



# Duke Energy Investor Update

June 2022

## **Safe Harbor statement**

This presentation includes forward-looking statements within the meaning of the federal securities laws. Actual results could differ materially from such forward-looking statements. The factors that could cause actual results to differ are discussed herein and in Duke Energy's SEC filings, available at [www.sec.gov](http://www.sec.gov).

## **Regulation G disclosure**

In addition, today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures is available in the Appendix herein and on our Investor Relations website at [www.duke-energy.com/investors/](http://www.duke-energy.com/investors/).

# Safe Harbor Statement

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to: The impact of the COVID-19 pandemic; State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices; The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate; The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations, asset retirement and construction costs related to carbon emissions reductions, and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process; The costs of decommissioning nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process; Costs and effects of legal and administrative proceedings, settlements, investigations and claims; Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts, natural gas building and appliance electrification, 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, natural gas electrification, and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in a reduced number of customers, excess generation resources as well as stranded costs; Advancements in technology; Additional competition in electric and natural gas markets and continued industry consolidation; The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change; Changing customer expectations and demands including heightened emphasis on environmental, social and governance concerns; The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources; Operational interruptions to our natural gas distribution and transmission activities; The availability of adequate interstate pipeline transportation capacity and natural gas supply; The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, operational accidents, information technology failures or other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences; The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers; The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets; The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions, an individual utility's generation mix, and general market and economic conditions; Credit ratings of the Duke Energy Registrants may be different from what is expected; Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds; Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all; Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants; The ability to control operation and maintenance costs; The level of creditworthiness of counterparties to transactions; The ability to obtain adequate insurance at acceptable costs; Employee workforce factors, including the potential inability to attract and retain key personnel; The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent); The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities; The effect of accounting pronouncements issued periodically by accounting standard-setting bodies; Asset or business acquisitions and dispositions, including our ability to successfully consummate the second closing of the minority investment in Duke Energy Indiana or that the sale may not yield the anticipated benefits; 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; The actions of activist shareholders could disrupt our operations, impact our ability to execute on our business strategy, or cause fluctuations in the trading price of our common stock; and the ability to implement our business strategy, including its carbon emission reduction goals.

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](http://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.

# Outline

- Company Overview
- Financial Update
- Operations Update
- Energy Transition

# Company Overview

# Duke Energy – a large scale, highly regulated energy infrastructure company

**HEADQUARTERED IN  
CHARLOTTE, NC**



**A FORTUNE 150 COMPANY**

**\$87 B**

**MARKET CAP**  
(AS OF 5/31/22)

**\$171 B**

**TOTAL ASSETS**  
(AS OF 3/31/22)

**28 K**

**EMPLOYEES**  
(AS OF 12/31/2021)

**54 GWs**

**TOTAL GENERATING  
CAPACITY** (AS OF 3/31/22)

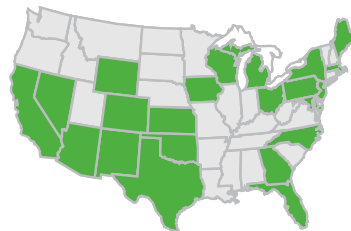
## **ELECTRIC UTILITIES & INFRASTRUCTURE**



## **GAS UTILITIES & INFRASTRUCTURE**



## **COMMERCIAL RENEWABLES**



- Operating in six constructive jurisdictions, with attractive allowed ROEs, serving 8.2 million retail customers
- Balanced generation portfolio that has reduced its carbon emissions by 44% since 2005<sup>(1)</sup>
- Industry-leading safety performance, as recognized by EEI
- Five state LDCs serving 1.6 million customers
- Strong earnings trajectory driven by customer growth, system integrity improvements, and continued expansion of natural gas infrastructure
- Efficient recovery mechanisms allow for timely recovery of investments
- Approximately 5 GWs of wind and solar in operation
- Long-term Power Purchase Agreements with creditworthy counterparties

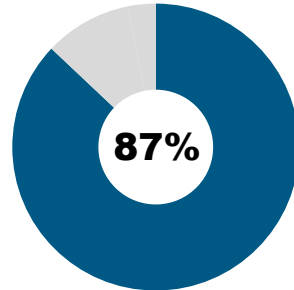
*(1) Year to year reductions will be influenced by customer demand for electricity, weather, fuel and purchased power costs and other factors.*

# Complementary businesses with strong growth opportunities

## ELECTRIC UTILITIES & INFRASTRUCTURE



## 2022 ADJUSTED EPS CONTRIBUTION<sup>(1)</sup>



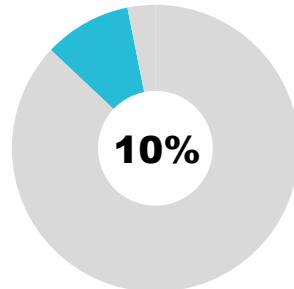
## 2022-2026 CAPEX

**\$53.2 B**

## 2022 – 2026 ADJUSTED EPS CAGR<sup>(2)</sup>

**Consolidated  
5-7%**

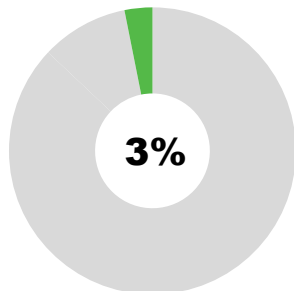
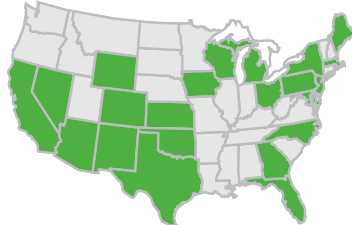
## GAS UTILITIES & INFRASTRUCTURE



**\$5.8 B**

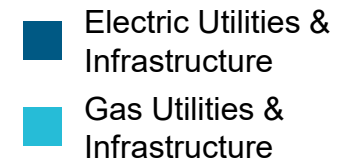
8-10%

## COMMERCIAL RENEWABLES



**\$2.5 B<sup>(3)</sup>**

5-7%



(1) Based upon the midpoint of the 2022 adjusted EPS guidance range of \$5.30-\$5.60 per share; excludes the impact of Other

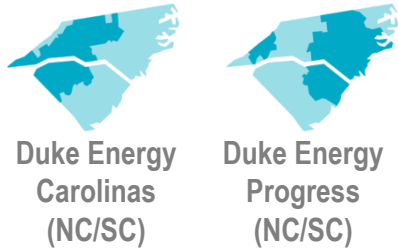
(2) CAGR off of the components of the midpoint of the 2021 EPS guidance range of \$5.00-\$5.30 per share; consolidated growth rate includes the impact of Commercial Renewables (approximately flat growth) and Other

