the registrants cannot predict at this time.

The COVID-19 pandemic has begun to impact the Duke Energy Registrants' business strategy, results of operations, financial position and cash flows, albeit not materially as of this filing date, from specific activities listed below:

- Decreased demand for electricity and natural gas;
- Delays in rate cases and other legal proceedings;
- The health and availability of our critical personnel and their ability to perform business functions; and
- Actions of state utility commissions or federal or state governments to allow customers to suspend or delay payment of bills related to the provision of electric or gas services.

Furthermore, due to the unpredictability of the COVID-19 pandemic's ongoing impact on global health and economic stability as of this filing date, the Duke Energy Registrants expect that the activities listed below could negatively impact their business strategy, results of operations, financial position and cash flows:

- An inability to procure satisfactory levels of fuels or other necessary equipment to continue production of electricity and delivery of natural gas;
- An inability to obtain labor or equipment necessary for the construction of generation projects or pipeline expansion;
- An inability to maintain information technology systems and protections from cyberattack;
- An inability to obtain financing in volatile financial markets;
- Additional federal regulation tied to stimulus and other aid packages; and
- Impairment charges, which could include real estate as options for working remotely are evaluated and goodwill.

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

None.

ITEM 6. EXHIBITS

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

Exhibit Number		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
4.1	Twenty-third Supplemental Indenture, dated as of May 15, 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on May 15, 2020, File No. 1-32853).	X							
4.2	Forty-seventh Supplemental Indenture, dated as of May 21, 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on May 21, 2020, File No. 1-1232).						X		
4.3	Tenth Supplemental Indenture, dated as of May 21, 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on May 21, 2020, File No. 1-6196).								X
4.4	Fifty-seventh Supplemental Indenture, dated as of June 1, 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on June 11, 2020, File No. 1-3274).					X			
*31.1.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X							
*31.1.2	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X						
*31.1.3	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X					
*31.1.4	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X				
*31.1.5	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X			
*31.1.6	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X		
*31.1.7	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.							X	
*31.1.8	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.								X
*31.2.1	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X							
*31.2.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X						
*31.2.3	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X					
*31.2.4	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X				
*31.2.5	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X			

EXHIBITS

*31.2.6	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.						X		
*31.2.7	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.							X	
*31.2.8	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.								X
*32.1.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X							
*32.1.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X						
*32.1.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X					
*32.1.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X				
*32.1.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X			
*32.1.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X		
*32.1.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X	
*32.1.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X
*32.2.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X							
*32.2.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X						
*32.2.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X					
*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X				
*32.2.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X			
*32.2.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X		
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X	
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X

EXHIBITS

*101.INS	XBRL Instance Document (this does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).	X	X	X	X	X	X	X	X
*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X
*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X
*104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).	X	X	X	X	X	X	X	X

The total amount of securities of the registrant or its subsidiaries authorized under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the SEC, to furnish copies of any or all of such instruments to it.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

DUKE ENERGY CORPORATION
DUKE ENERGY CAROLINAS, LLC
PROGRESS ENERGY, INC.
DUKE ENERGY PROGRESS, LLC
DUKE ENERGY FLORIDA, LLC
DUKE ENERGY OHIO, INC.
DUKE ENERGY INDIANA, LLC
PIEDMONT NATURAL GAS COMPANY, INC.

Date: August 10, 2020

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: August 10, 2020

/s/ DWIGHT L. JACOBS

Dwight L. Jacobs
Senior Vice President, Chief Accounting Officer,
Tax and Controller
(Principal Accounting Officer)

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2020

OR

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

For the transition period from ________to________

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

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

Registrant	Title of each class	Trading symbols	Name of each exchange on which registered
Duke Energy	Common Stock, $0.001 par value	DUK	New York Stock Exchange LLC
Duke Energy	5.125% Junior Subordinated Debentures due January 15, 2073	DUKH	New York Stock Exchange LLC
Duke Energy	5.625% Junior Subordinated Debentures due September 15, 2078	DUKB	New York Stock Exchange LLC
Duke Energy	Depositary Shares, each representing a 1/1,000th interest in a share of 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock, par value $0.001 per share	DUK PR A	New York Stock Exchange LLC

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

Duke Energy Corporation (Duke Energy)	Yes ☒ No ☐	Duke Energy Florida, LLC (Duke Energy Florida)	Yes ☒ No ☐
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes ☒ No ☐	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes ☒ No ☐
Progress Energy, Inc. (Progress Energy)	Yes ☒ No ☐	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes ☒ No ☐
Duke Energy Progress, LLC (Duke Energy Progress)	Yes ☒ No ☐	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes ☒ No ☐

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

Duke Energy	Yes ☒ No ☐	Duke Energy Florida	Yes ☒ No ☐
Duke Energy Carolinas	Yes ☒ No ☐	Duke Energy Ohio	Yes ☒ No ☐
Progress Energy	Yes ☒ No ☐	Duke Energy Indiana	Yes ☒ No ☐
Duke Energy Progress	Yes ☒ No ☐	Piedmont	Yes ☒ No ☐

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

Duke Energy	Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐
Duke Energy Carolinas	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐
Progress Energy	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐
Duke Energy Progress	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐
Duke Energy Florida	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐
Duke Energy Ohio	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐
Duke Energy Indiana	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐
Piedmont	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐	Emerging growth company ☐

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

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

Duke Energy	Yes ☐ No ☒	Duke Energy Florida	Yes ☐ No ☒
Duke Energy Carolinas	Yes ☐ No ☒	Duke Energy Ohio	Yes ☐ No ☒
Progress Energy	Yes ☐ No ☒	Duke Energy Indiana	Yes ☐ No ☒
Duke Energy Progress	Yes ☐ No ☒	Piedmont	Yes ☐ No ☒

Number of shares of common stock outstanding at October 31, 2020:

Registrant	Description	Shares
Duke Energy	Common stock, $0.001 par value	735,958,560

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

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

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

- The impact of the COVID-19 pandemic;
- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the United States electric grid or generating resources;
- The ability to obtain the necessary permits and approvals and to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, operational accidents, information technology failures or other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
- Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- The ability to obtain adequate insurance at acceptable costs;
- Employee workforce factors, including the potential inability to attract and retain key personnel;

FORWARD-LOOKING STATEMENTS

- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);
- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of United States tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy, including enhancing existing technology systems.

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

Glossary of Terms

The following terms or acronyms used in this Form 10-Q are defined below:

Term or Acronym	Definition
2013 Settlement	Revised and Restated Stipulation and Settlement Agreement approved in November 2013 among Duke Energy Florida, the Florida Office of Public Counsel and other customer representatives
2017 Settlement	Second Revised and Restated Settlement Agreement in 2017 among Duke Energy Florida, the Florida Office of Public Counsel and other customer representatives, which replaces and supplants the 2013 Settlement
ACP	Atlantic Coast Pipeline, LLC, a limited liability company owned by Dominion Energy, Inc. and Duke Energy
ACP pipeline	The approximately 600-mile canceled interstate natural gas pipeline
AFS	Available for Sale
AFUDC	Allowance for funds used during construction
AMT	Alternative Minimum Tax
ARO	Asset retirement obligations
Bison	Bison Insurance Company Limited
CC	Combined Cycle
CCR	Coal Combustion Residuals
CARES Act	Coronavirus Aid, Relief and Economic Security Act
Coal Ash Act	North Carolina Coal Ash Management Act of 2014
the company	Duke Energy Corporation and its subsidiaries
Constitution	Constitution Pipeline Company, LLC
COVID-19	Coronavirus Disease 2019
CRC	Cinergy Receivables Company, LLC
Crystal River Unit 3	Crystal River Unit 3 Nuclear Plant
DEFPF	Duke Energy Florida Project Finance, LLC
DEFR	Duke Energy Florida Receivables, LLC
DEPR	Duke Energy Progress Receivables, LLC
DERF	Duke Energy Receivables Finance Company, LLC
Duke Energy	Duke Energy Corporation (collectively with its subsidiaries)
Duke Energy Ohio	Duke Energy Ohio, Inc.
Duke Energy Progress	Duke Energy Progress, LLC
Duke Energy Carolinas	Duke Energy Carolinas, LLC
Duke Energy Florida	Duke Energy Florida, LLC
Duke Energy Indiana	Duke Energy Indiana, LLC
Duke Energy Kentucky	Duke Energy Kentucky, Inc.
Duke Energy Registrants	Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
EDIT	Excess deferred income tax
EPA	U.S. Environmental Protection Agency
EPS	Earnings Per Share
ESP	Electric Security Plan
ETR	Effective tax rate
Exchange Act	Securities Exchange Act of 1934

GLOSSARY OF TERMS

FERC	Federal Energy Regulatory Commission
FPSC	Florida Public Service Commission
FTR	Financial transmission rights
GAAP	Generally accepted accounting principles in the U.S.
GAAP Reported Earnings	Net Income Available to Duke Energy Corporation Common Stockholders
GAAP Reported EPS	Basic Earnings Per Share Available to Duke Energy Corporation common stockholders
GWh	Gigawatt-hours
IGCC	Integrated Gasification Combined Cycle
IMR	Integrity Management Rider
IRS	Internal Revenue Service
Investment Trusts	NDTF investments and grantor trusts of Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana
IURC	Indiana Utility Regulatory Commission
KPSC	Kentucky Public Service Commission
LLC	Limited Liability Company
MGP	Manufactured gas plant
MMBtu	Million British Thermal Unit
MW	Megawatt
MWh	Megawatt-hour
NCUC	North Carolina Utilities Commission
NDTF	Nuclear decommissioning trust funds
NPNS	Normal purchase/normal sale
OPEB	Other Post-Retirement Benefit Obligations
ORS	South Carolina Office of Regulatory Staff
OVEC	Ohio Valley Electric Corporation
Piedmont	Piedmont Natural Gas Company, Inc.
PPA	Purchase Power Agreement
Progress Energy	Progress Energy, Inc.
PSCSC	Public Service Commission of South Carolina
PUCO	Public Utilities Commission of Ohio
Subsidiary Registrants	Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the Tax Act	Tax Cuts and Jobs Act
TPUC	Tennessee Public Utility Commission
U.S.	United States
VIE	Variable Interest Entity
WACC	Weighted Average Cost of Capital

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share amounts)	**2020**	**2019**	**2020**	**2019**
Operating Revenues				
Regulated electric	$ 6,315	$ 6,515	$ 16,402	$ 17,223
Regulated natural gas	214	223	1,115	1,231
Nonregulated electric and other	192	202	574	522
Total operating revenues	6,721	6,940	18,091	18,976
Operating Expenses				
Fuel used in electric generation and purchased power	1,849	1,978	4,645	5,228
Cost of natural gas	41	48	299	451
Operation, maintenance and other	1,450	1,484	4,142	4,337
Depreciation and amortization	1,217	1,186	3,497	3,364
Property and other taxes	324	335	1,003	1,012
Impairment charges	28	(20)	36	(16)
Total operating expenses	4,909	5,011	13,622	14,376
Gains on Sales of Other Assets and Other, net	2	—	10	—
Operating Income	1,814	1,929	4,479	4,600
Other Income and Expenses				
Equity in (losses) earnings of unconsolidated affiliates	(80)	50	(2,004)	137
Other income and expenses, net	127	104	310	308
Total other income and expenses	47	154	(1,694)	445
Interest Expense	522	572	1,627	1,657
Income Before Income Taxes	1,339	1,511	1,158	3,388
Income Tax Expense (Benefit)	105	188	(74)	424
Net Income	1,234	1,323	1,232	2,964
Add: Net Loss Attributable to Noncontrolling Interests	70	19	208	110
Net Income Attributable to Duke Energy Corporation	1,304	1,342	1,440	3,074
Less: Preferred Dividends	39	15	93	27
Net Income Available to Duke Energy Corporation Common Stockholders	$ 1,265	$ 1,327	$ 1,347	$ 3,047
Earnings Per Share – Basic and Diluted				
Basic and Diluted	$ 1.74	$ 1.82	$ 1.85	$ 4.18
Weighted Average Shares Outstanding				
Basic and Diluted	735	729	735	728

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Net Income	$ **1,234**	$ 1,323	$ **1,232**	$ 2,964
Other Comprehensive Loss, net of tax[a]				
Pension and OPEB adjustments	**1**	(2)	**1**	1
Net unrealized losses on cash flow hedges	**(83)**	(16)	**(159)**	(62)
Reclassification into earnings from cash flow hedges	**4**	1	**8**	4
Unrealized (losses) gains on available-for-sale securities	**(2)**	2	**5**	10
Other Comprehensive Loss, net of tax	**(80)**	(15)	**(145)**	(47)
Comprehensive Income	**1,154**	1,308	**1,087**	2,917
Add: Comprehensive Loss Attributable to Noncontrolling Interests	**70**	19	**220**	110
Comprehensive Income Attributable to Duke Energy	**1,224**	1,327	**1,307**	3,027
Less: Preferred Dividends	**39**	15	**93**	27
Comprehensive Income Available to Duke Energy Corporation Common Stockholders	$ **1,185**	$ 1,312	$ **1,214**	$ 3,000

(a) Net of income tax impacts of approximately $24 million for the three months ended September 30, 2020, and $43 million and $14 million for the nine months ended September 30, 2020, and 2019, respectively. All other periods presented include immaterial income tax impacts.

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 308	$ 311
Receivables (net of allowance for doubtful accounts of $27 at 2020 and $22 at 2019)	719	1,066
Receivables of VIEs (net of allowance for doubtful accounts of $106 at 2020 and $54 at 2019)	2,320	1,994
Inventory	3,190	3,232
Regulatory assets (includes $53 at 2020 and $52 at 2019 related to VIEs)	1,637	1,796
Other (includes $335 at 2020 and $242 at 2019 related to VIEs)	505	764
Total current assets	8,679	9,163
Property, Plant and Equipment		
Cost	153,916	147,654
Accumulated depreciation and amortization	(48,185)	(45,773)
Generation facilities to be retired, net	29	246
Net property, plant and equipment	105,760	102,127
Other Noncurrent Assets		
Goodwill	19,303	19,303
Regulatory assets (includes $951 at 2020 and $989 at 2019 related to VIEs)	13,264	13,222
Nuclear decommissioning trust funds	8,363	8,140
Operating lease right-of-use assets, net	1,577	1,658
Investments in equity method unconsolidated affiliates	924	1,936
Other (includes $90 at 2020 and $110 at 2019 related to VIEs)	3,539	3,289
Total other noncurrent assets	46,970	47,548
Total Assets	$ 161,409	$ 158,838
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 2,486	$ 3,487
Notes payable and commercial paper	3,425	3,135
Taxes accrued	768	392
Interest accrued	556	565
Current maturities of long-term debt (includes $466 at 2020 and $216 at 2019 related to VIEs)	4,669	3,141
Asset retirement obligations	742	881
Regulatory liabilities	1,218	784
Other	2,829	2,367
Total current liabilities	16,693	14,752
Long-Term Debt (includes $3,628 at 2020 and $3,997 at 2019 related to VIEs)	56,049	54,985
Other Noncurrent Liabilities		
Deferred income taxes	9,170	8,878
Asset retirement obligations	12,912	12,437
Regulatory liabilities	14,546	15,264
Operating lease liabilities	1,379	1,432
Accrued pension and other post-retirement benefit costs	903	934
Investment tax credits	689	624
Other (includes $342 at 2020 and $228 at 2019 related to VIEs)	1,773	1,581
Total other noncurrent liabilities	41,372	41,150
Commitments and Contingencies		
Equity		
Preferred stock, Series A, $0.001 par value, 40 million depositary shares authorized and outstanding at 2020 and 2019	973	973
Preferred stock, Series B, $0.001 par value, 1 million shares authorized and outstanding at 2020 and 2019	989	989
Common stock, $0.001 par value, 2 billion shares authorized; 736 million shares outstanding at 2020 and 733 million shares outstanding at 2019	1	1
Additional paid-in capital	41,046	40,881
Retained earnings	3,260	4,108
Accumulated other comprehensive loss	(263)	(130)
Total Duke Energy Corporation stockholders' equity	46,006	46,822
Noncontrolling interests	1,289	1,129
Total equity	47,295	47,951
Total Liabilities and Equity	$ 161,409	$ 158,838

