

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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2019

OR

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

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



1-32853

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

20-2777218

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

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

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

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

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

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

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

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

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

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

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

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

Number of shares of Common stock outstanding at April 30, 2019:

Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	728,046,950

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

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

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of U.S. tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy, including enhancing existing technology systems.

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

Glossary of Terms

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

Term or Acronym	Definition
2013 Settlement	Revised and Restated Stipulation and Settlement Agreement approved in November 2013 among Duke Energy Florida, the Florida OPC and other customer advocates
2017 Settlement	Second Revised and Restated Settlement Agreement in 2017 among Duke Energy Florida, the Florida OPC and other customer advocates, which replaces and supplants the 2013 Settlement
ACP	Atlantic Coast Pipeline, LLC, a limited liability company owned by Dominion, Duke Energy and Southern Company Gas
ACP pipeline	The approximately 600-mile proposed interstate natural gas pipeline
AFS	Available for Sale
AFUDC	Allowance for funds used during construction
the Agents	Wells Fargo Securities, LLC, Citigroup Global Market Inc., J.P. Morgan Securities, LLC
AMI	Advanced Metering Infrastructure
AMT	Alternative Minimum Tax
AOCI	Accumulated Other Comprehensive Income (Loss)
ARO	Asset retirement obligations
ATM	At-the-market
Beckjord	Beckjord Generating Station
Belews Creek	Belews Creek Steam Station
Bison	Bison Insurance Company Limited
Cardinal	Cardinal Pipeline Company, LLC
CC	Combined Cycle
CCR	Coal Combustion Residuals
Citrus County CC	Citrus County Combined Cycle Facility
Coal Ash Act	North Carolina Coal Ash Management Act of 2014
the Company	Duke Energy Corporation and its subsidiaries
Constitution	Constitution Pipeline Company, LLC
CPCN	Certificate of Public Convenience and Necessity
CRC	Cinergy Receivables Company LLC
Crystal River Unit 3	Crystal River Unit 3 Nuclear Plant
CWA	Clean Water Act
D.C. Circuit Court	U.S. Court of Appeals for the District of Columbia Circuit
DEFPF	Duke Energy Florida Project Finance, LLC
DEFR	Duke Energy Florida Receivables, LLC
DEPR	Duke Energy Progress Receivables, LLC
DERF	Duke Energy Receivables Finance Company, LLC
DRIP	Dividend Reinvestment Program
Duke Energy	Duke Energy Corporation (collectively with its subsidiaries)
Duke Energy Ohio	Duke Energy Ohio, Inc.
Duke Energy Progress	Duke Energy Progress, LLC
Duke Energy Carolinas	Duke Energy Carolinas, LLC
Duke Energy Florida	Duke Energy Florida, LLC

Duke Energy Indiana	Duke Energy Indiana, LLC
Duke Energy Kentucky	Duke Energy Kentucky, Inc.
Duke Energy Registrants	Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the EDA	Equity Distribution Agreement
EDIT	Excess deferred income tax
EPA	U.S. Environmental Protection Agency
EPC	Engineering, Procurement and Construction agreement
EPS	Earnings Per Share
ESP	Electric Security Plan
ETR	Effective tax rate
Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FES	FirstEnergy Solutions Corp.
Fluor	Fluor Enterprises, Inc.
FPSC	Florida Public Service Commission
FTR	Financial transmission rights
FV-NI	Fair value through net income
GAAP	Generally accepted accounting principles in the U.S.
GAAP Reported Earnings	Net Income Attributable to Duke Energy Corporation
GAAP Reported EPS	Diluted EPS Attributable to Duke Energy Corporation common stockholders
GWh	Gigawatt-hours
Hardy Storage	Hardy Storage Company, LLC
ICPA	Inter-Company Power Agreement
IGCC	Integrated Gasification Combined Cycle
IMR	Integrity Management Rider
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
Investment Trusts	NDTF investments and grantor trusts of Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana
IURC	Indiana Utility Regulatory Commission
JAAR	Joint Asset Agency Rider
JDA	Joint Dispatch Agreement
KPSC	Kentucky Public Service Commission
Lee Nuclear Station	William States Lee III Nuclear Station
MGP	Manufactured gas plant
MISO	Midcontinent Independent System Operator, Inc.
MMBtu	Million British Thermal Unit
MW	Megawatt
MWh	Megawatt-hour
NAV	Net asset value

NCDEQ	North Carolina Department of Environmental Quality (formerly the North Carolina Department of Environment and Natural Resources)
NCUC	North Carolina Utilities Commission
NDTF	Nuclear decommissioning trust funds
NMC	National Methanol Company
NPDES	National Pollutant Discharge Elimination System
NPNS	Normal purchase/normal sale
NRC	U.S. Nuclear Regulatory Commission
OPEB	Other Post-Retirement Benefit Obligations
ORS	South Carolina Office of Regulatory Staff
OTTI	Other-than-temporary impairment
OVEC	Ohio Valley Electric Corporation
Piedmont	Piedmont Natural Gas Company, Inc.
Piedmont Term Loan	Term loan facility with commitments totaling \$350M entered in June 2017
Pine Needle	Pine Needle LNG Company, LLC
Pioneer	Pioneer Transmission, LLC
PJM	PJM Interconnection, LLC
PMPA	Piedmont Municipal Power Agency
PPAs	Purchase Power Agreements
Progress Energy	Progress Energy, Inc.
PSCSC	Public Service Commission of South Carolina
PUCO	Public Utilities Commission of Ohio
REC	Renewable Energy Certificate
REC Solar	REC Solar Corp.
ROU assets	Right-of-use assets
RRBA	Roanoke River Basin Association
SELC	Southern Environmental Law Center
Subsidiary Registrants	Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont
the Tax Act	Tax Cuts and Jobs Act
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TPUC	Tennessee Public Utility Commission
U.S.	United States
VIE	Variable Interest Entity
WNA	Weather normalization adjustment
W.S. Lee CC	William States Lee Combined Cycle Facility

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

(in millions, except per-share amounts)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues		
Regulated electric	\$ 5,285	\$ 5,284
Regulated natural gas	728	700
Nonregulated electric and other	150	151
Total operating revenues	6,163	6,135
Operating Expenses		
Fuel used in electric generation and purchased power	1,609	1,676
Cost of natural gas	327	313
Operation, maintenance and other	1,419	1,464
Depreciation and amortization	1,089	967
Property and other taxes	343	316
Impairment charges	—	43
Total operating expenses	4,787	4,779
Losses on Sales of Other Assets and Other, net	(3)	(100)
Operating Income	1,373	1,256
Other Income and Expenses		
Equity in earnings (losses) of unconsolidated affiliates	43	(24)
Other income and expenses, net	115	86
Total other income and expenses	158	62
Interest Expense	543	515
Income Before Income Taxes	988	803
Income Tax Expense	95	181
Net Income	893	622
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(7)	2
Net Income Attributable to Duke Energy Corporation	\$ 900	\$ 620
Earnings Per Share – Basic and Diluted		
Net income attributable to Duke Energy Corporation common stockholders		
Basic and Diluted	\$ 1.24	\$ 0.88
Weighted average shares outstanding		
Basic and Diluted	727	701

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Net Income	\$ 893	\$ 622
Other Comprehensive Income, net of tax		
Pension and OPEB adjustments	—	1
Net unrealized (losses) gains on cash flow hedges	(17)	12
Reclassification into earnings from cash flow hedges	1	1
Unrealized gains (losses) on available-for-sale securities	4	(3)
Other Comprehensive (Loss) Income, net of tax	(12)	11
Comprehensive Income	881	633
Less: Comprehensive (Loss) Income Attributable to Noncontrolling Interests	(7)	2
Comprehensive Income Attributable to Duke Energy Corporation	\$ 888	\$ 631

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 377	\$ 442
Receivables (net of allowance for doubtful accounts of \$19 at 2019 and \$16 at 2018)	775	962
Receivables of VIEs (net of allowance for doubtful accounts of \$56 at 2019 and \$55 at 2018)	1,981	2,172
Inventory	3,102	3,084
Regulatory assets (includes \$52 at 2019 and 2018 related to VIEs)	1,957	2,005
Other (includes \$152 at 2019 and \$162 at 2018 related to VIEs)	976	1,049
Total current assets	9,168	9,714
Property, Plant and Equipment		
Cost	139,377	134,458
Accumulated depreciation and amortization	(43,992)	(43,126)
Generation facilities to be retired, net	336	362
Net property, plant and equipment	95,721	91,694
Operating Lease Right-of-Use Assets, net	1,698	—
Other Noncurrent Assets		
Goodwill	19,303	19,303
Regulatory assets (includes \$1,032 at 2019 and \$1,041 at 2018 related to VIEs)	13,301	13,617
Nuclear decommissioning trust funds	7,374	6,720
Investments in equity method unconsolidated affiliates	1,602	1,409
Other (includes \$280 at 2019 and \$261 at 2018 related to VIEs)	2,969	2,935
Total other noncurrent assets	44,549	43,984
Total Assets	\$ 151,136	\$ 145,392
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 2,538	\$ 3,487
Notes payable and commercial paper	3,029	3,410
Taxes accrued	470	577
Interest accrued	544	559
Current maturities of long-term debt (includes \$227 at 2019 and 2018 related to VIEs)	2,501	3,406
Asset retirement obligations	779	919
Regulatory liabilities	611	598
Other	1,810	2,085
Total current liabilities	12,282	15,041
Long-Term Debt (includes \$4,065 at 2019 and \$3,998 at 2018 related to VIEs)	53,681	51,123
Operating Lease Liabilities	1,488	—
Other Noncurrent Liabilities		
Deferred income taxes	8,040	7,806
Asset retirement obligations	12,256	9,548
Regulatory liabilities	15,212	14,834
Accrued pension and other post-retirement benefit costs	974	988
Investment tax credits	571	568
Other (includes \$212 at 2019 and 2018 related to VIEs)	1,587	1,650
Total other noncurrent liabilities	38,640	35,394
Commitments and Contingencies		
Equity		
Preferred stock, \$0.001 par value, 40 million depositary shares authorized and outstanding at 2019	974	—
Common stock, \$0.001 par value, 2 billion shares authorized; 728 million shares outstanding at 2019 and 727 million shares outstanding at 2018	1	1
Additional paid-in capital	40,823	40,795
Retained earnings	3,360	3,113
Accumulated other comprehensive loss	(128)	(92)
Total Duke Energy Corporation stockholders' equity	45,030	43,817
Noncontrolling interests	15	17

Total equity		45,045		43,834
Total Liabilities and Equity	\$	151,136	\$	145,392

See Notes to Condensed Consolidated Financial Statements
11

FINANCIAL STATEMENTS

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

(in millions)	Three Months Ended March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 893	\$ 622
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,238	1,089
Equity component of AFUDC	(31)	(55)
Losses on sales of other assets	3	100
Impairment charges	—	43
Deferred income taxes	97	199
Equity in (earnings) losses of unconsolidated affiliates	(43)	24
Accrued pension and other post-retirement benefit costs	2	15
Contributions to qualified pension plans	—	(141)
Payments for asset retirement obligations	(152)	(122)
Payment for disposal of other assets	—	(105)
Other rate case adjustments	—	37
Provision for rate refunds	35	158
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	10	4
Receivables	388	64
Inventory	(31)	101
Other current assets	98	27
Increase (decrease) in		
Accounts payable	(636)	(327)
Taxes accrued	(107)	(107)
Other current liabilities	(407)	(171)
Other assets	(158)	(59)
Other liabilities	40	(5)
Net cash provided by operating activities	1,239	1,391
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,536)	(2,087)
Contributions to equity method investments	(94)	(74)
Purchases of debt and equity securities	(860)	(958)
Proceeds from sales and maturities of debt and equity securities	851	930
Other	(74)	(75)
Net cash used in investing activities	(2,713)	(2,264)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	2,737	1,240
Issuance of preferred stock	974	—
Issuance of common stock	13	21
Payments for the redemption of long-term debt	(1,201)	(487)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	135	135
Payments for the redemption of short-term debt with original maturities greater than 90 days	(239)	(50)
Notes payable and commercial paper	(304)	706
Dividends paid	(649)	(599)
Other	(33)	(19)
Net cash provided by financing activities	1,433	947
Net (decrease) increase in cash, cash equivalents and restricted cash	(41)	74
Cash, cash equivalents and restricted cash at beginning of period	591	505
Cash, cash equivalents and restricted cash at end of period	\$ 550	\$ 579
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 811	\$ 799

See Notes to Condensed Consolidated Financial Statements

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

Accumulated Other Comprehensive																					
(Loss) Income																					
Total																					
Duke Energy Corporation																					
Pension and OPEB Adjustments																					
Net Gains (Losses) on Available-for-Sale Securities																					
Cash Flow Hedges																					
Retained Earnings																					
Paid-in Capital																					
Common Stock																					
Preferred Stock																					
(in millions)																					
Balance at December 31, 2017	\$	—	700	\$	1	\$	38,792	\$	3,013	\$	(10)	\$	12	\$	(69)	\$	41,739	\$	(2)	\$	41,737
Net income		—	—		—		620		—		—		—		—		620		2		622
Other comprehensive income (loss)		—	—		—		—		13		(3)		1		11		—		—		11
Common stock issuances, including dividend reinvestment and employee benefits		—	1		—		47		—		—		—		47		—		—		47
Common stock dividends		—	—		—		(625)		—		—		—		(625)		—		—		(625)
Distributions to noncontrolling interest in subsidiaries		—	—		—		—		—		—		—		—		(1)		(1)		(1)
Other ^(a)		—	—		—		13		—		(13)		—		—		7		7		7
Balance at March 31, 2018	\$	—	701	\$	1	\$	38,839	\$	3,021	\$	3	\$	(4)	\$	(68)	\$	41,792	\$	6	\$	41,798
Balance at December 31, 2018	\$	—	727	\$	1	\$	40,795	\$	3,113	\$	(14)	\$	(3)	\$	(75)	\$	43,817	\$	17	\$	43,834
Net income (loss)		—	—		—		900		—		—		—		900		(7)		893		893
Other comprehensive (loss) income		—	—		—		—		(16)		4		—		(12)		—		(12)		(12)
Preferred stock issuances, net of issuance costs ^(b)		974	—		—		—		—		—		—		974		—		974		974
Common stock issuances, including dividend reinvestment and employee benefits		—	1		—		28		—		—		—		28		—		28		28
Common stock dividends		—	—		—		(676)		—		—		—		(676)		—		(676)		(676)
Other ^(c)		—	—		—		23		(6)		(1)		(17)		(1)		5		4		4
Balance at March 31, 2019	\$	974	728	\$	1	\$	40,823	\$	3,360	\$	(36)	\$	—	\$	(92)	\$	45,030	\$	15	\$	45,045

- (a) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement.
- (b) Duke Energy issued 40 million depository shares of preferred stock in the first quarter of 2019.
- (c) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income as a result of the adoption of Accounting Standards Update 2018-02: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues	\$ 1,744	\$ 1,763
Operating Expenses		
Fuel used in electric generation and purchased power	472	473
Operation, maintenance and other	440	451
Depreciation and amortization	317	272
Property and other taxes	80	72
Impairment charges	—	13
Total operating expenses	1,309	1,281
Operating Income	435	482
Other Income and Expenses, net	31	39
Interest Expense	110	107
Income Before Income Taxes	356	414
Income Tax Expense	63	91
Net Income	\$ 293	\$ 323
Other Comprehensive Income, net of tax		
Reclassification into earnings from cash flow hedges	—	1
Comprehensive Income	\$ 293	\$ 324

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ —	\$ 33
Receivables (net of allowance for doubtful accounts of \$2 at 2019 and 2018)	166	219
Receivables of VIEs (net of allowance for doubtful accounts of \$7 at 2019 and 2018)	630	699
Receivables from affiliated companies	88	182
Inventory	1,007	948
Regulatory assets	560	520
Other	31	72
Total current assets	2,482	2,673
Property, Plant and Equipment		
Cost	46,929	44,741
Accumulated depreciation and amortization	(15,899)	(15,496)
Net property, plant and equipment	31,030	29,245
Operating Lease Right-of-Use Assets, net	146	—
Other Noncurrent Assets		
Regulatory assets	3,429	3,457
Nuclear decommissioning trust funds	3,913	3,558
Other	1,027	1,027
Total other noncurrent assets	8,369	8,042
Total Assets	\$ 42,027	\$ 39,960
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 643	\$ 988
Accounts payable to affiliated companies	248	230
Notes payable to affiliated companies	745	439
Taxes accrued	80	171
Interest accrued	134	102
Current maturities of long-term debt	7	6
Asset retirement obligations	209	290
Regulatory liabilities	200	199
Other	415	571
Total current liabilities	2,681	2,996
Long-Term Debt	10,658	10,633
Long-Term Debt Payable to Affiliated Companies	300	300
Operating Lease Liabilities	123	—
Other Noncurrent Liabilities		
Deferred income taxes	3,769	3,689
Asset retirement obligations	5,219	3,659
Regulatory liabilities	6,325	5,999
Accrued pension and other post-retirement benefit costs	97	99
Investment tax credits	235	231
Other	645	671
Total other noncurrent liabilities	16,290	14,348
Commitments and Contingencies		
Equity		
Member's equity	11,982	11,689
Accumulated other comprehensive loss	(7)	(6)
Total equity	11,975	11,683
Total Liabilities and Equity	\$ 42,027	\$ 39,960

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 293	\$ 323
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	388	347
Equity component of AFUDC	(9)	(21)
Impairment charges	—	13
Deferred income taxes	64	80
Accrued pension and other post-retirement benefit costs	(2)	1
Contributions to qualified pension plans	—	(46)
Payments for asset retirement obligations	(65)	(55)
Provision for rate refunds	19	61
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	1	—
Receivables	124	19
Receivables from affiliated companies	94	(11)
Inventory	(59)	(9)
Other current assets	(35)	(144)
Increase (decrease) in		
Accounts payable	(266)	(76)
Accounts payable to affiliated companies	18	50
Taxes accrued	(91)	(129)
Other current liabilities	(70)	(23)
Other assets	(29)	12
Other liabilities	(7)	(43)
Net cash provided by operating activities	368	349
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(721)	(621)
Purchases of debt and equity securities	(405)	(494)
Proceeds from sales and maturities of debt and equity securities	405	494
Other	(9)	(21)
Net cash used in investing activities	(730)	(642)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	25	991
Payments for the redemption of long-term debt	(1)	(401)
Notes payable to affiliated companies	306	(59)
Distributions to parent	—	(250)
Other	(1)	(1)
Net cash provided by financing activities	329	280
Net decrease in cash and cash equivalents	(33)	(13)
Cash and cash equivalents at beginning of period	33	16
Cash and cash equivalents at end of period	\$ —	\$ 3
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 221	\$ 267

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

(in millions)	Accumulated Other Comprehensive Loss			
	Member's Equity		Net Losses on Cash Flow Hedges	
				Total Equity
Balance at December 31, 2017	\$	11,368	\$ (7)	\$ 11,361
Net income		323	—	323
Other comprehensive income		—	1	1
Distributions to parent		(250)	—	(250)
Balance at March 31, 2018	\$	11,441	\$ (6)	\$ 11,435
Balance at December 31, 2018	\$	11,689	\$ (6)	\$ 11,683
Net income		293	—	293
Other		—	(1)	(1)
Balance at March 31, 2019	\$	11,982	\$ (7)	\$ 11,975

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues	\$ 2,572	\$ 2,576
Operating Expenses		
Fuel used in electric generation and purchased power	925	976
Operation, maintenance and other	567	623
Depreciation and amortization	455	384
Property and other taxes	137	123
Impairment charges	—	29
Total operating expenses	2,084	2,135
Gains on Sales of Other Assets and Other, net	—	6
Operating Income	488	447
Other Income and Expenses, net	31	35
Interest Expense	219	209
Income Before Income Taxes	300	273
Income Tax Expense	52	36
Net Income	248	237
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(1)	2
Net Income Attributable to Parent	\$ 249	\$ 235
Net Income	\$ 248	\$ 237
Other Comprehensive Income, net of tax		
Pension and OPEB adjustments	1	—
Net unrealized gains (losses) on cash flow hedges	2	2
Other Comprehensive Income, net of tax	3	2
Comprehensive Income	251	239
Less: Comprehensive Income Attributable to Noncontrolling Interests	(1)	2
Comprehensive Income Attributable to Parent	\$ 252	\$ 237

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS

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

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 45	\$ 67
Receivables (net of allowance for doubtful accounts of \$5 at 2019 and 2018)	128	220
Receivables of VIEs (net of allowance for doubtful accounts of \$8 at 2019 and 2018)	817	909
Receivables from affiliated companies	46	168
Notes receivable from affiliated companies	31	—
Inventory	1,464	1,459
Regulatory assets (includes \$52 at 2019 and 2018 related to VIEs)	1,076	1,137
Other (includes \$12 at 2019 and \$39 at 2018 related to VIEs)	143	125
Total current assets	3,750	4,085
Property, Plant and Equipment		
Cost	52,309	50,260
Accumulated depreciation and amortization	(16,646)	(16,398)
Generation facilities to be retired, net	336	362
Net property, plant and equipment	35,999	34,224
Operating Lease Right-of-Use Assets, net	835	—
Other Noncurrent Assets		
Goodwill	3,655	3,655
Regulatory assets (includes \$1,032 at 2019 and \$1,041 at 2018 related to VIEs)	6,358	6,564
Nuclear decommissioning trust funds	3,461	3,162
Other	1,029	974
Total other noncurrent assets	14,503	14,355
Total Assets	\$ 55,087	\$ 52,664
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 781	\$ 1,172
Accounts payable to affiliated companies	266	360
Notes payable to affiliated companies	1,605	1,235
Taxes accrued	135	109
Interest accrued	213	246
Current maturities of long-term debt (includes \$54 at 2019 and \$53 at 2018 related to VIEs)	825	1,672
Asset retirement obligations	456	514
Regulatory liabilities	259	280
Other	778	821
Total current liabilities	5,318	6,409
Long-Term Debt (includes \$1,657 at 2019 and \$1,636 at 2018 related to VIEs)	18,276	17,089
Long-Term Debt Payable to Affiliated Companies	150	150
Operating Lease Liabilities	748	—
Other Noncurrent Liabilities		
Deferred income taxes	4,064	3,941
Asset retirement obligations	6,050	4,897
Regulatory liabilities	5,116	5,049
Accrued pension and other post-retirement benefit costs	516	521
Other	341	351
Total other noncurrent liabilities	16,087	14,759
Commitments and Contingencies		
Equity		
Common stock, \$0.01 par value, 100 shares authorized and outstanding at 2019 and 2018	—	—
Additional paid-in capital	9,143	9,143
Retained earnings	5,386	5,131
Accumulated other comprehensive loss	(23)	(20)
Total Progress Energy, Inc. stockholders' equity	14,506	14,254

Noncontrolling interests		2		3
Total equity		14,508		14,257
Total Liabilities and Equity	\$	55,087	\$	52,664

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 248	\$ 237
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	546	439
Equity component of AFUDC	(15)	(26)
Gains on sales of other assets	—	(6)
Impairment charges	—	29
Deferred income taxes	82	71
Accrued pension and other post-retirement benefit costs	4	6
Contributions to qualified pension plans	—	(45)
Payments for asset retirement obligations	(75)	(55)
Other rate case adjustments	—	37
Provision for rate refunds	6	33
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	1	4
Receivables	187	(33)
Receivables from affiliated companies	122	29
Inventory	(18)	55
Other current assets	35	(60)
Increase (decrease) in		
Accounts payable	(196)	(53)
Accounts payable to affiliated companies	(94)	33
Taxes accrued	26	8
Other current liabilities	(196)	(82)
Other assets	(112)	(86)
Other liabilities	(10)	(8)
Net cash provided by operating activities	541	527
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,012)	(762)
Purchases of debt and equity securities	(409)	(406)
Proceeds from sales and maturities of debt and equity securities	405	411
Notes receivable from affiliated companies	(31)	127
Other	(45)	(40)
Net cash used in investing activities	(1,092)	(670)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,295	—
Payments for the redemption of long-term debt	(1,132)	(80)
Notes payable to affiliated companies	370	177
Other	1	(2)
Net cash provided by financing activities	534	95
Net decrease in cash, cash equivalents and restricted cash	(17)	(48)
Cash, cash equivalents and restricted cash at beginning of period	112	87
Cash, cash equivalents and restricted cash at end of period	\$ 95	\$ 39
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 310	\$ 316

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

(in millions)	Accumulated Other Comprehensive (Loss) Income							
						Total Progress		
	Additional	Net Losses	Net Unrealized	Pension and	Energy, Inc.	Noncontrolling	Total	
	Paid-in	Retained	Cash Flow	Available-for-	OPEB	Stockholders'	Interests	Equity
	Capital	Earnings	Hedges	Sale Securities	Adjustments	Equity		Equity
Balance at December 31, 2017	\$ 9,143	\$ 4,350	\$ (18)	\$ 5	\$ (12)	\$ 13,468	\$ (3)	\$13,465
Net income	—	235	—	—	—	235	2	237
Other comprehensive income	—	—	2	—	—	2	—	2
Other ^(a)	(1)	6	—	(6)	—	(1)	—	(1)
Balance at March 31, 2018	\$ 9,142	\$ 4,591	\$ (16)	\$ (1)	\$ (12)	\$ 13,704	\$ (1)	\$13,703
Balance at December 31, 2018	\$ 9,143	\$ 5,131	\$ (12)	\$ (1)	\$ (7)	\$ 14,254	\$ 3	\$14,257
Net income	—	249	—	—	—	249	(1)	248
Other comprehensive income	—	—	2	—	1	3	—	3
Other ^(b)	—	6	(4)	—	(2)	—	—	—
Balance at March 31, 2019	\$ 9,143	\$ 5,386	\$ (14)	\$ (1)	\$ (8)	\$ 14,506	\$ 2	\$14,508

- (a) Amounts in Retained Earnings and Accumulated Other Comprehensive Loss represent a cumulative-effect adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement.
- (b) Amounts in Retained Earnings and Accumulated Other Comprehensive (Loss) Income primarily represent impacts to accumulated other comprehensive income as a result of the adoption of Accounting Standards Update 2018-02: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues	\$ 1,484	\$ 1,460
Operating Expenses		
Fuel used in electric generation and purchased power	515	509
Operation, maintenance and other	335	381
Depreciation and amortization	290	235
Property and other taxes	44	35
Impairment charges	—	32
Total operating expenses	1,184	1,192
Gains on Sales of Other Assets and Other, net	—	1
Operating Income	300	269
Other Income and Expenses, net	24	18
Interest Expense	77	81
Income Before Income Taxes	247	206
Income Tax Expense	44	29
Net Income and Comprehensive Income	\$ 203	\$ 177

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS
**DUKE ENERGY PROGRESS, LLC
Condensed Consolidated Balance Sheets
(Unaudited)**

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 30	\$ 23
Receivables (net of allowance for doubtful accounts of \$2 at 2019 and 2018)	42	75
Receivables of VIEs (net of allowance for doubtful accounts of \$5 at 2019 and 2018)	495	547
Receivables from affiliated companies	28	23
Notes receivable from affiliated companies	38	—
Inventory	959	954
Regulatory assets	622	703
Other	45	62
Total current assets	2,259	2,387
Property, Plant and Equipment		
Cost	33,188	31,459
Accumulated depreciation and amortization	(11,635)	(11,423)
Generation facilities to be retired, net	336	362
Net property, plant and equipment	21,889	20,398
Operating Lease Right-of-Use Assets, net	388	—
Other Noncurrent Assets		
Regulatory assets	4,041	4,111
Nuclear decommissioning trust funds	2,744	2,503
Other	627	612
Total other noncurrent assets	7,412	7,226
Total Assets	\$ 31,948	\$ 30,011
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 363	\$ 660
Accounts payable to affiliated companies	221	278
Notes payable to affiliated companies	—	294
Taxes accrued	49	53
Interest accrued	87	116
Current maturities of long-term debt	5	603
Asset retirement obligations	452	509
Regulatory liabilities	176	178
Other	346	408
Total current liabilities	1,699	3,099
Long-Term Debt	8,893	7,451
Long-Term Debt Payable to Affiliated Companies	150	150
Operating Lease Liabilities	361	—
Other Noncurrent Liabilities		
Deferred income taxes	2,172	2,119
Asset retirement obligations	5,471	4,311
Regulatory liabilities	4,093	3,955
Accrued pension and other post-retirement benefit costs	235	237
Investment tax credits	141	142
Other	89	106
Total other noncurrent liabilities	12,201	10,870
Commitments and Contingencies		
Equity		
Member's Equity	8,644	8,441
Total Liabilities and Equity	\$ 31,948	\$ 30,011

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

(in millions)	Three Months Ended March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 203	\$ 177
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	336	284
Equity component of AFUDC	(14)	(14)
Gains on sales of other assets	—	(1)
Impairment charges	—	32
Deferred income taxes	33	42
Accrued pension and other post-retirement benefit costs	—	4
Contributions to qualified pension plans	—	(25)
Payments for asset retirement obligations	(68)	(44)
Other rate case adjustments	—	37
Provision for rate refunds	6	33
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(3)	2
Receivables	87	(31)
Receivables from affiliated companies	(5)	(2)
Inventory	(5)	15
Other current assets	96	(88)
Increase (decrease) in		
Accounts payable	(196)	(39)
Accounts payable to affiliated companies	(57)	29
Taxes accrued	(4)	(28)
Other current liabilities	(109)	(64)
Other assets	(45)	18
Other liabilities	(9)	(5)
Net cash provided by operating activities	246	332
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(548)	(424)
Purchases of debt and equity securities	(315)	(284)
Proceeds from sales and maturities of debt and equity securities	308	281
Notes receivable from affiliated companies	(38)	—
Other	(20)	(30)
Net cash used in investing activities	(613)	(457)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,270	—
Payments for the redemption of long-term debt	(601)	—
Notes payable to affiliated companies	(294)	114
Other	(1)	(1)
Net cash provided by financing activities	374	113
Net increase (decrease) in cash and cash equivalents	7	(12)
Cash and cash equivalents at beginning of period	23	20
Cash and cash equivalents at end of period	\$ 30	\$ 8
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 117	\$ 137

See Notes to Condensed Consolidated Financial Statements

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

(in millions)		Member's Equity
Balance at December 31, 2017	\$	7,949
Net income		177
Balance at March 31, 2018	\$	8,126
Balance at December 31, 2018	\$	8,441
Net income		203
Balance at March 31, 2019	\$	8,644

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

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues	\$ 1,086	\$ 1,115
Operating Expenses		
Fuel used in electric generation and purchased power	410	467
Operation, maintenance and other	230	237
Depreciation and amortization	165	150
Property and other taxes	93	88
Total operating expenses	898	942
Operating Income	188	173
Other Income and Expenses, net	13	21
Interest Expense	82	71
Income Before Income Taxes	119	123
Income Tax Expense	23	20
Net Income	\$ 96	\$ 103
Other Comprehensive Income, net of tax		
Unrealized gains on available-for-sale securities	1	—
Other Comprehensive Income, net of tax	\$ 1	\$ —
Comprehensive Income	\$ 97	\$ 103

