

August 6, 2019

SECOND QUARTER 2019

# Duke Energy Earnings Review & Business Update

Lynn Good  
Steve Young

*Chairman, President & CEO*  
*Executive Vice President & CFO*



BUILDING A **SMARTER** ENERGY FUTURE®



## **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 in the Appendix 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/).



### BUSINESS UPDATE

Lynn Good, Chairman, President & CEO

- Second quarter 2019 update
- Progress on strategic initiatives
- North Carolina update



TRANSFORMING THE  
**FUTURE**

### FINANCIAL UPDATE

Steve Young, Executive VP & CFO

- Second quarter 2019 earnings drivers
- Economic conditions and load growth trends
- Regulatory updates
- Financing plan update
- Key investor considerations





# \$1.12

2Q 2019 REPORTED/ADJUSTED DILUTED EPS  
COMPARED TO \$0.71/\$0.93 IN 2Q 2018

## ON TRACK

TO ACHIEVE 2019 EPS  
GUIDANCE RANGE OF \$4.80 - \$5.20 <sup>(1)</sup>

## REAFFIRMING 4 - 6% GROWTH THROUGH 2023

OFF THE MIDPOINT OF  
2019 ADJUSTED EPS  
GUIDANCE RANGE (\$5.00)

## FINANCIAL HIGHLIGHTS

- EPS growth of 6% through the first half of the year
- Strong growth in the quarter in all three operating segments driven by ongoing investments and constructive regulatory activity
- Increased quarterly dividend to shareholders for the 13<sup>th</sup> consecutive year

## OPERATIONAL HIGHLIGHTS

- Piedmont Natural Gas named one of America's Most Trusted Brands among utilities
- System performs well during recent sustained heat wave
- Duke Energy earns "Emergency Recovery Award" from EEI for power restoration efforts after Winter Storm Diego hit the Carolinas in Dec. 2018

(1) Based on adjusted diluted EPS





### ELECTRIC UTILITIES AND INFRASTRUCTURE

- \$1.1 billion WCMP combined cycle (DEP) on target for late-2019 completion
- Filed Indiana IRP July 1; includes accelerated coal plant retirements and additional renewables
- Solar and battery investments advancing in FL under settlement agreement
- EV pilot programs proposed in NC and SC
- Second renewable energy RFP in NC under House Bill 589 launching in October

### COMMERCIAL RENEWABLES

- North Rosamond 150 MW solar project placed in service
- Approximately 650 MW<sup>(1)</sup> of wind, solar and fuel cell projects announced during the quarter
- Line-of-sight to substantially all of our growth targets for 2019 & 2020; and ~70% of the five-year plan

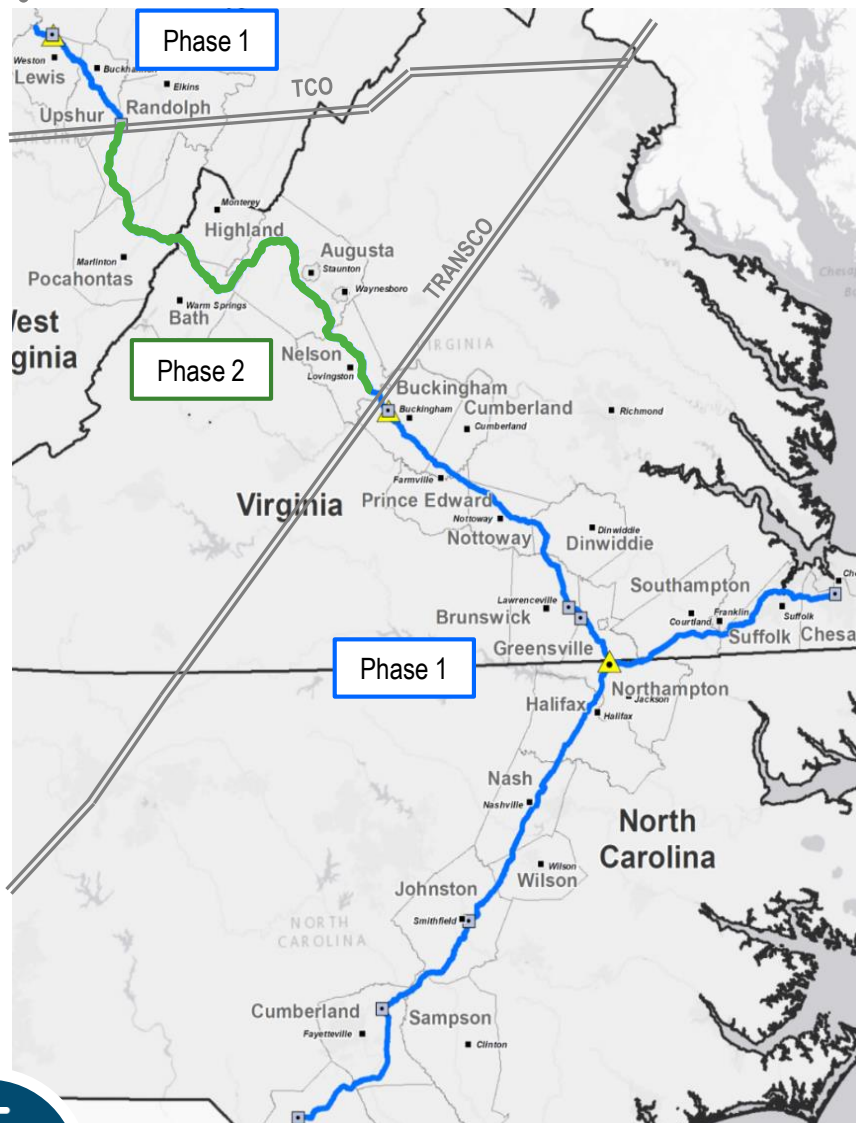
**TARGETING 40% REDUCTION IN CO<sub>2</sub> EMISSIONS BY 2030 FROM 2005 LEVELS<sup>(2)</sup>**

