

FINANCIAL STATEMENTS

REGULATORY MATTERS

As a result, Duke Energy recorded pretax charges to earnings of approximately \$2.1 billion for the nine months ended September 30, 2020, within Equity in (losses) earnings of unconsolidated affiliates on the Duke Energy Condensed Consolidated Statements of Operations. The tax benefit associated with this cancellation was \$389 million and is recorded in Income Tax Expense (Benefit) on the Duke Energy Condensed Consolidated Statements of Operations. Additional charges of less than \$50 million are expected to be recorded within the next 12 months as ACP incurs obligations to exit operations.

As part of the pretax charges to earnings of approximately \$2.1 billion, Duke Energy established liabilities related to the cancellation of the ACP pipeline project of \$927 million and \$19 million within Other Current Liabilities and Other Noncurrent Liabilities, respectively, in the Gas Utilities and Infrastructure segment. The liability represents Duke Energy's obligation of approximately \$860 million to fund ACP's outstanding debt and approximately \$86 million to satisfy ARO requirements to restore construction sites.

See Notes 1, 4 and 12 for additional information regarding this transaction.

Potential Coal Plant Retirements

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

The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of September 30, 2020, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net Book Value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-3 ^(a)	582	\$ 141
Allen Steam Station Units 4-5 ^(b)	516	321
Cliffside Unit 5 ^(b)	544	355
Duke Energy Progress		
Mayo Unit 1 ^(b)	727	673
Roxboro Units 3-4 ^(b)	1,392	486
Duke Energy Indiana		
Gallagher Units 2 and 4 ^(c)	280	112
Gibson Units 1-5 ^(d)	3,132	1,683
Cayuga Units 1-2 ^(d)	1,005	935
Total Duke Energy	8,178	\$ 4,706

- (a) As part of the 2015 resolution of a lawsuit involving alleged New Source Review violations, Duke Energy Carolinas must retire Allen Steam Station Units 1 through 3 by December 31, 2024. The long-term energy options considered in the IRP could result in retirement of these units earlier than their current estimated useful lives.
- (b) These units are included in the IRP filed by Duke Energy Carolinas and Duke Energy Progress in North Carolina and South Carolina on September 1, 2020. The long-term energy options considered in the IRP could result in retirement of these units earlier than their current estimated useful lives. In 2019, Duke Energy Carolinas and Duke Energy Progress filed North Carolina rate cases that included depreciation studies that accelerate end of life dates for these plants. A decision by NCUC is expected by the end of the first quarter 2021.
- (c) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher units 2 and 4 by December 31, 2022, as part of the 2016 settlement of Edwardsport IGCC matters.
- (d) On July 1, 2019, Duke Energy Indiana filed its 2018 IRP with the IURC. The 2018 IRP included scenarios evaluating the potential retirement of coal-fired generating units at Gibson and Cayuga. The rate case filed July 2, 2019, included proposed depreciation rates reflecting retirement dates from 2026 to 2038. The depreciation rates reflecting these updated retirement dates were approved by the IURC as part of the rate case order issued on June 29, 2020.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

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

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Remediation Activities

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

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

(in millions)	September 30, 2020	December 31, 2019
Reserves for Environmental Remediation		
Duke Energy	\$ 66	\$ 58
Duke Energy Carolinas	16	11
Progress Energy	15	16
Duke Energy Progress	5	4
Duke Energy Florida	8	9
Duke Energy Ohio	22	19
Duke Energy Indiana	5	4
Piedmont	8	8

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

(in millions)	
Duke Energy	\$ 56
Duke Energy Carolinas	12
Duke Energy Ohio	38

LITIGATION

Duke Energy Carolinas and Duke Energy Progress

Coal Ash Insurance Coverage Litigation

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Business Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. Due to COVID-19, the court has issued a new scheduling order and the trial is now scheduled for January 2022. Fact and expert discovery is scheduled to be completed by mid-November 2020. The parties are required to file all dispositive pre-trial motions by December 4, 2020. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

NTE Carolinas II, LLC Litigation

In November 2017, Duke Energy Carolinas entered into a standard FERC interconnection agreement with NTE Carolinas II, LLC (NTE), a company that intended to build a combined-cycle natural gas plant in Rockingham County, North Carolina. On September 6, 2019, Duke Energy Carolinas filed a lawsuit in Mecklenburg County Superior Court against NTE for breach of contract and alleging that NTE's failure to pay benchmark payments for Duke Energy Carolinas' transmission system upgrades required under the interconnection agreement constituted a termination of the interconnection agreement. Duke Energy Carolinas is seeking a monetary judgment against NTE because NTE failed to make multiple milestone payments. The lawsuit was moved to federal court in North Carolina. NTE filed a motion to dismiss Duke Energy Carolinas' complaint and brought counterclaims alleging anti-competitive conduct and violations of state and federal statutes. Duke Energy Carolinas filed a motion to dismiss NTE's counterclaims.

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On May 21, 2020, FERC issued a decision, in response to an NTE petition, ruling (i) that it has exclusive jurisdiction to determine whether a transmission provider may terminate a Large Generator Interconnection Agreement (LGIA), (ii) FERC approval is required to terminate a conforming LGIA if objected to by the interconnection customer, and (iii) Duke Energy may not announce the termination of a conforming LGIA unless FERC has approved the termination. On May 27, 2020, NTE filed FERC's May 21, 2020, Order as a notice of supplemental authority with the federal district court where its Motion to Dismiss is pending. On June 1, 2020, Duke Energy Carolinas filed a response to NTE's notice of supplemental authority noting that FERC declined to address the merits of any breach of contract claim relating to the LGIA and that the federal court then necessarily retains exclusive authority to award damages for NTE's breach.

On August 17, 2020, the court denied both NTE's and Duke Energy Carolinas' Motion to Dismiss. The parties are now preparing to commence discovery. Duke Energy Carolinas cannot predict the outcome of this matter.

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of September 30, 2020, there were 159 asserted claims for non-malignant cases with cumulative relief sought of up to \$41 million, and 68 asserted claims for malignant cases with cumulative relief sought of up to \$23 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recognized asbestos-related reserves of \$578 million at September 30, 2020, and \$604 million at December 31, 2019. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon Duke Energy Carolinas' best estimate for current and future asbestos claims through 2040 and are recorded on an undiscounted basis. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2040 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas' cumulative payments began to exceed the self-insured retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is \$714 million in excess of the self-insured retention. Receivables for insurance recoveries were \$704 million at September 30, 2020, and \$742 million at December 31, 2019. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

Duke Energy Progress and Duke Energy Florida

Spent Nuclear Fuel Matters

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

Duke Energy Florida

Power Purchase Dispute Arbitration

Duke Energy Florida, on behalf of its customers, entered into a PPA for the purchase of firm capacity and energy from a qualifying facility under the Public Utilities Regulatory Policies Act of 1978. Duke Energy Florida determined the qualifying facility did not perform in accordance with the PPA, and Duke Energy Florida terminated the PPA. The qualifying facility counterparty filed a confidential American Arbitration Association (AAA) arbitration demand, challenging the termination of the PPA and seeking damages. Duke Energy Florida denies liability and is vigorously defending the arbitration claim. The final arbitration hearing is scheduled for December 2020. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Indiana

Coal Ash Basin Closure Plan Appeal

On January 27, 2020, Hoosier Environmental Council filed a Petition for Administrative Review with the Indiana Office of Environmental Adjudication (the court) challenging the Indiana Department of Environmental Management's December 10, 2019, partial approval of Duke Energy Indiana's ash pond closure plan. On March 11, 2020, Duke Energy Indiana filed a Motion to Dismiss. On May 5, 2020, the court denied the motion. The parties are completing discovery and have until December 22, 2020, to file dispositive motions. If these claims survive dispositive motions, a hearing is scheduled for April 2021. Duke Energy Indiana cannot predict the outcome of this matter. See Note 6 for additional information.

Other Litigation and Legal Proceedings

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

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

(in millions)	September 30, 2020	December 31, 2019
Reserves for Legal Matters		
Duke Energy	\$ 60	\$ 62
Duke Energy Carolinas	2	2
Progress Energy	52	55
Duke Energy Progress	9	12
Duke Energy Florida	23	22
Piedmont	1	1

OTHER COMMITMENTS AND CONTINGENCIES

General

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

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

As described in Note 1, Duke Energy adopted the new guidance for credit losses effective January 1, 2020, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. The reserve for credit losses for insurance receivables based on adoption of the new standard is \$15 million for Duke Energy and Duke Energy Carolinas as of September 30, 2020. Insurance receivables are evaluated based on the risk of default and the historical losses, current conditions and expected conditions around collectability. Management evaluates the risk of default annually based on payment history, credit rating and changes in the risk of default from credit agencies.

Duke Energy has recognized \$860 million related to the guarantees of its portion of ACP's outstanding debt of which \$95 million was previously recognized due the adoption of new guidance for credit losses effective January 1, 2020. This reserve is included within Other current liabilities on the Condensed Consolidated Balance Sheets at September 30, 2020. See Notes 1, 3 and 12 for more information. The remaining reserve for credit losses for financial guarantees of \$4 million at September 30, 2020, is included within Other noncurrent liabilities on the Duke Energy's Condensed Consolidated Balance Sheets. Management considers financial guarantees for evaluation under this standard based on the anticipated amount outstanding at the time of default. The reserve for credit losses is based on the evaluation of the contingent components of financial guarantees. Management evaluates the risk of default, exposure and length of time remaining in the period for each contract.

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DEBT AND CREDIT FACILITIES

5. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

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

Issuance Date	Maturity Date	Interest Rate	Nine Months Ended September 30, 2020							
			Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Unsecured Debt										
May 2020 ^(a)	Jun 2030	2.450%	\$ 500	\$ 500	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
May 2020 ^(b)	Jun 2050	3.350%	400	—	—	—	—	—	—	400
August 2020 ^(c)	Feb 2022	0.430% ^(d)	700	—	—	700	—	—	—	—
September 2020 ^(e)	Sep 2025	0.900%	650	650	—	—	—	—	—	—
September 2020 ^(e)	Jun 2030	2.450%	350	350	—	—	—	—	—	—
First Mortgage Bonds										
January 2020 ^(f)	Feb 2030	2.450%	500	—	500	—	—	—	—	—
January 2020 ^(f)	Aug 2049	3.200%	400	—	400	—	—	—	—	—
March 2020 ^(g)	Apr 2050	2.750%	550	—	—	—	—	—	550	—
May 2020 ^(b)	Jun 2030	2.125%	400	—	—	—	—	400	—	—
June 2020 ^(b)	Jun 2030	1.750%	500	—	—	—	500	—	—	—
August 2020 ^(h)	Aug 2050	2.500%	600	—	—	600	—	—	—	—
Total issuances			\$ 5,550	\$ 1,500	\$ 900	\$ 1,300	\$ 500	\$ 400	\$ 550	\$ 400

- (a) Debt issued to repay \$500 million borrowing made under Duke Energy (Parent) revolving credit facility in March 2020, and for general corporate purposes.
- (b) Debt issued to repay short-term debt and for general corporate purposes.
- (c) Debt issued to repay \$700 million two-year term loan facility expiring in December 2020.
- (d) Debt issuance has a floating interest rate.
- (e) Debt issued to repay a portion of outstanding commercial paper, to repay a portion of Duke Energy (Parent)'s outstanding \$1.7 billion term loan due March 2021 and for general corporate purposes.
- (f) Debt issued to repay at maturity \$450 million first mortgage bonds due June 2020 and for general corporate purposes.
- (g) Debt issued to repay at maturity \$500 million first mortgage bonds due July 2020 and to pay down short-term debt.
- (h) Debt issued to repay at maturity \$300 million first mortgage bonds due September 2020 and for general corporate purposes.

CURRENT MATURITIES OF LONG-TERM DEBT

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

(in millions)	Maturity Date	Interest Rate	September 30, 2020
Unsecured Debt			
Progress Energy, Inc	January 2021	4.400%	\$ 500
Duke Energy (Parent)	May 2021	0.765% ^(a)	500
Piedmont	June 2021	4.240%	160
Duke Energy (Parent)	September 2021	3.550%	500
Duke Energy (Parent)	September 2021	1.800%	750
Secured Debt			
Duke Energy Florida	April 2021	1.035% ^(a)	250
First Mortgage Bonds			
Duke Energy Carolinas	June 2021	3.900%	500
Duke Energy Florida	August 2021	3.100%	300
Duke Energy Progress	September 2021	3.000%	500
Duke Energy Progress	September 2021	8.625%	100
Other^(b)			609
Current maturities of long-term debt			\$ 4,669

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

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DEBT AND CREDIT FACILITIES

AVAILABLE CREDIT FACILITIES

Master Credit Facility

In March 2020, Duke Energy amended its existing \$8 billion Master Credit Facility to extend the termination date to March 2025. The Duke Energy Registrants, excluding Progress Energy, have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder.

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

(in millions)	September 30, 2020							
	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Facility size ^(a)	\$ 8,000	\$ 2,650	\$ 1,475	\$ 1,250	\$ 800	\$ 625	\$ 600	\$ 600
Reduction to backstop issuances								
Commercial paper ^(b)	(2,007)	(693)	(300)	(308)	(62)	(106)	(229)	(309)
Outstanding letters of credit	(40)	(34)	(4)	(2)	—	—	—	—
Tax-exempt bonds	(81)	—	—	—	—	—	(81)	—
Available capacity under the Master Credit Facility	\$ 5,872	\$ 1,923	\$ 1,171	\$ 940	\$ 738	\$ 519	\$ 290	\$ 291

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

Term Loan Facility

In response to market volatility and ongoing liquidity impacts from COVID-19, in March 2020, Duke Energy (Parent) entered into a \$1.5 billion, 364-day Term Loan Credit Agreement, borrowing the full \$1.5 billion available on March 19, 2020. The term loan contains a provision for increasing the amount available for borrowing by up to \$500 million. Duke Energy (Parent) exercised this provision on March 27, 2020, borrowing an additional \$188 million. Proceeds were used to reduce outstanding commercial paper and for general corporate purposes. In the third quarter of 2020, Duke Energy (Parent) repaid \$844 million of the loan. Refer to Note 1 for additional information on the COVID-19 pandemic.

Other Credit Facilities

(in millions)	September 30, 2020	
	Facility size	Amount drawn
Duke Energy (Parent) Three-Year Revolving Credit Facility	\$ 1,000	\$ 500

In August 2020, Duke Energy Progress repaid its \$700 million two-year term loan facility.

6. ASSET RETIREMENT OBLIGATIONS

The Duke Energy Registrants record AROs when there is a legal obligation to incur retirement costs associated with the retirement of a long-lived asset and the obligation can be reasonably estimated. Actual costs incurred could be materially different from current estimates that form the basis of the recorded AROs.

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ASSET RETIREMENT OBLIGATIONS

The following table presents the AROs recorded on the Condensed Consolidated Balance Sheets.

(in millions)	September 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
	Decommissioning of nuclear power facilities ^(a)	\$ 6,815	\$ 2,658	\$ 4,107	\$ 3,606	\$ 501	\$ —	\$ —
Closure of ash impoundments	6,458	3,049	2,172	2,150	22	51	1,186	—
Other	381	67	76	44	32	40	28	17
Total ARO	\$13,654	\$ 5,774	\$ 6,355	\$ 5,800	\$ 555	\$ 91	\$ 1,214	\$ 17
Less: Current portion	742	267	297	297	—	7	170	—
Total noncurrent ARO	\$12,912	\$ 5,507	\$ 6,058	\$ 5,503	\$ 555	\$ 84	\$ 1,044	\$ 17

(a) Duke Energy amount includes purchase accounting adjustments related to the merger with Progress Energy.

ARO Liability Rollforward

The following table presents the change in liability associated with AROs for the Duke Energy Registrants.

(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
	Balance at December 31, 2019^(a)	\$ 13,318	\$ 5,734	\$ 6,471	\$ 5,893	\$ 578	\$ 80	\$ 832
Accretion expense ^(b)	408	195	187	171	16	3	22	—
Liabilities settled ^(c)	(540)	(151)	(333)	(293)	(40)	(1)	(56)	—
Liabilities incurred in the current year	17	—	—	—	—	—	—	—
Revisions in estimates of cash flows ^(d)	451	(4)	30	29	1	9	416	—
Balance at September 30, 2020	\$ 13,654	\$ 5,774	\$ 6,355	\$ 5,800	\$ 555	\$ 91	\$ 1,214	\$ 17

- (a) Primarily relates to decommissioning nuclear power facilities, closure of ash impoundments, asbestos removal, closure of landfills at fossil generation facilities, retirement of natural gas mains and removal of renewable energy generation assets.
- (b) For the nine months ended September 30, 2020, substantially all accretion expense relates to Duke Energy's regulated operations and has been deferred in accordance with regulatory accounting treatment.
- (c) Primarily relates to ash impoundment closures.
- (d) Primarily relates to increases in closure estimates for certain ash impoundments as a result of certain changes in estimates and the impact of Hoosier Environmental Council's petition filed with the court challenging the Indiana Department of Environmental Management's partial approval of Duke Energy Indiana's ash pond closure plan, new closure plan approvals, as well as increased post closure maintenance, landfill and beneficiation costs. See Note 4 for more information on Hoosier Environmental Council's petition. The incremental amount recorded represents the discounted cash flows for estimated closure costs based upon the probability weightings of the potential closure methods as evaluated on a site-by-site basis.

Asset retirement costs associated with the AROs for operating plants and retired plants are included in Net property, plant and equipment and Regulatory assets within Other Noncurrent Assets, respectively, on the Condensed Consolidated Balance Sheets.

7. GOODWILL

Duke Energy

The following table presents the goodwill by reportable segment included on Duke Energy's Condensed Consolidated Balance Sheets at September 30, 2020, and December 31, 2019.

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

Duke Energy Ohio

Duke Energy Ohio's Goodwill balance of \$920 million, allocated \$596 million to Electric Utilities and Infrastructure and \$324 million to Gas Utilities and Infrastructure, is presented net of accumulated impairment charges of \$216 million on the Condensed Consolidated Balance Sheets at September 30, 2020, and December 31, 2019.

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GOODWILL

Progress Energy

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

Piedmont

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

Impairment Testing

Duke Energy, Progress Energy, Duke Energy Ohio and Piedmont are required to perform an annual goodwill impairment test as of the same date each year and, accordingly, perform their annual impairment testing of goodwill as of August 31. Duke Energy, Progress Energy, Duke Energy Ohio and Piedmont update their test between annual tests if events or circumstances occur that would more likely than not reduce the fair value of a reporting unit below its carrying value. As the fair value for Duke Energy, Progress Energy, Duke Energy Ohio and Piedmont exceeded their respective carrying values at the date of the annual impairment analysis, no goodwill impairment charges were recorded in the third quarter of 2020.

8. RELATED PARTY TRANSACTIONS

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

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Duke Energy Carolinas				
Corporate governance and shared service expenses ^(a)	\$ 198	\$ 197	\$ 528	\$ 606
Indemnification coverages ^(b)	5	5	15	15
Joint Dispatch Agreement (JDA) revenue ^(c)	6	12	16	52
JDA expense ^(c)	28	32	72	145
Intercompany natural gas purchases ^(d)	10	—	26	7
Progress Energy				
Corporate governance and shared service expenses ^(a)	\$ 185	\$ 194	\$ 520	\$ 553
Indemnification coverages ^(b)	9	8	27	27
JDA revenue ^(c)	28	32	72	145
JDA expense ^(c)	6	12	16	52
Intercompany natural gas purchases ^(d)	18	19	56	57
Duke Energy Progress				
Corporate governance and shared service expenses ^(a)	\$ 113	\$ 114	\$ 301	\$ 328
Indemnification coverages ^(b)	4	3	13	11
JDA revenue ^(c)	28	32	72	145
JDA expense ^(c)	6	12	16	52
Intercompany natural gas purchases ^(d)	18	19	56	57
Duke Energy Florida				
Corporate governance and shared service expenses ^(a)	\$ 72	\$ 80	\$ 219	\$ 225
Indemnification coverages ^(b)	5	5	14	16
Duke Energy Ohio				
Corporate governance and shared service expenses ^(a)	\$ 80	\$ 90	\$ 241	\$ 258
Indemnification coverages ^(b)	1	1	3	3
Duke Energy Indiana				
Corporate governance and shared service expenses ^(a)	\$ 102	\$ 109	\$ 300	\$ 299
Indemnification coverages ^(b)	2	2	6	5
Piedmont				
Corporate governance and shared service expenses ^(a)	\$ 31	\$ 33	\$ 102	\$ 102
Indemnification coverages ^(b)	1	1	2	2
Intercompany natural gas sales ^(d)	28	19	82	64
Natural gas storage and transportation costs ^(e)	6	6	17	17

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RELATED PARTY TRANSACTIONS

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

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

As discussed in Note 12, certain trade receivables have been sold by Duke Energy Ohio and Duke Energy Indiana to CRC, an affiliate formed by a subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price.

Intercompany Income Taxes

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

(in millions)	Duke Energy Carolinas	Duke Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Piedmont
September 30, 2020							
Intercompany income tax receivable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14
Intercompany income tax payable	206	49	104	98	6	56	—
December 31, 2019							
Intercompany income tax receivable	\$ —	\$ 125	\$ 28	\$ —	\$ 9	\$ 28	\$ 13
Intercompany income tax payable	5	—	—	2	—	—	—

9. DERIVATIVES AND HEDGING

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

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

INTEREST RATE RISK

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

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Cash Flow Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of accumulated other comprehensive income (loss) for the three and nine months ended September 30, 2020, and 2019, were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables segment and forward-starting interest rate swaps not accounted for under regulatory accounting.

Undesignated Contracts

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

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

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

(in millions)	September 30, 2020					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
Cash flow hedges	\$ 653	\$ —	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	1,177	400	750	750	—	27
Total notional amount ^(a)	\$ 1,830	\$ 400	\$ 750	\$ 750	\$ —	\$ 27

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

(a) Duke Energy includes amounts related to consolidated VIEs of \$653 million in cash flow hedges as of September 30, 2020, and \$693 million in cash flow hedges as of December 31, 2019.

COMMODITY PRICE RISK

The Duke Energy Registrants are exposed to the impact of changes in the prices of electricity purchased and sold in bulk power markets and natural gas purchases, including Piedmont's natural gas supply contracts. Exposure to commodity price risk is influenced by a number of factors including the term of contracts, the liquidity of markets and delivery locations. To manage risk associated with commodity prices, the Duke Energy Registrants may enter into long-term power purchase or sales contracts and long-term natural gas supply agreements.

Cash Flow Hedges

For derivatives designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Gains and losses reclassified out of accumulated other comprehensive income (loss) for the three and nine months ended September 30, 2020, and 2019, were not material. Duke Energy's commodity derivatives designated as hedges include long-term electricity sales in the Commercial Renewables segment.

Undesignated Contracts

For the Subsidiary Registrants, bulk power electricity and natural gas purchases flow through fuel adjustment clauses, formula-based contracts or other cost-sharing mechanisms. Differences between the costs included in rates and the incurred costs, including undesignated derivative contracts, are largely deferred as regulatory assets or regulatory liabilities. Piedmont policies allow for the use of financial instruments to hedge commodity price risks. The strategy and objective of these hedging programs are to use the financial instruments to reduce natural gas costs volatility for customers.

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

Volumes

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

	September 30, 2020						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electricity (GWh) ^(a)	32,314	—	—	—	4,126	17,072	—
Natural gas (millions of dekatherms)	683	143	156	156	—	2	382

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

(a) Duke Energy includes 11,116 GWh that relates to cash flow hedges.

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

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

Derivative Assets	September 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
(in millions)								
Commodity Contracts								
<i>Not Designated as Hedging Instruments</i>								
Current	\$ 57	\$ 24	\$ 18	\$ 18	\$ —	\$ 2	\$ 8	\$ 6
Noncurrent	26	14	12	12	—	—	—	—
Total Derivative Assets – Commodity Contracts	\$ 83	\$ 38	\$ 30	\$ 30	\$ —	\$ 2	\$ 8	\$ 6
Interest Rate Contracts								
<i>Not Designated as Hedging Instruments</i>								
Current	\$ 3	\$ —	\$ 3	\$ 3	\$ —	\$ —	\$ —	\$ —
Noncurrent	—	—	—	—	—	—	—	—
Total Derivative Assets – Interest Rate Contracts	\$ 3	\$ —	\$ 3	\$ 3	\$ —	\$ —	\$ —	\$ —
Total Derivative Assets	\$ 86	\$ 38	\$ 33	\$ 33	\$ —	\$ 2	\$ 8	\$ 6

FINANCIAL STATEMENTS DERIVATIVES AND HEDGING

Derivative Liabilities		September 30, 2020							
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
<i>(in millions)</i>									
Commodity Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 17	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Noncurrent	85	—	—	—	—	—	—	—	—
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 26	\$ 12	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 13
Noncurrent	129	4	27	11	—	—	—	—	98
Total Derivative Liabilities – Commodity Contracts	\$ 257	\$ 16	\$ 27	\$ 11	\$ —	\$ 1	\$ —	\$ —	\$ 111
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 14	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Noncurrent	56	—	—	—	—	—	—	—	—
<i>Not Designated as Hedging Instruments</i>									
Current	27	17	9	9	—	1	—	—	—
Noncurrent	5	—	—	—	—	5	—	—	—
Total Derivative Liabilities – Interest Rate Contracts	\$ 102	\$ 17	\$ 9	\$ 9	\$ —	\$ 6	\$ —	\$ —	\$ —
Total Derivative Liabilities	\$ 359	\$ 33	\$ 36	\$ 20	\$ —	\$ 7	\$ —	\$ —	\$ 111
Derivative Assets		December 31, 2019							
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
<i>(in millions)</i>									
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 17	\$ —	\$ —	\$ —	\$ —	\$ 3	\$ 13	\$ 1	\$ —
Noncurrent	1	—	—	—	—	1	—	—	—
Total Derivative Assets – Commodity Contracts	\$ 18	\$ —	\$ —	\$ —	\$ —	\$ 4	\$ 13	\$ 1	\$ —
Interest Rate Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	6	—	6	—	6	—	—	—	—
Total Derivative Assets – Interest Rate Contracts	\$ 6	\$ —	\$ 6	\$ —	\$ 6	\$ —	\$ —	\$ —	\$ —
Equity Securities Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	1	—	1	—	1	—	—	—	—
Total Derivative Assets – Equity Securities Contracts	\$ 1	\$ —	\$ 1	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —
Total Derivative Assets	\$ 25	\$ —	\$ 7	\$ —	\$ 7	\$ 4	\$ 13	\$ 1	\$ —

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

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

OFFSETTING ASSETS AND LIABILITIES

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

Derivative Assets		September 30, 2020							
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
<i>(in millions)</i>									
Current									
Gross amounts recognized	\$ 60	\$ 24	\$ 21	\$ 21	\$ —	\$ 2	\$ 8	\$ 6	
Gross amounts offset	(1)	—	—	—	—	—	—	—	
Net amounts presented in Current Assets: Other	\$ 59	\$ 24	\$ 21	\$ 21	\$ —	\$ 2	\$ 8	\$ 6	
Noncurrent									
Gross amounts recognized	\$ 26	\$ 14	\$ 12	\$ 12	\$ —	\$ —	\$ —	\$ —	
Gross amounts offset	(8)	—	(8)	(8)	—	—	—	—	
Net amounts presented in Other Noncurrent Assets: Other	\$ 18	\$ 14	\$ 4	\$ 4	\$ —	\$ —	\$ —	\$ —	

FINANCIAL STATEMENTS DERIVATIVES AND HEDGING

Derivative Liabilities		September 30, 2020							
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
(in millions)									
Current									
Gross amounts recognized	\$ 84	\$ 29	\$ 9	\$ 9	\$ —	\$ 2	\$ —	\$ 13	
Gross amounts offset	(1)	—	—	—	—	—	—	—	
Net amounts presented in Current Liabilities: Other	\$ 83	\$ 29	\$ 9	\$ 9	\$ —	\$ 2	\$ —	\$ 13	
Noncurrent									
Gross amounts recognized	\$ 275	\$ 4	\$ 27	\$ 11	\$ —	\$ 5	\$ —	\$ 98	
Gross amounts offset	(8)	—	(8)	(8)	—	—	—	—	
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 267	\$ 4	\$ 19	\$ 3	\$ —	\$ 5	\$ —	\$ 98	
Derivative Assets		December 31, 2019							
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
(in millions)									
Current									
Gross amounts recognized	\$ 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							
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
(in millions)									
Current									
Gross amounts recognized	\$ 118	\$ 39	\$ 51	\$ 27	\$ 24	\$ 1	\$ 1	\$ 7	
Gross amounts offset	(24)	—	(24)	—	(24)	—	—	—	
Net amounts presented in Current Liabilities: Other	\$ 94	\$ 39	\$ 27	\$ 27	\$ —	\$ 1	\$ 1	\$ 7	
Noncurrent									
Gross amounts recognized	\$ 182	\$ 10	\$ 37	\$ 22	\$ —	\$ 5	\$ —	\$ 110	
Gross amounts offset	—	—	—	—	—	—	—	—	
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 182	\$ 10	\$ 37	\$ 22	\$ —	\$ 5	\$ —	\$ 110	

FINANCIAL STATEMENTS

DERIVATIVES AND HEDGING

OBJECTIVE CREDIT CONTINGENT FEATURES

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

(in millions)	September 30, 2020			
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	\$ 20	\$ 9	\$ 11	\$ 11
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	20	9	11	11

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

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

10. INVESTMENTS IN DEBT AND EQUITY SECURITIES

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

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

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

Investment Trusts

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

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment has a credit loss. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value is related to a credit loss. If a credit loss exists, the unrealized credit loss is included in earnings. There were no material credit losses as of September 30, 2020, and December 31, 2019.

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

FINANCIAL STATEMENTS INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY

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

(in millions)	September 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 687	\$ —	\$ —	\$ 101
Equity securities	3,436	103	5,459	3,523	55	5,661
Corporate debt securities	65	1	789	37	1	603
Municipal bonds	19	1	407	13	—	368
U.S. government bonds	58	—	843	33	1	1,256
Other debt securities	9	—	185	3	—	141
Total NDTF Investments	\$ 3,587	\$ 105	\$ 8,370	\$ 3,609	\$ 57	\$ 8,130
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 110	\$ —	\$ —	\$ 52
Equity securities	60	—	126	57	—	122
Corporate debt securities	8	—	129	3	—	67
Municipal bonds	6	1	114	4	—	94
U.S. government bonds	1	—	21	2	—	41
Other debt securities	—	—	44	—	—	56
Total Other Investments	\$ 75	\$ 1	\$ 544	\$ 66	\$ —	\$ 432
Total Investments	\$ 3,662	\$ 106	\$ 8,914	\$ 3,675	\$ 57	\$ 8,562

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
FV-NI:				
Realized gains	\$ 13	\$ 60	\$ 338	\$ 161
Realized losses	16	43	148	136
AFS:				
Realized gains	26	53	73	110
Realized losses	19	36	38	83

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY CAROLINAS

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

(in millions)	September 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 42	\$ —	\$ —	\$ 21
Equity securities	2,027	52	3,229	1,914	8	3,154
Corporate debt securities	42	1	507	21	1	361
Municipal bonds	5	—	118	3	—	96
U.S. government bonds	28	—	428	16	1	578
Other debt securities	7	—	179	3	—	137
Total NDTF Investments	\$ 2,109	\$ 53	\$ 4,503	\$ 1,957	\$ 10	\$ 4,347

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
FV-NI:				
Realized gains	\$ 10	\$ 34	\$ 46	\$ 101
Realized losses	12	26	82	95
AFS:				
Realized gains	20	21	50	46
Realized losses	17	13	30	34

PROGRESS ENERGY

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

(in millions)	September 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 645	\$ —	\$ —	\$ 80
Equity securities	1,409	51	2,230	1,609	47	2,507
Corporate debt securities	23	—	282	16	—	242
Municipal bonds	14	1	289	10	—	272
U.S. government bonds	30	—	415	17	—	678
Other debt securities	2	—	6	—	—	4
Total NDTF Investments	\$ 1,478	\$ 52	\$ 3,867	\$ 1,652	\$ 47	\$ 3,783
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 107	\$ —	\$ —	\$ 49
Municipal bonds	4	—	53	3	—	51
Total Other Investments	\$ 4	\$ —	\$ 160	\$ 3	\$ —	\$ 100
Total Investments	\$ 1,482	\$ 52	\$ 4,027	\$ 1,655	\$ 47	\$ 3,883

FINANCIAL STATEMENTS INVESTMENTS IN DEBT AND EQUITY SECURITIES

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
FV-NI:				
Realized gains	\$ 3	\$ 26	\$ 292	\$ 60
Realized losses	4	17	66	41
AFS:				
Realized gains	6	31	17	62
Realized losses	2	23	7	49

DUKE ENERGY PROGRESS

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

(in millions)	September 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
	NDTF					
Cash and cash equivalents	\$ —	\$ —	\$ 57	\$ —	\$ —	\$ 53
Equity securities	1,340	51	2,150	1,258	21	2,077
Corporate debt securities	23	—	282	16	—	242
Municipal bonds	14	1	289	10	—	272
U.S. government bonds	30	—	415	16	—	403
Other debt securities	2	—	6	—	—	4
Total NDTF Investments	\$ 1,409	\$ 52	\$ 3,199	\$ 1,300	\$ 21	\$ 3,051
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 2
Total Other Investments	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 2
Total Investments	\$ 1,409	\$ 52	\$ 3,200	\$ 1,300	\$ 21	\$ 3,053

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
FV-NI:				
Realized gains	\$ 3	\$ 10	\$ 43	\$ 27
Realized losses	4	9	51	24
AFS:				
Realized gains	6	2	17	4
Realized losses	2	—	7	2

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY FLORIDA

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

(in millions)	September 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 588	\$ —	\$ —	\$ 27
Equity securities	69	—	80	351	26	430
U.S. government bonds	—	—	—	1	—	275
Total NDTF Investments^(a)	\$ 69	\$ —	\$ 668	\$ 352	\$ 26	\$ 732
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 4
Municipal bonds	4	—	53	3	—	51
Total Other Investments	\$ 4	\$ —	\$ 55	\$ 3	\$ —	\$ 55
Total Investments	\$ 73	\$ —	\$ 723	\$ 355	\$ 26	\$ 787

(a) During the nine months ended September 30, 2020, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of Crystal River Unit 3.

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2020, and 2019, were as follows.

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
FV-NI:				
Realized gains	\$ —	\$ 16	\$ 249	\$ 33
Realized losses	—	8	15	17
AFS:				
Realized gains	—	29	—	58
Realized losses	—	23	—	47

DUKE ENERGY INDIANA

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

(in millions)	September 30, 2020			December 31, 2019		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —
Equity securities	45	—	84	43	—	81
Corporate debt securities	—	—	3	—	—	6
Municipal bonds	1	1	39	1	—	36
U.S. government bonds	—	—	3	—	—	2
Total Investments	\$ 46	\$ 1	\$ 130	\$ 44	\$ —	\$ 125

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three and nine months ended September 30, 2020, and 2019, were immaterial.

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DEBT SECURITY MATURITIES

The table below summarizes the maturity date for debt securities.

(in millions)	September 30, 2020					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana
Due in one year or less	\$ 53	\$ 13	\$ 15	\$ 14	\$ 1	\$ 4
Due after one through five years	558	247	256	246	10	16
Due after five through 10 years	608	278	232	224	8	9
Due after 10 years	1,313	694	542	508	34	16
Total	\$ 2,532	\$ 1,232	\$ 1,045	\$ 992	\$ 53	\$ 45

11. FAIR VALUE MEASUREMENTS

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

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

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

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

Investments in equity securities

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

Investments in debt securities

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

Commodity derivatives

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

Interest rate derivatives

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

Other fair value considerations

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

FINANCIAL STATEMENTS **FAIR VALUE MEASUREMENTS**

DUKE ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets. Derivative amounts in the tables below for all Duke Energy Registrants exclude cash collateral, which is disclosed in Note 9. See Note 10 for additional information related to investments by major security type for the Duke Energy Registrants.

(in millions)	September 30, 2020				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF cash and cash equivalents	\$ 687	\$ 687	\$ —	\$ —	\$ —
NDTF equity securities	5,459	5,413	—	—	46
NDTF debt securities	2,224	363	1,861	—	—
Other equity securities	126	126	—	—	—
Other debt securities	308	18	290	—	—
Other cash and cash equivalents	110	110	—	—	—
Derivative assets	86	5	71	10	—
Total assets	9,000	6,722	2,222	10	46
Derivative liabilities	(359)	(1)	(145)	(213)	—
Net assets (liabilities)	\$ 8,641	\$ 6,721	\$ 2,077	\$ (203)	\$ 46

(in millions)	December 31, 2019				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF cash and cash equivalents	\$ 101	\$ 101	\$ —	\$ —	\$ —
NDTF equity securities	5,684	5,633	—	—	51
NDTF debt securities	2,368	725	1,643	—	—
Other equity securities	122	122	—	—	—
Other debt securities	258	39	219	—	—
Other cash and cash equivalents	52	52	—	—	—
Derivative assets	25	3	7	15	—
Total assets	8,610	6,675	1,869	15	51
NDTF equity security contracts	(23)	—	(23)	—	—
Derivative liabilities	(277)	(15)	(145)	(117)	—
Net assets (liabilities)	\$ 8,310	\$ 6,660	\$ 1,701	\$ (102)	\$ 51

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

(in millions)	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Balance at beginning of period	\$ (92)	\$ (79)	\$ (102)	\$ (113)
Total pretax realized or unrealized gains included in comprehensive income	(102)	—	(102)	—
Purchases, sales, issuances and settlements:				
Purchases	—	—	14	38
Settlements	(3)	(9)	(18)	(32)
Total (losses) gains included on the Condensed Consolidated Balance Sheet	(6)	(2)	5	17
Balance at end of period	\$ (203)	\$ (90)	\$ (203)	\$ (90)

FINANCIAL STATEMENTS FAIR VALUE MEASUREMENTS

DUKE ENERGY CAROLINAS

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

(in millions)	September 30, 2020			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF cash and cash equivalents	\$ 42	\$ 42	\$ —	\$ —
NDTF equity securities	3,229	3,183	—	46
NDTF debt securities	1,232	131	1,101	—
Derivative assets	33	—	38	—
Total assets	4,541	3,356	1,139	46
Derivative liabilities	(33)	—	(33)	—
Net assets	\$ 4,503	\$ 3,356	\$ 1,106	\$ 46

(in millions)	December 31, 2019			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF cash and cash equivalents	\$ 21	\$ 21	\$ —	\$ —
NDTF equity securities	3,154	3,103	—	51
NDTF debt securities	1,172	206	966	—
Total assets	4,347	3,330	966	51
Derivative liabilities	(49)	—	(49)	—
Net assets	\$ 4,298	\$ 3,330	\$ 917	\$ 51

PROGRESS ENERGY

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

(in millions)	September 30, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF cash and cash equivalents	\$ 645	\$ 645	\$ —	\$ 80	\$ 80	\$ —
NDTF equity securities	2,230	2,230	—	2,530	2,530	—
NDTF debt securities	992	232	760	1,196	519	677
Other debt securities	53	—	53	51	—	51
Other cash and cash equivalents	107	107	—	49	49	—
Derivative assets	33	—	33	7	—	7
Total assets	4,060	3,214	846	3,913	3,178	735
NDTF equity security contracts	—	—	—	(23)	—	(23)
Derivative liabilities	(36)	—	(36)	(65)	—	(65)
Net assets	\$ 4,024	\$ 3,214	\$ 810	\$ 3,825	\$ 3,178	\$ 647

FINANCIAL STATEMENTS **FAIR VALUE MEASUREMENTS**

DUKE ENERGY PROGRESS

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

(in millions)	September 30, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NTDF cash and cash equivalents	\$ 57	\$ 57	\$ —	\$ 53	\$ 53	\$ —
NTDF equity securities	2,150	2,150	—	2,077	2,077	—
NTDF debt securities	992	232	760	921	244	677
Other cash and cash equivalents	1	1	—	2	2	—
Derivative assets	33	—	33	—	—	—
Total assets	3,233	2,440	793	3,053	2,376	677
Derivative liabilities	(20)	—	(20)	(49)	—	(49)
Net assets	\$ 3,213	\$ 2,440	\$ 773	\$ 3,004	\$ 2,376	\$ 628

DUKE ENERGY FLORIDA

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

(in millions)	September 30, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NTDF cash and cash equivalents	\$ 588	\$ 588	\$ —	\$ 27	\$ 27	\$ —
NTDF equity securities	80	80	—	453	453	—
NTDF debt securities	—	—	—	275	275	—
Other debt securities	53	—	53	51	—	51
Other cash and cash equivalents	2	2	—	4	4	—
Derivative assets	—	—	—	7	—	7
Total assets	723	670	53	817	759	58
NTDF equity security contracts	—	—	—	(23)	—	(23)
Derivative liabilities	—	—	—	(1)	—	(1)
Net assets	\$ 723	\$ 670	\$ 53	\$ 793	\$ 759	\$ 34

DUKE ENERGY OHIO

The recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets were not material at September 30, 2020, and December 31, 2019.

DUKE ENERGY INDIANA

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

(in millions)	September 30, 2020				December 31, 2019			
	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	\$ 84	\$ 84	\$ —	\$ —	\$ 81	\$ 81	\$ —	\$ —
Other debt securities	45	—	45	—	44	—	44	—
Other cash and cash equivalents	1	1	—	—	—	—	—	—
Derivative assets	8	—	—	8	13	2	—	11
Total assets	\$ 138	\$ 85	\$ 45	\$ 8	\$ 138	\$ 83	\$ 44	\$ 11
Derivative liabilities	—	—	—	—	(1)	(1)	—	—
Net assets	\$ 138	\$ 85	\$ 45	\$ 8	\$ 137	\$ 82	\$ 44	\$ 11

FINANCIAL STATEMENTS **FAIR VALUE MEASUREMENTS**

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

(in millions)	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Balance at beginning of period	\$ 10	\$ 28	\$ 11	\$ 22
Purchases, sales, issuances and settlements:				
Purchases	--	--	10	29
Settlements	(3)	(7)	(13)	(26)
Total gains (losses) included on the Condensed Consolidated Balance Sheet	1	(5)	--	(9)
Balance at end of period	\$ 8	\$ 16	\$ 8	\$ 16

PIEDMONT

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

(in millions)	September 30, 2020			December 31, 2019		
	Total Fair Value	Level 1	Level 3	Total Fair Value	Level 1	Level 3
Derivative assets	\$ 6	\$ 6	--	\$ 1	\$ 1	--
Derivative liabilities	(111)	--	(111)	(117)	--	(117)
Net (liabilities) assets	\$ (105)	\$ 6	(111)	\$ (116)	\$ 1	(117)

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

(in millions)	Derivatives (net)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Balance at beginning of period	\$ (105)	\$ (114)	\$ (117)	\$ (141)
Total (losses) gains and settlements	(6)	3	6	30
Balance at end of period	\$ (111)	\$ (111)	\$ (111)	\$ (111)

FINANCIAL STATEMENTS FAIR VALUE MEASUREMENTS

QUANTITATIVE INFORMATION ABOUT UNOBSERVABLE INPUTS

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

September 30, 2020					
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy					
Electricity contracts	\$ (102)	RTO forward pricing	Forward electricity curves – price per MWh	\$14.92 - \$151.18	\$ 29.63
Duke Energy Ohio					
FTRs	2	RTO auction pricing	FTR price – per MWh	— - 1.90	0.64
Duke Energy Indiana					
FTRs	8	RTO auction pricing	FTR price – per MWh	(1.03) - 6.10	0.74
Piedmont					
Natural gas contracts	(111)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.81 - 2.50	2.11
Duke Energy					
Total Level 3 derivatives	\$ (203)				
December 31, 2019					
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy Ohio					
FTRs	\$ 4	RTO auction pricing	FTR price – per MWh	\$ 0.59 - \$ 3.47	\$ 2.07
Duke Energy Indiana					
FTRs	11	RTO auction pricing	FTR price – per MWh	(0.66) - 9.24	1.15
Piedmont					
Natural gas contracts	(117)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.59 - 2.46	1.91
Duke Energy					
Total Level 3 derivatives	\$ (102)				

OTHER FAIR VALUE DISCLOSURES

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

(in millions)	September 30, 2020		December 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
Duke Energy ^(a)	\$ 60,718	\$ 69,503	\$ 58,126	\$ 63,062
Duke Energy Carolinas	12,548	15,165	11,900	13,516
Progress Energy	19,865	23,825	19,634	22,291
Duke Energy Progress	9,358	10,808	9,058	9,934
Duke Energy Florida	7,917	9,684	7,987	9,131
Duke Energy Ohio	3,089	3,619	2,619	2,964
Duke Energy Indiana	4,104	5,140	4,057	4,800
Piedmont	2,780	3,276	2,384	2,642

(a) Book value of long-term debt includes \$1.4 billion at September 30, 2020, and \$1.5 billion at December 31, 2019, of unamortized debt discount and premium, net of purchase accounting adjustments related to the mergers with Progress Energy and Piedmont that are excluded from fair value of long-term debt.

At both September 30, 2020, and December 31, 2019, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper and nonrecourse notes payable of VIEs are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

12. VARIABLE INTEREST ENTITIES

CONSOLIDATED VIEs

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

No financial support was provided to any of the consolidated VIEs during the nine months ended September 30, 2020, and the year ended December 31, 2019, or is expected to be provided in the future that was not previously contractually required.

Receivables Financing – DERF/DEPR/DEFR

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

DERF, DEPR and DEFR borrow amounts under credit facilities to buy these receivables. Borrowing availability from the credit facilities is limited to the amount of qualified receivables purchased, which generally exclude receivables past due more than a predetermined number of days and reserves for expected past-due balances. The sole source of funds to satisfy the related debt obligations is cash collections from the receivables. Amounts borrowed under the credit facilities for DERF and DEPR are reflected on the Condensed Consolidated Balance Sheets as Long-Term Debt. Amounts borrowed under the credit facilities for DEFR are reflected on the Condensed Consolidated Balance Sheets as Current maturities of long-term debt.

Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. Since taking action to suspend customer disconnections for nonpayment, certain jurisdictions have now returned to normal operations and billing practices. The full impact of COVID-19 and the Duke Energy Registrant's related response on customers' ability to pay for service is uncertain. However, the level of past-due receivables at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida have increased significantly during the COVID-19 pandemic, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. In the second quarter of 2020, DERF, DEPR and DEFR executed amendments to their credit facilities to manage the impact of past-due receivables resulting from the suspension of customer disconnections from COVID-19. In the third quarter of 2020, DERF executed another amendment to lengthen the terms of the amendment executed in the second quarter. See Note 3 for information about COVID-19 filings with state utility commissions.

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

Receivables Financing – CRC

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

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

Due to the COVID-19 pandemic, as described in Note 1, the Duke Energy Registrants suspended customer disconnections for nonpayment. Since taking action to suspend customer disconnections for nonpayment, certain jurisdictions have now returned to normal operations and billing practices. The full impact of COVID-19 and the Duke Energy Registrant's related response on customers' ability to pay for service is uncertain. However, the level of past-due receivables at Duke Energy Ohio and Duke Energy Indiana have increased significantly during the COVID-19 pandemic, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates. In July of 2020, CRC executed an amendment to its credit facility to manage the impact of past-due receivables resulting from the suspension of customer disconnections from COVID-19. See Note 3 for information about COVID-19 filings with state utility commissions.

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

FINANCIAL STATEMENTS

VARIABLE INTEREST ENTITIES

Receivables Financing – Credit Facilities

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

(in millions)	Duke Energy			
		Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
	CRC	DERF	DEPR	DEFR
Expiration date	February 2023	December 2022	April 2023	April 2021
Credit facility amount	\$ 350	\$ 475	\$ 350	\$ 250
Amounts borrowed at September 30, 2020	350	475	350	250
Amounts borrowed at December 31, 2019	350	474	325	250
Restricted Receivables at September 30, 2020	479	770	559	506
Restricted Receivables at December 31, 2019	522	642	489	336

Nuclear Asset-Recovery Bonds – DEFPF

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

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

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

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

(in millions)	September 30, 2020	December 31, 2019
Receivables of VIEs	\$ 6	\$ 5
Regulatory Assets: Current	53	52
Current Assets: Other	16	39
Other Noncurrent Assets: Regulatory assets	951	989
Current Liabilities: Other	2	10
Current maturities of long-term debt	55	54
Long-Term Debt	1,001	1,057

Commercial Renewables

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

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

(in millions)	September 30, 2020	December 31, 2019
Current Assets: Other	\$ 319	\$ 203
Property, Plant and Equipment: Cost	6,239	5,747
Accumulated depreciation and amortization	(1,200)	(1,041)
Other Noncurrent Assets: Other	79	106
Current maturities of long-term debt	161	162
Long-Term Debt	1,452	1,541
Other Noncurrent Liabilities: AROs	150	127
Other Noncurrent Liabilities: Other	342	228

FINANCIAL STATEMENTS **VARIABLE INTEREST ENTITIES**

NON-CONSOLIDATED VIEs

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

(in millions)	September 30, 2020					
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana
	Pipeline Investments	Commercial Renewables	Other VIEs	Total		
Receivables from affiliated companies	\$ —	\$ (1)	\$ —	\$ (1)	\$ 45	\$ 74
Other current assets	413	—	—	413	—	\$ —
Investments in equity method unconsolidated affiliates	—	487	1	488	—	—
Deferred tax asset	26	—	—	26	—	—
Total assets	\$ 439	\$ 486	\$ 1	\$ 926	\$ 45	\$ 74
Other current liabilities	927	—	3	930	—	—
Other noncurrent liabilities	19	—	10	29	—	—
Total liabilities	\$ 946	\$ —	\$ 13	\$ 959	\$ —	\$ —
Net (liabilities) assets	\$ (507)	\$ 486	\$ (12)	\$ (33)	\$ 45	\$ 74

(in millions)	December 31, 2019					
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana
	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 future exit costs associated with the cancellation of the ACP pipeline, as discussed below.

Pipeline Investments

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

On July 5, 2020, Duke Energy determined that it would no longer invest in the construction of the ACP pipeline. See Notes 1, 3 and 4 for further information regarding this transaction.

For the three and nine months ended September 30, 2020, the ACP investment is considered a significant subsidiary because its income (loss) exceeds 10% of Duke Energy's income (loss). The table below presents unaudited summarized financial information for ACP.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net (Loss) Income	\$ (163)	\$ 65	\$ (4,505)	\$ 178

FINANCIAL STATEMENTS **VARIABLE INTEREST ENTITIES**

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

Entity Name	Ownership Interest	VIE Investment Amount (in millions)	
		September 30, 2020	December 31, 2019
ACP ^(a)	47%	\$ (927)	\$ 1,179
Constitution ^(b)	24%	—	—
Total		\$ (927)	\$ 1,179

- (a) During the quarter ended June 30, 2020, Duke Energy determined that it would no longer continue its investment in ACP as described above. The current liability related to the cancellation of the ACP pipeline project represents Duke Energy's continuing obligation to fund its share of ACP's obligations. See Notes 1, 3 and 4 for more information.
- (b) During the year ended December 31, 2019, Duke Energy recorded an other-than-temporary impairment related to Constitution. This charge resulted in the full write-down of Duke Energy's investment in Constitution.

Commercial Renewables

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

Other

In 2019, Duke Energy acquired a majority ownership in a portfolio of distributed fuel cell projects from Bloom Energy Corporation. Duke Energy is not the primary beneficiary of the assets within the portfolio and does not consolidate the assets in the portfolio.

OVEC

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

As a counterparty to an Inter-Company Power Agreement (ICPA), Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in OVEC's cost of business. On March 31, 2018, FirstEnergy Solutions Corp (FES), a subsidiary of FirstEnergy Corp. and an ICPA counterparty with a power participation ratio of 4.85%, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. In addition, certain proposed environmental rulemaking could result in future increased OVEC cost allocations. In July 2020, legislation was proposed to repeal HB 6. Duke Energy cannot predict the outcome in this matter. See Note 3 for additional information.

CRC

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

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

The following table shows the gross and net receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Receivables sold	\$ 226	\$ 253	\$ 310	\$ 307
Less: Retained interests	45	64	74	77
Net receivables sold	\$ 181	\$ 189	\$ 236	\$ 230

FINANCIAL STATEMENTS VARIABLE INTEREST ENTITIES

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

(in millions)	Duke Energy Ohio				Duke Energy Indiana			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	September 30,		September 30,		September 30,		September 30,	
	2020	2019	2020	2019	2020	2019	2020	2019
Sales								
Receivables sold	\$ 462	\$ 479	\$ 1,428	\$ 1,483	\$ 717	\$ 762	\$ 1,947	\$ 2,172
Loss recognized on sale	2	4	8	11	3	4	9	13
Cash flows								
Cash proceeds from receivables sold	\$ 449	\$ 471	\$ 1,439	\$ 1,516	\$ 689	\$ 762	\$ 1,941	\$ 2,200
Collection fees received	1	—	1	1	—	—	1	1
Return received on retained interests	1	1	3	5	1	2	4	7

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

13. REVENUE

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

Electric Utilities and Infrastructure

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

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

(in millions)	Remaining Performance Obligations							Total
	2020	2021	2022	2023	2024	Thereafter		
Progress Energy	\$ 30	\$ 92	\$ 94	\$ 44	\$ 45	\$ 58	\$ 363	
Duke Energy Progress	2	8	8	8	8	—	34	
Duke Energy Florida	28	84	86	36	37	58	329	
Duke Energy Indiana	2	5	—	7	12	36	62	

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

Gas Utilities and Infrastructure

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

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

(in millions)	Remaining Performance Obligations							Total
	2020	2021	2022	2023	2024	Thereafter		
Piedmont	\$ 17	\$ 65	\$ 64	\$ 61	\$ 58	\$ 377	\$ 642	

Commercial Renewables

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

FINANCIAL STATEMENTS REVENUE

Other

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

Disaggregated Revenues

Disaggregated revenues are presented as follows:

(in millions)	Three Months Ended September 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
Residential	\$ 2,936	\$ 883	\$ 1,550	\$ 616	\$ 934	\$ 213	\$ 289	\$ —
General	1,804	664	805	384	421	119	212	—
Industrial	797	342	245	179	66	35	175	—
Wholesale	603	117	412	358	54	10	64	—
Other revenues	238	62	167	75	92	23	22	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 6,378	\$ 2,068	\$ 3,179	\$ 1,612	\$ 1,567	\$ 400	\$ 762	\$ —
Gas Utilities and Infrastructure								
Residential	\$ 112	\$ —	\$ —	\$ —	\$ —	\$ 55	\$ —	\$ 57
Commercial	64	—	—	—	—	20	—	44
Industrial	24	—	—	—	—	3	—	22
Power Generation	—	—	—	—	—	—	—	10
Other revenues	16	—	—	—	—	3	—	11
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 216	\$ —	\$ —	\$ —	\$ —	\$ 81	\$ —	\$ 144
Commercial Renewables								
Revenue from contracts with customers	\$ 57	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other								
Revenue from contracts with customers	\$ 7	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total revenue from contracts with customers	\$ 6,658	\$ 2,068	\$ 3,179	\$ 1,612	\$ 1,567	\$ 481	\$ 762	\$ 144
Other revenue sources ^(a)	\$ 63	\$ (10)	\$ 18	\$ 14	\$ —	\$ (8)	\$ (1)	\$ 18
Total revenues	\$ 6,721	\$ 2,058	\$ 3,197	\$ 1,626	\$ 1,567	\$ 473	\$ 761	\$ 162

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

FINANCIAL STATEMENTS REVENUE

(in millions) By market or type of customer	Three Months Ended September 30, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
<i>Electric Utilities and Infrastructure</i>								
Residential	\$ 2,923	\$ 892	\$ 1,522	\$ 625	\$ 897	\$ 215	\$ 294	\$ —
General	1,885	687	843	399	444	127	225	—
Industrial	869	372	255	189	66	40	204	—
Wholesale	617	113	429	368	61	13	63	—
Other revenues	198	76	118	70	48	18	22	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 6,492	\$ 2,140	\$ 3,167	\$ 1,651	\$ 1,516	\$ 413	\$ 808	\$ —
<i>Gas Utilities and Infrastructure</i>								
Residential	\$ 113	\$ —	\$ —	\$ —	\$ —	\$ 53	\$ —	\$ 59
Commercial	68	—	—	—	—	21	—	47
Industrial	26	—	—	—	—	4	—	25
Power Generation	—	—	—	—	—	—	—	13
Other revenues	16	—	—	—	—	3	—	13
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 223	\$ —	\$ —	\$ —	\$ —	\$ 81	\$ —	\$ 157
<i>Commercial Renewables</i>								
Revenue from contracts with customers	\$ 69	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>								
Revenue from contracts with customers	\$ 8	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total revenue from contracts with customers	\$ 6,792	\$ 2,140	\$ 3,167	\$ 1,651	\$ 1,516	\$ 494	\$ 808	\$ 157
Other revenue sources ^(a)	\$ 148	\$ 22	\$ 75	\$ 37	\$ 32	\$ (5)	\$ (1)	\$ 11
Total revenues	\$ 6,940	\$ 2,162	\$ 3,242	\$ 1,688	\$ 1,548	\$ 489	\$ 807	\$ 168

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

FINANCIAL STATEMENTS REVENUE

(in millions) By market or type of customer	Nine Months Ended September 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
	<i>Electric Utilities and Infrastructure</i>							
Residential	\$ 7,451	\$ 2,316	\$ 3,792	\$ 1,578	\$ 2,214	\$ 558	\$ 785	\$ —
General	4,691	1,720	2,080	1,001	1,079	336	554	—
Industrial	2,148	871	673	487	186	103	502	—
Wholesale	1,535	332	1,018	877	141	22	163	—
Other revenues	713	184	476	208	268	62	63	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 16,538	\$ 5,423	\$ 8,039	\$ 4,151	\$ 3,888	\$ 1,081	\$ 2,067	\$ —
<i>Gas Utilities and Infrastructure</i>								
Residential	\$ 631	\$ —	\$ —	\$ —	\$ —	\$ 214	\$ —	\$ 417
Commercial	308	—	—	—	—	86	—	222
Industrial	92	—	—	—	—	12	—	80
Power Generation	—	—	—	—	—	—	—	27
Other revenues	58	—	—	—	—	12	—	46
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 1,089	\$ —	\$ —	\$ —	\$ —	\$ 324	\$ —	\$ 792
<i>Commercial Renewables</i>								
Revenue from contracts with customers	\$ 170	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>								
Revenue from contracts with customers	\$ 20	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total Revenue from contracts with customers	\$ 17,817	\$ 5,423	\$ 8,039	\$ 4,151	\$ 3,888	\$ 1,405	\$ 2,067	\$ 792
Other revenue sources ^(a)	\$ 274	\$ (7)	\$ 78	\$ 56	\$ 9	\$ (11)	\$ 3	\$ 79
Total revenues	\$ 18,091	\$ 5,416	\$ 8,117	\$ 4,207	\$ 3,897	\$ 1,394	\$ 2,070	\$ 871

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

FINANCIAL STATEMENTS REVENUE

(in millions)	Nine Months Ended September 30, 2019							
	Duke	Duke	Duke	Duke	Duke	Duke	Duke	
	Energy	Energy Carolinas	Progress Energy	Energy Progress	Energy Florida	Energy Ohio	Energy Indiana	Piedmont
Electric Utilities and Infrastructure								
Residential	\$ 7,597	\$ 2,331	\$ 3,879	\$ 1,657	\$ 2,222	\$ 563	\$ 825	\$ —
General	4,896	1,714	2,225	1,044	1,181	335	619	—
Industrial	2,339	927	708	514	194	109	595	—
Wholesale	1,685	341	1,133	992	141	36	176	—
Other revenues	557	222	389	239	150	59	66	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 17,074	\$ 5,535	\$ 8,334	\$ 4,446	\$ 3,888	\$ 1,102	\$ 2,281	\$ —
Gas Utilities and Infrastructure								
Residential	\$ 673	\$ —	\$ —	\$ —	\$ —	\$ 229	\$ —	\$ 443
Commercial	359	—	—	—	—	96	—	263
Industrial	103	—	—	—	—	14	—	91
Power Generation	—	—	—	—	—	—	—	39
Other revenues	101	—	—	—	—	13	—	88
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 1,236	\$ —	\$ —	\$ —	\$ —	\$ 352	\$ —	\$ 924
Commercial Renewables								
Revenue from contracts with customers	\$ 157	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other								
Revenue from contracts with customers	\$ 18	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total Revenue from contracts with customers	\$ 18,485	\$ 5,535	\$ 8,334	\$ 4,446	\$ 3,888	\$ 1,454	\$ 2,281	\$ 924
Other revenue sources ^(a)	\$ 491	\$ 84	\$ 224	\$ 113	\$ 99	\$ (1)	\$ 8	\$ 32
Total revenues	\$ 18,976	\$ 5,619	\$ 8,558	\$ 4,559	\$ 3,987	\$ 1,453	\$ 2,289	\$ 956

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

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

(in millions)	Three Months Ended September 30, 2020							
	Duke	Duke	Duke	Duke	Duke	Duke	Duke	
	Energy	Energy Carolinas	Progress Energy	Energy Progress	Energy Florida	Energy Ohio	Energy Indiana	Piedmont
Balance at June 30, 2020	\$ 102	\$ 14	\$ 29	\$ 14	\$ 14	\$ 5	\$ 3	\$ 6
Write-Offs	12	(2)	15	13	2	—	—	—
Credit Loss Expense	(9)	—	(16)	(15)	—	—	—	3
Other Adjustments	28	10	9	9	—	—	—	—
Balance at September 30, 2020	\$ 133	\$ 22	\$ 37	\$ 21	\$ 16	\$ 5	\$ 3	\$ 9

FINANCIAL STATEMENTS REVENUE

(in millions)	Nine Months Ended September 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
	Balance at December 31, 2019	\$ 76	\$ 10	\$ 16	\$ 8	\$ 7	\$ 4	\$ 3
Cumulative Change in Accounting Principle	5	1	2	1	1	—	—	1
Write-Offs	(7)	(8)	8	8	—	—	—	(5)
Credit Loss Expense	24	9	2	(5)	8	1	—	7
Other Adjustments	35	10	9	9	—	—	—	—
Balance at September 30, 2020	\$ 133	\$ 22	\$ 37	\$ 21	\$ 16	\$ 5	\$ 3	\$ 9

Trade and other receivables are evaluated based on an estimate of the risk of loss over the life of the receivable and current and historical conditions using supportable assumptions. Management evaluates the risk of loss for trade and other receivables by comparing the historical write-off amounts to total revenue over a specified period. Historical loss rates are adjusted due to the impact of current conditions, including the impacts of COVID-19, as well as forecasted conditions over a reasonable time period. The calculated write-off rate can be applied to the receivable balance for which an established reserve does not already exist. Management reviews the assumptions and risk of loss periodically for trade and other receivables. Due to the COVID-19 pandemic, as described in Note 1, certain jurisdictions have resumed standard billing and credit practices, disconnections for nonpayment and late payment charges, all of which were previously suspended in the first quarter of 2020. The specific actions taken by each Duke Energy Registrant are described in Note 3. The impact of COVID-19 and Duke Energy's related response on customers' ability to pay for service is uncertain, and it is reasonably possible eventual write-offs of customer receivables may increase over current estimates.