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS
DUKE ENERGY FLORIDA, LLC
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 8	\$ 36
Receivables (net of allowance for doubtful accounts of \$3 at 2019 and 2018)	85	143
Receivables of VIEs (net of allowance for doubtful accounts of \$3 at 2019 and 2018)	322	362
Receivables from affiliated companies	34	28
Inventory	505	504
Regulatory assets (includes \$52 at 2019 and 2018 related to VIEs)	454	434
Other (includes \$12 at 2019 and \$39 at 2018 related to VIEs)	55	46
Total current assets	1,463	1,553
Property, Plant and Equipment		
Cost	19,111	18,792
Accumulated depreciation and amortization	(5,003)	(4,968)
Net property, plant and equipment	14,108	13,824
Operating Lease Right-of-Use Assets, net	447	—
Other Noncurrent Assets		
Regulatory assets (includes \$1,032 at 2019 and \$1,041 at 2018 related to VIEs)	2,316	2,454
Nuclear decommissioning trust funds	717	659
Other	318	311
Total other noncurrent assets	3,351	3,424
Total Assets	\$ 19,369	\$ 18,801
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 417	\$ 511
Accounts payable to affiliated companies	29	91
Notes payable to affiliated companies	399	108
Taxes accrued	94	74
Interest accrued	74	75
Current maturities of long-term debt (includes \$54 at 2019 and \$53 at 2018 related to VIEs)	470	270
Asset retirement obligations	4	5
Regulatory liabilities	83	102
Other	426	406
Total current liabilities	1,996	1,642
Long-Term Debt (includes \$1,332 at 2019 and \$1,336 at 2018 related to VIEs)	6,795	7,051
Operating Lease Liabilities	387	—
Other Noncurrent Liabilities		
Deferred income taxes	2,051	1,986
Asset retirement obligations	579	586
Regulatory liabilities	1,023	1,094
Accrued pension and other post-retirement benefit costs	251	254
Other	95	93
Total other noncurrent liabilities	3,999	4,013
Commitments and Contingencies		
Equity		
Member's equity	6,193	6,097
Accumulated other comprehensive loss	(1)	(2)
Total equity	6,192	6,095
Total Liabilities and Equity	\$ 19,369	\$ 18,801

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

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 96	\$ 103
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	207	152
Equity component of AFUDC	(1)	(12)
Deferred income taxes	45	29
Accrued pension and other post-retirement benefit costs	3	1
Contributions to qualified pension plans	—	(20)
Payments for asset retirement obligations	(7)	(11)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	2	2
Receivables	55	(2)
Receivables from affiliated companies	(6)	—
Inventory	(13)	39
Other current assets	(35)	42
Increase (decrease) in		
Accounts payable	—	(13)
Accounts payable to affiliated companies	(62)	8
Taxes accrued	20	38
Other current liabilities	(84)	(17)
Other assets	(66)	(107)
Other liabilities	(1)	(5)
Net cash provided by operating activities	153	227
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(422)	(338)
Purchases of debt and equity securities	(95)	(122)
Proceeds from sales and maturities of debt and equity securities	97	129
Notes receivable from affiliated companies	—	160
Other	(25)	(10)
Net cash used in investing activities	(445)	(181)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	25	—
Payments for the redemption of long-term debt	(81)	(80)
Notes payable to affiliated companies	291	—
Other	2	—
Net cash provided by (used in) financing activities	237	(80)
Net decrease in cash, cash equivalents and restricted cash	(55)	(34)
Cash, cash equivalents and restricted cash at beginning of period	75	53
Cash, cash equivalents and restricted cash at end of period	\$ 20	\$ 19
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 193	\$ 179

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

(in millions)		Member's Equity	Accumulated Other Comprehensive Income (Loss)		Total Equity
			Net Unrealized Gains (Losses) on Available-for-Sale Securities		
Balance at December 31, 2017	\$	5,614	\$	4	\$ 5,618
Net income		103		—	103
Other ^(a)		6		(6)	—
Balance at March 31, 2018	\$	5,723	\$	(2)	\$ 5,721
Balance at December 31, 2018	\$	6,097	\$	(2)	\$ 6,095
Net income		96		—	96
Other comprehensive income		—		1	1
Balance at March 31, 2019	\$	6,193	\$	(1)	\$ 6,192

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

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues		
Regulated electric	\$ 355	\$ 336
Regulated natural gas	176	174
Nonregulated electric and other	—	14
Total operating revenues	531	524
Operating Expenses		
Fuel used in electric generation and purchased power – regulated	93	92
Fuel used in electric generation and purchased power – nonregulated	—	15
Cost of natural gas	54	54
Operation, maintenance and other	132	131
Depreciation and amortization	64	70
Property and other taxes	84	77
Total operating expenses	427	439
Losses on Sales of Other Assets and Other, net	—	(106)
Operating Income (Loss)	104	(21)
Other Income and Expenses, net	9	6
Interest Expense	30	22
Income (Loss) Before Income Taxes	83	(37)
Income Tax Expense (Benefit)	14	(12)
Net Income (Loss) and Comprehensive Income	\$ 69	\$ (25)

See Notes to Condensed Consolidated Financial Statements
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FINANCIAL STATEMENTS
DUKE ENERGY OHIO, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	March 31, 2019		December 31, 2018	
ASSETS				
Current Assets				
Cash and cash equivalents	\$	17	\$	21
Receivables (net of allowance for doubtful accounts of \$3 at 2019 and \$2 at 2018)		99		102
Receivables from affiliated companies		79		114
Notes receivable from affiliated companies		463		—
Inventory		111		126
Regulatory assets		59		33
Other		25		24
Total current assets		853		420
Property, Plant and Equipment				
Cost		9,542		9,360
Accumulated depreciation and amortization		(2,739)		(2,717)
Net property, plant and equipment		6,803		6,643
Operating Lease Right-of-Use Assets, net		22		—
Other Noncurrent Assets				
Goodwill		920		920
Regulatory assets		501		531
Other		45		41
Total other noncurrent assets		1,466		1,492
Total Assets	\$	9,144	\$	8,555
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	\$	288	\$	316
Accounts payable to affiliated companies		70		78
Notes payable to affiliated companies		38		274
Taxes accrued		157		202
Interest accrued		43		22
Current maturities of long-term debt		551		551
Asset retirement obligations		6		6
Regulatory liabilities		51		57
Other		69		74
Total current liabilities		1,273		1,580
Long-Term Debt		2,384		1,589
Long-Term Debt Payable to Affiliated Companies		25		25
Operating Lease Liabilities		21		—
Other Noncurrent Liabilities				
Deferred income taxes		842		817
Asset retirement obligations		87		87
Regulatory liabilities		839		840
Accrued pension and other post-retirement benefit costs		80		79
Other		79		93
Total other noncurrent liabilities		1,927		1,916
Commitments and Contingencies				
Equity				
Common stock, \$8.50 par value, 120 million shares authorized; 90 million shares outstanding at 2019 and 2018		762		762
Additional paid-in capital		2,776		2,776
Accumulated deficit		(24)		(93)
Total equity		3,514		3,445
Total Liabilities and Equity	\$	9,144	\$	8,555

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,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 69	\$ (25)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	65	71
Equity component of AFUDC	(3)	(4)
Losses on sales of other assets	—	106
Deferred income taxes	20	(15)
Accrued pension and other post-retirement benefit costs	—	1
Payments for asset retirement obligations	(1)	(1)
Provision for rate refunds	4	16
(Increase) decrease in		
Receivables	5	(1)
Receivables from affiliated companies	35	56
Inventory	15	25
Other current assets	(6)	19
Increase (decrease) in		
Accounts payable	(5)	(27)
Accounts payable to affiliated companies	(8)	(95)
Taxes accrued	(45)	(45)
Other current liabilities	14	20
Other assets	(10)	—
Other liabilities	(4)	(13)
Net cash provided by operating activities	145	88
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(233)	(188)
Notes receivable from affiliated companies	(463)	14
Other	(11)	(14)
Net cash used in investing activities	(707)	(188)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	794	—
Notes payable to affiliated companies	(236)	101
Other	—	(1)
Net cash provided by financing activities	558	100
Net decrease in cash and cash equivalents	(4)	—
Cash and cash equivalents at beginning of period	21	12
Cash and cash equivalents at end of period	\$ 17	\$ 12
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 68	\$ 64

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

	Common		Additional		Accumulated		Total
(in millions)	Stock	Capital	Deficit	Equity			
Balance at December 31, 2017	\$ 762	\$ 2,670	\$ (269)	\$ 3,163			
Net loss	—	—	(25)	(25)			
Balance at March 31, 2018	\$ 762	\$ 2,670	\$ (294)	\$ 3,138			
Balance at December 31, 2018	\$ 762	\$ 2,776	\$ (93)	\$ 3,445			
Net income	—	—	69	69			
Balance at March 31, 2019	\$ 762	\$ 2,776	\$ (24)	\$ 3,514			

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues	\$ 768	\$ 731
Operating Expenses		
Fuel used in electric generation and purchased power	257	232
Operation, maintenance and other	189	181
Depreciation and amortization	131	130
Property and other taxes	19	20
Total operating expenses	596	563
Losses on Sales of Other Assets and Other, net	(3)	—
Operating Income	169	168
Other Income and Expenses, net	19	7
Interest Expense	43	40
Income Before Income Taxes	145	135
Income Tax Expense	35	35
Net Income and Comprehensive Income	\$ 110	\$ 100

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 20	\$ 24
Receivables (net of allowance for doubtful accounts of \$2 at 2019 and 2018)	50	52
Receivables from affiliated companies	102	122
Inventory	435	422
Regulatory assets	151	175
Other	23	35
Total current assets	781	830
Property, Plant and Equipment		
Cost	15,633	15,443
Accumulated depreciation and amortization	(5,021)	(4,914)
Net property, plant and equipment	10,612	10,529
Operating Lease Right-of-Use Assets, net	61	—
Other Noncurrent Assets		
Regulatory assets	981	982
Other	201	194
Total other noncurrent assets	1,182	1,176
Total Assets	\$ 12,636	\$ 12,535
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 198	\$ 200
Accounts payable to affiliated companies	72	83
Notes payable to affiliated companies	136	167
Taxes accrued	63	43
Interest accrued	53	58
Current maturities of long-term debt	3	63
Asset retirement obligations	108	109
Regulatory liabilities	27	25
Other	92	107
Total current liabilities	752	855
Long-Term Debt	3,569	3,569
Long-Term Debt Payable to Affiliated Companies	150	150
Operating Lease Liabilities	57	—
Other Noncurrent Liabilities		
Deferred income taxes	1,050	1,009
Asset retirement obligations	611	613
Regulatory liabilities	1,709	1,722
Accrued pension and other post-retirement benefit costs	113	115
Investment tax credits	147	147
Other	29	16
Total other noncurrent liabilities	3,659	3,622
Commitments and Contingencies		
Equity		
Member's Equity	4,449	4,339
Total Liabilities and Equity	\$ 12,636	\$ 12,535

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 110	\$ 100
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	132	131
Equity component of AFUDC	(4)	(4)
Losses on sale of other assets	3	—
Deferred income taxes	28	17
Accrued pension and other post-retirement benefit costs	1	2
Contributions to qualified pension plans	—	(8)
Payments for asset retirement obligations	(11)	(11)
Provision for rate refunds	—	26
(Increase) decrease in		
Receivables	4	—
Receivables from affiliated companies	20	26
Inventory	(13)	(3)
Other current assets	19	(23)
Increase (decrease) in		
Accounts payable	8	21
Accounts payable to affiliated companies	(11)	(5)
Taxes accrued	20	(1)
Other current liabilities	(15)	(10)
Other assets	12	(1)
Other liabilities	5	—
Net cash provided by operating activities	308	257
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(208)	(231)
Purchases of debt and equity securities	(6)	(6)
Proceeds from sales and maturities of debt and equity securities	4	3
Other	(11)	(4)
Net cash used in investing activities	(221)	(238)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for the redemption of long-term debt	(60)	(12)
Notes payable to affiliated companies	(31)	—
Other	—	(1)
Net cash used in financing activities	(91)	(13)
Net (decrease) increase in cash and cash equivalents	(4)	6
Cash and cash equivalents at beginning of period	24	9
Cash and cash equivalents at end of period	\$ 20	\$ 15
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 76	\$ 64

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

		Member's
(in millions)		Equity
Balance at December 31, 2017	\$	4,121
Net income		100
Balance at March 31, 2018	\$	4,221
Balance at December 31, 2018	\$	4,339
Net income		110
Balance at March 31, 2019	\$	4,449

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

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Operating Revenues	\$ 579	\$ 553
Operating Expenses		
Cost of natural gas	273	259
Operation, maintenance and other	80	82
Depreciation and amortization	42	39
Property and other taxes	12	12
Total operating expenses	407	392
Operating Income	172	161
Other Income and Expenses		
Equity in earnings of unconsolidated affiliates	2	2
Other income and expenses, net	4	3
Total other income and expenses	6	5
Interest Expense	22	21
Income Before Income Taxes	156	145
Income Tax Expense	34	35
Net Income and Comprehensive Income	\$ 122	\$ 110

See Notes to Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS

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

(in millions)	March 31, 2019		December 31, 2018	
ASSETS				
Current Assets				
Receivables (net of allowance for doubtful accounts of \$4 at 2019 and \$2 at 2018)	\$	241	\$	266
Receivables from affiliated companies		10		22
Inventory		25		70
Regulatory assets		28		54
Other		19		19
Total current assets		323		431
Property, Plant and Equipment				
Cost		7,676		7,486
Accumulated depreciation and amortization		(1,587)		(1,575)
Net property, plant and equipment		6,089		5,911
Operating Lease Right-of-Use Assets, net		27		—
Other Noncurrent Assets				
Goodwill		49		49
Regulatory assets		289		303
Investments in equity method unconsolidated affiliates		64		64
Other		51		52
Total other noncurrent assets		453		468
Total Assets	\$	6,892	\$	6,810
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	\$	161	\$	203
Accounts payable to affiliated companies		34		38
Notes payable to affiliated companies		201		198
Taxes accrued		35		84
Interest accrued		25		31
Current maturities of long-term debt		350		350
Regulatory liabilities		75		37
Other		49		58
Total current liabilities		930		999
Long-Term Debt		1,788		1,788
Operating Lease Liabilities		26		—
Other Noncurrent Liabilities				
Deferred income taxes		575		551
Asset retirement obligations		19		19
Regulatory liabilities		1,179		1,181
Accrued pension and other post-retirement benefit costs		4		4
Other		158		177
Total other noncurrent liabilities		1,935		1,932
Commitments and Contingencies				
Equity				
Common stock, no par value: 100 shares authorized and outstanding at 2019 and 2018		1,160		1,160
Retained earnings		1,053		931
Total equity		2,213		2,091
Total Liabilities and Equity	\$	6,892	\$	6,810

See Notes to Condensed Consolidated Financial Statements

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

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 122	\$ 110
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	42	39
Deferred income taxes	23	(7)
Equity in earnings from unconsolidated affiliates	(2)	(2)
Accrued pension and other post-retirement benefit costs	(2)	(1)
Provision for rate refunds	7	23
(Increase) decrease in		
Receivables	27	22
Receivables from affiliated companies	12	—
Inventory	45	37
Other current assets	22	79
Increase (decrease) in		
Accounts payable	(44)	(15)
Accounts payable to affiliated companies	(4)	19
Taxes accrued	(49)	46
Other current liabilities	15	18
Other assets	(1)	4
Other liabilities	(5)	(1)
Net cash provided by operating activities	208	371
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(209)	(121)
Other	(2)	—
Net cash used in investing activities	(211)	(121)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable to affiliated companies	3	(257)
Net cash provided by (used in) financing activities	3	(257)
Net decrease in cash and cash equivalents	—	(7)
Cash and cash equivalents at beginning of period	—	19
Cash and cash equivalents at end of period	\$ —	\$ 12
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 92	\$ 52

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

	Common Stock	Retained Earnings	Total Equity
(in millions)			
Balance at December 31, 2017	\$ 860	\$ 802	\$ 1,662
Net income	—	110	110
Balance at March 31, 2018	\$ 860	\$ 912	\$ 1,772
Balance at December 31, 2018	\$ 1,160	\$ 931	\$ 2,091
Net income	—	122	122
Balance at March 31, 2019	\$ 1,160	\$ 1,053	\$ 2,213

See Notes to Condensed Consolidated Financial Statements

Index to Combined Notes to Condensed Consolidated Financial Statements

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

Registrant	Applicable Notes																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Duke Energy	•	•	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•
Duke Energy Carolinas	•	•	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Progress Energy	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•
Duke Energy Progress	•	•	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Duke Energy Florida	•	•	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Duke Energy Ohio	•	•	•	•	•	•	•	•	•	•		•	•	•		•	•	•
Duke Energy Indiana	•	•	•	•	•	•	•		•	•	•	•	•	•		•	•	•
Piedmont	•	•	•	•	•	•	•	•	•	•		•		•		•	•	•

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

1. ORGANIZATION AND BASIS OF PRESENTATION

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2018.

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

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

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

BASIS OF CONSOLIDATION

These Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and subsidiaries or VIEs where the respective Duke Energy Registrants have control. See Note 13 for additional information on VIEs. These Condensed Consolidated Financial Statements also reflect the Duke Energy Registrants' proportionate share of certain jointly owned generation and transmission facilities.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Duke Energy, Progress Energy and Duke Energy Florida have restricted cash balances related primarily to collateral assets, escrow deposits and VIEs. See Note 13 for additional information. Restricted cash amounts are included in Other within Current Assets and Other Noncurrent Assets on the Condensed Consolidated Balance Sheets. The following table presents the components of cash, cash equivalents and restricted cash included in the Condensed Consolidated Balance Sheets.

	March 31, 2019			December 31, 2018		
	Duke Energy	Progress Energy	Duke Energy Florida	Duke Energy	Progress Energy	Duke Energy Florida
Current Assets						
Cash and cash equivalents	\$ 377	\$ 45	\$ 8	\$ 442	\$ 67	\$ 36
Other	134	12	12	141	39	39
Other Noncurrent Assets						
Other	39	38	—	8	6	—
Total cash, cash equivalents and restricted cash	\$ 550	\$ 95	\$ 20	\$ 591	\$ 112	\$ 75

INVENTORY

Provisions for inventory write-offs were not material at March 31, 2019, and December 31, 2018. The components of inventory are presented in the tables below.

	March 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,231	\$ 738	\$ 1,033	\$ 720	\$ 313	\$ 79	\$ 321	\$ 2
Coal	572	228	218	127	91	13	113	—
Natural gas, oil and other fuel	299	41	213	112	101	19	1	23
Total inventory	\$ 3,102	\$ 1,007	\$ 1,464	\$ 959	\$ 505	\$ 111	\$ 435	\$ 25

	December 31, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Materials and supplies	\$ 2,238	\$ 731	\$ 1,049	\$ 734	\$ 315	\$ 84	\$ 312	\$ 2
Coal	491	175	192	106	86	14	109	—
Natural gas, oil and other fuel	355	42	218	114	103	28	1	68
Total inventory	\$ 3,084	\$ 948	\$ 1,459	\$ 954	\$ 504	\$ 126	\$ 422	\$ 70

NEW ACCOUNTING STANDARDS

Except as noted below, the new accounting standards adopted for 2018 and 2019 had no material impact on the presentation or results of operations, cash flows or financial position of the Duke Energy Registrants.

Leases. In February 2016, the FASB issued revised accounting guidance for leases. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases on the balance sheet. This resulted in a material impact on the presentation for the statement of financial position of the Duke Energy Registrants for the period ended March 31, 2019, and an immaterial impact to the Duke Energy results of operations and cash flows for the three months ended March 31, 2019.

Duke Energy elected the modified retrospective method of adoption effective January 1, 2019. Under the modified retrospective method of adoption, prior year reported results are not restated. For adoption, Duke Energy has elected to apply the following practical expedients:

Practical Expedient	Description
Package of transition practical expedients (for leases commenced prior to adoption date and must be adopted as a package)	Do not need to 1) reassess whether any expired or existing contracts are/or contain leases, 2) reassess the lease classification for any expired or existing leases and 3) reassess initial direct costs for any existing leases.
Short-term lease expedient (elect by class of underlying asset)	Elect as an accounting policy to not apply the recognition requirements to short-term leases by asset class.
Lease and non-lease components (elect by class of underlying asset)	Elect as an accounting policy to not separate non-lease components from lease components and instead account for each lease and associated non-lease component as a single lease component by asset class.
Hindsight expedient (when determining lease term)	Elect to use hindsight to determine the lease term.
Existing and expired land easements not previously accounted for as leases	Elect to not evaluate existing or expired easements under the new guidance and carry forward current accounting treatment.
Comparative reporting requirements for initial adoption	Elect to apply transition requirements at adoption date, recognize cumulative effect adjustment to retained earnings in period of adoption and not apply the new requirements to comparative periods, including disclosures.
Lessor expedient (elect by class of underlying asset)	Elect as an accounting policy to aggregate non-lease components with the related lease component when specified conditions are met by asset class. Account for the combined component based on its predominant characteristic (revenue or operating lease).

Duke Energy evaluated the financial statement impact of adopting the standard and monitored industry implementation issues. Under agreements considered leases, where Duke Energy is the lessee, for the use of certain aircraft, space on communication towers, industrial equipment, fleet vehicles, fuel transportation (barges and railcars), land, office space and PPAs are now recognized on the balance sheet. The Duke Energy Registrants did not have a material change to the financial statements from the adoption of the new standard for contracts where it is the lessor. See Note 5 for further information.

No new accounting standards that have been issued but not yet adopted are expected to have a material impact on the Duke Energy Registrants as of March 31, 2019.

2. BUSINESS SEGMENTS

Duke Energy

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

The Commercial Renewables segment is primarily comprised of nonregulated utility-scale wind and solar generation assets located throughout the U.S. On April 24, 2019, Duke Energy executed an agreement to sell a minority interest in a portion of certain renewable assets. The portion of Duke Energy's commercial renewables energy portfolio to be sold includes 49 percent of 37 operating wind, solar and battery storage assets and 33 percent of 11 operating solar assets across the U.S. The sale will result in pretax proceeds to Duke Energy of \$415 million. Duke Energy will retain control of these assets, and, therefore, no gain or loss is expected to be recognized in the Condensed Consolidated Statements of Operations upon closing of the transaction. The sale is subject to customary closing conditions, including approvals from the FERC, the Public Utility Commission of Texas and the Committee on Foreign Investment in the U.S. The transaction is expected to close in the second half of 2019.

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

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

Three Months Ended March 31, 2019								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Total Reportable Segments	Other	Eliminations	Total	
Unaffiliated revenues	\$ 5,321	\$ 732	\$ 106	\$ 6,159	\$ 4	\$ —	\$	6,163
Intersegment revenues	8	24	—	32	17	(49)		—
Total revenues	\$ 5,329	\$ 756	\$ 106	\$ 6,191	\$ 21	\$ (49)	\$	6,163
Segment income (loss)	\$ 750	\$ 226	\$ 13	\$ 989	\$ (89)	\$ —	\$	900
Add back noncontrolling interest component								(7)
Net income							\$	893
Segment assets	\$ 130,406	\$ 12,639	\$ 4,378	\$ 147,423	\$ 3,536	\$ 177	\$	151,136

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

- (a) Electric Utilities and Infrastructure includes regulatory and legislative impairment charges related to rate case orders, settlements or other actions of regulators or legislative bodies. See Note 3 for additional information.
- (b) Gas Utilities and Infrastructure includes an impairment of the investment in Constitution. See Note 3 for additional information.
- (c) Other includes the loss on the sale of Beckjord described below, costs to achieve the Piedmont acquisition and a valuation allowance recorded against the AMT credits.

In February 2018, Duke Energy sold Beckjord, a nonregulated facility retired during 2014, and recorded a pretax loss of \$106 million within Losses on Sales of Other Assets and Other, net and \$1 million within Operation, maintenance and other on Duke Energy's Condensed Consolidated Statements of Operations for the three months ended March 31, 2018. The sale included the transfer of coal ash basins and other real property and indemnification from any and all potential future claims related to the property, whether arising under environmental laws or otherwise.

Duke Energy Ohio

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

Three Months Ended March 31, 2019								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Eliminations	Total		
Total revenues	\$ 355	\$ 176	\$ 531	\$ —	\$ —	\$		531
Segment income/Net (loss) income	\$ 36	\$ 35	\$ 71	\$ (2)	\$ —	\$		69
Segment assets	\$ 6,058	\$ 3,051	\$ 9,109	\$ 37	\$ (2)	\$		9,144

Three Months Ended March 31, 2018								
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Total Reportable Segments	Other	Total			
Total revenues	\$ 336	\$ 174	\$ 510	\$ 14	\$			524
Segment income/Net loss ^(a)	\$ 33	\$ 34	\$ 67	\$ (92)	\$			(25)

- (a) Other includes the loss on the sale of Beckjord described above.

3. REGULATORY MATTERS

RATE-RELATED INFORMATION

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

Duke Energy Carolinas and Duke Energy Progress

Hurricane Florence, Hurricane Michael and Winter Storm Diego Deferral Filings

On December 21, 2018, Duke Energy Carolinas and Duke Energy Progress filed with the NCUC petitions for approval to defer the incremental costs incurred in connection with the response to Hurricane Florence, Hurricane Michael and Winter Storm Diego to a regulatory asset for recovery in the next base rate case. The NCUC issued an order requesting comments on the deferral positions. On March 5, 2019, the North Carolina Public Staff (Public Staff) filed comments. On April 2, 2019, Duke Energy Carolinas and Duke Energy Progress filed reply comments, which included revised estimates of approximately \$553 million in incremental operation and maintenance expenses (\$171 million and \$382 million for Duke Energy Carolinas and Duke Energy Progress, respectively,) and approximately \$96 million in capital costs (\$20 million and \$76 million for Duke Energy Carolinas and Duke Energy Progress, respectively). Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter. Duke Energy Progress filed a similar request with the PSCSC on January 11, 2019, which also included a request for the continuation of prior deferrals requested for ice storms and Hurricane Matthew, and on January 30, 2019, the PSCSC issued a directive approving the deferral request.

Duke Energy Carolinas

2017 North Carolina Rate Case

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

On February 28, 2018, Duke Energy Carolinas and the Public Staff filed an Agreement and Stipulation of Partial Settlement resolving certain portions of the proceeding. Terms of the settlement included a return on equity of 9.9 percent and a capital structure of 52 percent equity and 48 percent debt. As a result of the settlement, Duke Energy Carolinas recorded a pretax charge of approximately \$4 million in the first quarter of 2018 to Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

On June 22, 2018, the NCUC issued an order approving the Stipulation of Partial Settlement and requiring a revenue reduction. As a result, revised customer rates were effective on August 1, 2018.

On July 20, 2018, the North Carolina Attorney General filed a Notice of Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction issued by the NCUC. The Attorney General contends the commission's order should be reversed and remanded, as it is in excess of the commission's statutory authority; affected by errors of law; unsupported by competent, material and substantial evidence in view of the entire record as submitted; and arbitrary or capricious. The Sierra Club, North Carolina Sustainable Energy Association, North Carolina Justice Center, North Carolina Housing Coalition, Natural Resource Defense Council and Southern Alliance for Clean Energy also filed Notices of Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction. On August 8, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court from the June 22, 2018, Order Accepting Stipulation, Deciding Contested Issues and Requiring Revenue Reduction issued by the NCUC. The Public Staff contends the commission's order should be reversed and remanded, as it is affected by errors of law, and is unsupported by substantial evidence with regard to the commission's failure to consider substantial evidence of coal ash related environmental violations. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Carolinas and Duke Energy Progress appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. On November 29, 2018, the North Carolina Supreme Court adopted a schedule for briefing set forth in the motion to consolidate the Duke Energy Carolinas and Duke Energy Progress appeals. On March 14, 2019, the North Carolina Attorney General's Office filed a motion for extension of time to file its brief. On March 18, 2019, the North Carolina Supreme Court granted the North Carolina Attorney General's motion, and the Appellant's brief was filed on April 26, 2019. The Appellee response briefs are due on August 24, 2019. Duke Energy Carolinas cannot predict the outcome of this matter.

2018 South Carolina Rate Case

On November 8, 2018, Duke Energy Carolinas filed an application with the PSCSC for a rate increase for retail customers of approximately \$168 million, which represents an approximate 10.0 percent increase in retail revenues. The rate increase is driven by capital investments and environmental compliance progress made by Duke Energy Carolinas since its previous rate case, including the further implementation of Duke Energy Carolinas' generation modernization program, which consists of retiring, replacing and upgrading generation plants, investments in customer service technologies and continued investments in base work to maintain its transmission and distribution systems. The request included net tax benefits resulting from the Tax Act of \$66 million to reflect the change in ongoing tax expense, primarily from the reduction in the federal income tax rate from 35 to 21 percent. The request also included \$46 million to return EDIT resulting from the federal tax rate change and deferred revenues since January 2018 related to the change and benefits of \$17 million from a reduction in North Carolina state income taxes allocable to South Carolina (EDIT Rider).

Duke Energy Carolinas also requested approval of its proposed Grid Improvement Plan (GIP), adjustments to its Prepaid Advantage Program and a variety of accounting orders related to ongoing costs for environmental compliance, including recovery over a five-year period of \$242 million of deferred coal ash related compliance costs, grid investments between rate changes, incremental depreciation expense, a result of new depreciation rates from the depreciation study approved in the 2017 North Carolina Rate Case above, and the balance of development costs associated with the cancellation of the Lee Nuclear Project. Finally, Duke Energy Carolinas sought approval to establish a reserve and accrual for end-of-life nuclear costs for nuclear fuel and materials and supplies. On March 8, 2019, the ORS moved to establish a new and separate hearing docket to review and consider the GIP proposed by Duke Energy Carolinas. Subsequently, on March 12, 2019, the ORS and Duke Energy Carolinas executed a Stipulation resolving the ORS's motion. The Stipulation provides that costs incurred after January 1, 2019, for the GIP will be deferred with a return, subject to evaluation in a future rate proceeding, and that Duke Energy Carolinas will refile for consideration of the GIP in a new docket for resolution by January 1, 2020. The Stipulation was approved by the PSCSC's hearing officer on March 13, 2019. An evidentiary hearing began on March 21, 2019, and concluded March 27, 2019.

On May 1, 2019, the PSCSC issued a Commission Directive on Duke Energy Carolinas' application for a retail rate increase. The Directive granted, among other things: a retail rate increase of \$107 million, excluding the EDIT Rider; a return on equity of 9.5 percent; and a capital structure of 53 percent equity and 47 percent debt. The Directive denied the recovery of coal ash costs of approximately \$115 million. Based upon legal analysis and Duke Energy Carolinas' intention to file a Petition for Rehearing with the PSCSC, Duke Energy Carolinas has not recorded an adjustment for its deferred coal ash costs. The Directive also denied recovery of a return on pre-construction costs associated with the canceled Lee Nuclear Project. Duke Energy Carolinas is evaluating the financial statement impacts of this Directive and will record associated one-time costs when the final order is issued. Except for the coal ash matter, the financial statement impacts of this Directive are not material. An order and revised customer rates are expected by mid-2019. Duke Energy Carolinas cannot predict the outcome of this matter.