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ 1,232	$ 2,964
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	4,081	3,831
Equity in losses (earnings) of unconsolidated affiliates	2,004	(137)
Equity component of AFUDC	(112)	(99)
Gains on sales of other assets	(10)	—
Impairment charges	36	(16)
Deferred income taxes	210	736
Contributions to qualified pension plans	—	(77)
Payments for asset retirement obligations	(463)	(582)
Provision for rate refunds	(15)	61
Refund of AMT credit carryforwards	572	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	87	(4)
Receivables	58	62
Inventory	43	(3)
Other current assets	199	(134)
Increase (decrease) in		
Accounts payable	(563)	(538)
Taxes accrued	386	125
Other current liabilities	(284)	(198)
Other assets	(328)	(279)
Other liabilities	(367)	(75)
Net cash provided by operating activities	6,766	5,637
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(7,408)	(8,084)
Contributions to equity method investments	(276)	(264)
Purchases of debt and equity securities	(6,160)	(3,105)
Proceeds from sales and maturities of debt and equity securities	6,087	3,092
Other	(207)	(272)
Net cash used in investing activities	(7,964)	(8,633)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	6,162	6,131
Issuance of preferred stock	—	1,963
Issuance of common stock	75	41
Payments for the redemption of long-term debt	(3,468)	(2,737)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	2,372	339
Payments for the redemption of short-term debt with original maturities greater than 90 days	(1,143)	(479)
Notes payable and commercial paper	(969)	(879)
Contributions from noncontrolling interests	402	615
Dividends paid	(2,113)	(1,990)
Other	(93)	(17)
Net cash provided by financing activities	1,225	2,987
Net increase (decrease) in cash, cash equivalents and restricted cash	27	(9)
Cash, cash equivalents and restricted cash at beginning of period	573	591
Cash, cash equivalents and restricted cash at end of period	$ 600	$ 582
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 992	$ 1,073
Non-cash dividends	82	81

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended September 30, 2019 and 2020										
						Accumulated Other Comprehensive (Loss) Income					
(in millions)	Preferred Stock	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Gains (Losses) on Cash Flow Hedges	Net Unrealized (Losses) Gains on Available-for-Sale Securities	Pension and OPEB Adjustments	Total Duke Energy Corporation Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at June 30, 2019	$ 973	728	$ 1	$ 40,885	$ 3,502	$ (63)	$ 4	$ (89)	$ 45,213	$ 119	$ 45,332
Net income (loss)	—	—	—	—	1,327	—	—	—	1,327	(19)	1,308
Other comprehensive (loss) income	—	—	—	—	—	(15)	2	(2)	(15)	—	(15)
Preferred stock, Series B, issuances, net of issuance costs[a]	990	—	—	—	—	—	—	—	990	—	990
Common stock issuances, including dividend reinvestment and employee benefits	—	1	—	69	—	—	—	—	69	—	69
Common stock dividends	—	—	—	—	(690)	—	—	—	(690)	—	(690)
Sale of noncontrolling interest[b]	—	—	—	(465)	—	10	—	—	(455)	863	408
Contribution from noncontrolling interests, net of transaction costs	—	—	—	—	—	—	—	—	—	7	7
Other	—	—	—	(1)	—	—	—	—	(1)	(1)	(2)
Balance at September 30, 2019	$ 1,963	729	$ 1	$ 40,488	$ 4,139	$ (68)	$ 6	$ (91)	$ 46,438	$ 969	$ 47,407
Balance at June 30, 2020	$ 1,962	735	$ 1	$ 40,997	$ 2,707	$ (111)	$ 10	$ (82)	$ 45,484	$ 1,127	$ 46,611
Net income (loss)	—	—	—	—	1,265	—	—	—	1,265	(70)	1,195
Other comprehensive (loss) income	—	—	—	—	—	(79)	(2)	1	(80)	—	(80)
Common stock issuances, including dividend reinvestment and employee benefits	—	1	—	65	—	—	—	—	65	—	65
Common stock dividends	—	—	—	—	(712)	—	—	—	(712)	—	(712)
Contribution from noncontrolling interests, net of transaction costs[d]	—	—	—	(17)	—	—	—	—	(17)	239	222
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(8)	(8)
Other	—	—	—	1	—	—	—	—	1	1	2
Balance at September 30, 2020	$ 1,962	736	$ 1	$ 41,046	$ 3,260	$ (190)	$ 8	$ (81)	$ 46,006	$ 1,289	$ 47,295

	Nine Months Ended September 30, 2019 and 2020										
						Accumulated Other Comprehensive (Loss) Income					
(in millions)	Preferred Stock	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flow Hedges	Net Unrealized (Losses) Gains on Available-for-Sale Securities	Pension and OPEB Adjustments	Total Duke Energy Corporation Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2018	$ —	727	$ 1	$ 40,795	$ 3,113	$ (14)	$ (3)	$ (75)	$ 43,817	$ 17	$ 43,834
Net income (loss)	—	—	—	—	3,047	—	—	—	3,047	(110)	2,937
Other comprehensive (loss) income	—	—	—	—	—	(58)	10	1	(47)	—	(47)
Preferred stock, Series A, issuances, net of issuance costs[c]	973	—	—	—	—	—	—	—	973	—	973
Preferred stock, Series B, issuances, net of issuance costs[a]	990	—	—	—	—	—	—	—	990	—	990
Common stock issuances, including dividend reinvestment and employee benefits	—	2	—	158	—	—	—	—	158	—	158
Common stock dividends	—	—	—	—	(2,044)	—	—	—	(2,044)	—	(2,044)
Sale of noncontrolling interest[b]	—	—	—	(465)	—	10	—	—	(455)	863	408
Contributions from noncontrolling interests, net of transaction costs[d]	—	—	—	—	—	—	—	—	—	200	200
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(1)	(1)
Other[e]	—	—	—	—	23	(6)	(1)	(17)	(1)	—	(1)
Balance at September 30, 2019	$ 1,963	729	$ 1	$ 40,488	$ 4,139	$ (68)	$ 6	$ (91)	$ 46,438	$ 969	$ 47,407
Balance at December 31, 2019	$ 1,962	733	$ 1	$ 40,881	$ 4,108	$ (51)	$ 3	$ (82)	$ 46,822	$ 1,129	$ 47,951
Net income (loss)	—	—	—	—	1,347	—	—	—	1,347	(208)	1,139
Other comprehensive (loss) income	—	—	—	—	—	(139)	5	1	(133)	(12)	(145)
Common stock issuances, including dividend reinvestment and employee benefits	—	3	—	181	—	—	—	—	181	—	181
Common stock dividends	—	—	—	—	(2,103)	—	—	—	(2,103)	—	(2,103)
Contributions from noncontrolling interests, net of transaction costs[d]	—	—	—	(17)	—	—	—	—	(17)	402	385
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(22)	(22)
Other[f]	—	—	—	1	(92)	—	—	—	(91)	—	(91)
Balance at September 30, 2020	$ 1,962	736	$ 1	$ 41,046	$ 3,260	$ (190)	$ 8	$ (81)	$ 46,006	$ 1,289	$ 47,295

(a) Duke Energy issued 1 million shares of preferred stock, series B, in the third quarter of 2019.
(b) See Note 2 for additional discussion of the transaction.
(c) Duke Energy issued 40 million depositary shares of preferred stock, Series A.
(d) Relates to tax equity financing activity in the Commercial Renewables segment.
(e) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.
(f) Amounts in Retained earnings primarily represent impacts due to implementation of a new accounting standard related to Current Estimated Credit Losses. See Note 1 for additional discussion.

FINANCIAL STATEMENTS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2020	2019	2020	2019
Operating Revenues	$ 2,058	$ 2,162	$ 5,416	$ 5,619
Operating Expenses				
Fuel used in electric generation and purchased power	497	504	1,326	1,371
Operation, maintenance and other	402	443	1,218	1,324
Depreciation and amortization	372	350	1,090	1,013
Property and other taxes	57	66	213	221
Impairment charges	20	6	22	11
Total operating expenses	1,348	1,369	3,869	3,940
Gains on Sales of Other Assets and Other, net	1	—	1	—
Operating Income	711	793	1,548	1,679
Other Income and Expenses, net	42	34	128	106
Interest Expense	122	119	370	346
Income Before Income Taxes	631	708	1,306	1,439
Income Tax Expense	76	118	178	255
Net Income and Comprehensive Income	$ 555	$ 590	$ 1,128	$ 1,184

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 23	$ 18
Receivables (net of allowance for doubtful accounts of $1 at 2020 and $3 at 2019)	177	324
Receivables of VIEs (net of allowance for doubtful accounts of $21 at 2020 and $7 at 2019)	770	642
Receivables from affiliated companies	64	114
Notes receivable from affiliated companies	65	—
Inventory	992	996
Regulatory assets	495	550
Other	44	21
Total current assets	2,630	2,665
Property, Plant and Equipment		
Cost	50,622	48,922
Accumulated depreciation and amortization	(17,406)	(16,525)
Net property, plant and equipment	33,216	32,397
Other Noncurrent Assets		
Regulatory assets	3,400	3,360
Nuclear decommissioning trust funds	4,506	4,359
Operating lease right-of-use assets, net	117	123
Other	1,179	1,149
Total other noncurrent assets	9,202	8,991
Total Assets	$ 45,048	$ 44,053
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 583	$ 954
Accounts payable to affiliated companies	155	210
Notes payable to affiliated companies	—	29
Taxes accrued	398	46
Interest accrued	130	115
Current maturities of long-term debt	751	458
Asset retirement obligations	267	206
Regulatory liabilities	430	255
Other	487	611
Total current liabilities	3,201	2,884
Long-Term Debt	11,497	11,142
Long-Term Debt Payable to Affiliated Companies	300	300
Other Noncurrent Liabilities		
Deferred income taxes	3,915	3,921
Asset retirement obligations	5,507	5,528
Regulatory liabilities	6,243	6,423
Operating lease liabilities	102	102
Accrued pension and other post-retirement benefit costs	76	84
Investment tax credits	237	231
Other	644	627
Total other noncurrent liabilities	16,724	16,916
Commitments and Contingencies		
Equity		
Member's equity	13,333	12,818
Accumulated other comprehensive loss	(7)	(7)
Total equity	13,326	12,811
Total Liabilities and Equity	$ 45,048	$ 44,053

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Nine Months Ended September 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,128	$ 1,184
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	1,295	1,227
Equity component of AFUDC	(46)	(29)
Gains on sales of other assets	(1)	—
Impairment charges	22	11
Deferred income taxes	(103)	96
Contributions to qualified pension plans	—	(7)
Payments for asset retirement obligations	(127)	(234)
Provision for rate refunds	(1)	34
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	(7)
Receivables	41	(80)
Receivables from affiliated companies	50	74
Inventory	4	5
Other current assets	197	(117)
Increase (decrease) in		
Accounts payable	(313)	(284)
Accounts payable to affiliated companies	(55)	(56)
Taxes accrued	352	91
Other current liabilities	(121)	44
Other assets	(71)	(2)
Other liabilities	(23)	(44)
Net cash provided by operating activities	2,228	1,906
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,931)	(1,984)
Purchases of debt and equity securities	(1,313)	(1,658)
Proceeds from sales and maturities of debt and equity securities	1,313	1,658
Notes receivable from affiliated companies	(65)	—
Other	(105)	(80)
Net cash used in investing activities	(2,101)	(2,064)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	965	819
Payments for the redemption of long-term debt	(457)	(5)
Notes payable to affiliated companies	(29)	(390)
Distributions to parent	(600)	(275)
Other	(1)	(1)
Net cash (used in) provided by financing activities	(122)	148
Net increase (decrease) in cash and cash equivalents	5	(10)
Cash and cash equivalents at beginning of period	18	33
Cash and cash equivalents at end of period	$ 23	$ 23
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 295	$ 261

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended September 30, 2019 and 2020		
		Accumulated Other Comprehensive Loss	
(in millions)	Member's Equity	Net Losses on Cash Flow Hedges	Total Equity
Balance at June 30, 2019	$ 12,283	$ (7)	$ 12,276
Net income	590	—	590
Distributions to parent	(275)	—	(275)
Balance at September 30, 2019	$ 12,598	$ (7)	$ 12,591
Balance at June 30, 2020	$ 13,079	$ (7)	$ 13,072
Net income	**555**	**—**	**555**
Distributions to parent	**(300)**	**—**	**(300)**
Other	**(1)**	**—**	**(1)**
Balance at September 30, 2020	**$ 13,333**	**$ (7)**	**$ 13,326**

	Nine Months Ended September 30, 2019 and 2020		
		Accumulated Other Comprehensive Loss	
(in millions)	Member's Equity	Net Losses on Cash Flow Hedges	Total Equity
Balance at December 31, 2018	$ 11,689	$ (6)	$ 11,683
Net income	1,184	—	1,184
Distributions to parent	(275)	—	(275)
Other	—	(1)	(1)
Balance at September 30, 2019	$ 12,598	$ (7)	$ 12,591
Balance at December 31, 2019	$ 12,818	$ (7)	$ 12,811
Net income	**1,128**	**—**	**1,128**
Distributions to parent	**(600)**	**—**	**(600)**
Other[a]	**(13)**	**—**	**(13)**
Balance at September 30, 2020	**$ 13,333**	**$ (7)**	**$ 13,326**

(a) Amounts primarily represent impacts due to implementation of a new accounting standard related to Current Estimated Credit Losses. See Note 1 for additional discussion.

FINANCIAL STATEMENTS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2020	2019	2020	2019
Operating Revenues	$ 3,197	$ 3,242	$ 8,117	$ 8,558
Operating Expenses				
Fuel used in electric generation and purchased power	1,088	1,187	2,628	3,100
Operation, maintenance and other	646	640	1,789	1,813
Depreciation and amortization	472	496	1,356	1,377
Property and other taxes	147	159	419	439
Impairment charges	1	(25)	1	(25)
Total operating expenses	2,354	2,457	6,193	6,704
Gains on Sales of Other Assets and Other, net	3	1	9	—
Operating Income	846	786	1,933	1,854
Other Income and Expenses, net	24	41	89	106
Interest Expense	194	212	599	650
Income Before Income Taxes	676	615	1,423	1,310
Income Tax Expense	70	94	190	212
Net Income	606	521	1,233	1,098
Less: Net Income Attributable to Noncontrolling Interests	1	—	1	—
Net Income Attributable to Parent	$ 605	$ 521	$ 1,232	$ 1,098
Net Income	$ 606	$ 521	$ 1,233	$ 1,098
Other Comprehensive Income, net of tax				
Pension and OPEB adjustments	—	—	1	2
Net unrealized gains on cash flow hedges	1	1	3	4
Unrealized gains on available-for-sale securities	1	1	1	2
Other Comprehensive Income, net of tax	2	2	5	8
Comprehensive Income	608	523	1,238	1,106
Less: Comprehensive Income Attributable to Noncontrolling Interests	1	—	1	—
Comprehensive Income Attributable to Parent	$ 607	$ 523	$ 1,237	$ 1,106

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 70	$ 48
Receivables (net of allowance for doubtful accounts of $9 at 2020 and $7 at 2019)	196	220
Receivables of VIEs (net of allowance for doubtful accounts of $28 at 2020 and $9 at 2019)	1,071	830
Receivables from affiliated companies	44	76
Notes receivable from affiliated companies	—	164
Inventory	1,378	1,423
Regulatory assets (includes $53 at 2020 and $52 at 2019 related to VIEs)	775	946
Other (includes $16 at 2020 and $39 at 2019 related to VIEs)	81	210
Total current assets	3,615	3,917
Property, Plant and Equipment		
Cost	57,152	55,070
Accumulated depreciation and amortization	(18,008)	(17,159)
Generation facilities to be retired, net	29	246
Net property, plant and equipment	39,173	38,157
Other Noncurrent Assets		
Goodwill	3,655	3,655
Regulatory assets (includes $951 at 2020 and $989 at 2019 related to VIEs)	6,270	6,346
Nuclear decommissioning trust funds	3,857	3,782
Operating lease right-of-use assets, net	710	788
Other	1,212	1,049
Total other noncurrent assets	15,704	15,620
Total Assets	$ 58,492	$ 57,694
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 795	$ 1,104
Accounts payable to affiliated companies	208	310
Notes payable to affiliated companies	2,159	1,821
Taxes accrued	310	46
Interest accrued	199	228
Current maturities of long-term debt (includes $305 at 2020 and $54 at 2019 related to VIEs)	1,726	1,577
Asset retirement obligations	297	485
Regulatory liabilities	545	330
Other	756	902
Total current liabilities	6,995	6,803
Long-Term Debt (includes $1,351 at 2020 and $1,632 at 2019 related to VIEs)	17,989	17,907
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	4,508	4,462
Asset retirement obligations	6,058	5,986
Regulatory liabilities	4,809	5,225
Operating lease liabilities	637	697
Accrued pension and other post-retirement benefit costs	474	488
Other	443	383
Total other noncurrent liabilities	16,929	17,241
Commitments and Contingencies		
Equity		
Common Stock, $0.01 par value, 100 shares authorized and outstanding at 2020 and 2019	—	—
Additional paid-in capital	9,143	9,143
Retained earnings	7,296	6,465
Accumulated other comprehensive loss	(13)	(18)
Total Progress Energy, Inc. stockholders' equity	16,426	15,590
Noncontrolling interests	3	3
Total equity	16,429	15,593
Total Liabilities and Equity	$ 58,492	$ 57,694

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Nine Months Ended September 30,	
(in millions)	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,233	$ 1,098
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,734	1,649
Equity component of AFUDC	(30)	(48)
(Gains) Losses on sales of other assets	(9)	—
Impairment charges	1	(25)
Deferred income taxes	(3)	342
Contributions to qualified pension plans	—	(57)
Payments for asset retirement obligations	(287)	(309)
Provision for rate refunds	4	13
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(13)	9
Receivables	(207)	(128)
Receivables from affiliated companies	32	135
Inventory	46	45
Other current assets	214	79
Increase (decrease) in		
Accounts payable	(124)	(64)
Accounts payable to affiliated companies	(102)	(6)
Taxes accrued	263	150
Other current liabilities	(41)	(96)
Other assets	(145)	(282)
Other liabilities	(102)	(75)
Net cash provided by operating activities	2,464	2,430
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,602)	(2,866)
Purchases of debt and equity securities	(4,554)	(1,304)
Proceeds from sales and maturities of debt and equity securities	4,543	1,300
Notes receivable from affiliated companies	164	—
Other	(114)	(130)
Net cash used in investing activities	(2,563)	(3,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,791	1,295
Payments for the redemption of long-term debt	(1,555)	(1,263)
Notes payable to affiliated companies	338	554
Dividends to parent	(400)	—
Other	(13)	8
Net cash provided by financing activities	161	594
Net increase in cash, cash equivalents and restricted cash	62	24
Cash, cash equivalents and restricted cash at beginning of period	126	112
Cash, cash equivalents and restricted cash at end of period	$ 188	$ 136
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 311	$ 400

See Notes to Condensed Consolidated Financial Statements

PROGRESS ENERGY, INC.

Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Three Months Ended September 30, 2019 and 2020							
			Accumulated Other Comprehensive Loss					
(in millions)	Additional Paid-in Capital	Retained Earnings	Net Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Pension and OPEB Adjustments	Total Progress Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at June 30, 2019	$ 9,143	$ 5,715	$ (13)	$ —	$ (8)	$ 14,837	$ 2	$ 14,839
Net income	—	521	—	—	—	521	—	521
Other comprehensive income	—	—	1	1	—	2	—	2
Other	—	—	—	(1)	1	—	1	1
Balance at September 30, 2019	$ 9,143	$ 6,236	$ (12)	$ —	$ (7)	$ 15,360	$ 3	$ 15,363
Balance at June 30, 2020	$ 9,143	$ 7,090	$ (8)	$ (1)	$ (6)	$ 16,218	$ 3	$ 16,221
Net income	—	605	—	—	—	605	1	606
Other comprehensive income	—	—	1	1	—	2	—	2
Dividends to parent	—	(400)	—	—	—	(400)	—	(400)
Other	—	1	—	—	—	1	(1)	—
Balance at September 30, 2020	$ 9,143	$ 7,296	$ (7)	$ —	$ (6)	$ 16,426	$ 3	$ 16,429

	Nine Months Ended September 30, 2019 and 2020							
			Accumulated Other Comprehensive Loss					
	Additional Paid-in Capital	Retained Earnings	Net Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Pension and OPEB Adjustments	Total Progress Energy, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2018	$ 9,143	$ 5,131	$ (12)	$ (1)	$ (7)	$ 14,254	$ 3	$ 14,257
Net income	—	1,098	—	—	—	1,098	—	1,098
Other comprehensive income	—	—	4	2	2	8	—	8
Other[(a)]	—	7	(4)	(1)	(2)	—	—	—
Balance at September 30, 2019	$ 9,143	$ 6,236	$ (12)	$ —	$ (7)	$ 15,360	$ 3	$ 15,363
Balance at December 31, 2019	$ 9,143	$ 6,465	$ (10)	$ (1)	$ (7)	$ 15,590	$ 3	$ 15,593
Net income	—	1,232	—	—	—	1,232	1	1,233
Other comprehensive income	—	—	3	1	1	5	—	5
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Dividends to parent	—	(400)	—	—	—	(400)	—	(400)
Other	—	(1)	—	—	—	(1)	—	(1)
Balance at September 30, 2020	$ 9,143	$ 7,296	$ (7)	$ —	$ (6)	$ 16,426	$ 3	$ 16,429

(a) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income due to implementation of a new accounting standard related to Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2020	2019	2020	2019
Operating Revenues	$ 1,626	$ 1,688	$ 4,207	$ 4,559
Operating Expenses				
Fuel used in electric generation and purchased power	537	577	1,337	1,571
Operation, maintenance and other	348	378	970	1,070
Depreciation and amortization	289	314	833	855
Property and other taxes	38	46	129	131
Impairment charges	5	—	5	—
Total operating expenses	1,217	1,315	3,274	3,627
Gains on Sales of Other Assets and Other, net	3	—	8	—
Operating Income	412	373	941	932
Other Income and Expenses, net	11	27	52	75
Interest Expense	66	74	203	232
Income Before Income Taxes	357	326	790	775
Income Tax Expense	11	48	79	125
Net Income and Comprehensive Income	$ 346	$ 278	$ 711	$ 650

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 43	$ 22
Receivables (net of allowance for doubtful accounts of $4 at 2020 and $3 at 2019)	103	123
Receivables of VIEs (net of allowance for doubtful accounts of $17 at 2020 and $5 at 2019)	559	489
Receivables from affiliated companies	45	52
Inventory	910	934
Regulatory assets	472	526
Other	54	60
Total current assets	2,186	2,206
Property, Plant and Equipment		
Cost	35,479	34,603
Accumulated depreciation and amortization	(12,548)	(11,915)
Generation facilities to be retired, net	29	246
Net property, plant and equipment	22,960	22,934
Other Noncurrent Assets		
Regulatory assets	4,449	4,152
Nuclear decommissioning trust funds	3,189	3,047
Operating lease right-of-use assets, net	357	387
Other	720	651
Total other noncurrent assets	8,715	8,237
Total Assets	$ 33,861	$ 33,377
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 372	$ 629
Accounts payable to affiliated companies	144	203
Notes payable to affiliated companies	167	66
Taxes accrued	207	17
Interest accrued	80	110
Current maturities of long-term debt	603	1,006
Asset retirement obligations	297	485
Regulatory liabilities	436	236
Other	389	478
Total current liabilities	2,695	3,230
Long-Term Debt	8,605	7,902
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	2,426	2,388
Asset retirement obligations	5,503	5,408
Regulatory liabilities	4,140	4,232
Operating lease liabilities	329	354
Accrued pension and other post-retirement benefit costs	236	238
Investment tax credits	133	137
Other	88	92
Total other noncurrent liabilities	12,855	12,849
Commitments and Contingencies		
Equity		
Member's Equity	9,556	9,246
Total Liabilities and Equity	$ 33,861	$ 33,377

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

	Nine Months Ended September 30,	
(in millions)	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 711	$ 650
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	972	996
Equity component of AFUDC	(22)	(44)
Gains on sales of other assets	(8)	—
Impairment charges	5	—
Deferred income taxes	(33)	144
Contributions to qualified pension plans	—	(4)
Payments for asset retirement obligations	(249)	(288)
Provision for rate refunds	4	13
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	(4)
Receivables	(34)	(9)
Receivables from affiliated companies	7	(11)
Inventory	24	15
Other current assets	82	65
Increase (decrease) in		
Accounts payable	(185)	(54)
Accounts payable to affiliated companies	(59)	(80)
Taxes accrued	190	37
Other current liabilities	(24)	(17)
Other assets	(177)	(201)
Other liabilities	21	39
Net cash provided by operating activities	1,225	1,247
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,142)	(1,592)
Purchases of debt and equity securities	(1,269)	(656)
Proceeds from sales and maturities of debt and equity securities	1,238	632
Other	(31)	(56)
Net cash used in investing activities	(1,204)	(1,672)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,296	1,270
Payments for the redemption of long-term debt	(985)	(603)
Notes payable to affiliated companies	101	(215)
Distributions to parent	(400)	—
Other	(12)	(1)
Net cash provided by financing activities	—	451
Net increase in cash and cash equivalents	21	26
Cash and cash equivalents at beginning of period	22	23
Cash and cash equivalents at end of period	$ 43	$ 49
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 124	$ 182

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended September 30, 2019 and 2020 Member's Equity
Balance at June 30, 2019	$ 8,813
Net income	278
Balance at September 30, 2019	$ 9,091
Balance at June 30, 2020	$ 9,610
Net income	**346**
Distributions to parent	**(400)**
Balance at September 30, 2020	**$ 9,556**

(in millions)	Nine Months Ended September 30, 2019 and 2020 Member's Equity
Balance at December 31, 2018	$ 8,441
Net income	650
Balance at September 30, 2019	$ 9,091
Balance at December 31, 2019	$ 9,246
Net income	**711**
Distributions to parent	**(400)**
Other	**(1)**
Balance at September 30, 2020	**$ 9,556**

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Operating Revenues	**$ 1,567**	$ 1,548	**$ 3,897**	$ 3,987
Operating Expenses				
Fuel used in electric generation and purchased power	**551**	610	**1,291**	1,529
Operation, maintenance and other	**292**	256	**806**	730
Depreciation and amortization	**183**	182	**523**	522
Property and other taxes	**110**	113	**290**	309
Impairment charges	**(4)**	(25)	**(4)**	(25)
Total operating expenses	**1,132**	1,136	**2,906**	3,065
Gains on Sales of Other Assets and Other, net	**—**	1	**—**	—
Operating Income	**435**	413	**991**	922
Other Income and Expenses, net	**11**	14	**36**	39
Interest Expense	**81**	81	**245**	246
Income Before Income Taxes	**365**	346	**782**	715
Income Tax Expense	**78**	57	**159**	129
Net Income	**$ 287**	$ 289	**$ 623**	$ 586
Other Comprehensive Income, net of tax				
Unrealized gains on available-for-sale securities	**1**	1	**1**	2
Comprehensive Income	**$ 288**	$ 290	**$ 624**	$ 588

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

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 19	$ 17
Receivables (net of allowance for doubtful accounts of $5 at 2020 and $3 at 2019)	91	96
Receivables of VIEs (net of allowance for doubtful accounts of $11 at 2020 and $4 at 2019)	512	341
Receivables from affiliated companies	3	—
Notes receivable from affiliated companies	—	173
Inventory	468	489
Regulatory assets (includes $53 at 2020 and $52 at 2019 related to VIEs)	303	419
Other (includes $16 at 2020 and $39 at 2019 related to VIEs)	25	58
Total current assets	1,421	1,593
Property, Plant and Equipment		
Cost	21,662	20,457
Accumulated depreciation and amortization	(5,452)	(5,236)
Net property, plant and equipment	16,210	15,221
Other Noncurrent Assets		
Regulatory assets (includes $951 at 2020 and $989 at 2019 related to VIEs)	1,821	2,194
Nuclear decommissioning trust funds	668	734
Operating lease right-of-use assets, net	354	401
Other	341	311
Total other noncurrent assets	3,184	3,640
Total Assets	$ 20,815	$ 20,454
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 424	$ 474
Accounts payable to affiliated companies	77	131
Notes payable to affiliated companies	66	—
Taxes accrued	260	43
Interest accrued	73	75
Current maturities of long-term debt (includes $305 at 2020 and $54 at 2019 related to VIEs)	623	571
Regulatory liabilities	109	94
Other	359	415
Total current liabilities	1,991	1,803
Long-Term Debt (includes $1,001 at 2020 and $1,307 at 2019 related to VIEs)	7,294	7,416
Other Noncurrent Liabilities		
Deferred income taxes	2,175	2,179
Asset retirement obligations	555	578
Regulatory liabilities	669	993
Operating lease liabilities	308	343
Accrued pension and other post-retirement benefit costs	207	218
Other	205	136
Total other noncurrent liabilities	4,119	4,447
Commitments and Contingencies		
Equity		
Member's equity	7,411	6,789
Accumulated other comprehensive loss	—	(1)
Total equity	7,411	6,788
Total Liabilities and Equity	$ 20,815	$ 20,454

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 623	$ 586
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	755	647
Equity component of AFUDC	(8)	(4)
Impairment charges	(4)	(25)
Deferred income taxes	19	164
Contributions to qualified pension plans	—	(53)
Payments for asset retirement obligations	(38)	(21)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(17)	9
Receivables	(172)	(119)
Receivables from affiliated companies	(3)	27
Inventory	22	29
Other current assets	41	100
Increase (decrease) in		
Accounts payable	63	(11)
Accounts payable to affiliated companies	(54)	67
Taxes accrued	217	101
Other current liabilities	(20)	(77)
Other assets	48	(77)
Other liabilities	(136)	(123)
Net cash provided by operating activities	1,336	1,220
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,460)	(1,274)
Purchases of debt and equity securities	(3,284)	(648)
Proceeds from sales and maturities of debt and equity securities	3,305	668
Notes receivable from affiliated companies	173	—
Other	(82)	(73)
Net cash used in investing activities	(1,348)	(1,327)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	495	25
Payments for the redemption of long-term debt	(570)	(210)
Notes payable to affiliated companies	66	248
Other	—	9
Net cash (used in) provided by financing activities	(9)	72
Net decrease in cash, cash equivalents and restricted cash	(21)	(35)
Cash, cash equivalents and restricted cash at beginning of period	56	75
Cash, cash equivalents and restricted cash at end of period	$ 35	$ 40
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 187	$ 218

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended September 30, 2019 and 2020		
		Accumulated Other Comprehensive Income (Loss)	
(in millions)	Member's Equity	Net Unrealized Gains on Available-for-Sale Securities	Total Equity
Balance at June 30, 2019	$ 6,394	$ (1)	$ 6,393
Net income	289	—	289
Other comprehensive income	—	1	1
Balance at September 30, 2019	$ 6,683	$ —	$ 6,683
Balance at June 30, 2020	$ 7,125	$ (1)	$ 7,124
Net income	**287**	**—**	**287**
Other comprehensive income	**—**	**1**	**1**
Other	**(1)**	**—**	**(1)**
Balance at September 30, 2020	**$ 7,411**	**$ —**	**$ 7,411**

	Nine Months Ended September 30, 2019 and 2020		
		Accumulated Other Comprehensive Income (Loss)	
(in millions)	Member's Equity	Net Unrealized Gains on Available-for-Sale Securities	Total Equity
Balance at December 31, 2018	$ 6,097	$ (2)	$ 6,095
Net income	586	—	586
Other comprehensive income	—	2	2
Balance at September 30, 2019	$ 6,683	$ —	$ 6,683
Balance at December 31, 2019	$ 6,789	$ (1)	$ 6,788
Net income	**623**	**—**	**623**
Other comprehensive income	**—**	**1**	**1**
Other	**(1)**	**—**	**(1)**
Balance at September 30, 2020	**$ 7,411**	**$ —**	**$ 7,411**

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Operating Revenues				
Regulated electric	**$ 394**	$ 408	**$ 1,070**	$ 1,099
Regulated natural gas	**79**	81	**324**	354
Total operating revenues	**473**	489	**1,394**	1,453
Operating Expenses				
Fuel used in electric generation and purchased power	**94**	114	**258**	293
Cost of natural gas	**3**	4	**46**	68
Operation, maintenance and other	**115**	123	**333**	378
Depreciation and amortization	**72**	69	**208**	199
Property and other taxes	**83**	71	**244**	229
Total operating expenses	**367**	381	**1,089**	1,167
Operating Income	**106**	108	**305**	286
Other Income and Expenses, net	**4**	4	**11**	19
Interest Expense	**26**	27	**75**	81
Income Before Income Taxes	**84**	85	**241**	224
Income Tax Expense	**14**	11	**40**	34
Net Income and Comprehensive Income	**$ 70**	$ 74	**$ 201**	$ 190

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 10	$ 17
Receivables (net of allowance for doubtful accounts of $5 at 2020 and $4 at 2019)	90	84
Receivables from affiliated companies	57	92
Inventory	130	135
Regulatory assets	35	49
Other	13	21
Total current assets	335	398
Property, Plant and Equipment		
Cost	10,804	10,241
Accumulated depreciation and amortization	(2,989)	(2,843)
Net property, plant and equipment	7,815	7,398
Other Noncurrent Assets		
Goodwill	920	920
Regulatory assets	597	549
Operating lease right-of-use assets, net	20	21
Other	62	52
Total other noncurrent assets	1,599	1,542
Total Assets	$ 9,749	$ 9,338
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 240	$ 288
Accounts payable to affiliated companies	54	68
Notes payable to affiliated companies	85	312
Taxes accrued	193	219
Interest accrued	32	30
Asset retirement obligations	7	1
Regulatory liabilities	66	64
Other	73	75
Total current liabilities	750	1,057
Long-Term Debt	3,064	2,594
Long-Term Debt Payable to Affiliated Companies	25	25
Other Noncurrent Liabilities		
Deferred income taxes	965	922
Asset retirement obligations	84	79
Regulatory liabilities	753	763
Operating lease liabilities	20	21
Accrued pension and other post-retirement benefit costs	104	100
Other	100	94
Total other noncurrent liabilities	2,026	1,979
Commitments and Contingencies		
Equity		
Common Stock, $8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2020 and 2019	762	762
Additional paid-in capital	2,776	2,776
Retained earnings	346	145
Total equity	3,884	3,683
Total Liabilities and Equity	$ 9,749	$ 9,338