<sup>(1)</sup> See appendix for detailed project listing

<sup>(2)</sup> 2030 carbon reduction will be influenced by customer demand, generation mix, weather, fuel availability and prices



# Expanding natural gas infrastructure



## ATLANTIC COAST PIPELINE

- Filed petition June 25<sup>th</sup> seeking SCOTUS review of the Appalachian Trail decision; DOJ and Solicitor General joined the appeal
  - Expect SCOTUS to decide this fall whether it will agree to hear the appeal
- Received order from 4<sup>th</sup> Circuit Court of Appeals vacating Biological Opinion and Incidental Take Statement
  - Evaluating order and will work with Fish and Wildlife Service to resolve any deficiencies
- Expect construction could resume by year-end
  - Pursuing phased in-service schedule, with Phase 1 in service by late 2020 and Phase 2 in 2021
  - Advancing discussions with customers
- Estimated cost remains \$7.0 to \$7.8 billion<sup>(1)</sup>

## ROBESON LNG FACILITY

- \$250 million investment for Piedmont Natural Gas
- Construction underway with 2021 in service expected

**COMMITTED TO BRINGING LOW-COST NATURAL GAS TO UNDERSERVED SOUTHEAST**

(1) Represents total project cost, of which Duke Energy's share is 47%. Excludes AFUDC



### NORTH CAROLINA LEGISLATION

- SB559 would enable the NCUC to consider:
  - Storm cost securitization
  - Multi-year rate plans and/or ROE bands
- Commission retains authority to review investments and the prudence of incurred costs
- Customer benefits include:
  - Provides bill predictability
  - Incentivizes investments that reduce outages and enable renewables
  - 15-20% savings on storm recovery costs
  - Provides for investments that support low-income communities
- Bill passed the Senate May 2; passed required committees in the House

### NCDEQ COAL ASH ORDER

- NCDEQ issued order April 1 requiring low-priority sites be fully excavated
- Company appealed the decision to the NC Office of Administrative Hearings on April 26; expect process to take 9-12 months to conclude



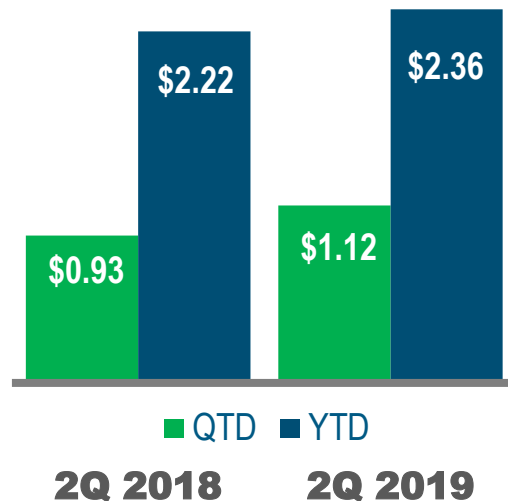
Overlapping service territories

**ADVANCING SOLUTIONS TO BENEFIT NORTH CAROLINA CUSTOMERS**



# 2Q 2019 adjusted diluted EPS summary and primary drivers

## ADJUSTED DILUTED EARNINGS PER SHARE



## ON TRACK

TO ACHIEVE 2019 EPS  
GUIDANCE RANGE  
OF \$4.80 - \$5.20<sup>(3)</sup>

## SEGMENT RESULTS VS. PRIOR YEAR QUARTER<sup>(1)</sup>

### Electric Utilities & Infrastructure, +\$98 M (+\$0.13 per share<sup>(2)</sup>)

- ▲ Contribution from base rate changes
- ▲ Favorable timing of O&M expenses
- ▲ Higher rider revenues
- ▼ Higher depreciation and amortization, primarily due to a growing asset base
- ▼ Higher interest expense

### Gas Utilities & Infrastructure, +\$12 M (+\$0.02 per share)

- ▲ Higher earnings from midstream investments

### Commercial Renewables, +\$48 M (+\$0.06 per share)

- ▲ New solar tax equity financed project placed in service
- ▼ Lower wind resource, and a prior year favorable contractual settlement

### Other, +\$6 M (+\$0.01 per share)

### Share Dilution (-\$0.03 per share)

(1) Detailed drivers of adjusted segment income (loss) are available in the 2Q 2019 earnings release located on our Investor Relations website at [www.duke-energy.com/investors/](http://www.duke-energy.com/investors/)