(3) Net of tax equity financing

# Electric utilities & infrastructure

## EIGHT UTILITIES IN HIGH-QUALITY REGIONS OF THE U.S.

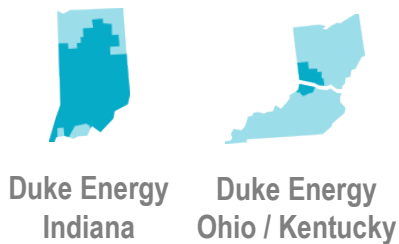
### CAROLINAS



### FLORIDA

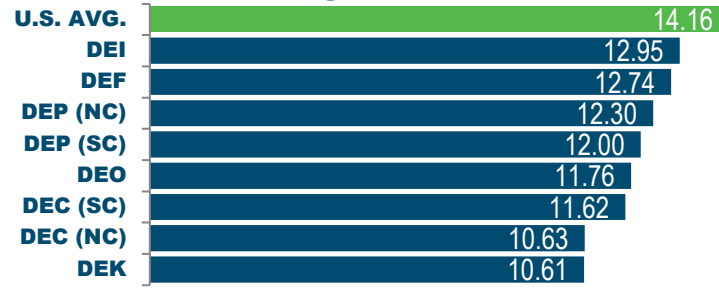


### MIDWEST



## COMPETITIVE CUSTOMER RATES<sup>(1)</sup>

### RESIDENTIAL



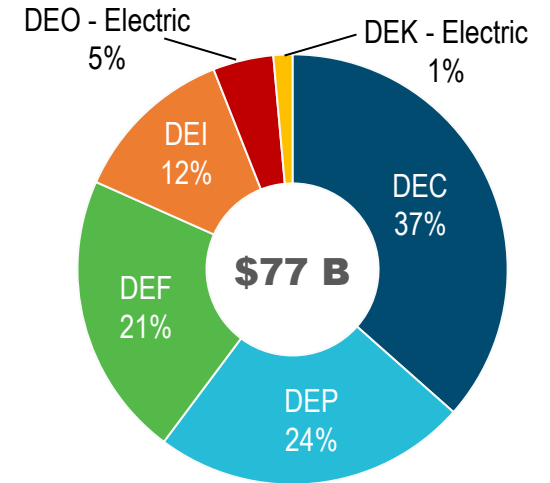
### COMMERCIAL



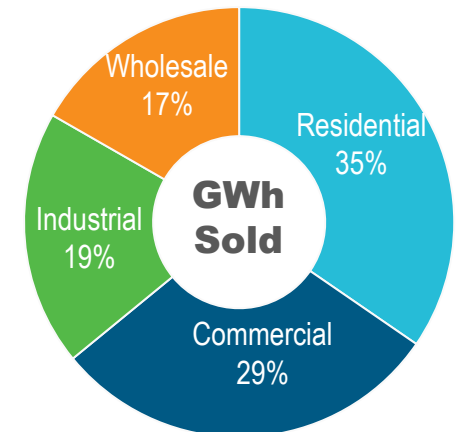
### INDUSTRIAL



## REGULATED ELECTRIC 2021 EARNINGS BASE



## BALANCED CUSTOMER MIX



(1) Typical bill rates (¢/kWh) in effect as of July 1, 2021. Source: EEI Typical Bills and Avg. Rates Report, Summer 2021.

# Financial Update

# Our investor value proposition

DUK  
LISTED  
NYSE

## A STRONG LONG-TERM RETURN PROPOSITION

DUK  
LISTED  
NYSE

**3.5%**

**DIVIDEND YIELD<sup>(1)</sup>**  
WITH LONG-TERM  
DIVIDEND **GROWTH**  
**COMMITMENT<sup>(2)</sup>**

**~10%**

ATTRACTIVE  
RISK-ADJUSTED  
**TOTAL SHAREHOLDER**  
**RETURN<sup>(3)</sup>**

**5-7%**

LONG-TERM  
**EPS GROWTH<sup>(4)</sup>**  
THROUGH 2026

**CONSTRUCTIVE JURISDICTIONS, LOWER-RISK REGULATED INVESTMENTS AND BALANCE SHEET STRENGTH**

(1) As of May 31, 2022

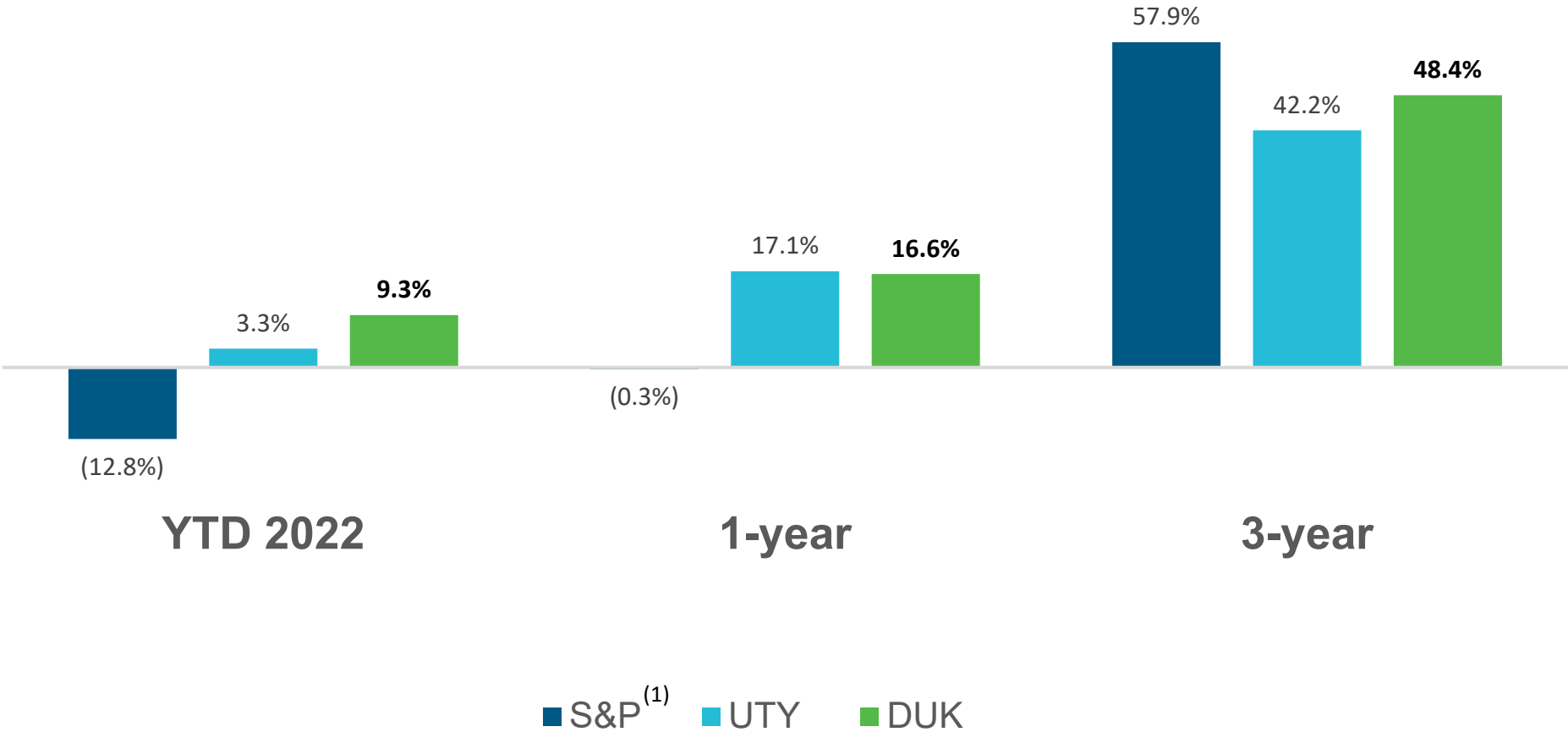
(2) Subject to approval by the Board of Directors.