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 201**	$ 190
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**211**	202
Equity component of AFUDC	**(4)**	(9)
Deferred income taxes	**31**	68
Contributions to qualified pension plans	**—**	(2)
Payments for asset retirement obligations	**(1)**	(7)
Provision for rate refunds	**10**	5
(Increase) decrease in		
Receivables	**(5)**	24
Receivables from affiliated companies	**35**	51
Inventory	**5**	(2)
Other current assets	**5**	(15)
Increase (decrease) in		
Accounts payable	**(28)**	(40)
Accounts payable to affiliated companies	**(14)**	(9)
Taxes accrued	**(23)**	(40)
Other current liabilities	**6**	(4)
Other assets	**(24)**	(12)
Other liabilities	**(7)**	(22)
Net cash provided by operating activities	**398**	378
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	**(611)**	(714)
Notes receivable from affiliated companies	**—**	(74)
Other	**(34)**	(45)
Net cash used in investing activities	**(645)**	(833)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	**467**	1,003
Payments for the redemption of long-term debt	**—**	(451)
Notes payable to affiliated companies	**(227)**	(107)
Net cash provided by financing activities	**240**	445
Net decrease in cash and cash equivalents	**(7)**	(10)
Cash and cash equivalents at beginning of period	**17**	21
Cash and cash equivalents at end of period	**$ 10**	$ 11
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	**$ 92**	$ 100

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended September 30, 2019 and 2020			
(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
Balance at June 30, 2019	$ 762	$ 2,776	$ 23	$ 3,561
Net income	—	—	74	74
Balance at September 30, 2019	$ 762	$ 2,776	$ 97	$ 3,635
Balance at June 30, 2020	$ 762	$ 2,776	$ 276	$ 3,814
Net income	**—**	**—**	**70**	**70**
Balance at September 30, 2020	**$ 762**	**$ 2,776**	**$ 346**	**$ 3,884**

	Nine Months Ended September 30, 2019 and 2020			
(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Equity
Balance at December 31, 2018	$ 762	$ 2,776	$ (93)	$ 3,445
Net income	—	—	190	190
Balance at September 30, 2019	$ 762	$ 2,776	$ 97	$ 3,635
Balance at December 31, 2019	$ 762	$ 2,776	$ 145	$ 3,683
Net income	**—**	**—**	**201**	**201**
Balance at September 30, 2020	**$ 762**	**$ 2,776**	**$ 346**	**$ 3,884**

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Operating Revenues	$ 761	$ 807	$ 2,070	$ 2,289
Operating Expenses				
Fuel used in electric generation and purchased power	222	234	577	720
Operation, maintenance and other	207	192	564	569
Depreciation and amortization	149	130	415	393
Property and other taxes	15	16	57	55
Total operating expenses	593	572	1,613	1,737
Operating Income	168	235	457	552
Other Income and Expenses, net	9	8	28	35
Interest Expense	29	40	114	111
Income Before Income Taxes	148	203	371	476
Income Tax Expense	29	47	72	113
Net Income and Comprehensive Income	$ 119	$ 156	$ 299	$ 363

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 15	$ 25
Receivables (net of allowance for doubtful accounts of $3 at 2020 and 2019)	48	60
Receivables from affiliated companies	84	79
Inventory	507	517
Regulatory assets	119	90
Other	30	60
Total current assets	803	831
Property, Plant and Equipment		
Cost	17,223	16,305
Accumulated depreciation and amortization	(5,579)	(5,233)
Net property, plant and equipment	11,644	11,072
Other Noncurrent Assets		
Regulatory assets	1,184	1,082
Operating lease right-of-use assets, net	55	57
Other	228	234
Total other noncurrent assets	1,467	1,373
Total Assets	$ 13,914	$ 13,276
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 172	$ 201
Accounts payable to affiliated companies	65	87
Notes payable to affiliated companies	83	30
Taxes accrued	110	49
Interest accrued	63	58
Current maturities of long-term debt	13	503
Asset retirement obligations	170	189
Regulatory liabilities	76	55
Other	98	112
Total current liabilities	850	1,284
Long-Term Debt	3,941	3,404
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	1,179	1,150
Asset retirement obligations	1,044	643
Regulatory liabilities	1,648	1,685
Operating lease liabilities	53	55
Accrued pension and other post-retirement benefit costs	151	148
Investment tax credits	168	164
Other	56	18
Total other noncurrent liabilities	4,299	3,863
Commitments and Contingencies		
Equity		
Member's Equity	4,674	4,575
Total Liabilities and Equity	$ 13,914	$ 13,276

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 299	$ 363
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	416	395
Equity component of AFUDC	(18)	(13)
Deferred income taxes	11	108
Contributions to qualified pension plans	—	(2)
Payments for asset retirement obligations	(48)	(31)
(Increase) decrease in		
Receivables	15	1
Receivables from affiliated companies	(5)	37
Inventory	10	(56)
Other current assets	12	91
Increase (decrease) in		
Accounts payable	(1)	1
Accounts payable to affiliated companies	(22)	(9)
Taxes accrued	65	(14)
Other current liabilities	(2)	(12)
Other assets	(41)	(75)
Other liabilities	104	67
Net cash provided by operating activities	795	851
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(669)	(663)
Purchases of debt and equity securities	(24)	(19)
Proceeds from sales and maturities of debt and equity securities	15	15
Notes receivable from affiliated companies	—	(213)
Other	(24)	(33)
Net cash used in investing activities	(702)	(913)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	544	485
Payments for the redemption of long-term debt	(500)	(60)
Notes payable to affiliated companies	53	(167)
Distributions to parent	(200)	(200)
Net cash provided by (used in) financing activities	(103)	58
Net decrease in cash and cash equivalents	(10)	(4)
Cash and cash equivalents at beginning of period	25	24
Cash and cash equivalents at end of period	$ 15	$ 20
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 73	$ 82

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended September 30, 2019 and 2020 Member's Equity
Balance at June 30, 2019	$ 4,546
Net income	156
Distributions to parent	(200)
Balance at September 30, 2019	$ 4,502
Balance at June 30, 2020	$ 4,655
Net income	**119**
Distributions to parent	**(100)**
Balance at September 30, 2020	**$ 4,674**

(in millions)	Nine Months Ended September 30, 2019 and 2020 Member's Equity
Balance at December 31, 2018	$ 4,339
Net income	363
Distributions to parent	(200)
Balance at September 30, 2019	$ 4,502
Balance at December 31, 2019	$ 4,575
Net income	**299**
Distributions to parent	**(200)**
Balance at September 30, 2020	**$ 4,674**

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2020	2019	2020	2019
Operating Revenues	$ 162	$ 168	$ 871	$ 956
Operating Expenses				
Cost of natural gas	39	46	254	384
Operation, maintenance and other	75	78	234	241
Depreciation and amortization	45	43	133	127
Property and other taxes	13	14	37	39
Impairment charges	7	—	7	—
Total operating expenses	179	181	665	791
Operating (Loss) Income	(17)	(13)	206	165
Other Income and Expenses, net	16	7	44	19
Interest Expense	29	22	89	65
(Loss) Income Before Income Taxes	(30)	(28)	161	119
Income Tax (Benefit) Expense	(5)	(10)	6	22
Net (Loss) Income and Comprehensive (Loss) Income	$ (25)	$ (18)	$ 155	$ 97

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Receivables (net of allowance for doubtful accounts of $9 at 2020 and $6 at 2019)	$ 93	$ 241
Receivables from affiliated companies	11	10
Inventory	47	72
Regulatory assets	119	73
Other	51	28
Total current assets	321	424
Property, Plant and Equipment		
Cost	8,882	8,446
Accumulated depreciation and amortization	(1,713)	(1,681)
Net property, plant and equipment	7,169	6,765
Other Noncurrent Assets		
Goodwill	49	49
Regulatory assets	287	290
Operating lease right-of-use assets, net	21	24
Investments in equity method unconsolidated affiliates	86	83
Other	279	121
Total other noncurrent assets	722	567
Total Assets	$ 8,212	$ 7,756
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$ 177	$ 215
Accounts payable to affiliated companies	63	3
Notes payable to affiliated companies	327	476
Taxes accrued	36	24
Interest accrued	37	33
Current maturities of long-term debt	160	—
Regulatory liabilities	101	81
Other	59	67
Total current liabilities	960	899
Long-Term Debt	2,620	2,384
Other Noncurrent Liabilities		
Deferred income taxes	775	708
Asset retirement obligations	17	17
Regulatory liabilities	1,070	1,131
Operating lease liabilities	20	23
Accrued pension and other post-retirement benefit costs	7	3
Other	146	148
Total other noncurrent liabilities	2,035	2,030
Commitments and Contingencies		
Equity		
Common stock, no par value: 100 shares authorized and outstanding at 2020 and 2019	1,310	1,310
Retained earnings	1,287	1,133
Total equity	2,597	2,443
Total Liabilities and Equity	$ 8,212	$ 7,756

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(in millions)	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 155	$ 97
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	135	129
Equity component of AFUDC	(14)	—
Impairment charges	7	—
Deferred income taxes	24	110
Equity in earnings from unconsolidated affiliates	(7)	(6)
Contributions to qualified pension plans	—	(1)
Provision for rate refunds	(27)	9
(Increase) decrease in		
Receivables	164	192
Receivables from affiliated companies	(1)	12
Inventory	25	23
Other current assets	(59)	(95)
Increase (decrease) in		
Accounts payable	(53)	(93)
Accounts payable to affiliated companies	60	12
Taxes accrued	16	(51)
Other current liabilities	(4)	(6)
Other assets	(14)	(10)
Other liabilities	7	(5)
Net cash provided by operating activities	414	317
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(641)	(751)
Contributions to equity method investments	—	(16)
Other	(18)	(10)
Net cash used in investing activities	(659)	(777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	394	596
Payments for the redemption of long-term debt	—	(350)
Notes payable to affiliated companies	(149)	64
Capital contributions from parent	—	150
Net cash provided by financing activities	245	460
Net increase in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	$ —	$ —
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	$ 123	$ 121

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

	Three Months Ended September 30, 2019 and 2020		
(in millions)	Common Stock	Retained Earnings	Total Equity
Balance at June 30, 2019	$ 1,310	$ 1,046	$ 2,356
Net loss	—	(18)	(18)
Balance at September 30, 2019	$ 1,310	$ 1,028	$ 2,338
Balance at June 30, 2020	$ 1,310	$ 1,312	$ 2,622
Net loss	—	(25)	(25)
Balance at September 30, 2020	**$ 1,310**	**$ 1,287**	**$ 2,597**

	Nine Months Ended September 30, 2019 and 2020		
(in millions)	Common Stock	Retained Earnings	Total Equity
Balance at December 31, 2018	$ 1,160	$ 931	$ 2,091
Net income	—	97	97
Contribution from parent	150	—	150
Balance at September 30, 2019	$ 1,310	$ 1,028	$ 2,338
Balance at December 31, 2019	$ 1,310	$ 1,133	$ 2,443
Net income	—	155	155
Other	—	(1)	(1)
Balance at September 30, 2020	**$ 1,310**	**$ 1,287**	**$ 2,597**

See Notes to Condensed Consolidated Financial Statements

Index to Combined Notes to Condensed Consolidated Financial Statements

The unaudited notes to the Condensed Consolidated Financial Statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

	Applicable Notes																
Registrant	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**
Duke Energy	•	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•
Duke Energy Carolinas	•	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Progress Energy	•	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•
Duke Energy Progress	•	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Duke Energy Florida	•	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Duke Energy Ohio	•	•	•	•	•	•	•	•	•		•	•	•		•	•	•
Duke Energy Indiana	•	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Piedmont	•	•	•	•	•	•	•	•	•		•		•		•	•	•

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

1. ORGANIZATION AND BASIS OF PRESENTATION

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2019.

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

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

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

BASIS OF CONSOLIDATION

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries or VIEs where the respective Duke Energy Registrants have control. See Note 12 for additional information on VIEs. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities.

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. In March 2020, the World Health Organization declared COVID-19 a global pandemic, and President Trump proclaimed that the COVID-19 outbreak in the United States constitutes a national emergency. The Duke Energy Registrants are monitoring developments closely and responding appropriately. The company incurred approximately $39 million and $91 million of incremental COVID-19 costs before deferral for the three and nine months ended September 30, 2020, respectively, included in Operation, maintenance and other on the Condensed Consolidated Statements of Operations. For the nine months ended September 30, 2020, the company has deferred approximately $56 million of these incremental costs, which were primarily bad debt expense, personal protective equipment and cleaning supplies. Further, the company waived approximately $29 million and $54 million of late payment fees for the three and nine months ended September 30, 2020, respectively. See Notes 3, 5, 12, 13 and 16 for additional information as well as steps taken to mitigate the impacts to our business and customers from the COVID-19 pandemic.

OTHER CURRENT ASSETS

Included in Other within Current Assets on the Piedmont Condensed Consolidated Balance Sheets are prepaid assets of $23 million and $3 million as of September 30, 2020, and December 31, 2019, respectively. The prepaid assets relate to natural gas storage injections and inventory transfers classified as prepaid assets until winter season when the natural gas is moved to Inventory on the Piedmont Condensed Consolidated Balance Sheets under certain agreements.

OTHER CURRENT LIABILITIES

Included in Other within Current Liabilities on the Duke Energy Condensed Consolidated Balance Sheet is a current liability of $935 million and $0 as of September 30, 2020, and December 31, 2019, respectively. The current liability, initially recorded in the second quarter and increased during the third quarter, primarily represents Duke Energy's share of ACP's obligations of outstanding debt and to satisfy ARO requirements to restore construction sites. See Notes 3, 4 and 12 for further information.

NONCONTROLLING INTEREST

Duke Energy maintains a controlling financial interest in certain less than wholly owned nonregulated subsidiaries. As a result, Duke Energy consolidates these subsidiaries and presents the third-party investors' portion of Duke Energy's net income (loss), net assets and comprehensive income (loss) as noncontrolling interest. Noncontrolling interest is included as a component of equity on the Condensed Consolidated Balance Sheet.

Several operating agreements of Duke Energy's subsidiaries with noncontrolling interest are subject to allocations of earnings, tax attributes and cash flows in accordance with contractual agreements that vary throughout the lives of the subsidiaries. Therefore, Duke Energy and the other investors' (the owners) interests in the subsidiaries are not fixed, and the subsidiaries apply the Hypothetical Liquidation at Book Value (HLBV) method in allocating income or loss and other comprehensive income or loss (all measured on a pretax basis) to the owners. The HLBV method measures the amounts that each owner would hypothetically claim at each balance sheet reporting date, including tax benefits realized by the owners over the IRS recapture period, upon a hypothetical liquidation of the subsidiary at the net book value of its underlying assets. The change in the amount that each owner would hypothetically receive at the reporting date compared to the amount it would have received on the previous reporting date represents the amount of income or loss allocated to each owner for the reporting period.

Other operating agreements of Duke Energy's subsidiaries with noncontrolling interest allocate profit and loss based on their pro rata shares of the ownership interest in the respective subsidiary. Therefore, Duke Energy allocates net income or loss and other comprehensive income or loss of these subsidiaries to the owners based on their pro rata shares.

The following table presents cash received for the sale of noncontrolling interest and allocated losses to noncontrolling interest for the three and nine months ended September 30, 2020, and 2019.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2020	2019	2020	2019
Noncontrolling Interest Capital Contributions				
Cash received for the sale of noncontrolling interest to tax equity members	$ 239	$ 7	$ 402	$ 200
Cash received for the sale of noncontrolling interest to pro rata share members	—	—	—	415
Total Noncontrolling Interest Capital Contributions	239	7	402	615
Noncontrolling Interest Allocation of Income				
Allocated losses to noncontrolling tax equity members utilizing the HLBV method	59	15	187	105
Allocated losses to noncontrolling members based on pro rata shares of ownership	11	4	21	5
Total Noncontrolling Interest Allocated Losses	$ 70	$ 19	$ 208	$ 110

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Duke Energy, Progress Energy and Duke Energy Florida have restricted cash balances related primarily to collateral assets, escrow deposits and VIEs. See Notes 10 and 12 for additional information. Restricted cash amounts are included in Other within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets. The following table presents the components of cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets.

	September 30, 2020			December 31, 2019		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	$ 308	$ 70	$ 19	$ 311	$ 48	$ 17
Other	187	16	16	222	39	39
Other Noncurrent Assets						
Other	105	102	—	40	39	—
Total cash, cash equivalents and restricted cash	$ 600	$ 188	$ 35	$ 573	$ 126	$ 56

INVENTORY

Provisions for inventory write-offs were not material at September 30, 2020, and December 31, 2019. The components of inventory are presented in the tables below.