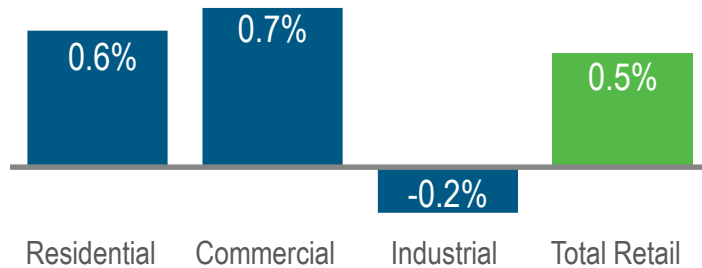
(2) Excludes share dilution of -\$0.03

(3) Based on adjusted diluted EPS



# Customer growth and weather-normal electric volume trends

## ROLLING 12-MONTH RETAIL ELECTRIC VOLUME GROWTH



## RESIDENTIAL

- Increase in average number of customers in our attractive service territories drives volume growth for electric and gas utilities
- Nearly 25% of all jobs created in U.S. over the last year are in states the company serves

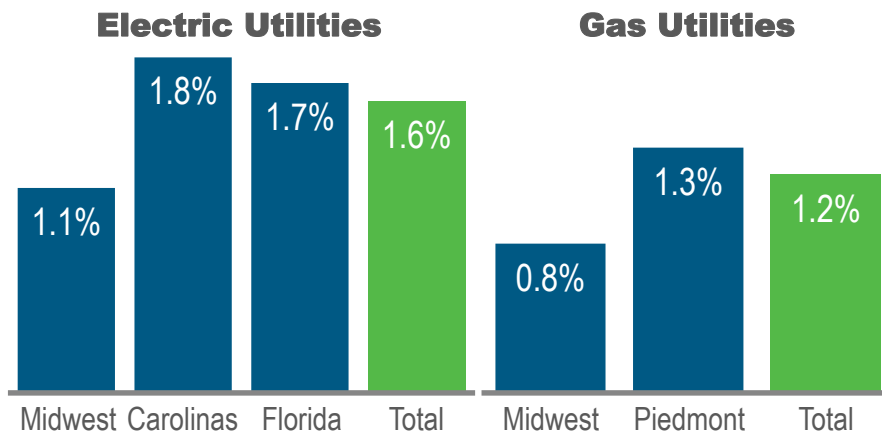
## COMMERCIAL

- Data center expansion continues
- Strength in services businesses offsets weakness in big box retail stores

## INDUSTRIAL

- Sector continues to recover from the timing of production declines and temporary outage activities in the prior year
- As curtailments continue to roll off, expect growth within the sector to continue to rebound

## ANNUAL GROWTH IN NUMBER OF RESIDENTIAL CUSTOMERS





## Other regulatory activity



### **DUKE ENERGY INDIANA** BASE RATE CASE

- Filed July 2; first rate case in 16 years and includes modernized regulatory mechanisms
- Requested 10.4% ROE and 53% equity cap. structure<sup>(1)</sup>
- Based on Indiana rate base of \$10.2 billion as of year-end 2018 and adjusted for projected changes through year-end 2020
- If approved, expect annualized revenues to increase \$345 million in mid-2020 and another \$50 million in mid-2021



### **PIEDMONT NATURAL GAS NORTH CAROLINA** BASE RATE CASE

- Requested 10.6% ROE and 52% equity cap. structure
- Based on North Carolina rate base of \$3.3 billion
- Evidentiary hearing scheduled for August 19
- If approved, expect rates to be effective by the end of 2019



### **SOUTH CAROLINA ELECTRIC** BASE RATE CASES

- Motion for rehearing denied by the PSCSC; awaiting full orders
- Prepared to appeal portions of the cases

<sup>(1)</sup> Indiana's capital structure includes Accumulated Deferred Income Taxes (ADIT). When ADIT is excluded, resulting cap structure approximates 53% equity.

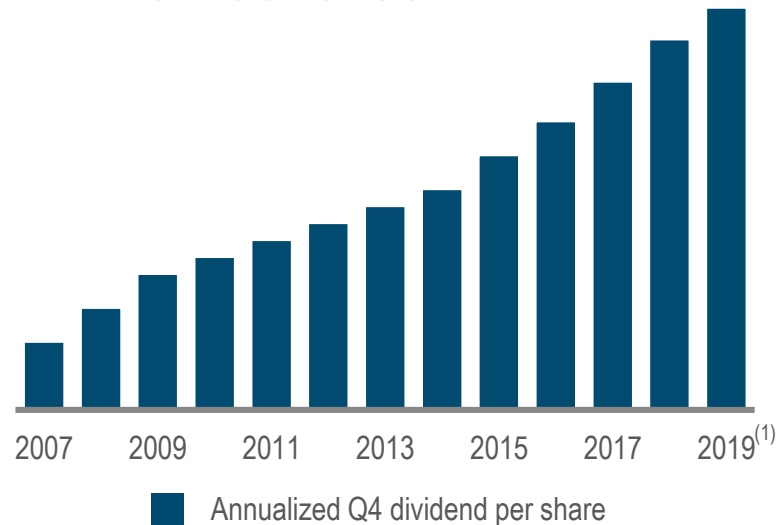


## KEY MESSAGES

- S&P affirmed Duke Energy Corp. rating of BBB+, and revised the rating outlook to negative from stable
- Commercial Renewables minority stake sale closing on track for fall 2019
  - ~\$415 million pre-tax proceeds to offset debt
- Expect \$1.1 billion refundable AMT credits in 2019-2022
  - \$575 million expected to be refunded in 2019 and \$275 million expected in 2020
- Continue to expect common stock issuances of \$500 million per year 2019-2023 via DRIP/ATM programs