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

(in millions)	September 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
	Unbilled Receivables	\$ 788	\$ 284	\$ 274	\$ 139	\$ 135	\$ 1	\$ 16
0-30 days	1,800	475	847	439	406	44	23	66
30-60 days	227	86	84	48	36	7	2	8
60-90 days	94	39	31	20	11	3	1	3
90+ days	263	85	68	37	31	40	9	20
Trade and Other Receivables	\$ 3,172	\$ 969	\$ 1,304	\$ 683	\$ 619	\$ 95	\$ 51	\$ 102

UNBILLED REVENUE

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

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

(in millions)	September 30, 2020	December 31, 2019
Duke Energy	\$ 788	\$ 843
Duke Energy Carolinas	284	298
Progress Energy	274	217
Duke Energy Progress	139	122
Duke Energy Florida	135	95
Duke Energy Ohio	1	1
Duke Energy Indiana	16	16
Piedmont	5	78

FINANCIAL STATEMENTS

REVENUE

Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail accounts receivable, including receivables for unbilled revenues, to an affiliate, CRC, and account for the transfers of receivables as sales. Accordingly, the receivables sold are not reflected on the Condensed Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana. See Note 12 for further information. These receivables for unbilled revenues are shown in the table below.

(in millions)	September 30, 2020	December 31, 2019
Duke Energy Ohio	\$ 66	\$ 82
Duke Energy Indiana	106	115

14. STOCKHOLDERS' EQUITY

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

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

(in millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income available to Duke Energy common stockholders	\$ 1,265	\$ 1,327	\$ 1,347	\$ 3,047
Accumulated preferred stock dividends adjustment	12	(2)	13	(2)
Less: Impact of participating securities	1	1	2	4
Income from continuing operations available to Duke Energy common stockholders	\$ 1,276	\$ 1,324	\$ 1,358	\$ 3,041
Weighted average common shares outstanding – basic	735	729	735	728
Equity forwards	—	—	—	—
Weighted average common shares outstanding – diluted	735	729	735	728
EPS available to Duke Energy common stockholders				
Basic and diluted	\$ 1.74	\$ 1.82	\$ 1.85	\$ 4.18
Potentially dilutive items excluded from the calculation ^(a)	2	2	2	2
Dividends declared per common share	\$ 0.965	\$ 0.945	\$ 2.855	\$ 2.800
Dividends declared on Series A preferred stock per depository share ^(b)	\$ 0.359	\$ 0.359	\$ 1.078	\$ 0.667
Dividends declared on Series B preferred stock per share ^(c)	\$ 24.375	\$ —	\$ 49.292	\$ —

- (a) Performance stock awards were not included in the dilutive securities calculation because the performance measures related to the awards had not been met.
- (b) 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock dividends are payable quarterly in arrears on the 16th day of March, June, September and December. The preferred stock has a \$25 liquidation preference per depository share.
- (c) 4.875% Series B Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock dividends are payable semiannually in arrears on the 16th day of March and September. The preferred stock has a \$1,000 liquidation preference per share.

Common Stock

In November 2019, Duke Energy filed a prospectus supplement and executed an Equity Distribution Agreement (EDA) under which it may sell up to \$1.5 billion of its common stock through an at-the-market (ATM) offering program, including an equity forward sales component. Under the terms of the EDA, Duke Energy may issue and sell shares of common stock through September 2022. In March 2020, Duke Energy marketed approximately 940,000 shares of common stock through an equity forward transaction under the ATM with an initial forward price of \$89.76 per share. In May 2020, Duke Energy marketed approximately 903,000 shares of common stock through an equity forward transaction under the ATM with an initial forward price of \$82.44 per share. In August 2020, Duke Energy marketed approximately 936,000 shares of common stock through an equity forward transaction under the ATM with an initial forward price of \$79.52 per share.

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

FINANCIAL STATEMENTS

STOCKHOLDERS' EQUITY

The equity forward sales agreements require Duke Energy to either physically settle the transaction by issuing shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreement, or net settle in whole or in part through the delivery or receipt of cash or shares. The initial forward sale price will be subject to adjustment based on a floating interest rate factor and other fixed amounts specified in the relevant forward sale agreements. The settlement alternatives are at Duke Energy's election and settlement of the forward sales agreements are expected to occur on or prior to December 31, 2020. If Duke Energy had elected to net share settle these contracts as of September 30, 2020, Duke Energy would have been required to deliver 1.9 million shares. No amounts have or will be recorded in Duke Energy's Condensed Consolidated Financial Statements with respect to these ATM offerings until settlements of the equity forwards occur. Until settlement of the equity forwards, EPS dilution resulting from the agreements, if any, will be determined under the treasury stock method.

15. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

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

QUALIFIED PENSION PLANS

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

(in millions)	Three Months Ended September 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 41	\$ 12	\$ 12	\$ 6	\$ 5	\$ 1	\$ 2	\$ 1
Interest cost on projected benefit obligation	67	16	21	10	12	4	6	2
Expected return on plan assets	(143)	(36)	(48)	(22)	(25)	(7)	(11)	(5)
Amortization of actuarial loss	32	7	10	4	6	2	3	2
Amortization of prior service credit	(8)	(2)	—	—	—	—	—	(2)
Amortization of settlement charges	11	6	5	5	1	—	1	1
Net periodic pension costs	\$ —	\$ 3	\$ —	\$ 3	\$ (1)	\$ —	\$ 1	\$ (1)

(in millions)	Three Months Ended September 30, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 42	\$ 13	\$ 13	\$ 7	\$ 5	\$ 1	\$ 2	\$ 1
Interest cost on projected benefit obligation	77	17	24	10	14	5	6	2
Expected return on plan assets	(140)	(36)	(45)	(22)	(22)	(7)	(11)	(5)
Amortization of actuarial loss	28	6	10	4	6	2	3	2
Amortization of prior service credit	(8)	(2)	(1)	—	—	—	—	(2)
Net periodic pension costs	\$ (1)	\$ (2)	\$ 1	\$ (1)	\$ 3	\$ 1	\$ —	\$ (2)

(in millions)	Nine Months Ended September 30, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Service cost	\$ 124	\$ 38	\$ 36	\$ 20	\$ 16	\$ 3	\$ 6	\$ 4
Interest cost on projected benefit obligation	202	47	64	29	35	12	17	7
Expected return on plan assets	(429)	(108)	(143)	(66)	(76)	(21)	(32)	(16)
Amortization of actuarial loss	96	21	30	13	17	5	9	7
Amortization of prior service credit	(24)	(6)	(2)	(1)	(1)	—	(1)	(7)
Amortization of settlement charges	16	8	6	6	1	—	1	1
Net periodic pension costs	\$ (15)	\$ —	\$ (9)	\$ 1	\$ (8)	\$ (1)	\$ —	\$ (4)

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EMPLOYEE BENEFIT PLANS

(in millions)	Nine Months Ended September 30, 2019								
	Duke Energy	Duke Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Piedmont	
Service cost	\$ 116	\$ 37	\$ 34	\$ 19	\$ 15	\$ 3	\$ 6	\$ 6	\$ 4
Interest cost on projected benefit obligation	242	58	76	34	41	14	19		8
Expected return on plan assets	(426)	(111)	(134)	(66)	(66)	(21)	(32)		(16)
Amortization of actuarial loss	77	17	28	10	18	3	6		5
Amortization of prior service credit	(24)	(6)	(2)	(1)	(1)	—	(1)		(7)
Net periodic pension costs	\$ (15)	\$ (5)	\$ 2	\$ (4)	\$ 7	\$ (1)	\$ (2)		\$ (6)

NON-QUALIFIED PENSION PLANS

Net periodic pension costs for non-qualified pension plans were not material for the three and nine months ended September 30, 2020, and 2019.

OTHER POST-RETIREMENT BENEFIT PLANS

Net periodic costs for OPEB plans were not material for the three and nine months ended September 30, 2020, and 2019.

16. INCOME TAXES

EFFECTIVE TAX RATES

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Duke Energy	7.8%	12.4%	(6.4)%	12.5%
Duke Energy Carolinas	12.0%	16.7%	13.6 %	17.7%
Progress Energy	10.4%	15.3%	13.4 %	16.2%
Duke Energy Progress	3.1%	14.7%	10.0 %	16.1%
Duke Energy Florida	21.4%	16.5%	20.3 %	18.0%
Duke Energy Ohio	16.7%	12.9%	16.6 %	15.2%
Duke Energy Indiana	19.6%	23.2%	19.4 %	23.7%
Piedmont	16.7%	35.7%	3.7 %	18.5%

The decrease in the ETR for Duke Energy for the three months ended September 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy for the nine months ended September 30, 2020, was primarily due to the impact of the cancellation of the ACP pipeline project recorded in the second quarter of 2020 and an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Carolinas for the three and nine months ended September 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Progress Energy for the three and nine months ended September 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Progress for the three and nine months ended September 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The increase in the ETR for Duke Energy Florida for the three and nine months ended September 30, 2020, was primarily due to favorable tax adjustments in the prior year.

The increase in the ETR for Duke Energy Ohio for the three and nine months ended September 30, 2020, was primarily due to favorable tax adjustments in the prior year.

The decrease in the ETR for Duke Energy Indiana for the three and nine months ended September 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Piedmont for the three months ended September 30, 2020, was primarily due to a decrease in the amortization of excess deferred taxes, in relation to pretax losses.

The decrease in the ETR for Piedmont for the nine months ended September 30, 2020, was primarily due to an increase in the amortization of excess deferred taxes and an increase in AFUDC equity.

OTHER TAX MATTERS

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

17. SUBSEQUENT EVENTS

For information on subsequent events related to regulatory matters, see Note 3.

On October 29, 2020, Tropical Storm Zeta impacted Duke Energy Carolinas territory causing nearly 1 million customer power outages. The estimated cost of this storm has not been determined, but is expected to be less than \$100 million.

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

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

DUKE ENERGY

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

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the nine months ended September 30, 2020, and with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

Executive Overview

Road to Net-Zero Carbon

Duke Energy has committed to net-zero carbon emissions from electric generation by 2050 in a reliable and cost-effective manner. Our commitment to address our climate is integrated into everything we do as we seek to reduce our greenhouse gas emissions and mitigate risk. We have already lowered our carbon emissions by 39% since 2005, retired over 50 coal units since 2010 and expanded our renewables portfolio by adding 8,000 MW of wind and solar onto our system through 2019.

To further support our climate strategy, Duke Energy has announced plans to convert most of its 10,000-vehicle fleet to electric by 2030. In October 2020, Duke Energy also announced its commitment to achieve net-zero methane emissions across our local gas distribution companies by 2030.

On September 1, 2020, Duke Energy Carolinas and Duke Energy Progress filed integrated resource plans with the utility commissions in North Carolina and South Carolina, presenting six potential pathways to transition the energy system to further accelerate carbon reduction over the next 15 years. These pathways were designed with extensive input from more than 200 diverse groups and will continue to be developed with engagement from policymakers and stakeholders. Each potential pathway keeps the company on a trajectory to meet carbon goals while exploring accelerated coal retirement options, increasing renewables, including offshore wind, and further developing new technologies. We expect that execution of some combination of pathways will reduce carbon emissions between approximately 55%-75% through the 2035 planning horizon and will require total incremental investment capital of between \$20 billion to \$50 billion.

Duke Energy Florida is investing to bring 700 MW of solar online by 2022 and has filed a \$1 billion shared solar program called Clean Energy Connection, which will add another 750 MW of solar by the end of 2024. Duke Energy Indiana continues to focus on accelerating closure of coal plants, planning to add to the 1,100 MW of coal that has been retired since 2010.

We will closely monitor the impacts of these plans as they accelerate coal plant retirements and may cause us to seek specific regulatory recovery.

COVID-19

The COVID-19 pandemic is having a significant impact on global health and economic environments. Retail electric sales are down approximately 3% for the year compared to the prior year due to the pandemic. This reduction however is not as steep as expected in our revised March 2020 forecast. The company incurred approximately \$39 million and \$91 million of incremental COVID-19 costs before deferral for the three and nine months ended September 30, 2020, respectively. These costs are primarily bad debt expense, personal protective equipment and cleaning supplies. For the nine months ended September 30, 2020, the company has deferred approximately \$56 million. Further, the company waived approximately \$29 million and \$54 million of late payment fees for the three and nine months ended September 30, 2020, respectively. The Duke Energy Registrants are monitoring developments closely, have taken steps to mitigate the impacts to our business, and have a pandemic response plan in place to protect our employees, customers and communities.

- **Employees.** The health of our employees is of paramount importance. Power plants and electricity and natural gas delivery facilities are staffed. Employees who are not involved with power generation, power delivery, customer service or certain other functions have been performing their work duties remotely from home. Employees who need to interact with customers in person are following the Centers for Disease Control and Prevention's safety guidelines, including social distancing and use of face masks. Operating procedure changes include additional cleaning and disinfection procedures at our facilities.
- **Customers.** The Duke Energy Subsidiary Registrants have resumed certain standard billing and credit practices, disconnections for nonpayment and late payment charges, all of which were previously suspended in the first quarter of 2020 in order to give customers experiencing financial hardship extra time to make payments. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information. The COVID-19 pandemic and stay-at-home orders caused many commercial and industrial customers to reduce or suspend operations beginning in late March and April, which has impacted the Duke Energy Registrants' volumes during the nine months ended September 30, 2020. Many of these customers have begun to restart their businesses.
- **Communities.** The Duke Energy Foundation announced approximately \$6.5 million in donations and grants during the nine months ended September 30, 2020, to support hunger relief, local health and human services nonprofits, and education initiatives across the Duke Energy Registrants' service territories.

- Policymaker actions. The CARES Act was signed by President Trump on March 27, 2020. Duke Energy Registrants are benefiting from certain provisions such as the accelerated refund of AMT credits, which resulted in receipt of a \$572 million refund and \$19 million of interest income in September 2020, and deferral of certain payroll taxes through December 31, 2020. See Note 16 to the Condensed Consolidated Financial Statements, "Income Taxes," for additional information.
- Cost mitigation. Duke Energy has developed and executed a significant cost containment plan during 2020 to offset a portion of the revenue decline experienced as a result of the COVID-19 pandemic. This plan includes a variety of cost efficiency measures, including managing plant costs due to lower production, lower employee expenses and lower financing costs due to favorable market conditions.

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

- On July 31, 2020, Duke Energy Carolinas, Duke Energy Progress and the Public Staff filed a Second Agreement and Stipulation of Partial Settlement, which is subject to review and approval of the NCUC, resolving certain remaining issues in the 2019 base rate proceeding. The Duke Energy Carolinas hearing concluded on September 18, 2020 and the Duke Energy Progress hearing concluded on October 6, 2020. Duke Energy Carolinas and Duke Energy Progress expect the NCUC to issue an order on each net rate increase in early 2021. On August 4, 2020, and August 7, 2020, respectively, Duke Energy Carolinas and Duke Energy Progress filed a motion for approval of notice required to implement temporary rates, seeking to exercise its statutory right to implement temporary rates subject to refund. The NCUC approved these requests and rates were effective on August 24, 2020, and September 1, 2020, for Duke Energy Carolinas and Duke Energy Progress, respectively.
- On October 26, 2020, Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the NCUC seeking authorization for the financing of each utilities' storm recovery activities as a result of Hurricane Florence, Hurricane Michael, Hurricane Dorian and Winter Storm Diego. The total revenue requirement over the proposed 15-year bond period for the storm recovery charges is approximately \$262 million for Duke Energy Carolinas and \$842 million for Duke Energy Progress. The utilities estimate that securitization of the respective storm recovery costs will result in expected customer savings of 32% for Duke Energy Carolinas customers and 33% for Duke Energy Progress customers.
- Duke Energy Indiana filed a general rate case with the IURC on July 2, 2019. The IURC issued its order June 29, 2020, approving a revenue increase of approximately \$146 million, before utility receipt taxes. Step one rates are estimated to be approximately 75% of the total and became effective on July 30, 2020. Step two rates are estimated to be the remaining 25% of the total rate increase and will be effective in the first quarter of 2021. Several groups filed notices of appeal of the IURC order on July 29, 2020.
- COVID-19 deferral requests
 - Duke Energy Carolinas and Duke Energy Progress filed a joint petition with the NCUC for deferral treatment of incremental costs and waived customer fees due to the COVID-19 pandemic on August 7, 2020. Duke Energy Carolinas and Duke Energy Progress filed a similar request with the PSCSC on August 14, 2020.
 - Duke Energy Ohio on May 11, 2020, filed with the PUCO a request seeking deferral of incremental costs incurred due to the COVID-19 pandemic, as well as specific miscellaneous lost revenues. The request seeks to use existing bad debts and uncollectible riders already in place for both electric and natural gas operations. Duke Energy Ohio would subsequently file for rider recovery at a later date. On June 17, 2020, the PUCO approved Duke Energy Ohio's deferral application.
 - On May 8, 2020, Duke Energy Indiana, along with other Indiana utilities, filed a request with the IURC for approval of deferral treatment for costs associated with the COVID-19 pandemic. On June 29, 2020, the IURC issued its order permitting jurisdictional utilities to use regulatory accounting for any impacts associated with the prohibition on utility disconnections, waiver or exclusion of certain utility fees, the use of expanded payment arrangements to aid customers, and for COVID-19 related uncollectible and incremental bad debt expense.

Matters Impacting Future Results

The matters discussed herein could materially impact the future operating results, financial condition and cash flows of the Duke Energy Registrants and Business Segments.

COVID-19

Duke Energy cannot predict the extent to which the COVID-19 pandemic will impact its results of operations, financial position and cash flows in the future. Duke Energy will continue to actively monitor the impacts of COVID-19 including the economic slowdown caused by business closures or by reduced operations of businesses and governmental agencies. The pandemic and resultant economic slowdown will adversely affect the company's customers, suppliers and partners and could cause an increase in certain costs, such as bad debt, and a reduction in the demand for energy. It could also cause delays in construction for Commercial Renewables and availability of financing. The company also has various pending rate case proceedings that have been delayed. Duke Energy has cost mitigation plans in place to partially offset these impacts, and the ability to execute these plans is critical to preserving future financial results. Furthermore, the actions of federal, state or local authorities may impact our business operations in ways that we currently cannot anticipate. See Item 1A. Risk Factors for discussion of risks associated with COVID-19 and Liquidity and Capital Resources within this section for a discussion of liquidity impacts of COVID-19.

ACP

On July 5, 2020, Duke Energy and Dominion Energy determined that they would no longer invest in the construction of the Atlantic Coast Pipeline. Duke Energy has recorded approximately \$2.1 billion of pretax charges and expects additional charges of less than \$50 million to be recorded when certain exit costs related to the project are incurred by ACP. Estimates used to calculate the loss could be revised and exit obligations, which have not yet been incurred or recorded could have an adverse impact on future results. Furthermore, the loss of earnings from this project, including AFUDC, will lower Duke Energy's future expected results. See Notes 1, 3, 4 and 11 to the Condensed Consolidated Financial Statements, "Organization and Basis of Presentation," "Regulatory Matters," "Commitments and Contingencies," and "Variable Interest Entities," respectively, for additional information.

Regulatory Matters

Coal Ash Costs

On December 31, 2019, Duke Energy Carolinas and Duke Energy Progress entered into a settlement agreement with North Carolina Department of Environmental Quality and certain community groups under which Duke Energy Carolinas and Duke Energy Progress agreed to excavate seven of the nine remaining coal ash basins in North Carolina with ash moved to on-site lined landfills. At the two remaining basins, uncapped basin ash will be excavated and moved to lined landfills. Duke Energy Carolinas and Duke Energy Progress have also received orders from the PSCSC granting the companies' requests for retail rate increases but denying recovery of certain coal ash costs. Duke Energy Carolinas and Duke Energy Progress have appealed these decisions to the South Carolina Supreme Court and those appeals are pending. Appeals of the 2017 North Carolina approved rate cases for Duke Energy Carolinas and Duke Energy Progress are still pending at the North Carolina Supreme Court. The North Carolina Attorney General and various intervenors primarily dispute the allowance of recovery of coal ash costs from customers, which was approved by the NCUC. An order from regulatory or judicial authorities disallowing recovery of costs related to closure of these ash basins could have an adverse impact on future results.

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

Storm Costs

Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms in 2018. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territories of Duke Energy Carolinas and Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. In September 2019, Hurricane Dorian impacted Duke Energy Progress and Duke Energy Florida's service territories. A significant portion of the incremental operation and maintenance expenses related to these storms has been deferred. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact.

Grid Improvement Costs

Duke Energy Carolinas received an order from the NCUC in 2018, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas and Duke Energy Progress have petitioned for deferral of future grid improvement costs in their 2019 rate cases. There could be adverse impact if grid improvement costs are not ultimately approved for recovery and/or deferral treatment.

Rate Cases

In 2019, Duke Energy Carolinas and Duke Energy Progress filed general rate cases with the NCUC. The outcome of these rate cases could have a material impact.

MGP

The PUCO has issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Duke Energy Ohio has filed for a request for extension of the deadline. A hearing on that request has not been scheduled. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact.

For additional information, see Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters."

Commercial Renewables

Duke Energy continues to monitor recoverability of a renewable merchant plant located in the Electric Reliability Council of Texas West market, due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. Based on the most recent recoverability test performed this quarter, the carrying value approximated the aggregate estimated future undiscounted cash flows for this plant. A continued decline in energy market pricing would likely result in a future impairment. Impairment of this asset could result in adverse impacts. For additional information, see Note 2 to the Condensed Consolidated Financial Statements, "Business Segments."

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

Results of Operations

Non-GAAP Measures

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

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

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

- Gas Pipeline Investments represents costs related to the cancellation of the ACP pipeline and additional exit costs related to Constitution.
- Severance represents the reversal of 2018 costs, which were deferred as a result of a partial settlement in the Duke Energy Carolinas and the Duke Energy Progress 2019 North Carolina rate cases.
- Regulatory Settlements represents charges related to Duke Energy Carolinas' and Duke Energy Progress' partial settlements in the 2019 North Carolina rate cases.
- Impairment Charges represents a reduction of a prior year impairment at Citrus County CC.

Three Months Ended September 30, 2020, as compared to September 30, 2019

GAAP reported EPS was \$1.74 for the third quarter of 2020 compared to \$1.82 in the third quarter of 2019. GAAP reported earnings decreased primarily due to unfavorable weather, additional charges related to the gas pipeline investments and higher depreciation expense, partially offset by positive rate case impacts and lower operations and maintenance expense.

As discussed above, management also evaluates financial performance based on adjusted EPS. Duke Energy's third quarter 2020 adjusted EPS was \$1.87 compared to \$1.79 for the third quarter of 2019. The increase in adjusted earnings was primarily due to positive rate case impacts and lower operations and maintenance expense, partially offset by unfavorable weather.

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

(in millions, except per share amounts)	Three Months Ended September 30,			
	2020		2019	
	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	\$ 1,265	\$ 1.74	\$ 1,327	\$ 1.82
Adjustments:				
Gas Pipeline Investments ^(a)	69	0.09	—	—
Regulatory Settlements ^(b)	27	0.04	—	—
Impairment Charges ^(c)	—	—	(19)	(0.03)
Adjusted Earnings/Adjusted EPS	\$ 1,361	\$ 1.87	\$ 1,308	\$ 1.79

(a) Net of tax benefit of \$21 million.

(b) Net of tax benefit of \$8 million.

(c) Net of \$6 million tax expense.

Nine Months Ended September 30, 2020, as compared to September 30, 2019

GAAP Reported EPS was \$1.85 for the nine months ended September 30, 2020, compared to \$4.18 for the nine months ended September 30, 2019. GAAP reported earnings decreased primarily due to the cancellation of the ACP pipeline.

As discussed above, management also evaluates financial performance based on adjusted EPS. Duke Energy's adjusted EPS was \$4.09 for the nine months ended September 30, 2020, compared to \$4.15 for the nine months ended September 30, 2019. The decrease in adjusted earnings was primarily due to unfavorable weather, higher depreciation expense, a prior year adjustment related to income tax recognition for equity method investments and preferred stock dividends. This was partially offset by positive rate case impacts, growth in Commercial Renewables and lower operations and maintenance expense.

MD&A **DUKE ENERGY**

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

(in millions, except per-share amounts)	Nine Months Ended September 30,			
	2020		2019	
	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	\$ 1,347	\$ 1.85	\$ 3,047	\$ 4.18
Adjustments:				
Gas Pipeline Investments ^(a)	1,695	2.30	—	—
Severance ^(b)	(75)	(0.10)	—	—
Regulatory Settlements ^(c)	27	0.04	—	—
Impairment Charges ^(d)	—	—	(19)	(0.03)
Adjusted Earnings/Adjusted EPS	\$ 2,994	\$ 4.09	\$ 3,028	\$ 4.15

- (a) Net of tax benefit of \$395 million.
- (b) Net of tax expense of \$23 million.
- (c) Net of tax benefit of \$8 million.
- (d) Net of tax expense of \$6 million.

SEGMENT RESULTS

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

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

Electric Utilities and Infrastructure

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Variance	2020	2019	Variance
Operating Revenues	\$ 6,379	\$ 6,577	\$ (198)	\$ 16,596	\$ 17,381	\$ (785)
Operating Expenses						
Fuel used in electric generation and purchased power	1,869	1,994	(125)	4,703	5,286	(583)
Operation, maintenance and other	1,326	1,357	(31)	3,891	3,957	(66)
Depreciation and amortization	1,053	1,026	27	3,023	2,924	99
Property and other taxes	286	301	(15)	885	899	(14)
Impairment charges	20	(20)	40	23	(16)	39
Total operating expenses	4,554	4,658	(104)	12,525	13,050	(525)
Gains on Sales of Other Assets and Other, net	3	—	3	11	—	11
Operating Income	1,828	1,919	(91)	4,082	4,331	(249)
Other Income and Expenses, net	67	87	(20)	241	267	(26)
Interest Expense	308	336	(28)	991	1,004	(13)
Income Before Income Taxes	1,587	1,670	(83)	3,332	3,594	(262)
Income Tax Expense	206	285	(79)	493	650	(157)
Segment Income	\$ 1,381	\$ 1,385	\$ (4)	\$ 2,839	\$ 2,944	\$ (105)
Duke Energy Carolinas GWh sales	23,726	25,587	(1,861)	64,045	69,019	(4,974)
Duke Energy Progress GWh sales	19,035	19,502	(467)	49,512	52,072	(2,560)
Duke Energy Florida GWh sales	12,973	12,996	(23)	32,390	32,618	(228)
Duke Energy Ohio GWh sales	6,678	7,135	(457)	17,763	18,959	(1,196)
Duke Energy Indiana GWh sales	8,463	8,711	(248)	22,842	24,181	(1,339)
Total Electric Utilities and Infrastructure GWh sales	70,875	73,931	(3,056)	186,552	196,849	(10,297)
Net proportional MW capacity in operation				50,371	49,711	660

Three Months Ended September 30, 2020, as compared to September 30, 2019

Electric Utilities and Infrastructure's variance is due to lower fuel revenues and unfavorable weather partially offset by higher revenues resulting from the Indiana retail rate case and Duke Energy Florida base and solar rate adjustments. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$168 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs at Duke Energy Florida in response to the COVID-19 pandemic;
- a \$75 million decrease in retail sales, net of fuel revenues, due to unfavorable weather compared to prior year; and
- a \$62 million decrease in rider revenues primarily due to energy efficiency programs.

Partially offset by:

- a \$75 million increase due to higher pricing from the Indiana retail rate case, net of rider revenues; and
- a \$28 million increase in retail pricing due to Duke Energy Florida's base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment.

Operating Expenses. The variance was driven primarily by:

- a \$125 million decrease in fuel used in electric generation and purchased power primarily due to lower generation demand and lower fuel costs;
- a \$31 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case; and
- a \$15 million decrease in property and other taxes primarily due to prior year property tax reassessments.

Partially offset by:

- a \$40 million increase in impairment charges primarily due to an impairment of Duke Energy Carolina's Clemson assets and a prior year reduction of an impairment at Duke Energy Florida's Citrus County CC; and
- a \$27 million increase in depreciation and amortization expense primarily due to additional plant in service and change in depreciation rates due to the Indiana retail rate case.

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

Interest Expense. The variance was primarily due to lower interest rates on outstanding debt.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes. The ETRs for the three months ended September 30, 2020, and 2019 were 13.0% and 17.1%, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Electric Utilities and Infrastructure's variance is due to unfavorable weather, lower weather-normal retail sale volumes driven by impacts from the COVID-19 pandemic and lower wholesale revenues, partially offset by higher revenues resulting from the Indiana and South Carolina retail rate cases and Duke Energy Florida base and solar rate adjustments. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$642 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs at Duke Energy Florida in response to the COVID-19 pandemic;
- a \$199 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year;
- a \$58 million decrease in wholesale revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and lower capacity volumes at Duke Energy Progress;
- a \$40 million decrease in rider revenues from energy efficiency programs; and
- a \$24 million decrease in weather-normal retail sale volumes due to lower nonresidential customer demand driven by impacts from the COVID-19 pandemic.

Partially offset by:

- a \$75 million increase due to higher pricing from the Indiana retail rate case, net of rider revenues;
- a \$67 million increase in retail pricing due to Duke Energy Florida's base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment; and
- a \$32 million increase due to higher pricing from South Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a \$583 million decrease in fuel used in electric generation and purchased power primarily due to lower generation demand and lower fuel, coal, and natural gas costs;

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SEGMENT RESULTS — ELECTRIC UTILITIES AND INFRASTRUCTURE

- a \$66 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case; and
- a \$14 million decrease in property and other taxes primarily due to prior year property tax reassessments.

Partially offset by:

- a \$99 million increase in depreciation and amortization expense primarily due to additional plant in service and a change in depreciation rates from the Indiana and South Carolina retail rate cases; and
- a \$39 million increase in impairment charges primarily due to an impairment of Duke Energy Carolina's Clemson assets and a prior year reduction of an impairment at Duke Energy Florida's Citrus County CC.

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

Interest Expense. The variance was primarily due to lower interest rates on outstanding debt.

Income Tax Expense. The decrease in tax expense was primarily due to a decrease in pretax income and an increase in the amortization of excess deferred taxes. The ETRs for the nine months ended September 30, 2020, and 2019, were 14.8% and 18.1%, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Gas Utilities and Infrastructure

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Variance	2020	2019	Variance
Operating Revenues	\$ 241	\$ 249	\$ (8)	\$ 1,194	\$ 1,311	\$ (117)
Operating Expenses						
Cost of natural gas	41	48	(7)	300	451	(151)
Operation, maintenance and other	103	108	(5)	312	325	(13)
Depreciation and amortization	65	64	1	193	192	1
Property and other taxes	26	24	2	82	84	(2)
Impairment charges	7		7	7	—	7
Total operating expenses	242	244	(2)	894	1,052	(158)
Operating (Loss) Income	(1)	5	(6)	300	259	41
Other Income and Expenses						
Equity in (losses) earnings of unconsolidated affiliates	(71)	37	(108)	(2,004)	101	(2,105)
Other income and expenses, net	16	5	11	42	18	24
Total other income and expenses	(55)	42	(97)	(1,962)	119	(2,081)
Interest Expense	35	29	6	103	86	17
(Loss) Income Before Income Taxes	(91)	18	(109)	(1,765)	292	(2,057)
Income Tax Benefit	(18)	(8)	(10)	(365)	—	(365)
Segment (Loss) Income	\$ (73)	\$ 26	\$ (99)	\$ (1,400)	\$ 292	\$ (1,692)
Piedmont LDC throughput (dekatherms)	115,549,371	121,378,484	(5,829,113)	360,861,306	377,729,141	(16,867,835)
Duke Energy Midwest LDC throughput (Mcf)	9,678,342	9,997,444	(319,102)	58,570,583	62,278,623	(3,708,040)

Three Months Ended September 30, 2020, as compared to September 30, 2019

Gas Utilities and Infrastructure's results were impacted primarily by the cancellation of the ACP pipeline. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- an \$8 million decrease due to lower natural gas costs passed through to customers and decreased off-system sales natural gas costs; and
- a \$4 million decrease due to return of EDIT to customers.

Partially offset by:

- a \$5 million increase due to North Carolina base rate case increases.

Operating Expenses. The variance was driven primarily by:

- a \$7 million decrease in cost of natural gas primarily due to lower natural gas prices and decreased off-system sales natural gas costs.

Partially offset by:

- a \$7 million increase in impairment charges due to Piedmont ACP project materials write-off.

Equity in (losses) earnings of unconsolidated affiliates. The variance was driven primarily by additional charges related to the cancellation of the ACP pipeline.

Income Tax Benefit. The increase in the tax benefit was primarily due to a decrease in pretax income, partially offset by a decrease in AFUDC Equity.

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Gas Utilities and Infrastructure's results were impacted primarily by the cancellation of the ACP pipeline. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$151 million decrease due to lower natural gas costs passed through to customers, lower volumes, and decreased off-system sales natural gas costs; and
- a \$31 million decrease due to return of EDIT to customers.

Partially offset by:

- a \$65 million increase due to North Carolina base rate case increases.

Operating Expenses. The variance was driven primarily by:

- a \$151 million decrease in cost of natural gas due to lower natural gas prices, lower volumes and decreased off-system sales natural gas costs; and
- a \$13 million decrease in operation, maintenance and other due to deferral of previously expensed IT project costs and employee labor and benefits costs.

Partially offset by:

- a \$7 million increase in impairment charges due to Piedmont ACP project materials write-off.

Equity in (losses) earnings of unconsolidated affiliates. The variance was driven primarily by the cancellation of the ACP pipeline.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity and intercompany interest related to Belews Creek and Marshall Power Generation contracts.

Interest Expense. The variance was driven primarily by interest on the EDIT balance being returned to customers and higher debt outstanding in the current year, offset by lower AFUDC debt income.

Income Tax Benefit. The increase in tax benefit was primarily due to a decrease in pretax income driven by the impact of the cancellation of the ACP pipeline project recorded in the second quarter of 2020. The ETRs for the nine months ended September 30, 2020, and 2019, were 20.7% and 0.0%, respectively. The increase in the ETR was primarily due to an adjustment, recorded in the first quarter of 2019, related to the income tax recognition for equity method investments. The equity method investment adjustment was immaterial and relates to prior years.

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SEGMENT RESULTS — COMMERCIAL RENEWABLES

Commercial Renewables

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Variance	2020	2019	Variance
Operating Revenues	\$ 126	\$ 138	\$ (12)	\$ 378	\$ 362	\$ 16
Operating Expenses						
Operation, maintenance and other	72	81	(9)	204	211	(7)
Depreciation and amortization	52	43	9	148	123	25
Property and other taxes	8	6	2	24	18	6
Impairment charges	—	—	—	6	—	6
Total operating expenses	132	130	2	382	352	30
Operating (Loss) Income	(6)	8	(14)	(4)	10	(14)
Other Income and Expenses, net	(1)	13	(14)	—	3	(3)
Interest Expense	18	35	(17)	49	78	(29)
Loss Before Income Taxes	(25)	(14)	(11)	(53)	(65)	12
Income Tax Benefit	(15)	(35)	20	(52)	(94)	42
Add: Loss Attributable to Noncontrolling Interests	70	19	51	208	110	98
Segment Income	\$ 60	\$ 40	\$ 20	\$ 207	\$ 139	\$ 68
Renewable plant production, GWh	2,563	2,146	417	7,660	6,528	1,132
Net proportional MW capacity in operation ^(a)				3,984	3,162	822

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

Three Months Ended September 30, 2020, as compared to September 30, 2019

Commercial Renewables' results were favorable primarily due to the growth of new tax equity investments, which includes over 200 MW of capacity installed during the third quarter 2020. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was primarily driven by a \$10 million decrease resulting from lower wind resource and solar irradiance and a \$13 million decrease within the distributed energy portfolios for lower engineering and construction costs related to project delays from COVID-19. This was partially offset by a \$12 million increase from growth of new projects placed in service.

Operating Expenses. The variance was due to an \$18 million increase in operating expenses driven by the growth of new projects placed in service. This was partially offset by \$12 million decrease within the distributed energy portfolios for lower engineering and construction costs related to project delays from COVID-19 and \$4 million of continued cost saving measures.

Other Income and Expenses, net. The decrease in other income was primarily due to a \$12 million reclassification to Interest Expense in the prior year of non-qualifying hedge activity.

Interest Expense. The decrease was primarily due to a \$12 million reclassification from Other Income and Expenses, net and a \$3 million reclassification from Operating Expenses in the prior year of non-qualifying hedge activity as well as higher capitalized interest of \$2 million in the current year for solar and wind projects in development.

Income Tax Benefit. The decrease in the tax benefit was primarily driven by an increase in taxes associated with tax equity investments and a decrease in production tax credits generated.

Loss Attributable to Noncontrolling Interests. The increase was driven by the growth of new tax equity investments.

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Commercial Renewables' results were favorable primarily due to growth of new tax equity investments. Since the third quarter of 2019, Commercial Renewables has placed in service approximately 800 MW of capacity.

The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was primarily driven by a \$32 million increase associated with the growth of new projects placed in service. This was partially offset by an \$18 million decrease within the distributed energy portfolios for lower engineering and construction costs related to delays from COVID-19.

Operating Expenses. The variance was primarily driven by a \$45 million increase in operating expenses due to the growth of new projects placed in service and a \$6 million impairment charge related to a non-contracted wind project located within the Electric Reliability Council of Texas west market. This was partially offset by a \$22 million decrease within the distributed energy portfolios for lower engineering and construction costs related to delays from COVID-19.

Interest Expense. The decrease was primarily driven by \$15 million of non-qualifying hedge activity in the prior year and higher capitalized interest of \$11 million in the current year for solar and wind projects in development.

PART I

Income Tax Benefit. The decrease in the tax benefit was primarily driven by an increase in taxes associated with tax equity investments and a decrease in production tax credits generated.

Loss Attributable to Noncontrolling Interests. The increase was driven primarily by the growth of new tax equity investments.

Other

(in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Variance	2020	2019	Variance
Operating Revenues	\$ 24	\$ 25	\$ (1)	\$ 73	\$ 71	\$ 2
Operating Expenses	37	27	10	(15)	66	(81)
Operating (Loss) Income	(13)	(2)	(11)	88	5	83
Other Income and Expenses, net	43	24	19	55	98	(43)
Interest Expense	160	185	(25)	498	536	(38)
Loss Before Income Taxes	(130)	(163)	33	(355)	(433)	78
Income Tax Benefit	(66)	(54)	(12)	(149)	(132)	(17)
Less: Preferred Dividends	39	15	24	93	27	66
Net Loss	\$ (103)	\$ (124)	\$ 21	\$ (299)	\$ (328)	\$ 29

Three Months Ended September 30, 2020, as compared to September 30, 2019

The variance was primarily driven by higher returns on investments that fund certain employee benefit obligations, lower state income tax expense and higher Bison investment income. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The increase was primarily driven by higher administrative expenses and higher expenses associated with certain employee benefit obligations.

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

Interest Expense. The variance was primarily due to lower outstanding short-term debt and lower interest rates.

Income Tax Benefit. The increase in the tax benefit was primarily driven by the issuance of guidance impacting taxes previously recorded, partially offset by a decrease in pretax losses. The ETRs for the three months ended September 30, 2020, and 2019 were 50.8% and 33.1%, respectively. The increase in the ETR was primarily due to the issuance of guidance impacting taxes previously recorded.

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

Nine Months Ended September 30, 2020, as compared to September 30, 2019

The variance was primarily driven by a reversal of corporate allocated severance costs and lower state income tax expense, partially offset by lower returns on investments, higher loss experience related to non-property captive insurance claims and the declaration of preferred stock dividends. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The decrease was primarily due to the deferral of 2018 corporate allocated severance costs due to the partial settlement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, partially offset by higher loss experience related to non-property captive insurance claims.

Other Income and Expenses, net. The variance was primarily due to lower returns on investments that fund certain employee benefit obligations and lower earnings on the NMC investment.

Interest Expense. The variance was primarily due to lower outstanding short-term debt and lower interest rates.

Income Tax Benefit. The increase in the tax benefit was primarily driven by lower state income tax expense, partially offset by a decrease in pretax losses. The ETRs for the nine months ended September 30, 2020, and 2019 were 42.0% and 30.5%, respectively. The increase in the ETR was primarily due to lower state income tax expense.

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

MD&A DUKE ENERGY CAROLINAS

DUKE ENERGY CAROLINAS

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues	\$ 5,416	\$ 5,619	\$ (203)
Operating Expenses			
Fuel used in electric generation and purchased power	1,326	1,371	(45)
Operation, maintenance and other	1,218	1,324	(106)
Depreciation and amortization	1,090	1,013	77
Property and other taxes	213	221	(8)
Impairment charges	22	11	11
Total operating expenses	3,869	3,940	(71)
Gains on Sales of Other Assets and Other, net	1	—	1
Operating Income	1,548	1,679	(131)
Other Income and Expenses, net	128	106	22
Interest Expense	370	346	24
Income Before Income Taxes	1,306	1,439	(133)
Income Tax Expense	178	255	(77)
Net Income	\$ 1,128	\$ 1,184	\$ (56)

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

Increase (Decrease) over prior year	2020
Residential sales	(2.2)%
General service sales	(6.5)%
Industrial sales	(9.4)%
Wholesale power sales	(3.0)%
Joint dispatch sales	(56.0)%
Total sales	(7.2)%
Average number of customers	1.9 %

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$131 million decrease in retail sales due to unfavorable weather in the current year;
- an \$86 million decrease in fuel revenues due to lower prices and retail sales volumes; and
- a \$22 million decrease in rider revenues primarily due to energy efficiency programs.

Partially offset by:

- a \$19 million increase in weather-normal retail sales volumes; and
- a \$17 million increase due to higher pricing from the South Carolina and North Carolina retail rate case, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a \$106 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, partially offset by higher storm restoration costs; and
- a \$45 million decrease in fuel used in electric generation and purchased power primarily due to lower retail sales volumes, net of a prior period true up.

Partially offset by:

- a \$77 million increase in depreciation and amortization expense primarily due to additional plant in service and new depreciation rates associated with the South Carolina rate case.

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

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

MD&A DUKE ENERGY CAROLINAS

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

PROGRESS ENERGY

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues	\$ 8,117	\$ 8,558	\$ (441)
Operating Expenses			
Fuel used in electric generation and purchased power	2,628	3,100	(472)
Operation, maintenance and other	1,789	1,813	(24)
Depreciation and amortization	1,356	1,377	(21)
Property and other taxes	419	439	(20)
Impairment charges	1	(25)	26
Total operating expenses	6,193	6,704	(511)
Gains on Sales of Other Assets and Other, net	9	—	9
Operating Income	1,933	1,854	79
Other Income and Expenses, net	89	106	(17)
Interest Expense	599	650	(51)
Income Before Income Taxes	1,423	1,310	113
Income Tax Expense	190	212	(22)
Net Income	1,233	1,098	135

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$485 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs in response to the COVID-19 pandemic at Duke Energy Florida and lower fuel prices, volumes and native load transfer sales in the current year at Duke Energy Progress;
- a \$47 million decrease in wholesale power revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and lower capacity volumes at Duke Energy Progress, partially offset by increased demand at Duke Energy Florida;
- a \$47 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year at Duke Energy Progress, partially offset by favorable weather in the current year at Duke Energy Florida;
- a \$44 million decrease in rider revenues primarily due to the Crystal River 3 uprate regulatory asset being fully recovered in 2019 at Duke Energy Florida; and
- a \$24 million decrease in weather-normal retail sales volume.

Partially offset by:

- a \$107 million increase in storm revenues due to Hurricane Dorian collections at Duke Energy Florida;
- a \$67 million increase in retail pricing due to base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment at Duke Energy Florida;
- a \$15 million increase due to higher pricing from the South Carolina retail rate case, net of a return of EDIT to customers at Duke Energy Progress; and
- an \$8 million increase in other revenues primarily due to increased transmission and lighting equipment revenues at Duke Energy Florida.

Operating Expenses. The variance was driven primarily by:

- a \$472 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix at Duke Energy Progress and lower fuel costs at Duke Energy Florida;
- a \$24 million decrease in operation, maintenance and other expense at Duke Energy Progress primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, reduced outage costs and energy efficiency program costs, partially offset by storm cost amortizations at Duke Energy Florida;

MD&A **PROGRESS ENERGY**

- a \$21 million decrease in depreciation and amortization expense primarily driven by a decrease in coal ash amortization, partially offset by a higher depreciable base and impacts from North Carolina and the South Carolina rate cases at Duke Energy Progress; and
- a \$20 million decrease in property and other taxes driven by lower gross receipts taxes due to decreased fuel revenues and lower accrued property taxes at Duke Energy Florida.

Partially offset by:

- a \$26 million increase in impairment charges primarily due to the prior year's impairment reduction related to Citrus County CC at Duke Energy Florida.

Other Income and Expenses, net. The variance was primarily due to lower AFUDC equity in the current year at Duke Energy Progress.

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

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

DUKE ENERGY PROGRESS

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues	\$ 4,207	\$ 4,559	\$ (352)
Operating Expenses			
Fuel used in electric generation and purchased power	1,337	1,571	(234)
Operation, maintenance and other	970	1,070	(100)
Depreciation and amortization	833	855	(22)
Property and other taxes	129	131	(2)
Impairment charges	5	—	5
Total operating expenses	3,274	3,627	(353)
Gains on Sales of Other Assets and Other, net	8	—	8
Operating Income	941	932	9
Other Income and Expenses, net	52	75	(23)
Interest Expense	203	232	(29)
Income Before Income Taxes	790	775	15
Income Tax Expense	79	125	(46)
Net Income	\$ 711	\$ 650	\$ 61

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

Increase (Decrease) over prior period	2020
Residential sales	(2.8)%
General service sales	(7.7)%
Industrial sales	(5.4)%
Wholesale power sales	(9.5)%
Joint dispatch sales	19.9 %
Total sales	(4.9)%
Average number of customers	1.7 %

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$230 million decrease in fuel cost recovery driven by lower fuel prices and volumes as well as less native load transfer sales in the current year;
- a \$73 million decrease in retail sales due to unfavorable weather in the current year;
- a \$58 million decrease in wholesale power revenues, net of fuel, primarily due to higher recovery of coal ash cost in the prior year and decreased volumes, partially offset by increased capacity rates; and
- a \$14 million decrease in weather-normal retail sales volumes in the current year.

MD&A DUKE ENERGY PROGRESS

Partially Offset by:

- a \$15 million increase due to higher pricing from the South Carolina and North Carolina retail rate cases, net of a return of EDIT to customers.

Operating Expenses. The variance was driven primarily by:

- a \$234 million decrease in fuel used in electric generation and purchased power primarily due to lower demand and changes in generation mix; and
- a \$100 million decrease in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement between Duke Energy Carolinas and the Public Staff of the NCUC related to the 2019 North Carolina retail rate case, reduced outage costs and energy efficiency program costs; and
- a \$22 million decrease in depreciation and amortization expense primarily driven by a decrease in coal ash amortization, partially offset by a higher depreciable base and impacts from North Carolina and the South Carolina rate cases.

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

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

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

DUKE ENERGY FLORIDA

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues	\$ 3,897	\$ 3,987	\$ (90)
Operating Expenses			
Fuel used in electric generation and purchased power	1,291	1,529	(238)
Operation, maintenance and other	806	730	76
Depreciation and amortization	523	522	1
Property and other taxes	290	309	(19)
Impairment charges	(4)	(25)	21
Total operating expenses	2,906	3,065	(159)
Operating Income	991	922	69
Other Income and Expenses, net	36	39	(3)
Interest Expense	245	246	(1)
Income Before Income Taxes	782	715	67
Income Tax Expense	159	129	30
Net Income	\$ 623	\$ 586	\$ 37

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

Increase (Decrease) over prior period	2020
Residential sales	2.9 %
General service sales	(6.0)%
Industrial sales	6.9 %
Wholesale and other	(6.8)%
Total sales	(0.7)%
Average number of customers	1.7 %

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$255 million decrease in fuel revenues driven by lower sales volumes as well as an accelerated refund of fuel costs in response to the COVID-19 pandemic;
- a \$44 million decrease in rider revenues primarily due to full recovery of the Crystal River 3 uprate regulatory asset in 2019; and
- a \$10 million decrease in weather-normal retail sales volumes.

MD&A **DUKE ENERGY FLORIDA**

Partially offset by:

- a \$107 million increase in storm revenues due to Hurricane Dorian collections;
- a \$67 million increase in retail pricing due to base rate adjustments related to annual increases from the 2017 Settlement Agreement and the Solar Base Rate Adjustment;
- a \$26 million increase in retail sales, net of fuel revenues, due to favorable weather in the current year;
- an \$11 million increase in wholesale power revenues, net of fuel, primarily due to increased demand; and
- an \$8 million increase in other revenues primarily due to increased transmission revenues and lighting equipment rentals, partially offset by lower late payment and service charge revenues due to a moratorium during the COVID-19 pandemic.

Operating Expenses. The variance was driven primarily by:

- a \$238 million decrease in fuel used in electric generation and purchased power primarily due to lower fuel costs; and
- a \$19 million decrease in property and other taxes driven by lower gross receipts taxes due to decreased fuel revenues and lower accrued property taxes.

Partially offset by:

- a \$76 million increase in operation, maintenance and other expense primarily due to storm cost amortizations; and
- a \$21 million increase in impairment charges primarily due to the prior year's impairment reduction related to Citrus County CC.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income and favorable tax adjustments in the prior year.

DUKE ENERGY OHIO

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues			
Regulated electric	\$ 1,070	\$ 1,099	\$ (29)
Regulated natural gas	324	354	(30)
Total operating revenues	1,394	1,453	(59)
Operating Expenses			
Fuel used in electric generation and purchased power	258	293	(35)
Cost of natural gas	46	68	(22)
Operation, maintenance and other	333	378	(45)
Depreciation and amortization	208	199	9
Property and other taxes	244	229	15
Total operating expenses	1,089	1,167	(78)
Operating Income	305	286	19
Other Income and Expenses, net	11	19	(8)
Interest Expense	75	81	(6)
Income Before Income Taxes	241	224	17
Income Tax Expense	40	34	6
Net Income	\$ 201	\$ 190	\$ 11

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

	Electric	Natural Gas
	2020	2020
Increase (Decrease) over prior year		
Residential sales	(0.1)%	(6.6)%
General service sales	(7.8)%	(9.4)%
Industrial sales	(7.9)%	(3.9)%
Wholesale electric power sales	(37.3)%	n/a
Other natural gas sales	n/a	(1.8)%
Total sales	(6.3)%	(6.0)%
Average number of customers	1.4 %	1.1 %

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$46 million decrease in fuel related revenues primarily due to lower prices and decreased volumes;
- a \$13 million decrease in revenues due to unfavorable weather in the current year;
- a \$10 million decrease in other revenues due to lower OVEC sales into PJM;
- a \$7 million decrease in revenues primarily due to the suspension of the Manufactured Gas Plant rider and lower energy efficiency riders, partially offset by the Distribution Capital Investment rider; and
- a \$7 million decrease in bulk power marketing sales.

Partially offset by:

- a \$17 million increase in retail pricing primarily due to rate case impacts in Kentucky; and
- an \$11 million increase in PJM transmission revenues as a result of increased capital spend.

Operating Expenses. The variance was driven primarily by:

- a \$57 million decrease in fuel expense, primarily driven by lower retail prices, decreased volumes and lower OVEC costs; and
- a \$45 million decrease in operations, maintenance and other expense primarily due to Customer Connect and Network Integration Transmission Services deferrals, the timing of energy efficiency programs and outage costs, lower employee benefit expenses and lower vegetation and pole maintenance costs.

Partially offset by:

- a \$15 million increase in property and other taxes primarily due to higher property taxes primarily due to increased plant in service, partially offset by lower kilowatt taxes and franchise taxes; and
- a \$9 million increase in depreciation and amortization primarily driven by an increase in distribution plant, partially offset by lower amortization due to the suspension of the MGP rider in Ohio and environmental surcharge mechanism amortization of deferred coal ash pond ARO.

Other Income and Expenses, net. The decrease was primarily due to lower AFUDC equity and lower intercompany interest income, partially offset by a decrease in write-offs associated with certified supplier uncollectible amounts.

DUKE ENERGY INDIANA

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues	\$ 2,070	\$ 2,289	\$ (219)
Operating Expenses			
Fuel used in electric generation and purchased power	577	720	(143)
Operation, maintenance and other	564	569	(5)
Depreciation and amortization	415	393	22
Property and other taxes	57	55	2
Total operating expenses	1,613	1,737	(124)
Operating Income	457	552	(95)
Other Income and Expenses, net	28	35	(7)
Interest Expense	114	111	3
Income Before Income Taxes	371	476	(105)
Income Tax Expense	72	113	(41)
Net Income	\$ 299	\$ 363	\$ (64)

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DUKE ENERGY INDIANA

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

Increase (Decrease) over prior year	2020
Residential sales	(1.1)%
General service sales	(7.1)%
Industrial sales	(9.8)%
Wholesale power sales	3.8 %
Total sales	(5.5)%
Average number of customers	1.5 %

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$157 million decrease in fuel revenues primarily due to lower fuel cost recovery driven by customer demand and fuel prices;
- a \$91 million decrease primarily due to IGCC rider revenues as a result of lower Edwardsport sales volumes and credit adjustment rider refunds related to IGCC Settlements;
- a \$20 million decrease in weather-normal retail sales volumes driven by lower nonresidential customer demand;
- an \$11 million decrease in retail sales due to unfavorable weather in the current year; and
- an \$11 million decrease in wholesale revenues primarily related to the true up of wholesale transmission revenues and lower rates in the current year.

Partially offset by:

- a \$75 million increase primarily due to higher pricing from the Indiana retail rate case, net of certain rider revenues moving to base.

Operating Expenses. The variance was driven primarily by:

- a \$143 million decrease in fuel used in electric generation and purchased power expense primarily due to lower coal and natural gas costs, lower amortization of deferred fuel costs and lower purchased power expense.

Partially offset by:

- a \$22 million increase in depreciation and amortization primarily due to a change in depreciation rates from the Indiana retail rate case and additional plant in service.

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

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

PIEDMONT

Results of Operations

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Operating Revenues	\$ 871	\$ 956	\$ (85)
Operating Expenses			
Cost of natural gas	254	384	(130)
Operation, maintenance and other	234	241	(7)
Depreciation and amortization	133	127	6
Property and other taxes	37	39	(2)
Impairment charges	7	—	7
Total operating expenses	665	791	(126)
Operating Income	206	165	41
Other Income and Expenses, net	44	19	25
Interest Expense	89	65	24
Income Before Income Taxes	161	119	42
Income Tax Expense	6	22	(16)
Net Income	\$ 155	\$ 97	\$ 58

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

Increase (Decrease) over prior year	2020
Residential deliveries	(3.7)%
Commercial deliveries	(10.3)%
Industrial deliveries	(3.6)%
Power generation deliveries	(3.9)%
For resale	(11.3)%
Total throughput deliveries	(4.5)%
Secondary market volumes	(10.1)%
Average number of customers	2.1 %

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

Nine Months Ended September 30, 2020, as compared to September 30, 2019

Operating Revenues. The variance was driven primarily by:

- a \$130 million decrease due to lower natural gas costs passed through to customers, lower volumes, and decreased off-system sales natural gas costs;
- a \$31 million decrease due to return of EDIT to customers; and
- a \$7 million decrease due to NCUC approval related to tax reform accounting from fixed-rate contracts in the prior year.

Partially offset by:

- a \$65 million increase due to North Carolina base rate case increases; and
- a \$16 million increase due to North Carolina IMR increases.

Operating Expenses. The variance was driven primarily by:

- a \$130 million decrease in cost of natural gas due to lower natural gas prices, lower volumes, and decreased off-system sales natural gas costs.

Partially offset by:

- a \$7 million increase in impairment charges due to Piedmont ACP project materials write-off.

Other Income and Expenses, net. The variance was driven primarily by AFUDC equity and intercompany interest related to Belews Creek and Marshall Power Generation contracts.

Interest Expense. The variance was driven primarily by interest on the EDIT balance being returned to customers and higher debt outstanding in the current year, partially offset by lower AFUDC debt income.

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

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

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

During March 2020, in response to market volatility and the ongoing economic uncertainty related to COVID-19, Duke Energy took several actions to enhance the company's liquidity position including:

- Duke Energy drew down the remaining \$500 million of availability under the existing \$1 billion Three-Year Revolving Credit Facility. That additional borrowing was subsequently repaid during the second quarter of 2020; and
- Duke Energy entered into and borrowed the full amount under a \$1.5 billion, 364-day Term Loan Credit Agreement. The Term Loan Credit Agreement contained a provision for additional borrowing capacity of \$500 million. Duke Energy exercised the provision and borrowed an additional \$188 million, for a total borrowing of approximately \$1.7 billion. In the third quarter of 2020, Duke Energy repaid \$844 million of the 364-day Term Loan.

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LIQUIDITY AND CAPITAL RESOURCES

Following March 2020, access to credit and equity markets has normalized. In addition to the financings to address the company's liquidity position, for the nine months ended September 30, 2020, Duke Energy issued approximately \$5.6 billion in debt, raised \$157 million of common equity through its dividend reinvestment program and paid down \$500 million on the Three-Year Revolving Credit Facility. Despite the recovery in capital markets, Duke Energy continues to monitor access to credit and equity markets amid the ongoing economic uncertainty related to COVID-19.

As of September 30, 2020, Duke Energy had approximately \$308 million of cash on hand, \$5.9 billion available under its \$8 billion Master Credit Facility and \$500 million available under the \$1 billion Three-Year Revolving Credit Facility. Duke Energy has additional liquidity available totaling approximately \$2.6 billion under outstanding equity forward agreements. Duke Energy expects to have sufficient liquidity in the form of cash on hand, cash from operations and available credit capacity to support its funding needs. Duke Energy continues to monitor access to credit and equity markets. Refer to Notes 5 and 14 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities" and "Stockholders' Equity," respectively, for information regarding Duke Energy's debt and equity issuances, debt maturities and available credit facilities including the Master Credit Facility.

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

Credit Ratings

In October 2020, Moody's Investors Services, Inc. revised the credit rating outlook for Duke Energy Corporation, Duke Energy Carolinas and Duke Energy Progress from stable to negative. The change in outlook is principally due to the company's capital and investment expenditure program and potentially adverse regulatory decisions in Duke Energy's two largest subsidiaries, specifically regarding the recovery of and return on coal ash remediation expenditures and higher costs due to severe storms. There have been no changes by any of the rating agencies to the credit ratings of any of the Duke Energy Registrants during 2020. Standard & Poors Rating Services continues to maintain a stable outlook on Duke Energy Corporation and its subsidiaries.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

(in millions)	Nine Months Ended September 30,	
	2020	2019
Cash flows provided by (used in):		
Operating activities	\$ 6,766	\$ 5,637
Investing activities	(7,964)	(8,633)
Financing activities	1,225	2,987
Net increase (decrease) in cash, cash equivalents and restricted cash	27	(9)
Cash, cash equivalents and restricted cash at beginning of period	573	591
Cash, cash equivalents and restricted cash at end of period	\$ 600	\$ 582

OPERATING CASH FLOWS

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

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Net income	\$ 1,232	\$ 2,964	\$ (1,732)
Non-cash adjustments to net income	6,194	4,376	1,818
Contributions to qualified pension plans	—	(77)	77
Payments for asset retirement obligations	(463)	(582)	119
Refund of AMT credit carryforwards	572	—	572
Working capital	(769)	(1,044)	275
Net cash provided by operating activities	\$ 6,766	\$ 5,637	\$ 1,129

The variance was primarily due to:

- a \$572 million refund of AMT credit carryforwards;
- a \$119 million decrease in payments for asset retirement obligations;
- a \$77 million decrease in contributions to qualified pension plans; and
- timing of payments of property taxes and higher Nuclear Electric Insurance Limited (NEIL) refunds in the current year.

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LIQUIDITY AND CAPITAL RESOURCES

INVESTING CASH FLOWS

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

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Capital, investment and acquisition expenditures	\$ (7,684)	\$ (8,348)	\$ 664
Other investing items	(280)	(285)	5
Net cash used in investing activities	\$ (7,964)	\$ (8,633)	\$ 669

The variance relates primarily to decreases in capital expenditures due to lower overall investments in the Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables segments.

FINANCING CASH FLOWS

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

(in millions)	Nine Months Ended September 30,		
	2020	2019	Variance
Issuances of long-term debt, net	\$ 2,694	\$ 3,394	\$ (700)
Issuances of common stock	75	41	34
Issuances of preferred stock	—	1,963	(1,963)
Notes payable, commercial paper and other short-term borrowings	260	(1,019)	1,279
Dividends paid	(2,113)	(1,990)	(123)
Contributions from noncontrolling interests	402	615	(213)
Other financing items	(93)	(17)	(76)
Net cash provided by financing activities	\$ 1,225	\$ 2,987	\$ (1,762)

The variance was primarily due to:

- a \$1,963 million decrease in proceeds from the issuance of preferred stock;
- a \$700 million decrease in proceeds from net issuances of long-term debt primarily due to the timing of issuances and redemptions of long-term debt; and
- a \$415 million decrease related to the sale of a noncontrolling interest in the Commercial Renewables segment.

Partially offset by:

- a \$1,279 million increase in net proceeds from issuances of notes payable and commercial paper including borrowings of \$844 million under the 364-day Term Loan Credit Agreement; and
- a \$200 million increase related to contributions from noncontrolling interests for tax equity financing activity in the Commercial Renewables segment.

OTHER MATTERS

Environmental Regulations

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

On May 14, 2020, the five-year probation period following the Dan River coal ash spill ended. The court-appointed monitor confirmed in U.S. District Court for the Eastern District of North Carolina that Duke Energy met or exceeded every obligation throughout the process. Separately, in a final report to the EPA, it was noted that the company made significant enhancements to its Ethics and Compliance Program and its environmental compliance programs.