	September 30, 2020							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	$ 2,341	$ 779	$ 1,021	$ 682	$ 340	$ 79	$ 314	$ 13
Coal	546	173	168	120	48	12	192	—
Natural gas, oil and other fuel	303	40	189	108	80	39	1	34
Total inventory	$ 3,190	$ 992	$ 1,378	$ 910	$ 468	$ 130	$ 507	$ 47

	December 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	$ 2,297	$ 768	$ 1,038	$ 686	$ 351	$ 79	$ 318	$ 5
Coal	586	187	186	138	48	15	198	—
Natural gas, oil and other fuel	349	41	199	110	90	41	1	67
Total inventory	$ 3,232	$ 996	$ 1,423	$ 934	$ 489	$ 135	$ 517	$ 72

NEW ACCOUNTING STANDARDS

The following new accounting standard was adopted by the Duke Energy Registrants in 2020.

Current Expected Credit Losses. In June 2016, the Financial Accounting Standards Board (FASB) issued new accounting guidance for credit losses. Duke Energy adopted the new accounting guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year results. Duke Energy did not adopt any practical expedients.

Duke Energy recognizes allowances for credit losses based on management's estimate of losses expected to be incurred over the lives of certain assets or guarantees. Management monitors credit quality, changes in expected credit losses and the appropriateness of the allowance for credit losses on a forward-looking basis. Management reviews the risk of loss periodically as part of the existing assessment of collectability of receivables.

Duke Energy reviews the credit quality of its counterparties as part of its regular risk management process and requires credit enhancements, such as deposits or letters of credit, as appropriate and as allowed by regulators.

Duke Energy recorded cumulative effects of changes in accounting principles related to the adoption of new credit loss standard, for allowances for credit losses of trade and other receivables, insurance receivables and financial guarantees. These amounts are included in the Condensed Consolidated Balance Sheets in Receivables, Receivables of VIEs, Other Noncurrent Assets and Other Noncurrent Liabilities. See Notes 4 and 13 for more information.

Duke Energy recorded an adjustment for the cumulative effect of a change in accounting principle due to the adoption of this standard on January 1, 2020, as shown in the table below:

	January 1, 2020					
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Piedmont
Total pretax impact to Retained Earnings	$ 120	$ 16	$ 2	$ 1	$ 1	$ 1

The following new accounting standard has been issued but not yet adopted by the Duke Energy Registrants as of September 30, 2020.

Reference Rate Reform. In March 2020, the FASB issued new accounting guidance for reference rate reform. This guidance is elective and provides expedients to facilitate financial reporting for the anticipated transition away from the London Inter-bank Offered Rate (LIBOR) and other interbank reference rates by the end of 2021. The optional expedients are effective for modification of existing contracts or new arrangements executed between March 12, 2020, through December 31, 2022.

Duke Energy has variable-rate debt and manages interest rate risk by entering into financial contracts including interest rate swaps that are generally indexed to LIBOR. Impacted financial arrangements extending beyond 2021 may require contractual amendment or termination to fully adapt to a post-LIBOR environment. Duke Energy is assessing these financial arrangements and is evaluating the use of optional expedients outlined in the new accounting guidance. Alternative index provisions are also being assessed and incorporated into new financial arrangements that extend beyond 2021. The full outcome of the transition away from LIBOR cannot be determined at this time, but is not expected to have a material impact on the financial statements.

2. BUSINESS SEGMENTS

Duke Energy

Duke Energy's segment structure includes the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment primarily includes Duke Energy's regulated electric utilities in the Carolinas, Florida and the Midwest. The Gas Utilities and Infrastructure segment includes Piedmont, Duke Energy's natural gas local distribution companies in Ohio and Kentucky, and Duke Energy's natural gas storage and midstream pipeline investments.

The Commercial Renewables segment is primarily comprised of nonregulated utility-scale wind and solar generation assets located throughout the U.S. In 2020, Duke Energy continues to evaluate recoverability of a renewable merchant plant located in the Electric Reliability Council of Texas West market due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. Duke Energy determined that the asset was not impaired as of September 30, 2020, because the carrying value of approximately $150 million approximates the aggregate estimated future undiscounted cash flows. A continued decline in energy market pricing would likely result in a future impairment. Duke Energy retained 51% ownership interest in this facility following the 2019 transaction to sell a minority interest in certain renewable assets.

The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of interest expense on holding company debt, unallocated corporate costs, Duke Energy's wholly owned captive insurance company, Bison, and Duke Energy's ownership interest in National Methanol Company.

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

	Three Months Ended September 30, 2020						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	$ 6,371	$ 217	$ 126	$ 6,714	$ 7	$ —	$ 6,721
Intersegment revenues	8	24	—	32	17	(49)	—
Total revenues	$ 6,379	$ 241	$ 126	$ 6,746	$ 24	$ (49)	$ 6,721
Segment income (loss)[(a)(b)]	$ 1,381	$ (73)	$ 60	$ 1,368	$ (103)	$ —	$ 1,265
Less: Noncontrolling interests							70
Add: Preferred stock dividend							39
Net Income							$ 1,234
Segment assets	$ 138,142	$ 13,343	$ 6,541	$ 158,026	$ 3,387	$ (4)	$ 161,409

	Three Months Ended September 30, 2019						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	$ 6,569	$ 225	$ 138	$ 6,932	$ 8	$ —	$ 6,940
Intersegment revenues	8	24	—	32	17	(49)	—
Total revenues	$ 6,577	$ 249	$ 138	$ 6,964	$ 25	$ (49)	$ 6,940
Segment income (loss)[(c)]	$ 1,385	$ 26	$ 40	$ 1,451	$ (124)	$ —	$ 1,327
Less: Noncontrolling interests							19
Add: Preferred stock dividend							15
Net Income							$ 1,323

(a) Electric Utilities and Infrastructure includes $19 million recorded within Impairment charges and $8 million recorded within Operations, maintenance and other on the Duke Energy Carolinas' Condensed Consolidated Statements of Operations related to a partial settlement in the Duke Energy Carolinas' 2019 North Carolina rate case and $8 million recorded within Operations, maintenance and other on Duke Energy Progress' Condensed Consolidated Statements of Operation related to a partial settlement in the Duke Energy Progress' 2019 North Carolina rate case. See Note 3 for more information. Additionally, Electric Utilities and Infrastructure includes $5 million of Impairment charges related to gas pipeline assets recorded on Duke Energy Progress' Condensed Consolidated Statements of Operations.

(b) Gas Utilities and Infrastructure includes $78 million recorded within Equity in (losses) earnings of unconsolidated affiliates on the Condensed Consolidated Statements of Operations and $7 million in Impairment charges recorded on the Piedmont Condensed Consolidated Statements of Operations related to gas pipeline investments.

(c) Electric Utilities and Infrastructure includes a $25 million reduction of a prior year impairment recorded at Citrus County CC related to the plant's cost cap and is recorded within Impairment charges on Duke Energy Florida's Condensed Consolidated Statements of Operations.

	Nine Months Ended September 30, 2020						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	**$ 16,571**	**$ 1,122**	**$ 378**	**$ 18,071**	**$ 20**	**$ —**	**$ 18,091**
Intersegment revenues	**25**	**72**	**—**	**97**	**53**	**(150)**	**—**
Total revenues	**$ 16,596**	**$ 1,194**	**$ 378**	**$ 18,168**	**$ 73**	**$ (150)**	**$ 18,091**
Segment income (loss)[(a)(b)(c)]	**$ 2,839**	**$ (1,400)**	**$ 207**	**$ 1,646**	**$ (299)**	**$ —**	**$ 1,347**
Less: Noncontrolling interests							**208**
Add: Preferred stock dividend							**93**
Net Income							**$ 1,232**

	Nine Months Ended September 30, 2019						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	$ 17,357	$ 1,239	$ 362	$ 18,958	$ 18	$ —	$ 18,976
Intersegment revenues	24	72	—	96	53	(149)	—
Total revenues	$ 17,381	$ 1,311	$ 362	$ 19,054	$ 71	$ (149)	$ 18,976
Segment income (loss)[(d)]	$ 2,944	$ 292	$ 139	$ 3,375	$ (328)	$ —	$ 3,047
Less: Noncontrolling interests							110
Add: Preferred stock dividend							27
Net Income							$ 2,964

(a) Electric Utilities and Infrastructure includes $19 million recorded within Impairment charges and $8 million recorded within Operations, maintenance and other on the Duke Energy Carolinas' Condensed Consolidated Statements of Operations related to a partial settlement in the Duke Energy Carolinas' 2019 North Carolina rate case and $8 million recorded within Operations, maintenance and other on Duke Energy Progress' Condensed Consolidated Statements of Operation related to a partial settlement in the Duke Energy Progress' 2019 North Carolina rate case. See Note 3 for more information. Additionally, Electric Utilities and Infrastructure includes $5 million of Impairment charges related to gas pipeline assets recorded on Duke Energy Progress' Condensed Consolidated Statements of Operations.

(b) Gas Utilities and Infrastructure includes $2.1 billion recorded within Equity in (losses) earnings of unconsolidated affiliates on the Condensed Consolidated Statements of Operations and $7 million of Impairment charges recorded on the Piedmont Condensed Consolidated Statements of Operations related to gas pipeline investments. See Notes 3 and 12 for additional information.

(c) Other includes a $98 million reversal, included in Operations, maintenance and other on the Condensed Consolidated Statements of Operations, of 2018 severance costs due to a partial settlement in the Duke Energy Carolinas' 2019 North Carolina rate case. See Note 3 for additional information.

(d) Electric Utilities and Infrastructure includes a $25 million reduction of a prior year impairment recorded at Citrus County CC related to the plant's costs cap and is recorded within Impairment charges on Duke Energy Florida's Condensed Consolidated Statements of Operations.

Duke Energy Ohio

Duke Energy Ohio has two reportable segments, Electric Utilities and Infrastructure and Gas Utilities and Infrastructure. The remainder of Duke Energy Ohio's operations is presented as Other.

	Three Months Ended September 30, 2020					
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Eliminations	Total
Total revenues	$ 394	$ 79	$ 473	$ —	$ —	$ 473
Segment income/Net income	$ 63	$ 9	$ 72	$ (2)	$ —	$ 70
Segment assets	$ 6,448	$ 3,297	$ 9,745	$ 27	$ (23)	$ 9,749

	Three Months Ended September 30, 2019				
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Total
Total revenues	$ 408	$ 81	$ 489	$ —	$ 489
Segment income/Net income	$ 62	$ 13	$ 75	$ (1)	$ 74

	Nine Months Ended September 30, 2020				
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Total
Total revenues	$ 1,070	$ 324	$ 1,394	$ —	$ 1,394
Segment income/Net (loss) income	$ 137	$ 68	$ 205	$ (4)	$ 201

	Nine Months Ended September 30, 2019				
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Total
Total revenues	$ 1,099	$ 354	$ 1,453	$ —	$ 1,453
Segment income/Net (loss) income	$ 129	$ 65	$ 194	$ (4)	$ 190

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

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

Duke Energy Carolinas and Duke Energy Progress

COVID-19 Filings

North Carolina

On March 10, 2020, Governor Roy Cooper declared a state of emergency due to the COVID-19 pandemic. On March 19, 2020, the NCUC issued an order directing that utilities under its jurisdiction suspend disconnections for nonpayment of utility bills during the state of emergency and allow for customers to enter into payment arrangements to pay off arrearages accumulated during the state of emergency after the end of the state of emergency. Additionally, to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 19, 2020, Duke Energy Carolinas and Duke Energy Progress filed a request with the NCUC seeking authorization to waive: (1) any late payment charges incurred by a residential or nonresidential customer, effective March 21, 2020; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit; and (4) the fees and charges associated with the use of credit cards or debit cards to pay residential electric utility bills, effective March 21, 2020. The NCUC granted the companies' request on March 20, 2020.

On July 29, 2020, the NCUC issued its Order Lifting Disconnection Moratorium and Allowing Collection of Arrearages Pursuant to Special Repayment Plans. The order contained the following: (1) public utilities may resume customer disconnections due to nonpayment for bills first rendered on or after September 1, 2020, after appropriate notice; (2) the late fee moratorium will continue through the end of the state of emergency or until further order of the commission; (3) Duke Energy utilities may reinstate fees for checks returned for insufficient funds as well as transaction fees for use of credit cards or debit cards for bills first rendered on or after September 1, 2020; and (4) no sooner than September 1, 2020, the collection of past-due or delinquent accounts accrued up to and including August 31, 2020, may proceed subject to conditions. Duke Energy Carolinas and Duke Energy Progress resumed normal billing practices as of October 1, 2020, with the exception of the billing of late payment charges. Customers were notified of the resumption of normal billing practices, the option of deferred payment arrangements and where to find assistance, if necessary. Service disconnections for nonpayment for residential customers resumed on November 2, 2020.

Duke Energy Carolinas and Duke Energy Progress filed a joint petition on August 7, 2020, with the NCUC for deferral treatment of incremental costs and waived customer fees due to the COVID-19 pandemic. On October 30, 2020, the NCUC issued an order extending deadlines to file comments on the joint petition to November 5, 2020, and reply comments to November 30, 2020. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

<u>South Carolina</u>

On March 13, 2020, Governor Henry McMaster declared a state of emergency due to the COVID-19 pandemic. The governor also issued a letter on March 14, 2020, to the ORS Executive Director regarding the suspension of disconnection of essential utility services for nonpayment. On March 18, 2020, the PSCSC issued an order approving such waivers, and also approved waivers for regulations related to late fees and reconnect fees. The PSCSC's order also required utilities to track the financial impacts of actions taken pursuant to such waivers for possible reporting to the PSCSC.

On May 13, 2020, the ORS filed a letter with the PSCSC that included a request from Governor McMaster that utilities proceed with developing and implementing plans for phasing in normal business operations. On May 14, 2020, the PSCSC conditionally vacated the regulation waivers regarding termination of service and suspension of disconnect fees. Prior to termination, utilities are to refer past-due customers to local organizations for assistance and/or deferred payment arrangements. Duke Energy Carolinas and Duke Energy Progress filed a report on June 30, 2020, as required by PSCSC order, reporting revenue impact, costs and savings related to COVID-19 to date. On August 14, 2020, Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the PSCSC for approval of an accounting order to defer incremental COVID-19 related costs incurred through June 30, 2020, and for the ongoing months during the duration of the COVID-19 pandemic. The deferral request did not include lost revenues. Updates on cost impacts were filed on September 30, 2020, and included financial impacts through the end of August 2020. On October 16, 2020, the ORS requested the PSCSC delay taking formal action on the deferral request until the ORS and any intervenors complete discovery. The PSCSC issued an order on October 21, 2020, to grant additional time to complete discovery until January 20, 2021, and to establish a procedural schedule.

On August 17, 2020, Duke Energy Carolinas and Duke Energy Progress filed an update on their planned return to normal operations during the COVID-19 pandemic. Normal billing practices resumed in South Carolina as of October 1, 2020, and service disconnections for nonpayment resumed on October 12, 2020. Customers were notified of the resumption of normal billing practices, the option of payment arrangements and where to find assistance, if necessary. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

2020 North Carolina Storm Securitization Filings

On October 26, 2020, Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the NCUC, as agreed to in partial settlements reached in the 2019 North Carolina Rate Cases for Duke Energy Carolinas and Duke Energy Progress, seeking authorization for the financing of each utilities' storm recovery activities required as a result of Hurricane Florence, Hurricane Michael, Hurricane Dorian and Winter Storm Diego. Specifically, Duke Energy Carolinas and Duke Energy Progress requested that the NCUC find that their storm recovery costs and related financing costs are appropriately financed by debt secured by storm recovery property, and that the commission issue financing orders by which each utility may accomplish such financing using a securitization structure. The total revenue requirement over the proposed 15-year bond period for the storm recovery charges is approximately $262 million for Duke Energy Carolinas and $842 million for Duke Energy Progress. The NCUC has until March 10, 2021, to issue financing orders. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

2017 North Carolina Rate Case

On August 25, 2017, Duke Energy Carolinas filed an application with the NCUC for a rate increase for retail customers of approximately $647 million. On February 28, 2018, Duke Energy Carolinas and the North Carolina Public Staff (Public Staff) filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt. On June 22, 2018, the NCUC issued an order approving the Stipulation of Partial Settlement and requiring a revenue reduction.

The North Carolina Attorney General and other parties separately filed Notices of Appeal to the North Carolina Supreme Court. On August 8, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Carolinas and Duke Energy Progress appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. On November 29, 2018, the North Carolina Supreme Court adopted a schedule for briefing set forth in the motion to consolidate the Duke Energy Carolinas and Duke Energy Progress appeals. Appellant briefs were filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Oral arguments before the North Carolina Supreme Court were held on March 11, 2020. Duke Energy Carolinas cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On September 30, 2019, Duke Energy Carolinas filed an application with the NCUC for a net rate increase for retail customers of approximately $291 million, which represented an approximate 6% increase in annual base revenues. The gross rate case revenue increase request was $445 million, which was offset by an EDIT rider of $154 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for a rate increase was driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Carolinas requested rates be effective no later than August 1, 2020. The NCUC established a procedural schedule with an evidentiary hearing to begin on March 23, 2020. On March 16, 2020, in consideration of public health and safety as a result of the COVID-19 pandemic, Duke Energy Carolinas filed a motion with the NCUC seeking a suspension of the procedural schedule in the rate case, including issuing discovery requests, and postponement of the evidentiary hearing for 60 days. Also on March 16, 2020, the NCUC issued an Order Postponing Hearing and Addressing Procedural Matters, which postponed the evidentiary hearing until further order by the commission.