Equity issuance	Priced YTD	Equity Forward?	Forward Settled
ATM	\$340 M	Yes	Q4
DRIP	\$80 M	No	n/a
<b>Total Common</b>	<b>\$420 M</b>		

## INCREASED QUARTERLY DIVIDEND PAYMENT FOR THE 13<sup>TH</sup> CONSECUTIVE YEAR



**65 - 75%**  
**LONG-TERM TARGET DIVIDEND  
PAYOUT RATIO<sup>(2)</sup>**

**COMMITTED TO MAINTAINING STRONG CREDIT QUALITY & INVESTMENT GRADE RATINGS**

(1) Subject to approval by the Board of Directors

(2) Based on adjusted diluted EPS



**DUK**  
**LISTED**  
**NYSE**

## A SOLID LONG-TERM HOLDING



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

(1) As of August 2, 2019

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

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

(4) Based on adjusted diluted EPS off the midpoint of the 2019 guidance range (\$5.00)



# Appendix



## ITEM

## SLIDES

Financial supplement

14-22

Sustainability / ESG

23-26

Other supplemental information

27-30

Upcoming events & other

31-35



# Financial supplement





# Key 2019 adjusted earnings guidance assumptions

(\$ in millions)	Original 2019 Assumptions <sup>(1)</sup>	2019 YTD (thru 6/30/2019)
<b>Adjusted segment income/(expense)<sup>(2)</sup>:</b>		
Electric Utilities & Infrastructure	\$3,480	\$1,559
Gas Utilities & Infrastructure	\$375	\$266
Commercial Renewables	\$230	\$99
Other	(\$440)	(\$204)
Duke Energy Consolidated	\$3,645	\$1,720
<b>Additional consolidated information:</b>		
Interest expense	\$2,238	\$1,085
Effective tax rate including noncontrolling interest and preferred dividends and excluding special items	12-14%	12.1%
Debt AFUDC and capitalized interest	\$151	\$74
AFUDC equity	\$168	\$67
Capital expenditures <sup>(3)(4)</sup>	\$11,100	\$5,854
Weighted-average shares outstanding	~729 million	~728 million

(1) Full year amounts for 2019, as disclosed on Feb. 14, 2019

(2) Adjusted net income for 2019 assumptions is based upon the midpoint of the adjusted diluted EPS guidance range of \$4.80 to \$5.20

(3) Includes debt AFUDC and capitalized interest, except for ACP

(4) 2019 YTD (thru 6/30/2019) includes ~\$320 million of coal ash closure spend that was included in operating cash flows and ~\$90 million funded under the ACP revolving credit facility; excludes tax equity funding of commercial renewables projects of ~\$180 million. 2019 Assumptions include ~\$850 million of projected coal ash closure spend and \$220 million projected to be funded under the ACP revolving credit facility



# 2019 EPS Guidance and balance of the year considerations

## ADJUSTED DILUTED EARNINGS PER SHARE



**ON TRACK**

TO ACHIEVE 2019 EPS  
GUIDANCE RANGE OF \$4.80 - \$5.20 <sup>(2)</sup>

## KEY CONSIDERATIONS<sup>(1)</sup>

	3Q 2019	4Q 2019
O&M:		
• Potential reversal of 2019 YTD favorable timing (\$0.07)	▼	▼
• 2018 favorable settlement on certain transmission costs (\$0.03)	▼	
• Return to normal storms (\$0.08 in 3Q18 and \$0.05 in 4Q18)	▲	▲
New solar resources in service:		
- 25 MW Shoreham (3Q18)	▼	
- 100 MW Lapetus (4Q19)		▲
- 60 MW Palmer (4Q19)		▲

(1) Key year-over-year drivers with significant quarterly variability. See additional full year drivers disclosed on slide 23 of the 2018 Fourth Quarter Earnings Review and Business Update on February 14, 2019.

(2) Based on adjusted diluted EPS



## Key 2019 earnings sensitivities

Driver		EPS Impact
Electric Utilities & Infrastructure	1% change in earned return on equity	+/- \$0.49
	\$1 billion change in rate base	+/- \$0.07
	1% change in volumes	+/- \$0.13
Gas Utilities & Infrastructure	1% change in earned return on equity	+/- \$0.06
	\$200 million change in rate base	+/- \$0.01
	1% change in number of new customers	+/- \$0.01
Consolidated	1% change in interest rates <sup>(1)</sup>	+/- \$0.07

*Note: EPS amounts based on forecasted 2019 share count of ~729 million shares*

(1) Based on average variable-rate debt outstanding throughout the year



# Electric utilities quarterly weather impacts

Weather segment income to normal:	2019			2018		
	Pretax impact	Weighted avg. diluted shares	EPS impact favorable / (unfavorable)	Pretax impact	Weighted avg. shares	EPS impact favorable / (unfavorable)
First Quarter	(\$55)	727	(\$0.06)	\$10	701	\$0.01
Second Quarter	\$80	728	\$0.08	\$90	704	\$0.10
Third Quarter <sup>(1)</sup>				\$55	714	\$0.05
Fourth Quarter				\$60	716	\$0.06
Year-to-Date <sup>(1)(2)</sup>	\$25	728	\$0.02	\$215	708	\$0.22