(3) Total shareholder return proposition at a constant P/E ratio

(4) Based on adjusted EPS

# Total shareholder return (TSR)

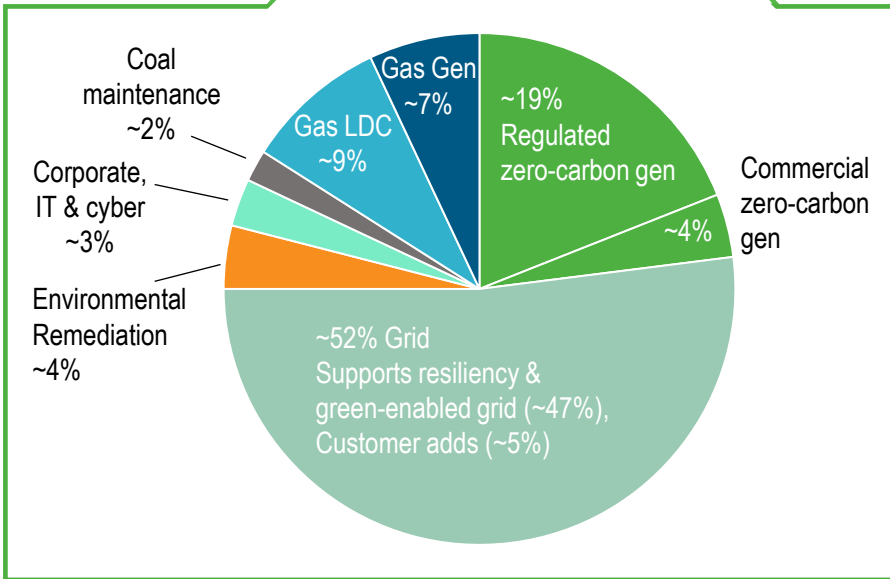
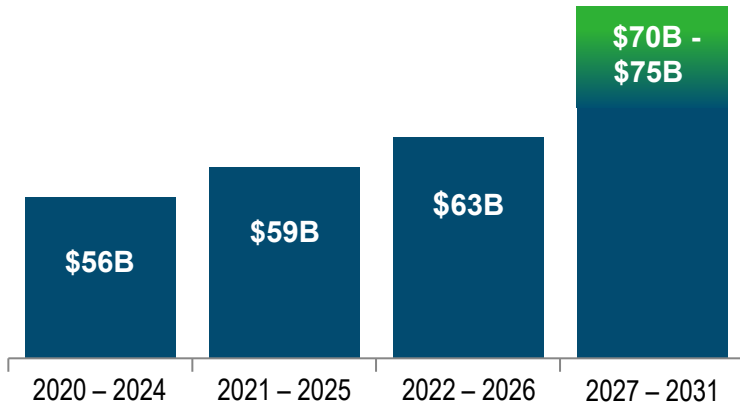
## STRONG TRACK RECORD OF DELIVERING SUPERIOR SHAREHOLDER RETURNS



Source: Factset. As of May 31, 2022; (1) Reflects gross total shareholder return of the S&P 500 Utility Index

# Robust capital plan to fund clean energy transition

## \$63B 5-YEAR PLAN...



## ... WITH \$52 BILLION FUNDING FLEET TRANSITION AND GRID MODERNIZATION



### HYDROGEN-ENABLED NATURAL GAS GENERATION

- Facilitates retirement of coal plants while maintaining affordability and reliability
- Hydrogen-enabled to further reduce CO<sub>2</sub> emissions as technology evolves

### ZERO-CARBON GENERATION

- Regulated investments include nuclear, renewables, storage, and hydro
- Commercial renewables investments in wind and solar

### TRANSMISSION AND DISTRIBUTION

- Grid investments to improve reliability and resiliency, including storm hardening
- Enables distributed generation resources
- Infrastructure to support customer growth

# Balance sheet supports our long-term growth strategy

## COMMITTED TO MAINTAIN CURRENT CREDIT RATINGS

- Senior unsecured HoldCo credit ratings recently affirmed at BBB/Baa2 (Stable)
- ~\$1 billion tranche 2 closing of DEI minority interest sale to occur by Jan 2023
- Will continue issuing certain utility debt securities under Sustainable Financing Framework
- Targeting 14% FFO/Debt throughout the 5-year plan

## FACTORS CONTRIBUTING TO BALANCE SHEET STRENGTH

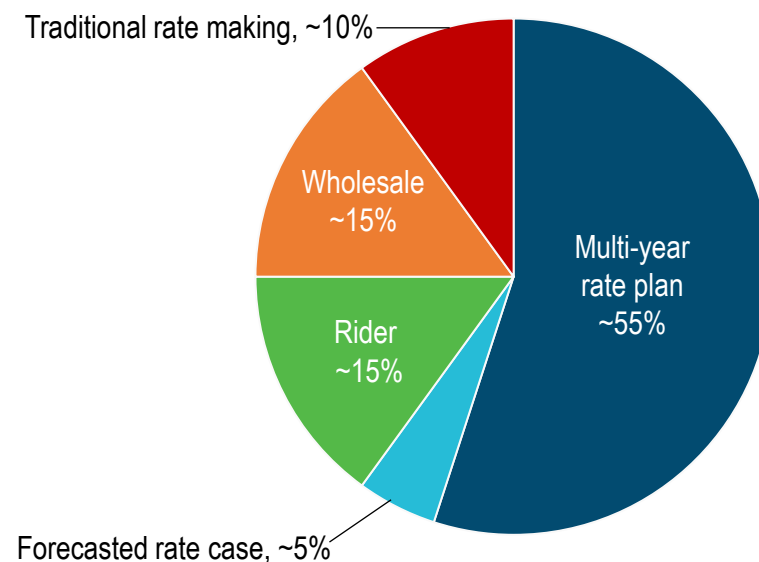
- Pension plan 112% funded on a combined basis as of 12/31/2021
- Operate in constructive jurisdictions
  - 3 states with above average RRA regulatory rankings, representing ~60% of earnings base
- Benefits from large size with diversity across regions, customers and fuel types
- Reduced regulatory lag from multi-year rate plans, riders and rate case timing
- Ongoing cost management and capital optimization

# Electric utilities & infrastructure recovery mechanisms

## RECOVERY MECHANISMS FOR ELECTRIC CAPEX<sup>(1)</sup>

- ~90% of electric segment capital investments eligible for modern recovery mechanisms, mitigating regulatory lag
  - Includes recovery through riders, rate cases with forecasted test years, and multi-year rate plans
  - Majority of wholesale contracts are recovered through formula rate contracts
- Residential decoupling mechanisms reduce volumetric margin exposure – will account for ~20% of total retail volumes once fully implemented

Recovery Mechanisms	NC <sup>(2)</sup>	SC	FL	IN	OH	KY
Multi-year rate plan	✓		✓			
Forecasted rate case				✓		✓
Grid modernization rider			✓	✓	✓	
Renewables rider			✓	✓		
Environmental rider			✓	✓		✓
Residential decoupling	✓				✓	
Traditional rate making		✓			✓	



(1) Based on 2022-2026 capital plan, subject to regulatory approval; per HB 951 certain North Carolina capital investments are not eligible for multi-year rate plan including large generation investments over \$500 million  
 (2) Eligible for future rate cases

# Operations Update

# 2021 Enterprise accomplishments

## CONTINUED OPERATIONAL EXCELLENCE

- Ranked in top decile in utility safety for the 7<sup>th</sup> consecutive year
- Delivered on goal to sustain \$200M O&M cost savings
- 23rd consecutive year of nuclear capacity factor exceeding 90%, with a 2021 capacity factor of over 95%
- Self-optimizing grid capabilities helped avoid nearly 1.2 million hours of total outage time



## SUPPORTING CUSTOMERS AND COMMUNITIES

- Top quartile J.D. Power & Associates' customer satisfaction index results for DE Carolinas, DE Progress, DE Florida, and Piedmont
- New customer engagement platform (Customer Connect) implemented for 90% of our customers
- Over \$44 million in donations in support of our communities
- Dow Jones Sustainability Index North America: 16th consecutive year



## EMPOWERING OUR EMPLOYEES

- Named to Fortune's Most Admired Companies for 5<sup>th</sup> consecutive year
- Named one of "America's Best Employers for Diversity" by Forbes in 2021 for 4th consecutive year
- Named to the Human Rights Campaign's 2022 list for "Best Place to Work for LGBTQ Equality"
- Employees/alumni volunteered more than 70,000 hours with nonprofits in our local communities



# Duke's scale enables top tier O&M performance

## Duke Energy compares favorably against peer group across multiple O&M metrics

- #2 on non-generation O&M cost per customer vs. peer utilities
- Scale better positions Duke to drive O&M efficiencies
- O&M efficiency supports customer rates and creates headroom for growth