On March 25, 2020, Duke Energy Carolinas and the Public Staff filed an Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain issues in the base rate proceeding. Major components of the settlement included:

- Removal of deferred storm costs from the rate case;
- Filing a petition seeking to securitize the deferred storm costs within 120 days of a commission order in this rate case regarding the reasonableness and prudency of the storm costs;
- Agreement of certain assumptions to demonstrate the quantifiable benefits to customers of a securitization financing; and
- Agreement on certain accounting matters, including recovery of employee incentives, severance, aviation costs and executive compensation.

On May 6, 2020, Duke Energy Carolinas, Duke Energy Progress and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. On June 17, 2020, the NCUC issued an order adopting procedures for the expert witness hearings to take place in three phases: (1) a hearing on issues common to both rate cases conducted remotely; (2) a hearing on Duke Energy Carolinas specific rate case issues, followed immediately by; (3) a hearing on Duke Energy Progress specific rate case issues. On July 24, 2020, Duke Energy Carolinas filed its request for approval of its notice to customers required to implement temporary rates. On July 27, 2020, Duke Energy Carolinas filed a joint motion with Duke Energy Progress and the Public Staff notifying the commission that the parties reached a joint partial settlement with the Public Staff. Also on July 27, 2020, Duke Energy Carolinas filed a letter stating that it intended to update its temporary rates calculation to reflect the terms of the partial settlement.

On July 31, 2020, Duke Energy Carolinas and the Public Staff filed a Second Agreement and Stipulation of Partial Settlement (Second Partial Settlement), which is subject to review and approval of the NCUC, resolving certain remaining issues in the base rate proceeding. Major components of the Second Partial Settlement included:

- A return on equity of 9.6% and a capital structure of 52% equity and 48% debt;
- Agreement on amortization over a five-year period for unprotected federal EDIT flowbacks to customers;
- Agreement on the inclusion of plant in service and other revenue requirement updates through May 31, 2020, subject to Public Staff review. Annual revenue requirement associated with the May 31 update is estimated at $45 million; and
- Settlement to allow the deferral of costs for certain grid projects placed in service between June 1, 2020, and December 31, 2022, totaling $0.8 billion.

The remaining items litigated at hearing included recovery of deferred coal ash compliance costs that are subject to asset retirement obligation accounting, implementation of new depreciation rates and the amortization period of the loss on the hydro station sale.

On August 4, 2020, Duke Energy Carolinas filed an amended motion for approval of its amended notice to customers, seeking to exercise its statutory right to implement temporary rates subject to refund on or after August 24, 2020. The revenue requirement to be recovered, subject to refund, through the temporary rates is based on and consistent with the base rate component of the Second Partial Settlement with the Public Staff and excludes the items to be litigated noted above. Duke Energy Carolinas will not begin the amortization or implementation of these items until a final order is issued in the rate case and new base rates are implemented. These items will also be excluded when determining whether a refund of amounts collected through these temporary rates is needed. In addition, Duke Energy Carolinas also seeks authorization to place a temporary decrement EDIT Rider into effect, concurrent with the temporary base rate change. The temporary rate changes are not final rates and remain subject to the NCUC's determination of the just and reasonable rates to be charged by Duke Energy Carolinas on a permanent basis. The NCUC approved the August 4, 2020 amended temporary rates motion on August 6, 2020, and temporary rates went into effect on August 24, 2020.

The Duke Energy Carolinas evidentiary hearing concluded on September 18, 2020, and post-hearing filings were filed with the NCUC from all parties by November 4, 2020. Duke Energy Carolinas expects the NCUC to issue an order on its net rate increase before the end of the first quarter of 2021. Duke Energy Carolinas cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Carolinas filed an application with the PSCSC for a rate increase for retail customers of approximately $168 million.

After hearings in March 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of cancellation of the Lee Nuclear Project, with Duke Energy Carolinas maintaining the Combined Operating License;
- Approval of recovery of $125 million (South Carolina retail portion) of Lee Nuclear Project development costs (including AFUDC through December 2017) over a 12-year period, but denial of a return on the deferred balance of costs;
- Approval of recovery of $96 million of coal ash costs over a five-year period with a return at Duke Energy Carolinas' WACC;
- Denial of recovery of $115 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a $66 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a $45 million decrease through the EDIT Rider to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with the Average Rate Assumption Method (ARAM) for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a five-year period for the deferred revenues; and
- Approval of a $17 million decrease through the EDIT Rider related to reductions in the North Carolina state income tax rate from 6.9% to 2.5% to be returned over a five-year period.

As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Carolinas filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Carolinas were prejudiced by unlawful, arbitrary and capricious rulings by the PSCSC on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Carolinas' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Carolinas filed a notice of appeal on November 15, 2019, with the Supreme Court of South Carolina. On November 20, 2019, the South Carolina Energy Users Committee filed a Notice of Appeal and the ORS filed a Notice of Cross Appeal with the Supreme Court of South Carolina. On February 12, 2020, Duke Energy Carolinas and the ORS filed a joint motion to extend briefing schedule deadlines, which was approved by the Supreme Court of South Carolina on February 20, 2020. On March 10, 2020, the ORS filed a consent motion requesting withdrawal of their appeal, which was granted by the Supreme Court of South Carolina on April 30, 2020. Initial briefs were filed on April 21, 2020, which included the South Carolina Energy User's Committee brief arguing that the PSCSC erred in allowing Duke Energy Carolinas' recovery of costs related to the Lee Nuclear Station. Response briefs were filed on July 6, 2020, and reply briefs were filed on August 11, 2020. Oral arguments have not yet been scheduled by the Supreme Court of South Carolina. Based on legal analysis and the filing of the appeal, Duke Energy Carolinas has not recorded an adjustment for its deferred coal ash costs. Duke Energy Carolinas cannot predict the outcome of this matter.

Duke Energy Progress

2017 North Carolina Rate Case

On June 1, 2017, Duke Energy Progress filed an application with the NCUC for a rate increase for retail customers of approximately $477 million, which was subsequently adjusted to $420 million. On November 22, 2017, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9% and a capital structure of 52% equity and 48% debt. On February 23, 2018, the NCUC issued an order approving the stipulation. The Public Staff, the North Carolina Attorney General and the Sierra Club filed notices of appeal to the North Carolina Supreme Court.

On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Progress and Duke Energy Carolinas appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. Appellant briefs were filed on April 26, 2019. The Appellee response briefs were filed on September 25, 2019. Oral arguments before the North Carolina Supreme Court were held on March 11, 2020. Duke Energy Progress cannot predict the outcome of this matter.

2019 North Carolina Rate Case

On October 30, 2019, Duke Energy Progress filed an application with the NCUC for a net rate increase for retail customers of approximately $464 million, which represented an approximate 12.3% increase in annual base revenues. The gross rate case revenue increase request was $586 million, which was offset by riders of $122 million, primarily an EDIT rider of $120 million to return to customers North Carolina and federal EDIT resulting from recent reductions in corporate tax rates. The request for rate increase was driven by major capital investments subsequent to the previous base rate case, coal ash pond closure costs, accelerated coal plant depreciation and deferred 2018 storm costs. Duke Energy Progress seeks to defer and recover incremental Hurricane Dorian storm costs in this proceeding and requests rates be effective no later than September 1, 2020. As a result of the COVID-19 pandemic, on March 24, 2020, the NCUC suspended the procedural schedule and postponed the previously scheduled evidentiary hearing on this matter indefinitely. On April 7, 2020, the NCUC issued an order partially resuming the procedural schedule requiring intervenors to file direct testimony on April 13, 2020. Public Staff filed supplemental direct testimony on April 23, 2020. Duke Energy Progress filed rebuttal testimony on May 4, 2020.

On June 2, 2020, Duke Energy Progress and the Public Staff filed an Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain issues in the base rate proceeding. Major components of the settlement included:

- Removal of deferred storm costs from the rate case;
- Filing a petition seeking to securitize the deferred storm costs within 120 days of a commission order in this rate case regarding the reasonableness and prudency of the storm costs;
- Agreement of certain assumptions to demonstrate the quantifiable benefits to customers of a securitization financing;
- Agreement that the Asheville CC project is complete and in service and agreement on the amount to be included in rate base; and
- Agreement on certain accounting matters, including recovery of employee incentives, severance, aviation costs and executive compensation.

On May 6, 2020, Duke Energy Progress, Duke Energy Carolinas and the Public Staff filed a joint motion requesting that the NCUC issue an order scheduling one consolidated evidentiary hearing to consider the companies' applications for net rate increases. On June 17, 2020, the NCUC issued an order adopting procedures for the expert witness hearings to take place in three phases: (1) a hearing on issues common to both rate cases conducted remotely; (2) a hearing on Duke Energy Carolinas specific rate case issues, followed immediately by; (3) a hearing on Duke Energy Progress specific rate case issues. On July 27, 2020, Duke Energy Progress filed a joint motion with Duke Energy Carolinas and the Public Staff notifying the commission that the parties reached a joint partial settlement with the Public Staff.

On July 31, 2020, Duke Energy Progress and the Public Staff filed a Second Agreement and Stipulation of Partial Settlement (Second Partial Settlement), which is subject to review and approval of the NCUC, resolving certain remaining issues in the base rate proceeding. Major components of the Second Partial Settlement included:

- A return on equity of 9.6% and a capital structure of 52% equity and 48% debt;
- Agreement on amortization over a five-year period for unprotected federal EDIT flowbacks to customers;
- Agreement on the inclusion of plant in service and other revenue requirement updates through May 31, 2020, subject to Public Staff review. Annual revenue requirement associated with the May 31 update is estimated at $25 million; and
- Settlement to allow the deferral of costs for certain grid projects placed in service between June 1, 2020, and December 31, 2022, of $0.5 billion.

The remaining items litigated at hearing included recovery of deferred coal ash compliance costs that are subject to asset retirement obligation accounting and implementation of new depreciation rates.

On August 7, 2020, Duke Energy Progress filed a motion for approval of notice required to implement temporary rates, seeking to exercise its statutory right to implement temporary rates subject to refund on or after September 1, 2020. The revenue requirement to be recovered subject to refund through the temporary rates is based on and consistent with the terms of the base rate component of the settlement agreements with the Public Staff and excludes items to be litigated noted above. Duke Energy Progress will not begin the amortization or implementation of these items until a final determination is issued in the rate case and new base rates are implemented. These items will also be excluded when determining whether a refund of amounts collected through these temporary rates is needed. In addition, Duke Energy Progress also seeks authorization to place a temporary decrement EDIT Rider into effect, concurrent with the temporary base rate change. The temporary rate changes are not final rates and remain subject to the NCUC's determination of the just and reasonable rates to be charged by Duke Energy Progress on a permanent basis. The NCUC approved the August 7, 2020 temporary rates motion on August 11, 2020, and temporary rates went into effect on September 1, 2020.

The Duke Energy Progress evidentiary hearing concluded on October 6, 2020, and post-hearing filings are due to be filed with the NCUC from all parties by December 4, 2020. Duke Energy Progress expects the NCUC to issue an order on its net rate increase by the end of the first quarter of 2021. Duke Energy Progress cannot predict the outcome of this matter.

Hurricane Dorian

Hurricane Dorian reached the Carolinas in September 2019 as a Category 2 hurricane making landfall within Duke Energy Progress' service territory. Total estimated incremental operation and maintenance expenses incurred to repair and restore the system are approximately $168 million with an additional $4 million in capital investments made for restoration efforts. Approximately $145 million and $179 million of the operation and maintenance expenses are deferred in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of September 30, 2020, and December 31, 2019, respectively. A request for an accounting order to defer incremental storm costs associated with Hurricane Dorian was included in Duke Energy Progress' October 30, 2019, general rate case filing with the NCUC. Terms of the June 2, 2020, Agreement and Stipulation of Partial Settlement removed incremental storm costs from the general rate case. A petition seeking to securitize these costs, along with costs from Hurricane Florence, Hurricane Michael and Winter Storm Diego, was filed on October 26, 2020, with the NCUC. The NCUC has until March 10, 2021, to issue financing orders. Duke Energy Progress cannot predict the outcome of this matter.

On February 7, 2020, a petition was filed with the PSCSC in the 2019 storm deferrals docket requesting deferral of approximately $22 million in operation and maintenance expenses to an existing storm deferral balance previously approved by the PSCSC. The PSCSC voted to approve the request on March 4, 2020, and issued a final order on April 7, 2020. On July 1, 2020, Duke Energy Progress filed a supplemental true up reducing the actual costs to $17 million.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Progress filed an application with the PSCSC for a rate increase for retail customers of approximately $59 million.

After hearings in April 2019, the PSCSC issued an order on May 21, 2019, which included a return on equity of 9.5% and a capital structure of 53% equity and 47% debt. The order also included the following material components:

- Approval of recovery of $4 million of coal ash costs over a five-year period with a return at Duke Energy Progress' WACC;
- Denial of recovery of $65 million of certain coal ash costs deemed to be related to the Coal Ash Act and incremental to the federal CCR rule;
- Approval of a $17 million decrease to base rates to reflect the change in ongoing tax expense, primarily the reduction in the federal income tax rate from 35% to 21%;
- Approval of a $12 million decrease through the EDIT Tax Savings Rider resulting from the federal tax rate change and deferred revenues since January 2018 related to the change, to be returned in accordance with ARAM for protected EDIT, over a 20-year period for unprotected EDIT associated with Property, Plant and Equipment, over a five-year period for unprotected EDIT not associated with Property, Plant and Equipment and over a three-year period for the deferred revenues; and
- Approval of a $12 million increase due to the expiration of EDIT related to reductions in the North Carolina state income tax rate from 6.9% to 2.5%.

As a result of the order, revised customer rates were effective June 1, 2019. On May 31, 2019, Duke Energy Progress filed a Petition for Rehearing or Reconsideration of that order contending substantial rights of Duke Energy Progress were prejudiced by unlawful, arbitrary and capricious rulings by the PSCSC on certain issues presented in the proceeding. On June 19, 2019, the PSCSC issued a Directive denying Duke Energy Progress' request to rehear or reconsider the commission's rulings on certain issues presented in the proceeding including coal ash remediation and disposal costs, return on equity and the recovery of a return on deferred operation and maintenance expenses, but allowing additional litigation-related costs. As a result of the Directive allowing litigation-related costs, customer rates were revised effective July 1, 2019. An order detailing the commission's decision in the Directive was issued on October 18, 2019. Duke Energy Progress filed a notice of appeal on November 15, 2019, with the Supreme Court of South Carolina. The ORS filed a Notice of Cross Appeal on November 20, 2019. On February 12, 2020, Duke Energy Progress and the ORS filed a joint motion to extend briefing schedule deadlines, which was approved by the Supreme Court of South Carolina on February 20, 2020. On March 10, 2020, the ORS filed a consent motion requesting withdrawal of their appeal, which was granted by the Supreme Court of South Carolina on April 30, 2020. Initial briefs were filed on April 21, 2020. Response briefs were filed on July 6, 2020, and reply briefs were filed on August 11, 2020. Oral arguments have not yet been scheduled by the Supreme Court of South Carolina. Based on legal analysis and the filing of the appeal, Duke Energy Progress has not recorded an adjustment for its deferred coal ash costs. Duke Energy Progress cannot predict the outcome of this matter.

Western Carolinas Modernization Plan

Duke Energy Progress retired the 376-MW Asheville coal-fired plant on January 29, 2020, at which time the net book value, including associated ash basin closure costs, of $214 million was transferred from Generation facilities to be retired, net to Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets.

On December 27, 2019, Asheville Combined Cycle Unit 5 Combustion Turbine and Unit 6 Steam Turbine Generator and the common systems that serve combined cycle units went into commercial operation. Duke Energy Progress placed the Unit 7 Combustion Turbine into commercial operation in simple-cycle mode on January 15, 2020. The Unit 8 Steam Turbine Generator went into commercial operation on April 5, 2020. On June 2, 2020, Duke Energy Progress filed a request with the PSCSC for an accounting order for the deferral of post-in-service costs incurred in connection with the addition of the Asheville combined-cycle generating plant. The petition requested the PSCSC issue an accounting order authorizing Duke Energy Progress to defer post-in-service costs including the Asheville combined-cycle's depreciation expense, property taxes, incremental O&M and carrying costs at WACC of approximately $8 million annually. On June 17, 2020, the PSCSC voted to approve the petition and issued its final order on July 6, 2020.