Section 126 Petitions

On November 16, 2016, the state of Maryland filed a petition with EPA under Section 126 of the Clean Air Act alleging that 19 power plants, including two plants (three units) that Duke Energy Registrants own and operate, contribute to violations of EPA's National Ambient Air Quality Standards (NAAQS) for ozone in the state of Maryland. On March 12, 2018, the state of New York filed a petition with EPA, also under Section 126 of the Clean Air Act alleging that over 60 power plants, including five that Duke Energy Registrants own and operate, contribute to violations of EPA's ozone NAAQS in the state of New York. Both Maryland and New York sought EPA orders requiring the states in which the named power plants operate to impose more stringent NOx emission limitations on the plants. On October 5, 2018, EPA denied the Maryland petition. That same day, Maryland appealed EPA's denial. On October 18, 2019, EPA denied the New York petition, and New York appealed that decision on October 29, 2019. On May 19, 2020, the U.S. Court of Appeals for the D.C. Circuit issued its decision, finding, with one exception, that EPA reasonably denied the Maryland petition. The court remanded one issue to EPA regarding target sources lacking catalytic controls. All of the Duke Energy units targeted have selective catalytic reduction so the decision is favorable for these units.

A different panel of the same court heard oral argument in New York's appeal of EPA's denial of its Section 126 Petition on May 7, 2020, and on July 14, 2020, the panel issued its decision remanding the Petition to EPA for further review. The Duke Energy Registrants cannot predict the outcome of this matter.

Off-Balance Sheet Arrangements

During the three and nine months ended September 30, 2020, there were no material changes to Duke Energy's off-balance sheet arrangements. See Notes 1, 3, 4 and 11 to the Condensed Consolidated Financial Statements, "Organization and Basis of Presentation," "Regulatory Matters," "Commitments and Contingencies," and "Variable Interest Entities," respectively, for additional information on ACP. See Note 13 to the Condensed Consolidated Financial Statements, "Stockholders' Equity," for information regarding equity forward sales agreements. For additional information on Duke Energy's off-balance sheet arrangements, see "Off-Balance Sheet Arrangements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

Contractual Obligations

Duke Energy enters into contracts that require payment of cash at certain specified periods, based on certain specified minimum quantities and prices. During the three and nine months ended September 30, 2020, there were no material changes in Duke Energy's contractual obligations. For an in-depth discussion of Duke Energy's contractual obligations, see "Contractual Obligations" and "Quantitative and Qualitative Disclosures about Market Risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K for the Duke Energy Registrants. During the three and nine months ended September 30, 2020, there were no material changes to the Duke Energy Registrants' disclosures about market risk, other than as described below.

Credit Risk

In response to the COVID-19 pandemic, in March 2020, the Duke Energy Subsidiary Registrants announced a suspension of disconnections for nonpayment to be effective throughout the national emergency. Disconnections have resumed and there is an expectation of an increase in charge-offs in the future. In addition, the Registrants are monitoring the effects of the resultant economic slowdown on counterparties' abilities to perform under their contractual obligations.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

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

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2020, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) that occurred during the fiscal quarter ended September 30, 2020, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

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

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

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

- Decreased demand for electricity and natural gas;
- Delays in rate cases and other legal proceedings;
- The health and availability of our critical personnel and their ability to perform business functions; and
- Actions of state utility commissions or federal or state governments to allow customers to suspend or delay payment of bills related to the provision of electric or natural gas services.

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

- An inability to procure satisfactory levels of fuels or other necessary equipment to continue production of electricity and delivery of natural gas;
- An inability to obtain labor or equipment necessary for the construction of generation projects or pipeline expansion;
- An inability to maintain information technology systems and protections from cyberattack;
- An inability to obtain financing in volatile financial markets;
- Additional federal regulation tied to stimulus and other aid packages; and
- Impairment charges, which could include real estate as options for working remotely are evaluated and goodwill.

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

None.

EXHIBITS

ITEM 6. EXHIBITS

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

Exhibit Number		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
4.1	<u>Ninetieth Supplemental Indenture, dated as of August 1, 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on August 20, 2020, File No. 1-3382).</u>				X				
4.2	<u>First Supplemental Indenture, dated as of August 1, 2020 (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed on August 20, 2020, File No. 1-3382).</u>				X				
4.3	<u>Twenty-fourth Supplemental Indenture, dated as of September 11, 2020 (incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K filed on September 11, 2020, File No. 1-32853).</u>	X							
10.1	<u>Amended and Restated Duke Energy Corporation Executive Cash Balance Plan, dated as of September 30, 2020 (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on September 25, 2020, File No. 1-32853).</u>	X							
10.2	<u>Amended and Restated Duke Energy Corporation Executive Savings Plan, dated as of October 1, 2020 (incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K filed on September 25, 2020, File No. 1-32853).</u>	X							
*31.1.1	<u>Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>	X							
*31.1.2	<u>Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>		X						
*31.1.3	<u>Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>			X					
*31.1.4	<u>Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>				X				
*31.1.5	<u>Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>					X			
*31.1.6	<u>Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>						X		
*31.1.7	<u>Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>							X	
*31.1.8	<u>Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>								X
*31.2.1	<u>Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>	X							
*31.2.2	<u>Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>		X						

EXHIBITS

*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

EXHIBITS										
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*101.INS	XBRL Instance Document (this does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).	X	X	X	X	X	X	X	X	X
*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X	X
*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X	X
*104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).	X	X	X	X	X	X	X	X	X

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

SIGNATURES

SIGNATURES

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

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

Date: November 5, 2020

/s/ STEVEN K. YOUNG

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

Date: November 5, 2020

/s/ DWIGHT L. JACOBS

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

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, 2021
 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	Depository Shares, each representing a 1/1,000th interest in a share of 5.75% Series A Cumulative Redeemable Perpetual Preferred Stock, par value \$0.001 per share	DUK PR A	New York Stock Exchange LLC

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

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

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

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

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

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

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

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

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

Number of shares of common stock outstanding at April 30, 2021:

Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	769,218,956

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

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

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FORWARD-LOOKING STATEMENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

- 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;
- Changing customer expectations and demands including heightened emphasis on environmental, social and governance concerns;
- 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;
- 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

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
ARO	Asset retirement obligations
Bison	Bison Insurance Company Limited
CCR	Coal Combustion Residuals
Coal Ash Act	North Carolina Coal Ash Management Act of 2014
the company	Duke Energy Corporation and its subsidiaries
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
ETR	Effective tax rate
Exchange Act	Securities Exchange Act of 1934
FERC	Federal Energy Regulatory Commission
FPSC	Florida Public Service Commission
FTR	Financial transmission rights
GAAP	Generally accepted accounting principles in the U.S.
GAAP Reported Earnings	Net Income Available to Duke Energy Corporation Common Stockholders
GAAP Reported EPS	Basic Earnings Per Share Available to Duke Energy Corporation common stockholders

GLOSSARY OF TERMS

GIC	GIC Private Limited
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
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
OVEC	Ohio Valley Electric Corporation
Piedmont	Piedmont Natural Gas Company, Inc.
PJM	Pennsylvania-New Jersey-Maryland Interconnection
PPA	Purchase Power Agreement
Progress Energy	Progress Energy, Inc.
PSCSC	Public Service Commission of South Carolina
PUCO	Public Utilities Commission of Ohio
RTO	Regional Transmission Organization
Subsidiary Registrants	Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the Tax Act	Tax Cuts and Jobs Act
TPUC	Tennessee Public Utility Commission
U.S.	United States
VIE	Variable Interest Entity
WACC	Weighted Average Cost of Capital

FINANCIAL STATEMENTS

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

(in millions, except per share amounts)	Three Months Ended March 31,	
	2021	2020
Operating Revenues		
Regulated electric	\$ 5,219	\$ 5,124
Regulated natural gas	749	638
Nonregulated electric and other	182	187
Total operating revenues	6,150	5,949
Operating Expenses		
Fuel used in electric generation and purchased power	1,443	1,447
Cost of natural gas	276	199
Operation, maintenance and other	1,402	1,339
Depreciation and amortization	1,226	1,130
Property and other taxes	353	345
Impairment of assets and other charges	—	2
Total operating expenses	4,700	4,462
Gains on Sales of Other Assets and Other, net	—	1
Operating Income	1,450	1,488
Other Income and Expenses		
Equity in (losses) earnings of unconsolidated affiliates	(17)	44
Other income and expenses, net	127	46
Total other income and expenses	110	90
Interest Expense	535	551
Income Before Income Taxes	1,025	1,027
Income Tax Expense	84	137
Net Income	941	890
Add: Net Loss Attributable to Noncontrolling Interests	51	48
Net Income Attributable to Duke Energy Corporation	992	938
Less: Preferred Dividends	39	39
Net Income Available to Duke Energy Corporation Common Stockholders	\$ 953	\$ 899
Earnings Per Share – Basic and Diluted		
Net income available to Duke Energy Corporation common stockholders		
Basic and Diluted	\$ 1.25	\$ 1.24
Weighted Average Shares Outstanding		
Basic	769	734
Diluted	769	736

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
Net Income	\$ 941	\$ 890
Other Comprehensive Income (Loss), net of tax^(a)		
Pension and OPEB adjustments	2	1
Net unrealized gains (losses) on cash flow hedges	29	(81)
Reclassification into earnings from cash flow hedges	3	2
Unrealized (losses) gains on available-for-sale securities	(8)	1
Other Comprehensive Income (Loss), net of tax	26	(77)
Comprehensive Income	967	813
Add: Comprehensive Loss Attributable to Noncontrolling Interests	44	62
Comprehensive Income Attributable to Duke Energy	1,011	875
Less: Preferred Dividends	39	39
Comprehensive Income Available to Duke Energy Corporation Common Stockholders	\$ 972	\$ 836

(a) Net of income tax impacts of approximately \$8 million and \$23 million for the three months ended March 31, 2021, and 2020, respectively.

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 379	\$ 259
Receivables (net of allowance for doubtful accounts of \$31 at 2021 and \$29 at 2020)	950	1,009
Receivables of VIEs (net of allowance for doubtful accounts of \$116 at 2021 and \$117 at 2020)	1,834	2,144
Inventory	3,076	3,167
Regulatory assets (includes \$54 at 2021 and \$53 at 2020 related to VIEs)	1,650	1,641
Other (includes \$333 at 2021 and \$296 at 2020 related to VIEs)	619	462
Total current assets	8,508	8,682
Property, Plant and Equipment		
Cost	157,372	155,580
Accumulated depreciation and amortization	(49,772)	(48,827)
Generation facilities to be retired, net	29	29
Net property, plant and equipment	107,629	106,782
Other Noncurrent Assets		
Goodwill	19,303	19,303
Regulatory assets (includes \$927 at 2021 and \$937 at 2020 related to VIEs)	12,441	12,421
Nuclear decommissioning trust funds	9,410	9,114
Operating lease right-of-use assets, net	1,540	1,524
Investments in equity method unconsolidated affiliates	919	961
Other (includes \$82 at 2021 and \$81 at 2020 related to VIEs)	3,715	3,601
Total other noncurrent assets	47,328	46,924
Total Assets	\$ 163,465	\$ 162,388
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 2,497	\$ 3,144
Notes payable and commercial paper	4,064	2,873
Taxes accrued	574	482
Interest accrued	536	537
Current maturities of long-term debt (includes \$472 at 2021 and 2020 related to VIEs)	5,586	4,238
Asset retirement obligations	709	718
Regulatory liabilities	1,509	1,377
Other	1,858	2,936
Total current liabilities	17,333	16,305
Long-Term Debt (includes \$3,686 at 2021 and \$3,535 at 2020 related to VIEs)	54,768	55,625
Other Noncurrent Liabilities		
Deferred income taxes	9,459	9,244
Asset retirement obligations	12,299	12,286
Regulatory liabilities	15,070	15,029
Operating lease liabilities	1,352	1,340
Accrued pension and other post-retirement benefit costs	1,010	969
Investment tax credits	747	687
Other (includes \$331 at 2021 and \$316 at 2020 related to VIEs)	1,769	1,719
Total other noncurrent liabilities	41,706	41,274
Commitments and Contingencies		
Equity		
Preferred stock, Series A, \$0.001 par value, 40 million depositary shares authorized and outstanding at 2021 and 2020	973	973
Preferred stock, Series B, \$0.001 par value, 1 million shares authorized and outstanding at 2021 and 2020	989	989
Common stock, \$0.001 par value, 2 billion shares authorized; 769 million shares outstanding at 2021 and 2020	1	1
Additional paid-in capital	43,761	43,767
Retained earnings	2,680	2,471
Accumulated other comprehensive loss	(218)	(237)
Total Duke Energy Corporation stockholders' equity	48,186	47,964
Noncontrolling interests	1,472	1,220
Total equity	49,658	49,184
Total Liabilities and Equity	\$ 163,465	\$ 162,388

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 941	\$ 890
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,385	1,301
Equity in losses (earnings) of unconsolidated affiliates	17	(44)
Equity component of AFUDC	(42)	(40)
Deferred income taxes	86	422
Payments for asset retirement obligations	(114)	(132)
(Increase) decrease in		
Receivables	377	466
Inventory	91	(92)
Other current assets	(47)	(131)
Increase (decrease) in		
Accounts payable	(467)	(657)
Taxes accrued	104	113
Other current liabilities	(263)	(455)
Other assets	51	(37)
Other liabilities	(31)	(50)
Net cash provided by operating activities	2,088	1,554
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,215)	(2,832)
Contributions to equity method investments	—	(77)
Purchases of debt and equity securities	(1,584)	(1,392)
Proceeds from sales and maturities of debt and equity securities	1,601	1,347
Disbursements to canceled equity method investments	(855)	—
Other	(84)	(68)
Net cash used in investing activities	(3,137)	(3,022)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	608	1,954
Issuance of common stock	5	40
Payments for the redemption of long-term debt	(76)	(292)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	50	1,784
Payments for the redemption of short-term debt with original maturities greater than 90 days	(909)	(17)
Notes payable and commercial paper	2,046	(198)
Contributions from noncontrolling interests	303	103
Dividends paid	(783)	(707)
Other	(59)	(74)
Net cash provided by financing activities	1,185	2,593
Net increase in cash, cash equivalents and restricted cash	136	1,125
Cash, cash equivalents and restricted cash at beginning of period	556	573
Cash, cash equivalents and restricted cash at end of period	\$ 692	\$ 1,698
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 921	\$ 934
Non-cash dividends	—	27

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	Accumulated Other Comprehensive (Loss) Income										Total Duke Energy Corporation Stockholders' Equity	Noncontrolling Interests	Total Equity
	Preferred Stock	Common Stock Shares	Common Stock	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 Equity			
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 interests, net of transaction costs	—	—	—	—	—	—	—	—	—	—	103	103	
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	—	(7)	(7)	
Other ^(a)	—	—	—	(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	
Balance at December 31, 2020	\$ 1,962	769	\$ 1	\$ 43,767	\$ 2,471	\$ (167)	\$ 6	\$ (76)	\$	\$ 47,964	\$ 1,220	\$ 49,184	
Net income (loss)	—	—	—	—	953	—	—	—	—	953	(51)	902	
Other comprehensive income (loss)	—	—	—	—	—	25	(8)	2	—	19	7	26	
Common stock issuances, including dividend reinvestment and employee benefits	—	—	—	(3)	—	—	—	—	—	(3)	—	(3)	
Common stock dividends	—	—	—	—	(744)	—	—	—	—	(744)	—	(744)	
Contributions from noncontrolling interests, net of transaction costs	—	—	—	(3)	—	—	—	—	—	(3)	303	300	
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	—	(7)	(7)	
Balance at March 31, 2021	\$ 1,962	769	\$ 1	\$ 43,761	\$ 2,680	\$ (142)	\$ (2)	\$ (74)	\$	\$ 48,186	\$ 1,472	\$ 49,658	

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

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended March 31,	
	2021	2020
Operating Revenues	\$ 1,716	\$ 1,748
Operating Expenses		
Fuel used in electric generation and purchased power	422	453
Operation, maintenance and other	441	386
Depreciation and amortization	359	343
Property and other taxes	83	81
Impairment of assets and other charges	—	2
Total operating expenses	1,305	1,265
Gains on Sales of Other Assets and Other, net	—	1
Operating Income	411	484
Other Income and Expenses, net	48	43
Interest Expense	124	123
Income Before Income Taxes	335	404
Income Tax Expense	23	65
Net Income and Comprehensive Income	\$ 312	\$ 339

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	March 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12	\$ 21
Receivables (net of allowance for doubtful accounts of \$2 at 2021 and \$1 at 2020)	171	247
Receivables of VIEs (net of allowance for doubtful accounts of \$32 at 2021 and \$22 at 2020)	613	696
Receivables from affiliated companies	119	124
Inventory	1,021	1,010
Regulatory assets	433	473
Other	90	20
Total current assets	2,459	2,591
Property, Plant and Equipment		
Cost	51,027	50,640
Accumulated depreciation and amortization	(17,690)	(17,453)
Net property, plant and equipment	33,337	33,187
Other Noncurrent Assets		
Regulatory assets	3,028	2,996
Nuclear decommissioning trust funds	5,147	4,977
Operating lease right-of-use assets, net	105	110
Other	1,185	1,187
Total other noncurrent assets	9,465	9,270
Total Assets	\$ 45,261	\$ 45,048
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 643	\$ 1,000
Accounts payable to affiliated companies	206	199
Notes payable to affiliated companies	508	506
Taxes accrued	138	76
Interest accrued	128	117
Current maturities of long-term debt	507	506
Asset retirement obligations	258	264
Regulatory liabilities	559	473
Other	440	546
Total current liabilities	3,387	3,687
Long-Term Debt	11,522	11,412
Long-Term Debt Payable to Affiliated Companies	300	300
Other Noncurrent Liabilities		
Deferred income taxes	3,913	3,842
Asset retirement obligations	5,117	5,086
Regulatory liabilities	6,540	6,535
Operating lease liabilities	93	97
Accrued pension and other post-retirement benefit costs	72	73
Investment tax credits	235	236
Other	616	626
Total other noncurrent liabilities	16,586	16,495
Commitments and Contingencies		
Equity		
Member's equity	13,473	13,161
Accumulated other comprehensive loss	(7)	(7)
Total equity	13,466	13,154
Total Liabilities and Equity	\$ 45,261	\$ 45,048

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 312	\$ 339
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	428	414
Equity component of AFUDC	(16)	(14)
Deferred income taxes	(8)	22
Payments for asset retirement obligations	(35)	(41)
(Increase) decrease in		
Receivables	156	156
Receivables from affiliated companies	5	27
Inventory	(11)	(72)
Other current assets	(48)	96
Increase (decrease) in		
Accounts payable	(255)	(253)
Accounts payable to affiliated companies	7	15
Taxes accrued	62	87
Other current liabilities	(77)	(108)
Other assets	43	(60)
Other liabilities	(17)	(10)
Net cash provided by operating activities	546	598
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(622)	(724)
Purchases of debt and equity securities	(1,128)	(607)
Proceeds from sales and maturities of debt and equity securities	1,128	607
Notes receivable from affiliated companies	—	(436)
Other	(43)	(18)
Net cash used in investing activities	(665)	(1,178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	142	910
Payments for the redemption of long-term debt	(33)	(2)
Notes payable to affiliated companies	2	(29)
Distributions to parent	—	(300)
Other	(1)	(1)
Net cash provided by financing activities	110	578
Net decrease in cash and cash equivalents	(9)	(2)
Cash and cash equivalents at beginning of period	21	18
Cash and cash equivalents at end of period	\$ 12	\$ 16
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 268	\$ 254

FINANCIAL STATEMENTS

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

(in millions)	Member's Equity	Accumulated Other Comprehensive Loss		Total Equity
		Net Losses on Cash Flow Hedges		
Balance at December 31, 2019	\$ 12,818	\$ (7)	\$ (7)	\$ 12,811
Net income	339	—	—	339
Distributions to parent	(300)	—	—	(300)
Other ^(a)	(13)	—	—	(13)
Balance at March 31, 2020	\$ 12,844	\$ (7)	\$ (7)	\$ 12,837
Balance at December 31, 2020	\$ 13,161	\$ (7)	\$ (7)	\$ 13,154
Net income	312	—	—	312
Balance at March 31, 2021	\$ 13,473	\$ (7)	\$ (7)	\$ 13,466

(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)

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
Operating Revenues	\$ 2,505	\$ 2,422
Operating Expenses		
Fuel used in electric generation and purchased power	795	763
Operation, maintenance and other	601	554
Depreciation and amortization	485	452
Property and other taxes	142	135
Total operating expenses	2,023	1,904
Losses on Sales of Other Assets and Other, net	—	(1)
Operating Income	482	517
Other Income and Expenses, net	43	32
Interest Expense	192	206
Income Before Income Taxes	333	343
Income Tax Expense	43	60
Net Income	\$ 290	\$ 283
Net Income	\$ 290	\$ 283
Other Comprehensive Income, net of tax		
Net unrealized gains on cash flow hedges	1	1
Unrealized (losses) gains on available-for-sale securities	(1)	1
Other Comprehensive Income, net of tax	—	2
Comprehensive Income	\$ 290	\$ 285

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	March 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 74	\$ 59
Receivables (net of allowance for doubtful accounts of \$8 at 2021 and 2020)	166	228
Receivables of VIEs (net of allowance for doubtful accounts of \$29 at 2021 and 2020)	749	901
Receivables from affiliated companies	76	157
Inventory	1,336	1,375
Regulatory assets (includes \$54 at 2021 and \$53 at 2020 related to VIEs)	821	758
Other (includes \$14 at 2021 and \$39 at 2020 related to VIEs)	257	109
Total current assets	3,479	3,587
Property, Plant and Equipment		
Cost	58,546	57,892
Accumulated depreciation and amortization	(18,718)	(18,368)
Generation facilities to be retired, net	29	29
Net property, plant and equipment	39,857	39,553
Other Noncurrent Assets		
Goodwill	3,655	3,655
Regulatory assets (includes \$927 at 2021 and \$937 at 2020 related to VIEs)	5,749	5,775
Nuclear decommissioning trust funds	4,263	4,137
Operating lease right-of-use assets, net	720	690
Other	1,267	1,227
Total other noncurrent assets	15,654	15,484
Total Assets	\$ 58,990	\$ 58,624
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 796	\$ 919
Accounts payable to affiliated companies	321	289
Notes payable to affiliated companies	2,844	2,969
Taxes accrued	143	121
Interest accrued	187	202
Current maturities of long-term debt (includes \$305 at 2021 and 2020 related to VIEs)	2,127	1,426
Asset retirement obligations	267	283
Regulatory liabilities	702	640
Other	744	793
Total current liabilities	8,131	7,642
Long-Term Debt (includes \$1,322 at 2021 and \$1,252 at 2020 related to VIEs)	17,056	17,688
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	4,489	4,396
Asset retirement obligations	5,859	5,866
Regulatory liabilities	5,126	5,051
Operating lease liabilities	648	623
Accrued pension and other post-retirement benefit costs	501	505
Other	500	462
Total other noncurrent liabilities	17,123	16,903
Commitments and Contingencies		
Equity		
Common Stock, \$0.01 par value, 100 shares authorized and outstanding at 2021 and 2020	—	—
Additional paid-in capital	9,143	9,143
Retained earnings	7,400	7,109
Accumulated other comprehensive loss	(15)	(15)
Total Progress Energy, Inc. stockholders' equity	16,528	16,237
Noncontrolling interests	2	4
Total equity	16,530	16,241
Total Liabilities and Equity	\$ 58,990	\$ 58,624

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 290	\$ 283
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	575	552
Equity component of AFUDC	(13)	(14)
Deferred income taxes	79	80
Payments for asset retirement obligations	(69)	(79)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	6	1
Receivables	214	149
Receivables from affiliated companies	81	27
Inventory	39	(40)
Other current assets	(150)	43
Increase (decrease) in		
Accounts payable	(69)	(211)
Accounts payable to affiliated companies	32	19
Taxes accrued	23	71
Other current liabilities	(60)	(128)
Other assets	(27)	(38)
Other liabilities	(64)	(56)
Net cash provided by operating activities	887	659
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(796)	(972)
Purchases of debt and equity securities	(517)	(651)
Proceeds from sales and maturities of debt and equity securities	537	643
Notes receivable from affiliated companies	—	164
Other	(59)	(39)
Net cash used in investing activities	(835)	(855)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	98	—
Payments for the redemption of long-term debt	(34)	(283)
Notes payable to affiliated companies	(125)	479
Other	(2)	(1)
Net cash (used in) provided by financing activities	(63)	195
Net decrease in cash, cash equivalents and restricted cash	(11)	(1)
Cash, cash equivalents and restricted cash at beginning of period	200	126
Cash, cash equivalents and restricted cash at end of period	\$ 189	\$ 125
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 317	\$ 310

FINANCIAL STATEMENTS

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

			Accumulated Other Comprehensive Income (Loss)			Total Progress Energy, Inc.		Noncontrolling Interests	Total Equity
	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	Stockholders' Equity			
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	
Balance at December 31, 2020	\$ 9,143	\$ 7,109	\$ (5)	\$ (2)	\$ (8)	\$ 16,237	\$ 4	\$ 16,241	
Net income	—	290	—	—	—	290	—	290	
Other comprehensive income (loss)	—	—	1	(1)	—	—	—	—	
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)	
Other	—	1	—	—	—	1	(1)	—	
Balance at March 31, 2021	\$ 9,143	\$ 7,400	\$ (4)	\$ (3)	\$ (8)	\$ 16,528	\$ 2	\$ 16,530	

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
Operating Revenues	\$ 1,401	\$ 1,338
Operating Expenses		
Fuel used in electric generation and purchased power	436	405
Operation, maintenance and other	357	305
Depreciation and amortization	285	287
Property and other taxes	49	47
Total operating expenses	1,127	1,044
Losses on Sales of Other Assets and Other, net	—	(1)
Operating Income	274	293
Other Income and Expenses, net	24	22
Interest Expense	69	69
Income Before Income Taxes	229	246
Income Tax Expense	19	42
Net Income and Comprehensive Income	\$ 210	\$ 204

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	March 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 46	\$ 39
Receivables (net of allowance for doubtful accounts of \$4 at 2021 and 2020)	80	132
Receivables of VIEs (net of allowance for doubtful accounts of \$19 at 2021 and 2020)	422	500
Receivables from affiliated companies	70	50
Inventory	882	911
Regulatory assets	469	492
Other	138	60
Total current assets	2,107	2,184
Property, Plant and Equipment		
Cost	36,077	35,759
Accumulated depreciation and amortization	(13,064)	(12,801)
Generation facilities to be retired, net	29	29
Net property, plant and equipment	23,042	22,987
Other Noncurrent Assets		
Regulatory assets	4,033	3,976
Nuclear decommissioning trust funds	3,645	3,500
Operating lease right-of-use assets, net	386	346
Other	759	740
Total other noncurrent assets	8,823	8,562
Total Assets	\$ 33,972	\$ 33,733
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 339	\$ 454
Accounts payable to affiliated companies	225	215
Notes payable to affiliated companies	163	295
Taxes accrued	73	85
Interest accrued	71	99
Current maturities of long-term debt	1,302	603
Asset retirement obligations	267	283
Regulatory liabilities	618	530
Other	383	411
Total current liabilities	3,441	2,975
Long-Term Debt		
Long-Term Debt	7,904	8,505
Long-Term Debt Payable to Affiliated Companies		
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	2,374	2,298
Asset retirement obligations	5,366	5,352
Regulatory liabilities	4,454	4,394
Operating lease liabilities	356	323
Accrued pension and other post-retirement benefit costs	240	242
Investment tax credits	131	132
Other	86	102
Total other noncurrent liabilities	13,007	12,843
Commitments and Contingencies		
Equity		
Member's Equity	9,470	9,260
Total Liabilities and Equity	\$ 33,972	\$ 33,733

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 210	\$ 204
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	331	331
Equity component of AFUDC	(8)	(10)
Deferred income taxes	6	43
Payments for asset retirement obligations	(46)	(75)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	2	(2)
Receivables	131	133
Receivables from affiliated companies	(20)	2
Inventory	29	(22)
Other current assets	(21)	54
Increase (decrease) in		
Accounts payable	(62)	(220)
Accounts payable to affiliated companies	10	5
Taxes accrued	(12)	26
Other current liabilities	(25)	(73)
Other assets	(35)	(48)
Other liabilities	(15)	(8)
Net cash provided by operating activities	475	340
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(400)	(466)
Purchases of debt and equity securities	(382)	(550)
Proceeds from sales and maturities of debt and equity securities	380	540
Other	(29)	(16)
Net cash used in investing activities	(431)	(492)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	98	—
Payments for the redemption of long-term debt	(2)	(1)
Notes payable to affiliated companies	(132)	163
Other	(1)	—
Net cash (used in) provided by financing activities	(37)	162
Net increase in cash and cash equivalents	7	10
Cash and cash equivalents at beginning of period	39	22
Cash and cash equivalents at end of period	\$ 46	\$ 32
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 96	\$ 87

FINANCIAL STATEMENTS

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

(in millions)	Member's Equity
Balance at December 31, 2019	\$ 9,246
Net income	204
Balance at March 31, 2020	\$ 9,450
Balance at December 31, 2020	\$ 9,260
Net income	210
Balance at March 31, 2021	\$ 9,470

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
Operating Revenues	\$ 1,101	\$ 1,080
Operating Expenses		
Fuel used in electric generation and purchased power	359	358
Operation, maintenance and other	242	245
Depreciation and amortization	200	165
Property and other taxes	93	88
Total operating expenses	894	856
Operating Income	207	224
Other Income and Expenses, net	18	10
Interest Expense	80	84
Income Before Income Taxes	145	150
Income Tax Expense	28	30
Net Income	\$ 117	\$ 120
Other Comprehensive Income, net of tax		
Unrealized (losses) gains on available-for-sale securities	(1)	1
Comprehensive Income	\$ 116	\$ 121

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	March 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 22	\$ 11
Receivables (net of allowance for doubtful accounts of \$5 at 2021 and \$4 at 2020)	84	94
Receivables of VIEs (net of allowance for doubtful accounts of \$10 at 2021 and 2020)	327	401
Receivables from affiliated companies	7	3
Inventory	455	464
Regulatory assets (includes \$54 at 2021 and \$53 at 2020 related to VIEs)	352	265
Other (includes \$14 at 2021 and \$39 at 2020 related to VIEs)	82	41
Total current assets	1,329	1,279
Property, Plant and Equipment		
Cost	22,459	22,123
Accumulated depreciation and amortization	(5,646)	(5,560)
Net property, plant and equipment	16,813	16,563
Other Noncurrent Assets		
Regulatory assets (includes \$927 at 2021 and \$937 at 2020 related to VIEs)	1,717	1,799
Nuclear decommissioning trust funds	617	637
Operating lease right-of-use assets, net	333	344
Other	355	335
Total other noncurrent assets	3,022	3,115
Total Assets	\$ 21,164	\$ 20,957
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 457	\$ 465
Accounts payable to affiliated companies	108	85
Notes payable to affiliated companies	279	196
Taxes accrued	84	82
Interest accrued	75	69
Current maturities of long-term debt (includes \$305 at 2021 and 2020 related to VIEs)	824	823
Regulatory liabilities	84	110
Other	356	374
Total current liabilities	2,267	2,204
Long-Term Debt (includes \$972 at 2021 and \$1,002 at 2020 related to VIEs)	7,060	7,092
Other Noncurrent Liabilities		
Deferred income taxes	2,209	2,191
Asset retirement obligations	493	514
Regulatory liabilities	672	658
Operating lease liabilities	292	300
Accrued pension and other post-retirement benefit costs	230	231
Other	267	209
Total other noncurrent liabilities	4,163	4,103
Commitments and Contingencies		
Equity		
Member's equity	7,677	7,560
Accumulated other comprehensive loss	(3)	(2)
Total equity	7,674	7,558
Total Liabilities and Equity	\$ 21,164	\$ 20,957

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 117	\$ 120
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	243	219
Equity component of AFUDC	(4)	(4)
Deferred income taxes	74	34
Payments for asset retirement obligations	(24)	(5)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	2	3
Receivables	83	15
Receivables from affiliated companies	(4)	—
Inventory	10	(19)
Other current assets	(101)	7
Increase (decrease) in		
Accounts payable	(7)	11
Accounts payable to affiliated companies	23	(20)
Taxes accrued	3	31
Other current liabilities	(41)	(58)
Other assets	12	13
Other liabilities	(48)	(46)
Net cash provided by operating activities	338	301
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(396)	(506)
Purchases of debt and equity securities	(134)	(101)
Proceeds from sales and maturities of debt and equity securities	157	103
Notes receivable from affiliated companies	—	173
Other	(30)	(23)
Net cash used in investing activities	(403)	(354)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for the redemption of long-term debt	(33)	(282)
Notes payable to affiliated companies	83	305
Other	—	(1)
Net cash provided by financing activities	50	22
Net decrease in cash, cash equivalents and restricted cash	(15)	(31)
Cash, cash equivalents and restricted cash at beginning of period	50	56
Cash, cash equivalents and restricted cash at end of period	\$ 35	\$ 25
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 222	\$ 223

FINANCIAL STATEMENTS

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

(in millions)	Member's Equity	Accumulated Other Comprehensive Income (Loss) Net Unrealized Gains (Losses) on Available-for-Sale Securities	Total Equity
Balance at December 31, 2019	\$ 6,789	\$ (1)	\$ 6,788
Net income	120	—	120
Other comprehensive income	—	1	1
Balance at March 31, 2020	\$ 6,909	\$ —	\$ 6,909
Balance at December 31, 2020	\$ 7,560	\$ (2)	\$ 7,558
Net income	117	—	117
Other comprehensive loss	—	(1)	(1)
Balance at March 31, 2021	\$ 7,677	\$ (3)	\$ 7,674

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
Operating Revenues		
Regulated electric	\$ 363	\$ 346
Regulated natural gas	169	152
Total operating revenues	532	498
Operating Expenses		
Fuel used in electric generation and purchased power	82	87
Cost of natural gas	51	37
Operation, maintenance and other	108	123
Depreciation and amortization	74	68
Property and other taxes	92	83
Total operating expenses	407	398
Operating Income	125	100
Other Income and Expenses, net	5	3
Interest Expense	25	24
Income Before Income Taxes	105	79
Income Tax Expense	14	14
Net Income and Comprehensive Income	\$ 91	\$ 65

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	March 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 18	\$ 14
Receivables (net of allowance for doubtful accounts of \$4 at 2021 and 2020)	98	98
Receivables from affiliated companies	60	102
Inventory	108	110
Regulatory assets	54	39
Other	18	31
Total current assets	356	394
Property, Plant and Equipment		
Cost	11,199	11,022
Accumulated depreciation and amortization	(3,049)	(3,013)
Net property, plant and equipment	8,150	8,009
Other Noncurrent Assets		
Goodwill	920	920
Regulatory assets	620	610
Operating lease right-of-use assets, net	20	20
Other	75	72
Total other noncurrent assets	1,635	1,622
Total Assets	\$ 10,141	\$ 10,025
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 266	\$ 279
Accounts payable to affiliated companies	56	68
Notes payable to affiliated companies	270	169
Taxes accrued	192	247
Interest accrued	32	31
Current maturities of long-term debt	50	50
Asset retirement obligations	8	3
Regulatory liabilities	59	65
Other	67	70
Total current liabilities	1,000	982
Long-Term Debt		
Long-Term Debt Payable to Affiliated Companies	25	25
Other Noncurrent Liabilities		
Deferred income taxes	1,001	981
Asset retirement obligations	104	108
Regulatory liabilities	739	748
Operating lease liabilities	20	20
Accrued pension and other post-retirement benefit costs	114	113
Other	97	99
Total other noncurrent liabilities	2,075	2,069
Commitments and Contingencies		
Equity		
Common Stock, \$8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2021 and 2020	762	762
Additional paid-in capital	2,776	2,776
Retained earnings	488	397
Total equity	4,026	3,935
Total Liabilities and Equity	\$ 10,141	\$ 10,025

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 91	\$ 65
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	75	69
Equity component of AFUDC	(2)	(1)
Deferred income taxes	12	14
(Increase) decrease in		
Receivables	—	1
Receivables from affiliated companies	5	40
Inventory	2	14
Other current assets	(5)	8
Increase (decrease) in		
Accounts payable	8	(19)
Accounts payable to affiliated companies	(12)	—
Taxes accrued	(55)	(49)
Other current liabilities	(8)	2
Other assets	(16)	(2)
Other liabilities	1	(5)
Net cash provided by operating activities	96	137
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(220)	(217)
Notes receivable from affiliated companies	37	—
Other	(10)	(10)
Net cash used in investing activities	(193)	(227)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable to affiliated companies	101	87
Net cash provided by financing activities	101	87
Net increase (decrease) in cash and cash equivalents	4	(3)
Cash and cash equivalents at beginning of period	14	17
Cash and cash equivalents at end of period	\$ 18	\$ 14
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 84	\$ 66

FINANCIAL STATEMENTS

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

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Equity
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
Balance at December 31, 2020	\$ 762	\$ 2,776	\$ 397	\$ 3,935
Net income	—	—	91	91
Balance at March 31, 2021	\$ 762	\$ 2,776	\$ 488	\$ 4,026

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended March 31,	
	2021	2020
Operating Revenues	\$ 745	\$ 692
Operating Expenses		
Fuel used in electric generation and purchased power	217	194
Operation, maintenance and other	178	186
Depreciation and amortization	152	132
Property and other taxes	21	22
Total operating expenses	568	534
Operating Income	177	158
Other Income and Expenses, net	9	10
Interest Expense	50	43
Income Before Income Taxes	136	125
Income Tax Expense	24	26
Net Income and Comprehensive Income	\$ 112	\$ 99

FINANCIAL STATEMENTS

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

(in millions)	March 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 17	\$ 7
Receivables (net of allowance for doubtful accounts of \$3 at 2021 and 2020)	63	55
Receivables from affiliated companies	62	112
Notes receivable from affiliated companies	51	—
Inventory	436	473
Regulatory assets	151	125
Other	34	37
Total current assets	814	809
Property, Plant and Equipment		
Cost	17,548	17,382
Accumulated depreciation and amortization	(5,821)	(5,661)
Net property, plant and equipment	11,727	11,721
Other Noncurrent Assets		
Regulatory assets	1,217	1,203
Operating lease right-of-use assets, net	54	55
Other	251	253
Total other noncurrent assets	1,522	1,511
Total Assets	\$ 14,063	\$ 14,041
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 163	\$ 188
Accounts payable to affiliated companies	72	88
Notes payable to affiliated companies	—	131
Taxes accrued	122	62
Interest accrued	59	51
Current maturities of long-term debt	123	70
Asset retirement obligations	176	168
Regulatory liabilities	119	111
Other	82	83
Total current liabilities	916	952
Long-Term Debt	3,818	3,871
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	1,230	1,228
Asset retirement obligations	997	1,008
Regulatory liabilities	1,629	1,627
Operating lease liabilities	52	53
Accrued pension and other post-retirement benefit costs	172	171
Investment tax credits	168	168
Other	35	30
Total other noncurrent liabilities	4,283	4,285
Commitments and Contingencies		
Equity		
Member's Equity	4,896	4,783
Total Liabilities and Equity	\$ 14,063	\$ 14,041

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 112	\$ 99
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	153	133
Equity component of AFUDC	(5)	(6)
Deferred income taxes	(12)	16
Payments for asset retirement obligations	(10)	(12)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	1	—
Receivables	(9)	15
Receivables from affiliated companies	—	3
Inventory	38	(21)
Other current assets	(23)	25
Increase (decrease) in		
Accounts payable	1	(13)
Accounts payable to affiliated companies	(16)	(21)
Taxes accrued	71	43
Other current liabilities	20	(27)
Other assets	3	(4)
Other liabilities	12	8
Net cash provided by operating activities	336	238
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(186)	(210)
Purchases of debt and equity securities	(5)	(5)
Proceeds from sales and maturities of debt and equity securities	4	2
Notes receivable from affiliated companies	(1)	(543)
Other	(7)	(6)
Net cash used in investing activities	(195)	(762)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	544
Notes payable to affiliated companies	(131)	(30)
Net cash (used in) provided by financing activities	(131)	514
Net increase (decrease) in cash and cash equivalents	10	(10)
Cash and cash equivalents at beginning of period	7	25
Cash and cash equivalents at end of period	\$ 17	\$ 15
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 74	\$ 70

FINANCIAL STATEMENTS

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

(in millions)	Member's Equity
Balance at December 31, 2019	\$ 4,575
Net income	99
Balance at March 31, 2020	\$ 4,674
Balance at December 31, 2020	\$ 4,783
Net income	112
Other	1
Balance at March 31, 2021	\$ 4,896

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
Operating Revenues	\$ 606	\$ 512
Operating Expenses		
Cost of natural gas	225	162
Operation, maintenance and other	78	80
Depreciation and amortization	48	45
Property and other taxes	14	12
Total operating expenses	365	299
Operating Income	241	213
Other Income and Expenses, net	17	12
Interest Expense	29	27
Income Before Income Taxes	229	198
Income Tax Expense	26	20
Net Income and Comprehensive Income	\$ 203	\$ 178

FINANCIAL STATEMENTS

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

(in millions)	March 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1	\$ —
Receivables (net of allowance for doubtful accounts of \$14 at 2021 and \$12 at 2020)	257	250
Receivables from affiliated companies	10	10
Notes receivable from affiliated companies	198	—
Inventory	37	68
Regulatory assets	100	153
Other	12	20
Total current assets	615	501
Property, Plant and Equipment		
Cost	9,358	9,134
Accumulated depreciation and amortization	(1,809)	(1,749)
Net property, plant and equipment	7,549	7,385
Other Noncurrent Assets		
Goodwill	49	49
Regulatory assets	324	302
Operating lease right-of-use assets, net	19	20
Investments in equity method unconsolidated affiliates	88	88
Other	274	270
Total other noncurrent assets	754	729
Total Assets	\$ 8,918	\$ 8,615
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 166	\$ 230
Accounts payable to affiliated companies	58	79
Notes payable to affiliated companies	—	530
Taxes accrued	68	23
Interest accrued	37	34
Current maturities of long-term debt	160	160
Regulatory liabilities	70	88
Other	73	69
Total current liabilities	632	1,213
Long-Term Debt	2,967	2,620
Other Noncurrent Liabilities		
Deferred income taxes	837	821
Asset retirement obligations	20	20
Regulatory liabilities	1,015	1,044
Operating lease liabilities	17	19
Accrued pension and other post-retirement benefit costs	8	8
Other	179	155
Total other noncurrent liabilities	2,076	2,067
Commitments and Contingencies		
Equity		
Common stock, no par value: 100 shares authorized and outstanding at 2021 and 2020	1,635	1,310
Retained earnings	1,608	1,405
Total equity	3,243	2,715
Total Liabilities and Equity	\$ 8,918	\$ 8,615

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 203	\$ 178
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	48	46
Equity component of AFUDC	(6)	(5)
Deferred income taxes	(12)	12
Equity in earnings from unconsolidated affiliates	(2)	(2)
(Increase) decrease in		
Receivables	(8)	65
Receivables from affiliated companies	—	(3)
Inventory	31	33
Other current assets	66	(9)
Increase (decrease) in		
Accounts payable	(63)	(76)
Accounts payable to affiliated companies	(21)	9
Taxes accrued	45	12
Other current liabilities	(16)	(12)
Other assets	2	1
Other liabilities	(2)	(19)
Net cash provided by operating activities	265	230
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(200)	(231)
Notes receivable from affiliated companies	(198)	—
Other	(8)	(5)
Net cash used in investing activities	(406)	(236)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	347	—
Notes payable to affiliated companies	(530)	10
Capital contributions from parent	325	—
Net cash provided by financing activities	142	10
Net increase in cash and cash equivalents	1	4
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	\$ 1	\$ 4
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 106	\$ 114

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	Common Stock	Retained Earnings	Total Equity
Balance at December 31, 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
Balance at December 31, 2020	\$ 1,310	\$ 1,405	\$ 2,715
Net income	—	203	203
Contribution from parent	325	—	325
Balance at March 31, 2021	\$ 1,635	\$ 1,608	\$ 3,243

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS ORGANIZATION AND BASIS OF PRESENTATION

Index to Combined Notes to Condensed Consolidated Financial Statements

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

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

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

1. ORGANIZATION AND BASIS OF PRESENTATION

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2020.

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.

OTHER CURRENT LIABILITIES

Included in Other within Current Liabilities on the Duke Energy Condensed Consolidated Balance Sheet is a current liability of \$46 million and \$936 million as of March 31, 2021, and December 31, 2020, respectively. The current liability, initially recorded in 2020, primarily represented Duke Energy's share of ACP's obligations of outstanding debt and to satisfy ARO requirements to restore construction sites. See Notes 3 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.

FINANCIAL STATEMENTS ORGANIZATION AND BASIS OF PRESENTATION

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

The following table presents cash received for the sale of noncontrolling interest and allocated losses to noncontrolling interest for the three months ended March 31, 2021, and 2020.

(in millions)	Three Months Ended March 31,	
	2021	2020
Noncontrolling Interest Capital Contributions		
Cash received for the sale of noncontrolling interest to tax equity members	\$ 303	\$ 103
Cash received for the sale of noncontrolling interest to pro rata share members	—	—
Total Noncontrolling Interest Capital Contributions	303	103
Noncontrolling Interest Allocation of Income		
Allocated losses to noncontrolling tax equity members utilizing the HLBV method	43	49
Allocated losses (gains) to noncontrolling members based on pro rata shares of ownership	8	(1)
Total Noncontrolling Interest Allocated Losses	\$ 51	\$ 48

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.

	March 31, 2021			December 31, 2020		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	\$ 379	\$ 74	\$ 22	\$ 259	\$ 59	\$ 11
Other	210	13	13	194	39	39
Other Noncurrent Assets						
Other	103	102	—	103	102	—
Total cash, cash equivalents and restricted cash	\$ 692	\$ 189	\$ 35	\$ 556	\$ 200	\$ 50

INVENTORY

Provisions for inventory write-offs were not material at March 31, 2021, and December 31, 2020. The components of inventory are presented in the tables below.

(in millions)	March 31, 2021							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Piedmont
Materials and supplies	\$ 2,365	\$ 816	\$ 1,011	\$ 680	\$ 332	\$ 77	\$ 313	\$ 11
Coal	464	170	160	101	59	12	122	—
Natural gas, oil and other fuel	247	35	165	101	64	19	1	26
Total inventory	\$ 3,076	\$ 1,021	\$ 1,336	\$ 882	\$ 455	\$ 108	\$ 436	\$ 37

(in millions)	December 31, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Piedmont
Materials and supplies	\$ 2,312	\$ 785	\$ 999	\$ 673	\$ 325	\$ 78	\$ 307	\$ 12
Coal	561	186	193	131	63	16	165	—
Natural gas, oil and other fuel	294	39	183	107	76	16	1	56
Total inventory	\$ 3,167	\$ 1,010	\$ 1,375	\$ 911	\$ 464	\$ 110	\$ 473	\$ 68

NEW ACCOUNTING STANDARDS

No new accounting standards were adopted by the Duke Energy Registrants in 2021, but the following accounting standard was adopted by the Duke Energy Registrants in 2020.

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

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

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

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

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

(in millions)	January 1, 2020					
	Duke Energy		Duke Energy Progress		Duke Energy Florida Piedmont	
	Duke Energy	Carolinias	Energy	Progress	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, 2021.

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 2021, Duke Energy continues to monitor recoverability of its renewable merchant plants located in the Electric Reliability Council of Texas West market and in the PJM West market due to declining market pricing and declining long-term forecasted energy prices, primarily driven by lower forecasted natural gas prices. The assets were not impaired as of March 31, 2021, because the carrying value of approximately \$210 million continues to approximate 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 these facilities 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.

FINANCIAL STATEMENTS BUSINESS SEGMENTS

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

(in millions)	Three Months Ended March 31, 2021						
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Unaffiliated revenues	\$ 5,273	\$ 752	\$ 119	\$ 6,144	\$ 6	\$ —	\$ 6,150
Intersegment revenues	8	23	—	31	20	(51)	—
Total revenues	\$ 5,281	\$ 775	\$ 119	\$ 6,175	\$ 26	\$ (51)	\$ 6,150
Segment income (loss) ^(a)	\$ 820	\$ 245	\$ 27	\$ 1,092	\$ (139)	\$ —	\$ 953
Less: Noncontrolling interests							51
Add: Preferred stock dividend							39
Net Income							\$ 941
Segment assets	\$ 138,734	\$ 14,139	\$ 6,894	\$ 159,767	\$ 3,710	\$ (12)	\$ 163,465

(in millions)	Three Months Ended March 31, 2020						
	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) ^(b)	\$ 705	\$ 249	\$ 57	\$ 1,011	\$ (112)	\$ —	\$ 899
Less: Noncontrolling interests							48
Add: Preferred stock dividend							39
Net Income							\$ 890

- (a) Commercial Renewables includes a \$35 million loss related to Texas Storm Uri, of which \$8 million is recorded within Nonregulated electric and other revenues, \$2 million within Operations, maintenance and other, \$29 million within Equity in (losses) earnings of unconsolidated affiliates and \$12 million within Loss Attributable to Noncontrolling Interests on the Condensed Consolidated Statements of Operations. See Note 4 for additional information. Gas Utilities and Infrastructure includes \$6 million, recorded within Equity in (losses) earnings of unconsolidated affiliates on the Condensed Consolidated Statements of Operations, related to gas pipeline investments. See Note 3 for additional information.
- (b) Other includes a \$98 million reversal, recorded within Operations, maintenance and other on the Condensed Consolidated Statements of Operations, related to 2018 severance costs due to the partial settlement of the Duke Energy Carolinas 2019 North Carolina rate case. See Note 3 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.

(in millions)	Three Months Ended March 31, 2021						
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Total revenues	\$ 363	\$ 169	\$ 532	\$ —	\$ —	\$ —	\$ 532
Segment income/Net income	\$ 50	\$ 43	\$ 93	\$ (2)	\$ —	\$ —	\$ 91
Segment assets	\$ 6,544	\$ 3,575	\$ 10,119	\$ 29	\$ (7)	\$ —	\$ 10,141

(in millions)	Three Months Ended March 31, 2020						
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total
Total revenues	\$ 346	\$ 152	\$ 498	\$ —	\$ —	\$ —	\$ 498
Segment income/Net income	\$ 30	\$ 36	\$ 66	\$ (1)	\$ —	\$ —	\$ 65

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

2021 Coal Ash Settlement

On January 22, 2021, Duke Energy Carolinas and Duke Energy Progress entered into the Coal Combustion Residuals Settlement Agreement (the "CCR Settlement Agreement") with the North Carolina Public Staff (Public Staff), the North Carolina Attorney General's Office and the Sierra Club (collectively, the "Settling Parties"), which was filed with the NCUC on January 25, 2021. The CCR Settlement Agreement resolves all coal ash prudence and cost recovery issues in connection with 2019 rate cases filed by Duke Energy Carolinas and Duke Energy Progress with the NCUC, as well as the equitable sharing issue on remand from the 2017 Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases as a result of the December 11, 2020, North Carolina Supreme Court opinion. The settlement also provides clarity on coal ash cost recovery in North Carolina for Duke Energy Carolinas and Duke Energy Progress through January 2030 and February 2030 (the "Term"), respectively.

Duke Energy Carolinas and Duke Energy Progress agreed not to seek recovery of approximately \$1 billion of systemwide deferred coal ash expenditures, but will retain the ability to earn a debt and equity return during the amortization period, which shall be five years in the pending 2019 North Carolina rate cases and will be set by the NCUC in future rate case proceedings. The equity return and the amortization period on deferred coal ash costs under the 2017 Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases will remain unaffected. The equity return on deferred coal ash costs under the 2019 North Carolina rate cases and future rate cases in North Carolina will be set at 150 basis points lower than the authorized return on equity (ROE) then in effect, with a capital structure composed of 48% debt and 52% equity. Duke Energy Carolinas and Duke Energy Progress retain the ability to earn a full WACC return during the deferral period, which is the period from when costs are incurred until they are recovered in rates.

The Settling Parties agreed that execution by Duke Energy Carolinas and Duke Energy Progress of a settlement agreement between themselves and the NCUC dated December 31, 2019, (the "DEQ Settlement") and the coal ash management plans included therein or subsequently approved by DEQ are reasonable and prudent. The Settling Parties retain the right to challenge the reasonableness and prudence of actions taken by Duke Energy Carolinas and Duke Energy Progress and costs incurred to implement the scope of work agreed upon in the DEQ Settlement, after February 1, 2020, and March 1, 2020, for Duke Energy Carolinas and Duke Energy Progress, respectively. The Settling Parties further agreed to waive rights through the Term to challenge the reasonableness or prudence of Duke Energy Carolinas' and Duke Energy Progress' historical coal ash management practices, and to waive the right to assert any arguments that future coal ash costs, including financing costs, shall be shared between either company and customers through equitable sharing or any other rate base or return adjustment that shares the revenue requirement burden of coal ash costs not otherwise disallowed due to imprudence.

The Settling Parties agreed to a sharing arrangement for future coal ash insurance litigation proceeds between Duke Energy Carolinas and Duke Energy Progress and North Carolina customers, if achieved.

On January 29, 2021, Duke Energy Carolinas and Duke Energy Progress filed joint motions with the Settling Parties seeking approval of the CCR Settlement Agreement, along with supporting testimony and exhibits from Duke Energy Carolinas and Duke Energy Progress. On February 5, 2021, the Public Staff filed testimony and exhibits supporting the CCR Settlement Agreement.

As a result of the CCR Settlement Agreement, Duke Energy Carolinas and Duke Energy Progress recorded a pretax charge of approximately \$454 million and \$494 million, respectively, in the fourth quarter of 2020 to Impairment charges and a reversal of approximately \$50 million and \$102 million, respectively, to Regulated electric operating revenues on the respective Consolidated Statements of Operations.

The Coal Ash Settlement was approved without modification in the NCUC Orders in the 2019 rate cases on March 31, 2021, and April 16, 2021, for Duke Energy Carolinas and Duke Energy Progress, respectively.

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 the costs of each utility's 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. On January 27, 2021, Duke Energy Carolinas, 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 accounting issues, including agreement to support an 18- to 20-year bond period. The total revenue requirement over a proposed 20-year bond period for the storm recovery charges is approximately \$287 million for Duke Energy Carolinas and \$920 million for Duke Energy Progress. A remote evidentiary hearing ended on January 29, 2021, and on February 1, 2021, the NCUC granted a motion by Duke Energy Carolinas and Duke Energy Progress for a temporary 30-day waiver of the 135-day time frame for the NCUC to issue orders on the joint petition, extending the deadline for the NCUC to issue an order to May 10, 2021. In the NCUC Orders in the 2019 rate cases on March 31, 2021, and April 16, 2021, for Duke Energy Carolinas and Duke Energy Progress, respectively, the reasonableness and prudence of the deferred storm costs was approved. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

COVID-19 Filings

North Carolina

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. Comments on the joint petition were filed on November 5, 2020, and reply comments were filed on November 30, 2020. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

South Carolina

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 South Carolina Office of Regulatory Staff (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. Updates on cost impacts were filed on December 30, 2020, and included financial impacts through November 30, 2020. On January 15, 2021, the ORS requested the PSCSC suspend the dates for the ORS report and public hearing. The ORS conferred with the companies regarding the status of the docket, and the parties mutually agreed that recently enacted federal laws addressing COVID-19 aid and recovery should be studied before further action is taken in this docket. On January 27, 2021, the PSCSC voted to grant the ORS request to suspend the virtual public hearing. The ORS filed its report on April 16, 2021. 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 Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included an ROE 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. The North Carolina Supreme Court consolidated the Duke Energy Carolinas and Duke Energy Progress appeals. On December 11, 2020, the North Carolina Supreme Court issued an opinion, which affirmed, in part, and reversed and remanded, in part, the NCUC's decisions. In the Opinion, the court upheld the NCUC's decision to include coal ash costs in the cost of service, as well as the NCUC's discretion to allow a return on the unamortized balance of coal ash costs. The court also remanded to the NCUC a single issue to consider the assessment of support for the Public Staff's equitable sharing argument. In response to a NCUC order seeking comments on the proposed procedure on remand, on January 11, 2021, Duke Energy Carolinas, Duke Energy Progress, the Public Staff, the North Carolina Attorney General, Sierra Club and Carolina Industrial Group for Fair Utility Rates II and III filed joint comments proposing that the NCUC not hold additional evidentiary hearings, but instead rely upon existing records in the 2017 North Carolina rate cases, or in the alternative the records in the 2019 North Carolina rate cases, in deciding the issue on remand. On January 22, 2021, Duke Energy Carolinas and Duke Energy Progress entered into the CCR Settlement Agreement with the Settling Parties, which was filed with the NCUC on January 25, 2021, and approved by the NCUC on March 31, 2021.

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, subject to review and approval of the NCUC, resolving certain issues in the base rate proceeding. 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), subject to review and approval of the NCUC, resolving certain remaining issues in the base rate proceeding. 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 was based on and consistent with the base rate component of the Second Partial Settlement and excluded the items to be litigated noted above. 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 made with the NCUC from all parties by November 4, 2020. On January 22, 2021, Duke Energy Carolinas and Duke Energy Progress entered into the CCR Settlement Agreement with the Settling Parties, which was filed with the NCUC on January 25, 2021.

On March 31, 2021, the NCUC issued an order approving the March 25, 2020, and July 31, 2020, partial settlements. The order includes approval of 1) an ROE of 9.6% based upon a capital structure of 52% equity and 48% debt; 2) deferral treatment of approximately \$800 million of grid improvement projects with a return; 3) a flow back period of five years for unprotected federal EDIT; and 4) the reasonableness and prudence of \$213 million of deferred storm costs, which were removed from the rate case and for which Duke Energy Carolinas filed a petition seeking securitization in October 2020. Additionally, the order approved without modification the CCR Settlement Agreement.

The order denied Duke Energy Carolinas' proposal to shorten the remaining depreciable lives of certain Duke Energy Carolinas coal-fired generating units, indicating the appropriate proceeding for the review of generating plant retirements is Duke Energy Carolinas' integrated resource planning (IRP) proceeding.

On April 12, 2021, Duke Energy Carolinas filed its final revenue requirement with the NCUC, which results in a net increase of approximately \$33 million. Revised customer rates are expected to become effective in June 2021.

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 an ROE 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, ROE 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 with the Supreme Court of South Carolina. 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 before the Supreme Court of South Carolina have been scheduled to occur on May 26, 2021. Based on legal analysis and the filing of the appeal, Duke Energy Carolinas has not recorded an adjustment for its deferred coal ash costs in this matter. 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 an ROE 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.

The North Carolina Supreme Court consolidated the Duke Energy Carolinas and Duke Energy Progress appeals. On December 11, 2020, the North Carolina Supreme Court issued an opinion, which affirmed, in part, and reversed and remanded, in part, the NCUC's decisions. In the Opinion, the court upheld the NCUC's decision to include coal ash costs in the cost of service, as well as the NCUC's discretion to allow a return on the unamortized balance of coal ash costs. The court also remanded to the NCUC a single issue to consider the assessment of support for the Public Staff's equitable sharing argument. In response to a NCUC order seeking comments on the proposed procedure on remand, on January 11, 2021, Duke Energy Carolinas, Duke Energy Progress, the Public Staff, the North Carolina Attorney General, Sierra Club and Carolina Industrial Group for Fair Utility Rates II and III filed joint comments proposing that the NCUC not hold additional evidentiary hearings, but instead rely upon existing records in the 2017 North Carolina rate cases or in the alternative the records in the 2019 North Carolina rate cases, in deciding the issue on remand. On January 22, 2021, Duke Energy Progress and Duke Energy Carolinas entered into the CCR Settlement Agreement with the Settling Parties, which was filed with the NCUC on January 25, 2021, and approved by the NCUC on April 16, 2021.

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 sought to defer and recover incremental Hurricane Dorian storm costs in this proceeding and requested 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, subject to review and approval of the NCUC, resolving certain issues in the base rate proceeding. 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, subject to review and approval of the NCUC, resolving certain remaining issues in the base rate proceeding. 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 was based on and consistent with the terms of the base rate component of the settlement agreements with the Public Staff and excluded 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 sought 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 were filed with the NCUC from all parties by December 4, 2020. On January 22, 2021, Duke Energy Progress and Duke Energy Carolinas entered into the CCR Settlement Agreement with the Settling Parties, which was filed with the NCUC on January 25, 2021.

On April 16, 2021, the NCUC issued an order approving the June 2, 2020, and July 31, 2020, partial settlements. The order includes approval of 1) an ROE of 9.6% based upon a capital structure of 52% equity and 48% debt; 2) deferral treatment of approximately \$400 million of grid improvement projects with a return; 3) a flow back period of five years for unprotected federal EDIT; and 4) the reasonableness and prudence of approximately \$714 million of deferred storm costs, which were removed from the rate case and for which Duke Energy Progress filed a petition seeking securitization in October 2020. Additionally, the order approved without modification the CCR Settlement Agreement.

The order denied Duke Energy Progress' proposal to shorten the remaining depreciable lives of certain Duke Energy Progress coal-fired generating units, indicating the appropriate proceeding for the review of generating plant retirements is Duke Energy Progress' IRP proceeding.

On April 26, 2021, Duke Energy Progress filed its final revenue requirement with the NCUC, which results in a net increase of approximately \$178 million. Revised customer rates are expected to become effective in June 2021.

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 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, 2021, and December 31, 2020. 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. For information on the securitization filing, see "2020 North Carolina Storm Securitization Filings." Duke Energy Progress cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Progress filed an application with the PSCSC for a rate increase for retail customers of approximately \$59 million.

After hearings in April 2019, the PSCSC issued an order on May 21, 2019, which included an ROE 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, ROE 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. 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 before the Supreme Court of South Carolina have been scheduled to occur on May 26, 2021. Based on legal analysis and the filing of the appeal, Duke Energy Progress has not recorded an adjustment for its deferred coal ash costs in this matter. Duke Energy Progress cannot predict the outcome of this matter.

Western Carolinas Modernization Plan

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 was held on November 18, 2020. The application was approved and a CPCN was granted by order of the NCUC on April 20, 2021.