2Q 2019	Duke Energy Carolinas		Duke Energy Progress		Duke Energy Florida		Duke Energy Indiana		Duke Energy Ohio/KY	
Heating degree days / Variance from normal	127	(41.3%)	117	(36.5%)	-	(100%)	474	(4.3%)	347	(22.7%)
Cooling degree days / Variance from normal	632	28.9%	715	33.0%	1,159	11.0%	294	(11.3%)	333	2.8%

2Q 2018	Duke Energy Carolinas		Duke Energy Progress		Duke Energy Florida		Duke Energy Indiana		Duke Energy Ohio/KY	
Heating degree days / Variance from normal	208	(5.8%)	191	1.1%	2	(81.9%)	547	11.0%	497	9.9%
Cooling degree days / Variance from normal	638	30.0%	696	30.3%	1,052	1.2%	557	68.9%	539	64.2%

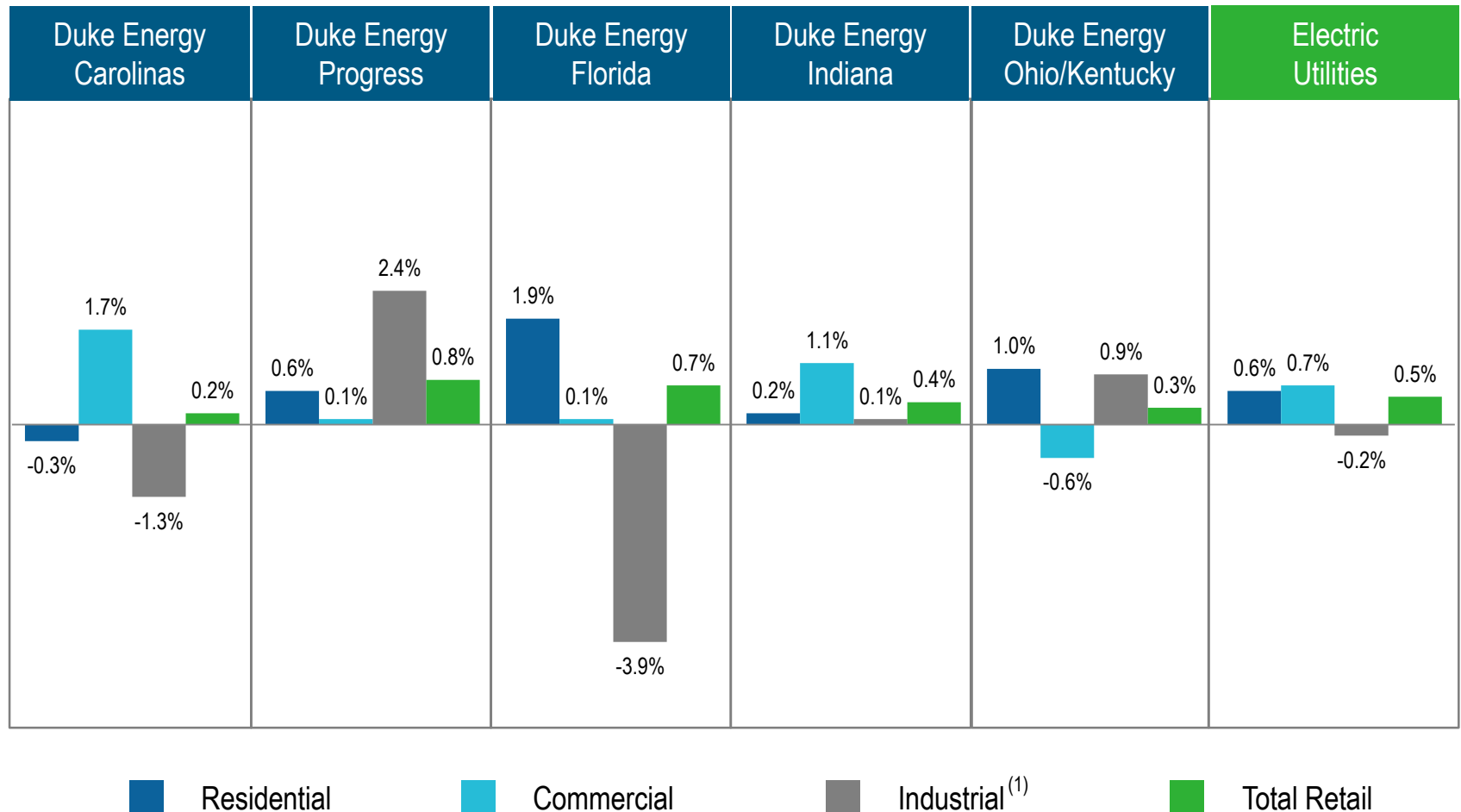
(1) 2018 includes an unfavorable ~\$15 million or \$0.01/share impact from Hurricane Florence

(2) Year-to-date amounts may not foot due to differences in weighted-average shares outstanding and/or rounding