Key Metrics <sup>(1)</sup>	Electric non-generation O&M <sup>(2)</sup> / Customer	Electric non-generation O&M <sup>(2)</sup> / MWh	Distribution and Transmission O&M / Customer
<b>PEER AVERAGE</b>	\$498	\$24	\$259
<b>DUKE ENERGY</b>	\$368	\$14	\$134
<b>DUKE RANKING</b>	#2	#2	#2

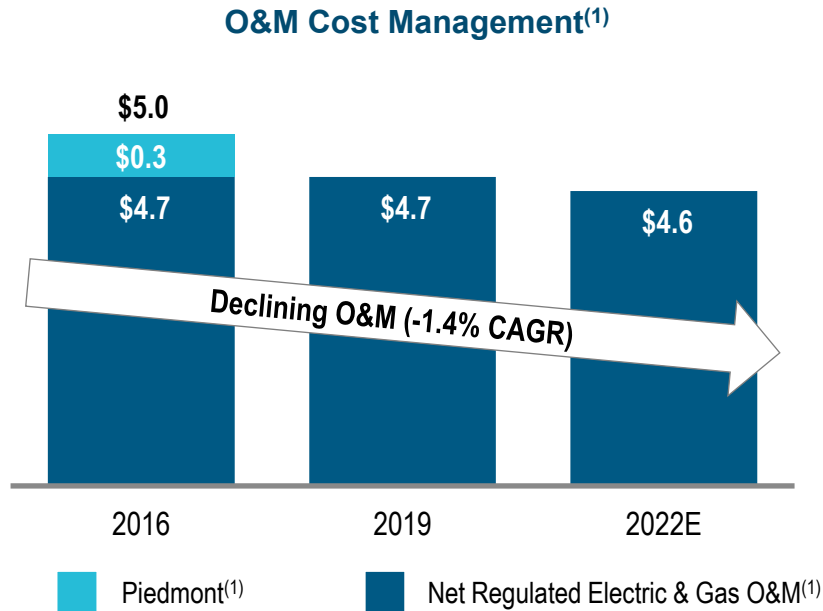
(1) Source: SNL FERC Form 1, annual filings and investor presentations; data as of YE 2021. Peer group: AEP, SO, EXC, NEE, XEL, ED, ES, WEC

(2) Reflects total electric O&M net of power production O&M.

# Cost management continues to be a core competency

## BUSINESS TRANSFORMATION CONTINUES TO PRODUCE SUSTAINABLE COST SAVINGS...

(\$ IN BILLIONS)



### COST MANAGEMENT ENABLES GREATER CAPITAL INVESTMENT

- \$400 million in savings, 2016 – 2022
- Creates headroom for ~\$3 billion of capital investment without increasing costs to customers<sup>(2)</sup>

## ...EXPECT TO HOLD O&M FLAT THROUGH 2026



- ✓ **Digital innovation** efforts will increase operational efficiency while improving the customer experience



- ✓ **Energy transition from coal** to less O&M intensive generation



- ✓ Capital investments to **modernize the grid**, lowering ongoing maintenance costs



- Near-term inflation pressure mitigated by **leveraging size and scale**

(1) Proforma Net Regulated Gas O&M for Piedmont is presented to show combined Duke Energy and Piedmont Net Regulated Electric and Gas O&M for the full year 2016. Net regulated Electric and Gas O&M is a non-GAAP measure. For a description of this non-GAAP item and a reconciliation to GAAP O&M, see accompanying materials at [www.duke-energy.com/investors](http://www.duke-energy.com/investors)

(2) Assumes every dollar of O&M reduction makes room for seven dollars of capex

# Leveraging our scale by investing for the future



## Duke Energy: Lighthouse

Our achievements in operational excellence are delivering a digital transformation

### Since its inception, Lighthouse has...



Inspired nearly 1,000 employee contributors with a 97.6% positive experience response



Engaged 12 enterprise-wide business units



Saved over 500,000 work-hours with new operational efficiencies



Built 42 new digital products since launching Lighthouse



Average of <6 months to achieve Minimum Viable Product (MVP)



Attained an average payback time of <2 years



Achieved 72% average product satisfaction across portfolio

## Optimist Hall

- Dedicated innovation center in Charlotte, NC
- Allows software engineers, designers, data scientists and business units to collaborate on a variety of new projects
- Two primary objectives:
  - Improve the customer experience by developing user centric products and services
  - Improve operational efficiency to reduce cost



## Cybersecurity and IT

- Our size and scale play a significant role in Duke Energy being an industry leader in cybersecurity & IT
- Investing \$1 billion in IT and cybersecurity on an annual basis, including O&M and capital
- Over 2,000 technology professionals operate 24/7
- These investments are advancing our digital transformation across all jurisdictions, while keeping our assets and data secure

# Energy Transition

# Duke Energy is leading the industry's largest clean energy transition

## What we're doing

### **Completing the largest planned coal retirement in the industry**

- Retired 56 units (7.5 GW) since 2010
- Coal generation projected to be <5% fuel mix by 2030
- Goal to exit coal generation by 2035<sup>(1)</sup>

### **Expanding our renewable resources**

- Top 10 US renewable company by capacity, with operations in 25 states
- Passed 10 GW owned, operated or purchased in 2021, targeting 24 GW by 2030

### **Targeting net-zero emissions by 2050**

- Reduced carbon emissions 44% since 2005, on pace to exceed 50% reduction by 2030 and net zero by 2050 (Scope 1)
- Net zero methane emissions by 2030 (Scope 1)
- Updating net-zero goal to include Scope 2 and certain Scope 3<sup>(2)</sup> emissions for electric and gas utilities

## How we're doing it

### **Collaborating with state and federal policymakers**

- Landmark bipartisan legislation in NC that accelerates our clean energy transition
- Engaging policymakers and regulators to advance shared objectives for clean energy

### **Integrated resource plans that match our climate goals**

- Significant stakeholder engagement on jurisdictional IRPs & Carbon Plan
- Balancing affordability and reliability priorities on behalf of our customers

### **Executing our plan**

- Constructive rate cases that accelerate coal retirements and call for more renewables
- Extending the life of the largest regulated nuclear fleet in the country<sup>(3)</sup>
- Managing through supply chain issues
- Leveraging our size and scale to efficiently finance our robust capital plan

(1) Subject to regulatory approvals. Contemplates retiring Edwardsport coal gasifiers by 2035 or adding carbon capture utilization and storage to reduce carbon emissions

(2) Certain scope 3 emissions include: greenhouse gas emissions from upstream fossil fuel procurement used for generation, production of power purchased for resale, and from downstream use of sold products in our natural gas distribution business

(3) Subject to NRC approval

# 2021 ESG report highlights

## GOALS AND COMMITMENTS

### ENVIRONMENTAL

- At least 50% carbon reduction and net-zero gas LDC methane emissions by 2030 (Scope 1)
- Expanded net-zero by 2050 goals to include Scope 2 and certain Scope 3 GHG emissions
- Goal to exit coal generation by 2035<sup>(1)</sup>

### SOCIAL RESPONSIBILITY

- Commitment to social responsibility including diversity and inclusion and stakeholder and community engagement

### GOVERNANCE

- Maintain strong corporate governance

## RECENT ACCOMPLISHMENTS

### Carbon Reduction

- Exceeded 44% carbon reduction from 2005 in 2021
- Decarbonizing natural gas business, focusing on methane detection and reduction of emissions using technology

### Fleet Transition

- 56 coal units retired since 2010, ~7,500MW
- 10,500MW of renewable energy on our system, on track to reach 24,000MW by 2030

### R&D

- Advocating for clean energy R&D investment and piloting/advising on new clean energy technology
- Member of National Electric Highway Coalition and working with schools and cities to help decarbonize their vehicles