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), alleging that the 11% stated ROE component contained in the demand formula rate in the Full Requirements Power Purchase Agreement (FRPPA) between NCEMPA and Duke Energy Progress 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 the consideration of variations to the base transmission-related ROE methodology developed in its Order No. 569-A, through the introduction of "specific facts and circumstances" involving issues specific to the case. The parties reached a settlement in principle at a settlement conference on January 7, 2021, and filed a settlement package on March 10, 2021. The FERC Trial Staff filed comments in support of the settlement. On April 19, 2021, the Settlement Judge certified the settlement to the FERC as an uncontested settlement and recommended approval by the FERC. 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, alleging that the 11% stated ROE component in the demand formula rate in the Power Supply and Coordination Agreement between NCEMC and Duke Energy Progress is unjust and unreasonable. 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 responded to the complaint on November 20, 2020, seeking dismissal, demonstrating that the 11% ROE is just and reasonable for the service provided. The parties filed responsive pleadings and are awaiting an order from the FERC. Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Florida

2021 Settlement Agreement

On January 14, 2021, Duke Energy Florida filed a Settlement Agreement (the "Settlement") with the FPSC. The parties to the Settlement include Duke Energy Florida, the Office of Public Counsel (OPC), the Florida Industrial Power Users Group, White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate and NUCOR Steel Florida, Inc. (collectively, the "Parties").

Pursuant to the Settlement, the parties agreed to a base rate stay-out provision that expires year-end 2024; however, Duke Energy Florida is allowed an increase to its base rates of an incremental \$67 million in 2022, \$49 million in 2023 and \$79 million in 2024, subject to adjustment in the event of tax reform during the years 2021, 2022 and 2023. The parties also agreed to a ROE band of 8.85% to 10.85% with a midpoint of 9.85% based on a capital structure of 53% equity and 47% debt. The ROE band can be increased by 25 basis points if the average 30-year U.S. Treasury rate increases 50 basis points or more over a six-month period in which case the midpoint ROE would rise from 9.85% to 10.10%. Duke Energy Florida will also be able to retain the DOE award of approximately \$173 million for spent nuclear fuel, which is expected to be received in 2022, in order to mitigate customer rates over the term of the Settlement. In return, Duke Energy Florida will be able to recognize the \$173 million into earnings from 2022 through 2024.

In addition to these terms, the Settlement contains provisions related to the accelerated depreciation of Crystal River Units 4-5, the approval of approximately \$1 billion in future investments in new cost effective solar power, the implementation of a new Electric Vehicle Charging Station Program and the deferral and recovery of costs in connection with the implementation of Duke Energy Florida's Vision Florida program, which explores various emerging non-carbon emitting generation technology, distributed technologies and resiliency projects, among other things. The Settlement also resolves remaining unrecovered storm costs for hurricanes Dorian and Michael.

The FPSC approved the Settlement on May 4, 2021. Revised customer rates will be effective January 1, 2022, with subsequent base rate increases effective January 1, 2023, and January 1, 2024.

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. Approximately \$42 million and \$80 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, 2021, and December 31, 2020, respectively.

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. The final actual amount of \$145 million was filed on September 30, 2020. The Settlement was approved by the FPSC and all matters regarding storm cost recovery relating to Hurricane Michael and Hurricane Dorian are resolved.

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 remote hearing was held on November 17, 2020, and post-hearing briefs were filed with the FPSC from all parties by December 9, 2020. The FPSC voted to approve the program on January 5, 2021, and issued its written order on January 26, 2021.

On February 24, 2021, the League of United Latin American Citizens filed a notice of appeal of the FPSC's Order approving the Clean Energy Connection to the Florida Supreme Court. The FPSC approval order remains in effect pending the outcome of the appeal. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Ohio

Ohio House Bill 6

On July 23, 2019, House Bill 6 was signed into law that became effective January 1, 2020. Among other things, the bill allows for funding, through a rider mechanism referred to as the Clean Air Fund (Rider CAF), of two nuclear generating facilities located in Northern Ohio 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 is through a non-bypassable rider that replaced any existing recovery mechanism approved by the PUCO and will remain in place through 2030. As such, Duke Energy Ohio created the Legacy Generation Rider (Rider LGR) that replaced Rider PSR effective January 1, 2020. The amounts recoverable from customers are subject to an annual cap, with incremental costs that exceed such cap eligible for deferral and recovery subject to review. See Note 11 for additional discussion of Duke Energy Ohio's ownership interest in OVEC. House Bill 128 was signed into law on March 31, 2021, which becomes effective June 30, 2021. The bill removes nuclear plant funding from Rider CAF and does not impact OVEC cost recovery.

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 November 18, 2020, the PUCO issued two orders on the application for rehearing. The first order was a Third Entry on Rehearing on the Duke Energy Ohio portfolio holding the cost cap previously imposed was unlawful, a shared savings cap of \$8 million pretax should be imposed and lost distribution revenues could not be recovered after December 31, 2020. The second order directs all utilities set the rider to zero effective January 1, 2021, and to file a separate application for final reconciliation of all energy efficiency costs prior to December 31, 2020. On December 18, 2020, Duke Energy Ohio filed an application for rehearing. On January 13, 2021, the application for rehearing was granted for further consideration. Duke Energy Ohio cannot predict the outcome of this matter.

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. The application remains under review. As of January 1, 2021, Duke Energy Ohio suspended its energy efficiency programs due to changes in Ohio law. Duke Energy Ohio cannot predict the outcome of this matter.

Natural Gas Pipeline Extension

Duke Energy Ohio is installing 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 will 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. 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. The appeal was fully briefed and the Ohio Supreme Court oral argument was held on March 31, 2021. Duke Energy Ohio cannot predict the outcome of this matter.

On September 22, 2020, Duke Energy Ohio filed an application with the OPSB for approval to amend the certificated pipeline route due to changes in the route negotiated with property owners and municipalities. On January 21, 2021, the OPSB approved the amended filing with recommended conditions that reaffirm previous conditions and provide guidance regarding local permitting and construction supervision. Duke Energy Ohio cannot predict the outcome of this matter.

MGP Cost Recovery

In an order issued in 2013, the PUCO approved Duke Energy Ohio's deferral and recovery of costs related to environmental remediation at two sites (East End and West End) that housed former MGP operations. Duke Energy Ohio has collected approximately \$55 million in environmental remediation costs incurred 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 base rate case. To date, the PUCO has not ruled on Duke Energy Ohio's annual applications for the calendar years 2013 through 2019. 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, and intervenor comments were filed on November 9, 2020. Duke Energy Ohio cannot predict the outcome of this matter.

The 2012 PUCO order also contained conditional deadlines for completing the MGP environmental remediation 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 that must occur after December 31, 2019. On July 12, 2019, staff recommended the commission deny the deferral authority request. 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.

Tax Act – Ohio

On December 21, 2018, Duke Energy Ohio filed an application to change its base rate tariffs and establish a new rider to implement the benefits of the Tax Act for natural gas customers. Duke Energy Ohio requested commission approval to implement the tariff changes and rider effective April 1, 2019. The new rider will flow through to customers the benefit of the lower statutory federal tax rate from 35% to 21% since January 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normalization rules will be refunded consistent with federal law and deferred income taxes not subject to normalization rules will be refunded over a 10-year period. The PUCO established a procedural schedule and testimony was filed on July 31, 2019. An evidentiary hearing occurred on August 7, 2019. Initial briefs were filed on September 11, 2019. Reply briefs were filed on September 25, 2019. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky Natural Gas Base Rate Case

On April 30, 2021, Duke Energy Kentucky filed a Notice of Intent with the KPSC to file a general natural gas rate case no earlier than 30 days from the date of the notice.

Duke Energy Indiana

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 an ROE of 9.7% 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 ROE of 9.7% versus the requested ROE of 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 implemented in mid-2021. Several groups appealed the IURC order to the Indiana Court of Appeals. 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 appeal was fully briefed in January 2021 and an oral argument was held on April 8, 2021. A decision is expected in the second or third quarter of 2021. Duke Energy Indiana cannot predict the outcome of this matter.

2020 Indiana Coal Ash Recovery Case

In Duke Energy Indiana's 2019 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-August 2021. Duke Energy Indiana cannot predict the outcome of this matter.

Piedmont

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 Piedmont's 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. Piedmont amended its requested increase to approximately \$26 million in December 2020. As authorized under Tennessee law, Piedmont implemented interim rates on January 2, 2021, at the level requested in its adjusted request. A settlement reached with the Tennessee Consumer Advocate in mid-January was filed with the TPUC on February 2, 2021. The settlement results in an increase of revenues of approximately \$16 million and a ROE of 9.8%. On May 6, 2021, the TPUC issued an order approving the settlement. Revised customer rates became effective January 2, 2021. Piedmont refunded customers the difference between bills previously rendered under interim rates and such bills if rendered under approved rates, plus interest, in April 2021.

2021 North Carolina Rate Case

On March 22, 2021, Piedmont filed an application with the NCUC for a rate increase for retail customers of approximately \$109 million, which represents an approximate 10% increase in retail revenues. The rate increase is driven by customer growth and significant infrastructure upgrade investments (plant additions) since the last general rate case. Approximately 30% of the plant additions being rolled into rate base are categories of plant investment that are covered under the IMR mechanism, which was originally approved as part of the 2013 North Carolina Rate Case. A hearing date has not yet been established. Piedmont cannot predict the outcome of this matter.

OTHER REGULATORY MATTERS

Atlantic Coast Pipeline, LLC

Atlantic Coast Pipeline (ACP pipeline) was planned to be 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.

As a result of the uncertainty created by various legal rulings, the potential impact on the cost and schedule for the project, the ongoing legal challenges and the risk of additional legal challenges and delays through the construction period and Dominion's decision to sell substantially all of its gas transmission and storage segment assets, Duke Energy's Board of Directors and management decided that it was not prudent to continue to invest in the project. On July 5, 2020, Duke Energy and Dominion announced the cancellation of the ACP pipeline project.

As part of the pretax charges to earnings of approximately \$2.1 billion recorded in June 2020, within Equity in (losses) earnings of unconsolidated affiliates on the Duke Energy Condensed Consolidated Statements of Operations, Duke Energy established liabilities related to the cancellation of the ACP pipeline project. In February 2021, Duke Energy paid approximately \$855 million to fund ACP's outstanding debt, relieving Duke Energy of its guarantee. At March 31, 2021, there is \$38 million and \$48 million within Other Current Liabilities and Other Noncurrent Liabilities, respectively, in the Gas Utilities and Infrastructure segment. The liabilities represent Duke Energy's obligation of approximately \$86 million to satisfy remaining ARO requirements to restore construction sites.

See Notes 1 and 11 for additional information regarding this transaction.

Potential Coal Plant Retirements

The Subsidiary Registrants periodically file integrated resource plans 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 integrated resource plans (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, 2021, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net Book Value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-2 ^(a)	334	\$ 21
Allen Steam Station Units 4-5 ^(b)	526	388
Cliffside Unit 5 ^(b)	546	343
Duke Energy Progress		
Mayo Unit 1 ^(b)	746	660
Roxboro Units 3-4 ^(b)	1,409	478
Duke Energy Florida		
Crystal River Units 4-5 ^(c)	1,430	1,683
Duke Energy Indiana		
Gallagher Units 2 and 4 ^(d)	280	91
Gibson Units 1-5 ^(e)	2,845	1,834
Cayuga Units 1-2 ^(e)	1,005	755
Total Duke Energy	9,121	\$ 6,253

FINANCIAL STATEMENTS | **REGULATORY MATTERS**

- (a) As part of the 2015 resolution of a lawsuit involving alleged New Source Review violations, Duke Energy Carolinas must retire Allen Steam Station Units 1 through 3 by December 31, 2024. The long-term energy options considered in the IRP could result in retirement of these units earlier than their current estimated useful lives. Unit 3 with a capacity of 270 MW and a net book value of \$26 million at December 31, 2020, was retired in March 2021.
- (b) These units are included in the IRP filed by Duke Energy Carolinas and Duke Energy Progress in North Carolina and South Carolina on September 1, 2020. The long-term energy options considered in the IRP could result in retirement of these units earlier than their current estimated useful lives. In 2019, Duke Energy Carolinas and Duke Energy Progress filed North Carolina rate cases that included depreciation studies that accelerate end-of-life dates for these plants. NCUC issued orders in the 2019 rate cases of Duke Energy Carolinas and Duke Energy Progress on March 31, 2021, and April 16, 2021, respectively, in which the proposals to shorten the remaining depreciable lives of these units were denied, while indicating the IRP proceeding was the appropriate proceeding for the review of generating plant retirements.
- (c) On January 14, 2021, Duke Energy Florida filed a settlement agreement with the FPSC, which proposed depreciation rates reflecting retirement dates for Duke Energy Florida's last two coal-fired generating facilities, Crystal River Units 4-5, eight years ahead of schedule in 2034 rather than in 2042. The settlement was approved by the FPSC on May 4, 2021.
- (d) 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. In February 2021, upon approval by MISO of a new retirement date, Duke Energy Indiana determined it would modify the retirement date to June 1, 2021.
- (e) On July 1, 2019, Duke Energy Indiana filed its 2018 IRP with the IURC. The 2018 IRP included scenarios evaluating the potential retirement of coal-fired generating units at Gibson and Cayuga. The rate case filed July 2, 2019, included proposed depreciation rates reflecting retirement dates from 2026 to 2038. The depreciation rates reflecting these updated retirement dates were approved by the IURC as part of the rate case order issued on June 29, 2020.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

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

Remediation Activities

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

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

(in millions)	March 31, 2021	December 31, 2020
Reserves for Environmental Remediation		
Duke Energy	\$ 74	\$ 75
Duke Energy Carolinas	18	19
Progress Energy	18	19
Duke Energy Progress	6	6
Duke Energy Florida	12	12
Duke Energy Ohio	21	22
Duke Energy Indiana	5	6
Piedmont	11	10

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	20
Duke Energy Carolinas	12
Duke Energy Ohio	4

LITIGATION

Duke Energy

Texas Storm Uri Tort Litigation

Duke Energy and several Duke Energy renewables project companies have been named in multiple lawsuits arising out of Texas Storm Uri in mid-February 2021, and particularly, in the deregulated market managed by the Electric Reliability Council of Texas. Currently, 15 state court actions have been filed in counties across Texas and one case is pending in federal court in Texas. These lawsuits, filed by individuals, seek recovery for property damages, personal injury and for wrongful death allegedly incurred by the plaintiffs as a result of power losses, which the plaintiffs claim was the result of the defendants' failure to take appropriate precautions. Certain defendants have moved to transfer all related cases including those naming Duke Energy entities into a Texas state court multi-district litigation proceeding for coordination before a single judge. No ruling has yet been issued on this motion. Duke Energy cannot predict the outcomes of these state and federal litigation matters.

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 the 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 U.S. Environmental Protection Agency CCR rule at 15 coal-fired plants in North Carolina and South Carolina. Fact discovery has been completed. The parties' fully briefed and argued motions relating to key legal matters are pending before the court for rulings. Trial remains scheduled for January 24, 2022. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Carolinas

NTE Carolinas II, LLC Litigation

In November 2017, Duke Energy Carolinas entered into a standard FERC large generator interconnection agreement (LGIA) with NTE Carolinas II, LLC (NTE), a company that proposed to build a combined-cycle natural gas plant in Rockingham County, North Carolina. On September 6, 2019, Duke Energy Carolinas filed a lawsuit in Mecklenburg County Superior Court against NTE for breach of contract, alleging that NTE's failure to pay benchmark payments for Duke Energy Carolinas' transmission system upgrades required under the interconnection agreement constituted a termination of the interconnection agreement. Duke Energy Carolinas is seeking a monetary judgment against NTE because NTE failed to make multiple milestone payments. The lawsuit was moved to federal court in North Carolina. NTE filed a motion to dismiss Duke Energy Carolinas' complaint and brought counterclaims alleging anti-competitive conduct and violations of state and federal statutes. Duke Energy Carolinas filed a motion to dismiss NTE's counterclaims.

On May 21, 2020, in response to a NTE petition challenging Duke Energy Carolinas' termination of the LGIA, FERC issued a ruling (i) that it has exclusive jurisdiction to determine whether a transmission provider may terminate a LGIA, (ii) FERC approval is required to terminate a conforming LGIA if objected to by the interconnection customer, and (iii) Duke Energy may not announce the termination of a conforming LGIA unless FERC has approved the termination. FERC's Office of Enforcement also initiated an investigation of Duke Energy Carolinas into matters pertaining to the LGIA. Duke Energy Carolinas is cooperating with the Office of Enforcement but cannot predict the outcome of this investigation.

On August 17, 2020, the court denied both NTE's and Duke Energy Carolinas' Motion to Dismiss. The parties are in active discovery and trial is scheduled for June 20, 2022. Duke Energy Carolinas cannot predict the outcome of this matter.

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of March 31, 2021, there were 126 asserted claims for non-malignant cases with cumulative relief sought of up to \$31 million, and 47 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 \$564 million at March 31, 2021, and \$572 million at December 31, 2020. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon Duke Energy Carolinas' best estimate for current and future asbestos claims through 2040 and are recorded on an undiscounted basis. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2040 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas' cumulative payments began to exceed the self-insured retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is \$714 million in excess of the self-insured retention. Receivables for insurance recoveries were \$704 million at March 31, 2021, and December 31, 2020. 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.

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 March 31, 2021, and December 31, 2020. The insurance receivable is evaluated based on the risk of default and the historical losses, current conditions and expected conditions around collectability. Management evaluates the risk of default annually based on payment history, credit rating and changes in the risk of default from credit agencies.

Duke Energy 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 \$200 million for Duke Energy Progress and Duke Energy Florida, respectively. Discovery is ongoing and a trial is expected to occur in 2021.

Duke Energy Florida

Power Purchase Dispute Arbitration

Duke Energy Florida, on behalf of its customers, entered into a PPA for the purchase of firm capacity and energy from a qualifying facility under the Public Utilities Regulatory Policies Act of 1978. Duke Energy Florida determined the qualifying facility did not perform in accordance with the PPA, and Duke Energy Florida terminated the PPA. The qualifying facility counterparty filed a confidential American Arbitration Association (AAA) arbitration demand, challenging the termination of the PPA and seeking damages.

The final arbitration hearing occurred during the week of December 7, 2020. An arbitral award was issued in March 2021, upholding Duke Energy Florida's positions on all issues and awarding the company termination costs.

Duke Energy Indiana

Coal Ash Basin Closure Plan Appeal

On January 27, 2020, Hoosier Environmental Council (HEC) filed a Petition for Administrative Review with the Indiana Office of Environmental Adjudication challenging the Indiana Department of Environmental Management's December 10, 2019, partial approval of Duke Energy Indiana's ash pond closure plan. On March 11, 2020, Duke Energy Indiana filed a Motion to Dismiss. On May 5, 2020, the court denied the motion. After hearing oral arguments in early April 2021 on Duke Energy Indiana's and HEC's competing Motions for Summary Judgment, on May 4, 2021, the administrative court rejected all of HEC's claims and issued a ruling in favor of Duke Energy Indiana. HEC has until June 3, 2021, to seek judicial review of the order. 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, 2021	December 31, 2020
Reserves for Legal Matters		
Duke Energy	\$ 65	\$ 68
Duke Energy Carolinas	3	2
Progress Energy	57	61
Duke Energy Progress	11	13
Duke Energy Florida	26	28
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.

FINANCIAL STATEMENTS **COMMITMENTS AND CONTINGENCIES**

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

5. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

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

Issuance Date	Maturity Date	Interest Rate	Three Months Ended March 31, 2021							
			Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Unsecured Debt										
March 2021 ^(a)	Mar 2031	2.500 %	\$ 350	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 350
Total issuances			\$ 350	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 350

(a) Debt issued to repay at maturity \$160 million senior unsecured notes due June 2021, pay down short-term debt and for general corporate purposes.

In March 2021, Duke Energy Carolinas priced \$1 billion of First Mortgage Bonds. The issuance and sale of securities settled in April 2021, in two separate tranches. The first tranche was issued for \$550 million at a fixed interest rate of 2.55% and mature in April 2031. The second tranche was issued for \$450 million at a fixed interest rate of 3.45% and mature in April 2051. Proceeds from the issuance will be used to repay at maturity \$500 million of 3.90% First Mortgage Bonds due June 2021, pay down intercompany short-term debt and for general company purposes.

CURRENT MATURITIES OF LONG-TERM DEBT

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

(in millions)	Maturity Date	Interest Rate	March 31, 2021
Unsecured Debt			
Duke Energy (Parent)	May 2021	0.698 % ^(a)	500
Piedmont	June 2021	4.240 %	160
Duke Energy (Parent)	September 2021	3.550 %	500
Duke Energy (Parent)	September 2021	1.800 %	750
Duke Energy Florida	November 2021	0.441 % ^(a)	200
Duke Energy Progress	February 2022	0.369 % ^(a)	700
Duke Energy (Parent)	March 2022	3.227 %	300
Duke Energy (Parent)	March 2022	0.827 % ^(a)	300
First Mortgage Bonds			
Duke Energy Carolinas	June 2021	3.900 %	500
Duke Energy Florida	August 2021	3.100 %	300
Duke Energy Progress	September 2021	3.000 %	500
Duke Energy Progress	September 2021	8.625 %	100
Duke Energy Indiana	January 2022	8.850 %	53
Other^(b)			723
Current maturities of long-term debt			\$ 5,586

(a) Debt has a floating interest rate.

(b) Includes finance lease obligations, amortizing debt, tax-exempt bonds with mandatory put options and small bullet maturities.

AVAILABLE CREDIT FACILITIES

Master Credit Facility

In March 2021, Duke Energy amended its existing \$8 billion Master Credit Facility to extend the termination date to March 2026. 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.

FINANCIAL STATEMENTS DEBT AND CREDIT FACILITIES

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

(in millions)	March 31, 2021							
	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Facility size ^(a)	\$ 8,000	\$ 2,650	\$ 1,475	\$ 1,250	\$ 700	\$ 625	\$ 600	\$ 700
Reduction to backstop issuances								
Commercial paper ^(b)	(3,466)	(1,781)	(741)	(292)	(243)	(259)	(150)	—
Outstanding letters of credit	(31)	(25)	(4)	(2)	—	—	—	—
Tax-exempt bonds	(81)	—	—	—	—	—	(81)	—
Available capacity under the Master Credit Facility	\$ 4,422	\$ 844	\$ 730	\$ 956	\$ 457	\$ 366	\$ 369	\$ 700

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

Other Credit Facilities

(in millions)	March 31, 2021	
	Facility size	Amount drawn
Duke Energy (Parent) Three-Year Revolving Credit Facility ^(a)	\$ 1,000	\$ 500

- (a) During March 2021, Duke Energy extended the maturity date of the Three-Year Revolving Credit Facility from May 2022, to May 2024.

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, 2021, and December 31, 2020.

(in millions)	Electric Utilities	Gas Utilities	Commercial	Total
	and Infrastructure	and Infrastructure	Renewables	
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, 2021, and December 31, 2020.

Progress Energy

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

Piedmont

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

FINANCIAL STATEMENTS **RELATED PARTY TRANSACTIONS**

7. RELATED PARTY TRANSACTIONS

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

(in millions)	Three Months Ended March 31,	
	2021	2020
Duke Energy Carolinas		
Corporate governance and shared service expenses ^(a)	\$ 203	\$ 134
Indemnification coverages ^(b)	6	5
Joint Dispatch Agreement (JDA) revenue ^(c)	13	7
JDA expense ^(c)	40	24
Intercompany natural gas purchases ^(d)	14	6
Progress Energy		
Corporate governance and shared service expenses ^(a)	\$ 181	\$ 146
Indemnification coverages ^(b)	10	9
JDA revenue ^(c)	40	24
JDA expense ^(c)	13	7
Intercompany natural gas purchases ^(d)	19	19
Duke Energy Progress		
Corporate governance and shared service expenses ^(a)	\$ 105	\$ 75
Indemnification coverages ^(b)	5	4
JDA revenue ^(c)	40	24
JDA expense ^(c)	13	7
Intercompany natural gas purchases ^(d)	19	19
Duke Energy Florida		
Corporate governance and shared service expenses ^(a)	\$ 76	\$ 71
Indemnification coverages ^(b)	5	5
Duke Energy Ohio		
Corporate governance and shared service expenses ^(a)	\$ 79	\$ 84
Indemnification coverages ^(b)	1	1
Duke Energy Indiana		
Corporate governance and shared service expenses ^(a)	\$ 113	\$ 106
Indemnification coverages ^(b)	2	2
Piedmont		
Corporate governance and shared service expenses ^(a)	\$ 33	\$ 34
Indemnification coverages ^(b)	1	1
Intercompany natural gas sales ^(d)	33	25
Natural gas storage and transportation costs ^(e)	6	6

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

FINANCIAL STATEMENTS **RELATED PARTY TRANSACTIONS**

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

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

Intercompany Income Taxes

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

(in millions)	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Piedmont
March 31, 2021							
Intercompany income tax receivable	\$ —	\$ 84	\$ —	\$ 46	\$ —	\$ —	\$ —
Intercompany income tax payable	31	—	12	—	2	36	39
December 31, 2020							
Intercompany income tax receivable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9	\$ 10
Intercompany income tax payable	31	33	46	35	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 loss for the three months ended March 31, 2021, and 2020, were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables segment and forward-starting interest rate swaps not accounted for under regulatory accounting.

Undesignated Contracts

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

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

FINANCIAL STATEMENTS DERIVATIVES AND HEDGING

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

(in millions)	March 31, 2021					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
	Cash flow hedges	\$ 1,630	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	1,731	400	1,250	750	500	27
Total notional amount^(a)	\$ 3,361	\$ 400	\$ 1,250	\$ 750	\$ 500	\$ 27

(in millions)	December 31, 2020					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio
	Cash flow hedges	\$ 632	\$ —	\$ —	\$ —	\$ —
Undesignated contracts	1,177	400	750	750	—	27
Total notional amount^(a)	\$ 1,809	\$ 400	\$ 750	\$ 750	\$ —	\$ 27

(a) Duke Energy includes amounts related to consolidated VIEs of \$631 million in cash flow hedges and \$54 million in undesignated contracts as of March 31, 2021, and \$632 million in cash flow hedges as of December 31, 2020.

COMMODITY PRICE RISK

The Duke Energy Registrants are exposed to the impact of changes in the prices of electricity purchased and sold in bulk power markets and natural gas purchases, including Piedmont's natural gas supply contracts. Exposure to commodity price risk is influenced by a number of factors including the term of contracts, the liquidity of markets and delivery locations. To manage risk associated with commodity prices, the Duke Energy Registrants may enter into long-term power purchase or sales contracts and long-term natural gas supply agreements.

Cash Flow Hedges

For derivatives designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Gains and losses reclassified out of accumulated other comprehensive loss for the three months ended March 31, 2021, and 2020, were not material. Duke Energy's commodity derivatives designated as hedges include long-term electricity sales in the Commercial Renewables segment.

Undesignated Contracts

For the Subsidiary Registrants, bulk power electricity and natural gas purchases flow through fuel adjustment clauses, formula-based contracts or other cost-sharing mechanisms. Differences between the costs included in rates and the incurred costs, including undesignated derivative contracts, are largely deferred as regulatory assets or regulatory liabilities. Piedmont policies allow for the use of financial instruments to hedge commodity price risks. The strategy and objective of these hedging programs are to use the financial instruments to reduce natural gas costs volatility for customers.

Volumes

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

	March 31, 2021						
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Piedmont
	Electricity (GWh) ^(a)	16,259	—	—	—	1,325	4,214
Natural gas (millions of dekatherms)	675	151	158	158	—	2	364

FINANCIAL STATEMENTS DERIVATIVES AND HEDGING

	December 31, 2020						
	Duke	Duke	Progress	Duke	Duke	Duke	Piedmont
	Energy	Energy Carolinas	Energy	Energy Progress	Energy Ohio	Energy Indiana	
Electricity (GWh) ^(a)	35,409	—	—	—	2,559	10,802	—
Natural gas (millions of dekatherms)	678	145	158	158	—	2	373

(a) Duke Energy includes 10,720 GWh and 22,048 GWh related to cash flow hedges as of March 31, 2021, and December 31, 2020, respectively.

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

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

Derivative Assets	March 31, 2021							
	Duke	Duke	Progress	Duke	Duke	Duke	Duke	Piedmont
(in millions)	Energy	Energy Carolinas	Energy	Energy Progress	Energy Florida	Energy Ohio	Energy Indiana	
Commodity Contracts								
<i>Not Designated as Hedging Instruments</i>								
Current	\$ 32	\$ 17	\$ 12	\$ 12	\$ —	\$ —	\$ 2	\$ 1
Noncurrent	14	7	7	7	—	—	—	—
Total Derivative Assets – Commodity Contracts	\$ 46	\$ 24	\$ 19	\$ 19	\$ —	\$ —	\$ 2	\$ 1
Interest Rate Contracts								
<i>Designated as Hedging Instruments</i>								
Current	\$ 31	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Not Designated as Hedging Instruments</i>								
Current	\$ 129	\$ 38	\$ 84	\$ 81	\$ 3	\$ —	\$ —	\$ —
Total Derivative Assets – Interest Rate Contracts	\$ 160	\$ 38	\$ 84	\$ 81	\$ 3	\$ —	\$ —	\$ —
Total Derivative Assets	\$ 206	\$ 62	\$ 103	\$ 100	\$ 3	\$ —	\$ 2	\$ 1

Derivative Liabilities	March 31, 2021							
	Duke	Duke	Progress	Duke	Duke	Duke	Duke	Piedmont
(in millions)	Energy	Energy Carolinas	Energy	Energy Progress	Energy Florida	Energy Ohio	Energy Indiana	
Commodity Contracts								
<i>Designated as Hedging Instruments</i>								
Current	\$ 19	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Noncurrent	109	—	—	—	—	—	—	—
<i>Not Designated as Hedging Instruments</i>								
Current	\$ 19	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 19
Noncurrent	154	—	25	9	—	—	—	129
Total Derivative Liabilities – Commodity Contracts	\$ 301	\$ —	\$ 25	\$ 9	\$ —	\$ —	\$ —	\$ 148
Interest Rate Contracts								
<i>Designated as Hedging Instruments</i>								
Current	\$ 15	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Noncurrent	25	—	—	—	—	—	—	—
<i>Not Designated as Hedging Instruments</i>								
Current	4	—	3	—	3	1	—	—
Noncurrent	4	—	—	—	—	4	—	—
Total Derivative Liabilities – Interest Rate Contracts	\$ 48	\$ —	\$ 3	\$ —	\$ 3	\$ 5	\$ —	\$ —
Total Derivative Liabilities	\$ 349	\$ —	\$ 28	\$ 9	\$ 3	\$ 5	\$ —	\$ 148

FINANCIAL STATEMENTS DERIVATIVES AND HEDGING

Derivative Assets		December 31, 2020														
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont							
(in millions)																
Commodity Contracts																
<i>Not Designated as Hedging Instruments</i>																
Current	\$	30	\$	14	\$	9	\$	9	\$	—	\$	1	\$	6	\$	1
Noncurrent		13		6		6		6		—		—		—		—
Total Derivative Assets – Commodity Contracts	\$	43	\$	20	\$	15	\$	15	\$	—	\$	1	\$	6	\$	1
Interest Rate Contracts																
<i>Not Designated as Hedging Instruments</i>																
Current	\$	18	\$	—	\$	18	\$	18	\$	—	\$	—	\$	—	\$	—
Total Derivative Assets – Interest Rate Contracts	\$	18	\$	—	\$	18	\$	18	\$	—	\$	—	\$	—	\$	—
Total Derivative Assets	\$	61	\$	20	\$	33	\$	33	\$	—	\$	1	\$	6	\$	1
Derivative Liabilities		December 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																
<i>Designated as Hedging Instruments</i>																
Current	\$	14	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Noncurrent		70		—		—		—		—		—		—		—
<i>Not Designated as Hedging Instruments</i>																
Current	\$	30	\$	13	\$	2	\$	2	\$	—	\$	—	\$	1	\$	15
Noncurrent		137		3		27		12		—		—		—		107
Total Derivative Liabilities – Commodity Contracts	\$	251	\$	16	\$	29	\$	14	\$	—	\$	—	\$	1	\$	122
Interest Rate Contracts																
<i>Designated as Hedging Instruments</i>																
Current	\$	15	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Noncurrent		48		—		—		—		—		—		—		—
<i>Not Designated as Hedging Instruments</i>																
Current		5		4		—		—		—		1		—		—
Noncurrent		5		—		—		—		—		5		—		—
Total Derivative Liabilities – Interest Rate Contracts	\$	73	\$	4	\$	—	\$	—	\$	—	\$	6	\$	—	\$	—
Total Derivative Liabilities	\$	324	\$	20	\$	29	\$	14	\$	—	\$	6	\$	1	\$	122

FINANCIAL STATEMENTS DERIVATIVES AND HEDGING

OFFSETTING ASSETS AND LIABILITIES

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

Derivative Assets		March 31, 2021							
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
(in millions)									
Current									
Gross amounts recognized	\$ 192	\$ 55	\$ 96	\$ 93	\$ 3	\$ —	\$ 2	\$ 1	
Gross amounts offset	—	—	—	—	—	—	—	—	
Net amounts presented in Current Assets: Other	\$ 192	\$ 55	\$ 96	\$ 93	\$ 3	\$ —	\$ 2	\$ 1	
Noncurrent									
Gross amounts recognized	\$ 14	\$ 7	\$ 7	\$ 7	\$ —	\$ —	\$ —	\$ —	
Gross amounts offset	(4)	—	(4)	(4)	—	—	—	—	
Net amounts presented in Other Noncurrent Assets: Other	\$ 10	\$ 7	\$ 3	\$ 3	\$ —	\$ —	\$ —	\$ —	
Derivative Liabilities		March 31, 2021							
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
(in millions)									
Current									
Gross amounts recognized	\$ 57	\$ —	\$ 3	\$ —	\$ 3	\$ 1	\$ —	\$ 19	
Gross amounts offset	—	—	—	—	—	—	—	—	
Net amounts presented in Current Liabilities: Other	\$ 57	\$ —	\$ 3	\$ —	\$ 3	\$ 1	\$ —	\$ 19	
Noncurrent									
Gross amounts recognized	\$ 292	\$ —	\$ 25	\$ 9	\$ —	\$ 4	\$ —	\$ 129	
Gross amounts offset	(4)	—	(4)	(4)	—	—	—	—	
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 288	\$ —	\$ 21	\$ 5	\$ —	\$ 4	\$ —	\$ 129	
Derivative Assets		December 31, 2020							
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
(in millions)									
Current									
Gross amounts recognized	\$ 48	\$ 14	\$ 27	\$ 27	\$ —	\$ 1	\$ 6	\$ 1	
Gross amounts offset	(3)	(2)	(2)	(2)	—	—	—	—	
Net amounts presented in Current Assets: Other	\$ 45	\$ 12	\$ 25	\$ 25	\$ —	\$ 1	\$ 6	\$ 1	
Noncurrent									
Gross amounts recognized	\$ 13	\$ 6	\$ 6	\$ 6	\$ —	\$ —	\$ —	\$ —	
Gross amounts offset	(5)	(1)	(4)	(4)	—	—	—	—	
Net amounts presented in Other Noncurrent Assets: Other	\$ 8	\$ 5	\$ 2	\$ 2	\$ —	\$ —	\$ —	\$ —	

FINANCIAL STATEMENTS DERIVATIVES AND HEDGING

Derivative Liabilities (in millions)	December 31, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Current								
Gross amounts recognized	\$ 64	\$ 17	\$ 2	\$ 2	\$ —	\$ 1	\$ 1	\$ 15
Gross amounts offset	(3)	(2)	(2)	(2)	—	—	—	—
Net amounts presented in Current Liabilities: Other	\$ 61	\$ 15	\$ —	\$ —	\$ —	\$ 1	\$ 1	\$ 15
Noncurrent								
Gross amounts recognized	\$ 260	\$ 3	\$ 27	\$ 12	\$ —	\$ 5	\$ —	\$ 107
Gross amounts offset	(5)	(1)	(4)	(4)	—	—	—	—
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 255	\$ 2	\$ 23	\$ 8	\$ —	\$ 5	\$ —	\$ 107

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 March 31, 2021, and December 31, 2020.

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

FINANCIAL STATEMENTS INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY

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

(in millions)	March 31, 2021			December 31, 2020		
	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	\$ —	\$ —	\$ 193	\$ —	\$ —	\$ 177
Equity securities	4,363	47	6,379	4,138	54	6,235
Corporate debt securities	38	8	793	76	1	806
Municipal bonds	13	1	299	22	—	370
U.S. government bonds	31	18	1,559	51	—	1,361
Other debt securities	5	—	184	8	—	180
Total NDTF Investments	\$ 4,450	\$ 74	\$ 9,407	\$ 4,295	\$ 55	\$ 9,129
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 222	\$ —	\$ —	\$ 127
Equity securities	86	—	154	79	—	146
Corporate debt securities	2	—	109	8	—	110
Municipal bonds	3	1	77	5	—	86
U.S. government bonds	—	1	55	—	—	42
Other debt securities	—	1	36	—	—	47
Total Other Investments	\$ 91	\$ 3	\$ 653	\$ 92	\$ —	\$ 558
Total Investments	\$ 4,541	\$ 77	\$ 10,060	\$ 4,387	\$ 55	\$ 9,687

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, 2021, and 2020, were as follows.

(in millions)	Three Months Ended	
	March 31, 2021	March 31, 2020
FV-NI:		
Realized gains	\$ 140	\$ 23
Realized losses	23	65
AFS:		
Realized gains	18	20
Realized losses	13	6

DUKE ENERGY CAROLINAS

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

(in millions)	March 31, 2021			December 31, 2020		
	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	\$ —	\$ —	\$ 30
Equity securities	2,531	23	3,738	2,442	23	3,685
Corporate debt securities	23	5	475	49	1	510
Municipal bonds	—	—	22	6	—	91
U.S. government bonds	16	9	669	25	—	475
Other debt securities	4	—	178	7	—	174
Total NDTF Investments	\$ 2,574	\$ 37	\$ 5,145	\$ 2,529	\$ 24	\$ 4,965

FINANCIAL STATEMENTS INVESTMENTS IN DEBT AND EQUITY SECURITIES

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2021, and 2020, were as follows.

(in millions)	Three Months Ended	
	March 31, 2021	March 31, 2020
FV-NI:		
Realized gains	\$ 128	\$ 9
Realized losses	16	45
AFS:		
Realized gains	13	12
Realized losses	9	5

PROGRESS ENERGY

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

(in millions)	March 31, 2021			December 31, 2020		
	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	\$ —	\$ —	\$ 130	\$ —	\$ —	\$ 147
Equity securities	1,832	24	2,641	1,696	31	2,550
Corporate debt securities	15	3	318	27	—	296
Municipal bonds	13	1	277	16	—	279
U.S. government bonds	15	9	890	26	—	886
Other debt securities	1	—	6	1	—	6
Total NDTF Investments	\$ 1,876	\$ 37	\$ 4,262	\$ 1,766	\$ 31	\$ 4,164
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 107	\$ —	\$ —	\$ 106
Municipal bonds	2	—	26	3	—	26
Total Other Investments	\$ 2	\$ —	\$ 133	\$ 3	\$ —	\$ 132
Total Investments	\$ 1,878	\$ 37	\$ 4,395	\$ 1,769	\$ 31	\$ 4,296

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, 2021, and 2020, were as follows.

(in millions)	Three Months Ended	
	March 31, 2021	March 31, 2020
FV-NI:		
Realized gains	\$ 12	\$ 14
Realized losses	7	20
AFS:		
Realized gains	4	5
Realized losses	3	1

FINANCIAL STATEMENTS

INVESTMENTS IN DEBT AND EQUITY SECURITIES

DUKE ENERGY PROGRESS

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

(in millions)	March 31, 2021			December 31, 2020		
	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	\$ —	\$ —	\$ 95	\$ —	\$ —	\$ 76
Equity securities	1,746	24	2,547	1,617	31	2,459
Corporate debt securities	15	3	291	27	—	296
Municipal bonds	13	1	277	16	—	279
U.S. government bonds	15	4	429	26	—	412
Other debt securities	1	—	6	1	—	6
Total NDTF Investments	\$ 1,790	\$ 32	\$ 3,645	\$ 1,687	\$ 31	\$ 3,528
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 1
Total Other Investments	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 1
Total Investments	\$ 1,790	\$ 32	\$ 3,646	\$ 1,687	\$ 31	\$ 3,529

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, 2021, and 2020, were as follows.

(in millions)	Three Months Ended	
	March 31, 2021	March 31, 2020
FV-NI:		
Realized gains	\$ 12	\$ 14
Realized losses	7	20
AFS:		
Realized gains	4	5
Realized losses	3	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.

(in millions)	March 31, 2021			December 31, 2020		
	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	\$ —	\$ —	\$ 71
Equity securities	86	—	94	79	—	91
Corporate debt securities	—	—	27	—	—	—
U.S. government bonds	—	5	461	—	—	474
Total NDTF Investments^(a)	\$ 86	\$ 5	\$ 617	\$ 79	\$ —	\$ 636
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 1
Municipal bonds	2	—	26	3	—	26
Total Other Investments	\$ 2	\$ —	\$ 28	\$ 3	\$ —	\$ 27
Total Investments	\$ 88	\$ 5	\$ 645	\$ 82	\$ —	\$ 663

(a) During the three months ended March 31, 2021, and the year ended December 31, 2020, Duke Energy Florida received reimbursements from the NDTF for costs related to ongoing decommissioning activity of Crystal River Unit 3.

FINANCIAL STATEMENTS INVESTMENTS IN DEBT AND EQUITY SECURITIES

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2021, and 2020, 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, 2021			December 31, 2020		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
(in millions)						
Investments						
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Equity securities	62	—	102	58	—	97
Corporate debt securities	—	—	4	—	—	3
Municipal bonds	1	1	35	1	—	38
U.S. government bonds	—	—	6	—	—	4
Total Investments	\$ 63	\$ 1	\$ 147	\$ 59	\$ —	\$ 143

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, 2021, and 2020, were immaterial.

DEBT SECURITY MATURITIES

The table below summarizes the maturity date for debt securities.

	March 31, 2021					
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana
(in millions)						
Due in one year or less	\$ 152	\$ 7	\$ 116	\$ 18	\$ 98	\$ 5
Due after one through five years	1,013	375	579	267	312	18
Due after five through 10 years	693	310	289	217	72	9
Due after 10 years	1,254	652	533	501	32	13
Total	\$ 3,112	\$ 1,344	\$ 1,517	\$ 1,003	\$ 514	\$ 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.

FINANCIAL STATEMENTS 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. Commodity derivatives with observable forward curves are classified as Level 2. If forward price curves are not observable for the full term of the contract and the unobservable period had more than an insignificant impact on the valuation, the commodity derivative is classified as Level 3. In isolation, increases (decreases) in natural gas forward prices result in favorable (unfavorable) fair value adjustments for natural gas purchase contracts; and increases (decreases) in electricity forward prices result in unfavorable (favorable) fair value adjustments for electricity sales contracts. Duke Energy regularly evaluates and validates pricing inputs used to estimate the fair value of natural gas commodity contracts by a market participant price verification procedure. This procedure provides a comparison of internal forward commodity curves to market participant generated curves.

Interest rate derivatives

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

Other fair value considerations

See Note 11 in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2020, 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.

(in millions)	March 31, 2021				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF cash and cash equivalents	\$ 193	\$ 193	\$ —	\$ —	\$ —
NDTF equity securities	6,379	6,332	—	—	47
NDTF debt securities	2,835	1,019	1,816	—	—
Other equity securities	154	154	—	—	—
Other debt securities	277	49	228	—	—
Other cash and cash equivalents	222	222	—	—	—
Derivative assets	206	1	203	2	—
Total assets	10,266	7,970	2,247	2	47
Derivative liabilities	(349)	—	(221)	(128)	—
Net assets (liabilities)	\$ 9,917	\$ 7,970	\$ 2,026	\$ (126)	\$ 47

(in millions)	December 31, 2020				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF cash and cash equivalents	\$ 177	\$ 177	\$ —	\$ —	\$ —
NDTF equity securities	6,235	6,189	—	—	46
NDTF debt securities	2,717	874	1,843	—	—
Other equity securities	146	145	—	—	—
Other debt securities	285	37	248	—	—
Other cash and cash equivalents	127	127	—	—	—
Derivative assets	61	1	53	7	—
Total assets	9,748	7,551	2,144	7	46
Derivative liabilities	(324)	—	(240)	(84)	—
Net assets (liabilities)	\$ 9,424	\$ 7,551	\$ 1,904	\$ (77)	\$ 46

FINANCIAL STATEMENTS **FAIR VALUE MEASUREMENTS**

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

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2021	2020
Balance at beginning of period	\$ (77)	\$ (102)
Total pretax realized or unrealized losses included in comprehensive income	(44)	—
Purchases, sales, issuances and settlements:		
Settlements	(7)	(9)
Total gains included on the Condensed Consolidated Balance Sheet	2	23
Balance at end of period	\$ (126)	\$ (88)

DUKE ENERGY CAROLINAS

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

(in millions)	March 31, 2021			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF cash and cash equivalents	\$ 63	\$ 63	\$ —	\$ —
NDTF equity securities	3,738	3,691	—	47
NDTF debt securities	1,344	369	975	—
Derivative assets	62	—	62	—
Total assets	5,207	4,123	1,037	47

(in millions)	December 31, 2020			
	Total Fair Value	Level 1	Level 2	Not Categorized
NDTF cash and cash equivalents	\$ 30	\$ 30	\$ —	\$ —
NDTF equity securities	3,685	3,639	—	46
NDTF debt securities	1,250	192	1,058	—
Derivative assets	20	—	20	—
Total assets	4,985	3,861	1,078	46
Derivative liabilities	(20)	—	(20)	—
Net assets	\$ 4,965	\$ 3,861	\$ 1,058	\$ 46

PROGRESS ENERGY

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

(in millions)	March 31, 2021			December 31, 2020		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF cash and cash equivalents	\$ 130	\$ 130	\$ —	\$ 147	\$ 147	\$ —
NDTF equity securities	2,641	2,641	—	2,550	2,550	—
NDTF debt securities	1,491	650	841	1,467	682	785
Other debt securities	26	—	26	26	—	26
Other cash and cash equivalents	107	107	—	106	106	—
Derivative assets	103	—	103	33	—	33
Total assets	4,498	3,528	970	4,329	3,485	844
Derivative liabilities	(28)	—	(28)	(29)	—	(29)
Net assets	\$ 4,470	\$ 3,528	\$ 942	\$ 4,300	\$ 3,485	\$ 815

FINANCIAL STATEMENTS FAIR VALUE MEASUREMENTS

DUKE ENERGY PROGRESS

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

(in millions)	March 31, 2021			December 31, 2020		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF cash and cash equivalents	\$ 95	\$ 95	\$ —	\$ 76	\$ 76	\$ —
NDTF equity securities	2,547	2,547	—	2,459	2,459	—
NDTF debt securities	1,003	237	766	993	237	756
Other cash and cash equivalents	1	1	—	1	1	—
Derivative assets	100	—	100	33	—	33
Total assets	3,746	2,880	866	3,562	2,773	789
Derivative liabilities	(9)	—	(9)	(14)	—	(14)
Net assets	\$ 3,737	\$ 2,880	\$ 857	\$ 3,548	\$ 2,773	\$ 775

DUKE ENERGY FLORIDA

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

(in millions)	March 31, 2021			December 31, 2020		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF cash and cash equivalents	\$ 35	\$ 35	\$ —	\$ 71	\$ 71	\$ —
NDTF equity securities	94	94	—	91	91	—
NDTF debt securities	488	413	75	474	445	29
Other debt securities	26	—	26	26	—	26
Other cash and cash equivalents	2	2	—	1	1	—
Derivative assets	3	—	3	—	—	—
Total assets	648	544	104	663	608	55
Derivative liabilities	(3)	—	(3)	—	—	—
Net assets	\$ 645	\$ 544	\$ 101	\$ 663	\$ 608	\$ 55

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, 2021, and December 31, 2020.

DUKE ENERGY INDIANA

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

(in millions)	March 31, 2021				December 31, 2020			
	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	\$ 102	\$ 102	\$ —	\$ —	\$ 97	\$ 97	\$ —	\$ —
Other debt securities	45	—	45	—	45	—	45	—
Other cash and cash equivalents	—	—	—	—	1	1	—	—
Derivative assets	2	—	—	2	6	—	—	6
Total assets	\$ 149	\$ 102	\$ 45	\$ 2	\$ 149	\$ 98	\$ 45	\$ 6
Derivative liabilities	—	—	—	—	(1)	(1)	—	—
Net assets	\$ 149	\$ 102	\$ 45	\$ 2	\$ 148	\$ 97	\$ 45	\$ 6

FINANCIAL STATEMENTS **FAIR VALUE MEASUREMENTS**

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

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2021	2020
Balance at beginning of period	\$ 6	\$ 11
Purchases, sales, issuances and settlements:		
Settlements	(6)	(6)
Total gains (losses) included on the Condensed Consolidated Balance Sheet	2	(3)
Balance at end of period	\$ 2	\$ 2

PIEDMONT

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

(in millions)	March 31, 2021			December 31, 2020		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
Derivative assets	\$ 1	\$ 1	\$ —	\$ 1	\$ 1	\$ —
Derivative liabilities	(148)	—	(148)	(122)	—	(122)
Net (liabilities) assets	\$ (147)	\$ 1	\$ (148)	\$ (121)	\$ 1	\$ (122)

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

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2021	2020
Balance at beginning of period	\$ —	\$ (117)
Total gains and settlements	—	26
Balance at end of period	\$ —	\$ (91)

QUANTITATIVE INFORMATION ABOUT UNOBSERVABLE INPUTS

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

Investment Type	March 31, 2021				Weighted Average Range
	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	
Duke Energy					
Electricity contracts	\$ (128)	RTO forward pricing	Forward electricity curves – price per MWh	\$15.55 - \$134.48	\$ 34.80
Duke Energy Indiana					
FTRs	2	RTO auction pricing	FTR price – per MWh	(1.02) - 7.23	0.80
Duke Energy					
Total Level 3 derivatives	\$ (126)				

FINANCIAL STATEMENTS **FAIR VALUE MEASUREMENTS**

December 31, 2020					
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range	Weighted Average Range
Duke Energy					
Electricity contracts	\$ (84)	Discounted cash flow	Forward electricity curves – price per MWh	\$14.68 - \$151.84	\$28.84
Duke Energy Ohio					
FTRs	1	RTO auction pricing	FTR price – per MWh	0.25 - 1.68	0.79
Duke Energy Indiana					
FTRs	6	RTO auction pricing	FTR price – per MWh	(2.40) - 7.41	1.05
Duke Energy					
Total Level 3 derivatives	\$ (77)				

OTHER FAIR VALUE DISCLOSURES

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

(in millions)	March 31, 2021		December 31, 2020	
	Book Value	Fair Value	Book Value	Fair Value
Duke Energy ^(a)	\$ 60,354	\$ 64,641	\$ 59,863	\$ 69,292
Duke Energy Carolinas	12,329	13,461	12,218	14,917
Progress Energy	19,333	21,838	19,264	23,470
Duke Energy Progress	9,356	10,131	9,258	10,862
Duke Energy Florida	7,884	9,018	7,915	9,756
Duke Energy Ohio	3,090	3,397	3,089	3,650
Duke Energy Indiana	4,091	4,691	4,091	5,204
Piedmont	3,127	3,412	2,780	3,306

(a) Book value of long-term debt includes \$1.3 billion at March 31, 2021, and December 31, 2020, 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, 2021, and December 31, 2020, 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, 2021, and the year ended December 31, 2020, 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.

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.

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.

(in millions)	Duke Energy			
	CRC	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida
		DERF	DEPR	DEFR
Expiration date	February 2023	December 2022	April 2023	April 2023
Credit facility amount	\$ 350	\$ 475	\$ 350	\$ 250
Amounts borrowed at March 31, 2021	350	430	350	250
Amounts borrowed at December 31, 2020	350	364	250	250
Restricted Receivables at March 31, 2021	472	613	422	323
Restricted Receivables at December 31, 2020	547	696	500	397

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, 2021	December 31, 2020
Receivables of VIEs	\$ 4	\$ 4
Regulatory Assets: Current	54	53
Current Assets: Other	14	39
Other Noncurrent Assets: Regulatory assets	927	937
Current Liabilities: Other	2	10
Current maturities of long-term debt	55	55
Long-Term Debt	972	1,002

FINANCIAL STATEMENTS VARIABLE INTEREST ENTITIES

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, 2021	December 31, 2020
Current Assets: Other	\$ 319	\$ 257
Property, Plant and Equipment: Cost	6,860	6,394
Accumulated depreciation and amortization	(1,297)	(1,242)
Other Noncurrent Assets: Other	66	67
Current maturities of long-term debt	167	167
Long-Term Debt	1,584	1,569
Other Noncurrent Liabilities: AROs	153	148
Other Noncurrent Liabilities: Other	331	316

NON-CONSOLIDATED VIEs

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

(in millions)	March 31, 2021				
	Duke Energy			Duke	Duke
	Pipeline Investments	Commercial Renewables	Total	Energy Ohio	Energy Indiana
Receivables from affiliated companies	\$ —	\$ —	\$ —	\$ 46	\$ 60
Other current assets	4	—	4	—	—
Investments in equity method unconsolidated affiliates	3	480	483	—	—
Deferred tax asset	29	—	29	—	—
Total assets	\$ 36	\$ 480	\$ 516	\$ 46	\$ 60
Other current liabilities	38	3	41	—	—
Other noncurrent liabilities	48	10	58	—	—
Total liabilities	\$ 86	\$ 13	\$ 99	\$ —	\$ —
Net (liabilities) assets	\$ (50)	\$ 467	\$ 417	\$ 46	\$ 60

(in millions)	December 31, 2020				
	Duke Energy			Duke	Duke
	Pipeline Investments	Commercial Renewables	Total	Energy Ohio	Energy Indiana
Receivables from affiliated companies	\$ —	\$ —	\$ —	\$ 83	\$ 110
Investments in equity method unconsolidated affiliates	—	530	530	—	—
Other noncurrent assets	31	—	31	—	—
Total assets	\$ 31	\$ 530	\$ 561	\$ 83	\$ 110
Other current liabilities	928	5	933	—	—
Other noncurrent liabilities	8	10	18	—	—
Total liabilities	\$ 936	\$ 15	\$ 951	\$ —	\$ —
Net assets (liabilities)	\$ (905)	\$ 515	\$ (390)	\$ 83	\$ 110

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 future exit costs associated with the cancellation of the ACP pipeline and certain renewable energy project entities guarantees for debt services and operations and maintenance, as discussed below.

FINANCIAL STATEMENTS **VARIABLE INTEREST ENTITIES**

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.

Duke Energy has a 47% ownership interest in ACP. In 2020, Duke Energy determined that it would no longer invest in the construction of the ACP pipeline. In February 2021, Duke Energy paid approximately \$855 million to fund ACP's outstanding debt, relieving Duke Energy of its guarantee. See Notes 1 and 3 for further information regarding this transaction.

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.

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. Duke Energy cannot predict the outcome in this matter. See Note 3 for additional information.

CRC

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

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

The following table shows the gross and net receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Receivables sold	\$ 241	\$ 270	\$ 285	\$ 344
Less: Retained interests	46	83	60	110
Net receivables sold	\$ 195	\$ 187	\$ 225	\$ 234

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

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	Three Months Ended		Three Months Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Sales				
Receivables sold	\$ 561	\$ 537	\$ 698	\$ 647
Loss recognized on sale	3	4	3	4
Cash flows				
Cash proceeds from receivables sold	\$ 596	\$ 559	\$ 746	\$ 672
Return received on retained interests	1	2	2	2

Cash flows from sales of receivables are reflected within Cash Flows From Operating Activities and Cash Flows from Investing 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.

FINANCIAL STATEMENTS REVENUE

Electric Utilities and Infrastructure

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

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

(in millions)	Remaining Performance Obligations							Total
	2021	2022	2023	2024	2025	Thereafter		
Progress Energy	\$ 71	\$ 107	\$ 44	\$ 45	\$ 7	\$ 51	\$ 325	
Duke Energy Progress	6	8	8	8	—	—	30	
Duke Energy Florida	65	99	36	37	7	51	295	
Duke Energy Indiana	2	—	7	12	12	24	57	

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

Gas Utilities and Infrastructure

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

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

(in millions)	Remaining Performance Obligations							Total
	2021	2022	2023	2024	2025	Thereafter		
Piedmont	\$ 50	\$ 67	\$ 64	\$ 61	\$ 60	\$ 335	\$ 637	

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.

FINANCIAL STATEMENTS REVENUE

Disaggregated Revenues

Disaggregated revenues are presented as follows:

(in millions) By market or type of customer	Three Months Ended March 31, 2021							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
<i>Electric Utilities and Infrastructure</i>								
Residential	\$ 2,462	\$ 793	\$ 1,162	\$ 560	\$ 602	\$ 195	\$ 313	\$ —
General	1,419	502	624	306	318	104	189	—
Industrial	662	256	207	145	62	31	167	—
Wholesale	504	114	326	292	34	13	50	—
Other revenues	226	74	160	83	77	22	18	—
Total Electric Utilities and Infrastructure revenue from contracts with customers	\$ 5,273	\$ 1,739	\$ 2,479	\$ 1,386	\$ 1,093	\$ 365	\$ 737	\$ —
<i>Gas Utilities and Infrastructure</i>								
Residential	\$ 460	\$ —	\$ —	\$ —	\$ —	\$ 110	\$ —	\$ 351
Commercial	204	—	—	—	—	48	—	156
Industrial	50	—	—	—	—	7	—	43
Power Generation	—	—	—	—	—	—	—	22
Other revenues	47	—	—	—	—	5	—	26
Total Gas Utilities and Infrastructure revenue from contracts with customers	\$ 761	\$ —	\$ —	\$ —	\$ —	\$ 170	\$ —	\$ 598
<i>Commercial Renewables</i>								
Revenue from contracts with customers	\$ 54	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>								
Revenue from contracts with customers	\$ 6	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total revenue from contracts with customers	\$ 6,094	\$ 1,739	\$ 2,479	\$ 1,386	\$ 1,093	\$ 535	\$ 737	\$ 598
Other revenue sources ^(a)	\$ 56	\$ (23)	\$ 26	\$ 15	\$ 8	\$ (3)	\$ 8	\$ 8
Total revenues	\$ 6,150	\$ 1,716	\$ 2,505	\$ 1,401	\$ 1,101	\$ 532	\$ 745	\$ 606

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

FINANCIAL STATEMENTS REVENUE

(in millions)	Three Months Ended March 31, 2020								
	Duke	Duke	Duke	Duke	Duke	Duke	Duke	Duke	
	Energy	Carolinas	Progress	Energy	Progress	Florida	Ohio	Indiana	Piedmont
By market or type of customer									
<i>Electric Utilities and Infrastructure</i>									
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	\$ —	\$ —
<i>Gas Utilities and Infrastructure</i>									
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	\$ —
<i>Commercial Renewables</i>									
Revenue from contracts with customers	\$ 58	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<i>Other</i>									
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.

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

(in millions)	Three Months Ended March 31, 2020 and 2021								
	Duke	Duke	Duke	Duke	Duke	Duke	Duke	Duke	
	Energy	Carolinas	Progress	Energy	Progress	Florida	Ohio	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	\$ —
Balance at December 31, 2020	\$ 146	\$ 23	\$ 37	\$ 23	\$ 14	\$ 4	\$ 3	\$ 12	\$ —
Write-Offs	(21)	(8)	(10)	(5)	(5)	—	—	(1)	—
Credit Loss Expense	17	10	7	2	5	—	—	3	—
Other Adjustments	5	9	3	3	1	—	—	—	—
Balance at March 31, 2021	\$ 147	\$ 34	\$ 37	\$ 23	\$ 15	\$ 4	\$ 3	\$ 14	\$ —

FINANCIAL STATEMENTS REVENUE

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 periodically for trade and other receivables.

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

(in millions)	March 31, 2021							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Piedmont
	Unbilled Revenue ^{(a)(b)}	\$ 758	\$ 293	\$ 183	\$ 90	\$ 93	\$ 4	\$ 16
0-30 days	1,656	337	633	357	275	55	35	185
30-60 days	181	62	46	31	15	8	3	21
60-90 days	46	15	11	6	5	3	1	6
90+ days	120	31	26	4	22	28	11	7
Deferred Payment Arrangements ^(c)	170	80	53	37	16	4	—	8
Trade and Other Receivables	\$ 2,931	\$ 818	\$ 952	\$ 525	\$ 426	\$ 102	\$ 66	\$ 271

(in millions)	December 31, 2020							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Piedmont
	Unbilled Revenue ^{(a)(b)}	\$ 969	\$ 328	\$ 283	\$ 167	\$ 116	\$ 2	\$ 16
0-30 days	1,789	445	707	398	307	60	26	149
30-60 days	185	80	54	25	29	8	3	8
60-90 days	22	1	10	4	6	2	1	3
90+ days	119	16	32	9	23	30	12	9
Deferred Payment Arrangements ^(c)	215	96	80	52	28	—	—	7
Trade and Other Receivables	\$ 3,299	\$ 966	\$ 1,166	\$ 655	\$ 509	\$ 102	\$ 58	\$ 262

- (a) Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy or natural gas delivered but not yet billed and are included within Receivables and Receivables of VIEs on the Condensed Consolidated Balance Sheets.
- (b) 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 \$55 million and \$87 million for Duke Energy Ohio and Duke Energy Indiana, respectively, as of March 31, 2021, and \$87 million and \$134 million for Duke Energy Ohio and Duke Energy Indiana, respectively, as of December 31, 2020.
- (c) Due to certain customer financial hardships created by the COVID-19 pandemic and resulting stay-at-home orders, Duke Energy permitted customers to defer payment of past-due amounts through an installment payment plan over a period of several months.

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 and accumulated preferred dividends, by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income available to Duke Energy common stockholders, as adjusted for distributed and undistributed earnings allocated to participating securities and accumulated preferred dividends, by the diluted weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as 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.

FINANCIAL STATEMENTS **STOCKHOLDERS' EQUITY**

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

(in millions, except per share amounts)	Three Months Ended March 31,	
	2021	2020
Net income available to Duke Energy common stockholders	\$ 953	\$ 899
Accumulated preferred stock dividends adjustment	12	13
Less: Impact of participating securities	1	1
Income from continuing operations available to Duke Energy common stockholders	\$ 964	\$ 911
Weighted average common shares outstanding – basic	769	734
Equity forwards	—	2
Weighted average common shares outstanding – diluted	769	736
EPS available to Duke Energy common stockholders		
Basic and diluted	\$ 1.25	\$ 1.24
Potentially dilutive items excluded from the calculation ^(a)	2	2
Dividends declared per common share	\$ 0.965	\$ 0.945
Dividends declared on Series A preferred stock per depository share ^(b)	\$ 0.359	\$ 0.359
Dividends declared on Series B preferred stock per share ^(c)	\$ 24.375	\$ 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 depository 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.

14. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT RETIREMENT PLANS

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

QUALIFIED PENSION PLANS

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

(in millions)	Three Months Ended March 31, 2021							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Duke Energy Piedmont
Service cost	\$ 44	\$ 14	\$ 13	\$ 7	\$ 5	\$ 1	\$ 2	\$ 1
Interest cost on projected benefit obligation	55	13	17	7	10	3	5	2
Expected return on plan assets	(139)	(35)	(47)	(21)	(26)	(7)	(10)	(5)
Amortization of actuarial loss	33	7	10	5	5	2	3	2
Amortization of prior service credit	(7)	(2)	(1)	—	—	—	—	(1)
Amortization of settlement charges	2	1	1	—	—	—	—	—
Net periodic pension costs	\$ (12)	\$ (2)	\$ (7)	\$ (2)	\$ (6)	\$ (1)	\$ —	\$ (1)

FINANCIAL STATEMENTS EMPLOYEE BENEFIT PLANS

(in millions)	Three Months Ended March 31, 2020								
	Duke Energy	Duke 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)	

NON-QUALIFIED PENSION PLANS

Net periodic pension costs for non-qualified pension plans were not material for the three months ended March 31, 2021, and 2020.

OTHER POST-RETIREMENT BENEFIT PLANS

Net periodic costs for OPEB plans were not material for the three months ended March 31, 2021, and 2020.

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,	
	2021	2020
Duke Energy	8.2 %	13.3 %
Duke Energy Carolinas	6.9 %	16.1 %
Progress Energy	12.9 %	17.5 %
Duke Energy Progress	8.3 %	17.1 %
Duke Energy Florida	19.3 %	20.0 %
Duke Energy Ohio	13.3 %	17.7 %
Duke Energy Indiana	17.6 %	20.8 %
Piedmont	11.4 %	10.1 %

The decrease in the ETR for Duke Energy for the three months ended March 31, 2021, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Carolinas for the three months ended March 31, 2021, 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 March 31, 2021, 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 months ended March 31, 2021, was primarily due to an increase in the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Ohio for the three months ended March 31, 2021, was primarily due to an increase in amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Indiana for the three months ended March 31, 2021, was primarily due to an increase in the amortization of excess deferred taxes.

16. SUBSEQUENT EVENTS

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

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, 2021, and with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2020.

Executive Overview

Advancing Our Clean Energy Transformation

During the first quarter, we continued to move past the challenges from 2020 while executing on our clean energy transformation. In March of 2021, we expanded the company's senior management team and realigned roles and responsibilities to further accelerate our clean energy transition. This realignment will accelerate the execution of our strategy, clarify important roles in our clean energy transformation and position our company to grow – for our customers, communities, employees and investors.

To further our progress toward achieving net-zero carbon emissions, we will transform our fleet to shift away from coal and expect our largest source of energy in our regulated utilities will come from renewable energy resources, representing about 40% of our capacity in 2050. During the next five years, we have plans for \$600 million in new battery storage investment across our regulated businesses. We expect storage investment to accelerate over this decade and beyond – and presently project more than 13,000 MW's of energy storage on our system by 2050. Our generation transition relies upon modernizing and enhancing our energy grid. We continue to install smart meters – more than 8.5 million so far – providing customers with more information about their energy use while helping us improve outage detection and restoration. By the end of 2021, nearly all of our customers will be served by smart meters.

We developed innovative IRPs in the Carolinas, outlining comprehensive proposals and offering six potential pathways to meet key carbon reduction milestones over the next 15 years while balancing affordability for customers. We've been working with stakeholder groups to help shape North Carolina's Clean Energy Plan, with a common goal of reaching net-zero carbon emissions in a way that best serves our customers and our state. This complements the efforts underway on regulatory reform, including the introduction of more efficient cost recovery mechanisms. We also continue to monitor legislative activity at the federal level and any potential impacts on our strategy and investments across the enterprise.

Regulatory Activity. During the first quarter of 2021, we continued to move our regulatory strategy forward. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

Duke Energy Carolinas 2019 Rate Case Order

- On March 31, 2021, the NCUC issued an order approving without modification previous settlements reached by Duke Energy Carolinas, the North Carolina Public Staff (the "Public Staff") and other parties on March 25, 2020, and July 31, 2020, which resolved certain issues in Duke Energy Carolinas' base rate case proceeding originally filed with the NCUC on September 31, 2019.
- The order approved without modification the Agreement and Stipulation of Partial Settlement filed with the NCUC on January 25, 2021, which resolved all coal ash prudence and cost recovery issues through early 2030, including in Duke Energy Carolinas' 2019 base rate case proceeding, as well as the equitable sharing issue on remand from the Duke Energy Carolinas 2017 North Carolina rate case as a result of the December 11, 2020, North Carolina Supreme Court opinion.
- The order also approved a return on equity of 9.6% based upon a capital structure of 52% equity and 48% debt, deferral treatment for approximately \$0.8 billion of grid improvement projects with a return, Unprotected Federal Excess Deferred Income Taxes flow back over a period of five years, and the reasonableness and prudence of \$213 million of deferred storm costs which were removed from the rate case and for which Duke Energy Carolinas filed a petition seeking to securitize the costs in October 2020.
- The order denied Duke Energy Carolinas' proposal to shorten the remaining depreciable lives of certain coal-fired generating plants, indicating that Duke Energy Carolinas' IRP proceeding was the appropriate proceeding for the review of generating plant retirements.

Duke Energy Progress 2019 Rate Case Order

- On April 16, 2021, the NCUC issued an order approving without modification previous settlements reached by Duke Energy Progress, the Public Staff and other parties on June 2, 2020, and July 31, 2020, which resolved certain issues in Duke Energy Progress' base rate case proceeding originally filed with the NCUC on October 30, 2019.
- The order approved without modification the Agreement and Stipulation of Partial Settlement filed with the NCUC on January 25, 2021, which resolved all coal ash prudence and cost recovery issues through early 2030, including in Duke Energy Progress' 2019 base rate case proceeding, as well as the equitable sharing issue on remand from the Duke Energy Progress 2017 North Carolina rate case as a result of the December 11, 2020, North Carolina Supreme Court opinion.

- The order also approved a return on equity of 9.6% based upon a capital structure of 52% equity and 48% debt, deferral treatment for approximately \$0.4 billion of grid improvement projects with a return, Unprotected Federal Excess Deferred Income Taxes flow back over a period of five years, and the reasonableness and prudence of \$714 million of deferred storm costs, which were removed from the rate case and for which Duke Energy Progress filed a petition seeking to securitize the costs in October 2020.
- The order denied Duke Energy Progress' proposal to shorten the remaining depreciable lives of certain coal-fired generating plants, indicating that Duke Energy Progress' IRP proceeding was the appropriate proceeding for the review of generating plant retirements.

Piedmont 2021 North Carolina Rate Case

- On March 22, 2021, Piedmont filed an application with the NCUC for a rate increase for retail customers of approximately \$109 million, which represents an approximate 10% increase in retail revenues. The rate increase is driven by customer growth and significant infrastructure upgrade investments (plant additions) since the last general rate case.

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.

Regulatory Matters

Coal Ash Costs

As a result of the NCDEQ settlement on December 31, 2019, 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 off-site lined landfills. The majority of spend is expected to occur over the next 15-20 years. In January 2021, Duke Energy Carolinas and Duke Energy Progress reached a settlement agreement on recovery of coal ash costs as outlined in Note 3, "Regulatory Matters." The company agreed not to seek recovery of approximately \$1 billion of deferred coal ash expenditures and Duke Energy Carolinas and Duke Energy Progress took a charge of approximately \$500 million each in 2020. On March 31, 2021, and April 16, 2021, the NCUC approved the coal ash settlement for Duke Energy Carolinas and Duke Energy Progress, respectively.

In 2019, Duke Energy Carolinas and Duke Energy Progress received orders from the PSCSC 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. An order from regulatory or judicial authorities that rejects our proposed settlement or disallows recovery of costs related to closure of these ash basins could have an adverse impact.

Duke Energy Indiana has interpreted the CCR 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. In 2020, the Hoosier Environmental Council filed a petition challenging the Indiana Department of Environmental Management's (IDEM) partial approval of five of Duke Energy Indiana's ash pond site closure plans at Gallagher Station. The petition does not challenge the other thirteen basin closures approved by IDEM at other Indiana stations. Interpretation of the requirements of the CCR rule is subject to further legal challenges and 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.

Rate Cases

In March 2021, Piedmont filed a general rate case with the NCUC. The outcome of this rate case could have a material impact.

MGP

The PUCO has issued an order authorizing recovery of MGP costs at certain sites in Ohio with a deadline to complete the MGP environmental investigation and remediation work prior to December 31, 2016. This deadline was subsequently extended to December 31, 2019. Duke Energy Ohio has filed for a request for extension of the deadline. A hearing on that request has not been scheduled. Disallowance of costs incurred, failure to complete the work by the deadline or failure to obtain an extension from the PUCO could result in an adverse impact.

For additional information, see Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters."

Minority Interest Investment in Duke Energy Indiana

In January 2021, Duke Energy entered into a definitive agreement providing for a 19.9% minority interest investment in Duke Energy Indiana by an affiliate of GIC, Singapore's sovereign wealth fund. The transaction is subject to the satisfaction of certain customary conditions described in the investment agreement, including receipt of the approval of the FERC and completion of review by the Committee on Foreign Investments in the United States. Failure to obtain related approvals or satisfy the conditions in the investment agreement could result in the termination of the transaction and could result in an adverse impact.

Commercial Renewables

Duke Energy continues to monitor recoverability of renewable merchant plants located in the Electric Reliability Council of Texas West market and in the PJM 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, the carrying value approximated the aggregate estimated future undiscounted cash flows for the assets under review. A continued decline in energy market pricing would likely result in a future impairment. Impairment of these assets could result in adverse impacts. For additional information, see Note 2 to the Condensed Consolidated Financial Statements, "Business Segments."

In February 2021, a severe winter storm impacted certain Commercial Renewables assets in Texas. Extreme weather conditions limited the ability for these solar and wind facilities to generate and sell electricity into the Electric Reliability Council of Texas market. Both lost revenues and higher than expected purchased power costs have negatively impacted the operating results of these generating units. The financial impact of the storm is expected to have a material impact on the Commercial Renewables segment's 2021 operating results. In addition, Duke Energy has been named in multiple lawsuits arising out of this winter storm, and particularly, the deregulated market managed by the Electric Reliability Council of Texas. For more information, see Notes 2 and 4 to the Condensed Consolidated Financial Statements, "Business Segments" and "Commitments and Contingencies," respectively.

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 continues to cause an increase in certain costs, such as bad debt, and a reduction in the demand for energy. Duke Energy has mitigation plans in place to partially offset these impacts, and the ability to execute these plans is critical to preserving future financial results. The company is in the process of reviewing the long-term real estate strategy due to a potential change of in-office work policies after the COVID-19 pandemic. The plan may result in a reduction of physical work space, which could create accounting impacts in 2021. Accounting impacts may include reassessments of lease terms and lease modifications, which could result in termination penalties, as well as, asset impairments on property, plant and equipment.

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, 2020, for discussion of risks associated with the Tax Act.

Results of Operations

Non-GAAP Measures

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

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

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

- Gas Pipeline Investments represents additional exit obligations related to ACP.
- Severance represents the reversal of 2018 severance charges, which were deferred as a result of a partial settlement in the Duke Energy Carolinas and the Duke Energy Progress 2019 North Carolina rate cases.

Three Months Ended March 31, 2021, as compared to March 31, 2020

GAAP reported EPS was \$1.25 for the first quarter of 2021 compared to \$1.24 in the first quarter of 2020. GAAP reported EPS increased slightly due to favorable weather and positive rate case impacts, offset by the deferral of severance costs in the prior year, Texas Storm Uri impacts and share dilution from equity issuances.

As discussed above, management also evaluates financial performance based on adjusted EPS. Duke Energy's first quarter 2021 adjusted EPS was \$1.26 compared to \$1.14 for the first quarter of 2020. The increase in adjusted EPS was primarily due to better weather and positive rate case contributions, partially offset by Texas Storm Uri impacts, the loss of ACP and share dilution from equity issuances.

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

(in millions, except per share amounts)	Three Months Ended March 31,			
	2021		2020	
	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	\$ 953	\$ 1.25	\$ 899	\$ 1.24
Adjustments:				
Gas Pipeline Investments ^(a)	5	0.01	—	—
Severance ^(b)	—	—	(75)	(0.10)
Adjusted Earnings/Adjusted EPS	\$ 958	\$ 1.26	\$ 824	\$ 1.14

- (a) Net of tax benefit of \$1 million.
(b) Net of tax expense of \$23 million.

SEGMENT RESULTS

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

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

Electric Utilities and Infrastructure

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Operating Revenues	\$ 5,281	\$ 5,183	\$ 98
Operating Expenses			
Fuel used in electric generation and purchased power	1,462	1,467	(5)
Operation, maintenance and other	1,282	1,325	(43)
Depreciation and amortization	1,057	977	80
Property and other taxes	311	303	8
Impairment of assets and other charges	—	2	(2)
Total operating expenses	4,112	4,074	38
Gains on Sales of Other Assets and Other, net	—	1	(1)
Operating Income	1,169	1,110	59
Other Income and Expenses, net	104	85	19
Interest Expense	340	339	1
Income Before Income Taxes	933	856	77
Income Tax Expense	113	151	(38)
Segment Income	\$ 820	\$ 705	\$ 115
Duke Energy Carolinas GWh sales	21,962	21,236	726
Duke Energy Progress GWh sales	16,537	15,670	867
Duke Energy Florida GWh sales	8,554	8,617	(63)
Duke Energy Ohio GWh sales	6,004	5,823	181
Duke Energy Indiana GWh sales	7,726	7,606	120
Total Electric Utilities and Infrastructure GWh sales	60,783	58,952	1,831
Net proportional MW capacity in operation	50,026	49,561	465

Three Months Ended March 31, 2021, as compared to March 31, 2020

Electric Utilities and Infrastructure's higher segment income is due to better weather compared to prior year, lower labor related expenses and rate case contributions in various jurisdictions. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$92 million increase in retail sales, net of fuel revenues, due to better weather compared to prior year;
- a \$33 million increase primarily due to higher base rate pricing from the Duke Energy Indiana retail rate case, partially offset by lower rider revenues;
- an \$18 million increase in retail pricing due to base rate adjustments related to Duke Energy Florida annual increases from the 2017 Settlement Agreement and the solar base rate adjustment; and
- an \$8 million increase in retail pricing primarily due to the Duke Energy Kentucky general rate case.

Partially offset by:

- a \$24 million decrease in rider revenues at Duke Energy Carolinas primarily due to energy efficiency programs;
- a \$15 million decrease in wholesale power revenues, net of fuel, at Duke Energy Florida primarily due to a restructured capacity contract which was converted to a seasonal contract; and
- an \$8 million decrease in weather-normal retail sales volumes.

MD&A SEGMENT RESULTS — ELECTRIC UTILITIES AND INFRASTRUCTURE

Operating Expenses. The variance was driven primarily by:

- an \$80 million increase in depreciation and amortization primarily due to accelerated depreciation of retired coal units Crystal River 1 and 2, a change in depreciation rates from the Indiana, North Carolina and South Carolina retail rate cases and additional plant in service.

Partially offset by:

- a \$43 million decrease in operation, maintenance and other primarily driven by lower labor related expenses, partially offset by higher storm costs.

Other Income and Expenses, net. The variance was primarily due to lower non-service pension costs and unrealized gains on the Duke Energy Florida nuclear decommissioning trust fund.

Income Tax Expense. The decrease in tax expense was primarily due to an increase in the amortization of excess deferred taxes, partially offset by an increase in pretax income. The ETRs for the three months ended March 31, 2021, and 2020, were 12.1% and 17.6%, respectively. The decrease in the ETR was primarily due to an increase in the amortization of excess deferred taxes.

Gas Utilities and Infrastructure

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Operating Revenues	\$ 775	\$ 664	\$ 111
Operating Expenses			
Cost of natural gas	276	199	77
Operation, maintenance and other	102	110	(8)
Depreciation and amortization	68	66	2
Property and other taxes	35	30	5
Total operating expenses	481	405	76
Operating Income	294	259	35
Other Income and Expenses, net	17	49	(32)
Interest Expense	33	31	2
Income Before Income Taxes	278	277	1
Income Tax Expense	33	28	5
Segment Income	\$ 245	\$ 249	\$ (4)
Piedmont LDC throughput (dekatherms)	149,626,582	148,503,995	1,122,587
Duke Energy Midwest LDC throughput (Mcf)	37,109,003	33,785,834	3,323,169

Three Months Ended March 31, 2021, as compared to March 31, 2020

Gas Utilities and Infrastructure's results were impacted primarily by the cancellation of the ACP pipeline offset by margin growth at Piedmont. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$77 million increase due to higher natural gas costs passed through to customers, higher volumes and increased off-system sales natural gas costs;
- an \$11 million increase due to Tennessee base rate case increases; and
- a \$7 million increase due to North Carolina IMR.

Operating Expenses. The variance was driven primarily by:

- a \$77 million increase in cost of natural gas primarily due to higher natural gas prices, higher volumes and increased off-system sales natural gas costs.

Other Income and Expenses, net. The variance was primarily driven by the cancellation of the ACP pipeline.

Income Tax Expense. The increase in the tax expense was primarily due to a decrease in AFUDC equity, partially offset by an increase in the amortization of excess deferred taxes. The ETRs for the three months ended March 31, 2021, and 2020 were 11.9% and 10.1%, respectively. The increase in the ETR was primarily due to a decrease in AFUDC equity, partially offset by an increase in the amortization of excess deferred taxes.

MD&A SEGMENT RESULTS — COMMERCIAL RENEWABLES

Commercial Renewables

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Operating Revenues	\$ 119	\$ 129	\$ (10)
Operating Expenses			
Operation, maintenance and other	72	69	3
Depreciation and amortization	53	48	5
Property and other taxes	9	8	1
Total operating expenses	134	125	9
Operating Income	(15)	4	(19)
Other Income and Expenses, net	(25)	(1)	(24)
Interest Expense	13	18	(5)
Loss Before Income Taxes	(53)	(15)	(38)
Income Tax Benefit	(29)	(24)	(5)
Add: Loss Attributable to Noncontrolling Interests	51	48	3
Segment Income	\$ 27	\$ 57	\$ (30)
Renewable plant production, GWh	2,588	2,437	151
Net proportional MW capacity in operation ^(a)	4,294	3,502	792

(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, 2021, as compared to March 31, 2020

Commercial Renewables' results were unfavorable primarily due to the impacts from Texas Storm Uri resulting in a \$35 million pre-tax loss.

Operating Revenues. The variance was primarily driven by a \$13 million decrease for lower market prices in the current year impacting the wind portfolio and a \$8 million decrease due to low wind resource and operating downtime. This was partially offset by an \$8 million increase for market sales in excess of market purchases during Texas Storm Uri and a \$5 million increase due to growth of new projects.

Operating Expenses. The variance was primarily driven by a \$7 million increase due to the growth of new projects placed in service and a \$2 million increase associated with Texas Storm Uri.

Other Income and Expenses, net. The variance was primarily driven by a \$29 million loss in equity earnings due to the impacts from Texas Storm Uri, partially offset by \$4 million increase in equity earnings from the wind and distributed asset portfolios.

Interest Expense. The decrease was primarily driven by a \$4 million gain on an interest rate swap that does not qualify for hedge accounting.

Income Tax Benefit. The increase in the tax benefit was primarily driven by an increase in pretax losses, partially offset by a decrease in production tax credits generated.

Loss Attributable to Noncontrolling Interests. The increase was driven primarily by \$15 million for the growth of new projects financed by tax equity, partially offset by a \$12 million loss resulting from Texas Storm Uri.

Other

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Operating Revenues	\$ 26	\$ 23	\$ 3
Operating Expenses	28	(89)	117
Operating (Loss) Income	(2)	112	(114)
Other Income and Expenses, net	21	(33)	54
Interest Expense	151	171	(20)
Loss Before Income Taxes	(132)	(92)	(40)
Income Tax Benefit	(32)	(19)	(13)
Less: Preferred Dividends	39	39	—
Net Loss	\$ (139)	\$ (112)	\$ (27)

Three Months Ended March 31, 2021, as compared to March 31, 2020

The higher net loss was driven by the prior year reversal of severance charges incurred in previous periods, partially offset by higher returns on investments that fund certain employee benefit obligations and lower interest rates. The following is a detailed discussion of the variance drivers by line item.

Operating Expenses. The increase was primarily due to the 2020 reversal of severance charges, incurred as a result of a 2018 corporate cost savings initiative, due to reaching settlement for regulatory recovery 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.

Interest Expense. The variance was primarily due to lower interest rates on floating rate debt.

Income Tax Benefit. The increase in the tax benefit was primarily driven by an increase in pretax losses. The ETRs for the three months ended March 31, 2021, and 2020 were 24.2% and 20.7%, respectively. The increase in the ETR was primarily due to unfavorable tax impacts in the prior year related to lower investment returns on certain employee benefit obligations.

DUKE ENERGY CAROLINAS

Results of Operations

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Operating Revenues	\$ 1,716	\$ 1,748	\$ (32)
Operating Expenses			
Fuel used in electric generation and purchased power	422	453	(31)
Operation, maintenance and other	441	386	55
Depreciation and amortization	359	343	16
Property and other taxes	83	81	2
Impairment of assets and other charges	—	2	(2)
Total operating expenses	1,305	1,265	40
Gains on Sales of Other Assets and Other, net	—	1	(1)
Operating Income	411	484	(73)
Other Income and Expenses, net	48	43	5
Interest Expense	124	123	1
Income Before Income Taxes	335	404	(69)
Income Tax Expense	23	65	(42)
Net Income	\$ 312	\$ 339	\$ (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	2021
Residential sales	13.5 %
General service sales	(3.6)%
Industrial sales	(2.4)%
Wholesale power sales	15.0 %
Joint dispatch sales	33.0 %
Total sales	3.4 %
Average number of customers	2.1 %

Three Months Ended March 31, 2021, as compared to March 31, 2020

Operating Revenues. The variance was driven primarily by:

- a \$33 million decrease in fuel revenues due to lower prices and retail sales volumes;
- a \$24 million decrease in rider revenues primarily due to energy efficiency programs; and
- a \$14 million decrease in weather-normal retail sales volumes.

Partially offset by:

- a \$50 million increase in retail sales due to better weather compared to prior year.

Operating Expenses. The variance was driven primarily by:

- a \$55 million increase in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement with the Public Staff of the NCUC related to the 2019 North Carolina retail rate case recorded in 2020; partially offset by lower nuclear outage costs; and
- a \$16 million increase in depreciation and amortization expense primarily due to additional plant in service and new depreciation rates associated with the North Carolina rate cases.

Partially offset by:

- a \$31 million decrease in fuel used in electric generation and purchased power primarily due to lower retail sales volumes.

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

PROGRESS ENERGY

Results of Operations

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Operating Revenues	\$ 2,505	\$ 2,422	\$ 83
Operating Expenses			
Fuel used in electric generation and purchased power	795	763	32
Operation, maintenance and other	601	554	47
Depreciation and amortization	485	452	33
Property and other taxes	142	135	7
Total operating expenses	2,023	1,904	119
Losses on Sales of Other Assets and Other, net	—	(1)	1
Operating Income	482	517	(35)
Other Income and Expenses, net	43	32	11
Interest Expense	192	206	(14)
Income Before Income Taxes	333	343	(10)
Income Tax Expense	43	60	(17)
Net Income	290	283	7

Three Months Ended March 31, 2021, as compared to March 31, 2020

Operating Revenues. The variance was driven primarily by:

- a \$33 million increase in retail sales, net of fuel revenues, due to better weather compared to prior year;
- a \$21 million increase in fuel cost recovery driven by higher fuel prices and volumes in the current year;
- a \$19 million increase in fuel and capacity revenues primarily due to recovery of the remaining value of retired coal units Crystal River 1 and 2; and
- an \$18 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.

Partially offset by:

- a \$15 million decrease in wholesale power revenues, net of fuel, primarily due to a restructured capacity contract, which was converted to a seasonal contract at Duke Energy Florida.

Operating Expenses. The variance was driven primarily by:

- a \$47 million increase 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 with the Public Staff of the NCUC related to the 2019 North Carolina retail rate case recorded in 2020, as well as increased storm costs;
- a \$33 million increase in depreciation and amortization primarily due to accelerated depreciation of retired coal units Crystal River 1 and 2, and increase in plant base; and
- a \$32 million increase in fuel used in electric generation and purchased power primarily due to higher demand and changes in generation mix at Duke Energy Progress.

Other Income and Expenses, net. The increase is primarily due to unrealized gains on the nuclear decommissioning trust fund and pension plan assets at Duke Energy Florida.

Interest Expense. The variance was driven primarily by lower intercompany interest expense and lower debt outstanding at Progress Energy, Inc.

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

DUKE ENERGY PROGRESS

Results of Operations

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Operating Revenues	\$ 1,401	\$ 1,338	\$ 63
Operating Expenses			
Fuel used in electric generation and purchased power	436	405	31
Operation, maintenance and other	357	305	52
Depreciation and amortization	285	287	(2)
Property and other taxes	49	47	2
Total operating expenses	1,127	1,044	83
Losses on Sales of Other Assets and Other, net	—	(1)	1
Operating Income	274	293	(19)
Other Income and Expenses, net	24	22	2
Interest Expense	69	69	—
Income Before Income Taxes	229	246	(17)
Income Tax Expense	19	42	(23)
Net Income	\$ 210	\$ 204	\$ 6

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	2021
Residential sales	18.7 %
General service sales	(0.9)%
Industrial sales	(1.8)%
Wholesale power sales	10.2 %
Joint dispatch sales	(7.6)%
Total sales	5.5 %
Average number of customers	2.0 %

Three Months Ended March 31, 2021, as compared to March 31, 2020

Operating Revenues. The variance was driven primarily by:

- a \$42 million increase in retail sales due to better weather compared to prior year; and
- a \$21 million increase in fuel cost recovery driven by higher fuel prices and volumes in the current year.

Operating Expenses. The variance was driven primarily by:

- a \$52 million increase in operation, maintenance and other expense primarily driven by the deferral of 2018 severance costs due to the partial settlement agreement with the Public Staff of the NCUC related to the 2019 North Carolina retail rate case recorded in 2020, as well as increased storm costs; and
- a \$31 million increase in fuel used in electric generation and purchased power primarily due to higher demand and changes in generation mix.

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

DUKE ENERGY FLORIDA

Results of Operations

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Operating Revenues	\$ 1,101	\$ 1,080	\$ 21
Operating Expenses			
Fuel used in electric generation and purchased power	359	358	1
Operation, maintenance and other	242	245	(3)
Depreciation and amortization	200	165	35
Property and other taxes	93	88	5
Total operating expenses	894	856	38
Operating Income	207	224	(17)
Other Income and Expenses, net	18	10	8
Interest Expense	80	84	(4)
Income Before Income Taxes	145	150	(5)
Income Tax Expense	28	30	(2)
Net Income	\$ 117	\$ 120	\$ (3)

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	2021
Residential sales	10.5 %
General service sales	(2.1)%
Industrial sales	5.6 %
Wholesale and other	38.2 %
Total sales	(0.7)%
Average number of customers	1.9 %

Three Months Ended March 31, 2021, as compared to March 31, 2020

Operating Revenues. The variance was driven primarily by:

- a \$19 million increase in fuel and capacity revenues primarily due to recovery of the remaining value of retired coal units Crystal River 1 and 2;
- an \$18 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;
- an \$8 million increase in rider revenues primarily due to increased volumes;
- a \$7 million increase in transmission revenues and customer equipment rentals; and
- a \$5 million increase in weather-normal retail sales volumes.

Partially offset by:

- a \$15 million decrease in wholesale power revenues, net of fuel, primarily due to a restructured capacity contract which was converted to a seasonal contract;
- a \$12 million decrease in storm revenues due to full recovery of Hurricane Dorian costs in the prior year; and
- a \$9 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year.

Operating Expenses. The variance was driven primarily by:

- a \$35 million increase in depreciation and amortization primarily due to accelerated depreciation of retired coal units Crystal River 1 and 2 and an increase in plant base.

Other Income and Expense, net. The increase is primarily due to lower non-service pension costs and unrealized gains on the nuclear decommissioning trust fund.

DUKE ENERGY OHIO

Results of Operations

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Operating Revenues			
Regulated electric	\$ 363	\$ 346	\$ 17
Regulated natural gas	169	152	17
Total operating revenues	532	498	34
Operating Expenses			
Fuel used in electric generation and purchased power	82	87	(5)
Cost of natural gas	51	37	14
Operation, maintenance and other	108	123	(15)
Depreciation and amortization	74	68	6
Property and other taxes	92	83	9
Total operating expenses	407	398	9
Operating Income	125	100	25
Other Income and Expenses, net	5	3	2
Interest Expense	25	24	1
Income Before Income Taxes	105	79	26
Income Tax Expense	14	14	—
Net Income	\$ 91	\$ 65	\$ 26

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

Increase (Decrease) over prior year	Electric	Natural Gas
	2021	2021
Residential sales	13.0 %	13.6 %
General service sales	(1.2)%	12.0 %
Industrial sales	(2.2)%	(0.8)%
Wholesale electric power sales	115.8 %	n/a
Other natural gas sales	n/a	0.8 %
Total sales	3.1 %	9.8 %
Average number of customers	0.8 %	0.8 %

Three Months Ended March 31, 2021, as compared to March 31, 2020

Operating Revenues. The variance was driven primarily by:

- a \$10 million increase in fuel related revenues primarily due to higher prices and increased volumes;
- an \$8 million increase in retail pricing primarily due to the Duke Energy Kentucky general rate case;
- a \$7 million increase in revenues due to better weather compared to prior year;
- a \$7 million increase in PJM transmission revenues as a result of increased capital spend;
- a \$4 million increase in other revenues due to higher OVEC sales into PJM; and
- a \$3 million increase in bulk power marketing sales.

Partially offset by:

- a \$7 million decrease in retail revenue riders primarily due to the suspension of the Ohio energy efficiency rider and a decrease in the Kentucky gas weather normalization rider, partially offset by an increase in the distribution capital investment rider due to an increase in capital spend.

Operating Expenses. The variance was driven primarily by:

- a \$9 million increase in fuel expense primarily driven by higher retail prices and increased volumes for natural gas;
- a \$9 million increase in property and other taxes primarily due to increased plant in service, higher kilowatt and natural gas distribution taxes due to increased usage and a lower Network Integration Transmission Service tax deferral; and
- a \$6 million increase in depreciation and amortization primarily driven by an increase in distribution plant.

Partially offset by:

- a \$15 million decrease in operations, maintenance and other expense primarily due lower vegetation management costs, employee-related expenses, environmental reserves and energy efficiency program costs in Ohio.

DUKE ENERGY INDIANA

Results of Operations

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Operating Revenues	\$ 745	\$ 692	\$ 53
Operating Expenses			
Fuel used in electric generation and purchased power	217	194	23
Operation, maintenance and other	178	186	(8)
Depreciation and amortization	152	132	20
Property and other taxes	21	22	(1)
Total operating expenses	568	534	34
Operating Income	177	158	19
Other Income and Expenses, net	9	10	(1)
Interest Expense	50	43	7
Income Before Income Taxes	136	125	11
Income Tax Expense	24	26	(2)
Net Income	\$ 112	\$ 99	\$ 13

The following table shows the percent changes in GWh sales and average number of customers. The percentages for retail customer classes represent billed sales only. 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	2021
Residential sales	12.3 %
General service sales	(0.2)%
Industrial sales	(2.6)%
Wholesale power sales	12.1 %
Total sales	1.6 %
Average number of customers	1.2 %

Three Months Ended March 31, 2021, as compared to March 31, 2020

Operating Revenues. The variance was driven primarily by:

- a \$33 million increase primarily due to higher base rate pricing from the Indiana retail rate case, net of lower rider revenues; and
- a \$19 million increase in fuel revenues primarily due to higher fuel cost recovery driven by customer demand and fuel prices.

Operating Expenses. The variance was driven primarily by:

- a \$23 million increase in fuel used in electric generation and purchased power expense primarily due to higher coal and natural gas costs; and
- a \$20 million increase in depreciation and amortization primarily due to a change in depreciation rates from the Indiana retail rate case and additional plant in service.

Partially offset by:

- an \$8 million decrease in operation, maintenance and other primarily due to lower outage and other contractor spend.

Interest Expense. The variance was driven by higher post-in-service carrying costs interest resulting from the Indiana retail rate case, partially offset by higher fixed-rate debt outstanding in the prior year.

PIEDMONT

Results of Operations

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Operating Revenues	\$ 606	\$ 512	\$ 94
Operating Expenses			
Cost of natural gas	225	162	63
Operation, maintenance and other	78	80	(2)
Depreciation and amortization	48	45	3
Property and other taxes	14	12	2
Total operating expenses	365	299	66
Operating Income	241	213	28
Other Income and Expenses, net	17	12	5
Interest Expense	29	27	2
Income Before Income Taxes	229	198	31
Income Tax Expense	26	20	6
Net Income	\$ 203	\$ 178	\$ 25

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	2021
Residential deliveries	27.1 %
Commercial deliveries	16.0 %
Industrial deliveries	2.6 %
Power generation deliveries	(12.8)%
For resale	40.9 %
Total throughput deliveries	0.8 %
Secondary market volumes	5.4 %
Average number of customers	2.2 %

The margin decoupling mechanism adjusts for variations in residential and commercial use per customer, including those due to weather and conservation. The weather normalization adjustment 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, 2021, as compared to March 31, 2020

Operating Revenues. The variance was driven primarily by:

- a \$63 million increase due to higher natural gas costs passed through to customers, higher volumes and higher off-system sales natural gas costs;
- an \$11 million increase due to Tennessee base rate case increases; and
- a \$7 million increase due to North Carolina IMR.

Operating Expenses. The variance was driven primarily by:

- a \$63 million increase in cost of natural gas due to higher natural gas prices, higher volumes and higher off-system sales natural gas costs.

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

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt and equity issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2020, included a summary and detailed discussion of projected primary sources and uses of cash for 2021 to 2023.

In January 2021, Duke Energy entered into a definitive agreement with an affiliate of GIC, for GIC to make a minority interest investment of 19.9% in Duke Energy Indiana. The investment will be completed following two closings for an aggregate investment amount of approximately \$2 billion. The first closing is expected to be completed in the second quarter of 2021 and Duke Energy will issue 11.1% of the membership interests in exchange for 50% of the total investment amount. Duke Energy has the discretion to determine the timing of the second closing, but the closing will occur no later than January 2023. At the second closing, Duke Energy will issue additional membership interests, so GIC's minority interest ownership is 19.9% of Duke Energy Indiana, for the remaining 50% of the total investment amount. Proceeds from the minority interest investment are expected to address common equity needs through 2025 to partially fund Duke Energy's \$59 billion capital and investment expenditure plan.

As of March 31, 2021, Duke Energy had approximately \$379 million of cash on hand, \$4.4 billion available under its \$8 billion Master Credit Facility and \$500 million available under the \$1 billion Three-Year Revolving Credit Facility. Duke Energy expects to have sufficient liquidity in the form of cash on hand, cash from operations and available credit capacity to support its funding needs. Refer to Note 5 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for information regarding Duke Energy's debt issuances and maturities, and available credit facilities including the Master Credit Facility.

Credit Ratings

In March 2021, Moody's Investors Services, Inc. (Moody's) downgraded by one notch the long-term credit ratings for Duke Energy (Parent) and Duke Energy Carolinas. The downgrade reflects Duke Energy's balance sheet objectives. The downgrade for Duke Energy (Parent) and Duke Energy Carolinas also considers the impact for Duke Energy Carolinas and Duke Energy Progress as a result of the 2019 rate case orders and approval of the CCR Settlement Agreement. While these agreements are indicative of a regulatory environment that remains broadly supportive of utility credit quality, their financial terms resulted in current impairment charges and lowered the amount of future cash flow Duke Energy Carolinas and Duke Energy Progress will receive in conjunction with their coal ash remediation spending. As part of the credit rating action, Moody's affirmed Duke Energy's (Parent) short-term and commercial paper credit ratings and confirmed the credit ratings for Duke Energy Progress. Following a January 2021, credit rating downgrade of Duke Energy (Parent) and its subsidiaries, Standard & Poor's Rating Services continues to maintain a stable outlook on Duke Energy Corporation and its subsidiaries as of March 31, 2021.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

(in millions)	Three Months Ended	
	March 31,	
	2021	2020
Cash flows provided by (used in):		
Operating activities	\$ 2,088	\$ 1,554
Investing activities	(3,137)	(3,022)
Financing activities	1,185	2,593
Net increase in cash, cash equivalents and restricted cash	136	1,125
Cash, cash equivalents and restricted cash at beginning of period	556	573
Cash, cash equivalents and restricted cash at end of period	\$ 692	\$ 1,698

OPERATING CASH FLOWS

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

(in millions)	Three Months Ended		
	March 31,		
	2021	2020	Variance
Net income	\$ 941	\$ 890	\$ 51
Non-cash adjustments to net income	1,446	1,639	(193)
Payments for asset retirement obligations	(114)	(132)	18
Working capital	(185)	(843)	658
Net cash provided by operating activities	\$ 2,088	\$ 1,554	\$ 534

The variance was primarily due to decreases in coal stock balances, incentive payments and the timing of payments.

INVESTING CASH FLOWS

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

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Capital, investment and acquisition expenditures	\$ (2,215)	\$ (2,909)	\$ 694
Other investing items	(922)	(113)	(809)
Net cash used in investing activities	\$ (3,137)	\$ (3,022)	\$ (115)

The variance relates primarily to payment made to fund ACP's outstanding debt, partially offset by decreases in capital expenditures due to lower overall investments in the Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables segments.

FINANCING CASH FLOWS

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

(in millions)	Three Months Ended March 31,		
	2021	2020	Variance
Issuances of long-term debt, net	\$ 532	\$ 1,662	\$ (1,130)
Issuances of common stock	5	40	(35)
Notes payable, commercial paper and other short-term borrowings	1,187	1,569	(382)
Dividends paid	(783)	(707)	(76)
Contributions from noncontrolling interests	303	103	200
Other financing items	(59)	(74)	15
Net cash provided by financing activities	\$ 1,185	\$ 2,593	\$ (1,408)

The variance was primarily due to:

- a \$1,130 million decrease in proceeds from net issuances of long-term debt primarily due to the timing of issuances and redemptions of long-term debt; and
- a \$382 million decrease in net proceeds from issuances of notes payable and commercial paper.

Partially offset by:

- a \$200 million increase related to contributions from noncontrolling interests for tax equity financing activity in the Commercial Renewables segment.

OTHER MATTERS

Environmental Regulations

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

Off-Balance Sheet Arrangements

During the three months ended March 31, 2021, there were no material changes to Duke Energy's off-balance sheet arrangements. 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, 2020.

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, 2021, 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, 2020.

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, 2021, there were no material changes to the Duke Energy Registrants' disclosures about market risk.

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, 2021, 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, 2021, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements. For additional information, see Item 3, "Legal Proceedings," in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2020.

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, 2020, which could materially affect the Duke Energy Registrants' financial condition or future results.

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

None.

EXHIBITS

ITEM 6. EXHIBITS

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

Exhibit Number	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
4.1								X
4.2		X						
*10.1	X	X		X				
*10.2	X						X	
*10.3	X							
*31.1.1	X							
*31.1.2		X						
*31.1.3			X					
*31.1.4				X				
*31.1.5					X			
*31.1.6						X		
*31.1.7							X	
*31.1.8								X
*31.2.1	X							
*31.2.2		X						

EXHIBITS

*31.2.3	<u>Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>		X	
*31.2.4	<u>Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>			X
*31.2.5	<u>Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>			X
*31.2.6	<u>Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>			X
*31.2.7	<u>Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>			X
*31.2.8	<u>Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>			X
*32.1.1	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	X		
*32.1.2	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>		X	
*32.1.3	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>		X	
*32.1.4	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>			X
*32.1.5	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>			X
*32.1.6	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>			X
*32.1.7	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>			X
*32.1.8	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>			X
*32.2.1	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	X		
*32.2.2	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>		X	
*32.2.3	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>		X	
*32.2.4	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>			X
*32.2.5	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>			X
*32.2.6	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>			X

EXHIBITS

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

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

SIGNATURES

SIGNATURES

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

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

Date: May 10, 2021

/s/ STEVEN K. YOUNG

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

Date: May 10, 2021

/s/ DWIGHT L. JACOBS

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

Exhibit 10.1

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1131
DOCKET NO. E-2, SUB 1142
DOCKET NO. E-2, SUB 1103
DOCKET NO. E-2, SUB 1153
DOCKET NO. E-2, SUB 1219
DOCKET NO. E-2, SUB 1193

DOCKET NO. E-7, SUB 1146
DOCKET NO. E-7, SUB 819
DOCKET NO. E-7, SUB 1152
DOCKET NO. E-7, SUB 1110
DOCKET NO. E-7, Sub 1214
DOCKET NO. E-7, SUB 1213
DOCKET NO. E-7, SUB 1187

In the Matters of)	
Applications of Duke Energy Progress, LLC)	
and Duke Energy Carolinas, LLC for)	
Adjustment of Rates and Charges Applicable)	COAL COMBUSTION
To Electric Service in North Carolina)	RESIDUALS
)	SETTLEMENT AGREEMENT

This Coal Combustion Residuals Settlement Agreement is entered into as of the 22nd day of January, 2021, by and between Duke Energy Progress, LLC; Duke Energy Carolinas, LLC; the Public Staff-North Carolina Utilities Commission; the Attorney General's Office; and the Sierra Club.

I. DEFINITIONS. The following definitions shall apply for purposes of this Coal Combustion Residuals Settlement Agreement:

- A. 2017 NC DEC Rate Case - Docket No. E-7, Sub 1146 and consolidated dockets.
- B. 2017 NC DEP Rate Case - Docket No. E-2, Sub 1142 and consolidated dockets.
- C. 2017 NC Rate Cases - 2017 NC DEP Rate Case and 2017 DEC Rate Case.

- D. 2018 NC DEC Rate Order - June 22, 2018 Order Accepting Stipulation, Deciding Contested Issues, and Requiring Revenue Reduction, issued by the Commission in the 2017 NC DEC Rate Case.
- E. 2018 NC DEP Rate Order - February 23, 2018 Order Accepting Stipulation, Deciding Contested Issues and Granting Partial Rate Increase, issued by the Commission in the 2017 NC DEP Rate Case.
- F. 2018 NC Rate Orders - 2018 NC DEC Rate Order and 2018 NC DEP Rate Order.
- G. 2019 NC DEC Rate Case - Docket No. E-7, Sub 1214 and consolidated dockets.
- H. 2019 NC DEP Rate Case - Docket No. E-2, Sub 1219 and consolidated dockets.
- I. 2019 NC Rate Cases - 2019 NC DEP Rate Case and 2019 DEC Rate Case.
- J. AGO - North Carolina Attorney General's Office.
- K. Amortization Period - the period of time over which rate recovery is authorized.
- L. ARO - Asset Retirement Obligation.
- M. CAMA - The North Carolina Coal Ash Management Act, S.L. 2014-122, which was subsequently amended in the Mountain Energy Act, S.L. 2015-110, and the Drinking Water Protection/Coal Ash Cleanup Act, S.L. 2016-95.
- N. CCR - coal combustion residuals, or coal ash, a by-product of electricity generation by coal-fired power plants.
- O. CCR Costs - expenditures made on or after January 1, 2015, in order to settle the Companies' legal ARO, recorded pursuant to the Financial Accounting Standards Board's Accounting Standard Codification Section 410, and resulting from the management of CCR, including requirements for closure of coal ash basins related to the Companies' coal-fired power plants, and including associated remediation and corrective action. CCR Costs do not include the gain or loss on the sale of CCR under N.C. Gen. Stat. § 62-133.2(a1)(9).

- P. CCR Rule - Hazardous and Solid Waste Management System - Disposal of Coal Combustion Residuals from Electric Utilities (CCR Rule), see 80 Fed. Reg. 21301 (April 17, 2015).
- Q. CCR Settlement Agreement - Coal Combustion Residuals Settlement Agreement.
- R. Coal ash insurance litigation - litigation seeking reimbursement from insurance companies for CCR Costs.
- S. Commission - North Carolina Utilities Commission.
- T. Companies - DEC and DEP.
- U. Company - DEC or DEP.
- V. Customers - using and consuming public in the Companies' North Carolina retail territories.
- W. DEC - Duke Energy Carolinas, LLC.
- X. DEC Cost of Service Penalty - \$70 million cost of service penalty imposed by the Commission in the 2017 NC DEC Case.
- Y. Deferral Period - the period beginning at the time costs are initially incurred until they begin to be recovered in rates.
- Z. DHEC - South Carolina Department of Health and Environmental Control.
- AA. DEP - Duke Energy Progress, LLC.
- AB. DEP Cost of Service Penalty - \$30 million cost of service penalty imposed by the Commission upon DEP in the 2017 NC DEP Case.
- AC. DEQ - North Carolina Department of Environmental Quality.
- AD. DEQ Settlement - settlement agreement dated as of December 31, 2019, by and between, inter alia, the Companies and DEQ requiring closure of CCR impoundments at the Companies' sites, the material terms of which were incorporated into a consent order entered by the Wake County Superior Court on February 5, 2020.
- AE. EPA - United States Environmental Protection Agency.

- AF. Equitable Sharing - proposal that the net present value of CCR Costs (including Financing Costs incurred during the Deferral Period) net of any Reasonable and Prudent Disallowance and additional specific dollar disallowances related to Historical Practices would be shared between the Companies and Customers.
- AG. Financing Costs - costs incurred by the Companies to finance CCR Costs during the Deferral Period and the Amortization Period.
- AH. First and Second Partial Stipulations - First Partial Stipulation filed March 25, 2020, and Second Partial Stipulation filed July 31, 2020, in the 2019 DEC NC Rate Case; First Partial Stipulation filed June 2, 2020, and Second Partial Stipulation filed July 31, 2020, in the 2019 DEP NC Rate Case.
- AI. Future CCR Costs - CCR Costs incurred by DEC from February 1, 2020, through January 31, 2030, and CCR Costs incurred by DEP from March 1, 2020, through February 28, 2030.
- AJ. GAAP - Generally Accepted Accounting Principles.
- AK. Historical Practices - The Companies' coal ash management practices prior to January 1, 2015.
- AL. Historical Practice Arguments - Arguments that the Companies' Historical Practices were inadequate and led to unreasonable CCR Costs being incurred or led to CCR Costs being unreasonably higher than otherwise would have been incurred.
- AM. Intervenor Settling Parties - Sierra Club, Public Staff and AGO.
- AN. NC Rate Cases - 2017 and 2019 NC Rate Cases.
- AO. Public Staff - Public Staff-North Carolina Utilities Commission.
- AP. Reasonable and Prudent Disallowance - An adjustment to costs on the grounds that the costs were unreasonable or were imprudently incurred.
- AQ. ROE - cost of equity.
- AR. Settling Parties - Collectively, the Companies and the Intervenor Settling Parties.
- AS. Settling Party - one of the Companies or the Intervenor Settling Parties.

- AT. WACC - weighted average cost of capital, adjusted as appropriate to reflect income tax savings resulting from the deductibility of interest expense.

II. BACKGROUND AND STATEMENT OF PURPOSE

A. The Companies are public utilities operating under the laws of the State of North Carolina and are subject to regulation by the Commission. DEP is engaged in the business of generating, transmitting, distributing, and selling electric power to the public in an area of eastern North Carolina and eastern South Carolina, and an area in western North Carolina in and around the city of Asheville. DEC is engaged in the business of generating, transmitting, distributing, and selling electric power to the public in the central and western portions of North Carolina and western South Carolina.

B. The NC Rate Cases are currently pending before the Commission.

C. The Public Staff and the AGO represent the using and consuming public in the Companies' North Carolina retail territories ("Customers"), and are intervenors as of right in the NC Rate Cases. Sierra Club also is an intervenor in the NC Rate Cases, having been granted permission to intervene by the Commission.

D. A major issue in each of the NC Rate Cases concerns the extent to which the Companies may recover, and the manner in which they may recover, CCR Costs from Customers. CCR Costs arise from legal requirements that were imposed upon the Companies by various federal and state statutes, rules, regulations and directives, including the CCR Rule, CAMA, and various special orders, consent decrees, and agreements between the Companies (or each Company separately) and DEQ/DHEC.

E. These new legal requirements triggered GAAP provisions relating to the retirement of long-lived tangible assets, and specifically triggered a requirement that the Companies account for CCR Costs through ARO accounting. Each Company, as required by GAAP, established AROs with respect to its coal ash basins. CCR Costs, which are equal to the post-December 31, 2014, expenditures that the Companies must make to satisfy, or settle, their respective AROs, have all been deferred for North Carolina retail accounting and ratemaking purposes by orders of the Commission, and, pursuant to a model denominated by the Companies as "Spend/Defer/Recover", are sought to be recovered in rates in periodic rate case filings. Cost recovery sought by the Companies includes not only CCR Costs actually incurred, but also Financing Costs associated with (in each rate case) two distinct periods – a Deferral Period and an Amortization Period. In the 2019 NC DEC Rate Case and 2019 NC DEP Rate Case, the Deferral Period runs until the date new non-interim rates are implemented in those cases.

F. In the 2017 NC DEP Rate Case, DEP sought recovery of its CCR Costs incurred from January 1, 2015, through August 31, 2017, along with Financing Costs at its approved WACC during both the Deferral Period and the Amortization Period. In the 2017 NC DEC Rate Case, DEC sought recovery of its CCR Costs incurred from January 1, 2015, through December 31, 2017, along with Financing Costs at its approved WACC during both the Deferral Period and the Amortization Period. In the 2019 NC DEC Rate Case, DEC sought recovery of its CCR Costs incurred from January 1, 2018, through January 31, 2020, along with Financing Costs at its approved WACC during both the Deferral Period and the Amortization Period. In the 2019 NC DEP Rate Case, DEP sought recovery of its CCR Costs incurred from September 1, 2017, through February 29, 2020, along with Financing Costs at its approved WACC during both the Deferral Period and the Amortization Period. In all of the NC Rate Cases, the Companies proposed an Amortization Period of five years.

G. In each of the NC Rate Cases, various intervenors, including the Intervenor Settling Parties, generally opposed the Companies' requests for recovery of all of their CCR Costs from their Customers and sought to have the Commission disallow portions of the CCR Costs, and also sought to have the Commission deny recovery of all or part of the Financing Costs incurred (or, during the relevant Amortization Period, to be incurred). Without limitation, challenges to the Companies' recovery of CCR Costs and Financing Costs asserted in the NC Rate Cases may be categorized as follows:

- i. Cost disallowance premised upon alleged unreasonableness or imprudence of the Companies' incurrence of CCR Costs. In each of the NC Rate Cases, the Public Staff challenged the Companies' execution of work required to be performed in order to meet the requirements of CAMA and the CCR Rule, including decisions made by the Companies with respect to siting and constructing new landfills and other ash management facilities, transporting coal ash, and constructing ash beneficiation facilities.
- ii. Cost disallowance premised upon the Companies' Historical Practices. Certain intervenors have challenged the Companies' ability to recover CCR Costs and Financing Costs from Customers by advocating disallowance of all or a portion of these costs based upon Historical Practices Arguments.
- iii. Equitable Sharing. The Public Staff has in each of the NC Rate Cases proposed disallowance based on an equitable sharing argument, pursuant to which the net present value of CCR Costs and the Financing Costs incurred during the Deferral Period, net of any Reasonable and Prudent Disallowance associated with either post-CAMA/CCR Rule work or Historical Practices, would be shared between the Companies and Customers. The Public Staff has advocated that the appropriate sharing percentage in each of the NC Rate Cases be approximately 50/50.

The Companies opposed disallowance of any CCR Costs or Financing Costs in the NC Rate Cases.

H. In the 2018 NC DEP Rate Order, the Commission determined that all CCR Costs, with the exception of approximately \$9.5 million, could be recovered from Customers, and that in the exercise of its discretion, all Financing Costs at DEP's authorized WACC incurred during the Deferral Period and a five-year Amortization Period could be recovered from Customers. However, the Commission reduced the annual revenue requirement by \$6 million (from the return on the unamortized balance in the rate base portion) for each of the five years during the Amortization Period, resulting in a \$30 million DEP Cost of Service Penalty.

I. In the 2018 NC DEC Rate Order, the Commission decided that all CCR Costs could be recovered from Customers, and that, in the exercise of its discretion, all Financing Costs at DEC's authorized WACC incurred during the Deferral Period and a five-year Amortization Period could be recovered from Customers. However, the Commission reduced the annual revenue requirement by \$14 million (from the return on the unamortized balance in the rate base portion) for each of the five years during the Amortization Period, resulting in a \$70 million DEC Cost of Service Penalty.

J. The 2018 NC Rate Orders were appealed to the North Carolina Supreme Court by the AGO and Sierra Club, and a cross appeal was entered with respect to each 2018 NC Rate Order by the Public Staff. The Supreme Court decided the appeals in *State ex rel. Utils. Comm'n v. Stein* ("Stein"), Nos. 271A18 and 401A18, 2020 WL 7294770 (N.C. Dec. 11, 2020). The Supreme Court remanded the case back to the Commission for further proceedings consistent with the *Stein* opinion.

K. The Commission has not as yet decided the issues remanded to it by *Stein*. In addition, the 2019 Rate Cases have not yet been decided by the Commission.

L. The Settling Parties, without any admission of prudence, imprudence, error or fault, without waiver of any of their positions in the NC Rate Cases, and in order to avoid the expense, uncertainty, and inconvenience of further litigation, have agreed to resolve and settle all claims and disputes regarding the Companies' recovery from Customers of (i) CCR Costs and Financing Costs in the NC Rate Cases and (ii) CCR Costs and Financing Costs incurred through January 31, 2030 (DEC), and February 28, 2030 (DEP), in accordance with the terms and conditions of this CCR Settlement Agreement, and subject to approval by the Commission.

III. AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual promises set forth in this CCR Settlement Agreement, and for other good and valuable consideration, the receipt, adequacy, and sufficiency of which the Settling Parties acknowledge, the Settling Parties agree as follows:

A. Interpretation of Background and Statement of Purpose. The statements in the Background and Statement of Purpose are intended solely to describe the background to this agreement and do not express an agreement, admission, or concession by any Settling Party as to the matters described therein.

B. Relationship to Other Settlement Agreements and Stipulations and Fuel Clause Cost Recovery. This CCR Settlement Agreement is not intended to impact or in any way modify any of the settlement agreements entered by the Companies and intervenors in the 2019 NC Rate Cases, including the First and Second Partial Stipulations. This CCR Settlement Agreement does not limit in any manner, and the Settling Parties agree that it is not intended to have any impact on the Companies' ability to recover, or on any party's right to challenge, the costs resulting from any sales of generation by-products pursuant to N.C. Gen. Stat. § 62-133.2.

C. DEQ Settlement. For purposes of CCR Cost recovery in Commission proceedings, and any appeals therefrom, each Intervenor Settling Party agrees that (i) closure of CCR impoundments at the Companies' sites as required by the DEQ Settlement, and (ii) the closure plans and corrective action plans for each site to be approved by DEQ (as may be amended by DEQ in the future) are reasonable, prudent, in the public interest, and consistent with law;

D. Waivers and Reservations. Each Intervenor Settling Party, with respect only to CCR Costs incurred by DEC through January 31, 2030, or by DEP through February 28, 2030:

i. Waives its right and ability, before any court or before any administrative body (including the Commission) or other dispute resolution tribunal, to assert – either on its own initiative or in support of another person's or entity's assertions – that Future CCR Costs, including Financing Costs, shall be shared between either Company and the Customers of such Company through (1) Equitable Sharing or (2) any other rate base or return adjustment that shares, for the CCR Costs that are not otherwise disallowed due to a Reasonable and Prudent Disallowance, the revenue requirement burden.

ii. Waives its right and ability, before any court or before any administrative body (including the Commission) or other dispute resolution tribunal, to challenge – either on its own initiative or in support of another person's or entity's challenges – any Future CCR Costs, along with any associated Financing Costs, on the basis of any Historical Practice Arguments.

iii. Reserves its right and ability, before any court or before any administrative body (including the Commission) or other dispute resolution

tribunal, to propose a Reasonable and Prudent Disallowance for any Future CCR Costs, along with any associated Financing Costs.

E. Historical CCR Costs Incurred Through January 31, 2020 (DEC), and February 29, 2020 (DEP). In accordance with and furtherance of the Waivers and Reservations listed in paragraph III.D., the Settling Parties agree that in the Commission's decisions upon remand of the 2017 NC Rate Cases, and in its decisions in the pending 2019 NC Rate Cases, the Settling Parties request and support the Commission entering an order or orders that include all of the following:

- i. Leaving in place its decision in the 2017 NC DEP Rate Case, including the \$30 million DEP Cost of Service Penalty.
- ii. Leaving in place its decision in the 2017 NC DEC Rate Case, including the \$70 million DEC Cost of Service Penalty.
- iii. In the 2019 NC DEC Rate Case, reducing the combination of CCR Costs and Financing Costs sought to be recovered from DEC Customers by \$224 million, and permitting recovery of the remaining balance of CCR Costs and Financing Costs accrued during the Deferral Period over a five-year Amortization Period, with Financing Costs during the Amortization Period based upon a return premised upon DEC's cost of debt set forth in the Second Partial Stipulation, adjusted as appropriate to reflect the deductibility of interest expense, and an ROE 150 basis points lower than the 9.6% ROE set forth in the Second Partial Stipulation, with a capital structure of 48% debt and 52% equity; and
- iv. In the 2019 NC DEP Rate Case, reducing the combination of CCR Costs and Financing Costs sought to be recovered from DEP Customers by \$261 million, and permitting recovery of the remaining balance of CCR Costs and Financing Costs accrued during the Deferral Period over a five-year Amortization Period, with Financing Costs during the Amortization Period based upon a return premised upon DEP's cost of debt set forth in the Second Partial Stipulation, adjusted as appropriate to reflect the deductibility of interest expense, and an ROE 150 basis points lower than the 9.6% ROE set forth in the Second Partial Stipulation, with a capital structure of 48% debt and 52% equity.

The \$224 million and \$261 million reductions set out in subparagraphs (iii) and (iv) above shall reduce the 2019 NC Rate Case deferred CCR balances as of December 31, 2020, and the Companies shall not accrue after that date and attempt to recover from Customers any Financing Costs on those amounts.

The Settling Parties acknowledge and agree that the ROE reduction and the capital structure required by this paragraph III.E.: (i) are for purposes of settling recovery of

CCR Costs from Customers only, (ii) do not apply to any aspect of the Companies' cost of service other than recovery of CCR Costs, and (iii) do not reflect an admission by any Settling Party as to the Companies' actual ROE or appropriate capital structure ultimately awarded by the Commission in rate cases. The Settling Parties also acknowledge and agree that subparagraphs (iii) and (iv) above do not impact the CCR Costs and Financing Costs that were the subject of the 2017 NC Rate Cases; and that the ratemaking treatment of those costs as reflected in the Companies' interim rates in the 2019 NC Rate Cases should not change.

F. Future CCR Costs. In accordance with and furtherance of the Waivers and Reservations listed in paragraph III.D., with respect to Future CCR Costs, the Settling Parties support the Commission, in the next general rate case for each Company, entering an order or orders requiring the following:

- i. DEC to forbear from seeking recovery of \$108 million on any regulatory asset it establishes and is found by the Commission to be prudently incurred and reasonable in order to defer for recovery Future CCR Costs;
- ii. DEP to forbear from seeking recovery of \$162 million on any regulatory asset it establishes and is found by the Commission to be prudently incurred and reasonable in order to defer for recovery Future CCR Costs; and
- iii. Recovery of remaining Future CCR Costs through the dates indicated in this subsection from Customers authorized by the Commission to include Financing Costs during the Deferral Periods based upon DEC and DEP's respective last authorized WACC returns, and recovery of Financing Costs during any Amortization Period based upon a return premised upon their respective Commission-approved embedded costs of debt, adjusted as appropriate to reflect the deductibility of interest expense, and an ROE 150 basis points lower than the authorized ROE then in effect, with a capital structure composed of 48% debt and 52% equity.

The \$108 million and \$162 million reductions set out in subdivisions (i) and (ii) above shall be applied to the balance of Future CCR Costs and Financing Costs accrued through December 31, 2020, that the Companies would otherwise seek to recover in a future rate case, and the Companies shall not accrue after December 31, 2020, and attempt to recover from Customers any Financing Costs on those amounts.

The Settling Parties acknowledge and agree that the reduced ROE and the capital structure required by this paragraph III.F.: (i) are for purposes of settling recovery of Future CCR Costs from Customers only, (ii) do not apply to any aspect of the Companies' cost of service other than recovery of Future CCR Costs, and (iii) do not reflect an admission by any Settling Party as to the Companies' actual ROE or appropriate capital structure.

The Settling Parties further agree that they will, prior to January 1, 2030, engage in good faith negotiations to resolve all issues and claims in connection with CCR Costs incurred by DEC after January 31, 2030, and by DEP after February 28, 2030. This provision does not place any obligation upon any Settling Party to resolve those issues and claims, and each Settling Party maintains complete discretion to approve or reject any proposed settlement for those issues and claims.

G. Coal ash insurance litigation proceeds. The Settling Parties agree that Customers will receive one hundred percent (100%) of the first **[BEGIN CONFIDENTIAL]** _____ **[END CONFIDENTIAL]** in NC retail allocable proceeds the Companies receive from any coal ash insurance litigation, without reduction for any attorneys' fees incurred. This amount shall be kept confidential, and redacted in any publicly filed or publicly available copy of this CCR Settlement Agreement. Any coal ash litigation proceeds received above this amount will be shared equally between Customers and the Companies without reduction for any attorneys' fees incurred. Any such proceeds due to Customers under this provision will be applied by the Companies in the form of an offset to CCR Costs. In any proceeding before the Commission, or in any appeals therefrom, the Settling Parties further agree not to oppose any request by the Companies to seek approval to defer their legal costs associated with the coal ash insurance litigation. The Intervenor Settling Parties reserve their respective rights to review and object to the recovery of such legal costs in future rate cases.