FERC Formula Rate Matter

On July 31, 2017, PMPA filed a complaint with FERC alleging that Duke Energy Carolinas misapplied the formula rate under the PPA between the parties by including in its rates amortization expense associated with regulatory assets and recorded in a certain account without FERC approval. On February 15, 2018, FERC issued an order ruling in favor of PMPA and ordered Duke Energy Carolinas to refund to PMPA all amounts improperly collected under the PPA. Duke Energy Carolinas has issued to PMPA and similarly situated wholesale customers refunds of approximately \$25 million. FERC also set the matter for settlement and hearing. PMPA and other customers filed a protest to Duke Energy Carolinas' refund report claiming that the refunds are inadequate in that (1) Duke Energy Carolinas invoked the limitations periods in the contracts to limit the time period for which the refunds were paid and the customers disagree that this limitation applies, and (2) Duke Energy Carolinas refunded only amounts recovered through a certain account and the customers have asserted that the order applies to all regulatory assets. On July 3, 2018, FERC issued an order accepting Duke Energy Carolinas' refund report and ruling that these two claims are outside the scope of FERC's February order. The settlement agreements and revised formula rates for all parties to the proceeding were filed on December 28, 2018. On April 2, 2019, FERC issued an order approving the settlement agreement as filed. Duke Energy Carolinas is working with wholesale customers that did not intervene in this case to implement the same settlement terms.

Sale of Hydroelectric (Hydro) Plants

In May 2018, Duke Energy Carolinas entered an agreement for the sale of five hydro plants with a combined 18.7-MW generation capacity in the Western Carolinas region to Northbrook Energy. The completion of the transaction is subject to approval from FERC for the four FERC-licensed plants, as well as other state regulatory agencies and is contingent upon regulatory approval from the NCUC and PSCSC to defer the total estimated loss on the sale of approximately \$40 million. On July 5, 2018, Duke Energy Carolinas filed with NCUC for approval of the sale of the five hydro plants to Northbrook, to transfer the CPCNs for the four North Carolina hydro plants and to establish a regulatory asset for the North Carolina retail portion of the difference between sales proceeds and net book value. On September 4, 2018, the Public Staff filed comments supporting the CPCN transfer with conditions. On September 18, 2018, Duke Energy Carolinas filed reply comments opposing the Public Staff's proposed conditions. On November 29, 2018, the NCUC issued a procedural order and held an evidentiary hearing on this matter on February 5, 2019. On March 27, 2019, Duke Energy Carolinas and the Public Staff filed proposed orders with the NCUC. On August 28, 2018, Duke Energy Carolinas filed with PSCSC its Application for Approval of Transfer and Sale of Hydroelectric Generation Facilities, Acceptance for Filing of a Power Purchase Agreement and an Accounting Order to Establish a Regulatory Asset. On September 10, 2018, the ORS provided a letter to the commission stating its position on the application and on September 18, 2018, Duke Energy Carolinas requested this matter be carried over to allow Duke Energy Carolinas time to discuss certain accounting issues with the ORS. On August 9, 2018, Duke Energy Carolinas and Northbrook filed a joint Application for Transfer of Licenses with the FERC. On December 27, 2018, the FERC issued its Order Approving Transfer of Licenses ("Order") for the four FERC-licensed hydro plants. On January 18, 2019, Duke Energy Carolinas and Northbrook Carolina Hydro II, LLC requested a six-month extension of time to comply with the requirement of the Order that Northbrook submit to FERC certified copies of all instruments of conveyance and signed acceptance sheets within 60 days of the date of the Order, given that compliance by the deadline set in the Order was not possible because the conveyance of the projects is contingent on the receipt of state regulatory approvals, which were not anticipated to be issued by February 25, 2019. On February 14, 2019, FERC issued an Order Granting Extensions of Time until August 26, 2019, to comply with the requirements of the Order.

If commission approvals are not received, Duke Energy Carolinas can cancel the sales agreement and retain the hydro facilities. If commission approvals are received, the closing is expected to occur in 2019. After closing, Duke Energy Carolinas will purchase all the capacity and energy generated by these facilities at the avoided cost for five years through power purchase agreements. Duke Energy Carolinas cannot predict the outcome of this matter.

Duke Energy Progress**2017 North Carolina Rate Case**

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

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

The order also impacted certain amounts that were similarly recorded on Duke Energy Carolinas' Condensed Consolidated Balance Sheets. As a result of the order, Duke Energy Progress and Duke Energy Carolinas recorded pretax charges of \$68 million and \$14 million, respectively, in the first quarter of 2018 to impairment charges, Operation, maintenance and other and Interest Expense on the Condensed Consolidated Statements of Operations. Revised customer rates became effective on March 16, 2018.

On May 15, 2018, the Public Staff filed a Notice of Cross Appeal to the North Carolina Supreme Court from the February 23, 2018, Order Accepting Stipulation, Deciding Contested Issues and Granting Partial Rate Increase issued by the NCUC. The Public Staff contend the commission's order should be reversed and remanded, as it is affected by errors of law, and is unsupported by competent, material and substantial evidence in view of the entire record as submitted. The North Carolina Attorney General and Sierra Club also filed Notices of Appeal to the North Carolina Supreme Court from the February 23, 2018, Order Accepting Stipulation, Deciding Contested Issues and Granting Partial Rate Increase. On November 29, 2018, the North Carolina Attorney General's Office filed a motion with the North Carolina Supreme Court requesting the court consolidate the Duke Energy Progress and Duke Energy Carolinas appeals and enter an order adopting the parties' proposed briefing schedule as set out in the filing. On November 29, 2018, the North Carolina Supreme Court adopted a schedule for briefing set forth in the motion to consolidate the Duke Energy Progress and Duke Energy Carolinas appeals. On March 14, 2019, the North Carolina Attorney General's Office filed a motion for extension of time to file its brief. On March 18, 2019, the North Carolina Supreme Court granted the North Carolina Attorney General's motion, and the Appellant's brief was filed on April 26, 2019. The Appellee response briefs are due on August 24, 2019. Duke Energy Progress cannot predict the outcome of this matter.

2018 South Carolina Rate Case

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

Duke Energy Progress also requested approval of its proposed GIP, approval of a Prepaid Advantage Program and a variety of accounting orders related to ongoing costs for environmental compliance, including recovery over a five-year period of \$51 million of deferred coal ash related compliance costs, AMI deployment, grid investments between rate changes and regulatory asset treatment related to the retirement of a generating plant located in Asheville, North Carolina. Finally, Duke Energy Progress sought approval to establish a reserve and accrual for end-of-life nuclear costs for materials and supplies and nuclear fuel. On March 8, 2019, the ORS moved to establish a new and separate hearing docket to review and consider the GIP proposed by Duke Energy Progress. Subsequently, on March 12, 2019, the ORS and Duke Energy Carolinas executed a Stipulation resolving the ORS's motion, and Duke Energy Progress agreed to the Stipulation, as did other parties in the rate case. The Stipulation provides that costs incurred after January 1, 2019, for the GIP will be deferred with a return, with all costs subject to evaluation in a future rate proceeding, and that Duke Energy Progress will refile for consideration of the GIP in a new docket for resolution by January 1, 2020. The Stipulation was approved by the PSCSC's hearing officer on March 13, 2019. An evidentiary hearing began on April 11, 2019, and concluded on April 17, 2019.

On May 8, 2019, the PSCSC issued a Commission Directive on Duke Energy Progress' application for a retail rate increase. The Directive granted, among other things: a retail rate increase of \$41 million, excluding the EDIT Rider; a return on equity of 9.5 percent and a capital structure of 53 percent equity and 47 percent debt. The Directive denied the recovery of coal ash costs of approximately \$65 million. Based upon legal analysis and Duke Energy Progress' intention to file a Petition for Rehearing with the PSCSC, Duke Energy Progress has not recorded an adjustment for its deferred coal ash costs. Duke Energy Progress is evaluating the financial statement impacts of this Directive and will record associated one-time costs when the final order is issued. Except for the coal ash matter, the financial statement impacts of this Directive are not material. An order and revised customer rates are expected by mid-2019. Duke Energy Progress cannot predict the outcome of this matter.

Western Carolinas Modernization Plan

On November 4, 2015, Duke Energy Progress announced a Western Carolinas Modernization Plan, which included retirement of the existing Asheville coal-fired plant, the construction of two 280-MW combined-cycle natural gas plants having dual-fuel capability, with the option to build a third natural gas simple cycle unit in 2023 based upon the outcome of initiatives to reduce the region's power demand. The plan also included upgrades to existing transmission lines and substations, installation of solar generation and a pilot battery storage project. These investments will be made within the next seven years. Duke Energy Progress worked with the local natural gas distribution company to upgrade an existing natural gas pipeline to serve the natural gas plant. The lease became effective on March 2, 2019.

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

On October 8, 2018, Duke Energy Progress filed an application with the NCUC for a CPCN to construct the Hot Springs Microgrid Solar and Battery Storage Facility. On November 30, 2018, the NCUC issued an order scheduling hearings, requiring filing of testimony, establishing discovery guidelines and requiring public notice. On February 7, 2019, Duke Energy Progress made a joint filing with the Public Staff, which accepted the Public Staff's proposed conditions and requested that the NCUC cancel the evidentiary hearing. On February 19, 2019, the NCUC granted the request to cancel the hearing. On March 22, 2019, Duke Energy Progress and the Public Staff filed a Joint Proposed Order now pending before the NCUC. Duke Energy Progress cannot predict the outcome of this matter.

The carrying value of the 376-MW Asheville coal-fired plant, including associated ash basin closure costs, of \$302 million and \$327 million is included in Generation facilities to be retired, net on Duke Energy Progress' Condensed Consolidated Balance Sheets as of March 31, 2019, and December 31, 2018, respectively. Duke Energy Progress' request for a regulatory asset at the time of retirement with amortization over a 10-year period was approved by the NCUC on February 23, 2018.

Duke Energy Florida**Storm Restoration Cost Recovery**

In September 2017, Duke Energy Florida's service territory suffered significant damage from Hurricane Irma, resulting in approximately 1 million customers experiencing outages. In the fourth quarter of 2017, Duke Energy Florida also incurred preparation costs related to Hurricane Nate. On December 28, 2017, Duke Energy Florida filed a petition with the FPSC to recover incremental storm restoration costs for Hurricane Irma and Hurricane Nate and to replenish the storm reserve. On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. Storm costs are currently expected to be fully recovered by approximately mid-2021. On May 31, 2018, Duke Energy Florida filed a petition for approval of actual storm restoration costs and associated recovery process related to Hurricane Irma and Hurricane Nate. The petition sought the approval for the recovery in the amount of \$510 million in actual recoverable storm restoration costs, including the replenishment of Duke Energy Florida's storm reserve of \$132 million, and the process for recovering these recoverable storm costs. On August 20, 2018, the FPSC approved Duke Energy Florida's unopposed Motion for Continuance filed August 17, 2018, to allow for an evidentiary hearing in this matter. On January 28, 2019, Duke Energy Florida made a supplemental filing to reduce the total storm cost recovery from \$510 million to \$508 million. On April 3, 2019, the FPSC issued an Order abating all remaining filing dates. On April 9, 2019, Duke Energy Florida filed an unopposed motion to approve a settlement agreement resolving all outstanding issues in this docket. The FPSC has scheduled the hearing to begin on May 21, 2019, to consider the Storm Cost Settlement Agreement filed with the FPSC. If approved, the Storm Cost Settlement Agreement would obligate Duke Energy Florida to capitalize \$18 million of storm costs and remove \$6 million of operating and maintenance expense, thereby reducing the requested storm cost recovery amount by \$24 million. Duke Energy Florida will also implement process changes with respect to storm cost restoration. At March 31, 2019, and December 31, 2018, Duke Energy Florida's Condensed Consolidated Balance Sheets included approximately \$157 million and \$217 million, respectively, of recoverable costs under the FPSC's storm rule in Regulatory assets within Current Assets and Other Noncurrent Assets related to storm recovery for Hurricane Irma and Hurricane Nate. Duke Energy Florida cannot predict the outcome of this matter.

In October 2018, Duke Energy Florida's service territory suffered damage when Hurricane Michael made landfall as a strong Category 5 hurricane with maximum sustained winds of 160 mph. The storm caused catastrophic damage from wind and storm surge, particularly from Panama City Beach to Mexico Beach, resulting in widespread outages and significant damage to transmission and distribution facilities across the central Florida Panhandle. In response to Hurricane Michael, Duke Energy Florida restored service to approximately 72,000 customers. Total current estimated incremental operation and maintenance and capital costs are \$360 million. Approximately \$70 million and \$35 million of the costs are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of March 31, 2019, and December 31, 2018, respectively. Approximately \$213 million and \$165 million of costs represent recoverable costs under the FPSC's storm rule and Duke Energy Florida's Open Access Transmission Tariff formula rates and are included in Regulatory assets within Other Noncurrent Assets on the Condensed Consolidated Balance Sheets as of March 31, 2019, and December 31, 2018, respectively. Additional costs could be incurred in 2019 related to this fourth quarter 2018 storm.

Duke Energy Florida filed a petition with the FPSC on April 30, 2019, to recover incremental storm restoration costs for Hurricane Michael. The estimated recovery amount is approximately \$221 million to be recovered over a 12-month period beginning in July 2019, subject to true up through the Storm Surcharge consistent with the provisions of the 2017 Settlement. Concurrently, Duke Energy Florida filed for approval a stipulation that would apply tax savings resulting from the Tax Act toward storm costs in lieu of implementing a storm surcharge. Storm costs are currently expected to be fully recovered by approximately year-end 2021. Duke Energy Florida cannot predict the outcome of this matter.

Tax Act

Pursuant to Duke Energy Florida's 2017 Settlement, on May 31, 2018, Duke Energy Florida filed a petition related to the Tax Act, which included revenue requirement impacts of annual tax savings of \$134 million and estimated annual amortization of EDIT of \$67 million for a total of \$201 million. Of this amount, \$50 million would be offset by accelerated depreciation of Crystal River 4 and 5 coal units and an estimated \$151 million would be offset by Hurricane Irma storm cost recovery as explained in the Storm Restoration Cost Recovery section above. On December 27, 2018, Duke Energy Florida filed actual EDIT balances and amortization based on its 2017 filed tax return. This increased the revenue requirement impact of the amortization of EDIT by \$4 million, from \$67 million to \$71 million, which increased the total storm amortization from \$151 million to \$155 million. On January 8, 2019, the FPSC approved a joint motion by Duke Energy Florida and the Office of Public Counsel resolving all stipulated positions. As part of that stipulation, Duke Energy Florida agreed to seek a Private Letter Ruling (PLR) from the IRS on its treatment of cost of removal (COR) as mostly protected by tax normalization rules. If the IRS rules that COR is not protected by tax normalization rules, then Duke Energy Florida will make a final adjustment to the amortization of EDIT and an adjustment to the storm recovery amount retroactive to January 2018. The IRS has communicated that it will not issue individual PLRs on the treatment of COR. Rather, the IRS is drafting a notice that will request comments on a number of issues, including COR, and the IRS plans to issue industrywide guidance on those issues. Duke Energy Florida cannot predict the outcome of this matter.

Solar Base Rate Adjustment

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

On March 25, 2019, Duke Energy Florida petitioned the FPSC to include in base rates the revenue requirements for its next wave of solar generation projects, the Trenton, Lake Placid and DeBary Solar Projects, as authorized by the 2017 Settlement. The annual retail revenue requirement for the Trenton and Lake Placid Projects is \$13 million and \$8 million, respectively, with projected in-service dates in the fourth quarter of 2019. The DeBary Project has a projected annual revenue requirement of \$11 million and a projected in-service date in the first quarter of 2020. The associated rate increase would take place with the first month's billing cycle after each solar generation project goes into service. Duke Energy Florida cannot predict the outcome of this matter.

Duke Energy Ohio

Tax Act – Ohio

On July 25, 2018, Duke Energy Ohio filed an application to establish a new rider to implement the benefits of the Tax Act for electric distribution customers. The new rider will flow through to customers the benefit of the lower statutory federal tax rate from 35 to 21 percent since January 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normalization rules will be refunded consistent with federal law and deferred income taxes not subject to normalization rules will be refunded over a 10-year period. Duke Energy Ohio's transmission rates reflect lower federal income tax but guidance from FERC on amortization of both protected and unprotected transmission-related EDITs is still pending. On October 24, 2018, the PUCO issued a Finding and Order that, among other things, directed all utilities over which the commission has rate-making authority to file an application to pass the benefits of the Tax Act to customers by January 1, 2019, unless otherwise exempted or directed by the PUCO. Duke Energy Ohio's July 25, 2018, filing for electric distribution operations is consistent with the commission's October 24, 2018, Finding and Order and no further action is needed. On February 20, 2019, the PUCO approved the application without material modification. Rates became effective March 1, 2019.

On December 21, 2018, Duke Energy Ohio filed an application to change its base rates and establish a new rider to implement the benefits of the Tax Act for natural gas customers. Duke Energy Ohio requested commission approval to implement the changes and rider effective April 1, 2019. The new rider will flow through to customers the benefit of the lower statutory federal tax rate from 35 to 21 percent since January 1, 2018, all future benefits of the lower tax rates and a full refund of deferred income taxes collected at the higher tax rates in prior years. Deferred income taxes subject to normalization rules will be refunded consistent with federal law and deferred income taxes not subject to normalization rules will be refunded over a 10-year period. The PUCO has not yet ruled on the application for changes for natural gas customers. Duke Energy Ohio cannot predict the outcome of this matter.

Energy Efficiency Cost Recovery

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

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

2014 Electric Security Plan

In April 2015, the PUCO modified and approved Duke Energy Ohio's proposed ESP, with a three-year term and an effective date of June 1, 2015. The PUCO approved a competitive procurement process for SSO load, a distribution capital investment rider (Rider DCI) and a tracking mechanism for incremental distribution expenses caused by major storms. The PUCO also approved a placeholder tariff for a price stabilization rider, but denied Duke Energy Ohio's specific request to include Duke Energy Ohio's entitlement to generation from OVEC in the rider at this time; however, the order allows Duke Energy Ohio to submit additional information to request recovery in the future. On May 4, 2015, Duke Energy Ohio filed an application for rehearing requesting the PUCO to modify or amend certain aspects of the order. On May 28, 2015, the PUCO granted all applications for rehearing filed in the case for future consideration. On March 21, 2018, the PUCO issued an order denying Duke Energy Ohio's issues on rehearing. On April 20, 2018, Duke Energy Ohio filed a second application for rehearing based upon the commission's March 21, 2018, Order. On May 16, 2018, the commission issued its third Entry on Rehearing granting in part, and denying in part, Duke Energy Ohio's rehearing request.

On March 9, 2018, Duke Energy Ohio filed a motion to extend its then-current ESP, including all terms and conditions thereof, pending approval of a new ESP. On May 30, 2018, the PUCO granted the request, with modification. Specifically, the PUCO did not extend the cap applicable to Rider DCI beyond July 31, 2018. Duke Energy Ohio sought rehearing of this finding. On July 25, 2018, the PUCO granted the request and allowed a continuing cap on recovery under Rider DCI. On August 24, 2018, the Ohio Manufacturers' Association (OMA) and the Office of the Ohio Consumers' Counsel (OCC) filed an Application for Rehearing of the commission's decision. Duke Energy Ohio filed a Memorandum Contra OCC's request for rehearing of the commission's continuation of Rider DCI on September 4, 2018. On September 19, 2018, the PUCO issued an Order granting rehearing on the matter for further consideration. On April 3, 2019, the PUCO issued its Fourth Entry on Rehearing denying the rehearing of OCC and OMA and upholding its decision to continue Rider DCI. Further applications for rehearing or notices of appeal are due in 60 days. Duke Energy Ohio cannot predict the outcome of this matter.

On May 21, 2018, the OMA filed a notice of appeal of PUCO's approval of Duke Energy Ohio's ESP with the Ohio Supreme Court, challenging PUCO's approval of Duke Energy Ohio's Price Stability Rider as a placeholder and its Rider DCI to recover incremental revenue requirement for distribution capital since Duke Energy Ohio's last base rate case. On July 16, 2018, the OCC filed its own appeal of Duke Energy Ohio's ESP with the Ohio Supreme Court raising similar issues to that of the OMA. Duke Energy Ohio filed a Motion to Intervene in the two Ohio Supreme Court appeals. OMA's Supreme Court brief was filed on August 20, 2018. PUCO submitted its brief on October 26, 2018, and Duke Energy Ohio filed its brief on October 29, 2018. The OCC's Supreme Court brief was filed on October 15, 2018. Duke Energy Ohio filed its brief on December 20, 2018. The PUCO submitted its brief on December 21, 2018. The Ohio Supreme Court issued an order on March 13, 2019, for the appellants to show cause why the appeals should not be dismissed as moot in light of the commission's approval of Duke Energy Ohio's current ESP. OCC and OMA made the requested filings on March 20, 2019, and Duke Energy Ohio filed its response on March 27, 2019. On May 8, 2019, the Ohio Supreme Court dismissed the appeals as moot.

Natural Gas Pipeline Extension

Duke Energy Ohio is proposing to install a new natural gas pipeline (the Central Corridor Project) in its Ohio service territory to increase system reliability and enable the retirement of older infrastructure. Duke Energy Ohio currently estimates the pipeline development costs and construction activities will range from \$163 million to \$245 million in direct costs (excluding overheads and AFUDC). On January 20, 2017, Duke Energy Ohio filed an amended application with the Ohio Power Siting Board (OPSB) for approval of one of two proposed routes. A public hearing was held on June 15, 2017. In April 2018, Duke Energy Ohio filed a motion with OPSB to establish a procedural schedule and filed supplemental information supporting its application. On December 18, 2018, the OPSB established a procedural schedule that included a local public hearing on March 21, 2019. An evidentiary hearing began on April 9, 2019, and concluded on April 11, 2019. Briefs are due May 13, 2019, with reply briefs due June 10, 2019. If approved, construction of the pipeline extension is expected to be completed before the 2021/2022 winter season. Duke Energy Ohio cannot predict the outcome of this matter.

2012 Natural Gas Rate Case/MGP Cost Recovery

As part of its 2012 natural gas base rate case, Duke Energy Ohio has approval to defer and recover costs related to environmental remediation at two sites (East End and West End) that housed former MGP operations. Duke Energy Ohio has made annual applications for recovery of these deferred costs. Duke Energy Ohio is currently recovering approximately \$55 million in environmental remediation costs between 2009 through 2012 through a separate rider, Rider MGP. Duke Energy Ohio has made annual applications with the PUCO to recover its incremental remediation costs consistent with the PUCO's directive in Duke Energy Ohio's 2012 natural gas rate case. To date, the PUCO has not ruled on Duke Energy Ohio's annual applications for the calendar years 2013 through 2017. On September 28, 2018, the staff of the PUCO issued a report recommending a disallowance of approximately \$12 million of the \$26 million in MGP remediation costs incurred between 2013 through 2017 that staff believes are not eligible for recovery. Staff interprets the PUCO's 2012 Order granting Duke Energy Ohio recovery of MGP remediation as limiting the recovery to work directly on the East End and West End sites. On October 30, 2018, Duke Energy Ohio filed reply comments objecting to the staff's recommendations and explaining, among other things, the obligation Duke Energy Ohio has under Ohio law to remediate all areas impacted by the former MGPs and not just physical property that housed the former plants and equipment. To date, the PUCO has not issued a procedural schedule and has not ruled on Duke Energy Ohio's applications. On March 29, 2019, Duke Energy Ohio filed its annual application to recover incremental remediation expense for the calendar year 2018. Duke Energy Ohio cannot predict the outcome of this matter.

Duke Energy Kentucky Natural Gas Base Rate Case

On August 31, 2018, Duke Energy Kentucky filed an application with the KPSC requesting an increase in natural gas base rates of approximately \$11 million, an approximate 11.1 percent average increase across all customer classes. The increase was net of approximately \$5 million in annual savings as a result of the Tax Act. The drivers for this case are capital invested since Duke Energy Kentucky's last rate case in 2009. Duke Energy Kentucky also sought implementation of a Weather Normalization Adjustment Mechanism, amortization of regulatory assets and to implement the impacts of the Tax Act, prospectively. On January 30, 2019, Duke Energy Kentucky entered into a settlement agreement with the Attorney General of Kentucky, the only intervenor in the case. The settlement provided for an approximate \$7 million increase in natural gas base revenue and approval of the proposed Weather Normalization Mechanism. A hearing was held on February 5, 2019. The commission issued its Order approving the settlement without material modification on March 27, 2019.

Duke Energy Indiana**FERC Transmission Return on Equity Complaint**

Customer groups have filed with the FERC complaints against MISO and its transmission-owning members, including Duke Energy Indiana, alleging, among other things, that the current base rate of return on equity earned by MISO transmission owners of 12.38 percent is unjust and unreasonable. The complaints claim, among other things, that the current base rate of return on equity earned by MISO transmission owners should be reduced to 8.67 percent. On January 5, 2015, the FERC issued an order accepting the MISO transmission owners' adder of 0.50 percent to the base rate of return on equity based on participation in an RTO subject to it being applied to a return on equity that is shown to be just and reasonable in the pending return on equity complaints. On December 22, 2015, the presiding FERC ALJ in the first complaint issued an Initial Decision in which the base rate of return on equity was set at 10.32 percent. On September 28, 2016, the Initial Decision in the first complaint was affirmed by FERC, but is subject to rehearing requests. On June 30, 2016, the presiding FERC ALJ in the second complaint issued an Initial Decision setting the base rate of return on equity at 9.70 percent. The Initial Decision in the second complaint is pending FERC review. On April 14, 2017, the D.C. Circuit Court, in *Emera Maine v. FERC*, reversed and remanded certain aspects of the methodology employed by FERC to establish rates of return on equity. On October 16, 2018, FERC issued an order in response to the Emera remand proceeding proposing a new method for determining whether an existing return on equity is unjust and unreasonable, and a new process for determining a just and reasonable return on equity. On November 14, 2018, FERC directed parties to the MISO complaints to file briefs on how the new process for determining return on equity proposed in the Emera proceeding should be applied to the complaints involving the MISO transmission owners' return on equity. Initial briefs were filed on February 13, 2019, and reply briefs were filed April 10, 2019. Duke Energy Indiana currently believes these matters will not have a material impact on its results of operations, cash flows and financial position.

Edwardsport Integrated Gasification Combined Cycle Plant

On September 20, 2018, Duke Energy Indiana, the Indiana Office of Utility Consumer Counselor, the Duke Industrial Group and Nucor Steel – Indiana entered into a settlement agreement to resolve IGCC ratemaking issues for calendar years 2018 and 2019. The agreement will remain in effect until new rates are established in Duke Energy Indiana's next base rate case, which is expected to be filed in mid-2019 with rates effective in mid-2020. It addressed the pending Edwardsport filing at the commission and eliminated the need for future filings until the overall rate case. The settlement is subject to IURC approval. An evidentiary hearing was held in December 2018, and an IURC Order is expected in May 2019. Duke Energy Indiana cannot predict the outcome of this matter.

Piedmont**Tennessee Integrity Management Rider Filing**

In November 2018, Piedmont filed a petition with the TPUC under the IMR mechanism to collect an additional \$3 million in annual revenues, effective January 2019, based on the eligible capital investments closed to integrity and safety projects over the 12-month period ending October 31, 2018. A hearing on the matter was held on March 11, 2019, and a decision is expected in May 2019.

2019 North Carolina Rate Case

On April 1, 2019, Piedmont filed an application with the NCUC, its first general rate case in North Carolina in six years, for a rate increase for retail customers of approximately \$83 million, which represents an approximate 9 percent increase in retail revenues. The rate increase is driven by significant infrastructure upgrade investments (plant additions) since the last general rate case, offset by savings that customers will begin receiving due to federal and state tax reform. Approximately half of the plant additions being rolled into rate base are categories of plant investment not covered under the IMR mechanism, which was originally approved as part of the 2013 North Carolina Rate Case. Piedmont anticipates the NCUC will schedule the evidentiary hearing for late summer/early fall 2019, which would enable the rate change arising from this proceeding to take effect by the end of 2019. Piedmont cannot predict the outcome of this matter.

OTHER REGULATORY MATTERS***Atlantic Coast Pipeline, LLC***

On September 2, 2014, Duke Energy, Dominion Resources (Dominion), Piedmont and Southern Company Gas announced the formation of Atlantic Coast Pipeline, LLC (ACP) to build and own the proposed Atlantic Coast Pipeline (ACP pipeline), an approximately 600-mile interstate natural gas pipeline running from West Virginia to North Carolina. The ACP pipeline is designed to meet, in part, the needs identified by Duke Energy Carolinas, Duke Energy Progress and Piedmont. Dominion will be responsible for building and operating the ACP pipeline and holds a leading ownership percentage in ACP of 48 percent. Duke Energy owns a 47 percent interest, which is accounted for as an equity method investment through its Gas Utilities and Infrastructure segment. Southern Company Gas maintains a 5 percent interest. See Note 13 for additional information related to Duke Energy's ownership interest. Duke Energy Carolinas, Duke Energy Progress and Piedmont, among others, will be customers of the pipeline. Purchases will be made under several 20-year supply contracts, subject to state regulatory approval.

In 2018, the FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route, including supply header and compressors. On May 11, 2018, and October 19, 2018, FERC issued Notices to Proceed allowing full construction activities in all areas of West Virginia except in the Monongahela National Forest. On July 24, 2018, FERC issued a Notice to Proceed allowing full construction activities along the project route in North Carolina. On October 19, 2018, the conditions to effectiveness of the Virginia 401 water quality certification were satisfied. Immediately following receipt of the Virginia 401 certification, ACP filed a request for FERC to issue a Notice to Proceed with full construction activities in Virginia. We appreciate the professional and collaborative process by the permitting agencies designed to ensure that this critical energy infrastructure project will meet the stringent environmental standards required by law and regulation.

ACP is the subject of challenges in state and federal courts and agencies, including, among others, challenges of the project's incidental take statement (ITS), crossings of the Blue Ridge Parkway, the Appalachian Trail, and the Monongahela and George Washington National Forests, the project's U.S. Army Corps of Engineers (USACE) 404 permit, the Virginia conditional 401 water quality certification, the FERC Environmental Impact Statement order and the FERC order approving the Certificate of Public Convenience and Necessity. Each of these challenges alleges non-compliance on the part of federal and state permitting authorities and adverse ecological consequences if the project is permitted to proceed. Since December 2018, notable developments in these challenges include a stay issued by the U.S. Court of Appeals for the Fourth Circuit (Fourth Circuit) of the project's biological opinion and ITS (which stay has halted most project construction activity), a Fourth Circuit decision vacating the project's permits to cross the Monongahela and George Washington National Forests and the Appalachian Trail, the Fourth Circuit's remand to USACE of ACP's Huntington District 404 verification and the Fourth Circuit's remand to the National Park Service of the ACP's Blue Ridge Parkway right-of-way. ACP is vigorously defending these challenges and coordinating with the federal and state authorities which are the direct parties to the challenges. ACP and federal agencies are coordinating on a potential appeal of the Fourth Circuit's recent ruling vacating the project's permit to cross the Appalachian Trail. ACP is also evaluating possible legislative and administrative remedies. On May 9, 2019, ACP, the U.S. Fish and Wildlife Service and the Department of Justice will present arguments before the Fourth Circuit supporting the project's stayed biological opinion and ITS.