### Social

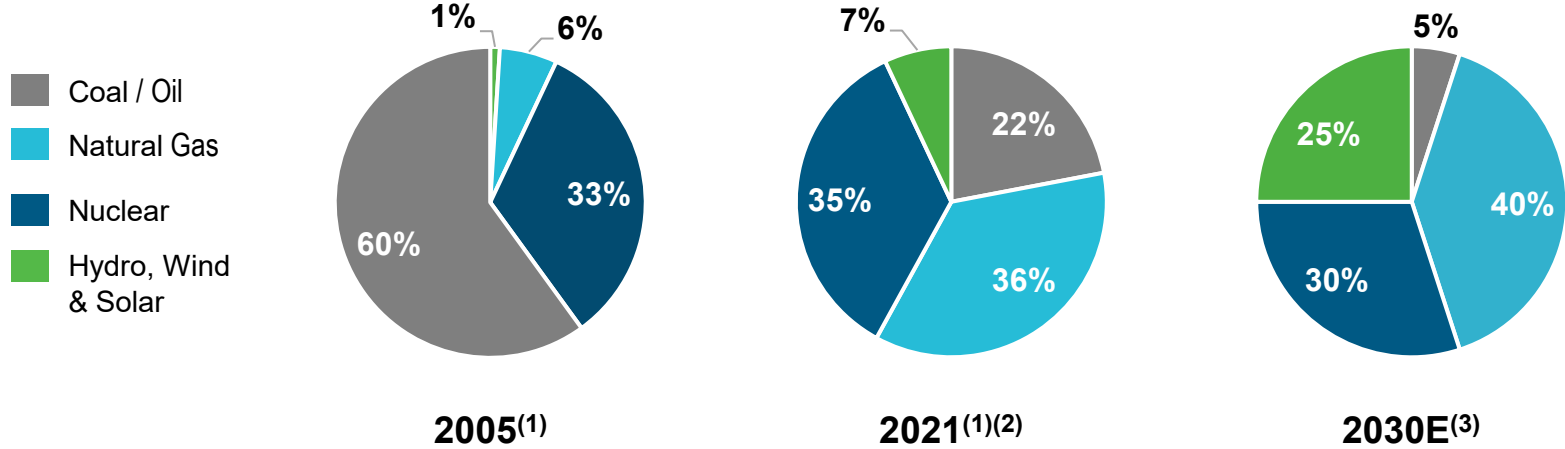
- Spent more than \$1.5 billion with diverse suppliers in 2021
- Strengthened and published our environmental justice principles based on stakeholder input
- Most diverse recruiting year with 35% female and 34% people of color new hires, released EEO-1 data

### Governance

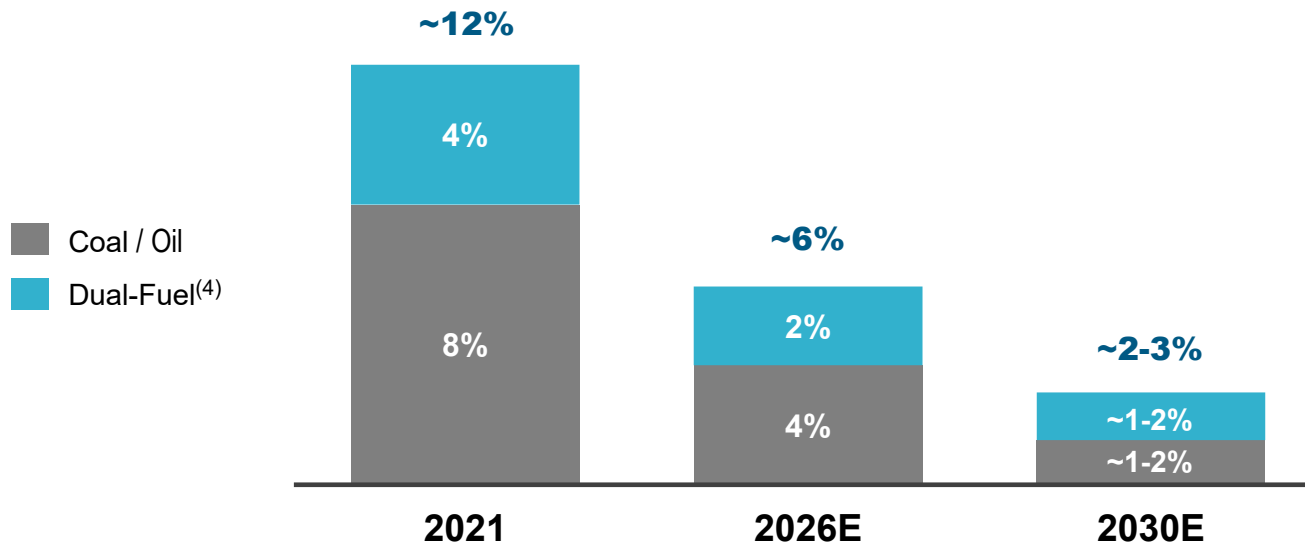
- Ranked #1 utility for investor transparency by Labrador in its 2021 report
- Continued board refreshment; 50% gender/racial diversity

# Transforming the way we produce power

## Generation (MWh) by Fuel Type



## Coal as a % of Earnings Base



(1) 2005 and 2021 data based on Duke's ownership share of U.S. generation assets as of Dec. 31, 2021.

(2) 2021 data excludes 9,088 GWh of purchased renewables, equivalent to ~4% of Duke's output.

(3) 2030 estimate will be influenced by customer demand for electricity, weather, fuel and purchased power prices, and other factors.

(4) As of December 31, 2021, the dual-fuel capable units and percentage of gas capacity are Cliffside 6 (100%), Belews Creek 1 & 2 (50%), Cliffside 5 (40%), Marshall 1&2 (40%), Marshall 3&4 (50%), Edwardsport (100%).

# North Carolina clean energy legislation

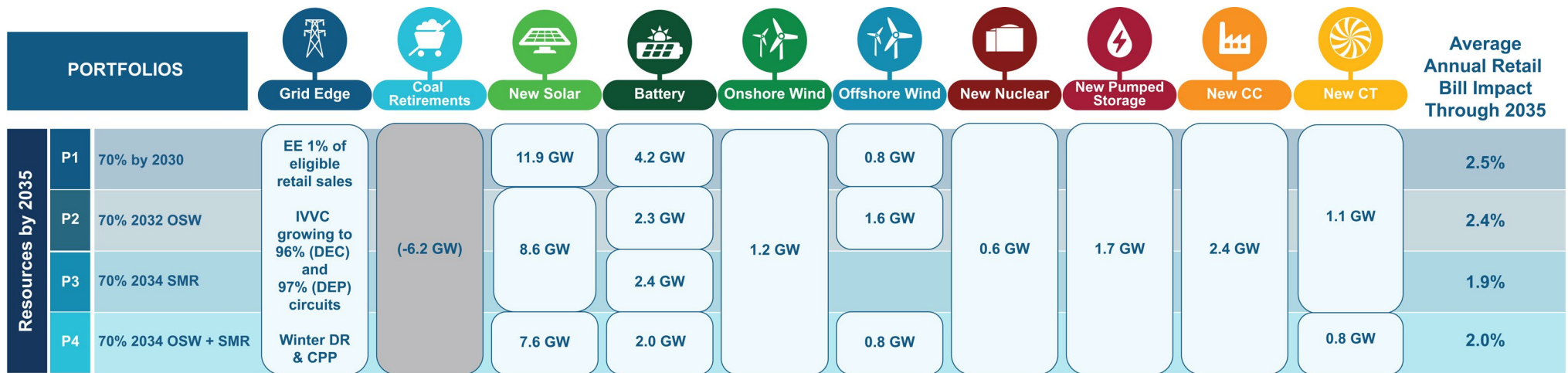
## ENGAGING WITH STAKEHOLDERS TO DEVELOP CLEAN ENERGY TRANSITION

- Filed proposed Carbon Plan on May 16, which includes four portfolios to meet 70% interim reduction targets and carbon neutrality by 2050
  - All portfolios replace coal with diverse mix of solar, storage, wind, small modular nuclear and natural gas
  - "All of the above" strategy that balances affordability and reliability
  - NCUC required to approve Carbon Plan by Dec. 31
  - Carbon Plan will be reviewed every two years and adjusted as needed
- Constructive rulemaking orders for performance-based regulation completed – consistent with the policy objectives of HB 951
- Expect to file a DEP-NC rate case in the fourth quarter of 2022, and likely a DEC-NC rate case in early 2023