H. Timing of Implementation of New DEC Rates. In support of the planned deployment of DEC's new Customer Connect billing system in early April 2021, the Settling Parties agree to act in good faith and use their best efforts to support the implementation of DEC's new rates, when approved by the Commission, by no later than April 1, 2021. Further, if DEC is required by the Commission to refund to its customers any amount of temporary rates finally determined by the Commission to be excessive, plus up to 10% interest per annum, in accordance with its temporary rate authority under N.C. Gen. Stat. § 62-135, the Settling Parties agree not to oppose in any proceeding before the Commission, or in any appeal therefrom, a delay in the issuance of the refunds to customers until after DEC's Customer Connect system is deployed, on the condition that the refunds continue to accrue interest at the rate prescribed by the Commission.

I. Commitment to Support Settlement Agreement; Future Proceedings. The Settling Parties agree that this CCR Settlement Agreement represents a reasonable compromise of contested issues, and that its acceptance and approval by the Commission is in the public interest. In any proceeding before the Commission related to approval of this CCR Settlement Agreement or in any proceeding before the Commission related to Future CCR Costs, each Settling Party agrees that it: (i) shall not object to the pre-filed testimony and exhibits of any witness sponsored by another Settling Party on an issue resolved by and consistent with this CCR Settlement Agreement; (ii) waives the right to cross-examine any witness with respect to such pre-filed testimony and exhibits; (iii) reserves the right, consistent with its obligation to

support this CCR Settlement Agreement in good faith, to address questions posed to any witness by a party not a party to this CCR Settlement Agreement or by a Commissioner; and (iv) may present witnesses and retains the right to cross-examine any witness, or object to the admission of testimony or exhibits sponsored by any witness, in connection with a Reasonable and Prudent Disallowance. The Public Staff and the AGO further agree that they will support this CCR Settlement Agreement in any appeal from an Order of the Commission in connection with approval of this Agreement. Sierra Club further agrees that it will not oppose this CCR Settlement Agreement in any appeal from an Order of the Commission in connection with approval of this Agreement.

J. Successors and Assigns. The provisions of this CCR Settlement Agreement will inure to the benefit of and be binding upon the heirs, successors and assigns in interest of the Settling Parties.

K. Further Assurances. Each Settling Party agrees that it will take any and all necessary steps, sign, and execute any and all necessary documents, agreements, or instruments which are required to implement the terms of this CCR Settlement Agreement and each Settling Party will refrain from taking any action, either expressly or impliedly, which would have the effect of prohibiting or hindering the performance of the other Settling Parties to this CCR Settlement Agreement.

L. Applicable Law and Interpretation. The laws of the State of North Carolina, without resort to the choice of law provisions thereof, will govern this CCR Settlement Agreement and its application. Each Settling Party agrees that it has been represented by its own counsel throughout any negotiations about and at the signing of this CCR Settlement Agreement and any other documents signed incidental thereto. Therefore, the Settling Parties agree that none of the provisions of this CCR Settlement Agreement will be construed against any Settling Party more strictly than against the other Settling Party.

M. Binding Effect. The Settling Parties acknowledge that this CCR Settlement Agreement represents an agreement between and among fewer than all of the parties to the 2017 NC Rate Cases and the 2019 NC Rate Cases, and must be approved by the Commission in order to become effective. The Settling Parties further acknowledge that this CCR Settlement Agreement is the product of negotiation and compromise of a complex set of issues, and no portion of this CCR Settlement Agreement is or will be binding on any of the Settling Parties unless the entire CCR Settlement Agreement is accepted by the Commission. If the Commission rejects any part of this CCR Settlement Agreement or approves this CCR Settlement Agreement subject to any change or condition or if the Commission's approval of this CCR Settlement Agreement is rejected or conditioned by a reviewing court, the Settling Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the CCR Settlement Agreement consistent with the order. No Settling Party shall withdraw from the CCR Settlement Agreement prior to complying with the foregoing sentence. If any Settling

Party withdraws from the CCR Settlement Agreement, each Settling Party retains the right to seek additional procedures before the Commission, including cross-examination of witnesses, with respect to issues addressed by the CCR Settlement Agreement and shall not be bound or prejudiced by the terms and conditions of the CCR Settlement Agreement.

N. Counterparts. This CCR Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution by facsimile, electronic signature, or electronically transmitted image of a signature shall be deemed to be, and shall have the same effect as, execution by original signature.

O. Entire Agreement. This CCR Settlement Agreement represents the entire agreement between the Settling Parties relating to the matters addressed herein and supersedes all prior negotiations, representations, or agreements between the Settling Parties, either written or oral. This CCR Settlement Agreement applicable to the NC Rate Cases may be amended only by written instrument designated as an amendment to this CCR Settlement Agreement and executed by all of the Settling Parties.

[SIGNATURES ON FOLLOWING PAGE]

The foregoing is agreed and stipulated this the 22nd day of January, 2021.

Duke Energy Carolinas, LLC

Duke Energy Progress, LLC

By: /s/ Stephen G. De May

Stephen G. De May
North Carolina President

Public Staff – North Carolina Utilities Commission

By: /s/ Christopher J. Ayers

Christopher J. Ayers
Executive Director

Attorney General's Office

By: /s/ W. Swain Wood

W. Swain Wood
First Assistant Attorney General and General Counsel

Sierra Club

By: /s/ Bridget M. Lee

Bridget M. Lee
Law Program Senior Attorney

INVESTMENT AGREEMENT

by and among

CINERGY CORP.,

DUKE ENERGY INDIANA HOLDCO, LLC,

DUKE ENERGY CORPORATION

and

EPSOM INVESTMENT PTE. LTD.

Dated as of January 28, 2021

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INVESTMENT AGREEMENT

THIS INVESTMENT AGREEMENT (including all schedules and exhibits attached hereto, this "Agreement"), dated as of January 28, 2021 (the "Agreement Date"), is entered into by and among Cinergy Corp., a Delaware corporation ("Cinergy"), Duke Energy Indiana Holdco, LLC, a Delaware limited liability company ("DEI Holdco"), Duke Energy Corporation, a Delaware corporation ("Duke"), and Epsom Investment Pte. Ltd., a Singapore private limited company ("Investor") (Cinergy, DEI Holdco, Duke and Investor being sometimes hereinafter referred to individually as a "Party" and together as the "Parties"), with reference to the following:

RECITALS

WHEREAS, Duke owns, directly or indirectly, one hundred percent (100%) of the Equity Interests of Cinergy;

WHEREAS, Cinergy owns one hundred percent (100%) of the issued and outstanding membership interests of DEI Holdco (the "DEI Holdco Membership Interests");

WHEREAS, Cinergy owns one hundred percent (100%) of the issued and outstanding membership interests of Duke Energy Indiana, LLC, an Indiana limited liability company ("DEI" and such membership interests, the "DEI Membership Interests");

WHEREAS, prior to the First Closing (as defined below), (a) Cinergy will contribute to DEI Holdco one hundred percent (100%) of the DEI Membership Interests such that DEI Holdco owns one hundred percent (100%) of the DEI Membership Interests and (b) DEI Holdco will partially assume (the "Note Assumption") from Cinergy obligations under the note dated December 30, 2020 payable to Duke (the "Duke Note"), which assumption shall be limited to a principal amount equal to \$2,050,000,000 (excluding, for the avoidance of doubt, any accrued interest prior to the date of such assumption) (the contributions described in clause (a) above, together with the Note Assumption described in clause (b) above, the "Contribution");

WHEREAS, on the terms and subject to the conditions set forth herein, DEI Holdco wishes to issue and sell to Investor, and Investor wishes to purchase from DEI Holdco, certain newly issued DEI Holdco Membership Interests such that, after giving effect to the Transactions (as defined below), Investor will own nineteen point nine percent (19.9%) (the "Aggregate Percentage") of the DEI Holdco Membership Interests; and

WHEREAS, contemporaneously with the First Closing, Cinergy, Investor and DEI Holdco will enter into an Amended and Restated Limited Liability Company Agreement of DEI Holdco substantially in the form attached hereto as Exhibit A (the "DEI Holdco A&R LLC Agreement") to memorialize their respective ownership of DEI Holdco Membership Interests and their mutual agreements and understandings relating to the ownership, management and operation of DEI Holdco.

NOW, THEREFORE, in consideration of the mutual covenants and agreements in this Agreement and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I.

DEFINITIONS

Section 1.1 Definitions. As used in this Agreement the following terms have the following meanings:

“Acquired DEI Holdco Interests” means the DEI Holdco Membership Interests acquired by Investor at the First Closing and the DEI Holdco Membership Interests acquired by Investor at the Second Closing.

“Action or Proceeding” means any notice, charge, assertion, appeal, action, demand, inquiry, citation, summons, litigation, suit, proceeding, hearing, arbitration or investigation by or before any Governmental Authority or any validly constituted arbitral panel or similar body, of any nature (criminal, civil, administrative, regulatory, investigative or otherwise), and whether at law or at equity.

“Additional Capital Investment” means the amount (which, for purposes of Section 2.1, shall not exceed \$300 million in the aggregate) of any cash equity capital contributions to, or investments of any additional cash equity capital in, DEI in the ordinary course of business and a manner consistent with past practice, including for the capital expenditures set forth on Schedule 1.1(a), made by Cinergy in DEI on or after the Agreement Date and prior to the First Closing.

“Adjusted Purchase Price” has the meaning given in Section 2.1(b).

“Adjustment Amount” means the product of (a) \$10,000 and (b) the number of days in the period from (and including) the date on which the Parties receive FERC Approval to (but excluding) the First Closing Date.

“Affiliate” means, with respect to a Person, any other Person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with such first Person; provided, however, that no Person other than GIC Private Limited and its Subsidiaries and any entity managed or advised by GIC Private Limited or its Subsidiaries shall be deemed an Affiliate of Investor.

“Affiliate Contract” means any Contract between any of the Companies, on the one hand, and any Affiliate of any of the Companies (other than any other Company), on the other hand.

“Affiliate Guidelines” has the meaning given in Section 4.19(a).

“Aggregate Percentage” has the meaning given in the Recitals.

“Agreement” has the meaning given in the Preamble.

“Agreement Date” has the meaning given in the Preamble.

“AML Laws” has the meaning set forth in Section 4.18.

“Ancillary Agreements” means the agreements, instruments and certificates to be executed and delivered by a Party at or prior to a Closing pursuant to Section 2.2(e)(iv).

“Anti-Corruption Laws” means any Laws concerning or relating to bribery or corruption imposed, administered or enforced by any Governmental Authority.

“Applicable Rate” means, as of any given time, an interest rate per annum equal to the average of the United States three month Treasury bill rate, as available as published by *The Wall Street Journal*.

“Assets” means any and all direct and indirect interests in both tangible and intangible property, including all Permits, Real Property, Intellectual Property Rights and rights under Contracts.

“Authorized Signatory List” has the meaning given in Section 2.2(b).

“Balance Sheet Date” has the meaning given in Section 4.6(a).

“Base Purchase Price” means Two Billion Fifty Million Dollars (\$2,050,000,000).

“Burdensome Condition” means any requirement or condition (a) to enter into any agreement or undertaking that requires the holding of direct or indirect Equity Interests in DEI Holdco through proxy holders or in a voting trust, (b) to alter the governance arrangements with respect to the Companies in a manner that adversely affects or limits the governance rights of Investor in any material respect, (c) to diminish in any material respect the scope of Investor’s information rights with respect to the Companies (other than with respect to identified matters of national security), (d) to propose, negotiate, commit to or effect, by consent decree, hold separate order or otherwise, the sale, divestiture or disposition of any assets or businesses of the Investor, any of its Subsidiaries or their Affiliates or, after the First Closing, the Companies, (e) otherwise to take or commit to take any actions that would reasonably be expected to materially and adversely (i) affect one or more of the businesses, product lines or assets of Investor, its Subsidiaries or their Affiliates or, after the First Closing, the Companies, or (ii) limit the ability of Investor, its Subsidiaries or their Affiliates or, after the First Closing, the Companies, to retain, one or more of their businesses, product lines or assets, (f) to disclose any non-public information with respect to itself or its Affiliates (other than, with respect to Required Approvals, information of the type and to the extent previously provided with respect to such Required Approval in a proceeding by Investor or its Affiliates before the corresponding Governmental Authority in previous applications under substantially similar standards of confidentiality); provided that with respect to any requirement or condition from a Governmental Authority to disclose any non-public information with respect to itself or its Affiliates in connection with the

Transactions, Investor shall have entered into good faith discussions with Cinergy and the relevant Governmental Authority to, and shall have used its reasonable efforts to, provide other information, within the constraints imposed on GIC Private Limited and its Affiliates by applicable Law, organizational documents, existing internal policies and past practices, that attempted in good faith to address the topic(s) of inquiry then being made by such Governmental Authority, or (g) to commence or participate in any action, suit or other litigation proceeding (other than regulatory proceedings with respect to the Required Approvals).

“Business Day” means any day other than a Saturday, a Sunday, or a day on which banks in Singapore or New York, New York are authorized or required by Law to be closed.

“CFIUS” means the Committee on Foreign Investment in the United States, or any member agency thereof acting in its capacity as a member agency.

“CFIUS Approval” means (a) Cinergy, DEI Holdco and Investor have received a written notification issued by CFIUS that it has determined that the issuance and sale of the Acquired DEI Holdco Interests is not a “covered transaction” pursuant to the CFIUS Statute; (b) Cinergy, DEI Holdco and Investor shall have received written notice from CFIUS that CFIUS has concluded all action under the CFIUS Statute with respect to the issuance and sale of the Acquired DEI Holdco Interests, and there are no unresolved national security concerns with respect to the issuance and sale of the Acquired DEI Holdco Interests; or (c) if CFIUS has sent a report to the President of the United States requesting the President’s decision with respect to the issuance and sale of the Acquired DEI Holdco Interests, then either (i) the President shall have announced a decision not to take any action to suspend, prohibit or place any limitations on the issuance and sale of the Acquired DEI Holdco Interests, or (ii) the time permitted by the CFIUS Statute for the President to announce any decision to suspend, prohibit or place any limitations on the issuance and sale of the Acquired DEI Holdco Interests shall have expired without any such action being announced or taken.

“CFIUS Notice” means a notice with respect to the Transactions submitted to CFIUS by Cinergy, DEI Holdco and Investor pursuant to 31 C.F.R. Part 800 Subpart E.

“CFIUS Statute” means Section 721 of Title VII of the Defense Production Act of 1950, as amended (50 U.S.C. § 4565), and all applicable rules and regulations issued and effective thereunder.

“CFIUS Turndown” has the meaning given in Section 6.3(b)(iii).

“Charter Documents” means, with respect to any Person, all organizational documents and all shareholder agreements, member agreements or similar Contracts relating to the ownership or governance of such Person.

“Cinergy” has the meaning given in the Preamble.

“Cinergy Required Approvals” has the meaning given in Section 3.4.

“Cinergy Required Consents” has the meaning given in Section 3.4.

“Cinergy’s Knowledge” means the actual knowledge, after inquiry of their respective direct reports, of each of the individuals set forth on Schedule 1.1(b); provided, however, that such individual(s) shall not have any personal liability for any breach of any provision of this Agreement so qualified.

“Claim Notice” has the meaning given in Section 10.5.

“Closing” has the meaning given in Section 2.2(a).

“Closing Actions” has the meaning given in Section 2.2(e).

“Closing Date” means the date upon which a Closing occurs.

“COBRA” has the meaning given in Section 4.12(c).

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

“Companies” has the meaning given in the preamble to Article IV.

“Company Counsel” has the meaning set forth in Section 11.12.

“Company Data” means all confidential data, information, and data compilations contained in the IT Systems or databases of the Companies or, to the extent used by the Companies, the IT Systems or databases of their Affiliates, including Personal Data, that are used by the Companies.

“Company Intellectual Property” means all Intellectual Property Rights owned or purported to be owned by any of the Companies or, with respect to Intellectual Property Rights used in connection with the business or operations of the Companies, their Affiliates.

“Company Privacy Policies” means any (a) internal or external past or present data protection, data usage, data privacy and security policies of the Companies or, to the extent applicable to the Companies, of their Affiliates, (b) representations, obligations, promises or commitments of the Companies or, to the extent applicable to the Companies, of their Affiliates, relating to privacy, security, or the Processing of Personal Data, and (c) policies and obligations applicable to the Companies as a result of any certification relating to privacy, security, or the Processing of Personal Data.

“Confidentiality Agreement” means that certain Confidentiality Agreement, dated November 8, 2020, between Duke and GIC Special Investments Pte. Ltd.

“Contract” means any agreement, contract, lease, settlement, consensual obligation, promissory note, evidence of indebtedness, purchase order, letter of credit, license, promise or

undertaking of any nature (whether written or oral and whether express or implied), including letters of intent, executed term sheets and similar evidences of an agreement in principle.

“Contribution” has the meaning given in the Recitals.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. The term “Control” when used as a verb in the referenced clauses shall have a correlative meaning.

“Controlled Group Liability” means any and all Liabilities (a) under Title IV of ERISA, (b) under Section 302 or 4068(a) of ERISA, (c) under Section 412 or 4971 of the Code and (d) for violation of the continuation coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code or the group health requirements of Sections 701 et seq. of ERISA and Sections 9801 et seq. of the Code.

“COVID-19” means the coronavirus disease (COVID-19), caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), which was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020.

“COVID-19 Action” means a reasonable action taken (a) in response to the COVID-19 pandemic or (b) to comply with COVID-19 Measures applicable to the Companies, which actions are (i) reasonably consistent with (x) the actions taken by other similarly situated regulated utilities operating in the same region of the United States as DEI and its Subsidiaries or (y) the past practices of DEI and its Subsidiaries in response to COVID-19 prior to the date of this Agreement and (ii) in compliance with applicable Law.

“COVID-19 Measures” means any quarantine, “shelter in place,” “stay at home,” workforce reduction, social distancing, shut down, closure, sequester, safety or other Law, decree, judgment, injunction or other order, directive, guideline or recommendation promulgated by any Governmental Authority in connection with or in response to COVID-19.

“Data Breach” means any unauthorized Processing of Company Data or IT Systems, or any other data security incident requiring notification to any Person or Governmental Authority under Privacy Laws.

“Data Processor” means a natural or legal Person, public authority, agency or other body that Processes Personal Data on behalf of or at the direction of a Company.

“Debt” means all (a) obligations of a Person for borrowed money or issued in substitution for or exchange of indebtedness for borrowed money, including obligations of such Person evidenced by bonds, debentures, notes or similar instruments; (b) obligations of such Person to pay any deferred purchase price, including “earn-out” payments, post-closing true-up obligations, conditional sale obligations, obligations under any title retention agreement or similar contingent obligations; (c) obligations under commodity hedging arrangements, exchange rate contracts, interest rate protection agreements or other hedging or derivatives arrangements,

solely to the extent such obligations would have been considered indebtedness on the Reference Balance Sheet; (d) obligations to reimburse the issuer of any letter of credit, surety bond, performance bond or other guarantee of contractual performance, in each case to the extent drawn; (e) obligations of a Person under leases classified as capital or finance leases in its financial statements or required to be so classified in accordance with GAAP; (f) guarantees with respect to obligations of other Persons of the type referred to in clauses (a) through (e); and (g) obligations of the type referred to in clauses (a) through (f) of other Persons secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Lien on any property or asset of such Person, including in each case, the outstanding principal amount, any unpaid or accrued interest and any other payment obligations in respect thereof. "Debt" does not include any (A) ordinary course intercompany obligations solely between or among the Companies to the extent eliminated in consolidation or (B) trade accounts payable of the Companies in favor of non-Affiliates that are incurred in the ordinary course of business and included in net working capital in accordance with GAAP.

"DEI" has the meaning given in the Recitals.

"DEI Holdco" has the meaning given in the Preamble.

"DEI Holdco A&R LLC Agreement" has the meaning given in the Recitals.

"DEI Holdco Membership Interests" has the meaning given in the Recitals.

"DEI Membership Interests" has the meaning given in the Recitals.

"DEI Plans" has the meaning given in Section 4.12(a).

"Duke" has the meaning given in the Preamble.

"Duke Consolidated Group" means the "affiliated group" (as defined in Section 1504 of the Code) of which Duke is the common parent.

"Duke Note" has the meaning given in the Recitals.

"Emergency Situation" means, with respect to the business of the Companies, any abnormal system condition or abnormal situation requiring immediate action to maintain system frequency or voltage or to prevent material loss of firm load, material equipment damage or tripping of system elements that could materially and adversely affect reliability of an electric system or any other occurrence or condition that otherwise requires immediate action to prevent an immediate and material threat to the safety of persons or the operational integrity of the Assets and business of the Companies or any other condition or occurrence requiring implementation of emergency procedures as defined by the applicable transmission grid operator or transmitting utility.

"Employee Benefit Plan" has the meaning given in Section 4.12(a).

“Environmental Claim” means any and all written or oral claims alleging potential Liability, administrative or judicial actions, suits, orders, liens, or notices alleging Liability, notices of violation, investigations, complaints, requests for information relating to the Release or threatened Release of Hazardous Substances, proceedings, or other written or oral communication, whether criminal, civil or administrative based upon, alleging, asserting, or claiming any actual or potential (a) violation of, or Liability under, any Environmental Law, (b) violation of any Environmental Permit, or (c) Liability for investigatory costs, cleanup costs, removal costs, remedial costs, response costs, monitoring costs, natural resource damages, property damage, personal injury, fines, or penalties arising out of, based on, resulting from, or related to the presence, Release, or threatened Release of any Hazardous Substances at any location.

“Environmental Laws” means any and all Laws relating to pollution, the protection of the indoor or outdoor environment or natural resources (including all air, surface water, groundwater, soil vapor or land, including land surface or subsurface, flora and fauna and other natural resources), historic or cultural resources, or human health and safety (to the extent related to exposure to harmful or deleterious substances), or relating to the processing, distribution, use, treatment, storage, disposal, Release or handling of, or exposure to Hazardous Substances.

“Environmental Permits” has the meaning given in Section 4.11(a).

“Equity Interests” means (i) capital stock, partnership or membership interests or units (whether general or limited), or any other voting securities or interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of the assets of, the issuing entity, or (ii) subscriptions, calls, warrants, options or commitments of any kind or character relating to, or entitling any Person or entity to acquire, or securities convertible into or exercisable or exchangeable for any of the foregoing.

“ERISA” has the meaning given in Section 4.12(a).

“ERISA Affiliate” means any trade or business (whether or not incorporated) that together with any of the Companies would be treated as a single employer within the meaning of Section 414 of the Code or Section 4001(b) of ERISA.

“Estimated Adjusted Purchase Price” has the meaning given in Section 2.1(e)(i).

“Estimated First Closing Purchase Price” has the meaning given in Section 2.1(e)(i).

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“FCC” means the Federal Communications Commission or any successor agency thereto.

“FERC” means the Federal Energy Regulatory Commission or any successor agency thereto.

“FERC Approval” has the meaning given in Section 6.3(a).

“Financing Sources” has the meaning given in Section 6.11(d).

“First Closing” means the first Closing under this Agreement.

“First Closing Acquired Percentage” has the meaning given in Section 2.1(a).

“First Closing Date” means the date upon which the First Closing occurs.

“First Closing Purchase Price” has the meaning given in Section 2.1(c).

“FPA” means the Federal Power Act.

“Fundamental Representations” has the meaning given in Section 9.1.

“Funding Notice” has the meaning given in Section 2.2(b).

“GAAP” has the meaning given in Section 4.6(b).

“Good Utility Practice” means (a) any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry operating in the United States during the relevant time period or (b) any of the practices, methods or acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to optimum practices, methods or acts to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the United States of the performance of such practice, method or act.

“Government Official” means any officer or employee of a Governmental Authority, or any person acting in an official capacity for or on behalf of any such Governmental Authority, or any political party, party official, candidate for public office or political campaign.

“Governmental Approval” means any authorization, approval, consent, license, ruling, permit, tariff, certification, exception, exemption, variance, order, recognition, grant, confirmation, clearance, filing, declaration or registration (other than a Permit) from, of, or with any Governmental Authority.

“Governmental Authority” means any federal, national, regional, state, municipal or local government or special district, any political subdivision or any governmental, judicial, public, administrative, Tax, regulatory, arbitral, statutory or other instrumentality, tribunal, court, agency, authority, body, commission, bureau or entity having jurisdiction over the matter or Person in question, including, as applicable, FERC, the IURC, the NERC and MISO.

“Group Return” has the meaning given in Section 6.2(c).

“Hazardous Substances” means (a) any petrochemical or petroleum products, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, per- and

polyfluoroalkyl substances and radon gas; (b) any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “restricted hazardous materials,” “extremely hazardous substances,” “toxic substances,” “contaminants” or “pollutants” or words of similar meaning and regulatory effect; or (c) any other chemical, material or substance, exposure to which is prohibited, limited, or regulated by, or which would reasonably be expected to give rise to Liability under, any applicable Environmental Law.

“Indemnified Group” has the meaning given in Section 10.1(a).

“Indemnified Party” has the meaning given in Section 10.1(a).

“Indemnitor” has the meaning given in Section 10.1(a).

“Information Security Program” means a written information security program that complies with Privacy Laws and that includes: (a) policies and procedures regarding the Processing of Personal Data; (b) administrative, technical and physical safeguards to protect the security, confidentiality, and integrity of any Personal Data Processed by any Company; (c) requirements for protecting the security, confidentiality, and integrity of any Personal Data Processed by, and IT Systems operated by, any third party operating on behalf of or at the direction or for the benefit of any Company; (d) disaster recovery, business continuity, incident response, and security plans, procedures and facilities; and (e) protections against Data Breaches, Malicious Code, and against loss, misuse or unauthorized access to and Processing of Company Data and IT Systems owned or controlled by the Companies.

“Intellectual Property Rights” means all intellectual property and intellectual property rights as they exist in any jurisdiction throughout the world, whether registered or unregistered, published or unpublished, including the following: (i) patents, patent applications and similar rights including provisionals, continuations, divisionals, continuations-in-part, reissues or reexaminations thereof; (ii) trademarks, service marks, trade dress, and registrations and applications for registration thereof, Internet domain names, and the goodwill associated with any of the foregoing; (iii) copyrightable works and copyrights and registrations and applications for registration thereof; (iv) rights in processes, software, technology (whether or not embodied in any tangible form and including all tangible embodiments of the foregoing), formulae, customer lists or data, business and marketing plans, marketing information and other confidential information including trade secrets; and (v) rights in software (including source code, object code and embedded data, databases, collections of data, firmware and related information, documentation and manuals).

“Intercompany Transactions” has the meaning given in Section 4.19(b).

“Investor” has the meaning given in the Preamble.

“Investor Material Adverse Effect” has the meaning given in Section 5.1.

“Investor Required Approvals” has the meaning given in Section 5.4.

“Investor Required Consents” has the meaning given in Section 5.4.

“Investor’s Knowledge” means the actual knowledge, after inquiry of their respective direct reports, of each of the individuals set forth on Schedule L.1(d); provided, however, that such individual(s) shall not have any personal liability for any breach of any provision of this Agreement so qualified.

“IRS” means the U.S. Internal Revenue Service.

“IT Systems” means the hardware, software, firmware, middleware, equipment, electronics, platforms, servers, workstations, routers, hubs, switches, interfaces, data, databases, data communication lines, network and telecommunications equipment, websites and Internet-related information technology infrastructure, wide area network and other data communications or information technology equipment, owned, leased by, used by, for the benefit of, licensed to, or Processed in the conduct of the business of the Companies.

“IURC” means the Indiana Utility Regulatory Commission.

“Law” means any statute, law (including common law), ordinance, treaty, Order, rule or regulation of a Governmental Authority.

“Leased Real Property” means the real property leased by any of the Companies as lessee, which is primarily used, held primarily for use in, or necessary for, the business of such Company.

“Leases” means all leases, subleases, licenses, occupancy agreements, and any other agreements for the use, possession, or occupancy of any portions of the Real Property.

“Liabilities” means any direct or indirect liability, indebtedness, obligation, guarantee, commitment, damage, penalty, fine, assessment, charge, loss, claim, demand, or expense, whether accrued, unaccrued, absolute, contingent, asserted, unasserted, matured, unmatured, liquidated, unliquidated, known or unknown, secured or unsecured of every kind and description, including all expenses related thereto.

“Lien” means any mortgage, deed of trust, pledge, lien (including any Tax lien), charge, claim, option, right of first refusal, equitable interest, security interest, third party right, assignment, hypothecation, encumbrance, easement, right of way, title defect, encroachment, or other covenant, condition, agreement or arrangement that has the same or a similar effect to the granting of security or of any similar right of any kind (including any conditional sale or other title retention agreement).

“Lookback Date” means January 1, 2018.

“Loss” means, with respect to a Person, the amount of any loss, cost, expense, Tax, damage or liability, including interest, fines, reasonable legal and accounting fees, and expenses of a Person including, with respect to an owner of Acquired DEI Holdco Interests, any diminution in the value of such Acquired DEI Holdco Interests (assuming a proportionate,

dollar-for-dollar reduction in the value of the Acquired DEI Holdco Interests based on the underlying reduction in value of the Companies and, for the avoidance of doubt, taking into account, if applicable (a) the percentage ownership of DEI Holdco of such owner, which, with respect to Investor, shall be deemed to be (i) from and after the First Closing, the First Closing Acquired Percentage and (ii) from and after the Second Closing, the Aggregate Percentage), (b) whether and when any Tax benefit will be recognized by the Companies in connection with the incurrence of any Loss, and (c) whether and when such Loss will actually be recovered through DEI's rates. If Investor issues a Claim Notice prior to the Second Closing, and the Second Closing subsequently occurs, the Aggregate Percentage shall apply to calculation of such Loss.

"Malicious Code" means any "back door," "drop dead device," "time bomb," "Trojan horse," "virus," "ransomware," or "worm" (as such terms are commonly understood in the software industry) or any other code designed or intended to have, or capable of performing, any of the following functions: (a) disrupting, disabling, harming, interfering with or otherwise impeding in any manner the operation of, or providing access to, a computer system or network or other device on which such code is stored or installed, in each case without authorization; or (b) damaging or destroying any data or file without the user's consent. For the avoidance of doubt, none of the following are Malicious Code: (i) code that enables a third party licensor or service provider to disable, prevent access to, or delete software or data in accordance with the terms of the applicable Contract, and (ii) code that disables access to software or an IT System for security purposes, such as the use of incorrect passwords or other security tokens.

"Marketing Period" means, with respect to each Closing, the first period of thirty (30) consecutive days at the end of which (a) all conditions to such Closing in Article VII have been satisfied or waived (other than those conditions that can only be satisfied as of such Closing), and (b) Investor shall have the Required Information; provided, however, that any Marketing Period shall not be deemed to have commenced if, prior to the completion of such Marketing Period, (x) financial information for any fiscal quarter included in the Required Information becomes stale under Regulation S-X promulgated under the Securities Act, in which case the Marketing Period shall not be deemed to commence unless and until the earliest date on which the Company has furnished Investor with updated Required Information, (y) Deloitte & Touche LLP shall have withdrawn its audit opinion with respect to any of the annual financial statements included in the Required Information, in which case the Marketing Period shall not be deemed to commence unless and until, at the earliest, a new unqualified audit opinion is issued with respect to such financial statements by Deloitte & Touche LLP or another nationally-recognized independent public accounting firm or (z) any of the financial statements included in the Required Information shall have been restated or Duke or DEI shall have publicly announced, or the board of directors (or similar governing body) of Duke or DEI shall have determined, that a restatement of any such financial statements is required, in which case the Marketing Period shall be deemed not to commence until such restatement has been completed in a manner that is not materially adverse, or Duke or DEI, as applicable, has determined that no restatement shall be required in accordance with GAAP. If at any time after (i) with respect to the First Closing, the sixtieth (60th) day after CFIUS has accepted the CFIUS Notice and, (ii) with respect to the Second Closing, the date that Cinergy has delivered to Investor the Second Closing Notice (as applicable

with respect to each Marketing Period, "Marketing Period Inside Date"), Cinergy reasonably believes that Cinergy or the Companies have provided the Required Information, Cinergy may deliver to Investor a notice to that effect (stating when it believes it completed such delivery), in which case the requirement to deliver the Required Information will be deemed to have been satisfied on the date such notice is received (subject to the terms of Required Information as to when information would go stale or otherwise be unusable), unless Investor in good faith reasonably believes Cinergy or the Companies have not completed the delivery of the Required Information and, within three (3) Business Days after the receipt of such notice from the Company, delivers a written notice to Cinergy to that effect (stating with specificity which portion(s) of the Required Information has not been delivered or is otherwise unsuitable).

"Marketing Period Inside Date" has the meaning given in the definition of Marketing Period.

"Material Adverse Effect" means any condition, circumstance, event or change that, individually or in the aggregate with any other such conditions, circumstances, events or changes, (a) with respect to Duke, Cinergy or DEI Holdco, has had or would reasonably be expected to have a material adverse effect on the ability of such Person to consummate the Transactions or to perform its obligations under the Transaction Documents, and (b) with respect to the Companies, has or would reasonably be expected to have a material adverse effect on the business, assets, financial condition or results of operations of the Companies, taken as a whole; provided, however, that a Material Adverse Effect shall not include any such condition, circumstance, event or change resulting from, relating to or arising out of (i) changes in economic or financial market conditions generally or in the industries in which the Companies operate, (ii) changes in international, national, regional or state wholesale or retail markets (including market description or pricing) for energy, electricity, capacity, fuel supply or ancillary services, including those due to actions by competitors, (iii) changes in general regulatory or political conditions, including any acts of war, civil unrest or terrorist activities (or similar activities), (iv) changes in international, national, regional or state electric transmission or distribution systems, including the operation or condition thereof, (v) any changes in the market price of commodities, including fuel and other consumables, or changes in the price of energy, capacity or ancillary services, (vi) effects of weather or meteorological events, including climate change, (vii) changes or adverse conditions in the securities markets, including those relating to debt financing, interest rates or currency exchange rates, (viii) any change in Law or GAAP or regulatory policy adopted by or approved by any Governmental Authority, (ix) the announcement, execution or delivery of this Agreement or the consummation of the Transactions (except that this clause (ix) shall not apply with respect to the representations or warranties in Section 3.4, Section 3.5 or Section 4.2 or, to the extent related thereto, the closing condition in Section 7.2(a)(i)), (x) any actions specifically required to be taken, or consented to by Investor, pursuant to this Agreement, (xi) natural disasters or "acts of God" or other "force majeure" events, including pandemics (including the COVID-19 pandemic) or any escalation or worsening thereof, or (xii) strikes, work stoppages or other labor disturbances; provided further that the items set forth in clauses (i) through (viii) and (xi) above shall be taken into account in determining whether a Material Adverse Effect has occurred or would be reasonably expected to occur to the extent such items have a disproportionate effect on the affected Companies taken as

a whole relative to other participants in the industry and markets in which the affected Companies conduct their respective business.

“Material Contract” means (a) any Contract to which any of the Companies is a party, or by the terms of which any of the Companies or the Assets of any of the Companies may be bound (including Contracts to which Duke or an Affiliate is a party and for which any of the Companies currently benefits, or to which it contributes, pursuant to intercompany arrangements, whether documented or not), as to which the expected total cost of performing such contract by the applicable Company or Companies or the total revenue expected to be received under such Contract by the applicable Company or Companies in the ordinary course exceeds five million dollars (\$5,000,000) per annum or twenty million dollars (\$20,000,000) over the life of the Contract, (b) any Contract to which any of the Companies is a party or by which it is bound that provides for non-monetary obligations on the part of any of the Companies, the non-performance of which obligations would reasonably be expected to materially and adversely affect any Company, (c) any Affiliate Contract, (d) any Contract to which any of the Companies is a party or by which it is bound (i) containing exclusivity agreements with any material contractor, manufacturer, utility or supplier, (ii) containing covenants limiting the ability of any Company to engage in any line of business or to compete with any Person or in any geographic area, that are material to any Company, (iii) granting any Person a preferential or other right (including requirements, “most-favored-nation clause,” or similar rights) to purchase or license any material Assets or any Equity Interests of any Company, (iv) that is a joint venture or joint ownership agreement (including all agreements for the ownership, participation, operation or maintenance of the Participation Facilities, as amended, and any other agreement for joint ownership, participation, operation or maintenance as joint tenants or tenants in common in properties or facilities), (v) that is with any Governmental Authority and material to any Company, (vi) that involves any resolution or settlement of any actual or threatened Action or Proceeding with a value in excess of ten million dollars (\$10,000,000) or that provides for any injunctive or other non-monetary relief, (e) any Contract that limits or restricts or would, by its express terms, otherwise adversely affect the ability of any of the Companies to pay dividends or distributions and (f) any amendments or supplements to any of the foregoing; provided that the foregoing shall exclude Property Contracts.

“MISO” means the Midcontinent Independent System Operator, Inc.

“NERC” means the North American Electric Reliability Corporation.

“Note Assumption” has the meaning given in the Recitals.

“Order” means any legally binding award, injunction, judgment, decree, order, ruling, subpoena, verdict or other decision (other than a Permit) issued, promulgated or entered by or with any Governmental Authority or arbitrator of competent jurisdiction, applicable to a Party or its business or properties, or the Transactions.

“Owned Real Property” means the real property owned in fee by any of the Companies, which is primarily used, held primarily for use in, or necessary for, the business of such Company.

“Participation Facilities” means Gibson Unit No. 5 and the Vermillion Generating Facility.

“Party” or “Parties” has the meaning given in the Preamble.

“Permit” means all licenses, permits, certificates of authority, certificates of occupancy, exemptions, variances, authorizations, approvals, certifications, agreements, registrations, franchises and similar consents granted by a Governmental Authority in connection with the ownership or operation of the business of the Companies or the construction, ownership, use or occupancy of Real Property.

“Permitted Encumbrances” means (a) those restrictions on transfer imposed by (i) securities Laws or (ii) applicable Charter Documents of which copies have been made available to Investor, and (b) Liens for Taxes that are not yet due and payable or that are being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP.

“Permitted Real Property Liens” means, with respect to the Real Property and any interests therein, (a) all Liens for Taxes, assessments, both general and special, and other governmental charges that are not yet due and payable or that are being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with applicable Law and GAAP, (b) all Liens for mechanics’, materialmen’s, workmen’s, repairmen’s, warehousemen’s, carriers’ and similar Liens that are not yet due and payable or that are being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with applicable Law and GAAP, (c) all building codes, entitlement and zoning ordinances, land use, environmental and other applicable Laws heretofore, now or hereafter enacted, made or issued, in each case, that do not materially impair the current occupancy or use of the Real Property for its intended purpose, (d) those exceptions to title set forth in any title policies of the Companies with respect to the Real Property that have been made available to Investor, (e) any matters that are disclosed by the surveys of the Real Property that have been made available to Investor, (f) all rights with respect to the ownership, mining, extraction and removal of oil, gas or minerals of whatever kind and character (including any rights to gravel, hard rock aggregate, or water extraction) that have been excepted or reserved prior to the Agreement Date in the public records, (g) any covenants, conditions, restrictions, easements, rights of way and similar matters affecting title to the Real Property and that have been filed in the public records prior to the Agreement Date and, in each case, that do not materially impair the current occupancy or use of the Real Property, and (h) rights of tenants under Leases of any portions of the Real Property that do not have any options to purchase or rights of first refusal with respect to such Real Property that do not materially impair the current occupancy or use thereof.

“Person” means any individual, sole proprietorship, company, corporation, partnership, joint venture, limited liability partnership, limited liability company, trust, association (whether incorporated or unincorporated), institution, Governmental Authority or any other entity.

“Personal Data” means information relating to or reasonably capable of being associated with an identified or identifiable person, device, or household, including, but not limited to: (a) a natural person’s name, street address or specific geolocation information, date of birth, telephone number, email address, online contact information, photograph, biometric data, Social Security number, driver’s license number, passport number, tax identification number, any government-issued identification number, financial account number, credit card number, any information that would permit access to a financial account, a user name and password that would permit access to an online account, health information, insurance account information, any persistent identifier such as customer number held in a cookie, an Internet Protocol address, a processor or device serial number, or a unique device identifier; or (b) “personal data,” “personal information,” “protected health information,” “nonpublic personal information,” or other similar terms as defined by applicable Privacy Laws.

“Privacy Laws” means (a) each Law relating to the protection or Processing of Personal Data that is applicable to any Company or any of their Affiliates, including if and as applicable, the Federal Trade Commission Act, 15 U.S.C. § 45; the CAN-SPAM Act of 2003, 15 U.S.C. § 7701, et seq.; the Telephone Consumer Protection Act, 47 U.S.C. § 227; the Health Insurance Portability and Accountability Act of 1996; the Health Information Technology for Economic and Clinical Health Act; the Fair Credit Reporting Act, 15 U.S.C. § 1681; the Gramm-Leach-Bliley Act, 15 U.S.C. § 6801, et seq.; the Electronic Communications Privacy Act, 18 U.S.C. §§ 2510-22; the Stored Communications Act, 18 U.S.C. §§ 2701-12; the California Consumer Privacy Act, Cal. Civ. Code § 1798.100, et seq.; California Online Privacy Protection Act, Cal. Bus. & Prof. Code § 22575, et seq.; the New York Department of Financial Services Cybersecurity Regulation, 23 NYCRR § 500; and the South Carolina Privacy of Consumer Financial and Health Information Regulation, South Carolina Code § 69-58; Massachusetts Gen. Law Ch. 93H, 201 C.M.R. 17.00; Nev. Rev. Stat. 603A; Cal. Civ. Code § 1798.82; N.Y. Gen. Bus. Law § 899-aa, et seq.; Laws requiring notification to any Person or Governmental Authority in the event of a Data Breach; and all implementing regulations and requirements, and other similar Laws; (b) each contractual obligation relating to the Processing of Personal Data applicable to any Company or any of its Affiliates; and (c) each applicable binding rule, code of conduct, or other requirement of self-regulatory bodies and applicable industry standards, including, to the extent applicable, the Payment Card Industry Data Security Standard.

“Proceeding” has the meaning given in Section 11.8(b).

“Processing”, “Process” or “Processed”, with respect to Personal Data, means any collection, access, acquisition, storage, protection, use, recording, maintenance, operation, dissemination, re-use, disposal, disclosure, re-disclosure, destruction, transfer, modification, or any other processing (as defined by Privacy Laws) of such Personal Data.

“Property Contracts” means any Contracts to which any of the Companies is a party relating to the leasing or ownership of the Real Property, including the Real Property Leases.

“Proposed Financing” has the meaning given in Section 6.11(a).

“Proposed Statement” has the meaning given in Section 2.1(e)(i).

“PUHCA” means the Public Utility Holding Company Act of 2005.

“Real Property” means the Leased Real Property together with the Owned Real Property.

“Real Property Leases” means the leases pursuant to which the Companies hold leasehold interests in and to the Leased Real Property.

“Reference Balance Sheet” means the consolidated balance sheet of DEI, dated as of December 31, 2019, contained in DEI’s Annual Report on Form 10-K for the year ended December 31, 2019.

“Release” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of a Hazardous Substance to the indoor or outdoor environment.

“Representatives” means each Party’s respective officers, directors, members, partners, limited partners, managers, employees, representatives, agents, attorneys, accountants or advisors.

“Required Approvals” has the meaning given in Section 5.4.

“Required Consents” has the meaning given in Section 5.4.

“Required Information” means, with respect to each Marketing Period, such financial and other information regarding the Companies as is customarily required in connection with the execution of financings of a type similar to a Proposed Financing or as otherwise reasonably requested by Investor in connection with a Proposed Financing, including (a) the audited consolidated balance sheet of the Companies as of the last day of each fiscal year ending December 31, 2019 and December 31, 2020 and each other fiscal year ending after December 31, 2020 and at least ninety (90) days prior to the commencement of such Marketing Period, the related audited consolidated statements of operations and cash flows of the Companies and changes in members’ capital accounts for the fiscal year then ended and the opinion of Deloitte & Touche LLP as the auditor of the Companies with respect thereto and (b) the unaudited consolidated balance sheet of the Companies as of the last day of each fiscal quarter ending at least forty-five (45) days prior to the commencement of such Marketing Period and the related unaudited consolidated statements of operations and cash flows of the Companies and changes in members’ capital accounts for the fiscal quarter then ended; provided, however, that, with respect to any of the foregoing financial statements for the years or quarters ended prior to the Agreement Date, such financial statements shall be prepared with respect to DEI rather than with respect to the Companies. All Required Information referred to in the prior sentence shall be prepared in accordance with GAAP. Required Information shall also include (i) financial data, a business description, a customary “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and customary due diligence materials with respect to the Companies of the type and form customarily included in an offering memorandum for private placements of notes under Rule 144A promulgated under the Securities Act, and as necessary to receive from Deloitte & Touche LLP as the auditor of the Companies (and any other auditor to

the extent financial statements audited or reviewed by such auditor are or would be included in such offering memorandum) customary “comfort” (including “negative assurance” comfort) with respect to the financial information of DEI to be included in such offering memorandum, (ii) the consents of accountants for use of their unqualified audit reports in any materials relating to the applicable Proposed Financing; (iii) any replacements or restatements of, and supplements to, the information specified in items (a) through (b) above if any such information would go stale or otherwise be unusable for such purposes; and (iv) if requested in writing by Investor in accordance with Section 6.11(b), an update of the projections that Cinergy or its Representatives previously provided to Investor.

“Restricted Emergency Action” means entering into or effectuating, or otherwise agreeing, committing, deciding or delegating authority to take, any action that would be prohibited or restricted by Section 6.1(a)(i) – (xi), other than pursuant to Section 6.1(a)(i) with respect to Sections 7.1(a), 7.1(b)(ii), 7.2(b)(ii), 7.2(e) or 7.2(f) of the DEI Holdco A&R LLC Agreement.

“Review Period” has the meaning given in Section 2.1(e)(ii).

“RF” means the ReliabilityFirst Corporation.

“Sanctioned Person” means, at any time:

(a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or any other relevant sanctions authority;

(b) any Person operating, organized or resident in a country or territory which is the subject or target of any Sanctions (at the Agreement Date, Crimea, Cuba, Iran, North Korea and Syria);

(c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b); or

(d) any Person otherwise the subject of any Sanctions.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by any applicable Governmental Authority.

“SEC” means the United States Securities and Exchange Commission or any successor agency thereto.

“SEC Reports” has the meaning given in Section 4.6(a).

“Second Closing” means the second Closing under this Agreement.

“Second Closing Acquired Percentage” means eight and eighty-five one-hundredths percent (8.85%).

“Second Closing Date” means the date upon which the Second Closing occurs.

“Second Closing Notice” has the meaning given in Section 2.2(c).

“Second Closing Purchase Price” has the meaning given in Section 2.1(d).

“Securities Act” has the meaning given in Section 5.11.

“Settlement Accountant” has the meaning given in Section 2.1(e)(ii).

“Specified Party” means (a) Investor or (b) any assignee of Investor hereunder as a result of an acquisition of DEI Holdco Membership Interests to which Investor (or a successor of Investor) has assigned its rights and interests hereunder in accordance with Section 11.4(c), so long as, in either case of clause (a), clause (b) or a combination thereof, each such Person is at the relevant time an “Investor 4.9% Member” as defined in the DEI Holdco A&R LLC Agreement.

“Statement of Objections” has the meaning given in Section 2.1(e)(ii).

“Subsidiary” means, with respect to any Person, any Person (other than a natural person) of which such first Person (either alone or through any other Subsidiary) owns, directly or indirectly, fifty percent (50%) or more of the stock or other equity voting or controlling interests, the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such other Person.

“Survival Period” has the meaning given in Section 9.1.

“Tax” or “Taxes” means (i) all taxes, including all charges, fees, duties, levies or other assessments in the nature of taxes, imposed by any Governmental Authority, including income, gross receipts, excise, property, sales, gain, use, license, transfer, environmental, production, custom duty, unemployment, corporation, capital stock, transfer, franchise, payroll, withholding, social security, minimum, estimated, ad valorem, profit, gift, severance, value added, disability, recapture, occupancy, retaliatory or reciprocal, guaranty fund assessments, credit, occupation, leasing, employment, stamp, goods and services, utility and other taxes, including any interest, penalties or additions attributable thereto and (ii) any liability of any Company for the payment of amounts determined by reference to amounts in clause (i) pursuant to the Tax Sharing Agreement.

“Tax Proceeding” has the meaning given in Section 6.2(f).

“Tax Returns” means any return, declaration, report, claim for refund, form, or information return or statement relating to Taxes, including any such document prepared on a consolidated, combined or unitary basis, and also including any schedule or attachment thereto, and including any amendment thereof.

“Tax Sharing Agreement” means that certain Fourth Amended Agreement for Filing Consolidated Income Tax Returns and for Allocation of Consolidated Income Tax, dated as of

January 1, 2016, by and between Duke and its Subsidiaries (including DEI), as the same may be amended.

“Termination Date” has the meaning given in Section 8.1(b).

“Third-Party Claim” has the meaning given in Section 10.6(a).

“Transaction Documents” means, collectively, this Agreement, the Ancillary Agreements, the DEI Holdco A&R LLC Agreement and all other agreements between the Parties or their Affiliates entered into pursuant to the terms hereof in order to carry out the Closing Actions and the Transactions.

“Transactions” means (i) the issuance and sale of the Acquired DEI Holdco Interests by DEI Holdco to Investor and the purchase thereof by Investor from DEI Holdco, and the other transactions contemplated by this Agreement (including the Contribution) or the Ancillary Agreements and (ii) the transactions contemplated by the DEI Holdco A&R LLC Agreement.

“Transfer Taxes” means any and all transfer Taxes (excluding Taxes measured in whole or in part by net income), including sales, use, excise, goods and services, stock, conveyance, gross receipts, registration, business and occupation, securities transactions, real estate, land transfer, stamp, documentary, notarial, filing, recording, permit, license, authorization and similar Taxes, fees, duties, levies, customs, tariffs, imposts, assessments, obligations and charges.

“Treasury Regulations” means the regulations promulgated under the Code.

“Unknown Regulatory Approvals” means any notices, filings, approvals, consents or expirations of waiting periods required to be made or obtained to consummate the Second Closing under any Law or amendment of any Law promulgated after the date hereof and prior to the Second Closing.

“U.S.” means United States of America.

“Willful Breach” means, with respect to any representation, warranty, agreement or covenant in this Agreement, a material breach caused by an intentional act or intentional omission (including an intentional failure to act to cure a breach) taken by a Party, where that Party knows that such intentional action or intentional omission would constitute a material breach of this Agreement.

ARTICLE II

SUMMARY OF TRANSACTIONS

Section 2.1 Sale and Purchase of Acquired DEI Holdco Interests.

(a) Sale and Purchase. Upon the terms and subject to conditions hereof:

(i) at the First Closing, (x) DEI Holdco shall issue and sell to Investor such number of DEI Holdco Membership Interests equal to eleven and five one-hundredths percent (11.05%) (the “First Closing Acquired Percentage”) of the DEI Holdco Membership Interests issued and outstanding immediately after the First Closing, (y) Investor shall purchase and acquire from DEI Holdco such number of DEI Holdco Membership Interests equal to the First Closing Acquired Percentage of the DEI Holdco Membership Interests issued and outstanding immediately after the First Closing, and (z) the Parties shall take or cause to be taken the Closing Actions applicable to the First Closing; and

(ii) at the Second Closing, (x) DEI Holdco shall issue and sell to Investor, and Investor shall purchase and acquire from DEI Holdco, such number of DEI Holdco Membership Interests that, together with the DEI Holdco Membership Interests acquired at the First Closing, will equal the Aggregate Percentage of the DEI Holdco Membership Interests issued and outstanding immediately after the Second Closing, and (y) the Parties shall take or cause to be taken the Closing Actions applicable to the Second Closing.

(b) Purchase Price. The aggregate purchase price for the Acquired DEI Holdco Interests is an amount equal to (i) the Base Purchase Price *plus* (ii) an amount equal to the First Closing Acquired Percentage of any Additional Capital Investment made on or prior to the First Closing *minus* (iii) the Adjustment Amount (the “Adjusted Purchase Price”). At the First Closing, Investor shall pay the Estimated First Closing Purchase Price to DEI Holdco by wire transfer of immediately available funds to the account or accounts that DEI Holdco shall designate to Investor prior to the First Closing Date. At the Second Closing, Investor shall pay the Second Closing Purchase Price to DEI Holdco by wire transfer of immediately available funds to the account or accounts that DEI Holdco shall designate to Investor prior to the Second Closing Date.

(c) First Closing Purchase Price. The purchase price with respect to the First Closing (the “First Closing Purchase Price”) shall be an amount of cash equal to (i) fifty percent (50%) of the Base Purchase Price *plus* (ii) an amount equal to the First Closing Acquired Percentage of any Additional Capital Investment made on or prior to the First Closing *minus* (iii) the Adjustment Amount.

(d) Second Closing Purchase Price. The purchase price with respect to the Second Closing (the “Second Closing Purchase Price”) shall be an amount of cash equal to fifty percent (50%) of the Base Purchase Price.

(e) Cinergy’s Statement: Post-Closing Adjustment to First Closing Purchase Price.

(i) At least four (4) Business Days prior to the First Closing Date, Cinergy shall provide Investor with a statement setting forth Cinergy’s good faith estimate of the Adjusted Purchase Price (the “Estimated Adjusted Purchase Price”) and of the First Closing Purchase Price (the “Estimated First Closing Purchase Price”), together with supporting calculations of any adjustments made pursuant to Section 2.1(b), if applicable, and documentation supporting the calculation of the Estimated Adjusted Purchase Price and any

components thereof. Investor shall have the right to submit to Cinergy in writing any objections to the calculation of the amount of the Estimated Adjusted Purchase Price and any components thereof until 12:00 p.m. New York time on the Business Day prior to the First Closing Date. Cinergy shall review and discuss with Investor any such objections in good faith. DEI Holdco shall prepare and deliver to Cinergy and Investor, within thirty (30) days after the First Closing Date, a written determination (the "Proposed Statement") setting forth DEI Holdco's good faith determination of the Adjusted Purchase Price, together with supporting calculations of any adjustments made pursuant to Section 2.1(b), if applicable, and documentation supporting the calculation of the Adjusted Purchase Price and any components thereof.

(ii) Investor shall have ninety (90) days after the date of receipt by Investor of the Proposed Statement (the "Review Period") to review the Proposed Statement and related computations. In connection with the review of the Proposed Statement, the Parties shall exercise their governance rights under the DEI Holdco A&R LLC Agreement to cause the Companies and the Companies' Representatives to (and with respect to Cinergy, Cinergy shall and shall cause its Representatives to) give to the Parties and their respective Representatives reasonable access to the books, records and other materials of the Companies and the personnel of, and work papers prepared by or for, Cinergy, the Companies and their respective Representatives, including to such historical financial information relating to the Companies as either of the Parties or their respective Representatives may reasonably request, in each case, in order to permit the timely and complete review of the Proposed Statement. If Investor has accepted the Proposed Statement in writing or has not given written notice to Cinergy setting forth any objection to the Proposed Statement (a "Statement of Objections") prior to the expiration of the Review Period, then the Proposed Statement shall be final and binding upon the Parties. In the event that Investor delivers a Statement of Objections during the Review Period, Cinergy and Investor shall use their commercially reasonable efforts to agree on appropriate adjustments to the Proposed Statement within thirty (30) days following the receipt by Cinergy of the Statement of Objections. If Cinergy and Investor are unable to reach an agreement as to such amounts and adjustments within such thirty (30)-day period, then the matter shall be submitted as promptly as practicable to KPMG US LLP, or if KPMG US LLP is unwilling or unable to serve in such capacity, to such other independent accounting firm agreed to by Investor and Cinergy (such accountant, the "Settlement Accountant"), who shall resolve the matters still in dispute and adjust the Proposed Statement to reflect such resolution and its determination of the Adjusted Purchase Price; provided, however, that (A) the Settlement Accountant shall make its determination only as to those items or amounts in the Proposed Statement that Cinergy and Investor were unable to resolve and based solely on presentations and written submissions by Cinergy and Investor, without ex parte communications, and (B) the Settlement Accountant may not determine the Adjusted Purchase Price to be (1) in excess of the amount claimed by DEI Holdco in the Proposed Statement or (2) less than the amount claimed by Investor in the Statement of Objections. The Parties shall cause the Settlement Accountant to make such determination within forty-five (45) days following the submission of the matter to the Settlement Accountant for resolution, and such determination shall be final and binding upon Investor and Cinergy and may be entered and enforced in any court having jurisdiction. Each of Investor and Cinergy agrees that it shall not have any right to, and shall not, institute any Action or Proceeding of any kind challenging such determination or with respect to the matters that are

the subject of this Section 2.1(e), except that the foregoing shall not preclude an Action or Proceeding to enforce such determination. In the event any dispute is submitted to the Settlement Accountant for resolution as provided in this Section 2.1(e)(ii), the fees, charges and expenses of the Settlement Accountant shall be paid one-half by Investor and one-half by Cinergy.

(iii) In the event that the Parties agree, or the Settlement Accountant determines, in accordance with Section 2.1(e)(ii) that the Adjusted Purchase Price should be decreased, then DEI Holdco shall pay, or cause to be paid, within five (5) Business Days following the determination of the final amounts pursuant to Section 2.1(e)(ii), to Investor, by wire transfer of immediately available funds, an amount equal to such decrease in the Adjusted Purchase Price together with interest thereon for the period from (and including) the First Closing Date to (but excluding) the date of payment, at the Applicable Rate on the First Closing Date.

(iv) In the event that the Parties agree, or the Settlement Accountant determines, in accordance with Section 2.1(e)(ii) that the Adjusted Purchase Price should be increased, then Investor shall pay, or cause to be paid, within five (5) Business Days following the determination of the final amounts pursuant to Section 2.1(e)(ii), to DEI Holdco, by wire transfer of immediately available funds, an amount equal to such increase in the Adjusted Purchase Price together with interest thereon for the period from (and including) the First Closing Date to (but excluding) the date of payment, at the Applicable Rate on the First Closing Date.

(f) Adjustments. Notwithstanding anything to the contrary in this Agreement, the Parties agree that any adjustments pursuant to Section 2.1(e) will be treated as adjustments to the Adjusted Purchase Price for all Tax purposes, to the maximum extent permitted by applicable Law. Schedule 2.1(f) sets forth illustrative examples of the adjustments referred to in this Section 2.1.

Section 2.2. Closings.

(a) Subject to the terms and conditions of this Agreement, the consummation of the Transactions contemplated by this Agreement in connection with the issuance and sale of the Acquired DEI Holdco Interests (each, a "Closing") shall take place at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, located at 1440 New York Avenue, NW, Washington, DC, (or remotely via the electronic exchange of executed documents) at 10:00 a.m. (Eastern Prevailing Time) (i) with respect to the First Closing, on the tenth (10th) Business Day immediately following the date on which the conditions to First Closing set forth in Article VII have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the First Closing, but subject to the satisfaction or waiver of such conditions), or at such other time, date and place as the Parties may mutually agree in writing and (ii) with respect to the Second Closing, on the date set forth in the Second Closing Notice, which shall be at least sixty (60) days following the date of delivery to Investor of such Second Closing Notice, and on which date the conditions to the Second Closing set forth in Article VII shall have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Second

Closing, but subject to the satisfaction or waiver of such conditions), or at such other time, date and place as the Parties may mutually agree in writing; provided, however, that, if the Marketing Period with respect to any Closing has not ended by the end of such tenth (10th) Business Day or such sixty (60)-day period, as applicable to such Closing, then, subject to the continued satisfaction or waiver of the conditions set forth in Article VII at such time, such Closing shall occur instead on the earlier of (x) a date during the Marketing Period as may be specified by Investor on at least ten (10) Business Days' prior notice to Cinergy (unless a shorter period shall be agreed to by Investor and Cinergy) and (y) the tenth (10th) Business Day following the final day of the applicable Marketing Period.

(b) DEI Holdco shall provide Investor with at least five (5) Business Days prior written notice of each anticipated Closing Date (in the case of the Second Closing Date, in addition to the Second Closing Notice) by electronic mail or facsimile (with an original to promptly follow) substantially in the form attached hereto as Exhibit B and executed by a person set forth on the Authorized Signatory List (as defined below) (the "Funding Notice"). No later than ten (10) Business Days prior to each anticipated Closing Date, DEI Holdco shall deliver to Investor a notice substantially in the form attached hereto as Exhibit C (the "Authorized Signatory List"), setting forth those persons authorized to execute the applicable Funding Notice.

(c) At any time after the First Closing Date until November 18, 2022, DEI Holdco may deliver to Investor a notice setting forth the proposed Second Closing Date (the "Second Closing Notice"), which proposed Second Closing Date shall be no later than January 18, 2023. The Parties agree that if DEI Holdco has not delivered a Second Closing Notice by November 18, 2022, DEI Holdco shall be deemed to have delivered such notice on November 18, 2022, with the proposed Second Closing Date being January 18, 2023.

(d) Notwithstanding anything to the contrary in this Agreement, if the Second Closing has not occurred on or before February 28, 2023, either the Investor or Cinergy may, by notice in writing, terminate the obligations of the Parties to complete the Second Closing, whereupon all obligations of the Parties hereto with respect to the completion of the Second Closing shall be terminated; provided, however, that the right to terminate the obligations of the Parties with respect to the Second Closing pursuant to this Section 2.2(d) shall not be available to any Party whose breach of a representation, warranty, covenant or agreement under this Agreement has been the primary cause of the failure of the Second Closing to occur on or before such date; provided further that no such termination shall relieve a Party from any Liability for any Willful Breach of, or fraud in connection with, this Agreement occurring prior to such termination.

(e) At the applicable Closing, Cinergy, DEI Holdco and Investor (as applicable) shall take or cause to be taken the following actions (the "Closing Actions"):

(i) *Payment of Estimated Adjusted Purchase Price.* At the First Closing, Investor shall pay the Estimated First Closing Purchase Price to DEI Holdco, in accordance with the terms set forth in Section 2.1. At the Second Closing, Investor shall pay the Second Closing Purchase Price to DEI Holdco, in accordance with the terms set forth in Section 2.1.

(ii) *Issuance of Acquired DEI Holdco Interests.* At each Closing, DEI Holdco shall issue to Investor the Acquired DEI Holdco Interests acquired at such Closing registered in the name of Investor, and, unless Investor has requested otherwise at least five (5) Business Days prior to the applicable Closing, with certificates for such Acquired DEI Holdco Interests in the name of Investor, and DEI Holdco shall reflect such issuance to Investor in the books and records of DEI Holdco.