# Weather normalized volume trends, by electric jurisdiction

Rolling Twelve Months, as of June 30, 2019

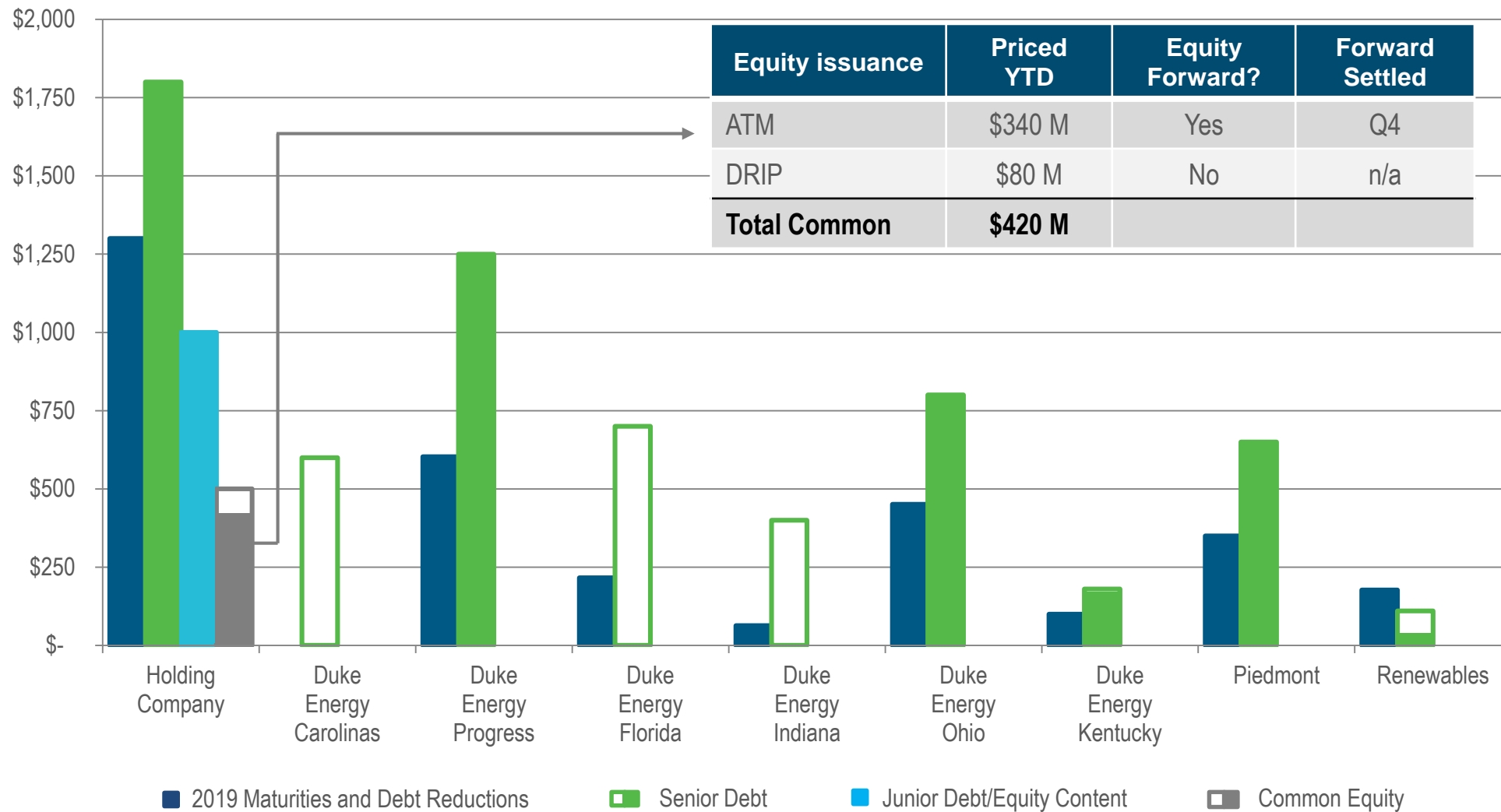


(1) Electric Utilities industrial results have been impacted by production interruptions at a couple of large customers



## 2019 financing plan as of June 30, 2019 <sup>(1)</sup>

(\$ in millions)



(1) Represents progress made toward the expected long-term debt, preferred stock and common equity capital raising during 2019



## 2019 long-term debt and preferred stock financing activity as of June 30, 2019

Amount (\$ in millions)	Entity	Date Issued	Credit Ratings (M/S&P/F, unless otherwise noted)	Term	Type	Rate
\$400	DE Ohio	January 2019	A2/A	10-Year	First Mortgage Bond	Fixed – 3.65%
\$400	DE Ohio	January 2019	A2/A	30-Year	First Mortgage Bond	Fixed – 4.30%
\$650	DE Progress	Jan. & Feb. 2019	A2/A- <sup>(1)</sup>	2-Year	Term Loan	Floating
\$600	DE Progress	March 2019	Aa3/A	10-year	First Mortgage Bond	Fixed – 3.45%
\$300	DE Corp.	March 2019	Baa1/BBB+	3-Year	Senior Unsecured Notes	Fixed – 3.227%
\$300	DE Corp.	March 2019	Baa1/BBB+	3-Year	Senior Unsecured Notes	Floating
\$1,000	DE Corp.	March 2019	Baa3/BBB/BBB-	Perpetual	Preferred Stock	Fixed – 5.75%
\$600	Piedmont	May 2019	A3/A-	10-Year	Senior Unsecured Notes	Fixed – 3.50%
\$600	DE Corp.	June 2019	Baa1/BBB+/BBB+	10-Year	Senior Unsecured Notes	Fixed – 3.40%
\$600	DE Corp.	June 2019	Baa1/BBB+/BBB+	30-Year	Senior Unsecured Notes	Fixed – 4.20%
\$95	DE Kentucky	June 2019	N/A <sup>(2)</sup>	6-Year	Debentures	Fixed – 3.23%
\$75	DE Kentucky	June 2019 <sup>(3)</sup>	N/A <sup>(2)</sup>	10-Year	Debentures	Fixed – 3.56%
\$40	DE Kentucky	June 2019 <sup>(3)</sup>	N/A <sup>(2)</sup>	30-Year	Debentures	Fixed – 4.32%