2022 Timeline	Filed	Order	Docket #
Rulemaking for performance-based regulation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	E-100 Sub 178
Rulemaking for coal plant securitization	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	E-100 Sub 177
Carbon Plan	<input checked="" type="checkbox"/>	By December 31	E-100 Sub 179



# Carbon Plan – A proposal for a cleaner energy future

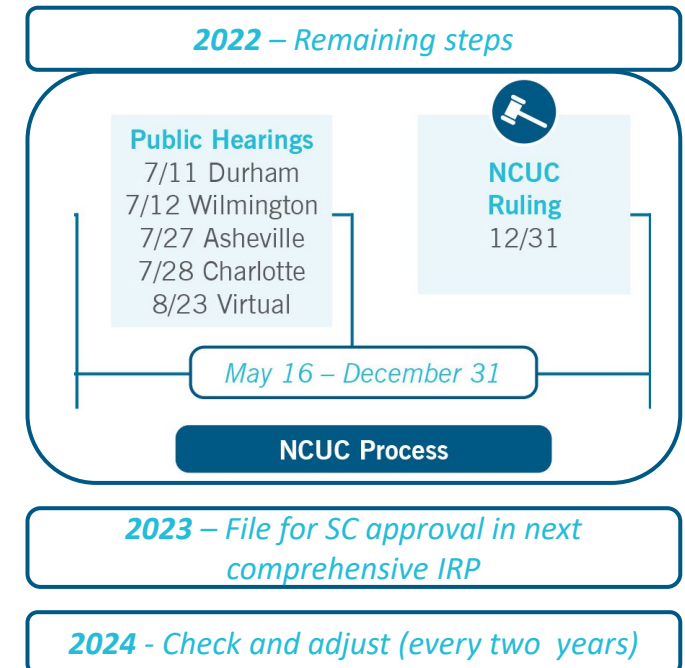


## New resources by 2035

See additional details in the full Carbon Plan at [www.duke-energy.com/CarolinasCarbonPlan](http://www.duke-energy.com/CarolinasCarbonPlan)

The Carbon Plan proposes prudent near-term procurement and development work on the following resources, which are common to most portfolios and preserve longer term optionality:

- 3,100 MW of **new solar** (with 600 MW of paired **storage**)
- 1,000 MW stand-alone **battery storage**
- 600 MW in **onshore wind**
- 2,000 MW of **hydrogen-capable natural gas**
- Early development work for **offshore wind** (800 MW), **small modular nuclear** (570 MW) and **pumped storage** (1,700 MW) – long lead-time resources for deployment in the early 2030's
- Grid enhancements to support interconnection of new renewables and storage

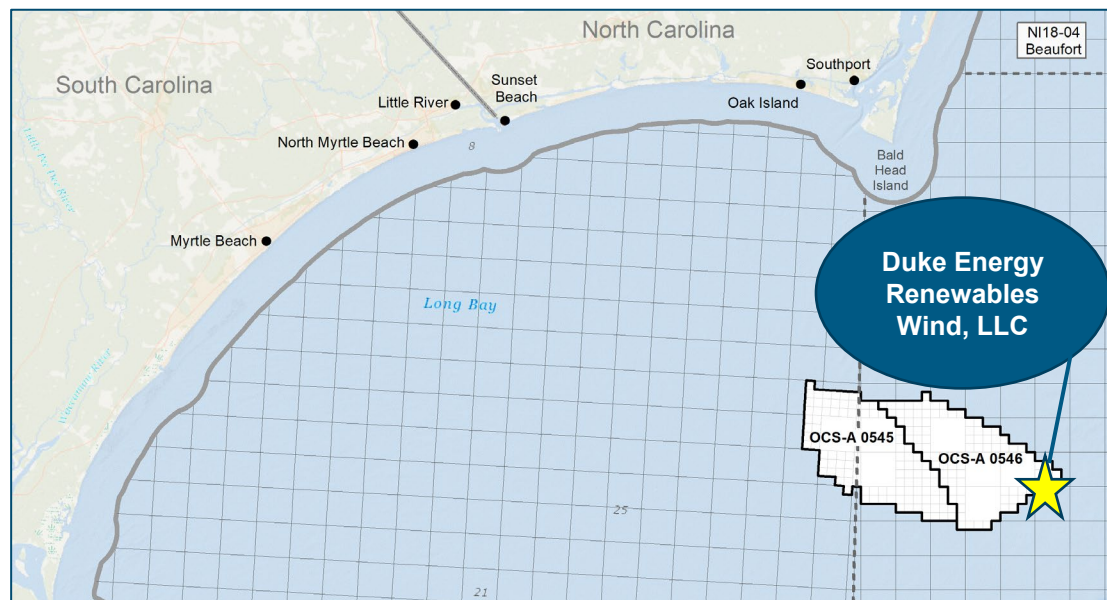


# Offshore wind – Carolina Long Bay

## MAINTAINING OPTIONALITY FOR OFFSHORE WIND IN THE CAROLINAS

- Creates optionality for up to 1.6 GWs of offshore wind generation if offshore wind is selected by the NCUC to be included in the Carbon Plan
- Carolina Long Bay lease secured by Duke Energy Renewables Wind, LLC
  - Total lease cost: \$155 million
  - Acres: 55,154 (\$2,810/acre)
  - 18 nautical miles from shore

Next Steps	Status
DOJ Antitrust Review; Lease Execution	June 2022
Site Assessment Plan	June 2023
Construction and Operations Plan	2026
Operation	2030



*Timing and subsequent steps are contingent on the Bureau of Ocean Energy Management's approval of Site Assessment Plan and Construction and Operations Plan.*

# Indiana energy transition

## TRANSITION TO CLEANER ENERGY WITH FOCUS ON RELIABILITY AND AFFORDABILITY

- Submitted 2021 Indiana integrated resource plan (IRP) in December
- Preferred portfolio reduces carbon emissions from our Indiana fleet by 63% in 2030 and 88% by 2040, compared to 2005 levels
- Key components of the company’s preferred 20-year plan include:
  - Adds over 7,000 MW of renewables, plus 400 MW of energy storage
  - Adds 2,360 MW of natural gas, positioned to leverage hydrogen as the technology evolves
  - Accelerates coal plant retirement dates; retires all coal units by 2035<sup>(1)</sup>
- In February, filed RFPs for up to 2,400 MW of generation through 2027; includes renewable and dispatchable resources
- IRP will be updated for the CPCN filings to include results of the RFPs and current load and pricing assumptions



2022 Timeline	Status
IRP	<input checked="" type="checkbox"/>
Request for proposal for new generation	<input checked="" type="checkbox"/>
IURC staff report on IRP	2022
CPCN filings	By year end 2022