(iii) *DEI Holdco A&R LLC Agreement.* At the First Closing, Cinergy and DEI Holdco shall execute and deliver to Investor, and Investor shall execute and deliver to Cinergy and DEI Holdco, the DEI Holdco A&R LLC Agreement. At the Second Closing, Schedule A-2 of the DEI Holdco A&R LLC Agreement shall be deemed to replace and supersede Schedule A-1 thereto.

(iv) *Officers Certificates.* At each Closing, as applicable, (A) Cinergy shall deliver to Investor a certificate executed by a duly authorized officer of Cinergy certifying that, with respect to the First Closing, the conditions set forth in Sections 7.2(a)(i) and 7.2(a)(ii) have been satisfied and, with respect to the Second Closing, the conditions set forth in Sections 7.2(b)(i) and 7.2(b)(ii) have been satisfied and (B) Investor shall deliver to Cinergy a certificate executed by a duly authorized officer of Investor certifying that, with respect to the First Closing, the conditions set forth in Sections 7.3(a)(i) and 7.3(a)(ii) have been satisfied and, with respect to the Second Closing, the conditions set forth in Sections 7.3(b)(i) and 7.3(b)(ii) have been satisfied.

(v) *Contribution.* At the First Closing, Cinergy shall deliver to Investor copies of instruments reflecting the consummation of the Contribution, in form and substance reasonably satisfactory to Investor.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF CINERGY

Except as specifically disclosed in the schedules to this Agreement (each section of which qualifies the correspondingly numbered representation and warranty to the extent specified therein and such other representations and warranties to the extent a matter in such section is disclosed in such a way as to make its relevance to such other representation or warranty reasonably apparent), Duke, with respect to the representations as to Duke set forth in Sections 3.1 through 3.5, and Cinergy represent and warrant to Investor as of the Agreement Date and each Closing Date as follows:

Section 3.1 Organization. Each of Duke and Cinergy has been duly organized or created, is validly existing and is in good standing under the Laws of the State of Delaware. Each of Duke and Cinergy is qualified to do business in and is in good standing (with respect to all jurisdictions that recognize the concept of good standing) in all jurisdictions where the failure to qualify would reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect on Duke or Cinergy, as applicable.

Section 3.2 Authority and Power. Each of Duke, Cinergy and DEI Holdco has the requisite power and authority to enter into each of the Transaction Documents to which it is a party, consummate each of the transactions and undertakings contemplated thereby, and perform all of the terms and conditions thereof to be performed by Duke, Cinergy or DEI Holdco, as applicable. The execution, delivery and performance of each of the Transaction Documents to which Duke, Cinergy or DEI Holdco, as applicable, is a party and the consummation of each of the transactions and undertakings contemplated thereby have been duly authorized by all requisite action on the part of Duke, Cinergy or DEI Holdco, as applicable, under its Charter Documents.

Section 3.3 Valid and Binding Obligations. Each of the Transaction Documents to which Duke, Cinergy or DEI Holdco, as applicable, is a party has been duly and validly executed and delivered by Duke, Cinergy or DEI Holdco, as applicable, and, assuming the due and valid execution and delivery of the Transaction Documents by the other parties thereto, is enforceable against Duke, Cinergy or DEI Holdco, as applicable, in accordance with the terms thereof, except as such enforceability may be limited or denied by (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights and the enforcement of debtors' obligations generally and (b) general principles of equity, regardless of whether enforcement is pursuant to a proceeding in equity or at law.

Section 3.4 Approvals and Consents. Except for (a) those third-party consents listed on Schedule 3.4(a) (the "Cinergy Required Consents"), (b) FERC Approval and filings related thereto, (c) CFIUS Approval and filings related thereto (clauses (b) and (c), the "Cinergy Required Approvals"), (d) Unknown Regulatory Approvals (if any) and (e) such other filings, consents or approvals which, if not made or obtained, would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect, none of Duke, Cinergy, or the Companies is required to give any notice, make any filing, or obtain any third-party consent or approval (including Governmental Approvals) to execute, deliver or perform any of the Transaction Documents to which it is a party or to consummate the transactions contemplated thereby.

Section 3.5 No Violations. The execution, delivery and performance by Duke, Cinergy or DEI Holdco, as applicable, of each of the Transaction Documents to which it is a party does not, and the consummation of the transactions contemplated thereby will not: (a) violate the Charter Documents of Duke, Cinergy or DEI Holdco; (b) subject to obtaining the Cinergy Required Consents, violate or be in conflict with, or constitute a breach or default (or any event that, with or without due notice or lapse of time, or both, would constitute a default) under, any Contract to which Duke, Cinergy or DEI Holdco is a party or by which any of Cinergy's or DEI Holdco's properties or Assets are or may be bound (including Contracts to which Duke or an Affiliate is a party and for which any of the Companies currently benefits, or to which it contributes, pursuant to intercompany arrangements, whether documented or not); (c) subject to obtaining the Cinergy Required Approvals, violate any Law or Order applicable to Duke, Cinergy or DEI Holdco; or (d) result in the creation or imposition of any Lien on the Acquired DEI Holdco Interests or any Assets of any Company, other than, with respect to

clauses (b) – (d), any such conflicts, violations, defaults or imposition of Liens that would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.6 No Litigation. There is no Action or Proceeding pending to which Cinergy is a party (and, to Cinergy's Knowledge, there is no Action or Proceeding threatened in writing or orally against Cinergy), in any such case at law or in equity, that would reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.7 Equity Interests.

(a) Schedule 3.7(a) accurately sets forth the ownership structure of the Companies as of the date hereof and as of immediately prior to the First Closing (reflecting the Contribution). Except as set forth on Schedule 3.7(a), none of the Companies owns any Equity Interests of any other Person. Cinergy and each of the Companies owns, holds of record and is the beneficial owner of the Equity Interests shown as being owned by it on Schedule 3.7(a) free and clear of all Liens, restrictions on transfer or other encumbrances except as set forth on Schedule 3.7(a).

(b) No Persons other than Cinergy (and Investor pursuant to the Transaction Documents) own or have any interest in, or option or other right (contingent or otherwise), including any right of first refusal or right of first offer, to acquire the Equity Interests of any of the Companies. Except pursuant to the Transaction Documents or as set forth on Schedule 3.7(b), there is no (i) voting trust or agreement, membership agreement, pledge agreement, buy-sell agreement, right of first refusal, preemptive right, stock appreciation right, redemption or repurchase right, anti-dilutive right or proxy relating to the Equity Interests of any of the Companies, (ii) Contract restricting the transfer of, or requiring the registration for sale of, the Equity Interests of any of the Companies, or (iii) option, warrant, call, right or other Contract to issue, deliver, grant, convert, exchange, sell, subscribe for, purchase, redeem or acquire any of the Equity Interests of any of the Companies or agreement to enter into any Contract with respect thereto. None of the Companies has any obligation to make any payments to any Person that are calculated by reference to an Equity Interest of the Companies or the value of the Companies.

(c) Upon consummation of the issuance and sale of the Acquired DEI Holdco Interests by DEI Holdco to Investor, Investor will hold good and valid title to all of the Acquired DEI Holdco Interests free and clear of any and all Liens other than those created pursuant to agreements to which Investor or any of its Affiliates is a party. After giving effect to the applicable Transactions, (i) the Acquired DEI Holdco Interests acquired at the First Closing will constitute the First Closing Acquired Percentage of the DEI Holdco Membership Interests issued and outstanding immediately after the First Closing and (ii) immediately after the Second Closing, the Acquired DEI Holdco Interests will constitute the Aggregate Percentage of the DEI Holdco Membership Interests issued and outstanding immediately after the Second Closing.

Section 3.8 No Prior Activities. DEI Holdco was organized for the purpose of the Transactions, and from its formation to the First Closing has been engaged solely in activities contemplated by this Agreement, including, as of the First Closing, the Contribution and ownership of the DEI Membership Interests. As of the Agreement Date, DEI Holdco has no

Liabilities and, as of the First Closing, DEI Holdco will have no Liabilities other than the Duke Note.

Section 3.9 Brokers. Neither Cinergy nor its Affiliates has any liability or obligation to pay fees or commissions to any broker, finder or agent with respect to the Transactions for which Investor or any of the Companies could become liable or obligated.

Section 3.10 Duke Note. Duke and Cinergy have made available to Investor a true and correct copy of the Duke Note. The Duke Note has not been amended, amended and restated, supplemented or otherwise modified other than, as of the First Closing Date, as contemplated by, and pursuant to, the Note Assumption, and none of DEI Holdco, Duke or Cinergy have entered into any side agreement, oral agreement or other understanding with respect to the Duke Note. As of the First Closing Date, after giving effect to the Note Assumption, the portion of the Duke Note assumed by DEI Holdco has not been amended, amended and restated, supplemented or otherwise modified and none of DEI Holdco, Duke or Cinergy have entered into any side agreement, oral agreement or other understanding with respect to the transactions contemplated by the portion of the obligations under the Duke Note that are the subject of the Note Assumption. The portion of the obligations under the Duke Note to be assumed by DEI Holdco is properly characterized as a debt instrument for U.S. federal income tax purposes.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF CINERGY REGARDING THE COMPANIES

Except as specifically disclosed in the schedules to this Agreement (each section of which qualifies the correspondingly numbered representation and warranty to the extent specified therein and such other representations and warranties to the extent a matter in such section is disclosed in such a way as to make its relevance to such other representation or warranty reasonably apparent), Cinergy represents and warrants to Investor with respect to DEI Holdco and its Subsidiaries, including DEI (collectively, the "Companies") as of the Agreement Date and each Closing Date as follows:

Section 4.1 Organization of the Companies. Each Company has been duly organized or created, is validly existing and is in good standing (with respect to jurisdictions that recognize the concept of good standing) under the Laws of the respective jurisdictions of their formation or creation. Each Company is qualified to do business in all jurisdictions where the failure to qualify would reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.2 No Violations. Assuming that all filings, consents and approvals set forth on Schedule 4.2, if any, have been timely made or obtained, as applicable, the consummation of the Transactions does not and will not: (a) violate any Charter Document of any of the Companies; (b) violate or be in conflict with, or constitute a material default (or any event that, with or without due notice or lapse of time, or both, would constitute a material default) under, or cause or permit the acceleration of the maturity of, or give rise to any right of

termination, cancellation, imposition of fees or penalties under, any Material Contract or any Permit; (c) violate any Law or Order applicable to any of the Companies; or (d) result in the creation or imposition of any Lien on any of the Assets of any of the Companies, other than, with respect to clauses (b) – (d), any such conflicts, violations, defaults or imposition of Liens that would not be reasonably likely to be, individually or in the aggregate, material to the Companies taken as a whole.

Section 4.3 Compliance with Laws. Since the Lookback Date: (a) each of the Companies is in compliance with all applicable Laws; (b) no notice, charge, claim, action or assertion has been filed, commenced or threatened in writing, or to Cinergy's Knowledge orally, against any of the Companies alleging any noncompliance or violation of any applicable Law; (c) to Cinergy's Knowledge, no investigation with respect to any material noncompliance or violation of any applicable Law by a Company has been commenced; (d) to Cinergy's Knowledge, no other investigation with respect to any noncompliance or violation of any applicable Law by a Company has been commenced and remains unresolved; and (e) none of the Companies has admitted to, or been found by a Governmental Authority to have engaged in any violation of any applicable Laws or been debarred from bidding for any contract or business, and to Cinergy's Knowledge, there are no circumstances which are likely to give rise to any such notice, charge, claim, action, assertion, investigation, admission, finding or debarment, except, in each case of clauses (a) – (e), as would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.4 Permits.

(a) Each of the Companies currently holds in full force and effect and is in compliance with all Permits (other than Environmental Permits) as are necessary for each of the Companies to carry on its business, except as would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

(b) Neither Cinergy nor, to Cinergy's Knowledge, any of the Companies has received any written notice (i) of noncompliance or default with respect to any Permit or (ii) of the revocation, termination, or material modification of any Permit (other than Environmental Permits), except, in each case, as would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.5 Litigation. There is no Action or Proceeding to which any of the Companies is a party or involving the Assets of any of the Companies (and there is no Action or Proceeding threatened in writing, or to Cinergy's Knowledge threatened orally, against any of the Companies or involving the Assets of any of the Companies), which would, if adversely determined, reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect. There is no unsatisfied judgment, penalty or award against any of the Companies or affecting the Assets of any of the Companies, except as would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.6 SEC Reports, Financial Statements, Debt and Utility Filings and Reports.

(a) Since the Lookback Date, DEI has timely filed or furnished with the SEC all forms, reports, schedules, statements and other documents required to be filed or furnished under the Exchange Act (such forms, reports, schedules, statements and other documents filed or furnished since the Lookback Date, the “SEC Reports”), including (i) its Annual Report on Form 10-K for the year ended December 31, 2019, and (ii) its Quarterly Report on Form 10-Q for the period ended September 30, 2020 (the “Balance Sheet Date”).

(b) The financial statements of DEI included in the SEC Reports (including the notes thereto) (i) have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved (“GAAP”), except as may be otherwise specified in such financial statements or the notes thereto, (ii) comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, and (iii) and except that unaudited financial statements may not contain all footnotes required by GAAP, fairly present in all material respects the financial position of DEI and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal year-end audit adjustments. The Companies’ system of internal controls over financial reporting is sufficient in all material respects to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP.

(c) Cinergy has made available to Investor copies of all material written correspondence sent to or received from the SEC by or on behalf of any of the Companies or their respective counsel or accountants since the Lookback Date and prior to the Agreement Date. As of the Agreement Date, there are no outstanding or unresolved comments in comment letters received from the SEC staff with respect to the SEC Reports. To Cinergy’s Knowledge, as of the Agreement Date, none of the SEC Reports is the subject of ongoing SEC review. To Cinergy’s Knowledge, as of the Agreement Date, there are no SEC inquiries or investigations, other governmental inquiries or investigations or internal investigations pending or threatened, in each case regarding any accounting practice of the Companies.

(d) Since the Balance Sheet Date, none of the Companies has incurred any Liabilities that would be required by GAAP, applied on a basis consistent with the Reference Balance Sheet, to be set forth on a consolidated balance sheet or notes thereto of DEI Holdco or DEI, except for Liabilities incurred (i) in the ordinary course of business, (ii) as set forth on Schedule 4.6(d)(ii), (iii) pursuant to the Note Assumption or (iv) as would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect. None of the Companies is a party to, or has any commitment to become a party to, any off balance sheet arrangement, including any “off balance sheet arrangement” (as defined in Item 303(a) of Regulation S-K promulgated by the SEC).

(e) Schedule 4.6(e) lists all Debt of the Companies along with the outstanding balance of each such obligation or instrument set forth on Schedule 4.6(e) as of the Balance Sheet Date.

(f) Schedule 4.6(f) lists, as of the Agreement Date, all (i) guarantees by a Company of any Liabilities of Duke or any of its Affiliates (other than Liabilities of the Companies) and (ii) Debt of Duke or any of its Affiliates (other than the Companies) secured by (or for which the holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Lien on any property or asset of a Company.

(g) All filings (other than immaterial filings) required to be made by any Company under PUHCA, the FPA, or the Communications Act of 1934 (in each case, including all regulations promulgated thereunder) have been filed with the SEC, FERC, NERC, the RF, the Department of Energy, the FCC or the IURC, including all forms, statements, reports, agreements (oral or written) and all documents, exhibits, amendments and supplements appertaining thereto, including all rates, tariffs, franchises, service agreements and related documents and all such filings complied, as of their respective dates, with all applicable requirements of the applicable statute and the rules and regulations thereunder, in each case, except for filings the failure of which to make or make in compliance with applicable Law would not be reasonably likely to be, individually or in the aggregate, material to the Companies, taken as a whole.

Section 4.7 Absence of Certain Changes.

Since the Balance Sheet Date (x) the business of the Companies has been conducted in all material respects in the ordinary course of business consistent with past practice, (y) prior to the Agreement Date, there has not occurred any change in the business of the Companies that has had or would reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect on the Companies and (z) none of the following has occurred nor has any Company or Cinergy agreed to do so:

(a) as of the Agreement Date, any matter, action or omission that would violate, or require disclosure or consent under, Section 6.1(a)(i), Section 6.1(a)(ii), Section 6.1(a)(iii), Section 6.1(a)(v), Section 6.1(a)(vi), or Section 6.1(a)(vii) if such action was taken after the date hereof (disregarding Section 6.1(b) for the purposes of this clause);

(b) as of the Agreement Date, any material and uninsured loss, damage, destruction, condemnation or other casualty of any material Asset of any Company;

(c) as of the Agreement Date, any material change in any method of accounting or accounting practice or policy of any Company, other than such changes required by GAAP and set forth in Schedule 4.7(c);

(d) as of the Agreement Date, any incurrence in Debt of any of the Companies that would increase the Debt of the Companies to an amount that exceeds the outstanding

principal amount (or accreted amount, as applicable) of the Debt disclosed on Schedule 4.6(e) by more than twenty million dollars (\$20,000,000) in the aggregate; or

(e) as of the Agreement Date, the declaration or payment by any of the Companies of any dividend or distribution to the holders of any Equity Interests in such Company (other than to another Company).

Section 4.8 Contracts.

(a) Except as would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect, (i) none of the Companies nor, to Cinergy's Knowledge, any counterparty to a Material Contract is in default of any obligation of a Material Contract and (ii) each of the Material Contracts is in full force and effect, is enforceable against, and constitutes a legal, valid, binding and enforceable obligation of the Company party thereto, and, to Cinergy's Knowledge, of the other parties thereto.

(b) Schedule 4.8(b) sets forth a true and complete listing of each Material Contract as of the Agreement Date.

Section 4.9 Real Property Matters. Except for any Liens existing or arising in connection with the First Mortgage Bonds issued by DEI from time to time pursuant to that certain Original Indenture (First Mortgage Bonds) between DEI (formerly PSI Energy, Inc.) and Deutsche Bank National Trust Company, as Successor Trustee, dated as of September 1, 1939, or as would not reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect, (a) each Company has good and valid title to the Owned Real Property owned by it, and a good and valid leasehold interest in the Leased Real Property, as applicable, in each case free and clear of all Liens other than Permitted Real Property Liens, and (b) the interests of the Companies in the Real Property are not subject to or encumbered by any purchase option, right of first refusal or other contractual right or obligation to sell, assign or dispose of such interests in any Real Property. No right to use or occupy any other real property other than the Owned Real Property and the Leased Real Property is required for the operation of the business of the Companies as conducted on the Agreement Date, except as would not be reasonably likely to be, individually or in the aggregate, material to the Companies, taken as a whole. None of the Companies is in default in any material respect under any of the Real Property Leases and no fact, event or condition exists which with or without notice, the passage of time or both would constitute a default in any material respect by any Company under any of the Real Property Leases, in each case, except as would not be reasonably likely to be, individually or in the aggregate, material to the Companies, taken as a whole.

Section 4.10 Tax Matters.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) all Tax Returns required to be filed by or with respect to the Companies have been timely filed (taking into account extensions), all such Tax Returns are correct and complete and all Taxes required to be paid by the Companies (whether or not shown as due on such Tax Returns) have been timely paid, (ii) there are no audits, claims or assessments

regarding Taxes pending or, to Cinergy's Knowledge, threatened against the Companies, (iii) no issue has been raised by a Governmental Authority in any prior examination of a Tax Return filed by or on behalf of, but solely to the extent attributable to, any Company which, by application of the same or similar principles, could reasonably be expected to result in a proposed deficiency for any subsequent taxable period, (iv) none of the Companies has been subject to any claim made in writing by any Governmental Authority in a jurisdiction where such Company does not file a particular type of Tax Return or has not paid a particular type of Tax to the effect that such Company is required to file such Tax Return or pay such type of Tax in that jurisdiction, (v) all deficiencies asserted or assessments made as a result of any examination of the Tax Returns filed by or on behalf of, but solely to the extent attributable to, the Companies have been paid in full or otherwise finally resolved, (vi) there are no liens for Taxes upon the assets of the Companies except liens relating to current Taxes not yet due, (vii) all Taxes which the Companies are required by Law to withhold or to collect for payment have been duly withheld and paid to the appropriate Governmental Authority, (viii) no waiver of any statute of limitations relating to Taxes for which the Companies may be liable is in effect, and no written request for such a waiver is outstanding, (ix) the charges, accruals and reserves for Taxes with respect to the Companies reflected on the books of the Companies (excluding any provision for deferred income taxes) are adequate to cover Tax liabilities accruing through the end of the last period for which the Companies recorded items on their respective books, and since the end of the last period for which the Companies recorded items on their respective books, the Companies have not incurred any Tax liability, engaged in any transaction, or taken any other action, other than in the ordinary course of business, (x) there are no Tax rulings, requests for rulings or closing agreements with any Governmental Authority relating to Taxes for which the Companies may be liable that could affect any Company's liability for Taxes for any taxable period after the First Closing, (xi) none of the Companies is a party to or bound by any Tax allocation, sharing or indemnity agreements or arrangements other than the Tax Sharing Agreement or agreements or arrangements entered into in the ordinary course of business and not primarily related to Taxes, and (xii) other than the consolidated group of which Duke is the common parent, none of the Companies has ever been a member of a consolidated group filing for federal or state income Tax purposes.

(b) DEI Holdco is, or will be prior to the First Closing, properly treated as an association taxable as a corporation for U.S. federal income tax purposes as of its formation date.

Notwithstanding anything to the contrary in this Agreement, the representations and warranties in Section 4.12 and this Section 4.10 are Cinergy's sole and exclusive representations and warranties with respect to all matters relating to Taxes of or with respect to the Companies or any of their respective assets.

Section 4.11 Environmental Matters. Except as would not reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect:

(a) Since the Lookback Date, the Companies have been in compliance with all applicable Environmental Laws, which compliance includes the possession of all Permits required under Environmental Laws to own and operate their Assets and conduct their operations

(“Environmental Permits”), and with the terms and conditions thereof. Each of such Environmental Permits is in full force and effect. Neither Cinergy nor, to Cinergy’s Knowledge, any of the Companies, has received any written notice (i) of noncompliance or default with respect to any Environmental Permit or (ii) of the revocation, termination or material modification of any Environmental Permit.

(b) None of the Companies is subject to any pending or threatened Environmental Claim.

(c) None of the Companies is subject to any Order pursuant to Environmental Laws or to any settlement of an Environmental Claim.

(d) There have been no Releases of Hazardous Substances on, at, under or migrating from (i) any of the real property currently or formerly owned or operated by any of the Companies or their predecessors, or (ii) to Cinergy’s Knowledge, any real property on which any Hazardous Substances generated by the Companies or their predecessors has come to be located, that would reasonably be expected to result in Liability for any of the Companies.

(e) Cinergy has made available to Investor all material environmental reports and studies in the possession of the Companies prepared since the Lookback Date regarding the compliance of the Companies with Environmental Law and the potential liability of the Companies in connection with the Release of Hazardous Substances.

Notwithstanding anything to the contrary in this Agreement, the representations and warranties in this Section 4.11 and in Sections 4.6 through 4.8 are Cinergy’s sole and exclusive representations and warranties with respect to Environmental Laws, Environmental Permits and any Liabilities arising under or with respect to any of the foregoing.

Section 4.12 Employees and Employee Benefit Plans; Labor.

(a) Each plan, program, policy, agreement or other arrangement providing for or regarding compensation or benefits, including severance, welfare, pension, retirement, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity or other equity, change in control, retention, vacation, paid time off (PTO), medical, vision, dental, disability, welfare, Code Section 125 cafeteria, or fringe benefits or compensation, including any “employee benefit plan” within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), in any case, which is sponsored, maintained, contributed to or required to be contributed to by any of the Companies, with respect to which any of the Companies is a party or has Liability, or in which employees of any of the Companies participate (each an “Employee Benefit Plan”): (i) if intended to be “qualified” within the meaning of Section 401(a) of the Code, has received a currently effective favorable determination letter from the Internal Revenue Service, as to its qualification and, to Cinergy’s Knowledge, no event has occurred that could reasonably be expected to adversely affect the tax-qualification of such Employee Benefit Plan; and (ii) has been established, operated and administered in all material respects in accordance with its terms

and all applicable Laws, including ERISA and the Code. Each of the Companies (x) has timely satisfied all of its obligations with respect to each Employee Benefit Plan and (y) does not have any obligation to gross up, indemnify or otherwise reimburse any individual for any Taxes, interest, or penalties incurred by any current or former employee, including pursuant to Section 409A or 4999 of the Code. Schedule 4.12(a) sets forth a complete, current and accurate list of each Employee Benefit Plan maintained exclusively or primarily for the benefit of current or former employees of the Companies (“DEI Plans”).

(b) There are no pending or, to Cinergy’s Knowledge, threatened material claims by or on behalf of or otherwise involving any Employee Benefit Plan (other than routine claims for benefits), and no Employee Benefit Plan has within the three (3) years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction or similar program sponsored by any Governmental Authority.

(c) Except as would not reasonably be expected to result in Liability to any of the Companies, none of the Companies or any ERISA Affiliate, (i) has incurred any Liability under Section 412 of the Code or Section 302 or Title IV of ERISA (including withdrawal liability under Section 4201 of ERISA) which remains unsatisfied; (ii) has failed to timely pay premiums to the Pension Benefit Guaranty Corporation; (iii) has engaged in any transaction which could reasonably be expected to give rise to Liability under Section 4069 or Section 4212(c) of ERISA or (iv) has violated Part 6 of Subtitle B of Title I of ERISA or Section 4980B of the Code (“COBRA”). None of the Companies have incurred Taxes under Chapter 43 of the Code that remain unsatisfied or participated in any multiple employer welfare arrangement (within the meaning of Section 3(40)(A) of ERISA). None of the Companies contribute to or have any Liability with respect to any multiemployer plans within the meaning of Section 3(37) of ERISA.

(d) None of the Companies or any Employee Benefit Plan provides or has an obligation to provide (or otherwise has committed that it would provide) welfare benefits to any current or former employee of the Companies (or dependent thereof) following such employee’s termination of employment, other than as required by COBRA.

(e) The consummation of the Transactions, whether alone or together with any other event, will not (i) entitle any current or former manager, officer, employee, independent contractor or consultant of any of the Companies (in each case, who is a natural person) to any payment or other benefit, (ii) accelerate the time of payment, funding or vesting, or increase the amount, of compensation or benefits due any such individual or (iii) result in any change in the compensation or benefits offered to any such individual.

(f) None of the Companies is a party to, nor bound by, any labor agreement, collective bargaining agreement or any other labor-related agreements or arrangements with any labor union. To Cinergy’s Knowledge, there have been no material strikes, walkouts, slowdowns pickets, lockouts or other labor disputes at or affecting the operations of any of the Companies since the Lookback Date. There are no pending, and to Cinergy’s Knowledge since the Lookback

Date, there have been no threatened, attempts to unionize any employees of any Company beyond those currently unionized.

(g) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) the Companies have complied, in all material respects, with all Laws, Contracts and Orders relating to employment, including, without limitation, all Laws concerning equal employment opportunity, leaves and absences, work authorization, wages, hours, classification of employees (both as exempt/non-exempt and as contractor/employee), hiring practices, terms and conditions of employment, discrimination, work breaks, wage payment, employment record keeping, labor relations, collective bargaining, immigration, occupational safety and health, privacy, harassment, retaliation, wrongful discharge, or the payment of social security or similar Taxes, each with respect to any past or present employee or applicant of any of the Companies, (ii) none of the Companies are engaged, and none has ever been engaged, in any unfair labor practice of any nature, and (iii) since the Lookback Date, there are and have been no lawsuits, investigations, grievances, arbitrations, demands, or other Actions or Proceedings of any kind pending or, to Cinergy's Knowledge, threatened against any Company related to any employment or other labor-related matter. There are no material sums owing from any Company to any employee, contractor or consultant of a Company, or former employee, contractor or consultant of a Company for any services or amounts required to be reimbursed or otherwise paid, other than reimbursement of expenses and accrued salary, wages, or fee payments for the current fee or payroll period or any other arrearages occurring in the ordinary course of business.

(h) To Cinergy's Knowledge, all Company employees are legally authorized to work in the location where assigned.

Section 4.13 Sufficiency of Assets; Liens.

(a) After giving effect to the Cinergy Required Consents and Cinergy Required Approvals, (i) the Assets and other rights owned by the Companies or leased, licensed or used by the Companies under Contracts with Persons other than Duke or its Affiliates, together with (ii) the Contractual rights of the Companies under the Affiliate Contracts, constitute all of the rights, Contracts, properties and Assets that are necessary and sufficient to conduct the business of the Companies in all material respects on the terms and in the manner conducted on the Agreement Date and the First Closing Date, and Duke and its Affiliates (other than the Companies) have no right, title or interest in any Assets, services, properties or Contractual rights used by, or for the benefit of the Companies, in each case in any material respect, except for any Assets, services, properties and Contractual rights made available to the Companies pursuant to the Affiliate Contracts.

(b) In the aggregate, the Assets owned, leased or licensed by or otherwise made available to the Companies are in reasonably good repair and operating condition (subject to normal wear and tear and maintenance and repair requirements in the ordinary course of business) and are adequate and suitable for the purposes for which they are presently being used, in each case in all material respects.

(c) Except as would not reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect and except for Permitted Real Property Liens or Permitted Encumbrances, as applicable, the Assets and properties of the Companies are owned, leased or licensed by or otherwise made available to the Companies, free and clear of all Liens.

Section 4.14 Brokers. None of the Companies has any liability or obligation to pay fees or commissions to any broker, finder or agent with respect to the Transactions.

Section 4.15 Intellectual Property. Since the Lookback Date, none of the Companies, or with respect to the business or operations of the Companies, their Affiliates, has received any written charge, complaint, claim, demand, or notice alleging any infringement, misappropriation or violation of the Intellectual Property Rights of any Person. To Cinergy's Knowledge, no Person is infringing, misappropriating, or otherwise violating, or has in the past three (3) years infringed, misappropriated, or otherwise violated, any Company Intellectual Property.

Section 4.16 Regulatory Status.

(a) DEI is a "public utility", a "utility" and an "electric utility," in each case as such terms are defined in the Indiana Code and the FPA (as applicable). DEI is subject to regulation by the IURC and FERC. DEI is not a "holding company" under the PUHCA and is not regulated as a public utility by any state other than the State of Indiana. DEI Holdco is not a "public utility" under the FPA. DEI Holdco derives no more than thirteen percent (13%) of its "public-utility company" (as defined in the PUHCA) revenues, calculated pursuant to 18 C.F.R. § 366.3(c)(1), from outside the state of Indiana.

(b) DEI is a transmission-owning member in good standing of MISO and is, and has since the Lookback Date been, in compliance in all material respects with all applicable rules and requirements of MISO and is not and, has since the Lookback Date not been, in violation, default or breach of any of the terms, conditions or provisions of MISO's tariff, market rules or operating procedures, in each case, except as would not be reasonably likely to be, individually or in the aggregate, material to the Companies, taken as a whole.

(c) Duke, on behalf of DEI, has registered as a Balancing Authority, Distribution Provider, Generator Owner, Generator Operator, Resource Planner, Transmission Owner, Transmission Operator and Transmission Planner with NERC's regional entity, the RF. DEI has a compliance program and is, and has since the Lookback Date been, in compliance in with all applicable reliability standards of NERC and the RF, in each case, except as would not be reasonably likely to be, individually or in the aggregate, material to the Companies, taken as a whole. None of Duke, with respect to the Companies, or any of the Companies, to Cinergy's Knowledge, is the subject of an ongoing investigation or audit (formal or informal) by FERC or NERC that relates to DEI or that would reasonably be expected to result in costs or penalties allocable to DEI.

Section 4.17 Anti-Corruption; Anti-Bribery. The Companies have implemented and maintain in effect policies and procedures designed to ensure compliance in all material

respects by them and their respective Representatives with all Anti-Corruption Laws and applicable Sanctions, and each of the Companies and their respective officers and directors and, to Cinergy's Knowledge, their respective employees and other Representatives are, and have been since the Lookback Date, in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and, to Cinergy's Knowledge, are not engaged in any activity that would reasonably be expected to result in any of Cinergy, the Companies or their respective Subsidiaries being designated as a Sanctioned Person. None of Cinergy, the Companies, their respective Subsidiaries or any of their respective directors, officers or employees, or, to Cinergy's Knowledge, any other Representative of Cinergy, the Companies or any of their respective Subsidiaries is a Sanctioned Person. Neither Cinergy nor any Company, nor, to Cinergy's Knowledge, any of their respective Representatives authorized to act, and acting on behalf of any of them has, directly or indirectly, in connection with the business of any Company:

(a) used any corporate or other funds to make or offer any unlawful gift, entertainment, payment, loan or transfer of anything of value to or for the benefit of any Government Official in violation of applicable Laws, for the purpose of (i) influencing any act or decision of such Government Official, (ii) inducing such Government Official to do or omit to do any act in violation of a lawful duty, (iii) obtaining or retaining business for or with any Person, (iv) expediting or securing the performance of official acts of a routine nature, or (v) otherwise securing any improper advantage; or

(b) otherwise violated any Anti-Corruption Laws.

Section 4.18 Anti-Money Laundering. The operations of each Company are, and have since the Lookback Date been, conducted at all times in compliance in all material respects with the requirements of applicable anti-money laundering Laws, including the Bank Secrecy Act of 1970, as amended by the USA PATRIOT ACT of 2001, the regulations administered by the Office of Foreign Assets Control and the anti-money laundering Laws of the various jurisdictions in which the Companies conduct business (collectively, "AML Laws"). As of the Agreement Date, no Action or Proceeding involving Cinergy or any Company with respect to the Companies' compliance with AML Laws is pending or, to Cinergy's Knowledge, threatened in writing.

Section 4.19 Intercompany Transactions.

(a) Schedule 4.19(a) sets forth a true and complete list of the Duke affiliate transaction guidelines and cost allocation methodologies (other than those included in the Affiliate Contracts) as of the Agreement Date (the "Affiliate Guidelines").

(b) Since the Balance Sheet Date, as of the Agreement Date, all transactions, charges, services, transfers, payments, accruals and other business or obligations (other than cash distributions paid by, prior to the Contribution, DEI to Cinergy or, after the Contribution, DEI Holdco to Cinergy) between any of the Companies, on the one hand, and Duke and its Affiliates (other than the Companies) on the other hand ("Intercompany Transactions"), were in

compliance in all material respects with the terms of the Affiliate Contracts and Affiliate Guidelines, as applicable.

Section 4.20 Data Privacy; Cybersecurity.

(a) The Companies and their Affiliates have and, to Cinergy's Knowledge, with respect to the Processing of Personal Data on the Companies' behalf, their respective Data Processors have, since the Lookback Date, complied in all respects with all applicable Company Privacy Policies and Privacy Laws. To the extent required by Privacy Laws or Company Privacy Policies, (i) Personal Data is Processed by the Companies, their Affiliates and their respective Data Processors in an encrypted manner, and (ii) Personal Data is securely deleted or destroyed by the Companies, their Affiliates and their respective Data Processors. Neither the execution, delivery or performance of this Agreement nor any of the other Transaction Documents, nor the consummation of any of the Transactions violate any Privacy Laws or Company Privacy Policies. Where any Company or any of its Affiliates uses a Data Processor to Process Personal Data, the Data Processor has provided guarantees, warranties or covenants in relation to Processing of Personal Data, confidentiality, security measures and has agreed to comply with those obligations in a manner sufficient for the Companies' and their Affiliates' compliance with Privacy Laws.

(b) The Companies and their Affiliates have established an Information Security Program, and since the Lookback Date there have been no violations of the then-current Information Security Program. The Companies and their Affiliates have tested their respective Information Security Programs on a no less than annual basis and remediated all critical, high and medium risks and vulnerabilities. The IT Systems currently owned or controlled by the Companies and their Affiliates are in good working condition, operate and perform as necessary to conduct the business of the Companies and, to Cinergy's Knowledge, do not contain any Malicious Code. All Company Data will continue to be available for Processing by the Companies and their Affiliates immediately following each Closing on substantially the same terms and conditions as existed immediately before such Closing. None of the Companies or their Affiliates is in breach or default of any contractual obligation relating to its IT Systems or to Company Data and none of them transfers Personal Data internationally except where such transfers comply with Privacy Laws and Company Privacy Policies.

(c) Since the Lookback Date, the Companies and their Affiliates and, to Cinergy's Knowledge, their respective Data Processors, have not suffered a Data Breach, have not been required to notify any Person or Governmental Authority of any Data Breach, and have not been adversely affected by any Malicious Code or denial-of-service attacks on any IT Systems. Since the Lookback Date, none of the Companies, any of their Affiliates nor any third party acting at the direction or authorization of any Company or any of their Affiliates has paid any perpetrator of any actual or threatened Data Breach or cyber-attack, including, but not limited to a ransomware attack or a denial-of-service attack. Since the Lookback Date, none of the Companies or any of their Affiliates has received a written notice (including any enforcement notice), letter, or complaint from a Governmental Authority or any Person alleging noncompliance or potential noncompliance with any Privacy Laws or Company Privacy Policies

and none of the Companies and their Affiliates has been subject to any proceeding relating to noncompliance or potential noncompliance with Privacy Laws or any Company's or its Affiliate's Processing of Personal Data.

Section 4.21 Exclusivity of Representations. The representations and warranties made by Cinergy in this Agreement are in lieu of and are exclusive of all other representations and warranties, including any implied warranties of merchantability, suitability or fitness for any particular purpose or any other implied warranty. Cinergy hereby disclaims any such other or implied representations or warranties, notwithstanding the delivery or disclosure to Investor or its directors, officers, employees, agents or representatives of any documentation or other information (including any pro forma financial information, supplemental data or financial projections or other forward-looking statements); provided, however, that nothing in this Section 4.21 shall be deemed to disclaim or waive (a) any claims of, or causes of action arising from, fraud or (b) representations or warranties under any other agreement.

ARTICLE V

REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS OF INVESTOR

Except as disclosed in the schedules to this Agreement (each section of which qualifies the correspondingly numbered representation and warranty to the extent specified therein and such other representations and warranties to the extent a matter in such section is disclosed in such a way as to make its relevance to such other representation or warranty reasonably apparent), Investor represents and warrants to Cinergy as of the Agreement Date as follows:

Section 5.1 Organization. Investor is a Singapore private limited company duly organized or created, validly existing and in good standing under the Laws of Singapore. Investor is qualified to do business in all jurisdictions where the failure to qualify would be reasonably likely to materially and adversely affect the ability of Investor to perform its obligations under the Transaction Documents or to consummate the Transactions (an "Investor Material Adverse Effect").

Section 5.2 Authority and Power. Investor has the requisite power and authority to enter into each of the Transaction Documents to which it is a party, consummate each of the transactions and undertakings contemplated thereby, and perform all the terms and conditions thereof to be performed by it. The execution, delivery and performance of each of the Transaction Documents to which Investor is a party and the consummation of each of the transactions and undertakings contemplated thereby have been duly authorized by all requisite action on the part of Investor under its Charter Documents.

Section 5.3 Valid and Binding Obligations. Each of the Transaction Documents to which Investor is a party has been duly and validly executed and delivered by Investor, and, assuming the due and valid execution and delivery of such Transaction Documents by the other parties thereto, is enforceable against Investor in accordance with the terms thereof, except as such enforceability may be limited or denied by (a) applicable bankruptcy, insolvency,

reorganization, moratorium or similar Laws affecting creditors' rights and the enforcement of debtors' obligations generally, and (b) general principles of equity, regardless of whether enforcement is pursuant to a proceeding in equity or at law.

Section 5.4 Approvals and Consents. Except for (a) those third-party consents listed on Schedule 5.4(a) ("Investor Required Consents" and together with the Cinergy Required Consents, the "Required Consents"), (b) FERC Approval and filings related thereto, (c) CFIUS Approval and filings related thereto (clauses (b) and (c), the "Investor Required Approvals" and together with the Cinergy Required Approvals, the "Required Approvals"), (d) Unknown Regulatory Approvals (if any) and (e) such other filings, consents or approvals which, if not made or obtained, would not be reasonably likely to have, individually or in the aggregate, an Investor Material Adverse Effect, Investor is not required to give any notice, make any filing, or obtain any third-party consent or approval (including Governmental Approvals) to execute, deliver or perform any of the Transaction Documents to which it is a party or to consummate the transactions contemplated thereby.

Section 5.5 No Violations. The execution, delivery and performance by Investor of each of the Transaction Documents to which it is a party does not, and the consummation of the transactions contemplated thereby will not (a) violate the Charter Documents of Investor, (b) subject to obtaining the Investor Required Consents, violate or be in conflict with, or constitute a default (or any event that, with or without due notice or lapse of time, or both, would constitute a default) under, any Contract to which Investor is a party or by which any of Investor's properties or Assets are or may be bound or (c) subject to obtaining the Investor Required Approvals, violate any applicable Law or Order, other than, with respect to clauses (b) and (c), any such conflicts, violations or defaults that would not reasonably be likely, individually or in the aggregate, to have an Investor Material Adverse Effect.

Section 5.6 No Litigation. There is no Action or Proceeding pending to which Investor is a party (and, to Investor's Knowledge, there is no Action or Proceeding threatened against Investor), in any such case at law or in equity, that would reasonably be likely to have, individually or in the aggregate, an Investor Material Adverse Effect.

Section 5.7 Bankruptcy. Investor has not filed a petition seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law relating to bankruptcy or insolvency, and no such petition has been filed against Investor. No general assignment of Investor's property has been made for the benefit of creditors, and no receiver, master, liquidator or trustee has been appointed for Investor.

Section 5.8 Brokers. Investor has no liability or obligation to pay fees or commissions to any broker, finder or agent with respect to the Transactions for which Cinergy or the Companies could become liable.

Section 5.9 Regulatory Status. Except as identified and described in Schedule 5.9, neither Investor nor any "affiliate" of Investor as defined in 18 C.F.R. § 35.43 is a

“public utility” as defined in the FPA, a “public-utility company” as defined in the PUHCA, or subject to the jurisdiction of the Indiana Utility Regulatory Commission.

Section 5.10 Financing; Source of Funds. Investor will when and as required by the terms of this Agreement have immediately available to it sufficient unrestricted funds and credit capacity to consummate the Transactions and to satisfy all of Investor’s obligations under this Agreement (including as of each Closing Date), including the payment of the applicable portion of the Adjusted Purchase Price at each Closing, and all related fees and expenses. No funds to be paid to DEI Holdco by Investor will have been derived from, or constitute, either directly or indirectly, the proceeds of any criminal activity under AML Laws.

Section 5.11 Investment Intent. Investor acknowledges that neither the offer nor the sale of the DEI Holdco Membership Interests has been registered under the U.S. Securities Act of 1933 (the “Securities Act”), or under any state or foreign securities Laws. Investor is acquiring the Acquired DEI Holdco Interests for its own account for investment, without a view to, or for a resale in connection with, the distribution thereof in violation of the Securities Act or any applicable state or foreign securities Laws and with no present intention of distributing or reselling any part thereof. Investor will not so distribute or resell any of the Acquired DEI Holdco Interests in violation of any such Laws.

Section 5.12 Prohibited Transactions. Neither the acquisition by Investor nor the holding by Investor of the Acquired DEI Holdco Interests will result in a non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

Section 5.13 No Other Representations. Investor acknowledges and agrees it is purchasing the Acquired DEI Holdco Interests without reliance on any express or implied representations or warranties of any nature made by or on behalf of Duke or Cinergy, except for the representations and warranties set forth in this Agreement or the Ancillary Agreements; provided, however, that nothing in this Section 5.13 shall be deemed to disclaim or waive (a) any claims of, or causes of action arising from, fraud or (b) representations or warranties under any other agreement.

ARTICLE VI

COVENANTS

Section 6.1 Conduct of Business after Signing.

(a) From the Agreement Date until the earlier of the termination of this Agreement or the First Closing, except (v) as required or expressly permitted by this Agreement or any Ancillary Agreement, (w) as set forth in Schedule 6.1, (x) as required by applicable Law or Order, (y) any COVID-19 Action or (z) with the prior written consent of Investor (which consent shall not be unreasonably withheld, delayed or conditioned), Cinergy shall cause each of the Companies to conduct the Companies’ business in the ordinary course of business consistent with past practices, and to preserve, maintain and protect the Assets of each of the Companies, in each case, in material compliance with applicable Laws and material Permits and the Material

Contracts. Without limiting the foregoing, from the Agreement Date until the earlier of the termination of this Agreement or the First Closing, except (I) as required or expressly permitted by this Agreement or any Ancillary Agreement, (II) as set forth in Schedule 6.1, (III) as required by applicable Law or Order, or (IV) with the prior written consent of Investor (which consent shall not be unreasonably withheld, delayed or conditioned), Cinergy shall cause each of the Companies not to (and, in the case of Section 6.1(a)(v), to the extent related solely to the income or operations of the Companies, Duke shall not):

- (i) enter into or effectuate, or otherwise agree, commit, decide or delegate authority to take, any action that would constitute a “Major Decision” (whether “Director Matters,” “Investor 4.9% Matters,” “Government Investor Member” matters or “Investor Matters”) or a “Permitted Material Business Deviation Decision” pursuant to and as defined in the DEI Holdco A&R LLC Agreement if such agreement were in effect at such time;
- (ii) redeem, purchase or otherwise acquire any equity interest of any Person or any securities or obligations convertible into or exchangeable for any equity interest of any Person, or any options, warrants or conversion or other rights to acquire any equity interest in any Person or any such securities or obligations, or any other securities thereof;
- (iii) fail to maintain its existence or merge or consolidate with any other Person or acquire all or substantially all of the Assets of any other Person or enter into any joint venture, partnership or similar venture with any other Person;
- (iv) split, combine or reclassify any of its equity interests or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of their equity interests;
- (v) prepare or file any material Tax Return inconsistent with past practice or, on any such material Tax Return, take any position, make any material election, or adopt any material method of Tax accounting that is inconsistent with positions taken, elections made or methods used in preparing or filing similar Tax Returns in prior periods, file any material amended Tax Return, settle or otherwise compromise any claim relating to a material amount of Taxes, enter into any closing agreement or similar agreement relating to Taxes, surrender any right to claim a material Tax refund, offset or other reduction in a material Tax liability, or request any ruling or similar guidance with respect to Taxes, in each case except to the extent such action is not reasonably expected to result in an increase in the Tax liability of the Companies for any Tax period;
- (vi) enter into any new line of business;
- (vii) liquidate, dissolve, reorganize or otherwise wind up its business or operations;
- (viii) amend or modify its Charter Documents, other than in connection with the Contribution;

(ix) guarantee any Liabilities of Duke or any of its Affiliates (other than Liabilities of the Companies) or permit or suffer to exist any Lien on any of its properties or assets as security for any Debt of Duke or any of its Affiliates (other than the Companies);

i. declare or pay any dividend or distribution to the holders of any Equity Interests in such Company (other than to another Company); or

ii. agree or commit to do any of the foregoing.

(b) Notwithstanding anything to the contrary in this Agreement (except with respect to COVID-19 Actions, which are addressed in Section 6.1(a)), Cinergy may, from the Agreement Date until the earlier of the termination of this Agreement and the First Closing, cause any of the Companies to take reasonable actions in accordance with Good Utility Practice and in compliance with applicable Law (other than any Restricted Emergency Action), taking into account the geographic locations of such actions, as reasonably necessary in connection with any Emergency Situations; provided, however, that Cinergy shall provide Investor with reasonably prompt (and, to the extent reasonably practicable, prior) written notice of any such Emergency Situation and any such actions.

Section 6.2 Expenses; Tax Matters.

(a) Expenses. Except as otherwise provided in any other provision of this Agreement, all costs and expenses incurred in connection with this Agreement, the Transaction Documents and the Transactions shall be paid by the Party incurring such costs and expenses; provided, however, that Cinergy shall be responsible for any costs and expenses, including legal fees, brokers' fees or fees and expenses of other consultants and advisors, incurred by the Companies in connection with the Transactions. Investor shall be responsible for payment of any CFIUS filing fees.

(b) Transfer Taxes. Notwithstanding anything to the contrary in this Agreement, (i) Investor shall be responsible for the timely payment of all Transfer Taxes arising out of the issuance of the Acquired DEI Holdco Interests and (ii) Cinergy shall be responsible for the timely payment of all Transfer Taxes arising out of the Contribution. In addition, Investor or Cinergy, as the case may be, shall prepare and timely file all necessary documentation and Tax Returns required to be filed with respect to the Transfer Taxes for which it is responsible pursuant to the preceding sentence. The Parties shall cooperate in an attempt to minimize the amount of such Taxes.

(c) Tax Returns. With respect to any income Tax Returns to be filed by or on behalf of a Company, not less than thirty (30) days prior to the due date for such income Tax Return, taking into account applicable extensions (or, if such due date is within thirty (30) days following the First Closing Date, as promptly as practicable following the First Closing Date), Duke shall provide Investor, or cause Investor to be provided, with a draft copy of such income Tax Return (along with any other information reasonably requested by Investor relating to such income Tax Returns and any Tax elections made on such income Tax Returns) for Investor's review and comment; provided, however, in the case of any such income Tax Returns that are

filed on a consolidated, combined or unitary basis that includes Duke or any of its Subsidiaries other than the Companies (a "Group Return"), Duke shall provide Investor, or cause Investor to be provided, pro forma income Tax Returns reflecting solely the income and operations of the Companies and, in the case of DEI, are consistent with the pro forma returns provided to the IURC. Duke shall consider in good faith any comments to such income Tax Returns (or pro forma income Tax Returns) that are provided to Duke by Investor no later than fifteen (15) days prior to the due date for such income Tax Returns, taking into account applicable extensions. For the avoidance of doubt, and notwithstanding anything to the contrary contained herein or in any Transaction Document, in no event shall Duke or any of its Affiliates be required to provide any information to Investor that relates to a Group Return except to the extent such information relates solely to the Companies or relates to making a Tax election that is binding on all entities included in such Group Return.

(d) Tax Elections. Without the prior written consent of Investor, which consent shall not be unreasonably withheld, conditioned, or delayed, neither Duke nor any of its Subsidiaries (including the Companies) will make or cause to be made any Tax election that would reduce or limit the use of the Tax attributes of the Companies if such Tax election would be reasonably likely to have a material adverse effect on the Taxes payable by any Company or the payments due to any Company pursuant to the Tax Sharing Agreement, unless such adverse effect in any taxable period will be recovered by DEI through rates in the same taxable period or in two (2) succeeding taxable periods.

(e) Tax Sharing Payments. Duke shall promptly provide, or cause to be promptly provided, to Investor copies of the computations of all amounts payable by or to any Company under the Tax Sharing Agreement and reasonable access to all records, work papers, and other documents of or relating to the Companies which are reasonably necessary to verify such computations. Duke shall work, in good faith, taking into account all relevant circumstances surrounding the preparation of the computations, to provide such computations to Investor so that Investor has a reasonable opportunity to review the computations before any payment is made by or to the Companies pursuant to the Tax Sharing Agreement and provide comments, which Duke will consider in good faith.

(f) Tax Proceedings. Duke shall, or shall cause its Subsidiaries (including the Companies) to (i) promptly notify Investor of any proposed Tax audit or similar proceeding to the extent it relates to material Taxes for which any of the Companies may be liable (a "Tax Proceeding"), (ii) keep Investor reasonably apprised regarding the progress of any such Tax Proceeding, (iii) consult in good faith with Investor prior to taking any material action in connection with any such Tax Proceeding, provided that such consultation does not unreasonably delay or impede the progress of the Tax Proceeding, and (iv) defend any such Tax Proceeding diligently and in good faith as if the Companies were the only parties in interest. For the avoidance of doubt, and notwithstanding the foregoing, (A) none of Duke or any of its Affiliates shall be required to keep Investor apprised of, or consult with Investor on, any issue relating to any aspect of a Group Return that does not relate to, or affect the Tax Liability of, any Company, (B) in no event shall Duke or any of its Affiliates be required to provide any information to Investor that relates to a Group Return except to the extent such information relates solely to, and

affects the Tax Liability of, the Companies, and (C) without limiting Investor's rights in the event of a breach of the covenant in the prior sentence, in no event shall Duke or any of its Affiliates be precluded from resolving any Tax Proceeding relating to a Group Return.

(g) Certain Transactions. Neither Duke nor any of its Subsidiaries (including the Companies) will cause any Company to participate in any "listed transaction" within the meaning of Treasury Regulation § 1.6011-4(b)(2), "reportable transaction" within the meaning of Treasury Regulation § 1.6011-4(b)(1) (with the exception of a "loss transaction" within the meaning of Treasury Regulation § 1.6011-4(b)(5)), as defined in Section 6707A(c) of the Code, or transaction of interest within the meaning of Treasury Regulation § 1.6011-4(b)(6), whether as a separate entity or as a member of a group filing a Group Return.

(h) Disaffiliation. Upon a disaffiliation of any Company that results in any Company no longer being included in the Duke Consolidated Group, the income, deductions, gains, losses, and other items of such disaffiliated Company will be allocated between the period on or prior to such disaffiliation and the period beginning on the day after such disaffiliation on a closing-of-the-books basis in a manner consistent with Treasury Regulation § 1.1502-76(b)(2) (or similar provision of state, local or foreign law) without any ratable allocation election under Treasury Regulation § 1.1502-76(b)(2)(ii)(D) (or similar provision of state, local or foreign law), unless Duke determines that it is beneficial to both Duke and Investor to use a ratable allocation method and Investor provides prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(i) Duke Note. Duke and its Affiliates shall not amend the terms of the Duke Note without Investor's prior written consent.

(j) FIRPTA Matters. If necessary to prevent or reduce withholding pursuant to Section 1445 of the Code on (i) payments made by DEI Holdco to Investor or (ii) payments made by a third party to Investor, in each case in respect of Investor's interest in DEI Holdco, Duke and its Affiliates shall reasonably cooperate with (including by providing reasonable and sufficient information to) Investor in connection with Investor obtaining a withholding certificate from the IRS pursuant to Treasury Regulation § 1.1445-3 or Treasury Regulation § 1.1445-6, as applicable (or any successor provision); provided, that in the case of any withholding certificate in respect of payments made under clause (i) above, DEI Holdco shall reimburse Investor for any reasonable and out-of-pocket costs and expenses incurred in obtaining such withholding certificate, but only to the extent that aggregate of all such costs and expenses incurred for all withholding certificates described in this Section 6.2(j) does not exceed \$62,500.

Section 6.3 Regulatory Matters.

(a) FERC. As soon as practical following the execution of this Agreement but in no event later than twenty (20) Business Days from the Agreement Date, Cinergy and Investor will submit a joint application to the FERC pursuant to Section 203 of the FPA seeking FERC approval for the Transactions (the "FERC Approval"). Each Party shall cooperate with each other in the preparation and filing of such application to obtain the FERC Approval, and shall consider and incorporate in such filings all reasonable comments, if any, submitted by the

other Party with respect thereto. The Parties shall use reasonable best efforts to obtain the FERC Approval at the earliest possible date after the date of filing. Each Party will bear its own costs of the preparation and prosecution of any such filing to obtain the FERC Approval. Until the earlier of the termination of this Agreement or the First Closing, neither Investor nor any of its Affiliates that are part of the Infrastructure Group of GIC Special Investments PTE Ltd. (other than portfolio companies as of the Agreement Date) shall acquire or enter into any contract to acquire direct or indirect control over an electric generation facility or its output or a public utility operating, in each case in the MISO market, if such action would reasonably be expected to materially impair or delay the consummation of the Transactions for any reason or result in the failure to satisfy any condition to the consummation of the Transactions.

(b) CFIUS.

(i) Each Party shall cooperate and use reasonable best efforts to do, or cause to be done, all things necessary to obtain CFIUS Approval. Such reasonable best efforts shall include: (A) as promptly as practicable after the date of this Agreement, but in no event later than twenty (20) Business Days from the Agreement Date (or such other date as the parties may mutually agree), preparing and filing, or causing to be filed, a draft CFIUS Notice, (B) as promptly as practicable after the resolution of all questions and comments received from CFIUS staff on the draft CFIUS Notice (or receipt of confirmation that the CFIUS staff have no such questions or comments), submitting the final CFIUS Notice to CFIUS pursuant to 31 C.F.R. Part 800 Subpart E; (C) providing any information requested by CFIUS or any other agency or branch of the U.S. government in connection with the CFIUS review, or investigation of the Transactions, within the time periods specified in the applicable regulations or otherwise specified by CFIUS staff; and (D) ensuring that any information furnished pursuant to the foregoing clauses (A) through (C) is true, correct and complete in all material respects.

(ii) Without limiting the generality of the foregoing, each Party shall, in connection with the efforts to obtain the CFIUS Approval, (A) cooperate in all respects and consult with each other in connection with the CFIUS Notice, including by allowing the other Parties a reasonable opportunity to review in advance and comment on drafts of filings and submissions and consider in good faith, the views of the other parties in connection with, any proposed written communication to CFIUS pertaining to the substance of the CFIUS Notice or matters related to the CFIUS process; (B) promptly inform the other Parties of any communication received by such Parties from, or given by such Parties to, CFIUS, by promptly providing copies to the other Parties of any such written communications, except for any exhibits to such communications providing personal identifying information and subject to redactions to preserve business confidential information; and (C) permit the other Parties to review in advance any communication that it gives to, and consult with one other in advance of any meeting, telephone call or conference with CFIUS, and to the extent not prohibited by CFIUS, give the other Parties the opportunity to attend and participate in any telephonic conferences or in-person meetings with CFIUS, in each of clauses (A), (B) and (C) of this Section 6.3(b)(ii) subject to confidentiality considerations contemplated by the CFIUS Statute or required by CFIUS.

(iii) Notwithstanding any other provision of this Agreement, if CFIUS notifies the Parties in writing that CFIUS (i) has completed its review or investigation or has determined that it requires no more time to review or investigate; and (ii) intends to send a report to the President recommending that the President act to suspend or prohibit the transactions contemplated by this Agreement (a “CFIUS Turndown”), none of the Parties shall have any further obligation to seek CFIUS Approval, and any party may in its discretion request withdrawal of the CFIUS Notice; provided that this right shall not be available to any Party whose material breach of any provision of this Agreement resulted in, or was a principal cause of, such CFIUS Turndown.

(c) Other Regulatory Filings. Each Party shall cooperate and use reasonable best efforts to prepare and file, or cause to be filed, as soon as practicable, but in no event later than twenty (20) Business Days from the Agreement Date, all necessary documentation, to effect all necessary applications, notices, petitions, filings and other documents, and to use reasonable best efforts to obtain all necessary permits, consents, approvals and authorizations of all Governmental Authorities necessary or advisable to consummate the Transactions as soon as reasonably practicable and in any event prior to the Termination Date. Each Party shall have the right to review within a reasonable time in advance and to offer comments on any filing made after the Agreement Date and until the Termination Date (as the same may be extended hereunder) by the other Party (or Affiliates of the other Party) with any Governmental Authority with respect to the Transactions; provided, however, that, to the extent such filings contemplate confidential or sensitive information of a Party (or a Party’s affiliates), the Parties shall (subject to the limitations set forth in this Agreement), in good faith, cooperate to provide the necessary or requested confidential or sensitive information in such a manner as to reasonably protect the interests of the disclosing Party, including, at the discretion of the Party from whom such information is sought, by providing it subject to a protective order, while not adversely affecting the timely consummation of the Transactions. Cinergy does not anticipate that any state utility regulatory commission consents or approvals will be required in connection with the transactions contemplated by this Agreement. In the event that any such approvals or consents or any Unknown Regulatory Approvals are required, Investor and Cinergy agree to use their respective reasonable best efforts to obtain such consents and approvals as promptly as practicable after the date hereof, and Cinergy shall be solely responsible for all costs and expenses in connection therewith. Notwithstanding anything to the contrary herein, Investor and its Affiliates shall not be required to take or agree to take any action that constitutes a Burdensome Condition in connection with Transactions (including pursuant to this Section 6.3 or Section 6.4) and, without the prior written consent of Investor, none of the Companies shall take, offer or accept, or agree, commit to agree or consent to any action, undertaking, term, condition, liability, obligation, commitment, sanction or other measure requiring Investor or its Affiliates to take any action that constitutes a Burdensome Condition.

(d) Copies and Notices. Except with respect to Taxes, (i) each Party shall promptly provide the other Party with copies of all filings made by such Party with any Governmental Authority in connection with this Agreement and the Transactions; provided, however, that, to the extent such filings include confidential or sensitive information of Investor, the portions thereof including such sensitive or confidential information may be redacted and, at

the discretion of Investor, be provided only on an outside counsel basis or directly to the relevant Governmental Authority; and (ii) the Parties shall keep each other apprised of the status of matters relating to the completion of the Transactions, including promptly furnishing the other Party with copies of any notices or other communications received by Cinergy or Investor, as the case may be, or any of their respective Affiliates, from any third party or any Governmental Authority with respect to the Transactions. Each Party shall promptly provide the other Party with notice of any change or event that would reasonably be expected to materially impair such Party's ability to perform its obligations under or consummate the Transactions.

(e) Books and Records. Notwithstanding anything to the contrary in this Agreement, the Companies shall not be required to provide to Investor any portion of any Tax Return (or any supporting work papers or other documentation related thereto) of Duke or any of its Affiliates, other than to the extent such information relates solely to DEI Holdco, DEI or their respective Subsidiaries.

Section 6.4 Consents. Each Party shall cooperate and use reasonable best efforts to obtain the Required Consents as soon as reasonably practicable, and, to the extent a Closing occurs in the absence of any such consent, the Parties shall continue to use their reasonable best efforts to obtain all such consents after such Closing.

Section 6.5 Further Assurances. Each Party will, and, as applicable, will cause its Affiliates to, take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate the Transactions in accordance with the terms hereof, including executing such further documents or instruments and taking such further actions as may be reasonably requested by another Party in order to consummate the Transactions in accordance with the terms hereof; provided, however, that this Section 6.5 shall not apply to the Parties' obligations in connection with obtaining the FERC Approval, CFIUS Approval, or any other permits, consents, approvals and authorizations of a Governmental Authority that may be necessary or advisable to consummate the Transactions, with respect to which the Parties' obligations are set forth in Section 6.3 and Section 6.4, respectively.

Section 6.6 Announcements. The Parties shall use reasonable efforts to consult with each other prior to issuing, and give each other the opportunity to review and comment upon, any press releases or any other public announcements with respect to this Agreement or the Transactions and shall not issue any such press release or public announcement prior to such consultation, except as may be required by applicable Law or obligations under any listing agreement with or rules of any national securities exchange and except for such press releases or public announcements that refer to this Agreement or the Transactions by using statements that previously have been made publicly. The Parties agree that the initial press release to be issued with respect to the Transactions shall be in the form consented to by Investor on January 28, 2021.