(1) Represents the Issuer/Corporate Credit Ratings

(2) Issuance privately placed

(3) Transaction was priced in June, 2019 with expected closing in September 2019



# Liquidity summary as of June 30, 2019

(\$ in millions)	Duke Energy	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio	Duke Energy Kentucky	Piedmont Natural Gas	Total
Master Credit Facility <sup>(1)</sup>	\$ 2,650	\$ 1,750	\$ 1,250	\$ 800	\$ 600	\$ 300	\$ 150	\$ 500	\$ 8,000
Less: Notes payable and commercial paper <sup>(2)</sup>	(1,009)	(1,099)	(276)	(474)	(326)	(124)	(112)	-	(3,420)
Coal Ash Set-Aside	-	(250)	(250)	-	-	-	-	-	(500)
Outstanding letters of credit (LOCs)	(45)	(4)	(2)	-	-	-	-	(2)	(53)
Tax-exempt bonds	-	-	-	-	(81)	-	-	-	(81)
Available capacity	\$ 1,596	\$ 397	\$ 722	\$ 326	\$ 193	\$ 176	\$ 38	\$ 498	\$ 3,946
Funded Revolver and Term Loan <sup>(3)</sup>	\$ 1,000		\$ 700						\$ 1,700
Less: Borrowings Under Credit Facilities	(500)		(700)						(1,200)
Available capacity	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Cash & short-term investments									200
<b>Total available liquidity</b>									<b>\$ 4,646</b>

Note: excludes variable denomination floating-rate demand notes, called PremierNotes. At June 30, 2019, the PremierNotes balance was \$990 million

(1) Master Credit Facility supports tax-exempt put bonds, LOCs and the Duke Energy commercial paper program of \$4.85 billion

(2) Includes permanent layer of commercial paper of \$625 million, which is classified as long-term debt

(3) Borrowings under these facilities will be used for general corporate purposes



# Sustainability / Environmental Social and Governance (ESG)





## CARBON AND OTHER REDUCTIONS



## OTHER ESG FOCUS AREAS

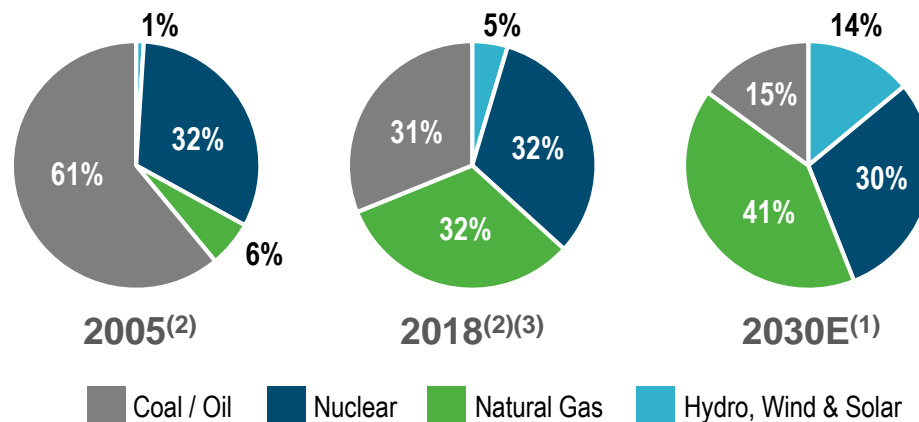


## INDUSTRY LEADING DISCLOSURE



- Targeting 40% reduction in carbon dioxide (CO<sub>2</sub>) emissions by 2030<sup>(1)</sup>
- Since 2005, decreased CO<sub>2</sub> emissions by 31%, sulfur dioxide emissions by 96% and nitrogen oxides emissions by 74%
- 49 coal units retired (~6.2 GW) since 2010
- As of year-end 2018, owned or contracted 7,100 MW of renewables
- Targeting 1 trillion gallon reduction in water withdrawals by our generation fleet by 2030 (from 5.34 trillion gallons in 2016)

## FUEL DIVERSITY (MWh OUTPUT)



(1) From 2005 levels. 2030 carbon reduction will be influenced by customer demand, generation mix, weather, fuel availability and prices

(2) 2005 and 2018 data based on Duke's ownership share of U.S. generation assets as of Dec. 31, 2018

(3) 2018 data excludes 8,519 GWh of purchased renewables, equivalent to ~4% of Duke's output



## CARBON AND OTHER REDUCTIONS



## OTHER ESG FOCUS AREAS



## INDUSTRY LEADING DISCLOSURE



### SAFETY – OUR NUMBER ONE PRIORITY

- Total Incident Case Rate (TICR) of 0.43 in 2018; one of the industry leaders for 4<sup>th</sup> year in a row