The delays resulting from the legal challenges described above have impacted the cost and schedule for the project. As a result, project cost estimates have increased to \$7.0 billion to \$7.8 billion, excluding financing costs. ACP expects to achieve a late 2020 in-service date for key segments of the project, while it expects the remainder to extend into 2021. Abnormal weather, work delays (including delays due to judicial or regulatory action) and other conditions may result in cost or schedule modifications in the future.

Constitution Pipeline Company, LLC

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

In December 2014, Constitution received approval from the FERC to construct and operate the proposed pipeline. However, on April 22, 2016, the NYSDEC denied Constitution's application for a necessary water quality certification for the New York portion of the Constitution pipeline. Constitution filed a series of legal actions challenging the legality and appropriateness of the NYSDEC's decision, culminating in an appeal to the Supreme Court of the United States, which appeal was denied on April 30, 2018. In addition, in October 2017, Constitution filed a petition for declaratory order requesting FERC to find that the NYSDEC waived its rights to issue a Section 401 water quality certification by not acting on Constitution's application within a reasonable period of time as required by statute, which petition was denied on January 11, 2018.

On January 25, 2019, the D.C. Circuit Court rendered a decision in *Hoopa Valley Tribe v. FERC* that withdrawal and resubmission of an application for a Section 401 water quality certification constituted a waiver by the relevant state agency when such withdrawals and resubmissions were intended to extend the one-year limit on accepting or rejecting such an application. As Constitution had made similar arguments in its 2018 petition to FERC for a declaratory order, on April 1, 2019, Constitution filed a new petition for declaratory order requesting FERC find a waiver on the part of NYSDEC in accordance with the D.C. Circuit Court's newly established precedent. On May 1, 2019, Constitution filed its response to supplemental pleadings filed by NYSDEC and others in this proceeding. A FERC response is expected later this year.

Constitution is currently unable to approximate an in-service date for the project due to the NYSDEC's denial of the water quality certification. The Constitution partners remain committed to the project and are evaluating next steps to move the project forward. On June 25, 2018, Constitution filed with FERC a Request for Extension of Time until December 2, 2020, for construction of the project. On November 5, 2018, FERC issued an Order Granting Extension of Time.

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

See Note 13 for additional information related to ownership interest and carrying value of the investment.

Potential Coal Plant Retirements

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

The table below contains the net carrying value of generating facilities planned for retirement or included in recent IRPs as evaluated for potential retirement due to a lack of requisite environmental control equipment. Dollar amounts in the table below are included in Net property, plant and equipment on the Condensed Consolidated Balance Sheets as of March 31, 2019, and exclude capitalized asset retirement costs.

	Capacity (in MW)	Remaining Net Book Value (in millions)
Duke Energy Carolinas		
Allen Steam Station Units 1-3 ^(a)	585	\$ 159
Duke Energy Indiana		
Gallagher Units 2 and 4 ^(b)	280	120
Total Duke Energy	865	\$ 279

- (a) Duke Energy Carolinas will retire Allen Steam Station Units 1 through 3 by December 31, 2024, as part of the resolution of a lawsuit involving alleged New Source Review violations.
- (b) Duke Energy Indiana committed to either retire or stop burning coal at Gallagher Units 2 and 4 by December 31, 2022, as part of the 2016 settlement of Edwardsport IGCC matters.

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

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

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

Remediation Activities

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

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

Three Months Ended March 31, 2019									
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Balance at beginning of period	\$ 77	\$ 11	\$ 11	\$ 4	\$ 6	\$ 48	\$ 5	\$ 2	
Provisions/adjustments	(2)	2	2	1	2	(6)	—	—	
Cash reductions	(8)	—	—	—	—	(8)	—	—	
Balance at end of period	\$ 67	\$ 13	\$ 13	\$ 5	\$ 8	\$ 34	\$ 5	\$ 2	

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

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

(in millions)	
Duke Energy	\$ 45
Duke Energy Carolinas	12
Duke Energy Ohio	22
Piedmont	2

LITIGATION**Duke Energy Carolinas and Duke Energy Progress*****NCDEQ Closure Litigation***

The Coal Ash Act requires CCR surface impoundments in North Carolina to be closed, with the closure method and timing based on a risk ranking classification determined by legislation or state regulators. The NCDEQ previously classified the impoundments at Allen, Belews Creek, Rogers, Marshall, Mayo and Roxboro as low risk and Duke Energy expected to close those sites through a combination of a cap system and a groundwater monitoring system. However, on April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas and Duke Energy Progress to excavate all remaining coal ash impoundments at these facilities. On April 26, 2019, Duke Energy Carolinas and Duke Energy Progress filed Petitions for Contested Case Hearings in the Office of Administrative Hearings to challenge NCDEQ's determination that all ash basins must be excavated. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Coal Ash Insurance Coverage Litigation

In March 2017, Duke Energy Carolinas and Duke Energy Progress filed a civil action in North Carolina Superior Court against various insurance providers. The lawsuit seeks payment for coal ash-related liabilities covered by third-party liability insurance policies. The insurance policies were issued between 1971 and 1986 and provide third-party liability insurance for property damage. The civil action seeks damages for breach of contract and indemnification for costs arising from the Coal Ash Act and the EPA CCR rule at 15 coal-fired plants in North Carolina and South Carolina. On January 23, 2019, the court granted the parties' joint motion for a four-month stay of the proceedings, until June 3, 2019, to allow the parties to discuss potential resolution. If the case is not fully resolved at that time, litigation will resume. The trial remains scheduled for August 2020. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

NCDEQ State Enforcement Actions

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

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

The court issued orders in 2016 granting Motions for Partial Summary Judgment for seven of the 14 North Carolina plants named in the enforcement actions. On February 13, 2017, the court issued an order denying motions for partial summary judgment brought by both the environmental groups and Duke Energy Carolinas and Duke Energy Progress for the remaining seven plants. On March 15, 2017, Duke Energy Carolinas and Duke Energy Progress filed a Notice of Appeal with the North Carolina Court of Appeals to challenge the trial court's order. The parties were unable to reach an agreement at mediation in April 2017 and submitted briefs to the trial court on remaining issues to be tried. On August 1, 2018, the Court of Appeals dismissed the appeal and the matter is proceeding before the trial court. In light of the NCDEQ's determination that all ash basins must be excavated, on April 29, 2019, the court decided to stay any activity in the case until August 2019, at which time the court will hold another status conference. Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of this matter.

Federal Citizens Suits

On June 13, 2016, the RRBA filed a federal citizen suit in the Middle District of North Carolina alleging unpermitted discharges to surface water and groundwater violations at the Mayo Plant. On August 19, 2016, Duke Energy Progress filed a Motion to Dismiss. On April 26, 2017, the court entered an order dismissing four of the claims in the federal citizen suit. Two claims relating to alleged violations of NPDES permit provisions survived the motion to dismiss, and Duke Energy Progress filed its response on May 10, 2017. Duke Energy Progress and RRBA each filed motions for summary judgment on March 23, 2018. The court has not yet ruled on these motions.

On May 16, 2017, RRBA filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina, which asserts two claims relating to alleged violations of NPDES permit provisions at the Roxboro Plant and one claim relating to the use of nearby water bodies. Duke Energy Progress and RRBA each filed motions for summary judgment on April 17, 2018, and the court has not yet ruled on these motions.

On May 8, 2018, on motion from Duke Energy Progress, the court ordered trial in both of the above matters to be consolidated. On April 5, 2019, Duke Energy Progress filed a motion to stay the case following the NCDEQ's determination that all ash basins must be excavated. On April 19, 2019, the court entered an order staying the case through August 7, 2019, at which time the court will hold a status conference.

On December 5, 2017, various parties filed a federal citizen suit in the U.S. District Court for the Middle District of North Carolina for alleged violations at Duke Energy Carolinas' Belews Creek under the CWA. Duke Energy Carolinas' answer to the complaint was filed on August 27, 2018. On October 10, 2018, Duke Energy Carolinas filed Motions to Dismiss for lack of standing, Motion for Judgment on the Pleadings and Motion to Stay Discovery. On January 9, 2019, the court entered an order denying Duke Energy Carolinas' motion to stay discovery. There has been no ruling on the other pending motions. On April 5, 2019, Duke Energy Carolinas filed a motion to stay the case following the NCDEQ's determination that all ash basins must be excavated. On April 19, 2019, the court entered an order staying the case through August 7, 2019, at which time the court will hold a status conference.

Duke Energy Carolinas and Duke Energy Progress cannot predict the outcome of these matters.

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of March 31, 2019, there were 139 asserted claims for non-malignant cases with cumulative relief sought of up to \$34 million, and 57 asserted claims for malignant cases with cumulative relief sought of up to \$18 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recognized asbestos-related reserves of \$617 million at March 31, 2019, and \$630 million at December 31, 2018. These reserves are classified in Other within Other Noncurrent Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon Duke Energy Carolinas' best estimate for current and future asbestos claims through 2038 and are recorded on an undiscounted basis. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2038 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention. Duke Energy Carolinas' cumulative payments began to exceed the self-insured retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is \$764 million in excess of the self-insured retention. Receivables for insurance recoveries were \$739 million at March 31, 2019, and December 31, 2018. These amounts are classified in Other within Other Noncurrent Assets and Receivables within Current Assets on the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

Duke Energy Progress and Duke Energy Florida**Spent Nuclear Fuel Matters**

On October 16, 2014, Duke Energy Progress and Duke Energy Florida sued the U.S. in the U.S. Court of Federal Claims. The lawsuit claimed the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserted damages for the cost of on-site storage. On June 22, 2018, Duke Energy Progress and Duke Energy Florida filed a complaint for damages incurred for 2014 through first quarter 2018.

Duke Energy Florida**Fluor Contract Litigation**

On January 29, 2019, Fluor filed a breach of contract lawsuit in the U.S. District Court for the Middle District of Florida against Duke Energy Florida related to an EPC agreement for the combined-cycle natural gas plant in Citrus County, Florida. Fluor filed an amended complaint on February 13, 2019. Fluor's multicount complaint seeks civil, statutory and contractual remedies related to Duke Energy Florida's \$67 million draw in early 2019, on Fluor's letter of credit and offset of invoiced amounts. Duke Energy Florida moved to dismiss all counts of Fluor's amended complaint, and on April 16, 2019, the court dismissed Fluor's complaint without prejudice. On April 26, 2019, Fluor filed a second amended complaint. Duke Energy Florida is attempting to recover from Fluor \$110 million in additional costs incurred by Duke Energy Florida. Duke Energy Florida cannot predict the outcome of this matter.

Other Litigation and Legal Proceedings

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

The table below presents recorded reserves based on management's best estimate of probable loss for legal matters, excluding asbestos-related reserves discussed above.

Reserves are classified on the Condensed Consolidated Balance Sheets in Other within Other Noncurrent Liabilities and Other within Current Liabilities. The reasonably possible range of loss in excess of recorded reserves is not material, other than as described above.

(in millions)	March 31, 2019	December 31, 2018
Reserves for Legal Matters		
Duke Energy	\$ 66	\$ 65
Duke Energy Carolinas	8	9
Progress Energy	57	54
Duke Energy Progress	15	12
Duke Energy Florida	24	24
Piedmont	1	1

OTHER COMMITMENTS AND CONTINGENCIES

General

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

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

5. LEASES

As described in Note 1, Duke Energy adopted the revised accounting guidance for Leases effective January 1, 2019, using the modified retrospective method of adoption, which does not require restatement of prior year reported results. Adoption of the new standard resulted in the recording of ROU assets and operating lease liabilities as follows:

(in millions)	As of January 1, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
ROU assets	\$ 1,750	\$ 153	\$ 863	\$ 407	\$ 456	\$ 23	\$ 61	\$ 26
Operating lease liabilities – current	205	28	96	35	61	1	4	4
Operating lease liabilities – noncurrent	1,504	127	766	371	395	22	58	25

As part of its operations, Duke Energy leases certain aircraft, space on communication towers, industrial equipment, fleet vehicles, fuel transportation (barges and railcars), land and office space under various terms and expiration dates. Additionally, Duke Energy Carolinas, Duke Energy Progress and Duke Energy Indiana have finance leases related to firm natural gas pipeline transportation capacity. Duke Energy Progress and Duke Energy Florida have entered into certain PPAs, which are classified as finance and operating leases.

Duke Energy has certain lease agreements, which include variable lease payments that are based on the usage of an asset. These variable lease payments are not included in the measurement of the ROU assets or operating lease liabilities on the Condensed Consolidated Financial Statements.

Certain Duke Energy lease agreements include options for renewal and early termination. The intent to renew a lease varies depending on the lease type and asset. Renewal options that are reasonably certain to be exercised are included in the lease measurements. The decision to terminate a lease early is dependent on various economic factors. No termination options have been included in any of the lease measurements.

Duke Energy operates various renewable energy projects and sells the generated output to utilities, electric cooperatives, municipalities and commercial and industrial customers through long-term PPAs. In certain situations, these PPAs and the associated renewable energy projects qualify as operating leases. Rental income from these leases is accounted for as Nonregulated electric and other revenues in the Condensed Consolidated Statements of Operations. There are no minimum lease payments as all payments are contingent based on actual electricity generated by the renewable energy projects. Contingent lease payments were \$64 million for the three months ended March 31, 2019. As of March 31, 2019, renewable energy projects owned by Duke Energy and accounted for as operating leases had a cost basis of \$3,345 million and accumulated depreciation of \$631 million. These assets are principally classified as nonregulated electric generation and transmission assets.

The following table presents the components of lease expense.

(in millions)	Three Months Ended March 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Operating lease expense ^(a)	\$ 72	\$ 12	\$ 42	\$ 19	\$ 23	\$ 3	\$ 5	\$ 1
Short-term lease expense ^(a)	7	2	3	1	2	—	1	—
Variable lease expense ^(a)	11	8	2	1	1	—	—	—
Finance lease expense								
Amortization of leased assets ^(b)	27	1	3	1	2	—	—	—
Interest on lease liabilities ^(c)	17	4	6	4	2	—	—	—
Total finance lease expense	44	5	9	5	4	—	—	—
Total lease expense	\$ 134	\$ 27	\$ 56	\$ 26	\$ 30	\$ 3	\$ 6	\$ 1

(a) Included in Operations, maintenance and other or, for barges and railcars, Fuel used in electric generation and purchased power on the Condensed Consolidated Statements of Operations.

(b) Included in Depreciation and amortization on the Condensed Consolidated Statements of Operations.

(c) Included in Interest Expense on the Condensed Consolidated Statements of Operations.

The following table presents rental expense for operating leases, as reported under the old lease standard. These amounts are included in Operation, maintenance and other and Fuel used in electric generation and purchased power on the Condensed Consolidated Statements of Operations.

(in millions)	Year Ended December 31, 2018
Duke Energy	\$ 268
Duke Energy Carolinas	49
Progress Energy	143
Duke Energy Progress	75
Duke Energy Florida	68
Duke Energy Ohio	13
Duke Energy Indiana	21
Piedmont	11

The following table presents operating lease maturities and a reconciliation of the undiscounted cash flows to operating lease liabilities.

(in millions)	Twelve months ended March 31,							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
2020	\$ 271	\$ 32	\$ 125	\$ 47	\$ 78	\$ 2	\$ 6	\$ 5
2021	238	29	112	46	66	2	5	5
2022	192	19	90	35	55	2	4	5
2023	180	19	89	34	55	2	4	5
2024	169	16	89	35	54	2	4	5
Thereafter	1,057	66	530	309	221	22	67	9
Total operating lease payments	2,107	181	1,035	506	529	32	90	34
Less: present value discount	(436)	(32)	(198)	(118)	(80)	(10)	(29)	(4)
Total operating lease liabilities ^(a)	\$ 1,671	\$ 149	\$ 837	\$ 388	\$ 449	\$ 22	\$ 61	\$ 30

(a) Certain operating lease payments include renewal options that are reasonably certain to be exercised.

The following table presents future minimum lease payments under operating leases, which at inception had a non-cancelable term of more than one year, as reported under the old lease standard.

(in millions)	December 31, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
2019	\$ 239	\$ 33	\$ 97	\$ 49	\$ 48	\$ 2	\$ 6	\$ 5
2020	219	29	90	46	44	2	5	5
2021	186	19	79	37	42	2	4	5
2022	170	19	76	34	42	2	4	5
2023	160	17	77	35	42	2	5	6
Thereafter	1,017	68	455	314	141	23	66	11
Total	\$ 1,991	\$ 185	\$ 874	\$ 515	\$ 359	\$ 33	\$ 90	\$ 37

The following table presents finance lease maturities and a reconciliation of the undiscounted cash flows to finance lease liabilities.

(in millions)	Twelve months ended March 31,							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	
2020	\$ 185	\$ 19	\$ 69	\$ 44	\$ 25	\$ 1	\$ 1	
2021	191	18	69	44	25	—	1	
2022	194	14	69	44	25	—	1	
2023	179	14	69	44	25	—	1	
2024	180	14	69	44	25	—	1	
Thereafter	889	195	573	558	15	—	28	
Total finance lease payments	1,818	274	918	778	140	1	33	
Less: amount representing interest	(729)	(166)	(495)	(467)	(28)	—	(23)	
Total finance lease liabilities	\$ 1,089	\$ 108	\$ 423	\$ 311	\$ 112	\$ 1	\$ 10	

The following table presents future minimum lease payments under finance leases, as reported under the old lease standard.

(in millions)	December 31, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	
2019	\$ 170	\$ 20	\$ 45	\$ 20	\$ 25	\$ 2	\$ 1	
2020	174	20	46	21	25	—	1	
2021	177	15	45	20	25	—	1	
2022	165	15	45	21	24	—	1	
2023	165	15	45	21	24	—	1	
Thereafter	577	204	230	209	21	—	27	
Minimum annual payments	1,428	289	456	312	144	2	32	
Less: amount representing interest	(487)	(180)	(205)	(175)	(30)	—	(22)	
Total	\$ 941	\$ 109	\$ 251	\$ 137	\$ 114	\$ 2	\$ 10	

The following tables contain additional information related to leases.

		March 31, 2019								
(in millions)	Classification	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Assets										
Operating	Operating Lease ROU Assets, net	\$ 1,698	\$ 146	\$ 835	\$ 388	\$ 447	\$ 22	\$ 61	\$ 27	
Finance	Net property, plant and equipment	1,081	122	428	310	118	—	10	—	
Total lease assets		\$ 2,779	\$ 268	\$ 1,263	\$ 698	\$ 565	\$ 22	\$ 71	\$ 27	
Liabilities										
Current										
Operating	Other current liabilities	\$ 183	\$ 26	\$ 89	\$ 27	\$ 62	\$ 1	\$ 4	\$ 4	
Finance	Current maturities of long-term debt	121	6	23	6	17	1	—	—	
Noncurrent										
Operating	Operating Lease Liabilities	1,488	123	748	361	387	21	57	26	
Finance	Long-Term Debt	968	102	400	305	95	—	10	—	
Total lease liabilities		\$ 2,760	\$ 257	\$ 1,260	\$ 699	\$ 561	\$ 23	\$ 71	\$ 30	

	Three Months Ended March 31, 2019									
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont		
(in millions)										
Cash paid for amounts included in the measurement of lease liabilities ^(a)										
Operating cash flows from operating leases	\$ 67	\$ 6	\$ 31	\$ 14	\$ 17	\$ 1	\$ 2	\$ 2		
Operating cash flows from finance leases	17	4	6	4	2	—	—	—		
Financing cash flows from finance leases	27	1	3	1	2	—	—	—		
Lease assets obtained in exchange for new lease liabilities (non-cash)										
Finance	\$ 175	\$ —	\$ 175	\$ 175	\$ —	\$ —	\$ —	\$ —		
Operating ^(b)	7	—	—	—	—	—	—	—		

(a) No amounts were classified as investing cash flows from operating leases for the three months ended March 31, 2019.

(b) Does not include ROU assets recorded as a result of the adoption of the new lease standard.

March 31, 2019

	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Weighted-average remaining lease term (years)								
Operating leases	11	9	11	13	9	18	19	7
Finance leases	13	19	16	18	11	—	27	—
Weighted-average discount rate^(a)								
Operating leases	3.9%	3.7%	3.8%	3.9%	3.7%	4.2%	4.1%	3.6%
Finance leases	6.9%	12.9%	11.4%	12.5%	8.3%	3.3%	11.7%	—%

(a) The discount rate is calculated using the rate implicit in a lease if it is readily determinable. Generally, the rate used by the lessor is not provided to Duke Energy and in these cases the incremental borrowing rate is used. Duke Energy will typically use its fully collateralized incremental borrowing rate as of the commencement date to calculate and record the lease. The incremental borrowing rate is influenced by the lessee's credit rating and lease term and as such may differ for individual leases, embedded leases or portfolios of leased assets.

6. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

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

Issuance Date	Maturity Date	Interest Rate	Three Months Ended March 31, 2019			
			Duke Energy	Duke Energy (Parent)	Duke Energy Progress	Duke Energy Ohio
Unsecured Debt						
March 2019 ^(a)	March 2022	3.251% ^(b)	\$ 300	\$ 300	\$ —	\$ —
March 2019 ^(a)	March 2022	3.227%	300	300	—	—
First Mortgage Bonds						
January 2019 ^(c)	February 2029	3.650%	400	—	—	400
January 2019 ^(c)	February 2049	4.300%	400	—	—	400
March 2019 ^(d)	March 2029	3.450%	600	—	600	—
Total issuances			\$ 2,000	\$ 600	\$ 600	\$ 800

(a) Debt issued to pay down short-term debt and for general corporate purposes.

(b) Debt issuance has a floating interest rate.

(c) Debt issued to repay at maturity \$450 million first mortgage bonds due April 2019, pay down short-term debt and for general corporate purposes.

(d) Debt issued to fund eligible green energy projects in the Carolinas.

CURRENT MATURITIES OF LONG-TERM DEBT

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

(in millions)	Maturity Date	Interest Rate	March 31, 2019
Unsecured Debt			
Duke Energy (Parent)	September 2019	5.050%	\$ 500
Piedmont	September 2019	3.181% ^(b)	350
Duke Energy Kentucky	October 2019	4.650%	100
Progress Energy	December 2019	4.875%	350
First Mortgage Bonds			
Duke Energy Ohio	April 2019	5.450%	450
Duke Energy Florida	January 2020	1.850%	250
Other^(a)			501
Current maturities of long-term debt			\$ 2,501

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

(b) Amount drawn under the Piedmont senior unsecured term loan facility has a floating interest rate.

AVAILABLE CREDIT FACILITIES

Master Credit Facility

In March 2019, Duke Energy amended its existing \$8 billion Master Credit Facility to extend the termination date to March 2024. The Duke Energy Registrants, excluding Progress Energy (Parent), have borrowing capacity under the Master Credit Facility up to a specified sublimit for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the Master Credit Facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder. Duke Energy Carolinas and Duke Energy Progress are also required to each maintain \$250 million of available capacity under the Master Credit Facility as security to meet obligations under plea agreements reached with the U.S. Department of Justice in 2015 related to violations at North Carolina facilities with ash basins. The table below includes the current borrowing sublimits and available capacity under the Master Credit Facility.

(in millions)	March 31, 2019							
	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Facility size ^(a)	\$ 8,000	\$ 2,650	\$ 1,750	\$ 1,400	\$ 650	\$ 450	\$ 600	\$ 500
Reduction to backstop issuances								
Commercial paper ^(b)	(2,657)	(884)	(859)	(150)	(299)	(62)	(252)	(151)
Outstanding letters of credit	(53)	(45)	(4)	(2)	—	—	—	(2)
Tax-exempt bonds	(81)	—	—	—	—	—	(81)	—
Coal ash set-aside	(500)	—	(250)	(250)	—	—	—	—
Available capacity under the Master Credit Facility	\$ 4,709	\$ 1,721	\$ 637	\$ 998	\$ 351	\$ 388	\$ 267	\$ 347

(a) Represents the sublimit of each borrower.

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

Other Credit Facilities

(in millions)	March 31, 2019	
	Facility size	Amount Drawn
Duke Energy (Parent) Three-Year Revolving Credit Facility	\$ 1,000	\$ 500
Duke Energy Progress Term Loan Facility ^(a)	700	700
Piedmont Term Loan Facility	350	350

(a) \$650 million was drawn under the term loan in January and February 2019.

7. ASSET RETIREMENT OBLIGATIONS

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

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

(in millions)	March 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Decommissioning of nuclear power facilities ^(a)	\$ 5,753	\$ 2,368	\$ 3,239	\$ 2,709	\$ 530	\$ —	\$ —	\$ —
Closure of ash impoundments	6,961	3,013	3,197	3,177	20	52	699	—
Other	321	47	70	37	33	41	20	19
Total ARO	\$ 13,035	\$ 5,428	\$ 6,506	\$ 5,923	\$ 583	\$ 93	\$ 719	\$ 19
Less: current portion	779	209	456	452	4	6	108	—
Total noncurrent ARO	\$ 12,256	\$ 5,219	\$ 6,050	\$ 5,471	\$ 579	\$ 87	\$ 611	\$ 19

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

ARO Liability Rollforward

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

(in millions)	March 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
Balance at December 31, 2018 ^(a)	\$ 10,467	\$ 3,949	\$ 5,411	\$ 4,820	\$ 591	\$ 93	\$ 722	\$ 19
Accretion expense ^(b)	110	48	57	50	7	1	7	—
Liabilities settled ^(c)	(184)	(76)	(97)	(82)	(15)	(1)	(10)	—
Revisions in estimates of cash flows ^(d)	2,642	1,507	1,135	1,135	—	—	—	—
Balance at March 31, 2019	\$ 13,035	\$ 5,428	\$ 6,506	\$ 5,923	\$ 583	\$ 93	\$ 719	\$ 19

(a) Primarily relates to decommissioning nuclear power facilities, closure of ash impoundments, asbestos removal, closure of landfills at fossil generation facilities, retirement of natural gas mains and removal of renewable energy generation assets.

(b) For the three months ended March 31, 2019, substantially all accretion expense relates to Duke Energy's regulated operations and has been deferred in accordance with regulatory accounting treatment.

(c) Primarily relates to ash impoundment closures.

(d) Relates to increases in closure estimates for certain ash impoundments as a result of the NCDEQ's determination that all ash basins must be excavated. See Note 4 for more information. The incremental amount recorded represents the discounted cash flows for estimated closure costs based upon the probability weightings of the potential closure methods as evaluated on a site-by-site basis.

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

Nuclear Decommissioning Trust Funds

Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida each maintain NDTFs that are intended to pay for the decommissioning costs of their respective nuclear power plants. The following table presents the fair value of NDTF assets legally restricted for purposes of settling AROs associated with nuclear decommissioning. Duke Energy Florida is actively decommissioning Crystal River Unit 3 and was granted an exemption from the NRC, which allows for use of the NDTF for all aspects of nuclear decommissioning. The entire balance of Duke Energy Florida's NDTF may be applied toward license termination, spent fuel and site restoration costs incurred to decommission Crystal River Unit 3 and is excluded from the table below. See Note 12 for additional information related to the fair value of the Duke Energy Registrants' NDTFs.

(in millions)	March 31, 2019	December 31, 2018
Duke Energy	\$ 6,102	\$ 5,579
Duke Energy Carolinas	3,443	3,133
Duke Energy Progress	2,659	2,446

8. GOODWILL

Duke Energy

The following table presents the goodwill by reportable segment included on Duke Energy's Condensed Consolidated Balance Sheets at March 31, 2019, and December 31, 2018.

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

Duke Energy Ohio

Duke Energy Ohio's Goodwill balance of \$920 million, allocated \$596 million to Electric Utilities and Infrastructure and \$324 million to Gas Utilities and Infrastructure, is presented net of accumulated impairment charges of \$216 million on the Condensed Consolidated Balance Sheets at March 31, 2019, and December 31, 2018.

Progress Energy

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

Piedmont

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

9. RELATED PARTY TRANSACTIONS

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

(in millions)	Three Months Ended March 31,	
	2019	2018
Duke Energy Carolinas		
Corporate governance and shared service expenses ^(a)	\$ 212	\$ 220
Indemnification coverages ^(b)	5	6
JDA revenue ^(c)	23	34
JDA expense ^(c)	93	54
Intercompany natural gas purchases ^(d)	4	4
Progress Energy		
Corporate governance and shared service expenses ^(a)	\$ 176	\$ 191
Indemnification coverages ^(b)	9	8
JDA revenue ^(c)	93	54
JDA expense ^(c)	23	34
Intercompany natural gas purchases ^(d)	19	19
Duke Energy Progress		
Corporate governance and shared service expenses ^(a)	\$ 106	\$ 118
Indemnification coverages ^(b)	4	3
JDA revenue ^(c)	93	54
JDA expense ^(c)	23	34
Intercompany natural gas purchases ^(d)	19	19
Duke Energy Florida		
Corporate governance and shared service expenses ^(a)	\$ 70	\$ 73
Indemnification coverages ^(b)	5	5
Duke Energy Ohio		
Corporate governance and shared service expenses ^(a)	\$ 85	\$ 89
Indemnification coverages ^(b)	1	1
Duke Energy Indiana		
Corporate governance and shared service expenses ^(a)	\$ 97	\$ 101
Indemnification coverages ^(b)	2	2
Piedmont		
Corporate governance and shared service expenses ^(a)	\$ 32	\$ 36
Indemnification coverages ^(b)	1	1
Intercompany natural gas sales ^(d)	23	23
Natural gas storage and transportation costs ^(e)	5	6

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

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

As discussed in Note 13, certain trade receivables have been sold by Duke Energy Ohio and Duke Energy Indiana to CRC, an affiliate formed by a subsidiary of Duke Energy. The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price.

Intercompany Income Taxes

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

(in millions)	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
March 31, 2019							
Intercompany income tax receivable	\$ 1	\$ 65	\$ —	\$ 22	\$ 6	\$ —	\$ —
Intercompany income tax payable	—	—	11	—	—	7	7
December 31, 2018							
Intercompany income tax receivable	\$ 52	\$ 47	\$ 29	\$ —	\$ —	\$ 8	\$ —
Intercompany income tax payable	—	—	—	16	3	—	45

10. DERIVATIVES AND HEDGING

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

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

INTEREST RATE RISK

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

Cash Flow Hedges

For a derivative designated as hedging the exposure to variable cash flows of a future transaction, referred to as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings once the future transaction impacts earnings. Amounts for interest rate contracts are reclassified to earnings as interest expense over the term of the related debt. Gains and losses reclassified out of AOCI for the three months ended March 31, 2019, and 2018 were not material. Duke Energy's interest rate derivatives designated as hedges include interest rate swaps used to hedge existing debt within the Commercial Renewables business and forward-starting interest rate swaps not accounted for under regulatory accounting.