Section 6.7 Confidentiality. Investor and Cinergy each reaffirm and shall fulfill their obligations under the Confidentiality Agreement. For the avoidance of doubt, the Confidentiality Agreement shall continue in full force and effect regardless of any termination of

this Agreement; provided, however, that, notwithstanding anything in the Confidentiality Agreement, Investor may disclose financial information concerning the Companies, including any financial models prepared in connection with the Transactions, to the extent reasonably necessary or advisable in connection with CFIUS, any other Required Approvals or Unknown Regulatory Approvals, or the Proposed Financing; provided further that, after the First Closing, to the extent that the DEI Holdco A&R LLC Agreement contains provisions that govern the confidential treatment of any information, the Confidentiality Agreement shall no longer apply to such information and all matters with respect to such information shall be governed by the DEI Holdco A&R LLC Agreement.

Section 6.8 Notice of Certain Event. Cinergy shall provide Investor with notice of any Additional Capital Investment with a description of the uses therefor reasonably promptly following the date of any such Additional Capital Investment.

Section 6.9 Contribution. Cinergy shall cause the Contribution to occur no earlier than the satisfaction of the condition set forth in Section 7.3(a)(iii)(x) and, in any event, no later than as soon as reasonably practicable after the satisfaction (or waiver by the applicable Parties) of the conditions set forth in Section 7.1(a) – (c) and Section 7.3(a)(iii).

Section 6.10 Distributions by DEI Holdco. From the First Closing Date until the earlier of the Second Closing or January 19, 2023, Cinergy shall cause DEI Holdco not to make any distribution to its members without the prior written consent of Investor, other than dividends or distributions not in excess of the aggregate amounts set forth on Schedule 1.1(c). From the date that Cinergy delivers the Second Closing Notice to the earlier of the Second Closing or January 19, 2023, Cinergy shall cause DEI Holdco not to make any distribution to its members without the prior written consent of Investor.

Section 6.11 Debt Financing Cooperation.

(a) Cinergy and DEI Holdco acknowledge that Investor intends to obtain debt financing to finance a portion of the Adjusted Purchase Price, which may include registered or private notes, syndicated loans and/or bank or other credit or debt facilities of any kind (and commitments in respect thereof) (any of the foregoing, the “Proposed Financing”). Notwithstanding anything to the contrary contained herein, Investor agrees that (i) none of the Companies or any of their respective Affiliates (other than Investor) shall have any liability (whether in contract, tort or otherwise) for any one or more of the representations, warranties, covenants, agreements or other obligations under the agreements for the Proposed Financing and (ii) such Proposed Financing shall not contain any restrictive covenant or other obligations that are required to be performed or complied with by the Companies or any of their Affiliates (other than Investor).

(b) Until the Second Closing, Cinergy shall use reasonable best efforts to provide, and to cause its Affiliates, including the Companies, and its and their respective Representatives to provide, upon the reasonable request of Investor, cooperation in connection with Investor’s Proposed Financing, including by: (i) participating (solely by teleconference or virtual meeting platforms) in a reasonable number of meetings and road shows, if any;

(ii) providing pertinent historical financial information reasonably requested by Investor in order to obtain or in connection with such financing, including the Required Information;

(iii) preparing financial statements for the Companies (including by updating the projections that Cinergy or its Representatives previously provided to Investor, as Investor may reasonably request with reasonable advance notice from time to time; provided that, Investor may only request one such update prior to the First Closing and one such update between the First Closing and the Second Closing; provided, further, that (w) with respect to each Marketing Period, to enable the Investor to consider whether to request such updated projections, the Companies shall participate in one or more teleconferences or telephone calls with Investor at least 15 days before the applicable Marketing Period Inside Date; (x) such updated projections shall constitute Required Information with respect to each Closing only if Investor requests such update in writing prior to the applicable Marketing Period Inside Date with respect to such Closing; (y) Cinergy shall also provide to Investor updated projections for the Companies as and when any such projections are prepared by Cinergy or its Affiliates in the ordinary course of business or otherwise and (z) this Section 6.11(b) does not limit any right of Investor to request or require updates to projections or financial models with respect to the Companies pursuant to the DEI Holdco A&R LLC Agreement); (iv) assisting in the preparation of offering memoranda, private placement memoranda, prospectuses and similar documents in connection with such financing; (v) using reasonable best efforts to ensure that any syndication efforts of the lead arrangers or placement agents, as applicable, for the debt financing benefit from the existing lending relationships of the Companies; and (vi) requesting the consent of, and customary comfort letters from, the Companies' independent accountants (and providing customary management letters and requesting legal letters to obtain such consent) if necessary or desirable for Investor's use of the Companies' financial statements. The foregoing notwithstanding, none of Cinergy, the Companies nor any of their Subsidiaries or Affiliates shall be required to take or permit the taking of any action pursuant to this Section 6.11(b) that would: (A) require Cinergy, the Companies or any of their Affiliates or any persons who are officers or directors of such entities to pass resolutions or consents to approve or authorize the execution of the Proposed Financing or enter into or execute any certificate, document, opinion, instrument or agreement or agree to any change or modification of any existing certificate, document, instrument or agreement to the extent any such action would be effective prior to the First Closing (other than signing customary authorization letters), (B) require Cinergy or any of its Affiliates to pay any commitment or other similar fee or incur any other expense, liability or obligation in connection with such financing, (C) cause any director, officer, employee or stockholder of Cinergy or any of its Affiliates to incur any personal liability, (D) conflict with the organizational documents of Cinergy or any of its Affiliates or any Laws, (E) reasonably be expected to result in a material violation or breach of, or a default (with or without notice, lapse of time, or both) under, any Contract to which Cinergy or any of its Affiliates is a party (with a non-Affiliate), (F) require Cinergy or any of its Affiliates to provide access to or disclose information that Cinergy or any of its Affiliates reasonably determines would jeopardize any attorney-client privilege or other applicable privilege of Cinergy or any of its Affiliates (provided, however, that Cinergy shall use its reasonable efforts to provide such access or disclose such information in a manner that would not jeopardize such attorney-client or other applicable privilege), (G) cause any condition to the Closings set forth in this Agreement to fail to be satisfied or otherwise cause any breach of this Agreement that would provide Investor the right to terminate this Agreement or (H) require

Cinergy, the Companies or any of their Affiliates to provide any legal opinions. Nothing contained in this Section 6.11(b) or otherwise shall require Cinergy or any of its Affiliates at any time or any Company to be an issuer or other obligor with respect to the Proposed Financing.

(c) Investor shall, promptly, upon request by Cinergy, reimburse Cinergy or any of its Affiliates for all reasonable and documented out-of-pocket fees and expenses incurred by them in connection with such requested cooperation, and Investor shall indemnify, defend and hold harmless Cinergy and its Affiliates against any costs, expenses or liabilities incurred by them as a result of any Action or Proceeding against them arising out of any acts performed by them at Investor's request under this Section 6.11, except, in each case, to the extent such costs, expenses or liabilities result from (i) any material breach by Cinergy of this Agreement or (ii) gross negligence, fraud or willful misconduct of Cinergy, DEI Holdco, any other Company or any of their respective Affiliates, or any of their respective Representatives.

(d) All nonpublic or otherwise confidential information regarding the Companies obtained by Investor or its Representatives pursuant to this Section 6.11 prior to the First Closing shall be kept confidential in accordance with the Confidentiality Agreement and Section 6.7, except that such information may be disclosed to potential lenders, potential syndicate members, potential placement agents, other potential financing sources or potential participants and any agent for any of the foregoing ("Financing Sources"), subject to customary confidentiality undertakings by any such applicable Financing Source.

(e) Cinergy hereby consents to the use of the Companies' logos in connection with any financing relate to the Transactions; provided, however, that Investor shall ensure that such logos are used solely in a manner that is not intended to or reasonably likely to harm or disparage the Companies or the Companies' reputation or goodwill and will comply with the Companies' reasonable usage requirements to the extent those requirements are consistent with this Section 6.11 and that they have been made available to Investor.

(f) Notwithstanding anything to the contrary, the Parties acknowledge and agree that the provisions contained in this Section 6.11 represent the sole obligation of Cinergy and its Affiliates with respect to cooperation in connection with the arrangement of any financing (including the Proposed Financing) to be obtained by Investor or its Affiliates prior to the First Closing, and no other provision of this Agreement (including the Exhibits and Schedules hereto) or the Ancillary Agreements shall be deemed to expand or modify such obligations with respect to the Proposed Financing prior to the First Closing. In no event shall the receipt or availability of any funds or financing (including, for the avoidance of doubt, the Proposed Financing) by Investor, any of its Affiliates or any other financing or other transactions be a condition to any of Investor's obligations under this Agreement.

Section 6.12 Intercompany Transactions.

(a) From the Agreement Date until the First Closing, Duke and Cinergy shall, and shall cause the Companies to, conduct and make all Intercompany Transactions in compliance in all material respects with the terms of the Affiliate Contracts and Affiliate Guidelines, as applicable.

(b) From and after the First Closing, Duke agrees with each Specified Party that, except as otherwise agreed in writing by such Specified Party, all Intercompany Transactions will be in accordance in all material respects with the affiliate agreements, affiliate standards and approved cost allocation methodologies that have been filed with the IURC and, as applicable, other state public utility commissions in states where Duke owns other regulated electric utilities.

(c) From and after the First Closing, Duke agrees with each Specified Party, except as otherwise agreed in writing by such Specified Party, to provide, or cause to be provided, the services, management and support to the Companies such that the nature, quality, standard of care and skill and the service levels at which such services, management and support are performed are no less in any material respect than the nature, quality, standard of care and skill and service levels at which the substantially same services, management and support were performed by or on behalf of Duke and its Affiliates prior to the First Closing.

(d) From and after the First Closing, except for ordinary course amendments that do not involve changes to pricing or cost allocation methodology, Duke agrees with each Specified Party to disclose all material proposed amendments to affiliate agreements, affiliate standards and cost allocation methodologies to such Specified Party for review at least ten (10) Business Days before any proposed amendment, filing or submission to the IURC and, if such Specified Party requests, meet with such Specified Party to discuss the proposed changes. Each Specified Party shall have the right to consent to such amendment (which consent shall not be unreasonably withheld, delayed or conditioned) solely to the extent such amendment would disproportionately adversely affect the Companies (relative to other regulated electric utilities owned by Duke or its Affiliates (other than the Companies)) in any material respect.

(e) From and after the First Closing, Duke agrees with each Specified Party that if Duke proposes to change the allocation methodology under any affiliate agreements, affiliate standards and cost allocation methodologies Duke shall submit such proposed changes to the IURC if required by Law or otherwise in accordance with past practice.

Section 6.13 Access to Information. Cinergy shall, and shall cause the Companies to, afford to Investor and its Representatives reasonable access, upon reasonable notice during normal business hours during the period before the First Closing, to all the personnel, properties, books, contracts, commitments, records and financial, operating and other data of the Companies and, during such period, shall furnish promptly to Investor any information concerning the Companies as Investor may reasonably request; provided that such access does not unreasonably interfere with the normal operations of any of the Companies. Nothing set forth in this Agreement shall require Cinergy to, or to cause any Company to, (a) allow Investor or Representatives to, and Investor and its Representatives shall not, conduct any environmental site assessment, compliance evaluation or investigation at any of the facilities or properties of the Companies (but the foregoing shall not preclude Investor from receiving any environmental information concerning the Companies as Investor may reasonably request), (b) provide Investor or its Representatives with any information regarding Cinergy's or its Affiliate's businesses, assets, financial performance or condition or operations not involving the

Companies or (c) provide access to or disclose information where such access or disclosure would jeopardize any attorney-client privilege otherwise applicable with respect to such information or contravene any Law or binding agreement with any party that is not an Affiliate of Duke entered into prior to the date hereof by the Company providing such information; provided, however, that Cinergy shall use its reasonable efforts to provide such access and disclose such information in a manner that would not jeopardize such attorney-client privilege or violate such Law or agreement.

Section 6.14 Supplements to Schedules. Duke and Cinergy shall have the right, from time to time after the First Closing and prior to the Second Closing, by written notice to Investor, to supplement, modify or amend the schedules to this Agreement with respect to Article III or Article IV, with respect to any matter hereafter arising or discovered which if existing or known on or prior to the Agreement Date would have been required to be set forth or described therein. Notwithstanding the immediately preceding sentence, other than such supplements, modifications or amendments reflecting matters arising after the Agreement Date (x) in the ordinary course of business with respect to Schedules 4.6(e), 4.6(f), 4.8(b) and 4.12(a) (and, if required by this Agreement or the DEI Holdco A&R LLC Agreement, specifically approved or consented to by Investor) or (y) with respect to matters specifically approved or consented to in writing by Investor, in each case, which matters shall be deemed to be automatically incorporated into the schedules to this Agreement as if set forth therein on the Agreement Date, no supplements, modifications or amendments of the schedules to this Agreement shall be deemed to qualify, cure the defects to the representations and warranties to which such supplements, modifications or amendments relate or affect the rights of Investor or any member of its Indemnified Group under Article X; provided, however, that nothing herein shall be deemed to limit or otherwise affect, or constitute a waiver of, any rights of any Indemnified Party pursuant to Article X with respect to the First Closing; provided further that if the matters set forth on any supplement, modification or amendment to the schedules to this Agreement delivered pursuant to this Section 6.14 would reasonably be expected to have a Material Adverse Effect or otherwise result in the failure to satisfy any closing condition with respect to the Second Closing set forth in Section 7.1 or Section 7.2(b), then Investor shall have the right to terminate its obligations with respect to the Second Closing under this Agreement; provided further that, if, concurrent with any supplement, modification or amendment to the schedules to this Agreement delivered pursuant to this Section 6.14, Cinergy delivers a written acknowledgement to Investor that the matters set forth on such supplement, modification or amendment constitute a Material Adverse Effect or otherwise result in the failure to satisfy any closing condition with respect to the Second Closing set forth in Section 7.1 or Section 7.2(b), then (i) Investor shall have the right to deliver written notice of its election to terminate its obligations with respect to the Second Closing under this Agreement as set forth in the preceding proviso by delivery of written notice thereof to Cinergy within fifteen (15) Business Days after receipt of such written acknowledgement from Cinergy and, (ii) if Investor does not exercise its right to terminate its obligations with respect to the Second Closing under this Agreement in accordance with this Section 6.14 within such period, then (A) Investor shall have irrevocably waived any and all rights to terminate its obligations with respect to the Second Closing under this Agreement arising out of or relating to the matters disclosed in the applicable supplement,

modification or amendment, and (B) such matters shall be deemed to be automatically incorporated into the schedules to this Agreement as if set forth therein on the Agreement Date. Duke and Cinergy shall not have the right to supplement, modify or amend schedules relating to Fundamental Representations or Schedules 1.1(a), 1.1(b), 1.1(c), 2.1(f) and 7.3(a)(iii).

Section 6.15 Receivable Sale Agreement Amendment. Cinergy will use, and will cause its Affiliates to use, reasonable best efforts to amend that certain Receivables Sale Agreement, dated as of November 5, 2010, by and among Cinergy Receivables Company LLC, as seller, Duke Energy Ohio, Inc., as initial servicer, The Bank of Nova Scotia, as program agent and the purchasers thereto (as amended by Amendment No. 10, dated as of December 19, 2017, Amendment No. 11, dated as of February 18, 2020, Amendment No. 12, dated as of July 23, 2020 and Amendment No. 13, dated as of October 23, 2020) to delete the reference to DEI in the definition of "Termination Event", or to delete the reference in the definition of "Termination Event" to "100%" and replace it with "80%" with respect to DEI. If Cinergy is unable to obtain such an amendment prior to the First Closing, Cinergy will use reasonable best efforts to enable DEI to have access to a replacement facility.

ARTICLE VII

CONDITIONS

Section 7.1 Conditions to Obligations of Investor and Cinergy. The obligations of Investor, Cinergy and DEI Holdco hereunder to consummate the Transactions with respect to each Closing are subject to the satisfaction, at or before the applicable Closing, of the following conditions (all or any of which may be waived in whole or in part by mutual agreement of the Parties in their sole discretion):

(a) Orders. No temporary restraining order, preliminary or permanent injunction or other Order shall be in effect that enjoins, prohibits or otherwise prevents, or purports to enjoin, prohibit or otherwise prevent, the consummation of the Transactions;

(b) Laws. No Law shall have been enacted or shall be deemed applicable to the Transactions which makes the consummation of the Transactions illegal or prevents the Transactions from occurring;

(c) Litigation. No Action or Proceeding by or before any court or other Governmental Authority shall have been instituted or threatened in writing by any Governmental Authority or Person that would reasonably be expected to prevent or prohibit the consummation of the Transactions; and

(d) Contribution. The Contribution shall have occurred.

Section 7.2 Conditions to Obligations of Investor.

(a) First Closing. The obligation of Investor hereunder to consummate the Transactions with respect to the First Closing is subject to the satisfaction, at or before the First

Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Investor in its sole discretion):

(i) *Representations and Warranties.* (A) Each of the Fundamental Representations made by Duke or Cinergy in this Agreement (other than the representations and warranties in Section 4.6(f) qualified as to materiality shall be true and correct in all respects as of the First Closing and not so qualified as to materiality shall be true and correct in all respects except for such inaccuracies as are de minimis in nature and amount relative to such representation and warranty taken as a whole, in each case as of the First Closing as if made on and as of the First Closing, except, in each case, to the extent that such representations and warranties refer specifically to an earlier date, in which case such representations and warranties qualified as to materiality shall have been true and correct in all respects as of such earlier date and not so qualified as to materiality shall have been true and correct in all respects except for such inaccuracies as are de minimis in nature and amount as of such earlier date; (B) each of the representations and warranties made by Cinergy in Sections 4.6(e), 4.6(f), 4.17 and 4.18 shall be true and correct in all material respects as of the First Closing as if made on and as of the First Closing; and (C) each of the other representations and warranties made by Duke or Cinergy in this Agreement shall be true and correct in all respects as of the First Closing as if made on and as of the First Closing, except, (1) in each case, to the extent that such representations and warranties refer specifically to an earlier date, in which case such representations and warranties shall have been true and correct in all respects as of such earlier date, and (2) to the extent that any and all failures of such representations and warranties to be so true and correct in all respects, taken as a whole, would not reasonably be expected to have a Material Adverse Effect on Duke, Cinergy or the Companies; provided, however, that, for purposes of determining the satisfaction of the condition in clause (B) and clause (C), no effect shall be given to any limitation or qualification as to materiality in such representations and warranties;

(ii) *Performance.* Each of Duke, Cinergy and DEI Holdco shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by it at or prior to the First Closing;

(iii) *Consents and Approvals.* (x) The Parties shall have obtained FERC Approval, (y) the Parties shall have obtained CFIUS Approval and (z) the Required Consents listed on Schedule 7.2(a)(iii) shall have been obtained and be in full force and effect, in each case, without any Burdensome Conditions;

(iv) *No Material Adverse Effect.* Since the Agreement Date, no Material Adverse Effect on Duke, Cinergy or the Companies shall have occurred and be continuing; and

(v) *Deliveries at Closing.* Each of Duke, Cinergy and DEI Holdco shall have executed and delivered (or caused to be executed and delivered) to Investor all agreements and other documents required to be executed and delivered by it to Investor pursuant to Section 2.2(e) at or prior to the First Closing.

(b) Second Closing. The obligation of Investor hereunder to consummate the Transactions with respect to the Second Closing is subject to the satisfaction, at or before the

Second Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Investor in its sole discretion):

(i) *Representations and Warranties.* (A) Each of the Fundamental Representations made by Duke or Cinergy in this Agreement (other than the representations and warranties in Section 4.6(f)) qualified as to materiality shall be true and correct in all respects as of the Second Closing and not so qualified as to materiality shall be true and correct in all respects except for such inaccuracies as are de minimis in nature and amount relative to such representation and warranty taken as a whole, in each case as of the Second Closing as if made on and as of the Second Closing, except, in each case, to the extent that such representations and warranties refer specifically to an earlier date, in which case such representations and warranties qualified as to materiality shall have been true and correct in all respects as of such earlier date and not so qualified as to materiality shall have been true and correct in all respects except for such inaccuracies as are de minimis in nature and amount as of such earlier date; (B) each of the representations and warranties made by Duke or Cinergy in Sections 4.6(e), 4.6(f), 4.17 and 4.18 shall be true and correct in all material respects as of the Second Closing as if made on and as of the Second Closing; and (C) each of the other representations and warranties made by Duke or Cinergy in this Agreement shall be true and correct in all respects as of the Second Closing as if made on and as of the Second Closing, except, in each case, to the extent that such representations and warranties refer specifically to an earlier date, in which case such representations and warranties shall have been true and correct in all respects as of such earlier date, and to the extent that any and all failures of such representations and warranties to be so true and correct in all respects, taken as a whole, would not reasonably be expected to have a Material Adverse Effect on Duke, Cinergy or the Companies; provided, however, that, for purposes of determining the satisfaction of the condition in clause (B) and clause (C), no effect shall be given to any limitation or qualification as to materiality in such representations and warranties;

(ii) *Performance.* (A) Each of Duke, Cinergy and DEI Holdco shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by it after the First Closing and at or prior to the Second Closing, and (B) each of Cinergy and DEI Holdco shall have complied in all material respects with all obligations and covenants required to be performed or complied with by it under the DEI Holdco A&R LLC Agreement;

(iii) *Deliveries at Closing.* Each of Cinergy and DEI Holdco shall have executed and delivered (or caused to be executed and delivered) to Investor all agreements and other documents required to be executed and delivered by it to Investor pursuant to Section 2.2(e) at or prior to the Second Closing;

(iv) *No Material Adverse Effect.* Since the Agreement Date, no Material Adverse Effect on the Companies shall have occurred and be continuing;

(v) *Consents and Approvals.* All Unknown Regulatory Approvals shall have been obtained and be in full force and effect, in each case, without any Burdensome Conditions; and

(vi) *Put Exercise Notice.* No “Put Exercise Notice” (as defined in the DEI Holdco A&R LLC Agreement) shall have been delivered in accordance with the DEI Holdco A&R LLC Agreement.

Section 7.3 Conditions to Obligations of Cinergy and DEI Holdco.

(a) First Closing. The obligation of Cinergy and DEI Holdco hereunder to consummate the Transactions with respect to the First Closing is subject to the satisfaction, at or before the First Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Cinergy in its sole discretion):

(i) *Representations and Warranties.* Each of the representations and warranties made by Investor in this Agreement shall be true and correct in all respects as of the First Closing as if made on and as of the First Closing, except, in each case, (i) to the extent that such representations and warranties refer specifically to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date, or (ii) to the extent that any and all failures of such representations and warranties to be so true and correct in all respects, taken as a whole, would not reasonably be expected to have an Investor Material Adverse Effect;

(ii) *Performance.* Investor shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Investor at or prior to the First Closing;

(iii) *Consents and Approvals.* (x) The Parties shall have obtained FERC Approval, (y) the Parties shall have obtained CFIUS Approval and (z) the Required Consents listed on Schedule 7.3(a)(iii) shall have been obtained and be in full force and effect; and

(iv) *Deliveries at Closing.* Investor shall have executed and delivered (or caused to be executed and delivered) to Cinergy or DEI Holdco, as applicable, all agreements and other documents required to be executed and delivered to Cinergy or DEI Holdco pursuant to Section 2.2(e) at or prior to the First Closing, and Investor shall have made the payments required to be made by Investor at the First Closing pursuant to Section 2.1.

(b) Second Closing. The obligation of Cinergy and DEI Holdco hereunder to consummate the Transactions with respect to the Second Closing is subject to the satisfaction, at or before the Second Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Cinergy in its sole discretion):

(i) *Representations and Warranties.* Each of the Fundamental Representations made by Investor in this Agreement shall be true and correct in all respects as of the Second Closing as if made on and as of the Second Closing, except, in each case, (i) to the extent that such representations and warranties refer specifically to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date, or (ii) to the extent that any and all failures of such representations and warranties to be so true and correct in all respects, taken as a whole, would not reasonably be

expected to have a materially adverse effect on the ability of Investor to consummate the Transactions or to perform its obligations under this Agreement;

(ii) *Performance.* (A) Investor shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Investor after the First Closing and at or prior to the Second Closing, and (B) Investor shall have complied in all material respects with all obligations and covenants required to be performed or complied with by it under the DEI Holdco A&R LLC Agreement;

(iii) *Deliveries at Closing.* Investor shall have executed and delivered (or caused to be executed and delivered) to Cinergy or DEI Holdco, as applicable, all agreements and other documents required to be executed and delivered to Cinergy or DEI Holdco pursuant to Section 2.2(e) at or prior to the Second Closing, and Investor shall have made the payments required to be made by Investor at the Second Closing pursuant to Section 2.1;

(iv) *Consents and Approvals.* All Unknown Regulatory Approvals shall have been obtained and be in full force and effect; and

(v) *Put Exercise Notice.* No "Put Exercise Notice" (as defined in the DEI Holdco A&R LLC Agreement) shall have been delivered in accordance with the DEI Holdco A&R LLC Agreement.

ARTICLE VIII

TERMINATION

Section 8.1 Termination. This Agreement may be terminated and the Transactions may be abandoned at any time upon ten (10) days written notice of such termination to the other Party:

(a) by mutual written consent of Investor and Cinergy;

(b) by Investor or Cinergy if the First Closing has not occurred on or prior to the six (6) month anniversary of the Agreement Date (the "Termination Date"); provided, however, that if the sole reason that the First Closing has not occurred is that a consent or approval required by Section 7.2(a)(iii) or Section 7.3(a)(iii) has not been obtained on or prior to such date, such date shall automatically be extended by two (2) months (the end of such two-month extension period shall then be the "Termination Date"); provided, further, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any Party whose breach of a representation, warranty, covenant or agreement under this Agreement has been the primary cause of the failure of the First Closing to occur on or before such date;

(c) by Investor prior to the First Closing if (i) Duke, Cinergy or DEI Holdco shall have breached or failed to perform any of the representations, warranties, covenants or agreements contained in this Agreement to be complied with by Duke, Cinergy or DEI Holdco, as applicable, such that any closing condition set forth in Section 7.1 or Section 7.2 could not be

satisfied prior to the Termination Date or, if such breach or failure is capable of being cured, it shall not have been cured within the earlier of (x) thirty (30) days following receipt by Cinergy of notice of such breach or failure from Investor and (y) the Termination Date;

(d) by Cinergy prior to the First Closing if (i) Investor shall have breached or failed to perform any of the representations, warranties, covenants or agreements contained in this Agreement to be complied with by Investor such that any closing condition set forth in Section 7.1 or Section 7.3 could not be satisfied prior to the Termination Date or, if such breach or failure is capable of being cured, it shall not have been cured within the earlier of (x) thirty (30) days following receipt by Investor of notice of such breach or failure from Cinergy and (y) the Termination Date; or

(e) by Investor or Cinergy prior to the First Closing if a Governmental Authority shall have issued an Order or instituted any Action or Proceeding, in either case, having the effect of restraining, enjoining or otherwise prohibiting, or attempting to restrain, enjoin or otherwise prohibit, the Transactions and such Order shall become final and non-appealable or such Action or Proceeding shall have become final and non-appealable; provided that the right to terminate this Agreement under this Section 8.1(e) shall not be available to any Party whose action or failure to fulfill any obligation under this Agreement has been the primary cause of such Order, any Action or Proceeding.

Section 8.2 Effect of Termination.

(a) If this Agreement is validly terminated pursuant to Section 8.1, this Agreement will forthwith become null and void, except that Section 6.2, Section 6.7, this Section 8.2, and Article XI will continue to apply following any termination, and there will be no Liability on the part of Duke, Cinergy, DEI Holdco or Investor (or any of their respective Representatives or Affiliates) in respect of this Agreement except as provided in this Section 8.2.

(b) Notwithstanding anything to the contrary in this Agreement, nothing in this Section 8.2 shall relieve a Party from Liability for any Willful Breach of, or fraud in connection with, this Agreement occurring prior to such termination.

ARTICLE IX

SURVIVAL

Section 9.1 Survival of Representations, Warranties, Covenants and Agreements. The representations and warranties of the Parties contained in or made pursuant to this Agreement and the Ancillary Agreements shall survive until the date that is twelve (12) months following the applicable Closing Date; provided, however, that the representations and warranties of Cinergy and Duke set forth in Sections 3.1, 3.2, 3.3, 3.7, 3.8, 3.9, 3.10, 4.1, 4.6(f), 4.7(e) and 4.14 and the representations and warranties of Investor set forth in Sections 5.1, 5.2, 5.3 and 5.8 (collectively the “Fundamental Representations”) shall survive until sixty (60) days following expiration of the applicable statute of limitations, and the representations and warranties of Cinergy in Section 4.13 shall survive until the date that is twenty-four (24) months

following the applicable Closing Date (each of the foregoing, as applicable, the “Survival Period”). The Survival Period for covenants and agreements in this Agreement and the Ancillary Agreements shall be the earlier of (a) one (1) year following the specified term of such covenant or agreement (if any) or (b) sixty (60) days following expiration of the applicable statute of limitations. Any representation, warranty, covenant or agreement in respect of which indemnity may be sought under this Agreement will survive the time at which it would otherwise terminate pursuant to this Section if written notice of a claim for the inaccuracy or breach of such representation or warranty or breach of such covenant or agreement giving rise to such indemnity right has been given to the Party from whom such indemnification may be sought prior to the time such representation, warranty, covenant or agreement would have expired.

ARTICLE X

INDEMNIFICATION AND REMEDIES

Section 10.1 General.

(a) Duke and Cinergy shall, severally and not jointly, defend, indemnify and hold harmless Investor, and Investor shall defend, indemnify and hold harmless Cinergy (the applicable indemnifying party, the “Indemnitor”), including, in the case of each non-indemnifying Party, such Party’s Affiliates and their respective Representatives, successors and assigns (each, an “Indemnified Party,” with each Party and its respective group of Indemnified Parties being referred to collectively as an “Indemnified Group”) from and against any Loss suffered or incurred by any Indemnified Party to the extent arising out of, or resulting from:

(i) the inaccuracy of any representation or warranty of such Indemnitor (or its Affiliate) contained in this Agreement or the Ancillary Agreements; or

(ii) the breach or default by such Indemnitor (or its Affiliate) of any covenant or agreement of such Indemnitor (or its Affiliate) contained in this Agreement.

(b) Duke and Cinergy shall, jointly and severally, defend, indemnify and hold harmless Investor, the other members of Investor’s Indemnified Group and the Companies from and against any Loss suffered or incurred by any such Person to the extent arising out of, or resulting from:

(i) any Controlled Group Liabilities with respect to any ERISA Affiliate, whether incurred or accrued before or after the First Closing Date;

(ii) any Liability of (1) Duke or (2) Affiliates of Duke other than the Companies, in each case arising out of or resulting from their business, Assets, Contracts, operations or transactions, whether arising before on or after the Agreement Date, excluding any Liability of (x) Duke or (y) Affiliates of Duke other than the Companies to the extent arising out of or resulting from the business, Assets, Contracts, operations or transactions of the Companies;

(iii) any services, products, support or assistance that any of the Companies or their predecessors provided to an Affiliate of the Companies that designed, developed, owned or operated a nuclear power plant;

(iv) any cash Taxes or any reduction in amounts payable to any of the Companies pursuant to the Tax Sharing Agreement, in each case attributable to the acceleration of any deferred intercompany gain of a Company pursuant to Treasury Regulation § 1.1502-13 (but only to the extent such Taxes have not already been paid by the Company under the Tax Sharing Agreement in connection with the creation of the deferred intercompany gain) as a result of the deconsolidation of such Company from the Duke Consolidated Group, unless such deconsolidation results from (A) a sale or other transfer of 100% of the interests in such Company or (B) any action taken by or at the direction of Investor; provided, that, for the avoidance of doubt, the calculation of such Taxes shall reflect the cost of the timing differences relating to the relevant income and loss items taken into account as a result of the deconsolidation event (as compared to if the deconsolidation event had not occurred); and

(v) any Taxes for which a Company may be liable pursuant to Treasury Regulation § 1.1502-6 or similar provisions of state, local or foreign law as a result of being or having been a member of a combined, consolidated, unitary or similar group that includes one or more entities other than the Companies.

Section 10.2 Period for Making Claims. No claim under Section 10.1(a)(i) or Section 10.1(a)(ii) may be made unless such Party shall have delivered a Claim Notice with respect to such claim for breach of a representation or warranty or covenant or agreement prior to the expiration of the applicable Survival Period.

Section 10.3 Limitations on Indemnification.

(a) With respect to any claim for indemnification arising from any breach or inaccuracy of any representations and warranties other than Fundamental Representations, each Party's liability under Section 10.1(a)(i) shall be limited to an amount equal to ten percent (10%) of the portion of the Adjusted Purchase Price that has been paid at the applicable time. As to any claim for indemnification for a breach or inaccuracy of any Fundamental Representation, each Party's liability under this Article X shall be limited to the portion of the Adjusted Purchase Price that has been paid at the applicable time.

(b) With respect to any claim for indemnification arising from any breach or inaccuracy of any representations and warranties other than Fundamental Representations, the Indemnified Party shall not be entitled to indemnification with respect to any Loss unless and until such Indemnified Party's Indemnified Group has incurred, sustained or become subject to aggregate Losses arising from the same circumstances or relating to the same fact pattern in excess of ten million dollars (\$10,000,000).

(c) With respect to any claim for indemnification arising from any breach or inaccuracy of any representations and warranties other than Fundamental Representations, the Indemnified Party shall not be entitled to indemnification with respect to any Loss unless and

until such Indemnified Party's Indemnified Group has incurred, sustained or become subject to aggregate Losses in excess of two percent (2.0%) of the Adjusted Purchase Price, and then only to the extent such Losses are in excess of two percent (2.0%) of the Adjusted Purchase Price.

(d) To the extent that any Indemnitor is not obligated to pay to any Indemnified Party any amount with respect to indemnification for Losses otherwise subject to indemnification solely as a result of the limitations set forth in Section 10.3(a) and, at any time, the Adjusted Purchase Price is increased to reflect any additional payments by Investor pursuant to Article II, the Indemnitor shall pay such additional amounts to such Indemnified Party, up to the aggregate limitations set forth in Section 10.3(a) with respect to the Adjusted Purchase Price, as so increased.

(e) The limitations set forth in this Section 10.3 shall not apply to claims of, or causes of action arising from, intentional misconduct, intentional or willful misrepresentation or fraud by any Party.

Section 10.4 Adjustments for Indemnity Payments. Except as otherwise required by Law, the Parties shall treat for all Tax purposes any indemnification payment made hereunder as an adjustment to the Adjusted Purchase Price.

Section 10.5 Procedure for Indemnification with Respect to Direct Claims. Whenever any direct claim shall arise for indemnification under this Article X, the Indemnified Party, after attaining knowledge of such claim, shall promptly notify the Indemnitor of the claim and, when known, the facts constituting the basis for such claim (such notice, a "Claim Notice"); provided, however, that the failure to provide such Claim Notice shall not release the Indemnitor from its obligations under this Article X except to the extent that the Indemnitor has been actually prejudiced by such failure. If, within thirty (30) days after receiving a Claim Notice, the Indemnitor notifies the Indemnified Party that it does not contest such Claim Notice or the Indemnitor does not give written notice to the Indemnified Party that it contests such Claim Notice, then the amount of indemnity payable for such claim shall be as set forth in the Indemnified Party's Claim Notice. If the Indemnitor contests such indemnity, the Parties shall attempt in good faith to reach an agreement with regard thereto within thirty (30) days of delivery of the Indemnitor's notice objecting to the claim. If the Parties cannot reach agreement within such thirty (30)-day period, the matter shall be resolved in accordance with the provisions of Section 11.8.

Section 10.6 Procedure for Indemnification with Respect to Third-Party Claims.

(a) Notice of Claim

. If any legal proceedings shall be instituted or any claim or demand shall be asserted by any third party in respect of which indemnification may be sought by any Indemnified Party under this Article X (each a "Third-Party Claim"), such Indemnified Party shall, reasonably promptly, submit a Claim Notice to the Indemnitor, specifying the nature of such Third-Party Claim and the amount or the estimated amount thereof to the extent then determinable, which estimate shall not be binding upon the Indemnified Party; provided that the

failure of an Indemnified Party to give timely notice shall not affect its rights to indemnification under this Article X, except to the extent that the Indemnitor has been actually prejudiced by such failure. The Indemnitor shall notify the Indemnified Party as soon as reasonably practicable whether the Indemnitor disputes its liability to the Indemnified Party for such claim under this Article X; provided that the failure of an Indemnitor to give timely notice shall not affect its rights under this Article X, except to the extent that the Indemnified Party has been actually prejudiced by such failure.

(b) Conduct of Claim.

i. Except with respect to Taxes:

(1) If the Indemnitor notifies the Indemnified Party that the Indemnitor acknowledges its liability under this Article X and that it desires to defend the Indemnified Party with respect to the Third-Party Claim, the Indemnitor shall have the right, at its option and at its own expense, to be represented by counsel of its choice and to take control of the defense, negotiation and/or settlement of such Third-Party Claim, unless (1) the Indemnitor is also a party to such Third-Party Claim and the Indemnified Party determines in good faith that joint representation would be inappropriate, or (2) the Third-Party Claim seeks an injunction or other equitable relief or relief other than monetary damages for which the Indemnified Party would be entitled to indemnification; provided that the Indemnified Party may participate in any such proceeding with counsel of its choice (which shall be at its own expense). If the Indemnitor assumes the defense of a Third-Party Claim in accordance with this Section 10.6, (x) the Indemnified Party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnitor, and (y) the Indemnitor shall defend such Third-Party Claim in good faith to final conclusion or settlement of such Third-Party Claim. The Indemnitor shall be liable for the reasonable fees and expenses of counsel employed by the Indemnified Party for any period after the Indemnified Party has provided a Claim Notice with respect to a Third-Party Claim but the Indemnitor has not assumed the defense of a Third-Party Claim for which the Indemnified Party is entitled to indemnification pursuant to this Article X. The Indemnitor shall provide fifteen (15) days advance written notice of any proposed settlement or compromise to the Indemnified Party, and the Indemnitor shall not, without the Indemnified Party's prior written consent (not to be unreasonably withheld, conditioned or delayed), compromise or settle any Third-Party Claim, nor execute or otherwise agree to any consent decree, that (I) provides for other than monetary payment, (II) does not include as an unconditional term thereof the giving of a release from all liability with respect to such Third-Party Claim by each claimant or plaintiff to each Indemnified Party that is or may be subject to the Third-Party Claim, or (III) involves any finding or admission of any violation of Law or any violation of the rights of any Person.

(2) If the Indemnitor elects not to defend or settle such proceeding, claim or demand, the Indemnified Party shall provide ten (10) Business Days' advance written notice of any proposed settlement or compromise to the Indemnitor. Without the consent of the Indemnitor (not to be unreasonably withheld, conditioned or delayed), no Indemnified Party shall settle or compromise any Third-Party Claim for which the Indemnitor has acknowledged its

liability under this Article X, unless (I) the terms of such settlement are substantially the same as the proposed settlement or compromise delivered in the Claim Notice to the Indemnitor or (II) such settlement (x) provides only for the payment of money and does not include any admission of guilt or culpability and (y) includes a full release from all liability with respect to such claim by each claimant or plaintiff to each Indemnitor that is or may be subject to the Third-Party Claim.

(3) The Indemnitor and the Indemnified Party shall cooperate reasonably with each other in connection with the defense, negotiation or settlement of any Third-Party Claim.

(ii) Notwithstanding anything to the contrary in this Agreement, except as otherwise provided in the Transaction Documents, Cinergy shall have the right, at its option and at its own expense, to be represented by counsel of its choice and to participate in, or take control of, the defense, negotiation or settlement of any proceeding, claim or demand that relates to Taxes of Cinergy or any of its Affiliates (including DEI Holdco, DEI and any of their Subsidiaries).

(c) Payment of Third-Party Claims. After final non-appealable judgment or award shall have been rendered by a court, arbitration board or administrative agency of competent jurisdiction, or a settlement shall have been consummated, or the Indemnified Party and the Indemnitor shall have arrived at a mutually binding agreement with respect to each separate matter indemnified by the Indemnitor with respect to any Third-Party Claim, the Indemnified Party shall forward to the Indemnitor notice of any sums due and owing with respect to such Third-Party Claim at such time by the Indemnitor with respect to such matter, and such amount shall be paid within five (5) Business Days by the Indemnitor to the applicable Indemnified Party.

(d) Access to Information. If any Third-Party Claim is made against an Indemnified Party, the Indemnified Party shall use commercially reasonable efforts to make available to the Indemnitor those partners, members, officers and employees of the Indemnified Party whose assistance, testimony or presence is necessary to assist the Indemnitor in evaluating and in defending such claims; provided that any such access shall be conducted in such a manner as not to interfere unreasonably with the operations of the business of the Indemnified Party.

Section 10.7 Exclusive Remedy. Notwithstanding anything to the contrary which may be contained herein, the indemnities set forth in this Article X shall become effective as of the First Closing Date. Other than equitable remedies and except in the case of intentional misconduct, intentional or willful misrepresentation or fraud, the indemnities set forth in this Article X shall be the exclusive remedies of Investor and Cinergy and their respective Indemnified Groups due to the breach or inaccuracy of any representation or warranty, or the breach or default of any covenant or agreement, contained in this Agreement, and the Parties shall not be entitled to a rescission of this Agreement or to any further indemnification rights, breach or damages or claims of any nature whatsoever in respect thereof, all of which the Parties hereby waive.

Section 10.8 Damages Calculations.

(a) Except as expressly provided herein, no Party or its Affiliates, or other members of its Indemnified Group, shall be liable hereunder at any time for special or punitive damages or any Losses of the other Party or any of the members of their respective Indemnified Groups which are not the natural, probable and reasonably foreseeable result of the event giving rise to the Loss as contemplated by the Parties as of the Agreement Date, whether in contract, tort (including negligence), strict liability or otherwise, except to the extent payable to a third party.

(b) Each of Cinergy's and Duke's representations and warranties in this Agreement that contain any "Material Adverse Effect," "in all material respects," or other materiality (or correlative meaning) qualifications shall be deemed to exclude such qualifiers both for purposes of determining whether or not there is a breach of such representation or warranty and for purposes of calculating Losses under this Article X; provided, however, that the foregoing shall not apply to the word "Material" where it is included in any capitalized phrase serving as a defined term for purposes of this Agreement (e.g., the phrases "Material Contract" or "Material Supplier").

ARTICLE XI

MISCELLANEOUS

Section 11.1 Entire Agreement. This Agreement, the Confidentiality Agreement, and the other Transaction Documents constitute the entire agreement and understanding of the Parties in respect of the subject matter contained herein and therein and supersede all prior agreements and understandings between the Parties with respect to such subject matter.

Section 11.2 Notices. All notices, requests, consents and other communications under this Agreement must be in writing and shall be deemed to have been duly given and effective (a) immediately (or, if not delivered before 5:00 p.m. New York time on a Business Day, the next Business Day) if delivered by electronic mail (with confirmation of transmission) and if a hard copy is delivered by overnight delivery service the next Business Day, (b) on the date of delivery if by hand delivery (with confirmation of receipt) (or, if not delivered on a Business Day, the next Business Day) or (c) on the first Business Day following the date of dispatch (or, if not sent on a Business Day, the next Business Day after the date of dispatch) if sent by overnight service with a nationally recognized overnight delivery service (all fees prepaid). All notices shall be delivered to the following addresses, or such other addresses as may hereafter be designated in writing by such Party to the other Party:

(a) If to Investor:

Epsom Investment Pte. Ltd.
c/o GIC Pte Ltd
168 Robinson Road
#37-01 Capital Tower
Singapore, 068912
Attention: Goh Siang
Email: gohsiang@gic.com.sg

and

Epsom Investment Pte. Ltd.
c/o GIC Private Equity & Infrastructure
280 Park Avenue
New York, New York 10017
Attention: Alex Greenbaum; Saumil Agrawal
Email: alexgreenbaum@gic.com.sg; saumilagrwal@gic.com.sg

With copies (which shall not constitute notice) to:

Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
Attention: Asi Kirmayer; Chris Barbuto
Email: akirmayer@sidley.com; cbarbuto@sidley.com

(b) If to Duke, Cinergy or DEI Holdco:

Duke Energy Corporation
550 S. Tryon Street, DEC45A
Charlotte, NC 28202
Attention: Greer Mendelow
Email: greer.mendelow@duke-energy.com

With copies (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, DC 20005
Attention: Pankaj Sinha
Email: psinha@skadden.com

Section 11.3 Severability. Any term or provision of this Agreement that is determined by a court of competent jurisdiction to be invalid or unenforceable for any reason shall, as to that jurisdiction, be ineffective solely to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is determined by a court of competent jurisdiction to be so broad as to be unenforceable, that provision shall be interpreted to be only so broad as is enforceable.

Section 11.4 Assignment; Third-Party Beneficiaries. Except as otherwise provided herein, all the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the Parties and their respective successors and permitted assigns. Neither this Agreement, nor any right hereunder, may be assigned by any Party without the prior written consent of the other Parties; provided, however, that Investor may assign its rights and obligations hereunder, without the consent of any other Party, (a) to any of its Affiliates, (b) by way of collateral security to any Financing Source, and (c) to an acquirer of its DEI Holdco Membership Interests. Except for (A) any Indemnified Party's right to indemnification pursuant to Article X and (B) the right of Investor, as described in this Section 11.4, to enforce the right of the Companies to indemnification set forth in Section 10.1(b), this Agreement is not intended to confer any rights or remedies hereunder upon any other Person except the Parties, it being for the exclusive benefit of the Parties and their respective successors and permitted assigns. The Parties agree that Investor shall have the right to act on behalf of any Company, including initiating any Action or Proceeding, to enforce any claim by the Company to indemnification under Section 10.1(b). Persons other than the Parties may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the Agreement Date or as of any other date.

Section 11.5 Amendments. This Agreement may be amended, modified or supplemented, with respect to any of the terms contained in this Agreement, only by written agreement (referring specifically to this Agreement) signed by or on behalf of all Parties and, with respect to Section 11.4(b), only with the consent of the Financing Sources.

Section 11.6 Waiver. No waiver of any breach of any of the terms of this Agreement shall be effective unless such waiver is made expressly in an instrument in writing specifically referring to this Agreement and executed and delivered by the Party against whom such waiver is claimed. No waiver of any breach shall be deemed to be a further or continuing waiver of such breach or a waiver of any other or subsequent breach. Except as otherwise expressly provided herein, no failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder, or otherwise available in respect hereof at law or in equity, shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof, or the exercise of any other right, power or remedy. The rights and remedies of the Parties are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise.

Section 11.7 Interpretation.

(a) When a reference is made in this Agreement to an Article, Section, Schedule, clause or Exhibit, such reference shall be to an Article, Section or clause of, or Exhibit to, this Agreement unless otherwise indicated, and the words "Agreement," "hereby," "herein," "hereof," "hereunder" and words of similar import refer to this Agreement as a whole (including any Exhibits or Schedules) and not merely to the specific section, paragraph or clause in which such word appears. The table of contents and the Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and do not in any way affect the meaning or interpretation of this Agreement. The phrases "the date of this Agreement," "the date hereof" and terms of similar import, shall be deemed to refer to the Agreement Date. References to any statute are to that statute, as amended from time to time, and to the rules and regulations promulgated thereunder. Unless otherwise expressly provided herein, references to any agreement or document shall be a reference to such agreement or document as in effect on the Agreement Date and amended, modified or supplemented to the extent expressly permitted by the terms hereof and in effect from time to time, and shall include reference to all exhibits, schedules and other documents or agreements attached thereto or incorporated therein, including waivers or consents. Unless otherwise expressly provided herein, references to any Person include the successors and permitted assigns of that Person. Whenever the content of this Agreement permits, the masculine gender shall include the feminine and neuter genders, and a reference to singular or plural shall be interchangeable with the other. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. As used in this Agreement: (i) the term "including" and words of similar import mean "including, without limitation" unless otherwise specified, (ii) "\$" and "dollars" refer to the currency of the United States of America, (iii) "or" shall include both the conjunctive and disjunctive and (iv) "any" shall mean "one or more". Unless the defined term "Business Days" is used, references to "days" in this Agreement refer to calendar days. Any document, list or other item shall be deemed to have been "made available" or "provided" to Investor for purposes of this Agreement only if such document, list or other item was posted at least two (2) Business Days before the Agreement Date in the Datasite electronic data room established by Cinergy for the Transaction.

(b) The Parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

(c) No summary of this Agreement prepared by or on behalf of any Party shall affect the meaning or interpretation of this Agreement.

Section 11.8 Governing Law; Consent to Jurisdiction; WAIVER OF JURY TRIAL.

(a) This Agreement, the legal relations between the Parties and the adjudication and the enforcement thereof, shall be governed by and interpreted and construed in

accordance with the substantive laws of the State of Delaware, without regard to applicable choice of law provisions thereof.

(b) Each Party, by its execution hereof, (i) hereby irrevocably submits and consents to the exclusive jurisdiction of the state courts of the State of Delaware located in Wilmington, Delaware or the United States District Court for the District of Delaware for the purpose of any and all actions, suits or proceedings arising in whole or in part out of, related to, based upon or in connection with this Agreement or the subject matter hereof (each, a “Proceeding”), (ii) hereby waives to the extent not prohibited by applicable Law, and agrees not to assert, by way of motion, as a defense or otherwise, in any Proceeding, any claim that it is not subject to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution or that any such action brought in one of the above-named courts should be dismissed on grounds of forum non conveniens, should be transferred to any court other than one of the above-named courts or should be stayed by reason of the pendency of some other proceeding in any other court other than one of the above-named courts, or that this Agreement or the subject matter hereof may not be enforced in or by such court and (iii) hereby agrees not to commence any Proceeding other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any Proceeding to any court other than one of the above-named courts whether on the grounds of inconvenient forum or otherwise. Each Party hereby (A) consents to service of process in any such action in any manner permitted by Delaware Law, (B) agrees that service of process made in accordance with clause (A) or made by registered or certified mail, return receipt requested, at its address specified pursuant to Section 11.2, shall constitute good and valid service of process in any Proceeding and (C) waives and agrees not to assert (by way of motion, as a defense or otherwise) in any Proceeding any claim that service of process made in accordance with clauses (A) or (B) does not constitute good and valid service of process.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY PROCEEDING OR OTHER CONTROVERSY WHICH MAY ARISE IN CONNECTION WITH THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUCH PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTIONS, OR THE FORMATION, BREACH, TERMINATION OR VALIDITY OF THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) IT MAKES THIS WAIVER VOLUNTARILY AND (IV) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.8.

Section 11.9 Specific Performance. The Parties agree that irreparable harm would occur and the Parties would not have any adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy to which they are entitled at law or in equity. The Parties hereby waive in any action for specific performance the defense of adequacy of a remedy at law in connection therewith. The Parties further agree that (a) by seeking any remedy provided in this Section 11.9, a Party shall not in any respect waive its right to seek any other form of relief that may be available to it under this Agreement and (b) nothing contained in this Section 11.9 shall require a Party to institute any action for (or limit a Party's right to institute any action for) specific performance under this Section 11.9 prior to exercising any other right under this Agreement.

Section 11.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same Agreement.

Section 11.1 No Offset. No Party may offset any amount due to any other Party or any of such other Party's Affiliates against any amount owed or alleged to be owed from such other Party or its Affiliates under this Agreement or any other Transaction Document without the written consent of such other Party.

Section 11.12 Waiver; Conflicts. Recognizing that Skadden, Arps, Slate, Meagher & Flom LLP ("Company Counsel") has acted as legal counsel to Cinergy and DEI Holdco and certain of their Affiliates prior to the date hereof, and that Company Counsel intends to act as legal counsel to Cinergy and DEI Holdco and their Affiliates after the Closing, Investor hereby waives, on its own behalf and agrees to cause its respective Affiliates to waive, any conflicts that may arise in connection with Company Counsel representing Cinergy or DEI Holdco or its Affiliates, whether prior to or after the First Closing, solely as such representation may relate to the Transactions; provided, however, that such waiver shall not extend to any representation in connection with any litigation or other Action or Proceeding against Investor or its Affiliates. In addition, all communications involving attorney-client confidences between Cinergy or DEI Holdco and their respective Affiliates, on the one hand, and Company Counsel, on the other hand, in the course of the engagement with respect to negotiation, documentation and consummation of the Transactions shall be deemed to be attorney-client confidences that belong solely to Cinergy and DEI Holdco and their Affiliates (and not Investor). Accordingly, Investor shall not have the right to obtain access to any such communications or to the files of Company Counsel relating to such engagement at any time. Without limiting the generality of the foregoing, from and after the First Closing Date, (a) Cinergy and DEI Holdco and their Affiliates (and not Investor) shall be the sole holders of the attorney-client privilege with respect to such engagement, and Investor shall not be a holder thereof, (b) to the extent that files of Company Counsel in respect of such engagement constitute property of the client, only Cinergy and DEI Holdco and its Affiliates (and not Investor) shall hold such property rights and (c) Company Counsel shall have no duty whatsoever to reveal or disclose any such attorney-

client communications or files to Investor by reason of any attorney-client relationship between Cinergy and DEI Holdco and Company Counsel or otherwise. This Section 11.12 shall be irrevocable, and no term of this Section 11.12 may be amended, waived or modified, without the prior written consent of Company Counsel.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the Agreement Date.

CINERGY CORP.

By: /s/ Karl W. Newlin
Name: Karl W. Newlin
Title: SVP, Corporate Development & Treasurer

DUKE ENERGY INDIANA HOLDCO, LLC

By: /s/ Karl W. Newlin
Name: Karl W. Newlin
Title: SVP, Corporate Development & Treasurer

DUKE ENERGY CORPORATION

By: /s/ Lynn J. Good
Name: Lynn J. Good
Title: Chair, President & CEO

EPSOM INVESTMENT PTE. LTD.

By: /s/ Alexander Greenbaum
Name: Alexander Greenbaum
Title: Authorized Signatory

EXHIBIT 10.3

FIRST AMENDMENT TO CREDIT AGREEMENT

FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment") dated as of March 18, 2021 relating to the Credit Agreement (as extended, amended, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"), dated as of May 15, 2019, among Duke Energy Corporation, as Borrower ("Borrower"), the Lenders from time to time party thereto, The Bank of Nova Scotia, as Administrative Agent (in such capacity, the "Administrative Agent"), PNC Bank, National Association, Sumitomo Mitsui Banking Corporation and TD Bank, N.A., as Co-Syndication Agents, and Bank of China, New York Branch, BNP Paribas, Santander Bank, N.A. and U.S. Bank National Association, as Co-Documentation Agents (the Existing Credit Agreement as amended hereby and as further amended, supplemented or otherwise modified from time to time, the "Credit Agreement").

1. Defined Terms. Unless otherwise specifically defined herein, each term used herein that is defined in the Credit Agreement has the meaning assigned to such term in the Credit Agreement.

2. Amendments. The undersigned lenders, constituting all of the Lenders immediately prior to the Amendment Effective Date (as defined below), consent to amend the Existing Credit Agreement as follows:

(a) The definition of "Commitment Termination Date" in Section 1.01 of the Existing Credit Agreement is hereby amended and restated in its entirety as follows:

"Commitment Termination Date" means, for each Lender, May 15, 2024, or, if such day is not a Euro-Dollar Business Day, the next preceding Euro-Dollar Business Day.

3. Representations and Warranties. The Borrower hereby represents and warrants to the Administrative Agent that the execution, delivery and performance by the Borrower of this Amendment are within the Borrower's powers, have been duly authorized by all necessary company action, require no action by or in respect of, or filing with, any Governmental Authority (except for consents, authorizations or filings which have been obtained or made, as the case may be, and are in full force and effect) and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the articles of incorporation, by-laws, certificate of formation or the limited liability company agreement of the Borrower or of any material agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Material Subsidiaries.

4. Conditions Precedent to the Effectiveness of this Amendment. This Amendment shall become effective as of the date when, and only when, the following conditions precedent have been satisfied (such date, the "Amendment Effective Date"):

(a) the Administrative Agent shall have received counterparts of this Amendment duly executed by (A) the Borrower and (B) each Lender party hereto;

(b) the Borrower shall have paid to the Administrative Agent (x) for the account of each Lender, all documented fees due and payable to the Lenders on the Amendment Effective Date and (y) for the account of the Administrative Agent, all documented fees due and payable to the Administrative Agent on the Amendment Effective Date;

(c) the Administrative Agent shall have received all reasonable and documented out-of-pocket expenses to be paid or reimbursed to the Administrative Agent on the Amendment Effective Date (including, for the avoidance of doubt, legal fees of Davis Polk & Wardwell LLP);

(d) prior to and immediately after giving effect to this Amendment on the Amendment Effective Date, the representations and warranties in Section 3 of this Amendment shall be true and correct in all material respects; and

(e) prior to and immediately after giving effect to this Amendment on the Amendment Effective Date, (i) no Event of Default or Default shall have occurred and be continuing and (ii) the representations and warranties of the Borrower contained in Article 4 of the Credit Agreement shall be true on and as of the Amendment Effective Date, except in the case of any such representation or warranty that expressly relates to a prior date, in which case such representation or warranty shall be true as of such prior date.

5. Governing Law; Submission to Jurisdiction. This Amendment shall be governed by and construed in accordance with the laws of the State of New York. The Borrower hereby submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, of any State court located in the City and County of New York and any appellate court thereof for purposes of all legal proceedings arising out of or relating to this Amendment or the transactions contemplated hereby. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

6. Counterparts; Integration. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment, the Credit Agreement, the Notes, and any separate letter agreements with respect to fees payable to the Administrative Agent or the Lenders, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

7. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.


8. Incorporation; Execution. The provisions of this Amendment are deemed incorporated into the Credit Agreement as if fully set forth therein. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under the Existing Credit Agreement, nor constitute a waiver of any provision of the Existing Credit Agreement.

9. Ratification. The Existing Credit Agreement, as specifically amended by this Amendment, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

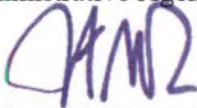
10. Reference. On and after the Amendment Effective Date, each reference in the Credit Agreement to “this Agreement,” “hereunder,” “hereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Existing Credit Agreement, as amended by this Amendment.

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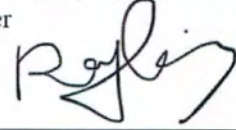
DUKE ENERGY CORPORATION,
as Borrower

By: 
Name: Michael S. Hendershott
Title: Assistant Treasurer

THE BANK OF NOVA SCOTIA, as
Administrative Agent and Lender

By: 
Name: David Dewar
Title: Director

Bank of China, New York Branch, as
a Lender

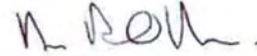


By: _____

Name: Raymond Qiao
Title: Executive Vice President

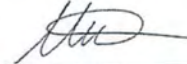
BNP PARIBAS, as a Lender

By:



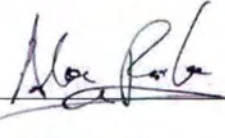
Name: Denis O'Meara
Title: Managing Director

By:



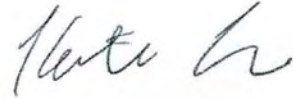
Name: Victor Padilla
Title: Vice President

PNC Bank, N.A., as a Lender

By:  _____

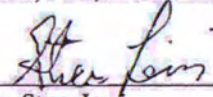
Name: Alex Rolfe
Title: Vice President

SUMITOMO MITSUI BANKING
CORPORATION, as a Lender




By: _____
Name: Katie Lee
Title: Director

TD Bank, N.A., as a Lender

By: 
Name: Steve Levi
Title: Senior Vice President

U.S. BANK NATIONAL ASSOCIATION, as a
Lender

By: 
Name: James O'Shaughnessy
Title: Vice President

SANTANDER BANK, N.A., as a Lender

By: Pablo Urgoiti Digitally signed
by Pablo Urgoiti
Date: 2021.03.11
13:03:37 -05'00'
Name: Pablo Urgoiti
Title: Managing Director

By: Andres Barbosa
Name: Andres Barbosa
Title: Managing Director

EXHIBIT 31.1.1

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ LYNN J. GOOD

Lynn J. Good
Chair, President and
Chief Executive Officer

EXHIBIT 31.1.2

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.3

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ LYNN J. GOOD
Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.4

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ LYNN J. GOOD
Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.5

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ LYNN J. GOOD
Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.6

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ LYNN J. GOOD
Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.7

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ LYNN J. GOOD
Lynn J. Good
Chief Executive Officer

EXHIBIT 31.1.8

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ LYNN J. GOOD
Lynn J. Good
Chief Executive Officer

EXHIBIT 31.2.1

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 31.2.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 31.2.3

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 31.2.4

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 31.2.5

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 31.2.6

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 31.2.7

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 31.2.8

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chair, President and Chief Executive Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chair, President and
Chief Executive Officer

May 10, 2021

EXHIBIT 32.1.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 10, 2021

EXHIBIT 32.1.3

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 10, 2021

EXHIBIT 32.1.4

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Progress, LLC ("Duke Energy Progress") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Progress, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Progress.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 10, 2021

EXHIBIT 32.1.5

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Florida, LLC ("Duke Energy Florida") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Florida, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Florida.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 10, 2021

EXHIBIT 32.1.6

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Ohio, Inc. ("Duke Energy Ohio") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Ohio, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Ohio.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 10, 2021

EXHIBIT 32.1.7

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Indiana, LLC ("Duke Energy Indiana") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Indiana, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Indiana.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 10, 2021

EXHIBIT 32.1.8

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Piedmont Natural Gas Company, Inc. ("Piedmont") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Piedmont, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Piedmont.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 10, 2021

EXHIBIT 32.2.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 10, 2021

EXHIBIT 32.2.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 10, 2021

EXHIBIT 32.2.3

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Progress Energy, Inc. ("Progress Energy") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 10, 2021

EXHIBIT 32.2.4

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Progress, LLC ("Duke Energy Progress") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Progress, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Progress.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 10, 2021

EXHIBIT 32.2.5

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Florida, LLC ("Duke Energy Florida") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Florida, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Florida.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 10, 2021

EXHIBIT 32.2.6

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Ohio, Inc. ("Duke Energy Ohio") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Ohio, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Ohio.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 10, 2021

EXHIBIT 32.2.7

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Indiana, LLC ("Duke Energy Indiana") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Indiana, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Indiana.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 10, 2021

EXHIBIT 32.2.8

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Piedmont Natural Gas Company, Inc. ("Piedmont") on Form 10-Q for the period ending March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Piedmont, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Piedmont.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 10, 2021