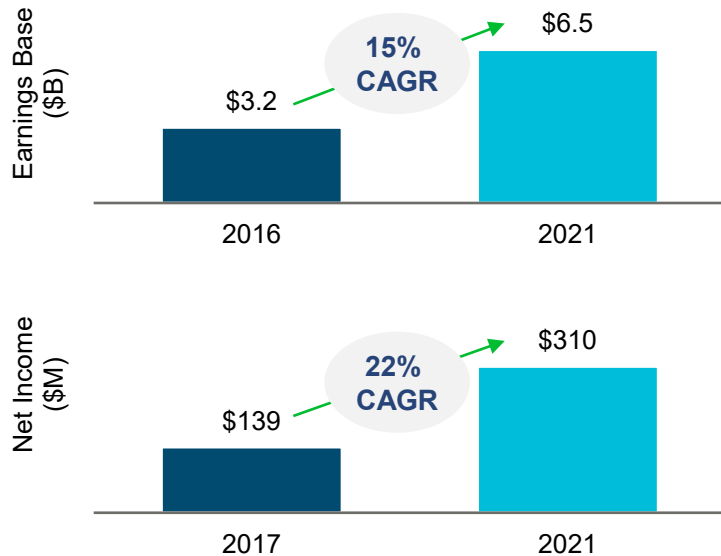
## TECHNOLOGY THAT EMPOWERS CUSTOMERS AND DELIVERS CLEANER, MORE RELIABLE AND AFFORDABLE ENERGY

- Filed updated Storm Protection Plan, which includes \$7 billion of capital investments over the next 10 years (2023-2032)
- Park & Plug program delivering over 600 EV chargers in public spaces and thoroughfares
- Clean Energy Connection program to add 750 MW of new solar and \$1 billion of capital investments between 2022 through 2024
  - By 2024, will have \$2 billion of investment for 25 grid-tied solar power plants, representing about 1,500 MW of emission-free generation

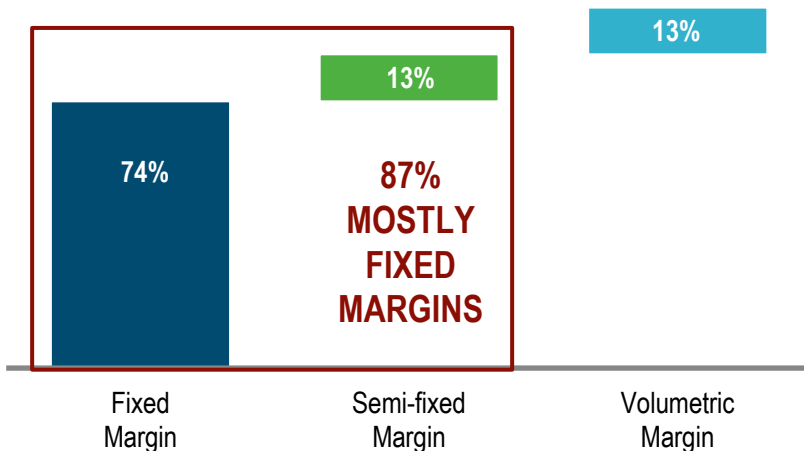


# Gas utilities and infrastructure

## PIEDMONT GROWTH CONTINUES FOLLOWING 2016 ACQUISITION



## LOW VOLUMETRIC RATE EXPOSURE ACROSS THE LDCS



## TRANSFORMATIVE CLEAN ENERGY GOALS AND INVESTMENTS

- Net-zero by 2030 goal for Scope 1 methane emissions
- Net-zero by 2050 goal for certain Scope 3 emissions
  - Includes upstream methane and carbon emissions related to purchased natural gas and downstream carbon emissions from use of sold products
- Partnering with Accenture and Microsoft on satellite leak detection platform
- Replaced all cast iron and bare steel pipe, resulting in eliminating more than 95% of the methane emissions previously attributed to the cast iron and bare steel infrastructure
- Continue to work with our jurisdictions to expand renewable natural gas (RNG) availability for our customers and have expanded RNG sourcing for our compressed natural gas station in Nashville



# Alternative technology partnerships and investments

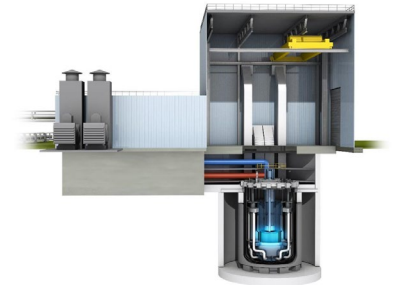
## HYDROGEN

- Partnering with Siemens and Clemson University on a Department of Energy supported study to evaluate hydrogen integration and utilization at the Duke owned and operated Clemson combined heat and power plant
- The pilot project began in March 2021 and includes studies on hydrogen production, storage and co-firing with natural gas
- Evaluating 30% co-firing of hydrogen in 2024 and 100% firing of hydrogen on or before 2030



## ADVANCED NUCLEAR

- Partnering with TerraPower and the Natrium Reactor team. Duke Energy's role is to provide consulting and advisory in-kind services
- The Natrium plant is designed with integrated thermal storage with a steady state electrical output of 345 MW that can increase to 500 MW utilizing stored energy
- The project is targeting to be operational within 7 years (by 2028)



## ENERGY STORAGE

- Testing Honeywell's new flow battery technology, which can store and discharge electricity for up to 12 hours, exceeding the duration of lithium-ion batteries, which can only discharge up to 4 hours
- Honeywell will deliver a 400-kilowatt-hour (kWh) unit to Duke Energy's Emerging Technology and Innovation Center in Mount Holly, N.C. in 2022
- Will begin testing EOS Znyth Gen 3.0 battery (zinc bromine) in late 2022



## DUKE ENERGY VENTURES

- Duke Energy has an established corporate venture capital effort including investments in VC funds managed by Energy Impact Partners and The Westly Group
- Duke Energy leverages VC investing to stay current on new and innovative technology and foster interactions between Duke Energy subject matter experts and start-up companies



# **Upcoming Events & Other**

## Upcoming events

Event	Date
2Q 2022 earnings call (tentative)	August 4, 2022
ESG Investor Day	October 4, 2022
3Q 2022 earnings call (tentative)	November 4, 2022

## **JACK SULLIVAN, VICE PRESIDENT INVESTOR RELATIONS**

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- (980) 373-3564

## **CHRIS JACOBI, DIRECTOR INVESTOR RELATIONS**

- [Christopher.Jacobi@duke-energy.com](mailto:Christopher.Jacobi@duke-energy.com)
- (704) 382-8397

## **LINDA MILLER, MANAGER INVESTOR RELATIONS**

- [Linda.Miller@duke-energy.com](mailto:Linda.Miller@duke-energy.com)
- (980) 373-2407

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Investor Update**  
**June 2022**

**Adjusted Earnings per Share (EPS)**

The materials for Duke Energy Corporation's (Duke Energy) Investor Update in June 2022 include a discussion of adjusted EPS.

The non-GAAP financial measure, adjusted EPS, represents basic EPS available to Duke Energy Corporation common stockholders (GAAP reported EPS), adjusted for the per share impact of special items. Special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance.

Management believes the presentation of adjusted EPS provides useful information to investors, as it provides them with an additional relevant comparison of Duke Energy's performance across periods. Management uses this non-GAAP financial measure for planning and forecasting and for reporting financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. Adjusted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measure for adjusted EPS is reported basic EPS available to Duke Energy Corporation common stockholders.

**Adjusted EPS Guidance**

The materials for Duke Energy's Investor Update in June 2022 include a reference to the original forecasted 2021 adjusted earnings guidance range of \$5.00 to \$5.30 per share and the midpoint of original forecasted 2021 adjusted earnings guidance of approximately \$5.15. The materials also include a reference to the 2022 adjusted EPS guidance range of \$5.30 to \$5.60 and the 2022 adjusted EPS midpoint of approximately \$5.45. In addition, the materials reference the long-term growth ranges through 2026 (on a compound annual rate (CAGR) basis) of 5% - 7% for Duke Energy and the Electric Utilities and Infrastructure segment and 8% - 10% for the Gas Utilities and Infrastructure segment. The growth rate ranges are based off the midpoint of original 2021 adjusted EPS guidance range of \$5.15. Forecasted adjusted EPS is a non-GAAP financial measure as it represents basic EPS available to Duke Energy Corporation common stockholders (GAAP reported EPS), adjusted for the per share impact of special items (as discussed above under Adjusted EPS).

Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods, such as legal settlements, the impact of regulatory orders or asset impairments.

## **Funds From Operations (“FFO”) Ratio**

The materials for Duke Energy’s Investor Update in June 2022 include a reference to the expected FFO to Total Debt ratio. This ratio reflects non-GAAP financial measures. The numerator of the FFO to Total Debt ratio is calculated principally by using net cash provided by operating activities on a GAAP basis, adjusted for changes in working capital, ARO spend, depreciation and amortization of operating leases, operating activities allocated to the Duke Energy Indiana minority interest and reduced for capitalized interest (including any AFUDC interest). The denominator for the FFO to Total Debt ratio is calculated principally by using the balance of long-term debt (excluding purchase accounting adjustments, long-term debt allocated to the Duke Energy Indiana minority interest, and long-term debt associated with the CR3 and Duke Energy Carolinas and Duke Energy Progress Storm Securitizations), including current maturities, operating lease liabilities, plus notes payable, commercial paper outstanding, underfunded pension liability, and adjustments to hybrid debt and preferred stock issuances based on how credit rating agencies view the instruments. Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items, as discussed above under Adjusted EPS Guidance.

## **Net Regulated Electric and Gas O&M**

The materials for Duke Energy’s Investor Update in June 2022 include a discussion of Duke Energy’s net regulated Electric and Gas operating, maintenance and other expenses (O&M) for the year-to-date periods ended December 31, 2019 and 2016, as well as the forecasted year-to-date period ended December 31, 2022.

Net regulated Electric and Gas O&M is a non-GAAP financial measure, as it represents reported O&M expenses adjusted for special items and expenses recovered through riders and excludes O&M expenses for Duke Energy’s non-margin based Commercial businesses and non-regulated electric products and services supporting regulated operations.

The materials also reference Piedmont Natural Gas Company, Inc. (Piedmont) Net regulated Gas O&M for the year ended December 31, 2016. Piedmont O&M is a non-GAAP finance measure, as it represents reported O&M expense as of December 31, 2016, adjusted for special items.

Management believes the presentation of net regulated Electric and Gas O&M and Piedmont Net regulated Gas O&M provides useful information to investors, as it provides a meaningful comparison of financial performance across periods. The most directly comparable GAAP financial measure for net regulated Electric and Gas O&M and Piedmont Net regulated Gas O&M is reported operating, maintenance and other expenses. A reconciliation of net regulated Electric and Gas O&M for the year-to-date periods ended December 31, 2019 and 2016, as well as the forecasted year-to-date period ended December 31, 2022, and a reconciliation of Piedmont O&M for the year-to-date period ended October 31, 2016, to the most directly comparable GAAP measure are included here-in.

## **Business Mix Percentage**

The materials for Duke Energy's Investor Update in June 2022 reference each segment's 2022 projected adjusted segment income as a percentage of the total projected 2022 adjusted EPS midpoint of approximately \$5.45 (i.e. business mix), excluding the impact of Other. Duke Energy's segments are comprised of Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

Adjusted segment income is a non-GAAP financial measure, as it represents reported segment income adjusted for special items as discussed above. Due to the forward-looking nature of any forecasted adjusted segment income, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items (as discussed above under Adjusted EPS Guidance).

**Duke Energy Corporation**  
**Operations, Maintenance and Other Expense**  
(In millions)

	<u>Actual</u> <u>December 31, 2016</u>	<u>Actual</u> <u>December 31, 2019</u>	<u>Forecast</u> <u>December 31, 2022</u>
<b>Operation, maintenance and other<sup>(a)</sup></b>	<b>\$6,223</b>	<b>\$6,066</b>	<b>\$6,025</b>
Adjustments:			
Costs to Achieve, Mergers <sup>(b)</sup>	(238)	-	-
Severance <sup>(b)</sup>	(92)	-	-
Reagents Recoverable <sup>(d) (j)</sup>	(93)	(95)	(95)
Energy Efficiency Recoverable <sup>(c)</sup>	(417)	(415)	(409)
Other Deferrals <sup>(e)</sup> and Recoverable <sup>(d) (h) (i)</sup>	(95)	(321)	(233)
Margin based O&M for Commercial Businesses	(185)	(95)	(159)
Short-term incentive payments (over)/under budget	(90)	(112)	-
Non-margin based O&M for Commercial Business <sup>(f)</sup>	(166)	(203)	(319)
Non-regulated Products and Services <sup>(g)</sup>	(83)	(175)	(219)
<b>Net Regulated Electric and Gas, operation, maintenance and other</b>	<b><u>\$ 4,764</u></b>	<b><u>\$ 4,651</u></b>	<b><u>\$ 4,589</u></b>
Piedmont O&M, for the period from October 3, 2016 through December 31, 2016	(69)		
<b>Net Regulated Electric and Gas, operation, maintenance and other, excluding Piedmont<sup>(k)</sup></b>	<b><u>\$ 4,695</u></b>		

(a) As reported in the Consolidated Statements of Operations.

(b) Presented as a special item for the purpose of calculating adjusted earnings and adjusted diluted earnings per share.

(c) Primarily represents expenses to be deferred or recovered through rate riders.

(d) The Duke Energy Indiana Rate Case was effective in mid-year 2020. This Rate Case permitted recovery within base rates of certain costs that had previously been recovered through riders. Accordingly, all prior periods have been recast as if these costs were always included within base rates.

(e) Prior periods have been recast to reflect a change in methodology to present certain deferrals which will be recovered through future rate cases as if they were included in base rates.

(f) Primarily represents expenses from the Commercial Renewables segment.

(g) Primarily represents non-regulated products and services expenses in support of regulated electric and gas utilities.

(h) Florida Vegetation Management has been reclassified to recoverable in the rate case effective in 2022. Accordingly, all prior periods have been recast for comparability.

(i) The Duke Energy Florida Rate Case effective 2022 permits within base rates the recovery of environmental costs (ECRC) which were previously recovered in riders. Accordingly, all prior periods have been recast for comparability.

(j) Duke Energy Indiana Reagents have been reclassified to Recoverable effective in 2022. Accordingly, all prior periods have been recast for comparability.

(k) Net regulated electric and gas, operating maintenance and other, excluding Piedmont presents Net regulated electric and gas O&M for the year ended December 31, 2016, without the operations of Piedmont Natural Gas, which was acquired on October 3, 2016.

**Piedmont Natural Gas Company, Inc.**  
**Operations, Maintenance and Other Expense**  
(In millions)

		<b>Actual</b>
Operation, maintenance and other <sup>(a)</sup> - Piedmont Natural Gas Company, Inc. 10-K	\$	<b>353</b>
Less:		
Operation, maintenance and other <sup>(b)</sup> - Piedmont Natural Gas Company, Inc. 2015 November and December Activity		53
Add:		
Operation, maintenance and other <sup>(b)</sup> - Piedmont Natural Gas Company, Inc. 2016 November and December Activity		52
<b>Operation, maintenance and other - Piedmont Natural Gas Company, Inc. for the year ending December 31, 2016</b>	<b>\$</b>	<b>352</b>
Adjustments:		
Costs to Achieve, Mergers <sup>(c)</sup>		(63)
<b>Piedmont, Net Regulated Gas O&amp;M for the year ending December 31, 2016</b>	<b>\$</b>	<b>289</b>

(a) As reported in the 2016 Form 10-K Piedmont Natural Gas Condensed Consolidated Statements of Operations and Comprehensive Income as of October 31, 2016.

(b) As reported in the 2016 Form 10-QT Piedmont Natural Gas Condensed Consolidated Statements of Operations and Comprehensive Income.

(c) Primarily represents expenses for acquisition consummation costs, integration, and other related costs in connection with Duke Energy Corporation's acquisition October 3, 2016.



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