Undesignated Contracts

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

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

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

March 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	
Cash flow hedges	\$ 923	\$ —	\$ —	\$ —	\$ —	\$ —	
Undesignated contracts	1,321	300	800	250	550	27	
Total notional amount ^(a)	\$ 2,244	\$ 300	\$ 800	\$ 250	\$ 550	\$ 27	

December 31, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	
Cash flow hedges	\$ 923	\$ —	\$ —	\$ —	\$ —	\$ —	
Undesignated contracts	1,721	300	1,200	650	550	27	
Total notional amount ^(a)	\$ 2,644	\$ 300	\$ 1,200	\$ 650	\$ 550	\$ 27	

(a) Duke Energy includes amounts related to consolidated VIEs of \$422 million in cash flow hedges and \$194 million in undesignated contracts as of March 31, 2019, and December 31, 2018.

COMMODITY PRICE RISK

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

Volumes

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

March 31, 2019							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana Piedmont
Electricity (GWh)	6,196	—	—	—	—	829	5,367 —
Natural gas (millions of dekatherms)	742	128	174	174	—	—	1 439

December 31, 2018							
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana Piedmont
Electricity (GWh)	15,286	—	—	—	—	1,786	13,500 —
Natural gas (millions of dekatherms)	739	121	169	166	3	—	1 448

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

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

Derivative Assets				March 31, 2019									
	Duke	Duke		Duke	Duke	Duke	Duke	Duke	Duke				
(in millions)	Energy	Energy	Progress	Energy	Energy	Energy	Energy	Energy	Energy	Indiana		Piedmont	
	Carolin	Energy	Energy	Progress	Florida	Ohio							
Commodity Contracts													
Not Designated as Hedging Instruments													
Current	\$ 16	\$ 3	\$ 5	\$ 5	\$ —	\$ 1	\$ 5	\$ 2					
Noncurrent	6	2	3	3	—	—	—	—					
Total Derivative Assets – Commodity Contracts	\$ 22	\$ 5	\$ 8	\$ 8	\$ —	\$ 1	\$ 5	\$ 2					
Interest Rate Contracts													
Designated as Hedging Instruments													
Current	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Noncurrent	2	—	—	—	—	—	—	—	—	—	—	—	—
Not Designated as Hedging Instruments													
Current	1	—	—	—	—	—	—	—	—	—	—	—	—
Noncurrent	9	—	—	—	—	—	—	—	—	—	—	—	—
Total Derivative Assets – Interest Rate Contracts	\$ 13	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total Derivative Assets	\$ 35	\$ 5	\$ 8	\$ 8	\$ —	\$ 1	\$ 5	\$ 2					
Derivative Liabilities				March 31, 2019									
	Duke	Duke		Duke	Duke	Duke	Duke	Duke	Duke				
(in millions)	Energy	Energy	Progress	Energy	Energy	Energy	Energy	Energy	Energy	Indiana		Piedmont	
	Carolin	Energy	Energy	Progress	Florida	Ohio							
Commodity Contracts													
Not Designated as Hedging Instruments													
Current	\$ 21	\$ 12	\$ 3	\$ 3	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6	
Noncurrent	140	5	19	4	—	—	—	—	—	—	—	115	
Total Derivative Liabilities – Commodity Contracts	\$ 161	\$ 17	\$ 22	\$ 7	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 121	
Interest Rate Contracts													
Designated as Hedging Instruments													
Current	\$ 25	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Noncurrent	9	—	—	—	—	—	—	—	—	—	—	—	—
Not Designated as Hedging Instruments													
Current	42	22	19	3	17	1	—	—	—	—	—	—	—
Noncurrent	7	—	3	2	1	4	—	—	—	—	—	—	—
Total Derivative Liabilities – Interest Rate Contracts	\$ 83	\$ 22	\$ 22	\$ 5	\$ 18	\$ 5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total Derivative Liabilities	\$ 244	\$ 39	\$ 44	\$ 12	\$ 18	\$ 5	\$ —	\$ 121					

Derivative Assets		December 31, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 35	\$ 2	\$ 2	\$ 2	\$ —	\$ 6	\$ 23	\$ 3	
Noncurrent	4	1	2	2	—	—	—	—	
Total Derivative Assets – Commodity Contracts	\$ 39	\$ 3	\$ 4	\$ 4	\$ —	\$ 6	\$ 23	\$ 3	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	3	—	—	—	—	—	—	—	
<i>Not Designated as Hedging Instruments</i>									
Current	2	—	—	—	—	—	—	—	
Noncurrent	12	—	—	—	—	—	—	—	
Total Derivative Assets – Interest Rate Contracts	\$ 18	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Total Derivative Assets	\$ 57	\$ 3	\$ 4	\$ 4	\$ —	\$ 6	\$ 23	\$ 3	

Derivative Liabilities		December 31, 2018							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont	
Commodity Contracts									
<i>Not Designated as Hedging Instruments</i>									
Current	\$ 33	\$ 14	\$ 10	\$ 5	\$ 6	\$ —	\$ —	\$ 8	
Noncurrent	158	10	15	6	—	—	—	133	
Total Derivative Liabilities – Commodity Contracts	\$ 191	\$ 24	\$ 25	\$ 11	\$ 6	\$ —	\$ —	\$ 141	
Interest Rate Contracts									
<i>Designated as Hedging Instruments</i>									
Current	\$ 12	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Noncurrent	6	—	—	—	—	—	—	—	
<i>Not Designated as Hedging Instruments</i>									
Current	23	9	13	11	2	1	—	—	
Noncurrent	10	—	6	5	1	4	—	—	
Total Derivative Liabilities – Interest Rate Contracts	\$ 51	\$ 9	\$ 19	\$ 16	\$ 3	\$ 5	\$ —	\$ —	
Total Derivative Liabilities	\$ 242	\$ 33	\$ 44	\$ 27	\$ 9	\$ 5	\$ —	\$ 141	

OFFSETTING ASSETS AND LIABILITIES

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

Derivative Assets		March 31, 2019								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont		
Current										
Gross amounts recognized	\$ 18	\$ 3	\$ 5	\$ 5	\$ —	\$ 1	\$ 5	\$ 2		
Gross amounts offset	(4)	(2)	(1)	(1)	—	—	—	—		
Net amounts presented in Current Assets: Other	\$ 14	\$ 1	\$ 4	\$ 4	\$ —	\$ 1	\$ 5	\$ 2		
Noncurrent										
Gross amounts recognized	\$ 17	\$ 2	\$ 3	\$ 3	\$ —	\$ —	\$ —	\$ —		
Gross amounts offset	(3)	(1)	(2)	(2)	—	—	—	—		
Net amounts presented in Other Noncurrent Assets: Other	\$ 14	\$ 1	\$ 1	\$ 1	\$ —	\$ —	\$ —	\$ —		
Derivative Liabilities		March 31, 2019								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont		
Current										
Gross amounts recognized	\$ 88	\$ 34	\$ 22	\$ 6	\$ 17	\$ 1	\$ —	\$ 6		
Gross amounts offset	(4)	(2)	(2)	(2)	—	—	—	—		
Net amounts presented in Current Liabilities: Other	\$ 84	\$ 32	\$ 20	\$ 4	\$ 17	\$ 1	\$ —	\$ 6		
Noncurrent										
Gross amounts recognized	\$ 156	\$ 5	\$ 22	\$ 6	\$ 1	\$ 4	\$ —	\$ 115		
Gross amounts offset	(3)	(1)	(2)	(2)	—	—	—	—		
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 153	\$ 4	\$ 20	\$ 4	\$ 1	\$ 4	\$ —	\$ 115		
Derivative Assets		December 31, 2018								
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont		
Current										
Gross amounts recognized	\$ 38	\$ 2	\$ 2	\$ 2	\$ —	\$ 6	\$ 23	\$ 3		
Gross amounts offset	(3)	(2)	(2)	(2)	—	—	—	—		
Net amounts presented in Current Assets: Other	\$ 35	\$ —	\$ —	\$ —	\$ —	\$ 6	\$ 23	\$ 3		
Noncurrent										
Gross amounts recognized	\$ 19	\$ 1	\$ 2	\$ 2	\$ —	\$ —	\$ —	\$ —		
Gross amounts offset	(3)	(1)	(2)	(2)	—	—	—	—		
Net amounts presented in Other Noncurrent Assets: Other	\$ 16	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —		

Derivative Liabilities	December 31, 2018							
	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	\$ 68	\$ 23	\$ 23	\$ 16	\$ 8	\$ 1	\$ —	\$ 8
Gross amounts offset	(4)	(2)	(2)	(2)	—	—	—	—
Net amounts presented in Current Liabilities: Other	\$ 64	\$ 21	\$ 21	\$ 14	\$ 8	\$ 1	\$ —	\$ 8
Noncurrent								
Gross amounts recognized	\$ 174	\$ 10	\$ 21	\$ 11	\$ 1	\$ 4	\$ —	\$ 133
Gross amounts offset	(3)	(1)	(2)	(2)	—	—	—	—
Net amounts presented in Other Noncurrent Liabilities: Other	\$ 171	\$ 9	\$ 19	\$ 9	\$ 1	\$ 4	\$ —	\$ 133

OBJECTIVE CREDIT CONTINGENT FEATURES

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

(in millions)	March 31, 2019			
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	\$ 25	\$ 14	\$ 11	\$ 11
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	25	14	11	11

(in millions)	December 31, 2018			
	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress
Aggregate fair value of derivatives in a net liability position	\$ 44	\$ 19	\$ 25	\$ 25
Fair value of collateral already posted	—	—	—	—
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered	44	19	25	25

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

11. INVESTMENTS IN DEBT AND EQUITY SECURITIES

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

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

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

Investment Trusts

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

Other AFS Securities

Unrealized gains and losses on all other AFS securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment is other-than-temporarily impaired. The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value should be considered other-than-temporary. If an OTTI exists, the unrealized credit loss is included in earnings. There were no material credit losses as of March 31, 2019, and December 31, 2018.

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

DUKE ENERGY

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

(in millions)	March 31, 2019			December 31, 2018		
	Gross	Gross	Estimated	Gross	Gross	Estimated
	Unrealized	Unrealized		Unrealized	Unrealized	
	Holding	Holding	Fair	Holding	Holding	Fair
	Gains	Losses	Value	Gains	Losses	Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 114	\$ —	\$ —	\$ 88
Equity securities	2,923	65	5,061	2,402	95	4,475
Corporate debt securities	17	2	624	4	13	566
Municipal bonds	5	1	317	1	4	353
U.S. government bonds	25	5	1,102	14	12	1,076
Other debt securities	1	1	145	—	2	148
Total NDTF Investments	\$ 2,971	\$ 74	\$ 7,363	\$ 2,421	\$ 126	\$ 6,706
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 51	\$ —	\$ —	\$ 22
Equity securities	47	—	112	36	1	99
Corporate debt securities	1	—	57	—	2	60
Municipal bonds	2	1	89	—	1	85
U.S. government bonds	1	—	52	1	—	45
Other debt securities	—	1	61	—	1	58
Total Other Investments	\$ 51	\$ 2	\$ 422	\$ 37	\$ 5	\$ 369
Total Investments	\$ 3,022	\$ 76	\$ 7,785	\$ 2,458	\$ 131	\$ 7,075

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2019, and 2018, were as follows.

(in millions)	Three Months Ended	
	March 31, 2019	March 31, 2018
FV-NI:		
Realized gains	\$ 35	\$ 19
Realized losses	30	13
AFS:		
Realized gains	10	5
Realized losses	11	13

DUKE ENERGY CAROLINAS

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

(in millions)	March 31, 2019			December 31, 2018		
	Gross	Gross	Estimated	Gross	Gross	Estimated
	Unrealized	Unrealized		Unrealized	Unrealized	
	Holding	Holding	Fair	Holding	Holding	Fair
	Gains	Losses	Value	Gains	Losses	Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 57	\$ —	\$ —	\$ 29
Equity securities	1,593	37	2,791	1,309	54	2,484
Corporate debt securities	9	2	354	2	9	341
Municipal bonds	1	—	62	—	1	81
U.S. government bonds	11	3	509	5	8	475
Other debt securities	1	1	140	—	2	143
Total NDTF Investments	\$ 1,615	\$ 43	\$ 3,913	\$ 1,316	\$ 74	\$ 3,553

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2019, and 2018, were as follows.

(in millions)	Three Months Ended	
	March 31, 2019	March 31, 2018
FV-NI:		
Realized gains	\$ 23	\$ 10
Realized losses	21	5
AFS:		
Realized gains	9	5
Realized losses	10	10

PROGRESS ENERGY

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

(in millions)	March 31, 2019			December 31, 2018		
	Gross	Gross	Estimated	Gross	Gross	Estimated
	Unrealized	Unrealized		Unrealized	Unrealized	
	Holding	Holding	Fair	Holding	Holding	Fair
	Gains	Losses	Value	Gains	Losses	Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 57	\$ —	\$ —	\$ 59
Equity securities	1,330	28	2,270	1,093	41	1,991
Corporate debt securities	8	—	270	2	4	225
Municipal bonds	4	1	255	1	3	272
U.S. government bonds	14	2	593	9	4	601
Other debt securities	—	—	5	—	—	5
Total NDTF Investments	\$ 1,356	\$ 31	\$ 3,450	\$ 1,105	\$ 52	\$ 3,153
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 47	\$ —	\$ —	\$ 17
Municipal bonds	2	—	49	—	—	47
Total Other Investments	\$ 2	\$ —	\$ 96	\$ —	\$ —	\$ 64
Total Investments	\$ 1,358	\$ 31	\$ 3,546	\$ 1,105	\$ 52	\$ 3,217

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2019, and 2018, were as follows.

(in millions)	Three Months Ended	
	March 31, 2019	March 31, 2018
FV-NI:		
Realized gains	\$ 12	\$ 9
Realized losses	9	8
AFS:		
Realized gains	1	—
Realized losses	1	3

DUKE ENERGY PROGRESS

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

(in millions)	March 31, 2019			December 31, 2018		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 43	\$ —	\$ —	\$ 46
Equity securities	1,022	20	1,812	833	30	1,588
Corporate debt securities	6	—	204	2	3	171
Municipal bonds	4	1	254	1	3	271
U.S. government bonds	10	1	422	6	3	415
Other debt securities	—	—	3	—	—	3
Total NDTF Investments	\$ 1,042	\$ 22	\$ 2,738	\$ 842	\$ 39	\$ 2,494
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 3	\$ —	\$ —	\$ 6
Total Other Investments	\$ —	\$ —	\$ 3	\$ —	\$ —	\$ 6
Total Investments	\$ 1,042	\$ 22	\$ 2,741	\$ 842	\$ 39	\$ 2,500

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2019, and 2018, were as follows.

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

DUKE ENERGY FLORIDA

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

(in millions)	March 31, 2019			December 31, 2018		
	Gross	Gross	Estimated	Gross	Gross	Estimated
	Unrealized	Unrealized		Unrealized	Unrealized	
	Holding	Holding		Holding	Holding	
	Gains	Losses	Fair Value	Gains	Losses	Fair Value
NDTF						
Cash and cash equivalents	\$ —	\$ —	\$ 14	\$ —	\$ —	\$ 13
Equity securities	308	8	458	260	11	403
Corporate debt securities	2	—	66	—	1	54
Municipal bonds	—	—	1	—	—	1
U.S. government bonds	4	1	171	3	1	186
Other debt securities	—	—	2	—	—	2
Total NDTF Investments^(a)	\$ 314	\$ 9	\$ 712	\$ 263	\$ 13	\$ 659
Other Investments						
Cash and cash equivalents	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 1
Municipal bonds	2	—	49	—	—	47
Total Other Investments	\$ 2	\$ —	\$ 50	\$ —	\$ —	\$ 48
Total Investments	\$ 316	\$ 9	\$ 762	\$ 263	\$ 13	\$ 707

(a) During the three months ended March 31, 2019, Duke Energy Florida continued to receive reimbursements from the NDTF for costs related to ongoing decommissioning activity of the Crystal River Unit 3 nuclear plant.

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2019, and 2018, were as follows.

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

DUKE ENERGY INDIANA

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

(in millions)	March 31, 2019			December 31, 2018		
	Gross	Gross	Estimated	Gross	Gross	Estimated
	Unrealized	Unrealized		Unrealized	Unrealized	
	Holding	Holding		Holding	Holding	
	Gains	Losses	Fair Value	Gains	Losses	Fair Value
Investments						
Equity securities	\$ 37	\$ —	\$ 76	\$ 29	\$ —	\$ 67
Corporate debt securities	—	—	7	—	—	8
Municipal bonds	—	1	34	—	1	33
U.S. government bonds	—	—	1	—	—	—
Total Investments	\$ 37	\$ 1	\$ 118	\$ 29	\$ 1	\$ 108

Realized gains and losses, which were determined on a specific identification basis, from sales of FV-NI and AFS securities for the three months ended March 31, 2019, and 2018, were insignificant.

DEBT SECURITY MATURITIES

The table below summarizes the maturity date for debt securities.

March 31, 2019							
(in millions)	Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	
Due in one year or less	\$ 74	\$ 9	\$ 41	\$ 21	\$ 20	\$ 4	
Due after one through five years	537	153	341	251	90	17	
Due after five through 10 years	577	287	245	196	49	4	
Due after 10 years	1,259	616	545	415	130	17	
Total	\$ 2,447	\$ 1,065	\$ 1,172	\$ 883	\$ 289	\$ 42	

12. FAIR VALUE MEASUREMENTS

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

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

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

Transfers between levels represent assets or liabilities that were previously (i) categorized at a higher level for which the inputs to the estimate became less observable or (ii) classified at a lower level for which the inputs became more observable during the period. The Duke Energy Registrant's policy is to recognize transfers between levels of the fair value hierarchy at the end of the period. There were no transfers between levels during the three months ended March 31, 2019, and 2018.

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

Investments in equity securities

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

Investments in debt securities

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

Commodity derivatives

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

Interest rate derivatives

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

Other fair value considerations

See Note 11 in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018, for a discussion of the valuation of goodwill and intangible assets.

DUKE ENERGY

The following tables provide recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets. Derivative amounts in the tables below for all Duke Energy Registrants exclude cash collateral, which is disclosed in Note 10. See Note 11 for additional information related to investments by major security type for the Duke Energy Registrants.

(in millions)	March 31, 2019				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	\$ 5,061	\$ 4,998	\$ —	\$ —	63
NDTF debt securities	2,302	630	1,672	—	—
Other equity securities	112	112	—	—	—
Other debt securities	310	103	207	—	—
Derivative assets	35	2	27	6	—
Total assets	7,820	5,845	1,906	6	63
Derivative liabilities	(244)	(23)	(100)	(121)	—
Net assets (liabilities)	\$ 7,576	\$ 5,822	\$ 1,806	\$ (115)	63

(in millions)	December 31, 2018				
	Total Fair Value	Level 1	Level 2	Level 3	Not Categorized
NDTF equity securities	\$ 4,475	\$ 4,410	\$ —	\$ —	65
NDTF debt securities	2,231	576	1,655	—	—
Other equity securities	99	99	—	—	—
Other debt securities	270	67	203	—	—
Derivative assets	57	4	25	28	—
Total assets	7,132	5,156	1,883	28	65
Derivative liabilities	(242)	(11)	(90)	(141)	—
Net assets (liabilities)	\$ 6,890	\$ 5,145	\$ 1,793	\$ (113)	65

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

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2019	2018
Balance at beginning of period	\$ (113)	\$ (114)
Purchases, sales, issuances and settlements:		
Settlements	(12)	(14)
Total gains included on the Condensed Consolidated Balance Sheet	10	4
Balance at end of period	\$ (115)	\$ (124)

DUKE ENERGY CAROLINAS

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

(in millions)	March 31, 2019				
	Total Fair Value	Level 1	Level 2	Not Categorized	
NDTF equity securities	\$ 2,791	\$ 2,728	\$ —	\$	63
NDTF debt securities	1,122	212	910		—
Derivative assets	5	—	5		—
Total assets	3,918	2,940	915		63
Derivative liabilities	(39)	—	(39)		—
Net assets	\$ 3,879	\$ 2,940	\$ 876	\$	63

(in millions)	December 31, 2018				
	Total Fair Value	Level 1	Level 2	Not Categorized	
NDTF equity securities	\$ 2,484	\$ 2,419	\$ —	\$	65
NDTF debt securities	1,069	149	920		—
Derivative assets	3	—	3		—
Total assets	3,556	2,568	923		65
Derivative liabilities	(33)	—	(33)		—
Net assets	\$ 3,523	\$ 2,568	\$ 890	\$	65

PROGRESS ENERGY

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

(in millions)	March 31, 2019			December 31, 2018		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 2,270	\$ 2,270	\$ —	\$ 1,991	\$ 1,991	\$ —
NDTF debt securities	1,180	418	762	1,162	427	735
Other debt securities	96	47	49	64	17	47
Derivative assets	8	—	8	4	—	4
Total assets	3,554	2,735	819	3,221	2,435	786
Derivative liabilities	(44)	—	(44)	(44)	—	(44)
Net assets	\$ 3,510	\$ 2,735	\$ 775	\$ 3,177	\$ 2,435	\$ 742

DUKE ENERGY PROGRESS

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

(in millions)	March 31, 2019			December 31, 2018		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
NDTF equity securities	\$ 1,812	\$ 1,812	\$ —	\$ 1,588	\$ 1,588	\$ —
NDTF debt securities	926	298	628	906	294	612
Other debt securities	3	3	—	6	6	—
Derivative assets	8	—	8	4	—	4
Total assets	2,749	2,113	636	2,504	1,888	616
Derivative liabilities	(12)	—	(12)	(27)	—	(27)
Net assets	\$ 2,737	\$ 2,113	\$ 624	\$ 2,477	\$ 1,888	\$ 589

DUKE ENERGY FLORIDA

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

(in millions)	March 31, 2019				December 31, 2018			
	Total Fair Value	Level 1	Level 2		Total Fair Value	Level 1	Level 2	
NDTF equity securities	\$ 458	\$ 458	\$ —	\$	403	\$ 403	\$ —	
NDTF debt securities	254	120	134		256	133	123	
Other debt securities	50	1	49		48	1	47	
Total assets	762	579	183		707	537	170	
Derivative liabilities	(18)	—	(18)		(9)	—	(9)	
Net assets	\$ 744	\$ 579	\$ 165	\$	698	\$ 537	\$ 161	

DUKE ENERGY OHIO

The recorded balances for assets and liabilities measured at fair value on a recurring basis on the Condensed Consolidated Balance Sheets were not material for the three months ended March 31, 2019, and 2018.

DUKE ENERGY INDIANA

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

(in millions)	March 31, 2019				December 31, 2018			
	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
Other equity securities	\$ 76	\$ 76	\$ —	\$ —	67	\$ 67	\$ —	\$ —
Other debt securities	42	—	42	—	41	—	41	—
Derivative assets	5	—	—	5	23	1	—	22
Total assets	\$ 123	\$ 76	\$ 42	\$ 5	131	\$ 68	\$ 41	\$ 22

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

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2019	2018
Balance at beginning of period	\$ 22	\$ 27
Purchases, sales, issuances and settlements:		
Settlements	(10)	(14)
Total losses included on the Condensed Consolidated Balance Sheet	(7)	(6)
Balance at end of period	\$ 5	\$ 7

PIEDMONT

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

(in millions)	March 31, 2019			December 31, 2018		
	Total Fair Value	Level 1	Level 3	Total Fair Value	Level 1	Level 3
Derivative assets	\$ 2	\$ 2	\$ —	\$ 3	3	—
Derivative liabilities	(121)	—	(121)	(141)	—	(141)
Net (liabilities) assets	\$ (119)	\$ 2	\$ (121)	\$ (138)	\$ 3	\$ (141)

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

(in millions)	Derivatives (net)	
	Three Months Ended March 31,	
	2019	2018
Balance at beginning of period	\$ (141)	\$ (142)
Total gains and settlements	20	10
Balance at end of period	\$ (121)	\$ (132)

QUANTITATIVE INFORMATION ABOUT UNOBSERVABLE INPUTS

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

	March 31, 2019					
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range		
Duke Energy Ohio						
FTRs	\$ 1	RTO auction pricing	FTR price – per MWh	\$ 0.17	- \$	2.40
Duke Energy Indiana						
FTRs	5	RTO auction pricing	FTR price – per MWh	(0.42)	-	7.85
Piedmont						
Natural gas contracts	(121)	Discounted cash flow	Forward natural gas curves – price per MMBtu	2.03	-	3.15
Duke Energy						
Total Level 3 derivatives	\$ (115)					
	December 31, 2018					
Investment Type	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range		
Duke Energy Ohio						
FTRs	\$ 6	RTO auction pricing	FTR price – per MWh	\$ 1.19	- \$	4.59
Duke Energy Indiana						
FTRs	22	RTO auction pricing	FTR price – per MWh	(2.07)	-	8.27
Piedmont						
Natural gas contracts	(141)	Discounted cash flow	Forward natural gas curves – price per MMBtu	1.87	-	2.95
Duke Energy						
Total Level 3 derivatives	\$ (113)					

OTHER FAIR VALUE DISCLOSURES

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

(in millions)	March 31, 2019		December 31, 2018	
	Book Value	Fair Value	Book Value	Fair Value
Duke Energy ^(a)	\$ 56,182	\$ 58,242	\$ 54,529	\$ 54,534
Duke Energy Carolinas	10,965	11,951	10,939	11,471
Progress Energy	19,251	20,942	18,911	19,885
Duke Energy Progress	9,048	9,469	8,204	8,300
Duke Energy Florida	7,265	8,000	7,321	7,742
Duke Energy Ohio	2,960	3,149	2,165	2,239
Duke Energy Indiana	3,722	4,242	3,782	4,158
Piedmont	2,138	2,243	2,138	2,180

(a) Book value of long-term debt includes \$1.5 billion as of March 31, 2019, and \$1.6 billion as of December 31, 2018, of unamortized debt discount and premium, net in purchase accounting adjustments related to the mergers with Progress Energy and Piedmont that are excluded from fair value of long-term debt.

At both March 31, 2019, and December 31, 2018, fair value of cash and cash equivalents, accounts and notes receivable, accounts payable, notes payable and commercial paper, and nonrecourse notes payable of VIEs are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

13. VARIABLE INTEREST ENTITIES**CONSOLIDATED VIEs**

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

No financial support was provided to any of the consolidated VIEs during the three months ended March 31, 2019, and the year ended December 31, 2018, or is expected to be provided in the future that was not previously contractually required.

Receivables Financing – DERF / DEPR / DEFR

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

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

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

Receivables Financing – CRC

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

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

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

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	December 2020	December 2020	February 2021	April 2021
Credit facility amount	\$ 350	\$ 475	\$ 325	\$ 250
Amounts borrowed at March 31, 2019	350	475	325	250
Amounts borrowed at December 31, 2018	325	450	300	225
Restricted Receivables at March 31, 2019	534	630	495	317
Restricted Receivables at December 31, 2018	564	699	547	357

Nuclear Asset-Recovery Bonds – DEFPF

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

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

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

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

(in millions)	March 31, 2019	December 31, 2018
Receivables of VIEs	\$ 5	\$ 5
Regulatory Assets: Current	52	52
Current Assets: Other	12	39
Other Noncurrent Assets: Regulatory assets	1,032	1,041
Current Liabilities: Other	2	10
Current maturities of long-term debt	54	53
Long-Term Debt	1,082	1,111

Commercial Renewables

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

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

(in millions)	March 31, 2019	December 31, 2018
Current Assets: Other	\$ 140	\$ 123
Property, plant and equipment, cost	4,018	4,007
Accumulated depreciation and amortization	(733)	(698)
Other Noncurrent Assets: Other	280	261
Current maturities of long-term debt	173	174
Long-Term Debt	1,583	1,587
Other Noncurrent Liabilities: Asset Retirement Obligations	107	106
Other Noncurrent Liabilities: Other	212	212

NON-CONSOLIDATED VIEs

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

(in millions)	March 31, 2019							
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana		
	Pipeline Investments	Commercial Renewables	Other VIEs	Total				
Receivables from affiliated companies	\$ —	\$ —	\$ —	\$ —	\$ 67	\$ 89		
Investments in equity method unconsolidated affiliates	998	187	50	1,235	—	—		
Total assets	\$ 998	\$ 187	\$ 50	\$ 1,235	\$ 67	\$ 89		
Taxes accrued	(1)	—	—	(1)	—	—		
Other current liabilities	—	—	2	2	—	—		
Deferred income taxes	40	—	—	40	—	—		
Other noncurrent liabilities	—	—	11	11	—	—		
Total liabilities	\$ 39	\$ —	\$ 13	\$ 52	\$ —	\$ —		
Net assets	\$ 959	\$ 187	\$ 37	\$ 1,183	\$ 67	\$ 89		

(in millions)	December 31, 2018							
	Duke Energy				Duke Energy Ohio	Duke Energy Indiana		
	Pipeline Investments	Commercial Renewables	Other VIEs	Total				
Receivables from affiliated companies	\$ —	\$ —	\$ —	\$ —	\$ 93	\$ 118		
Investments in equity method unconsolidated affiliates	822	190	48	1,060	—	—		
Total assets	\$ 822	\$ 190	\$ 48	\$ 1,060	\$ 93	\$ 118		
Taxes accrued	(1)	—	—	(1)	—	—		
Other current liabilities	—	—	4	4	—	—		
Deferred income taxes	21	—	—	21	—	—		
Other noncurrent liabilities	—	—	12	12	—	—		
Total liabilities	\$ 20	\$ —	\$ 16	\$ 36	\$ —	\$ —		
Net assets	\$ 802	\$ 190	\$ 32	\$ 1,024	\$ 93	\$ 118		

The Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above except for the power purchase agreement with OVEC, which is discussed below, and various guarantees, including Duke Energy's guarantee agreement to support its share of the ACP revolving credit facility. Duke Energy's maximum exposure to loss under the terms of the guarantee is \$737 million, which represents 47 percent of the outstanding borrowings under the credit facility as of March 31, 2019. For more information on various guarantees, refer to Note 4.

Pipeline Investments

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

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

Entity Name	Ownership Interest	VIE Investment Amount (in millions)	
		March 31, 2019	December 31, 2018
ACP ^(a)	47%	\$ 973	\$ 797
Constitution	24%	25	25
Total		\$ 998	\$ 822

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

Commercial Renewables

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

Pioneer

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

OVEC

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

As a counterparty to an ICPA, Duke Energy Ohio has a contractual arrangement to receive entitlements to capacity and energy from OVEC's power plants through June 2040 commensurate with its power participation ratio, which is equivalent to Duke Energy Ohio's ownership interest. Costs, including fuel, operating expenses, fixed costs, debt amortization and interest expense, are allocated to counterparties to the ICPA based on their power participation ratio. The value of the ICPA is subject to variability due to fluctuation in power prices and changes in OVEC's cost of business. On March 31, 2018, FES, a subsidiary of FirstEnergy and an ICPA counterparty with a power participation ratio of 4.85 percent, filed for Chapter 11 bankruptcy, which could increase costs allocated to the counterparties. On July 31, 2018, the bankruptcy court rejected the FES ICPA, which means OVEC is an unsecured creditor in the FES bankruptcy proceeding. Duke Energy Ohio cannot predict the impact of the bankruptcy filing on its OVEC interests. In addition, certain proposed environmental rulemaking could result in future increased OVEC cost allocations.