On October 8, 2018, Duke Energy Progress filed an application with the NCUC for a CPCN to construct the Hot Springs Microgrid Solar and Battery Storage Facility, which was approved with certain conditions on May 10, 2019. A hearing to update the NCUC on the status of the project was held on March 5, 2020. Construction began in May 2020 with commercial operation expected to begin in October 2021.

On July 27, 2020, Duke Energy Progress filed an application with the NCUC for a CPCN to construct the Woodfin Solar Facility, a 5-MW solar generating facility to be constructed on a closed landfill in Buncombe County. The expert hearing is scheduled for November 18, 2020.

FERC Return on Equity Complaints

On October 11, 2019, North Carolina Eastern Municipal Power Agency (NCEMPA) filed a complaint at the FERC against Duke Energy Progress pursuant to Section 206 of the Federal Power Act (FPA). Duke Energy Progress provides NCEMPA with service under the Full Requirements Power Purchase Agreement (FRPPA). The complaint alleges that the 11% stated return on equity (ROE) component contained in the FRPPA's demand formula rate is unjust and unreasonable. On July 16, 2020, the FERC set this matter for hearing and settlement judge procedures and established a refund effective date of October 11, 2019. In its order setting the matter for settlement, the FERC allowed for variation to the base transmission-related ROE methodology developed in Order No. 569-A, through the introduction of "specific facts and circumstances" involving the parties to this case. The parties to this case are currently in FERC settlement procedures. It is Duke Energy Progress' view that, in consideration of the specific facts and circumstances of risks under the provisions of the FRPPA, the stated 11% ROE applied to NCEMPA's metered billing demand is just and reasonable. Duke Energy Progress cannot predict the outcome of this matter.

On October 16, 2020, North Carolina Electric Membership Corporation (NCEMC) filed a complaint at the FERC against Duke Energy Progress pursuant to Section 206 of the FPA. The complaint alleges that the ROE component in the formula rate contained within the Power Supply and Coordination Agreement (PSCA) between NCEMC and Duke Energy Progress is unjust and unreasonable. The PSCA's return on equity is 11% as applied to the Production Capacity Rate for the requirements service provided by Duke Energy Progress. Under FPA Section 206, the earliest refund effective date that the FERC can establish is the date of the filing of the complaint. Duke Energy Progress will respond to the complaint and believes the 11% ROE is just and reasonable for the service provided under the contract. Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Florida

COVID-19 Filings

In March 2020, Governor Ron DeSantis directed the State Health Officer of Florida to declare a public health emergency in Florida related to the COVID-19 pandemic. The governor also issued an Executive Order on March 9, 2020, in which he declared a state of emergency in Florida and directed the Director of the Division of Emergency Management to implement the state's Comprehensive Emergency Management Plan. On March 19, 2020, Duke Energy Florida filed a request to modify its tariff to allow it to waive late fees for customers, and on April 6, 2020, the FPSC issued an order approving the request. Duke Energy Florida had already voluntarily waived reconnect fees and credit card fees, and ceased disconnecting customers for nonpayment. On April 2, 2020, Duke Energy Florida filed a petition with the FPSC to accelerate a $78 million fuel cost refund to customers in the month of May 2020. Typically, the refund would be made over the course of 2021. The FPSC approved the petition on April 28, 2020. Duke Energy Florida resumed normal billing practices as of August 24, 2020, with the exception of the billing of late payment charges. Customers were notified of the resumption of normal billing practices, the option of deferred payment arrangements and where to find assistance, if necessary. Service disconnections for nonpayment for residential customers resumed on October 5, 2020.

Storm Restoration Cost Recovery

Duke Energy Florida filed a petition with the FPSC on April 30, 2019, to recover $223 million of estimated retail incremental storm restoration costs for Hurricane Michael, consistent with the provisions in the 2017 Settlement, and the FPSC approved the petition on June 11, 2019. The FPSC also approved allowing Duke Energy Florida to use the tax savings resulting from the Tax Act to recover these storm costs in lieu of implementing a storm surcharge. Approved storm costs are currently expected to be fully recovered by approximately year-end 2021. On November 22, 2019, Duke Energy Florida filed a petition for approval of actual retail recoverable storm restoration costs related to Hurricane Michael in the amount of $191 million plus interest. On May 19, 2020, Duke Energy Florida filed a supplemental true up reducing the actual retail recoverable storm restoration costs related to Hurricane Michael by approximately $3 million, resulting in a total request to recover $188 million actual retail recoverable storm restoration costs, plus interest. An Order Establishing Procedure was issued on January 30, 2020, and hearings are scheduled to begin December 8, 2020. Approximately $119 million and $204 million of these costs are included in Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of September 30, 2020, and December 31, 2019, respectively. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Florida filed a petition with the FPSC on December 19, 2019, to recover $169 million of estimated retail incremental storm restoration costs for Hurricane Dorian, consistent with the provisions in the 2017 Settlement and the FPSC approved the petition on February 24, 2020. Approved storm costs are being recovered over a 12-month period with rates effective in March 2020 and subject to true up. The final actual amount of $145 million was filed on September 30, 2020, and the FPSC will hold a hearing to determine the final amount of incremental costs. Approximately $38 million and $167 million of these costs are included in Regulatory assets within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of September 30, 2020, and December 31, 2019, respectively, representing recoverable costs under the FPSC's storm rule and Duke Energy Florida's OATT formula rates. Duke Energy Florida cannot predict the outcome of this matter.

Clean Energy Connection

On July 1, 2020, Duke Energy Florida petitioned the FPSC for approval of a voluntary solar program. The program consists of 10 new solar generating facilities with combined capacity of approximately 750 MW. The program allows participants to support cost-effective solar development in Florida by paying a subscription fee based on per kilowatt-subscriptions and receiving a credit on their bill based on the actual generation associated with their portion of the solar portfolio. The estimated cost of the 10 new solar generation facilities is approximately $1 billion over the next four years, and this investment will be included in base rates offset by the revenue from the subscription fees. The credits will be included for recovery in the fuel cost recovery clause. A hearing on the petition is scheduled to begin on November 17, 2020. Duke Energy Florida cannot predict the outcome of this matter.

Crystal River Unit 3 Accelerated Decommissioning Filing

On May 29, 2019, Duke Energy Florida entered into a Decommissioning Services Agreement for the accelerated decommissioning of Crystal River Unit 3 located in Citrus County, Florida, with ADP CR3, LLC and ADP SF1, LLC, each of which is a wholly owned subsidiary of Accelerated Decommissioning Partners, LLC (ADP), a joint venture between NorthStar Group Services, Inc. and Orano USA LLC. The agreement will allow for completion of the decommissioning of Crystal River Unit 3 by 2027, rather than 2074 as originally planned. Duke Energy Florida will also sell and assign the spent nuclear fuel, storage canisters, high-level waste and existing dry spent fuel storage installation and certain related assets, together with certain associated liabilities and obligations to ADP SF1, LLC. Duke Energy Florida expects that the assets of the Nuclear Decommissioning Trust Fund as of September 30, 2020, will be sufficient to cover the contract price. The U.S. Nuclear Regulatory Commission approved the transaction on April 1, 2020, and the FPSC issued an order approving the transaction on August 27, 2020. The agreement closed on October 1, 2020.

Storm Protection Plan

On April 10, 2020, Duke Energy Florida filed its initial Storm Protection Plan (SPP) with the FPSC. The SPP outlines storm protection programs over a 10-year planning period intended to enhance the existing infrastructure for the purpose of reducing restoration costs and reducing outage times associated with extreme weather conditions therefore improving overall service reliability. On July 31, 2020, Duke Energy Florida entered into a settlement with certain intervenors in support of this filing. On August 28, 2020, the FPSC unanimously approved the settlement agreement, which effectively approves the 2020-2029 SPP as-filed, without modification.

Duke Energy Ohio

Duke Energy Ohio COVID-19 Filings

In response to the COVID-19 pandemic, on March 9, 2020, Governor Mike DeWine declared a state of emergency in the state of Ohio. The PUCO issued an order directing utilities to cease disconnections for nonpayment and waive late payment and reconnection fees and to minimize direct customer contact. The PUCO also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers, if necessary. In response, Duke Energy Ohio ceased all disconnections except for safety-related concerns and waived late payment and reconnection fees. On March 19, 2020, Duke Energy Ohio filed its compliance plan with the PUCO and sought waiver of several regulations to minimize direct customer contact. On May 4, 2020, Duke Energy Ohio filed a motion to suspend payment rules to enable proactive outreach to residential customers offering additional options for managing their utility bills. PUCO found the proposal to address the state of emergency and the accompanying waivers reasonable and directed Duke Energy Ohio to work with the PUCO Staff on a comprehensive plan for resumption of activities and operations, to be filed 45 days before resumption of activities. The transition plan to resume normal operations to pre-COVID-19 levels was filed on June 26, 2020, and approved by the PUCO on July 29, 2020. It included resuming suspended work and activities beginning August 10, 2020, and resuming disconnections in September 2020.

On April 16, 2020, Duke Energy Ohio filed an application for a Reasonable Arrangement to temporarily lower the minimum bill for demand-metered commercial and industrial customers. On June 17, 2020, the PUCO denied Duke Energy Ohio's application for a reasonable arrangement and ordered Duke Energy Ohio to work with the PUCO Staff on payment arrangements for impacted nonresidential customers.

On May 11, 2020, Duke Energy Ohio filed with the PUCO a request seeking deferral of incremental costs incurred, as well as specific miscellaneous lost revenues using existing bad debts and uncollectible riders already in place for both electric and natural gas operations. Duke Energy Ohio would subsequently file for rider recovery at a later date. On June 17, 2020, the PUCO approved Duke Energy Ohio's deferral application. The commission denied the accrual of carrying costs and ordered Duke Energy Ohio to also track potential savings experienced as a result of COVID-19.

Duke Energy Kentucky COVID-19

In response to the COVID-19 pandemic, on March 6, 2020, Governor Andy Beshear declared a state of emergency in the commonwealth of Kentucky. The KPSC issued an order directing utilities to cease disconnections for nonpayment and waive late payment fees. The KPSC also directed utilities to maintain flexible payment plans and tariff interpretations to assist customers during this crisis and to seek any regulatory waivers, if necessary. In response, Duke Energy Kentucky ceased all disconnections except for safety-related concerns and waived late payment and reconnection fees. On September 21, 2020, the KPSC issued an order ending the disconnection moratorium for residential and nonresidential customers effective no earlier than October 20, 2020. Utilities are required to offer residential customers a default payment plan for any arrearages accumulated through the October 2020 billing cycle. Utilities are permitted to resume assessment of late payment charges for nonresidential customers beginning October 20, 2020, and for residential customers after December 31, 2020. Duke Energy Kentucky will follow the order, as clarified on September 30, 2020, by the KPSC.

2017 Electric Security Plan Filing

On June 1, 2017, Duke Energy Ohio filed with the PUCO a request for a standard service offer in the form of an ESP. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation and Recommendation (Stipulation) with the PUCO resolving that the term of the ESP would be from June 1, 2018, to May 31, 2025, and included continuation of market-based customer rates through competitive procurement processes for generation, continuation and expansion of existing rider mechanisms and approved new rider mechanisms relating to costs incurred to enhance the customer experience and transform the grid and a service reliability rider for vegetation management. On September 13, 2019, and September 16, 2019, Interstate Gas Supply/Retail Supply Association and the Ohio Consumers' Counsel (OCC), respectively, filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error. On March 13, 2020, the Supreme Court of Ohio dismissed OCC's appeal. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of the PUCO's December 19, 2018 order approving the Stipulation. The case has been resolved.

Electric Base Rate Case

Duke Energy Ohio filed with the PUCO an electric distribution base rate case application and supporting testimony in March 2017. Duke Energy Ohio requested an estimated annual increase of approximately $15 million and a return on equity of 10.4%. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed the Stipulation with the PUCO including a $19 million decrease in annual base distribution revenue with a return on equity unchanged from the current rate of 9.84% based upon a capital structure of 50.75% equity and 49.25% debt. Upon approval of new rates, Duke Energy Ohio's rider for recovering its initial SmartGrid implementation ended as these costs would be recovered through base rates. The Stipulation also renewed 14 existing riders, some of which were included in Duke Energy Ohio's ESP, and added two new riders including the Enhanced Service Reliability Rider to recover vegetation management costs not included in base rates, up to $10 million per year (operation and maintenance only) and the Power Future Initiatives Rider (formerly PowerForward Rider) to recover costs incurred to enhance the customer experience and further transform the grid (operation and maintenance and capital). In addition to the changes in revenue attributable to the Stipulation, Duke Energy Ohio's capital-related riders, including the Distribution Capital Investments Rider, began to reflect the lower federal income tax rate associated with the Tax Act with updates to customers' bills beginning April 1, 2018. This change reduced electric revenue by approximately $20 million on an annualized basis. On December 19, 2018, the PUCO approved the Stipulation without material modification. New base rates were implemented effective January 2, 2019. On September 13, 2019, and September 16, 2019, Interstate Gas Supply/Retail Supply Association and the OCC, respectively, filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error. On March 13, 2020, the Supreme Court of Ohio dismissed OCC's appeal. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of the PUCO's December 19, 2018 order approving the Stipulation. The case has been resolved.

Ohio Valley Electric Corporation

On March 31, 2017, Duke Energy Ohio filed for approval to adjust its existing Rider PSR to pass through net costs related to its contractual entitlement to capacity and energy from the generating assets owned by OVEC. Duke Energy Ohio sought deferral authority for net costs incurred from April 1, 2017, until the new rates under Rider PSR were put into effect. On April 13, 2018, Duke Energy Ohio, along with certain intervenors, filed a Stipulation with the PUCO resolving numerous issues including those related to Rider PSR. The Stipulation activated Rider PSR for recovery of net costs incurred from January 1, 2018, through May 2025. On December 19, 2018, the PUCO approved the Stipulation without material modification. The PSR rider became effective April 1, 2019. On September 13, 2019, and September 16, 2019, Interstate Gas Supply/Retail Supply Association and the OCC filed appeals to the Supreme Court of Ohio claiming the PUCO's order was in error. On March 13, 2020, the Supreme Court of Ohio dismissed OCC's appeal. On April 22, 2020, the Supreme Court of Ohio dismissed all remaining appeals of the PUCO's December 19, 2018 order approving the Stipulation. The case has been resolved.

On July 23, 2019, House Bill 6 (HB 6) was signed into law that became effective January 1, 2020. Among other things, the bill allows for funding of two nuclear generating facilities located in Northern Ohio through a charge on utility bills owned by Energy Harbor (f/k/a FirstEnergy Solutions), repeal of energy efficiency mandates, and recovery of prudently incurred costs, net of any revenues, for Ohio investor-owned utilities that are participants under the OVEC power agreement. The recovery shall be through a non-bypassable rider that is to replace any existing recovery mechanism approved by the PUCO and will remain in place through 2030. The amounts recoverable from customers will be subject to an annual cap, with incremental costs that exceed such cap eligible for deferral and recovery subject to review. See Note 12 for additional discussion of Duke Energy Ohio's ownership interest in OVEC. In July 2020, legislation to repeal HB 6 was proposed in both the Ohio House and Senate, with subsequent hearings to receive witness testimony. Duke Energy Ohio cannot predict the outcome of this matter.

Energy Efficiency Cost Recovery

On February 26, 2020, the PUCO issued an order directing utilities to wind down their demand-side management programs by September 30, 2020, and to terminate the programs by December 31, 2020, in response to changes in Ohio law that eliminated Ohio's energy efficiency mandates. On March 27, 2020, Duke Energy Ohio filed an Application for Rehearing seeking clarification on the final true up and reconciliation process after 2020. On April 22, 2020, the PUCO granted rehearing for further consideration.

On June 8, 2020, Duke Energy Ohio filed an application to implement a voluntary energy efficiency program portfolio to commence on January 1, 2021. The application proposes a mechanism for recovery of program costs, lost margins and a shared savings incentive mechanism similar to those previously approved by the PUCO. On June 17, 2020, the PUCO, on its own motion, struck Duke Energy Ohio's proposal to include a shared savings mechanism in its plan finding such incentives are not permissible or supportable under Ohio law. On June 26, 2020, Duke Energy Ohio withdrew its application. On October 9, 2020, Duke Energy Ohio filed an application to implement a voluntary efficiency program portfolio to commence on January 1, 2021. The application proposes a mechanism for recovery of program costs and a benefit associated with avoided transmission and distribution costs. Duke Energy Ohio cannot predict the outcome of this matter.

Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. Duke Energy Ohio currently estimates the pipeline development costs and construction activities will range from $163 million to $245 million in direct costs (excluding overheads and AFUDC) and that construction of the pipeline extension is expected to be completed before the 2021/2022 winter season. An evidentiary hearing for a Certificate of Environmental Compatibility and Public Need concluded on April 11, 2019. Briefs were filed on May 13, 2019, and reply briefs were filed on June 10, 2019. On November 21, 2019, the Ohio Power Siting Board (OPSB) approved Duke Energy Ohio's application subject to 41 conditions on construction. Applications for rehearing were filed by several stakeholders on December 23, 2019, arguing that the OPSB approval was incorrect. On February 20, 2020, the OPSB denied the rehearing requests. On April 15, 2020, Joint Appellants filed a notice of appeal at the Supreme Court of Ohio of the OPSB's decision approving Duke Energy Ohio's Central Corridor application. On June 4, 2020, the OPSB filed a motion to dismiss claims raised by one of the Joint Appellants and on August 5, 2020, the Supreme Court of Ohio dismissed one of the Joint Appellants from the appeal. Joint Appellants filed their merit briefs on August 26, 2020. Appellee briefs were filed October 15, 2020. On September 22, 2020, Duke Energy Ohio filed an application with OPSB for approval to amend the certificated pipeline route. Duke Energy Ohio cannot predict the outcome of this matter.

MGP Cost Recovery

As part of its 2012 natural gas base rate case, Duke Energy Ohio has approval to defer and recover costs related to environmental remediation at two sites (East End and West End) that housed former MGP operations. Duke Energy Ohio has made annual applications for recovery of these deferred costs. Duke Energy Ohio has collected approximately $55 million in environmental remediation costs between 2009 through 2012 through Rider MGP, which is currently suspended. Duke Energy Ohio has made annual applications with the PUCO to recover its incremental remediation costs consistent with the PUCO's directive in Duke Energy Ohio's 2012 natural gas rate case. To date, the PUCO has not ruled on Duke Energy Ohio's annual applications for the calendar years 2013 through 2017. On September 28, 2018, the staff of the PUCO issued a report recommending a disallowance of approximately $12 million of the $26 million in MGP remediation costs incurred between 2013 through 2017 that staff believes are not eligible for recovery. Staff interprets the PUCO's 2012 Order granting Duke Energy Ohio recovery of MGP remediation as limiting the recovery to work directly on the East End and West End sites. On October 30, 2018, Duke Energy Ohio filed reply comments objecting to the staff's recommendations and explaining, among other things, the obligation Duke Energy Ohio has under Ohio law to remediate all areas impacted by the former MGPs and not just physical property that housed the former plants and equipment. On March 29, 2019, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2018 seeking recovery of approximately $20 million in remediation costs. On July 12, 2019, the staff recommended a disallowance of approximately $11 million for work that staff believes occurred in areas not authorized for recovery. Additionally, staff recommended that any discussion pertaining to Duke Energy Ohio's recovery of ongoing MGP costs should be directly tied to or netted against insurance proceeds collected by Duke Energy Ohio. An evidentiary hearing concluded on November 21, 2019. Initial briefs were filed on January 17, 2020, and reply briefs were filed on February 14, 2020. Duke Energy Ohio cannot predict the outcome of this matter.

On March 31, 2020, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2019 seeking recovery of approximately $39 million in remediation costs incurred during 2019. On July 23, 2020, the staff recommended a disallowance of approximately $4 million for work the staff believes occurred in areas not authorized for recovery. Additionally, the staff recommended insurance proceeds, net of litigation costs and attorney fees, should be reimbursed to customers and not be held by Duke Energy Ohio until all investigation and remediation is complete. Duke Energy Ohio filed comments in response to the staff report on August 21, 2020. Duke Energy Ohio cannot predict the outcome of this matter.

The 2012 PUCO order also contained conditional deadlines for completing the MGP environmental investigation and the deferral of remediation costs at the MGP sites. Subsequent to the order, the deadline was extended to December 31, 2019. On May 10, 2019, Duke Energy Ohio filed an application requesting a continuation of its existing deferral authority for MGP remediation and investigation that must occur after December 31, 2019. On September 13, 2019, intervenor comments were filed opposing Duke Energy Ohio's request for continuation of existing deferral authority and on October 2, 2019, Duke Energy Ohio filed reply comments. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky Electric Base Rate Case

On September 3, 2019, Duke Energy Kentucky filed a rate case with the KPSC requesting an increase in electric base rates of approximately $46 million. On January 31, 2020, Duke Energy Kentucky filed rebuttal testimony updating its rate increase calculations to approximately $44 million. Hearings concluded on February 20, 2020, and briefing was completed March 20, 2020. On April 27, 2020, the KPSC issued its decision approving a $24 million increase for Duke Energy Kentucky with a 9.25% return on equity. The KPSC denied Duke Energy Kentucky's major storm deferral mechanism and EV and battery storage pilots. The KPSC approved Duke Energy Kentucky's Green Source Advantage tariff. New customer rates were effective on May 1, 2020. On May 18, 2020, Duke Energy Kentucky filed its motion for rehearing and on June 4, 2020, the motion was granted in part and denied in part by the KPSC. On October 16, 2020, the KPSC issued an Order on Rehearing authorizing an additional $4 million increase in revenue requirement bringing the total authorized revenue requirement increase to $28 million. Revised customer rates will take effect in November 2020.

Duke Energy Indiana

COVID-19 Filing

In response to the COVID-19 pandemic, on March 6, 2020, Governor Eric Holcomb declared a public health disaster emergency in the state of Indiana, which is currently extended through December 1, 2020. Duke Energy Indiana had already voluntarily suspended all disconnections and waived late payment fees and check return fees. The utility also waived credit card fees for residential customers. The Executive Order requiring utilities in the state to suspend disconnection of utility service expired July 1, 2020.

On May 8, 2020, Duke Energy Indiana, along with other Indiana utilities, filed a request with the IURC for approval of deferral treatment for costs and revenue reductions associated with the COVID-19 pandemic. The utilities requested initial deferral approval in July 2020, with individual subdockets for each utility to be established for consideration of utility-specific cost and revenue impacts, cost recovery timing and customer payment plans. On June 29, 2020, the IURC issued an order in Phase 1 wherein it extended the disconnection moratorium for jurisdictional utilities until August 14, 2020, along with requiring six-month payment arrangements, waiver of late fees, reconnection fees, convenience fees and deposits. The IURC permitted jurisdictional utilities to use regulatory accounting for any impacts associated with the prohibition on utility disconnections, waiver or exclusion of certain utility fees (i.e., late fees, convenience fees, deposits, and reconnection fees), the use of expanded payment arrangements to aid customers, and for COVID-19 related uncollectible and incremental bad debt expense. The IURC did not permit recovery of lost revenues due to load reduction or carrying costs. In Phase 2 filings, individual utilities may choose to request regulatory accounting for other COVID-19 related operation and maintenance costs wherein evidence of the impact of any costs or offsetting savings can be presented and considered in an evidentiary hearing. On August 12, 2020, the IURC issued a supplemental order extending the requirement for six-month payment arrangements and waiver of certain customer fees for another 60 days, but did not extend the disconnect moratorium. As such, Duke Energy Indiana resumed service disconnections for nonpayment in mid-September 2020. Normal billing practices resumed in mid-October 2020, except that Duke Energy Indiana has committed to provide extended payment arrangements and waive credit card and pay station fees for residential customers through the end of 2020. Customers were notified of the resumption of normal billing practices, the option of deferred payment arrangements and where to find assistance, if necessary. Duke Energy Indiana cannot predict the outcome of this matter.

2019 Indiana Rate Case

On July 2, 2019, Duke Energy Indiana filed a general rate case with the IURC for a rate increase for retail customers of approximately $395 million. The rebuttal case, filed on December 4, 2019, updated the requested revenue requirement to result in a 15.6% or $396 million average retail rate increase, including the impacts of the Utility Receipts Tax. Hearings concluded on February 7, 2020. On June 29, 2020, the IURC issued the order in the rate case approving a revenue increase of $146 million before certain adjustments and ratemaking refinements. The order provided for an overall cost of capital of 5.7% based on a 9.7% return on equity and a 53% equity component of the capital structure, and approved Duke Energy Indiana's requested forecasted rate base of $10.2 billion as of December 31, 2020, including the Edwardsport IGCC Plant. The IURC reduced Duke Energy Indiana's request by slightly more than $200 million, when accounting for the utility receipts tax and other adjustments. Approximately 50% of the reduction is due to a prospective change in depreciation and use of regulatory asset for the end-of-life inventory at retired generating plants, approximately 20% is due to the approved 9.7% return on equity versus requested 10.4% and approximately 20% is related to miscellaneous earnings neutral adjustments. Step one rates are estimated to be approximately 75% of the total and became effective on July 30, 2020. Step two rates are estimated to be the remaining 25% of the total rate increase and will be effective in the first quarter of 2021. Several groups filed notices of appeal of the IURC order on July 29, 2020. Appellate briefs were filed on October 14, 2020, focusing on three issues: wholesale sales allocations, coal ash basin cost recovery and the Edwardsport IGCC operating and maintenance expense level approved. The case will be fully briefed by year-end, with a decision expected in the first quarter of 2021. Duke Energy Indiana cannot predict the outcome of this matter.

2020 Indiana Coal Ash Recovery Case

In Duke Energy Indiana's rate case, the IURC approved coal ash basin closure costs expended through 2018 including financing costs as a regulatory asset and included in rate base. The IURC opened a subdocket to deal with the post-2018 coal ash related expenditures. Duke Energy Indiana filed testimony on April 15, 2020, in the coal ash subdocket requesting recovery for the post-2018 coal ash basin closure costs for plans that have been approved by the Indiana Department of Environmental Management as well as continuing deferral, with carrying costs, on the balance. An evidentiary hearing was held on September 14, 2020, and the parties have agreed on a delayed briefing schedule that allows for the Indiana Rate Case appeal to proceed. Briefing will be completed by mid-May 2021. Duke Energy Indiana cannot predict the outcome of this matter.

Piedmont

COVID-19 Filings

North Carolina

On March 10, 2020, Governor Roy Cooper issued Executive Order No. 116 declaring a state of emergency due to the COVID-19 pandemic. On March 19, 2020, the NCUC issued on order directing that utilities under its jurisdiction suspend disconnections for nonpayment of utility bills during the state of emergency (as defined by Executive Order No. 116) and allow for customers to enter into payment arrangements to pay off arrearages accumulated during the state of emergency after the end of the state of emergency. Additionally, to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 19, 2020, Piedmont filed a request with the NCUC seeking authorization to waive: (1) any late payment charges incurred by a residential or nonresidential customer, effective March 21, 2020; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit; and (4) the fees and charges associated with the use of credit cards or debit cards to pay residential electric utility bills, effective March 21, 2020. The NCUC granted Piedmont's request on March 20, 2020.

On July 29, 2020, the NCUC issued its Order Lifting Disconnection Moratorium and Allowing Collection of Arrearages Pursuant to Special Repayment Plans. The order contained the following: (1) public utilities may resume customer disconnections due to nonpayment for bills first rendered on or after September 1, 2020, after appropriate notice; (2) the late fee moratorium will continue through the end of the state of emergency or until further order of the commission; (3) Duke Energy utilities may reinstate fees for checks returned for insufficient funds as well as transaction fees for use of credit cards or debit cards for bills first rendered on or after September 1, 2020; and (4) no sooner than September 1, 2020, the collection of past-due or delinquent accounts accrued up to and including August 31, 2020, may proceed subject to conditions.

Normal billing practices resumed as of October 1, 2020, with the exception of billing of late payment charges. Service disconnections for nonpayment resumed on November 4, 2020. Customers were notified of the resumption of normal billing practices, the option of payment arrangements and where to find assistance, if necessary. The NCUC's moratorium for the billing of late payment charges is still in effect until further order from the NCUC. Piedmont cannot predict the outcome of this matter.

South Carolina

On March 13, 2020, Governor Henry McMaster issued Executive Order No. 2020-08 declaring a state of emergency due to the COVID-19 pandemic. The governor also issued a letter on March 14, 2020, to the ORS Executive Director regarding the suspension of disconnection of essential utility services for nonpayment. On March 18, 2020, the PSCSC issued an order approving such waivers, and also approved waivers for regulations related to late fees and reconnect fees. The PSCSC's order also required utilities to track the financial impacts of actions taken pursuant to such waivers for possible reporting to the PSCSC.

On May 13, 2020, the ORS filed a letter with the PSCSC that included a request from Governor McMaster that utilities proceed with developing and implementing plans for phasing in normal business operations. On May 14, 2020, the PSCSC conditionally vacated the regulation waivers regarding termination of service and suspension of disconnect fees. Prior to termination, utilities are to refer past-due customers to local organizations for assistance and/or deferred payment arrangements. Piedmont filed a report on June 30, 2020, as required by PSCSC order, reporting revenue impact, costs and savings related to COVID-19 to date. Updates on cost impacts were filed on September 30, 2020, and included financial impacts through the end of August 2020.

On September 30, 2020, Piedmont filed an update on their planned return to normal operations during the COVID-19 pandemic. Normal billing practices resumed as of October 1, 2020, and service disconnections for nonpayment resumed on November 4, 2020. Customers were notified of the resumption of normal billing practices, the option of payment arrangements and where to find assistance, if necessary.

Tennessee

On March 12, 2020, Governor Bill Lee issued Executive Order No. 14 declaring a state of emergency due to the COVID-19 pandemic. In an effort to help mitigate the financial impacts of the COVID-19 pandemic on their customers, on March 20, 2020, Piedmont filed a request with the TPUC seeking authorization to waive, effective March 21, 2020: (1) any late payment charges incurred by a residential or nonresidential customer; (2) the application of fees for checks returned for insufficient funds for residential and nonresidential customers; and (3) the reconnection charge when a residential or nonresidential customer seeks to have service restored for those customers whose service was recently disconnected for nonpayment and to work with customers regarding the other requirements to restore service, including re-establishment of credit. The TPUC granted Piedmont's request by Order issued March 31,2020. The Order also stated that customers were not relieved of their obligation to pay for utility services received.

The TPUC held its regularly scheduled Commission Conference electronically on August 10, 2020, and on September 16, 2020, issued an Order Lifting Suspension of Disconnections of Service for Lack of Payment with Conditions, effective August 29, 2020. The conditions relate to required customer communications, payment plan options for past-due amounts and ongoing reporting to the TPUC. Potential recovery of costs related to the COVID-19 pandemic may be considered in future, individual docketed proceedings.

On October 15, 2020, Piedmont filed a report on their planned return to normal operations during the COVID-19 pandemic. Normal billing practices resumed as of October 1, 2020, and service disconnections for nonpayment resumed on November 4, 2020. Customers were notified of the resumption of normal billing practices, the option of payment arrangements and where to find assistance, if necessary.

2020 Tennessee Rate Case

On July 2, 2020, Piedmont filed an application with the TPUC, its first general rate case in Tennessee in nine years, for a rate increase for retail customers of approximately $30 million, which represents an approximate 15% increase in annual revenues. The rate increase is driven by significant infrastructure upgrade investments since its previous rate case. Approximately half of the plant additions being added to rate base are categories of capital investment not covered under the IMR mechanism, which was approved in 2013. On August 25, 2020, the TPUC issued the procedural schedule for this case, targeting the hearing to begin on January 11, 2021. The TPUC is required to render a decision on this matter on or before April 1, 2021. Piedmont cannot predict the outcome of this matter.

OTHER REGULATORY MATTERS

Atlantic Coast Pipeline, LLC

Atlantic Coast Pipeline (ACP pipeline) is an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. Duke Energy indirectly owns a 47% interest, which is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment.

On April 15, 2020, the United States District Court for the District of Montana granted partial summary judgment in favor of the plaintiffs in Northern Plains Resource Council v. U.S. Army Corps of Engineers (USACE) (Northern Plains), vacating USACE's Nationwide Permit 12 (NWP 12) and remanding it to USACE for consultation under the Endangered Species Act (ESA) of 1973. In Northern Plains, the court ruled that NWP 12 was unlawful because USACE did not consult under the ESA with the U.S. Fish and Wildlife Service and/or National Marine Fisheries Service prior to NWP 12's reissuance in 2017. Because NWP 12 has been vacated and its application enjoined, USACE currently has suspended verification of any new or pending applications under NWP 12 until further court action clarifies the situation.

On May 28, 2020, the U.S. Court of Appeals for the Ninth Circuit issued a ruling that limited the NWP 12 vacatur to energy infrastructure projects. In July 2020, the Supreme Court of the United States issued an order allowing other new oil and gas pipeline projects to use the NWP 12 process pending appeal to the U.S. Court of Appeals for the Ninth Circuit; however, that did not decrease the uncertainty associated with an eventual ruling. Together, these rulings indicated that the timeline to reinstate the necessary water crossing permits for ACP would likely cause further delays and cost increases.

On July 5, 2020, Dominion Energy, Inc. announced a sale of substantially all of its gas transmission and storage segment assets, operations core to the ACP pipeline project.

As a result of the uncertainty created by the NWP 12 rulings, the potential impact on the cost and schedule for the project, the ongoing legal challenges and the risk of additional legal challenges and delays through the construction period and Dominion's decision to sell substantially all of its gas transmission and storage segment assets, Duke Energy's Board of Directors and management decided that it was not prudent to continue to invest in the project. On July 5, 2020, Duke Energy and Dominion announced the cancellation of the ACP pipeline project.