CRC

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

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

The following table shows the gross and net receivables sold.

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Receivables sold	\$ 253	\$ 269	\$ 322	\$ 336
Less: Retained interests	67	93	89	118
Net receivables sold	\$ 186	\$ 176	\$ 233	\$ 218

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

(in millions)	Duke Energy Ohio		Duke Energy Indiana	
	Three Months Ended		Three Months Ended	
	March 31,		March 31,	
	2019	2018	2019	2018
Sales				
Receivables sold	\$ 575	\$ 567	\$ 734	\$ 694
Loss recognized on sale	4	3	5	3
Cash flows				
Cash proceeds from receivables sold	\$ 597	\$ 585	\$ 758	\$ 711
Return received on retained interests	2	2	3	2

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

14. REVENUE

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

Electric Utilities and Infrastructure

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

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

(in millions)	Remaining Performance Obligations						
	2019	2020	2021	2022	2023	Thereafter	Total
Progress Energy	\$ 86	\$ 121	\$ 87	\$ 82	\$ 39	\$ 42	\$ 457
Duke Energy Progress	7	9	9	9	9	9	52
Duke Energy Florida	79	112	78	73	30	33	405
Duke Energy Indiana	7	10	5	—	—	—	22

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

Gas Utilities and Infrastructure

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

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

(in millions)	Remaining Performance Obligations						
	2019	2020	2021	2022	2023	Thereafter	Total
Piedmont	\$ 53	\$ 69	\$ 65	\$ 64	\$ 61	\$ 431	\$ 743

Commercial Renewables

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

Other

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

Disaggregated Revenues

Disaggregated revenues are presented as follows:

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

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

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

UNBILLED REVENUE

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

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

(in millions)	March 31, 2019	December 31, 2018
Duke Energy	\$ 733	\$ 896
Duke Energy Carolinas	281	313
Progress Energy	193	244
Duke Energy Progress	108	148
Duke Energy Florida	85	96
Duke Energy Ohio	1	2
Duke Energy Indiana	18	23
Piedmont	38	73

Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail accounts receivable, including receivables for unbilled revenues, to an affiliate, CRC, and account for the transfers of receivables as sales. Accordingly, the receivables sold are not reflected on the Condensed Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana. See Note 13 for further information. These receivables for unbilled revenues are shown in the table below.

(in millions)		March 31, 2019	December 31, 2018
Duke Energy Ohio	\$	62	\$ 86
Duke Energy Indiana		109	128

15. STOCKHOLDERS' EQUITY

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

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

(in millions, except per-share amounts)	Three Months Ended March 31,	
	2019	2018
Income from continuing operations attributable to Duke Energy common stockholders excluding impact of participating securities	\$ 898	\$ 619
Weighted average shares outstanding – basic and diluted	727	701
Earnings per share from continuing operations attributable to Duke Energy common stockholders		
Basic and Diluted	\$ 1.24	\$ 0.88
Potentially dilutive items excluded from the calculation ^(a)	2	2
Dividends declared per common share	\$ 0.9275	\$ 0.89

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

Common Stock

On February 20, 2018, Duke Energy filed a prospectus supplement and executed an EDA under which it may sell up to \$1 billion of its common stock through an ATM offering program, including an equity forward sales component. The EDA was entered into with the Agents. Under the terms of the EDA, Duke Energy may issue and sell, through any of the Agents, shares of common stock through September 23, 2019.

In June 2018, Duke Energy marketed two separate tranches, each for 1.3 million shares, of common stock through equity forward transactions under the ATM program. In December 2018, Duke Energy physically settled these equity forwards by delivering 2.6 million shares of common stock in exchange for net proceeds of approximately \$195 million.

Separately, in March 2018, Duke Energy marketed an equity offering of 21.3 million shares of common stock through an Underwriting Agreement. In connection with the offering, Duke Energy entered into equity forward sale agreements. The equity forwards required Duke Energy to either physically settle the transactions by issuing 21.3 million shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements, or net settle in whole or in part through the delivery or receipt of cash or shares. In June 2018, Duke Energy physically settled one-half of the equity forwards by delivering approximately 10.6 million shares of common stock in exchange for net cash proceeds of approximately \$781 million. In December 2018, Duke Energy physically settled the remaining equity forward by delivering 10.6 million shares of common stock in exchange for net cash proceeds of approximately \$766 million.

In 2018, Duke Energy also issued 2.2 million shares through its DRIP with an increase in additional paid-in capital of approximately \$174 million.

In March and April 2019, Duke Energy marketed two separate tranches, each for 1.1 million shares, of common stock through equity forward transactions under the ATM program. The first tranche had an initial forward price of \$89.83 per share and the second tranche had an initial forward price of \$88.82 per share. The equity forwards require Duke Energy to either physically settle the transaction by issuing shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreements or net settle in whole or in part through the delivery or receipt of cash or shares. The settlement alternative is at Duke Energy's election. No amounts have or will be recorded in Duke Energy's Condensed Consolidated Financial Statements with respect to these ATM offerings until settlements of the equity forwards occur, which is expected by December 31, 2019. The initial forward sale price will be subject to adjustment on a daily basis based on a floating interest rate factor and will decrease by other fixed amounts specified in the relevant forward sale agreements. Until settlement of the equity forwards, earnings per share dilution resulting from the agreements, if any, will be determined under the treasury stock method.

Preferred Stock

On March 29, 2019, Duke Energy completed the issuance of 40 million depositary shares, each representing 1/1,000th share of its Series A Cumulative Redeemable Perpetual Preferred Stock, at a price of \$25 per depositary share. The transaction resulted in net proceeds of \$974 million after issuance costs and the proceeds are being used for general corporate purposes and to reduce short-term debt. The preferred stock has a \$25 liquidation preference per depositary share and earns dividends on a cumulative basis at a rate of 5.75 percent per annum. Dividends are payable quarterly in arrears on the 16th day of March, June, September and December, beginning on June 16, 2019. Dividends issued on its preferred stock are subject to approval by the Duke Energy Board of Directors. However, the deferral of dividend payments on the preferred stock prohibits the declaration of common stock dividends. Dividends declared on preferred stock will be recorded on the income statement as a reduction of net income to arrive at net income attributable to Duke Energy common stockholders. Dividends accumulated on preferred stock will be a reduction to net income used in the calculation of basic and diluted EPS.

The Series A Preferred Stock ranks, with respect to dividends and distributions upon liquidation or dissolution:

- senior to Common Stock and to each other class or series of capital stock established after the original issue date of the Series A Preferred Stock that is expressly made subordinated to the Series A Preferred Stock;
- on a parity with any class or series of capital stock established after the original issue date of the Series A Preferred Stock that is not expressly made senior or subordinated to the Series A Preferred Stock;
- junior to any class or series of capital stock established after the original issue date of the Series A Preferred Stock that is expressly made senior to the Series A Preferred Stock;
- junior to all of existing and future indebtedness (including indebtedness outstanding under Duke Energy's credit facilities, unsecured senior notes, junior subordinated debentures and commercial paper) and other liabilities with respect to assets available to satisfy claims against Duke Energy; and
- structurally subordinated to existing and future indebtedness and other liabilities of Duke Energy's subsidiaries and future preferred stock of subsidiaries.

The preferred stock has no maturity or mandatory redemption date, is not redeemable at the option of the holders and includes separate call options. The first call option allows Duke Energy to call the preferred stock at a redemption price of \$25.50 per depositary share prior to June 15, 2024, in whole but not in part, at any time within 120 days after a ratings event where a rating agency amends, clarifies or changes the criteria it uses to assign equity credit for securities such as the preferred stock. The second call option allows Duke Energy to call the preferred stock, in whole or in part, at any time, on or after June 15, 2024, at a redemption price of \$25 per depositary share. Duke Energy is also required to redeem all accumulated and unpaid dividends if either call option is exercised.

Holders of the preferred stock have no voting rights with respect to matters that generally require the approval of voting stockholders. The limited voting rights of holders of preferred stock include the right to vote as a single class on certain matters that may affect the preference or special rights of the preferred stock, except in the instance that Duke Energy elects to defer the payment of dividends for a total of six quarterly full dividend periods. If dividends are deferred for a cumulative total of six quarterly full dividend periods, whether or not for consecutive dividend periods, holders of the preferred stock have the right to nominate two additional Board members to the Duke Energy Board of Directors.

16. EMPLOYEE BENEFIT PLANS**DEFINED BENEFIT RETIREMENT PLANS**

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

QUALIFIED PENSION PLANS

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

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

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

NON-QUALIFIED PENSION PLANS

Net periodic pension costs for non-qualified pension plans were not material for the three months ended March 31, 2019, and 2018.

OTHER POST-RETIREMENT BENEFIT PLANS

Net periodic costs for other post-retirement benefit plans were not material for the three months ended March 31, 2019, and 2018.

17. INCOME TAXES**EFFECTIVE TAX RATES**

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

	Three Months Ended March 31,	
	2019	2018
Duke Energy	9.6%	22.5%
Duke Energy Carolinas	17.7%	22.0%
Progress Energy	17.3%	13.2%
Duke Energy Progress	17.8%	14.1%
Duke Energy Florida	19.3%	16.3%
Duke Energy Ohio	16.9%	32.4%
Duke Energy Indiana	24.1%	25.9%
Piedmont	21.8%	24.1%

The decrease in the ETR for Duke Energy is primarily due to a one-time valuation allowance charge in the prior year, an adjustment related to the income tax recognition for equity method investments recorded in the first quarter of 2019 and the amortization of excess deferred taxes. This adjustment was immaterial and relates to prior years.

The decrease in the ETR for Duke Energy Carolinas is primarily due to the amortization of excess deferred taxes.

The increase in the ETR for Progress Energy is primarily due to a reduction in AFUDC equity and lower amortization of excess deferred taxes in the current year.

The increase in the ETR for Duke Energy Progress is primarily due to lower amortization of excess deferred taxes in the current year.

The increase in the ETR for Duke Energy Florida is primarily due to a reduction in AFUDC equity in the current year.

The decrease in the ETR for Duke Energy Ohio is primarily due to the amortization of excess deferred taxes.

The decrease in the ETR for Duke Energy Indiana is primarily due to the amortization of excess deferred taxes.

The decrease in the ETR for Piedmont is primarily due to the amortization of excess deferred taxes.

18. SUBSEQUENT EVENTS

For information on subsequent events related to the Commercial Renewables segment, regulatory matters, commitments and contingencies and stockholders' equity, see Notes 2, 3, 4 and 15, respectively.

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

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

DUKE ENERGY

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

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

Executive Overview

NCDEQ Coal Ash Evaluation

On April 1, 2019, NCDEQ issued a closure determination requiring Duke Energy Carolinas and Duke Energy Progress to excavate all remaining coal ash impoundments at the Allen, Belews Creek, Rogers, Marshall, Mayo and Roxboro facilities in North Carolina. Duke Energy is making strong progress to permanently close every ash basin in North Carolina in ways that fully protect people and the environment, while keeping costs down as much as possible for customers. With respect to the final six sites, which NCDEQ has ruled as low risk, science and engineering support a variety of closure methods including capping in place and hybrid cap-in-place as appropriate solutions that protect public health and the environment. These closure options are also consistent with how hundreds of other basins around the country are expected to be closed. Because the process by which NCDEQ arrived at its excavation decision lacked full consideration of the science and engineering, Duke Energy Carolinas and Duke Energy Progress filed Petitions for Contested Case Hearings in the Office of Administrative Hearings on April 26, 2019, to challenge NCDEQ's determination that all ash basins must be excavated.

Duke Energy estimates the undiscounted, unadjusted cost to close the remaining impoundments by excavation, as outlined in the NCDEQ closure determination, will be approximately \$4 billion to \$5 billion more than the prior project cost estimate of \$5.6 billion in the aggregate for the closure for all Duke Energy Carolinas and Duke Energy Progress impoundments. Excavation would likely extend beyond the required federal and state deadlines for impoundment closure. Duke Energy intends to seek recovery of all costs through the ratemaking process consistent with previous proceedings. For more information, see Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements.

Regulatory Activity

In 2019, Duke Energy advanced regulatory activity underway in multiple jurisdictions as follows:

- New base rates were implemented in the Duke Energy Ohio Electric Base Rate Case on January 2, 2019.
- On January 11, 2019, Duke Energy Progress filed a request with the PSCSC, which included a request for the continuation of prior deferrals requested for ice storms and hurricanes Florence, Michael and Matthew. The request was approved on January 30, 2019.
- On January 30, 2019, Duke Energy Kentucky entered into a settlement agreement with the Attorney General of Kentucky related to the Natural Gas Base Rate Case. The settlement provides for an approximate \$7 million increase in natural gas base revenue and approval of the proposed Weather Normalization Mechanism. The KPSC issued its Order approving the settlement without material modification on March 27, 2019.
- The evidentiary hearing on the Duke Energy Carolinas 2018 South Carolina Rate Case concluded on March 27, 2019. A PSCSC Commission Directive was issued on May 1, 2019. A final order and revised customer rates are expected by mid-2019.
- On April 1, 2019, Piedmont filed an application with the NCUC, its first general rate case in North Carolina in six years. Piedmont expects new rates arising from this proceeding to take effect by the end of 2019.
- The evidentiary hearing on the Duke Energy Progress 2018 South Carolina Rate Case concluded on April 17, 2019. A PSCSC Commission Directive was issued on May 8, 2019. A final order and revised customer rates are expected by mid-2019.
- Duke Energy Florida continues to make progress on storm cost recovery related to hurricanes Irma, Nate, and Michael. The FPSC has scheduled the hearing for Hurricane Irma and Hurricane Nate costs on May 21, 2019, to consider the Storm Cost Settlement Agreement filed with the FPSC. Duke Energy Florida filed a separate petition with the FPSC on April 30, 2019, to recover incremental storm restoration costs for Hurricane Michael and to apply tax savings resulting from the Tax Act toward storm costs in lieu of implementing a storm surcharge. Storm costs are currently expected to be fully recovered by approximately year-end 2021.

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

Results of Operations

Non-GAAP Measures

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

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

Special items for the three months ended March 31, 2018 included the following items:

- Costs to Achieve Piedmont Merger represents charges that result from the Piedmont acquisition.
- Regulatory Settlements represents charges related to rate case orders, settlements or other actions of regulators.
- Sale of Retired Plant represents the loss associated with selling Beckjord, a nonregulated generating facility in Ohio.
- Impairment of Equity Method Investment represents an OTTI of an investment in Constitution.
- Impacts of the Tax Act represents an AMT valuation allowance recognized related to the Tax Act.

Three Months Ended March 31, 2019, as compared to March 31, 2018

GAAP Reported EPS was \$1.24 for the first quarter of 2019 compared to \$0.88 for the first quarter of 2018. The increase in GAAP Reported EPS was primarily due to prior year regulatory settlements, impairments charges, an AMT valuation allowance and a loss on sale of a retired plant.

As discussed above, management also evaluates financial performance based on adjusted diluted EPS. Duke Energy's first quarter 2019 adjusted diluted EPS was \$1.24 compared to \$1.28 for the first quarter of 2018. The decrease in adjusted earnings was primarily due to unfavorable weather and volumes, higher depreciation and interest expenses and share dilution from equity issuances, partially offset by positive rate case impacts and an adjustment related to the income tax recognition for equity method investments. This adjustment was immaterial and relates to prior years.

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

(in millions, except per-share amounts)	Three Months Ended March 31,			
	2019		2018	
	Earnings	EPS	Earnings	EPS
GAAP Reported Earnings/GAAP Reported EPS	\$ 900	\$ 1.24	\$ 620	\$ 0.88
Adjustments:				
Costs to Achieve Piedmont Merger ^(a)	—	—	13	0.02
Regulatory Settlements ^(b)	—	—	66	0.09
Sale of Retired Plant ^(c)	—	—	82	0.12
Impairment of Equity Method Investment ^(d)	—	—	42	0.06
Impacts of the Tax Act (AMT valuation allowance)	—	—	76	0.11
Adjusted Earnings/Adjusted Diluted EPS	\$ 900	\$ 1.24	\$ 899	\$ 1.28

- (a) Net of \$4 million tax benefit.
(b) Net of \$20 million tax benefit.
(c) Net of \$25 million tax benefit.
(d) Net of \$13 million tax benefit.

SEGMENT RESULTS

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

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

Electric Utilities and Infrastructure

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 5,329	\$ 5,323	\$ 6
Operating Expenses			
Fuel used in electric generation and purchased power	1,630	1,685	(55)
Operation, maintenance and other	1,282	1,325	(43)
Depreciation and amortization	947	835	112
Property and other taxes	301	274	27
Impairment charges	—	43	(43)
Total operating expenses	4,160	4,162	(2)
(Losses) Gains on Sales of Other Assets and Other, net	(3)	1	(4)
Operating Income	1,166	1,162	4
Other Income and Expenses, net	91	88	3
Interest Expense	338	317	21
Income Before Income Taxes	919	933	(14)
Income Tax Expense	169	183	(14)
Segment Income	\$ 750	\$ 750	\$ —
Duke Energy Carolinas GWh sales	21,828	22,627	(799)
Duke Energy Progress GWh sales	16,348	17,226	(878)
Duke Energy Florida GWh sales	8,321	9,119	(798)
Duke Energy Ohio GWh sales	6,164	6,072	92
Duke Energy Indiana GWh sales	8,033	8,485	(452)
Total Electric Utilities and Infrastructure GWh sales	60,694	63,529	(2,835)
Net proportional MW capacity in operation	49,725	48,831	894

Three Months Ended March 31, 2019, as compared to March 31, 2018

Electric Utilities and Infrastructure's results were impacted by a positive contribution from the 2018 Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases, Duke Energy Florida's base rate adjustments due to the Citrus County CC being placed in service, lower operation, maintenance and other expense and lower income tax expense.

These drivers were offset by unfavorable weather in the current year, unfavorable weather-normal retail sales volumes, higher depreciation from a growing asset base and higher interest expense. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven primarily by:

- a \$177 million increase in retail pricing primarily due to the prior year Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases and Duke Energy Florida's base rate adjustments related to generation assets being placed into service.

Partially offset by:

- a \$66 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year;
- a \$58 million decrease in fuel related revenues due primarily to lower sales volumes and decreases in fuel rates billed to customers; and
- a \$30 million decrease in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by:

- a \$55 million decrease in fuel used in electric generation and purchased power primarily due to lower purchased power and lower deferred fuel and capacity expenses;
- a \$43 million decrease in operation, maintenance and other expense primarily due to prior year impacts associated with the North Carolina rate cases; and
- a \$43 million decrease in impairment charges primarily due to prior year impacts associated with the Duke Energy Progress North Carolina rate case.

Partially offset by:

- a \$112 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs, additional plant in service and new depreciation rates associated with the prior year Duke Energy Carolinas and Duke Energy Progress North Carolina rate cases; and
- a \$27 million increase in property and other taxes primarily due to higher property taxes for additional plant in service in the current year and a favorable sales and use tax credit in the prior year at Duke Energy Progress.

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

Income Tax Expense. The variance was primarily due to lower pretax income and amortization of excess deferred taxes. The ETRs for the three months ended March 31, 2019, and 2018 were 18.4 percent and 19.6 percent, respectively. The decrease in the ETR was primarily due to the amortization of excess deferred taxes partially offset by lower AFUDC equity in the current year.

Matters Impacting Future Electric Utilities and Infrastructure Results

On May 1, 2019, and May 8, 2019, Duke Energy Carolinas and Duke Energy Progress, respectively, received a Commission Directive from the PSCSC granting the companies' requests for retail rate increases but denying recovery of certain coal ash costs. Duke Energy Carolinas and Duke Energy Progress intend to file a Petition for Rehearing with the PSCSC. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

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

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

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas may petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. While Duke Energy Progress did not request recovery of these costs in its most recent case with the NCUC, Duke Energy Progress may request recovery of certain grid modernization costs in future regulatory proceedings. Electric Utilities and Infrastructure's results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment.

During the last half of 2018, Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territories of Duke Energy Carolinas and Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Carolinas and Duke Energy Progress filed with the NCUC petitions for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. Duke Energy Progress filed a similar request with the PSCSC on January 11, 2019, which also included a request for the continuation of prior deferrals requested for other storms, and on January 30, 2019, the PSCSC issued a directive approving the deferral request. Duke Energy Florida filed a petition on April 30, 2019, with the FPSC to recover incremental storm costs consistent with the provisions in its 2017 Settlement. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed for recovery of the storm costs relating to Hurricane Irma and Hurricane Nate, as well as the replenishment of Duke Energy Florida's storm reserve. Storm costs are currently expected to be fully recovered by approximately mid-2021. On April 9, 2019, Duke Energy Florida filed an unopposed motion to approve a settlement resolving all outstanding issues related to the May 31, 2018 filing. The commission has scheduled a hearing to begin on May 21, 2019, to consider this Storm Cost Agreement. An order disallowing recovery of these costs could have an adverse impact on Electric Utilities and Infrastructure's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

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

Gas Utilities and Infrastructure

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 756	\$ 727	\$ 29
Operating Expenses			
Cost of natural gas	327	313	14
Operation, maintenance and other	110	108	2
Depreciation and amortization	65	61	4
Property and other taxes	33	31	2
Total operating expenses	535	513	22
Operating Income	221	214	7
Other Income and Expenses, net	40	(35)	75
Interest Expense	30	27	3
Income Before Income Taxes	231	152	79
Income Tax Expense	5	36	(31)
Segment Income	\$ 226	\$ 116	\$ 110
Piedmont LDC throughput (dekatherms)	151,665,924	154,901,379	(3,235,455)
Duke Energy Midwest LDC throughput (Mcf)	38,538,272	37,126,065	1,412,207

Three Months Ended March 31, 2019, as compared to March 31, 2018

Gas Utilities and Infrastructure's results were primarily impacted by the prior year OTTI recorded on the Constitution investment and an adjustment related to the income tax recognition for equity method investments. This adjustment was immaterial and relates to prior years. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The variance was driven by:

- a \$14 million increase primarily due to higher natural gas prices associated with off-system sales;
- a \$7 million increase primarily due to NCUC approval related to tax reform accounting from fixed rate contracts;
- a \$5 million increase primarily due to North Carolina and Tennessee IMR increases; and
- a \$4 million increase due to customer growth.

Operating Expenses. The variance was driven by:

- a \$14 million increase in cost of natural gas primarily due to the impact of higher natural gas prices on off-system sales and unbilled revenue; and
- a \$4 million increase in depreciation and amortization expense primarily due to additional plant in service.

Other Income and Expenses, net. The increase was primarily due to the prior year OTTI recorded on the Constitution investment and higher earnings from ACP in the current year.

Income Tax Expense. The variance was primarily due to an adjustment related to the income tax recognition for equity method investments, partially offset by an increase in pretax income. This adjustment was immaterial and relates to prior years. The ETRs for the three months ended March 31, 2019, and 2018 were 2.2 percent and 23.7 percent, respectively. The decrease in the ETR was primarily due to an adjustment related to the income tax recognition for equity method investments that was recorded during the first quarter of 2019. This adjustment was immaterial and relates to prior years.

Matters Impacting Future Gas Utilities and Infrastructure Results

Gas Utilities and Infrastructure has a 47 percent ownership interest in ACP, which is building an approximately 600-mile interstate natural gas pipeline intended to transport diverse natural gas supplies into southeastern markets. Affected states (West Virginia, Virginia and North Carolina) have issued certain necessary permits; the project remains subject to other pending federal and state approvals, which will allow full construction activities to begin. In 2018, FERC issued a series of Notices to Proceed, which authorized the project to begin certain construction-related activities along the pipeline route. Project cost estimates are a range of \$7.0 billion to \$7.8 billion, excluding financing costs. ACP expects to achieve a late 2020 in-service date for key segments of the project, while it expects a remainder to extend into 2021. Project construction activities, schedule and final costs are subject to uncertainty due to abnormal weather, work delays (including delays due to judicial or regulatory action) and other conditions and risks that could result in potential higher project costs, a potential delay in the targeted in-service dates, permanent or temporary suspension of AFUDC and potential impairment charges. ACP and Duke Energy will continue to consider their options with respect to the foregoing in light of their existing contractual and legal obligations. See Notes 3 and 13 to the Condensed Consolidated Financial Statements, "Regulatory Matters" and "Variable Interest Entities," respectively, for additional information.

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

Commercial Renewables

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 106	\$ 101	\$ 5
Operating Expenses			
Operation, maintenance and other	66	55	11
Depreciation and amortization	40	38	2
Property and other taxes	6	7	(1)
Total operating expenses	112	100	12
Operating (Loss) Income	(6)	1	(7)
Other Income and Expenses, net	(2)	2	(4)
Interest Expense	21	22	(1)
Loss Before Income Taxes	(29)	(19)	(10)
Income Tax Benefit	(35)	(39)	4
Less: Loss Attributable to Noncontrolling Interests	(7)	—	(7)
Segment Income	\$ 13	\$ 20	\$ (7)
Renewable plant production, GWh	2,068	2,180	(112)
Net proportional MW capacity in operation ^(a)	2,996	2,943	53

(a) Certain projects are included in tax-equity structures where investors have differing interests in the project's economic attributes. In 2019, 100 percent of the tax-equity project's capacity is included in the table above.

Three Months Ended March 31, 2019, as compared to March 31, 2018

Commercial Renewables' results were unfavorably impacted by lower wind production and higher operating expenses, partially offset by results from tax-equity structures. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. The increase is primarily due to an increase in the number of EPC agreements at REC Solar, offset by unfavorable wind portfolio revenue due to low winds.

Operating Expenses. The increase was primarily due to an increase in the number of EPC agreements at REC Solar and higher operating expenses in the solar portfolio.

Other Income and Expenses, net. The decrease is due to mark-to-market losses in the solar portfolio.

Income Tax Benefit. The variance was primarily due to a reduction in production tax credits generated in the current year.

Loss Attributable to Noncontrolling Interests. The increase is driven by the new tax equity structures entered into during 2018.

Matters Impacting Future Commercial Renewables Results

Persistently low market pricing for wind resources, primarily in the Electric Reliability Council of Texas West and PJM West markets, persistently low renewable resources and the future expiration of tax incentives including investment tax credits and production tax credits could result in adverse impacts to the future results of operations, financial position and cash flows of Commercial Renewables.

On April 24, 2019, Duke Energy executed an agreement to sell a minority interest in a portion of certain renewable assets. The portion of Duke Energy's commercial renewables energy portfolio to be sold includes 49 percent of 37 operating wind, solar and battery storage assets and 33 percent of 11 operating solar assets across the U.S. Duke Energy Renewable Services, an operations and maintenance business for third-party customers, and REC Solar are not included in the potential transaction. The sale will result in pretax proceeds to Duke Energy of \$415 million. Duke Energy will retain control of these assets, and, therefore, no gain or loss is expected to be recognized in the Condensed Consolidated Statements of Operations upon closing of the transaction. Duke Energy will also retain the majority of the remaining tax benefits from the projects. Duke Energy will continue to develop projects, grow its portfolio and manage its renewables assets. The sale is subject to customary closing conditions, including approvals from the FERC, the Public Utility Commission of Texas and the Committee on Foreign Investment in the U.S. The transaction is expected to close in the second half of 2019.

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

Other

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 21	\$ 35	\$ (14)
Operating Expenses	28	54	(26)
Losses on Sales of Other Assets and Other, net	—	(101)	101
Operating Loss	(7)	(120)	113
Other Income and Expenses, net	44	14	30
Interest Expense	171	157	14
Loss Before Income Taxes	(134)	(263)	129
Income Tax (Benefit) Expense	(45)	1	(46)
Less: Income Attributable to Noncontrolling Interests	—	2	(2)
Net Loss	\$ (89)	\$ (266)	\$ 177

Three Months Ended March 31, 2019, as compared to March 31, 2018

The variance was driven by the prior year loss on sale of the retired Beckjord station and lower income taxes due to a 2018 adjustment to record a valuation allowance. The following is a detailed discussion of the variance drivers by line item.

Operating Revenues. Lower operating revenues were due to amounts in the prior year related to Duke Energy Ohio's entitlement of capacity and energy from OVEC's power plants. In the current year, the revenues and expenses for OVEC are reflected in the Electric Utilities and Infrastructure segment due to the 2018 PUCO Order that approved Duke Energy to recover or credit amounts through Rider PSR. These amounts are deemed immaterial. Therefore, the prior period amounts were not restated.

Operating Expenses. Lower operating expenses were due to the absence in the current year of transaction and integration costs associated with the Piedmont acquisition and OVEC fuel expense.

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

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

Interest Expense. The variance was primarily due to higher short-term interest rates and an increase in outstanding debt.

Income Tax (Benefit) Expense. The variance was primarily driven by the prior year valuation allowance against AMT credits partially offset by a lower pretax loss in the current year.

DUKE ENERGY CAROLINAS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 1,744	\$ 1,763	\$ (19)
Operating Expenses			
Fuel used in electric generation and purchased power	472	473	(1)
Operation, maintenance and other	440	451	(11)
Depreciation and amortization	317	272	45
Property and other taxes	80	72	8
Impairment charges	—	13	(13)
Total operating expenses	1,309	1,281	28
Operating Income	435	482	(47)
Other Income and Expenses, net	31	39	(8)
Interest Expense	110	107	3
Income Before Income Taxes	356	414	(58)
Income Tax Expense	63	91	(28)
Net Income	\$ 293	\$ 323	\$ (30)

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

Increase (Decrease) over prior year	2019
Residential sales	(6.4)%
General service sales	(1.8)%
Industrial sales	(1.0)%
Wholesale power sales	(16.8)%
Joint dispatch sales	31.4 %
Total sales	(3.5)%
Average number of customers	2.0 %

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$32 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year;
- a \$25 million decrease in rider revenues primarily related to energy efficiency programs; and
- a \$14 million decrease in weather-normal retail sales volumes.

Partially offset by:

- a \$51 million increase in retail pricing due to the impacts of the prior year North Carolina rate case.

Operating Expenses. The variance was driven primarily by:

- a \$45 million increase in depreciation and amortization expense primarily due to additional plant in service, new depreciation rates associated with the prior year North Carolina rate case and higher amortization of deferred coal ash costs associated with the prior year North Carolina rate case.

Partially offset by:

- a \$13 million decrease in impairment charges related to prior year coal ash costs in South Carolina.

Other Income and Expenses, net. The variance was primarily due to lower AFUDC equity related to W.S. Lee CC.

Income Tax Expense. The variance was primarily due to a decrease in pretax income and the amortization of excess deferred taxes. The ETRs for the three months ended March 31, 2019, and 2018 were 17.7 percent and 22.0 percent, respectively. The decrease in the ETR was primarily due to the amortization of excess deferred taxes.

Matters Impacting Future Results

On May 1, 2019, Duke Energy Carolinas received a Commission Directive from the PSCSC granting its request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Carolinas intends to file a Petition for Rehearing with the PSCSC. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

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

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

On June 22, 2018, Duke Energy Carolinas received an order from the NCUC, which denied the Grid Rider Stipulation and deferral treatment of grid improvement costs. Duke Energy Carolinas may petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization. Duke Energy Carolinas' results of operations, financial position and cash flows could be adversely impacted if grid modernization costs are not ultimately approved for recovery and/or deferral treatment.

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

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

PROGRESS ENERGY

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 2,572	\$ 2,576	\$ (4)
Operating Expenses			
Fuel used in electric generation and purchased power	925	976	(51)
Operation, maintenance and other	567	623	(56)
Depreciation and amortization	455	384	71
Property and other taxes	137	123	14
Impairment charges	—	29	(29)
Total operating expenses	2,084	2,135	(51)
Gains on Sales of Other Assets and Other, net	—	6	(6)
Operating Income	488	447	41
Other Income and Expenses, net	31	35	(4)
Interest Expense	219	209	10
Income Before Income Taxes	300	273	27
Income Tax Expense	52	36	16
Net Income	248	237	11
Less: Net (Loss) Income Attributable to Noncontrolling Interests	(1)	2	(3)
Net Income Attributable to Parent	\$ 249	\$ 235	\$ 14

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$51 million decrease in fuel and capacity revenues primarily due to a decrease in demand and a decrease in fuel and capacity rates billed to customers at Duke Energy Florida;
- a \$36 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year; and
- a \$14 million decrease in weather-normal retail sales volumes.

Partially offset by:

- a \$111 million increase in retail pricing primarily due to the impacts of the prior year Duke Energy Progress North Carolina rate case, Duke Energy Florida's base rate adjustments related to the Citrus County CC being placed into service and annual increases from the 2017 Settlement Agreement.

Operating Expenses. The variance was driven primarily by:

- a \$56 million decrease in operation, maintenance and other expense primarily due to prior year impacts associated with the Duke Energy Progress North Carolina rate case, lower outage costs at Duke Energy Progress and lower employee benefit costs at Duke Energy Progress and Duke Energy Florida;
- a \$51 million decrease in fuel used in electric generation and purchased power primarily due to lower purchased power and lower deferred fuel and capacity expenses; and
- a \$29 million decrease in impairment charges primarily due to prior year impacts associated with the Duke Energy Progress North Carolina rate case.

Partially offset by:

- a \$71 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs, new depreciation rates associated with the prior year Duke Energy Progress North Carolina rate case and Citrus County CC being placed in service and other additional plant in service at Duke Energy Florida; and
- a \$14 million increase in property and other taxes primarily due to higher property taxes due to additional plant in service at Duke Energy Florida in the current year and a favorable sales and use tax credit in the prior year at Duke Energy Progress.

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

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income and lower AFUDC equity in the current year. The ETRs for the three months ended March 31, 2019, and 2018 were 17.3 percent and 13.2 percent, respectively. The increase in the ETR was primarily due to lower AFUDC equity and amortization of excess deferred taxes in the current year.

Matters Impacting Future Results

On May 8, 2019, Duke Energy Progress received a Commission Directive from the PSCSC granting its request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Progress intends to file a Petition for Rehearing with the PSCSC. Progress Energy's results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

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

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

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

During the last half of 2018, Duke Energy Progress and Duke Energy Florida's service territories were impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages to the service territory of Duke Energy Progress. Duke Energy Florida's service territory was also impacted by Hurricane Michael, a Category 5 hurricane and the most powerful storm to hit the Florida Panhandle in recorded history. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Progress filed with the NCUC a petition for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. Duke Energy Progress filed a similar request with the PSCSC on January 11, 2019, which also included a request for the continuation of prior deferrals requested for other storms, and on January 30, 2019, the PSCSC issued a directive approving the deferral request. Duke Energy Florida anticipates filed a petition on April 30, 2019, with the FPSC to recover incremental storm costs consistent with the provisions in its 2017 Settlement. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed for recovery of the storm costs relating to Hurricane Irma and Hurricane Nate, as well as the replenishment of Duke Energy Florida's storm reserve. Storm costs are currently expected to be fully recovered by approximately mid-2021. On April 9, 2019, Duke Energy Florida filed an unopposed motion to approve a settlement resolving all outstanding issues related to the May 31, 2018 filing. The commission has scheduled a hearing to begin on May 21, 2019, to consider this Storm Cost Settlement Agreement. An order disallowing recovery of these costs could have an adverse impact on Progress Energy's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

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

DUKE ENERGY PROGRESS

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 1,484	\$ 1,460	\$ 24
Operating Expenses			
Fuel used in electric generation and purchased power	515	509	6
Operation, maintenance and other	335	381	(46)
Depreciation and amortization	290	235	55
Property and other taxes	44	35	9
Impairment charges	—	32	(32)
Total operating expenses	1,184	1,192	(8)
Gains on Sales of Other Assets and Other, net	—	1	(1)
Operating Income	300	269	31
Other Income and Expenses, net	24	18	6
Interest Expense	77	81	(4)
Income Before Income Taxes	247	206	41
Income Tax Expense	44	29	15
Net Income	\$ 203	\$ 177	\$ 26

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

Increase (Decrease) over prior period	2019
Residential sales	(10.9)%
General service sales	(5.2)%
Industrial sales	2.6 %
Wholesale power sales	(9.7)%
Joint dispatch sales	10.6 %
Total sales	(5.1)%
Average number of customers	1.3 %

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$54 million increase in pricing from impacts of the prior year North Carolina rate case; and
- a \$15 million increase in JAAR revenues in conjunction with implementation of new base rates.

Partially offset by:

- a \$19 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year;
- a \$16 million decrease in wholesale power revenues, net of fuel revenues, primarily due to lower peak demand; and
- a \$14 million decrease in weather-normal retail sales volumes.

Operating Expenses. The variance was driven primarily by:

- a \$46 million decrease in operation, maintenance and other expense primarily due to prior year impacts associated with the North Carolina rate case and lower employee benefit and outage costs; and
- a \$32 million decrease in impairment charges due to prior year impacts associated with the North Carolina rate case.

Partially offset by:

- a \$55 million increase in depreciation and amortization expense primarily due to higher amortization of deferred coal ash costs and new depreciation rates associated with the prior year North Carolina rate case; and
- a \$9 million increase in property and other taxes primarily due to a favorable sales and use tax credit in the prior year.

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income. The ETRs for the three months ended March 31, 2019, and 2018 were 17.8 percent and 14.1 percent, respectively. The increase in the ETR was primarily due to lower amortization of excess deferred taxes in the current year.

Matters Impacting Future Results

On May 8, 2019, Duke Energy Progress received a Commission Directive from the PSCSC granting its request for a retail rate increase but denying recovery of certain coal ash costs. Duke Energy Progress intends to file a Petition for Rehearing with the PSCSC. Duke Energy Progress' results of operations, financial position and cash flows could be adversely impacted if coal ash costs are not ultimately approved for recovery. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

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

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

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

During the last half of 2018, Duke Energy Progress' service territory was impacted by several named storms. Hurricane Florence, Hurricane Michael and Winter Storm Diego caused flooding, extensive damage and widespread power outages in the service territory. A significant portion of the incremental operation and maintenance expenses related to these storms have been deferred. On December 21, 2018, Duke Energy Progress filed with the NCUC a petition for approval to defer the incremental storm costs incurred to a regulatory asset for recovery in the next base rate case. Duke Energy Progress filed a similar request with the PSCSC on January 11, 2019, which also included a request for the continuation of prior deferrals requested for other storms, and on January 30, 2019, the PSCSC issued a directive approving the deferral request. An order from regulatory authorities disallowing the deferral and future recovery of storm restoration costs could have an adverse impact on Duke Energy Progress' results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

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

DUKE ENERGY FLORIDA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 1,086	\$ 1,115	\$ (29)
Operating Expenses			
Fuel used in electric generation and purchased power	410	467	(57)
Operation, maintenance and other	230	237	(7)
Depreciation and amortization	165	150	15
Property and other taxes	93	88	5
Total operating expenses	898	942	(44)
Operating Income	188	173	15
Other Income and Expenses, net	13	21	(8)
Interest Expense	82	71	11
Income Before Income Taxes	119	123	(4)
Income Tax Expense	23	20	3
Net Income	\$ 96	\$ 103	\$ (7)

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

Increase (Decrease) over prior period	2019
Residential sales	(6.9)%
General service sales	(4.9)%
Industrial sales	(10.7)%
Wholesale and other	(33.0)%
Total sales	(8.8)%
Average number of customers	1.7 %

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$51 million decrease in fuel and capacity revenues primarily due to a decrease in demand and a decrease in fuel and capacity rates billed to retail customers;
- a \$17 million decrease in retail sales, net of fuel revenues, due to unfavorable weather in the current year; and
- a \$12 million decrease in retail rider revenues primarily related to decreased revenue requirements in the current year.

Partially offset by:

- a \$57 million increase in retail pricing due to base rate adjustments related to the Citrus County CC being placed in service and annual increases from the 2017 Settlement Agreement.

Operating Expenses. The variance was driven primarily by:

- a \$57 million decrease in fuel used in electric generation and purchased power primarily due to lower purchased power and lower deferred fuel and capacity expenses; and
- a \$7 million decrease in operations, maintenance and other expense primarily due to lower employee benefit costs.

Partially offset by:

- a \$15 million increase in depreciation and amortization expense primarily due to the Citrus County CC being placed in service and additional plant in service; and
- a \$5 million increase in property and other taxes primarily due to higher property taxes due to additional plant in service.

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

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

Income Tax Expense. The increase in tax expense was primarily due to lower AFUDC equity in the current year. The ETRs for the three months ended March 31, 2019, and 2018 were 19.3 percent and 16.3 percent, respectively. The increase in the ETR was primarily due to lower AFUDC equity in the current year.

Matters Impacting Future Results

On October 10, 2018, Hurricane Michael made landfall on Florida's Panhandle as a Category 5 hurricane, the most powerful storm to hit the Florida Panhandle in recorded history. The storm caused significant damage within the service territory of Duke Energy Florida, particularly from Panama City Beach to Mexico Beach. Duke Energy Florida has not completed the final accumulation of total estimated storm restoration costs incurred. Given the magnitude of the storm, Duke Energy Florida filed a petition on April 30, 2019, with the FPSC to recover incremental storm costs consistent with the provisions in its 2017 Settlement. An order from regulatory authorities disallowing the future recovery of storm restoration costs could have an adverse impact on Duke Energy Florida's financial position, results of operations and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

On February 6, 2018, the FPSC approved a stipulation that would apply tax savings resulting from the Tax Act toward storm costs effective January 2018 in lieu of implementing a storm surcharge. On May 31, 2018, Duke Energy Florida filed for recovery of the storm costs relating to Hurricane Irma and Hurricane Nate, as well as the replenishment of Duke Energy Florida's storm reserve. Storm costs are currently expected to be fully recovered by approximately mid-2021. On April 9, 2019, Duke Energy Florida filed an unopposed motion to approve a settlement resolving all outstanding issues related to the May 31, 2018 filing. The commission has scheduled a hearing to begin on May 21, 2019, to consider this Storm Cost Settlement Agreement. An order disallowing recovery of these costs could have an adverse impact on Duke Energy Florida's results of operations, financial position and cash flows. See Note 3 to the Condensed Consolidated Financial Statements, "Regulatory Matters," for additional information.

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

DUKE ENERGY OHIO

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues			
Regulated electric	\$ 355	\$ 336	\$ 19
Regulated natural gas	176	174	2
Nonregulated electric and other	—	14	(14)
Total operating revenues	531	524	7
Operating Expenses			
Fuel used in electric generation and purchased power – regulated	93	92	1
Fuel used in electric generation and purchased power – nonregulated	—	15	(15)
Cost of natural gas	54	54	—
Operation, maintenance and other	132	131	1
Depreciation and amortization	64	70	(6)
Property and other taxes	84	77	7
Total operating expenses	427	439	(12)
Losses on Sales of Other Assets and Other, net	—	(106)	106
Operating Income (Loss)	104	(21)	125
Other Income and Expenses, net	9	6	3
Interest Expense	30	22	8
Income (Loss) Before Income Taxes	83	(37)	120
Income Tax Expense (Benefit)	14	(12)	26
Net Income (Loss)	\$ 69	\$ (25)	\$ 94

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

	Electric	Natural Gas
Increase (Decrease) over prior year	2019	2019
Residential sales	(1.6)%	4.5%
General service sales	(1.9)%	5.5%
Industrial sales	0.5 %	0.8%
Wholesale electric power sales	42.0 %	n/a
Other natural gas sales	n/a	—%
Total sales	1.5 %	3.8%
Average number of customers	0.7 %	0.8%

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$19 million increase in base price as a result of rate case impacts;
- a \$5 million increase in weather-normal sales volumes; and
- a \$4 million increase in point-to-point transmission revenues.

Partially offset by:

- a \$9 million decrease in rider revenues related to the implementation of new base rates;
- a \$9 million decrease in FTR revenues; and
- a \$3 million decrease in OVEC revenues.

Operating Expenses. The variance was driven primarily by:

- a \$14 million decrease in fuel used in electric generation and purchased power expense due to prior year's outage at East Bend Station and the deferral of OVEC related purchased power costs; and
- a \$6 million decrease in depreciation and amortization expense primarily due to the ending of smart grid amortizations.

Partially offset by:

- a \$7 million increase in property and other taxes primarily due to higher property tax expense.

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

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

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

Income Tax Expense. The increase in tax expense was primarily due to an increase in pretax income. The ETRs for the three months ended March 31, 2019, and 2018 were 16.9 percent and 32.4 percent, respectively. The decrease in the ETR was primarily due to the amortization of excess deferred taxes.

Matters Impacting Future Results

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

DUKE ENERGY INDIANA

Management's Discussion and Analysis should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 768	\$ 731	\$ 37
Operating Expenses			
Fuel used in electric generation and purchased power	257	232	25
Operation, maintenance and other	189	181	8
Depreciation and amortization	131	130	1
Property and other taxes	19	20	(1)
Total operating expenses	596	563	33
Losses on Sales of Other Assets and Other, net	(3)	—	(3)
Operating Income	169	168	1
Other Income and Expenses, net	19	7	12
Interest Expense	43	40	3
Income Before Income Taxes	145	135	10
Income Tax Expense	35	35	—
Net Income	\$ 110	\$ 100	\$ 10

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

Increase (Decrease) over prior year	2019
Residential sales	(1.3)%
General service sales	0.3 %
Industrial sales	0.2 %
Wholesale power sales	(38.2)%
Total sales	(5.3)%
Average number of customers	1.4 %

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$23 million increase in fuel revenues primarily due to higher fuel rates billed to customers, partially offset by lower wholesale fuel revenues due to the expiration of a contract with a wholesale customer; and
- a \$19 million increase in rate rider revenues primarily related to higher rates for the Edwardsport IGCC plant, the TDSIC rider and MISO rider revenues.

Operating Expenses. The variance was driven primarily by:

- a \$25 million increase in fuel used in electric generation and purchased power expense primarily due to higher amortization of deferred fuel costs; and
- an \$8 million increase in operation, maintenance and other expense primarily due to higher transmission costs and customer related costs related to energy efficiency programs.

Other Income and Expenses, net. The increase was primarily due to life insurance proceeds.

Matters Impacting Future Results

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

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

PIEDMONT

Management's Discussion and Analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes for the three months ended March 31, 2019, and 2018 and the Annual Report on Form 10-K for the year ended December 31, 2018.

Results of Operations

(in millions)	Three Months Ended March 31,		
	2019	2018	Variance
Operating Revenues	\$ 579	\$ 553	\$ 26
Operating Expenses			
Cost of natural gas	273	259	14
Operation, maintenance and other	80	82	(2)
Depreciation and amortization	42	39	3
Property and other taxes	12	12	—
Total operating expenses	407	392	15
Operating Income	172	161	11
Other Income and Expenses			
Equity in earnings of unconsolidated affiliates	2	2	—
Other income and expenses, net	4	3	1
Total other income and expenses	6	5	1
Interest Expense	22	21	1
Income Before Income Taxes	156	145	11
Income Tax Expense	34	35	(1)
Net Income	\$ 122	\$ 110	\$ 12

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

Increase (Decrease) over prior year	2019
Residential deliveries	(6.7)%
Commercial deliveries	(5.5)%
Industrial deliveries	4.2 %
Power generation deliveries	(1.8)%
For resale	3.3 %
Total throughput deliveries	(2.1)%
Secondary market volumes	13.2 %
Average number of customers	1.2 %

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

Three Months Ended March 31, 2019, as compared to March 31, 2018

Operating Revenues. The variance was driven primarily by:

- a \$14 million increase primarily due to higher natural gas prices associated with off-system sales;
- a \$7 million increase primarily due to NCUC approval related to tax reform accounting from fixed rate contracts;

- a \$5 million increase primarily due to North Carolina and Tennessee IMR increases; and
- a \$4 million increase primarily due to customer growth.

Partially offset by:

- a \$5 million decrease due to a reduction of rates in South Carolina.

Operating Expenses. The variance was primarily driven by:

- a \$14 million increase in cost of natural gas primarily due to the impact of higher natural gas prices on off-system sales and unbilled revenue.

Matters Impacting Future Results

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

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Duke Energy relies primarily upon cash flows from operations, debt and equity issuances and its existing cash and cash equivalents to fund its liquidity and capital requirements. Duke Energy's capital requirements arise primarily from capital and investment expenditures, repaying long-term debt and paying dividends to shareholders. See Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018, for a summary and detailed discussion of projected primary sources and uses of cash for 2019 to 2021. There have been no material changes to Duke Energy's liquidity and capital requirements from December 31, 2018, except as noted below:

- Duke Energy issued \$2 billion of debt and drew \$650 million under the Duke Energy Progress Term Loan Facility during the three months ended March 31, 2019. Refer to Note 6 to the Condensed Consolidated Financial Statements, "Debt and Credit Facilities," for information regarding Duke Energy's debt issuances, debt maturities and available credit facilities including the Master Credit Facility.
- In March 2019, Duke Energy issued preferred stock for net proceeds of \$974 million. Refer to Note 15 to the Condensed Consolidated Financial Statements, "Stockholders' Equity," for information regarding Duke Energy's equity issuances.

Cash Flow Information

The following table summarizes Duke Energy's cash flows.

(in millions)	Three Months Ended	
	March 31,	
	2019	2018
Cash flows provided by (used in):		
Operating activities	\$ 1,239	\$ 1,391
Investing activities	(2,713)	(2,264)
Financing activities	1,433	947
Net (decrease) increase in cash, cash equivalents and restricted cash	(41)	74
Cash, cash equivalents and restricted cash at beginning of period	591	505
Cash, cash equivalents and restricted cash at end of period	\$ 550	\$ 579

OPERATING CASH FLOWS

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

(in millions)	Three Months Ended		
	March 31,		
	2019	2018	Variance
Net income	\$ 893	\$ 622	\$ 271
Non-cash adjustments to net income	1,301	1,610	(309)
Contributions to qualified pension plans	—	(141)	141
Payments for asset retirement obligations	(152)	(122)	(30)
Payment for disposal of other assets	—	(105)	105
Working capital	(803)	(473)	(330)
Net cash provided by operating activities	\$ 1,239	\$ 1,391	\$ (152)

The variance was primarily due to:

- a \$38 million decrease in net income after adjustment for non-cash items primarily due to decreases in current year non-cash adjustments, partially offset by increases in revenues due to rate increases in the current year; and
- a \$330 million increase in cash outflows from working capital primarily due to fluctuations in coal stock inventory and timing of payment of accruals, partially offset by current year decreases in accounts receivable due to higher miscellaneous and trade receivables at December 31, 2018.

Partially offset by:

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

INVESTING CASH FLOWS

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

(in millions)	Three Months Ended		
	March 31,		
	2019	2018	Variance
Capital, investment and acquisition expenditures	\$ (2,630)	\$ (2,161)	\$ (469)
Other investing items	(83)	(103)	20
Net cash used in investing activities	\$ (2,713)	\$ (2,264)	\$ (449)

The variance relates primarily to an increase in capital expenditures due to higher overall investments in the Electric Utilities and Infrastructure and Gas Utilities and Infrastructure segments.

FINANCING CASH FLOWS

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

(in millions)	Three Months Ended		
	March 31,		
	2019	2018	Variance
Issuances of long-term debt, net	\$ 1,536	\$ 753	\$ 783
Issuances of common stock	13	21	(8)
Issuances of preferred stock	974	—	974
Notes payable and commercial paper	(408)	791	(1,199)
Dividends paid	(649)	(599)	(50)
Other financing items	(33)	(19)	(14)
Net cash provided by financing activities	\$ 1,433	\$ 947	\$ 486

The variance was primarily due to:

- a \$974 million increase in proceeds from the issuance of preferred stock; and
- a \$783 million increase in proceeds from net issuances of long-term debt primarily due to the timing of issuances and redemptions of long-term debt.

Partially offset by:

- a \$1,199 million decrease in net proceeds from issuances of notes payable and commercial paper primarily due to the use of proceeds from the preferred stock issuance and increased long-term debt issuances to pay down outstanding commercial paper.

OTHER MATTERS

Environmental Regulations

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

Coal Ash Management Act of 2014

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

AROs recorded on the Duke Energy Carolinas and Duke Energy Progress Condensed Consolidated Balance Sheets at March 31, 2019, and December 31, 2018, include the legal obligation for closure of coal ash basins and the disposal of related ash as a result of the Coal Ash Act, the EPA CCR rule and other agreements. For more information, see Note 7, "Asset Retirement Obligations," to the Condensed Consolidated Financial Statements.

North Carolina Legislation

Based on an independent evaluation process, Duke Energy will produce or purchase a total of 602 MW of renewable energy from projects under the North Carolina's Competitive Procurement of Renewable Energy program. The process used was approved by the NCUC to select projects that would deliver the greatest cost and system benefits to customers. Six Duke Energy projects, totaling about 270 MW, were selected during the competitive bidding process. Next steps include executing contracts for the projects and finalizing a report to be filed with the NCUC around June 2019.

Off-Balance Sheet Arrangements

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

Contractual Obligations

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the three months ended March 31, 2019, there were no material changes to the Duke Energy Registrants' disclosures about market risk. For an in-depth discussion of the Duke Energy Registrants' market risks, see "Quantitative and Qualitative Disclosures about Market Risk" in Item 7 of the Annual Report on Form 10-K for the Duke Energy Registrants.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

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

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2019, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) that occurred during the fiscal quarter ended March 31, 2019, and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

ITEM 1. LEGAL PROCEEDINGS

For information regarding material legal proceedings, including regulatory and environmental matters, see Note 3, "Regulatory Matters," and Note 4, "Commitments and Contingencies," to the Condensed Consolidated Financial Statements. For additional information, see Item 3, "Legal Proceedings," in Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2018.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in the Duke Energy Registrants' Annual Report on Form 10-K for the year ended December 31, 2018, which could materially affect the Duke Energy Registrants' financial condition or future results.

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

None.

ITEM 6. EXHIBITS

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

Exhibit Number		Duke Energy Carolin	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont
3.1	Certificate of Designations with respect to Series A Preferred Stock, dated March 28, 2019 (incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K filed on March 29, 2019, File no. 1-32853).	X						
4.1	Eighty-Ninth Supplemental Indenture (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on March 7, 2019, File no. 1-3382).			X				
4.2	Twenty-First Supplemental Indenture (incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on March 11, 2019, File no. 1-32853).	X						
10.1	Amendment No.4 and Consent, dated as of March 18, 2019, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, LLC, Duke Energy Kentucky, Inc., Duke Energy Progress, LLC, Duke Energy Florida, LLC, and Piedmont Natural Gas Company, Inc., the Lenders party thereto, the Issuing Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent and Swingline Lender (incorporated by reference to Exhibit 10.1 to Registrants' Current Report on Form 8-K filed on March 21, 2019, File nos. 1-32853, 1-4928, 1-3382, 1-3274, 1-1232, 1-3543, 1-6196).	X	X	X	X	X	X	X
*10.2	2019 Performance Share Award Agreement.	X						
*10.3	2018 Restricted Stock Unit Award Agreement.	X						
*31.1.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X						
*31.1.2	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X					
*31.1.3	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X					
*31.1.4	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X				
*31.1.5	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X			
*31.1.6	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X		

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

*32.2.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X					
*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X				
*32.2.5	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.						X			
*32.2.6	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.							X		
*32.2.7	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.								X	
*32.2.8	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.									X
*101.INS	XBRL Instance Document.	X	X	X	X	X	X	X	X	X
*101.SCH	XBRL Taxonomy Extension Schema Document.	X	X	X	X	X	X	X	X	X
*101.CAL	XBRL Taxonomy Calculation Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.LAB	XBRL Taxonomy Label Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.PRE	XBRL Taxonomy Presentation Linkbase Document.	X	X	X	X	X	X	X	X	X
*101.DEF	XBRL Taxonomy Definition Linkbase Document.	X	X	X	X	X	X	X	X	X

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

SIGNATURES

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

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

Date: May 9, 2019

/s/ STEVEN K. YOUNG

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

Date: May 9, 2019

/s/ DWIGHT L. JACOBS

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

PERFORMANCE AWARD AGREEMENT

Duke Energy Corporation (the "Corporation") grants to the individual named below ("Grantee"), in accordance with the terms of the Duke Energy Corporation 2015 Long-Term Incentive Plan, as it may be amended from time to time (the "Plan") and this Performance Award Agreement (the "Agreement"), the following number of Performance Shares (the "Award"), on the Date of Grant set forth below:

Name of Grantee: _____

Target # of Performance Shares: _____

Date of Grant: _____

Performance Period: The three-year period commencing on January 1 of the year in which the Date of Grant occurs

Section 1. Nature of Performance Shares. Each Performance Share, upon becoming vested, represents a right to receive payment in the form of one (1) share of Common Stock (a "Share"). Performance Shares are used solely as units of measurement and are not Shares, and Grantee is not, and has no rights as, a shareholder of the Corporation by virtue of this Award.

Section 2. Vesting of Performance Shares. Subject to Section 3 and 6 below, the Performance Shares shall vest as follows:

(a) The Performance Shares shall vest only if and to the extent the Committee determines that the Performance Goals (as defined in Exhibit A) have been met for the Performance Period set forth above.

(b) In general, Grantee must be employed by the Corporation or a Subsidiary on the last day of the Performance Period to be entitled to payment of any Performance Shares earned under Section 2(a) above. However, Grantee shall be entitled to a pro-rated portion of the Performance Shares earned under Section 2(a) above in the event that, during the Performance Period (i) Grantee ceases to be employed with the Corporation and its Subsidiaries by reason of death or Disability (defined by reference Section 22(e)(3) of the Code), (ii) the Corporation and its Subsidiaries terminate Grantee's employment other than for cause (as determined by the Corporation in its sole discretion), or (iii) Grantee voluntarily terminates employment with the Corporation and its Subsidiaries after having attained age 55 and completed 10 years of consecutive service from Grantee's most recent date of hire or re-hire, as applicable (as determined under such rules

as may be established by the Corporation from time-to-time). The pro-rated portion of the Performance Shares that becomes payable under this Section 2(b), if any, shall be determined by the Committee or its delegate, in its sole discretion, based upon Grantee's continuous employment with the Corporation and its Subsidiaries during the Performance Period (including additional service credit provided to Grantee, if any, under an employment or change in control agreement with the Corporation or a Subsidiary, or a severance plan maintained by the Corporation or a Subsidiary, as applicable).

(c) For purposes of Section 2 of this Agreement, the continuous employment of Grantee with the Corporation and its Subsidiaries shall not be deemed to have been interrupted, and Grantee shall not be deemed to have ceased to be an employee, by reason of the transfer of his or her employment among the Corporation and its Subsidiaries or a leave of absence approved by the Corporation or a Subsidiary; provided that, to the extent permitted under applicable law, the Corporation shall pro-rate the payout of any Performance Shares earned in the event Grantee is on an approved but unpaid leave of absence during the Performance Period, based upon the portion of the Performance Period during which Grantee received payment of salary (as determined under such rules as may be established by the Corporation from time-to-time).

Section 3. Forfeiture. The Performance Shares (including without limitation any right to accumulated Dividend Equivalents described in Section 5 hereof) shall be forfeited automatically without further action or notice if (a) Grantee ceases to be employed by the Corporation or a Subsidiary prior to the last day of the Performance Period other than as provided in Section 2(b), or (b) the Committee or its delegate, in its sole discretion, determines that Grantee is in violation of any obligation identified in Section 6. Grantee acknowledges and agrees that payments made under this Agreement are subject to the Corporation's requirement that the Grantee reimburse the portion of any payment where such portion of the payment was (i) inadvertently paid based on an incorrect calculation, or (ii) predicated upon the achievement of financial results that are subsequently the subject of a restatement caused or partially caused by Grantee's fraud or misconduct.

Section 4. Payment of Performance Shares. Payment of the Performance Shares earned under Section 2 above shall be made to Grantee by March 15 of the calendar year immediately following the end of the Performance Period, except to the extent deferred by Grantee in accordance with procedures as the Committee, or its delegate, may prescribe from time to time. Payment of vested Performance Shares shall be in the form of one (1) Share for each full Performance Share earned; provided that if payment would be less than ten (10) Shares, or if payment would result in fractional shares, then, if so determined by the Committee or its delegate, in its sole discretion, payment may be made in cash in lieu of Shares.

Section 5. Dividend Equivalents. Upon payment of a Performance Share, Grantee shall be entitled to a cash payment (without interest) equal to the aggregate cash dividends declared and payable with respect to one (1) Share for each record date that occurs during the period beginning on the Date of Grant and ending on the date the Performance Share is paid (the "Dividend Equivalent"). The Dividend Equivalents shall be forfeited to the extent that the underlying Performance Share is forfeited and shall be paid to Grantee, if at all, at the same time that the related Performance Share is paid in accordance with Section 4 above. Dividend Equivalents will be subject to any required withholding for federal, state, local, foreign or other taxes.

Section 6. Restrictive Covenants.

(a) In consideration of the Award, Grantee agrees that during the period ending on the _____ anniversary of the Date of Grant ("Restricted Period"), Grantee shall not for any reason, directly or indirectly, without the prior written consent of the Corporation or its delegate: (i) become employed, engaged or involved with a competitor (defined below) of the Corporation or any Subsidiary in a position that involves: providing services that relate to or are similar in nature or purpose to the services performed by Grantee for the Corporation or any Subsidiary at any time during his or her previous _____ years of employment with the Corporation or any Subsidiary; or, supervision, management, direction or advice regarding such services; either as principal, agent, manager, employee, partner, shareholder, director, officer or consultant (other than as a less-than three percent (3%) equity owner of any corporation traded on any national, international or regional stock exchange or in the over-the-counter market); or (ii) induce or attempt to induce any customer, client, supplier, employee, agent or independent contractor of the Corporation or any of the Subsidiaries to reduce, terminate, restrict or otherwise alter (to the Corporation's detriment) its business relationship with the Corporation.

(b) The noncompetition obligations of clause (i) of the preceding sentence shall be effective only with respect to a "competitor" of the Corporation or any Subsidiary which is understood to mean any person or entity in competition with the Corporation or any Subsidiary, and more particularly those persons and entities engaged in any business in which the Corporation, including Subsidiaries, is engaged at the termination of Grantee's continuous employment by the Corporation, including Subsidiaries; and within the following geographical areas: (i) any country in the world (other than the United States) where the Corporation, including Subsidiaries, has at least \$25 million in capital deployed as of the termination of Grantee's employment; (ii) the states of Florida, Indiana, Kentucky, North Carolina, Ohio, South Carolina and Tennessee, and (iii) any other state in the United States where the Corporation, including the Subsidiaries, has at least \$25 million in capital deployed as of the termination of Grantee's employment. The Corporation and Grantee intend the above restrictions on competition in geographical areas to be entirely severable and independent, and any invalidity or

unenforceability of this provision with respect to any one or more of such restrictions, including geographical areas, shall not render this provision unenforceable as applied to any one or more of the other restrictions, including geographical areas.

(c) Grantee agrees not to: (i) disclose to any third party or otherwise misappropriate any confidential or proprietary information of the Corporation or of any Subsidiary (except as required by subpoena or other legal process, in which event Grantee will give the Chief Legal Officer of the Corporation prompt notice of such subpoena or other legal process in order to permit the Corporation or any affected individual to seek appropriate protective orders); or (ii) publish or provide any oral or written statements about the Corporation or any Subsidiary, any of the Corporation's or any Subsidiary's current or former officers, executives, directors, employees, agents or representatives that are false, disparaging or defamatory, or that disclose private or confidential information about their business or personal affairs. The obligations of this paragraph are in addition to, and do not replace, eliminate, or reduce in any way, all other contractual, statutory, or common law obligations Grantee may have to protect the Corporation's confidential information and trade secrets and to avoid defamation or business disparagement.

(d) Nothing contained in this Agreement shall prohibit, restrict or otherwise discourage Grantee from reporting possible violations of federal, state or local laws or regulations to any federal, state or local governmental agency or commission (a "Government Agency"), from making other disclosures that are protected under the whistleblower provisions of federal, state or local laws or regulations, or from participating in "protected activity" as defined in 10 CFR 50.7 and Section 211 of the Energy Reorganization Act of 1974, including, without limitation, reporting any suspected instance of illegal activity of any nature, any nuclear safety concern, any workplace safety concern, any public safety concern, or any other matter within the United States Nuclear Regulatory Commission's ("NRC") regulatory responsibilities to the NRC or any other Government Agency. Grantee does not need prior authorization of any kind to engage in such activity or make any such reports or disclosures to any Government Agency and Grantee is not required to notify the Corporation that Grantee has made such reports or disclosures. Nothing in this Agreement limits any right Grantee may have to receive a whistleblower award or bounty for information provided to any Government Agency.

(e) If any part of this Section is held to be unenforceable because of the duration, scope or geographical area covered, the Corporation and Grantee agree to modify such part, or that the court making such holding shall have the power to modify such part, to reduce its duration, scope or geographical area.

(f) Nothing in Section 6 shall be construed to prohibit Grantee from being retained during the Restricted Period in a capacity as an attorney licensed to practice law, or to restrict Grantee from providing advice and counsel in such

capacity, in any jurisdiction where such prohibition or restriction is contrary to law. Notwithstanding any provisions of this Award to the contrary, Grantee may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing a trade secret under limited circumstances, as set forth in the Corporation's Innovations - Inventions, Patents and Intellectual Properties Policy.

(g) Grantee's agreement to the restrictions provided for in this Agreement and the Corporation's agreement to provide the Award are mutually dependent consideration. Therefore, notwithstanding any other provision to the contrary in this Agreement, if Grantee materially breaches any provision of this Section 6 or if the enforceability of any material restriction on Grantee provided for in this Agreement is challenged and found unenforceable by a court of law, then the Corporation shall, at its election, have the right to (i) cancel the Award, (ii) recover from Grantee any Shares or Dividend Equivalents or other cash paid under Award, or (iii) with respect to any Shares paid under the Award that have been disposed of, require Grantee to repay to the Corporation the fair market value of such Shares on the date such shares were sold, transferred, or otherwise disposed of by Grantee. This provision shall be construed as a return of consideration or ill-gotten gains due to the failure of Grantee's promises under the Agreement, and not as a liquidated damages clause. Nothing herein shall (x) reduce or eliminate the Corporation's right to assert that the restrictions provided for in this agreement are fully enforceable as written, or as modified by a court pursuant to Section 6, or (y) eliminate, reduce, or compromise the application of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions provided for in Section 6 (inclusive of its subparts), in addition to recovery of damages or other remedies otherwise allowed by law.

(h) Notwithstanding any other provision of this Agreement to the contrary, if the Corporation determines at any time that the Grantee engaged in Detrimental Activity while employed by the Corporation or a Subsidiary, then, to the extent permitted by applicable law, such Grantee: (a) shall not be entitled to any further Shares, Dividend Equivalents or other amounts hereunder (and, if it is determined that a participant may have engaged in Detrimental Activity, payment of any Shares, Dividend Equivalents or other amounts otherwise due to the Grantee shall be suspended pending resolution to the Corporation's satisfaction of any investigation of the matter), and (b) shall be required to promptly return to the Corporation, upon notice from the Corporation, any Shares, Dividend Equivalents or other amounts received under this Agreement by the Grantee during the three-year period preceding the date of the determination by the Corporation. To the extent that Shares, Dividend Equivalents or other amounts are not immediately returned or paid to the Corporation as provided in this paragraph, the Corporation may, to the extent permitted by applicable law, seek other remedies, including a set off of the Shares, Dividend Equivalents or other amounts so payable to it against any amounts that may be owing from time to time by the Corporation or an affiliate to the Grantee. For purposes of this paragraph, "Detrimental Activity" means: (i) the

engaging by the Grantee in misconduct that is detrimental to the financial condition or business reputation of the Corporation or its affiliates, including due to any adverse publicity, or (ii) the Grantee's breach or violation of any material written policy of the Corporation, including without limitation the Corporation's Code of Business Ethics or any written policy or regulation dealing with workplace harassment, including sexual harassment and other forms of harassment prohibited by the Corporation's Harassment-Free Workplace Policy.

Section 7. Change in Control. Vesting of the Performance Shares shall not accelerate solely as a result of a Change in Control. In the event of a Change in Control, the surviving, continuing, successor, or purchasing entity, as the case may be, may, without Grantee's consent, either assume or continue the Corporation's rights and obligations under this Agreement or provide a substantially equivalent award or other consideration in substitution for the Performance Shares subject to this Agreement.

Section 8. Withholding. To the extent the Corporation or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Shares under this Agreement, then the Corporation or Subsidiary (as applicable) shall retain a number of Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value of the Shares on the date of delivery); provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount permitted under the Plan. If the Corporation or any Subsidiary is required to withhold any federal, state, local or other taxes at any time other than upon delivery of the Shares under this Agreement (for example, if Grantee elects to defer payment of the Performance Shares), then the Corporation or Subsidiary (as applicable) shall have the right in its sole discretion to (a) require Grantee to pay or provide for payment of the required tax withholding, or (b) deduct the required tax withholding from any amount of salary, bonus, incentive compensation or other amounts otherwise payable in cash to Grantee (other than deferred compensation subject to Section 409A of the Code).

Section 9. Conflicts with Plan, Correction of Errors, Section 409A and Grantee's Consent. In the event that any provision of this Agreement conflicts in any way with a provision of the Plan, such Plan provision shall be controlling and the applicable provision of this Agreement shall be without force and effect to the extent necessary to cause such Plan provision to be controlling. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan. In the event that, due to administrative error, this Agreement does not accurately reflect an Award properly granted to Grantee pursuant to the Plan, the Corporation, acting through its Executive Compensation and Benefits Department, reserves the right to cancel any erroneous document and, if appropriate, to replace the cancelled document with a corrected document.

To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code and that this Award not result in unfavorable tax consequences to Grantee under Section 409A of the Code. This Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to satisfy Section 409A of the Code will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A of the Code and made without the consent of Grantee). For purposes of this Agreement, each amount to be paid to Grantee pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code.

Notwithstanding the foregoing, this Award is subject to cancellation by the Corporation in its sole discretion unless Grantee has signed a duplicate of this Agreement, in the space provided below, and returned the signed duplicate to the Executive Compensation and Benefits Department – Performance Shares _____, which, if, and to the extent, permitted by the Executive Compensation and Benefits Department, may be accomplished by electronic means.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed effective as of the Date of Grant.

DUKE

ENERGY CORPORATION

By: _____

Its:

Acceptance of Performance Award

IN WITNESS OF Grantee's acceptance of this Performance Award and Grantee's agreement to be bound by the provisions of this Agreement and the Plan, Grantee has signed this Agreement on _____.

Grantee's Signature

(print name)

**EXHIBIT A
PERFORMANCE GOALS**

Cumulative Adjusted EPS (___%)

___% of the Target Number of Performance Shares subject to this Award shall become vested based upon the extent to which the Corporation achieves the "Cumulative Adjusted EPS Performance Goal," which is based on the Corporation's cumulative adjusted earnings per share ("EPS"), for the Performance Period, in accordance with the applicable vesting percentage specified for Cumulative Adjusted EPS in the following schedule:

Cumulative Adjusted EPS	Percent Payout of Target Performance Shares*

*When such determination is at a level between those specified, the Committee, or its delegatee, in its sole discretion, shall interpolate to determine the applicable vesting percentage. The Committee shall have the authority to calculate and adjust the Cumulative Adjusted EPS and the Cumulative Adjusted EPS Performance Goal in the same manner as adjusted diluted EPS is calculated and adjusted pursuant to the ____ Short-Term Incentive Program Guidelines, provided, however, that the Committee specifically reserves discretion to make adjustments to the EPS performance levels or results in the event that a major project is not placed in-service at the time assumed by the Corporation as of the Date of Grant for purposes of its business plan.

Total Shareholder Return (___%)

___% of the Target Number of Performance Shares subject to this Award shall become vested based upon the extent to which the Corporation achieves the "TSR Performance Goal," which is the Corporation's Total Shareholder Return ("TSR") percentile ranking among the companies that are in the Philadelphia Utility Index as of the beginning of the Performance Period, with higher percentile ranking for more positive/less negative TSR, for the Performance Period, in accordance with the applicable vesting percentage specified for such percentile ranking in the following schedule:

Relative TSR Performance Percentile**Percent Payout of
Target Performance Shares****

**When such determination is of a percentile ranking between those specified, the Committee, or its delegatee, in its sole discretion, shall interpolate to determine the applicable vesting percentage. If the Corporation's TSR is at least ___% during the Performance Period, the vesting percentage for this portion of the Performance Shares and Dividend Equivalents shall not be less than ___%, and if the Corporation's TSR is less than ___% during the Performance Period, the vesting percentage for this portion of the Performance Shares and Dividend Equivalents shall not be more than ___%.

For purposes of this Agreement, TSR means, with respect to any company, the percentage change in total stockholder return, determined by dividing (A) the difference between the price of a share of the company's common stock from the Opening Value (as defined below) to the Closing Value (as defined below), with any dividends with ex-dividend dates falling inside the Performance Period deemed reinvested in the company's common stock on the ex-dividend date, by (B) the Opening Value. The term "Opening Value" means, with respect to any company, the average of the closing prices per share of the company's common stock on each trading day during the calendar month preceding the start of the Performance Period, assuming any dividends with ex-dividend dates falling inside such calendar month are deemed reinvested in the company's common stock on the ex-dividend date. The term "Closing Value" means, with respect to any company, the average of the closing prices per share of the company's common stock on each trading day during the last calendar month of the Performance Period, assuming any dividends with ex-dividend dates falling inside such calendar month are deemed reinvested in the company's common stock on the ex-dividend date. In the event that a company becomes a member of the Philadelphia Utility Index following _____, or if a member of the Philadelphia Utility Index on _____ ceases to exist during the Performance Period as a separate publicly-traded company due to a merger, acquisition or privatization, such company shall not be taken into account for purposes of this Agreement. If a member of the Philadelphia Utility Index on _____ becomes bankrupt or insolvent during the Performance Period and ceases to be publicly-traded, for purposes of this Agreement its TSR shall be -100%.

Total Incident Case Rate For Employees (___%)

___% of the Target Number of Performance Shares subject to this Award shall become vested based upon the extent to which the Corporation achieves the "TICR Performance Goal," which is the Corporation's total incident case rate for employees, including staff augmentation workers ("TICR") as compared to the applicable vesting percentage specified in the following schedule:

Duke Energy TICR
vs. _____***

Percent Payout of
Target Performance Shares****

***The _____ shall consist of the results of the _____, excluding companies without gas or nuclear operations, that report TICR results for at least one year during the _____ period.

****When such determination is at a level between those specified, the Committee, or its delegatee, in its sole discretion, shall interpolate to determine the applicable vesting percentage. The Committee retains discretion to make equitable adjustments to the TICR Performance Goal and the related payout levels to prevent dilution or enlargement of the Grantee's right to payment in the event there are changes in the composition of the _____ during the _____ period and/or there are fewer than ___ companies in the _____ (excluding companies without gas or nuclear operations) that report TICR results for at least one year during the _____ period. The employees of any company acquired during the Performance Period shall not be taken into account when measuring the Corporation's TICR for the Performance Period.

Adjustments

If the Committee determines that a merger, consolidation, liquidation, issuance of rights or warrants to purchase securities, recapitalization, reclassification, stock dividend, spin-off, split-off, stock split, reverse stock split or other distribution with respect to the Shares, or any similar corporate transaction or event in respect of the Shares, the manner in which the Corporation conducts its business, changes in the law or regulations or regulatory structure, changes in accounting practices, other unusual or nonrecurring items or occurrences, or other events or circumstances, render the Performance Goals to be unsuitable, the Committee may, in its sole discretion, and without the consent of the Grantee or any other persons, modify the calculation of the Performance Goals, or any of the related minimum, target or maximum levels of achievement, or the performance results, in whole or in part, as the Committee deems equitable and appropriate to reflect such event.

In addition, the Committee reserves the right to reduce any vesting to the extent the Committee determines that such reduction is equitable and appropriate for any reason, including reductions based on overall financial performance, such as adjusted and reported earnings, capital deployment and credit position during the Performance Period.

RESTRICTED STOCK UNIT AWARD AGREEMENT

Duke Energy Corporation (the "Corporation") grants to the individual named below ("Grantee"), in accordance with the terms of the Duke Energy Corporation 2015 Long-Term Incentive Plan, as it may be amended from time to time (the "Plan") and this **Restricted Stock Unit Award Agreement** (the "Agreement"), the following number of Restricted Stock Units (the "Award"), on the Date of Grant set forth below:

Name of Grantee: _____

Number of Restricted Stock Units: _____

Date of Grant: _____

Vesting Dates: _____

Section 1. Nature of Restricted Stock Units. Each Restricted Stock Unit, upon becoming vested, represents a right to receive payment in the form of one (1) share of Common Stock (a "Share"). Restricted Stock Units are used solely as units of measurement and are not Shares, and Grantee is not, and has no rights as, a shareholder of the Corporation by virtue of this Award.

Section 2. Vesting of Restricted Stock Units. Subject to Section 3 and 6 below, the Restricted Stock Units shall vest as follows:

(a) The Restricted Stock Units shall vest in equal installments on each vesting date set forth above (each a "Vesting Date") (subject to rounding conventions adopted by the Corporation from time to time; provided that in no event will the total Shares issued exceed the total units granted under the Award), provided that Grantee shall have remained in the continuous employ of the Corporation or a Subsidiary through the applicable Vesting Date.

(b) Notwithstanding Section 2(a), the Restricted Stock Units that have not yet vested under this Section 2 shall immediately vest if, prior to the applicable Vesting Date: (i) Grantee ceases to be employed with the Corporation and its Subsidiaries by reason of death or Disability (defined by reference Section 22(e)(3) of the Code), or (ii) a Change in Control occurs and the Corporation and its Subsidiaries terminate Grantee's employment other than for cause (as determined by the Corporation in its sole discretion), or Grantee's employment terminates under circumstances that entitle Grantee to severance benefits under an employment or change in control agreement

with the Corporation or a Subsidiary, or a severance plan maintained by the Corporation or a Subsidiary, as applicable, in each case within the two-year period commencing on the Change in Control.

(c) Notwithstanding Sections 2(a) or 2(b), a pro-rated portion of the Restricted Stock Units that has not yet vested under this Section 2 shall immediately vest if, prior to the applicable Vesting Date (and other than as provided in Section 2(b)(ii) above): (i) the Corporation and its Subsidiaries terminate Grantee's employment other than for cause, death or Disability, including as a result of the divestiture of assets, a business or a company by the Corporation or a Subsidiary, or (ii) Grantee voluntarily terminates employment with the Corporation and its Subsidiaries after having attained age 55 and completed 10 years of consecutive service from Grantee's most recent date of hire or re-hire, as applicable (as determined under such rules as may be established by the Corporation from time-to-time) ("Retirement"). The pro-rated portion of the Restricted Stock Units that becomes vested under this Section 2(c), if any, shall be determined by the Committee or its delegate, in its sole discretion, based upon Grantee's continuous employment with the Corporation and its Subsidiaries from the Date of Grant through the date of termination of employment (including additional service credit provided to Grantee, if any, under an employment agreement with the Corporation or a Subsidiary, or a severance plan maintained by the Corporation or a Subsidiary, as applicable).

(d) For purposes of Section 2 of this Agreement, the continuous employment of Grantee with the Corporation and its Subsidiaries shall not be deemed to have been interrupted, and Grantee shall not be deemed to have ceased to be an employee, by reason of the transfer of his or her employment among the Corporation and its Subsidiaries or a leave of absence approved by the Corporation or a Subsidiary; provided that, to the extent permitted under applicable law, the Corporation shall pro-rate the vesting of Restricted Share Units in the event Grantee is on an approved but unpaid leave of absence, based upon the portion of the applicable vesting period during which Grantee received payment of salary (as determined under such rules as may be established by the Corporation from time-to-time).

Section 3. Forfeiture. The Restricted Stock Units that have not yet vested pursuant to Section 2 (including without limitation any right to Dividend Equivalents described in Section 5 hereof relating to dividends payable on or after the date of forfeiture) shall be forfeited automatically without further action or notice if (a) Grantee ceases to be employed by the Corporation or a Subsidiary other than as provided in Sections 2(b) or 2(c), or (b) the Committee or its delegate, in its sole discretion, determines that Grantee is in violation of any obligation identified in Section 6.

Section 4. Payment of Restricted Stock Units.

(a) Except as provided in Section 4(b) below, payment of vested Restricted Stock Units shall be made to Grantee within 60 days following the date the units

become vested in accordance with Section 2, except to the extent deferred by Grantee in accordance with procedures as the Committee, or its delegate, may prescribe from time to time.

(b) To the extent Grantee's right to receive payment of the Restricted Stock Units constitutes a "deferral of compensation" within the meaning of Section 409A of the Code (because, for example, Grantee is Retirement eligible (or could become Retirement eligible during the term of this Agreement) or is a party to a Change in Control Agreement with the Corporation), then notwithstanding Section 4(a) hereof, payment of vested Restricted Stock Units shall be made to Grantee within 60 days following the earlier of: (i) Grantee's "separation from service" within the meaning of Section 409A of the Code; provided, however, that if Grantee is a "specified employee" within the meaning of Section 409A of the Code (as determined pursuant to the Company's policy for identifying specified employees) on the date of the Grantee's separation from service, then to the extent required to comply with Section 409A of the Code, payment shall be delayed until the first business day that is more than six months after the date of his or her separation from service; or (ii) the applicable Vesting Date(s) as provided in Section 2(a).

(c) Payment of vested Restricted Stock Units shall be in the form of one (1) Share for each full Restricted Stock Unit; provided that if payment would be less than ten (10) Shares, or if payment would result in fractional shares, then, if so determined by the Committee or its delegate, in its sole discretion, payment may be made in cash in lieu of Shares.

Section 5. Dividend Equivalent Payments. With respect to each Restricted Stock Unit, Grantee shall be entitled to a cash payment (without interest) equal to the cash dividends declared and payable with respect to one (1) Share for each record date that occurs during the period beginning on the Date of Grant and ending on the date the Restricted Stock Unit is paid (the "Dividend Equivalent"). The right to any Dividend Equivalents shall be forfeited to the extent that the underlying Restricted Stock Unit is forfeited. Dividend Equivalents shall be paid to Grantee at the same time that the related cash dividend is paid to shareholders of the Corporation. Dividend Equivalents will be subject to any required withholding for federal, state, local, foreign or other taxes.

Section 6. Restrictive Covenants.

(a) In consideration of the Award, Grantee agrees that during the period ending on the _____ anniversary of the Date of Grant ("Restricted Period"), Grantee shall not for any reason, directly or indirectly, without the prior written consent of the Corporation or its delegate: (i) become employed, engaged or involved with a competitor (defined below) of the Corporation or any Subsidiary in a position that involves: providing services that relate to or are similar in nature or purpose to the services performed by Grantee for the Corporation or any Subsidiary at any time during his or her previous _____ years of employment with the Corporation or any

Subsidiary; or, supervision, management, direction or advice regarding such services; either as principal, agent, manager, employee, partner, shareholder, director, officer or consultant (other than as a less-than three percent (3%) equity owner of any corporation traded on any national, international or regional stock exchange or in the over-the-counter market); or (ii) induce or attempt to induce any customer, client, supplier, employee, agent or independent contractor of the Corporation or any of the Subsidiaries to reduce, terminate, restrict or otherwise alter (to the Corporation's detriment) its business relationship with the Corporation.

(b) The noncompetition obligations of clause (i) of the preceding sentence shall be effective only with respect to a "competitor" of the Corporation or any Subsidiary which is understood to mean any person or entity in competition with the Corporation or any Subsidiary, and more particularly those persons and entities engaged in any business in which the Corporation, including Subsidiaries, is engaged at the termination of Grantee's continuous employment by the Corporation, including Subsidiaries; and within the following geographical areas: (i) any country in the world (other than the United States) where the Corporation, including Subsidiaries, has at least \$25 million in capital deployed as of the termination of Grantee's employment; (ii) the states of Florida, Indiana, Kentucky, North Carolina, Ohio, South Carolina and Tennessee, and (iii) any other state in the United States where the Corporation, including the Subsidiaries, has at least \$25 million in capital deployed as of the termination of Grantee's employment. The Corporation and Grantee intend the above restrictions on competition in geographical areas to be entirely severable and independent, and any invalidity or unenforceability of this provision with respect to any one or more of such restrictions, including geographical areas, shall not render this provision unenforceable as applied to any one or more of the other restrictions, including geographical areas.

(c) Grantee agrees not to: (i) disclose to any third party or otherwise misappropriate any confidential or proprietary information of the Corporation or of any Subsidiary (except as required by subpoena or other legal process, in which event Grantee will give the Chief Legal Officer of the Corporation prompt notice of such subpoena or other legal process in order to permit the Corporation or any affected individual to seek appropriate protective orders); or (ii) publish or provide any oral or written statements about the Corporation or any Subsidiary, any of the Corporation's or any Subsidiary's current or former officers, executives, directors, employees, agents or representatives that are false, disparaging or defamatory, or that disclose private or confidential information about their business or personal affairs. The obligations of this paragraph are in addition to, and do not replace, eliminate, or reduce in any way, all other contractual, statutory, or common law obligations Grantee may have to protect the Corporation's confidential information and trade secrets and to avoid defamation or business disparagement.

(d) Nothing contained in this Agreement shall prohibit, restrict or otherwise discourage Grantee from reporting possible violations of federal, state or local laws

or regulations to any federal, state or local governmental agency or commission (a "Government Agency"), from making other disclosures that are protected under the whistleblower provisions of federal, state or local laws or regulations, or from participating in "protected activity" as defined in 10 CFR 50.7 and Section 211 of the Energy Reorganization Act of 1974, including, without limitation, reporting any suspected instance of illegal activity of any nature, any nuclear safety concern, any workplace safety concern, any public safety concern, or any other matter within the United States Nuclear Regulatory Commission's ("NRC") regulatory responsibilities to the NRC or any other Government Agency. Grantee does not need prior authorization of any kind to engage in such activity or make any such reports or disclosures to any Government Agency and Grantee is not required to notify the Corporation that Grantee has made such reports or disclosures. Nothing in this Agreement limits any right Grantee may have to receive a whistleblower award or bounty for information provided to any Government Agency.

(e) If any part of this Section is held to be unenforceable because of the duration, scope or geographical area covered, the Corporation and Grantee agree to modify such part, or that the court making such holding shall have the power to modify such part, to reduce its duration, scope or geographical area.

(f) Nothing in Section 6 shall be construed to prohibit Grantee from being retained during the Restricted Period in a capacity as an attorney licensed to practice law, or to restrict Grantee from providing advice and counsel in such capacity, in any jurisdiction where such prohibition or restriction is contrary to law. Notwithstanding any provisions of this Award to the contrary, Grantee may be entitled to immunity and protection from retaliation under the Defend Trade Secrets Act of 2016 for disclosing a trade secret under limited circumstances, as set forth in the Corporation's Innovations - Inventions, Patents and Intellectual Properties Policy.

(g) Grantee's agreement to the restrictions provided for in this Agreement and the Corporation's agreement to provide the Award are mutually dependent consideration. Therefore, notwithstanding any other provision to the contrary in this Agreement, if Grantee materially breaches any provision of this Section 6 or if the enforceability of any material restriction on Grantee provided for in this Agreement is challenged and found unenforceable by a court of law, then the Corporation shall, at its election, have the right to (i) cancel the Award, (ii) recover from Grantee any Shares or Dividend Equivalents or other cash paid under Award, or (iii) with respect to any Shares paid under the Award that have been disposed of, require Grantee to repay to the Corporation the fair market value of such Shares on the date such shares were sold, transferred, or otherwise disposed of by Grantee. This provision shall be construed as a return of consideration or ill-gotten gains due to the failure of Grantee's promises under the Agreement, and not as a liquidated damages clause. Nothing herein shall (x) reduce or eliminate the Corporation's right to assert that the restrictions provided for in this agreement are fully enforceable as written, or as modified by a court pursuant to Section 6, or (y) eliminate, reduce, or compromise the application

of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions provided for in Section 6 (inclusive of its subparts), in addition to recovery of damages or other remedies otherwise allowed by law.

(h) Notwithstanding any other provision of this Agreement to the contrary, if the Corporation determines at any time that the Grantee engaged in Detrimental Activity while employed by the Corporation or a Subsidiary, then, to the extent permitted by applicable law, such Grantee: (a) shall not be entitled to any further Shares, Dividend Equivalents or other amounts hereunder (and, if it is determined that a participant may have engaged in Detrimental Activity, payment of any Shares, Dividend Equivalents or other amounts otherwise due to the Grantee shall be suspended pending resolution to the Corporation's satisfaction of any investigation of the matter), and (b) shall be required to promptly return to the Corporation, upon notice from the Corporation, any Shares, Dividend Equivalents or other amounts received under this Agreement by the Grantee during the three-year period preceding the date of the determination by the Corporation. To the extent that Shares, Dividend Equivalents or other amounts are not immediately returned or paid to the Corporation as provided in this paragraph, the Corporation may, to the extent permitted by applicable law, seek other remedies, including a set off of the Shares, Dividend Equivalents or other amounts so payable to it against any amounts that may be owing from time to time by the Corporation or an affiliate to the Grantee. For purposes of this paragraph, "Detrimental Activity" means: (i) the engaging by the Grantee in misconduct that is detrimental to the financial condition or business reputation of the Corporation or its affiliates, including due to any adverse publicity, or (ii) the Grantee's breach or violation of any material written policy of the Corporation, including without limitation the Corporation's Code of Business Ethics or any written policy or regulation dealing with workplace harassment, including sexual harassment and other forms of harassment prohibited by the Corporation's Harassment-Free Workplace Policy.

Section 7. Change in Control. Vesting of the Restricted Stock Units shall not accelerate solely as a result of a Change in Control. In the event of a Change in Control, the surviving, continuing, successor, or purchasing entity, as the case may be, may, without Grantee's consent, either assume or continue the Corporation's rights and obligations under this Agreement or provide a substantially equivalent award or other consideration in substitution for the Restricted Stock Units subject to this Agreement.

Section 8. Withholding. To the extent the Corporation or any Subsidiary is required to withhold any federal, state, local, foreign or other taxes in connection with the delivery of Shares under this Agreement, then the Corporation or Subsidiary (as applicable) shall retain a number of Shares otherwise deliverable hereunder with a value equal to the required withholding (based on the Fair Market Value of the Shares on the date of delivery); provided that in no event shall the value of the Shares retained exceed the minimum amount of taxes required to be withheld or such other amount permitted under the Plan.

Section 9. *Conflicts with Plan, Correction of Errors, Section 409A and Grantee's Consent.* In the event that any provision of this Agreement conflicts in any way with a provision of the Plan, such Plan provision shall be controlling and the applicable provision of this Agreement shall be without force and effect to the extent necessary to cause such Plan provision to be controlling. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan. In the event that, due to administrative error, this Agreement does not accurately reflect an Award properly granted to Grantee pursuant to the Plan, the Corporation, acting through its Executive Compensation and Benefits Department, reserves the right to cancel any erroneous document and, if appropriate, to replace the cancelled document with a corrected document.

To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code and that this Award not result in unfavorable tax consequences to Grantee under Section 409A of the Code. This Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to satisfy Section 409A of the Code will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A of the Code and made without the consent of Grantee). For purposes of this Agreement, each amount to be paid to Grantee pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code.

Notwithstanding the foregoing, this Award is subject to cancellation by the Corporation in its sole discretion unless Grantee has signed a duplicate of this Agreement, in the space provided below, and returned the signed duplicate to the Executive Compensation and Benefits Department – Restricted Stock Units _____, which, if, and to the extent, permitted by the Executive Compensation and Benefits Department, may be accomplished by electronic means.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed effective as of the Date of Grant.

DUKE ENERGY CORPORATION

By: _____

Its:

Acceptance of Restricted Stock Unit Award

IN WITNESS OF Grantee's acceptance of this Award and Grantee's agreement to be bound by the provisions of this Agreement and the Plan, Grantee has signed this Agreement on _____.

Grantee's Signature

(print name)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

**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 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Progress Energy, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Progress, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Florida, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Duke Energy Indiana, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven K. Young, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Piedmont Natural Gas Company, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2019

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Duke Energy Corporation ("Duke Energy") on Form 10-Q for the period ending March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chairman, President and Chief Executive Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chairman, President and
Chief Executive Officer

May 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ LYNN J. GOOD

Lynn J. Good
Chief Executive Officer

May 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy 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 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy 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 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy 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 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Executive Officer of Duke Energy 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 9, 2019

**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, 2019, 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 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Progress Energy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Progress Energy.

/s/ STEVEN K. YOUNG

Steven K. Young
Executive Vice President and Chief Financial Officer

May 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy 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 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy 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 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy 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 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of Duke Energy 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 9, 2019

**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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven K. Young, Executive Vice President and Chief Financial Officer of 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 9, 2019