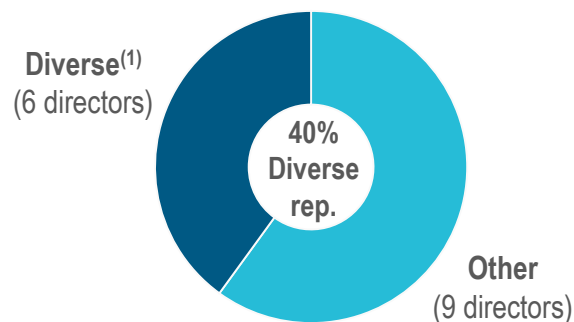
### EMPLOYEES

- Targeting a companywide engagement score of 76% by 2022
- Named one of “America’s Best Employers” by Forbes
- Named one of the “50 Best Companies for Diversity” by Black Enterprise magazine

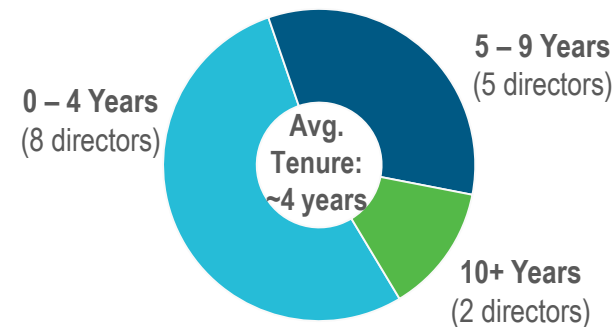
### GOVERNANCE

- Oversight of sustainability formally added to Corporate Governance Committee of the Duke Energy Board of Directors charter in 2018

### BOARD DIVERSITY



### BOARD TENURE



(1) Racial, gender and ethnic diversity



## CARBON AND OTHER REDUCTIONS



## OTHER ESG FOCUS AREAS



## INDUSTRY LEADING DISCLOSURE



- Dow Jones Sustainability Index for 13 years in a row
- Over a decade of annual Sustainability reports
- Climate Report issued in 2018 analyzes 2-degree scenario
  - Our 40% CO<sub>2</sub> reduction goal is consistent with a pathway to achieve a 2-degree target
- EEI / AGA reporting templates provide investors greater uniformity and consistency in reporting of ESG metrics
- Bloomberg ESG disclosure score of 56.6, the second-best score and in the top decile of our peer U.S. utilities<sup>(1)</sup>



see more at: [www.duke-energy.com/our-company/sustainability](http://www.duke-energy.com/our-company/sustainability)

(1) As of March 29, 2019



## Other supplemental information







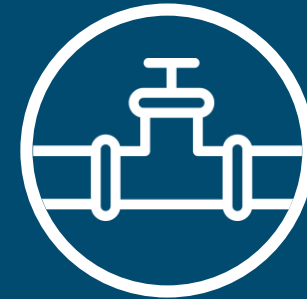
## TRANSFORM THE **CUSTOMER EXPERIENCE**



MODERNIZE THE  
**ENERGY GRID**



GENERATE  
**CLEANER ENERGY**



EXPAND **NATURAL GAS**  
**INFRASTRUCTURE**



**STAKEHOLDER**  
ENGAGEMENT

**EMPLOYEE ENGAGEMENT AND OPERATIONAL EXCELLENCE  
ARE FOUNDATIONAL TO OUR SUCCESS**



## Renewables projects detail

	Site	Megawatts				COD	Location
		Solar	Wind	Fuel Cell	Total		
Regulated:	Lake Placid	45	-	-	45	Q4 2019	FL
	Trenton	74.9	-	-	74.9	Q4 2019	FL
	DeBary	74.5	-	-	74.5	Q1 2020	FL
	Catawba County <sup>(1)</sup>	69	-	-	69	2020	NC (DEC)
	Gaston County <sup>(1)</sup>	25	-	-	25	2020	NC (DEC)
	PPA projects <sup>(1)(2)</sup>	362	-	-	362	2020/2021	NC/SC
<b>Subtotal – Regulated</b>		<b>651</b>	<b>-</b>	<b>-</b>	<b>651</b>		
Commercial:	Cleveland County <sup>(1)</sup>	50	-	-	50	2020	NC
	Surry County <sup>(1)</sup>	23	-	-	23	2020	NC
	Cabarrus County <sup>(1)</sup>	23	-	-	23	2020	NC
	Rosamond	150	-	-	150	Q2 2019	CA
	Lapetus	100	-	-	100	Q4 2019	TX
	Palmer <sup>(3)</sup>	60	-	-	60	Q4 2019	CO
	Holstein <sup>(3)</sup>	200	-	-	200	2020	TX
	Mesteno	-	200	-	200	Q4 2019	TX
	Frontier II <sup>(3)</sup>	-	350	-	350	2020	OK
	Bloom Energy <sup>(3)</sup>	-	-	37	37	2019/2020	Various
<b>Subtotal – Commercial<sup>(4)</sup></b>		<b>606</b>	<b>550</b>	<b>37</b>	<b>1,193</b>		
<b>GRAND TOTAL - announced</b>		<b>1,257</b>	<b>550</b>	<b>37</b>	<b>1,844</b>		
Late Stage Development Projects		-	180	-	180	2020	

(1) Projects that cleared the first RFP under HB589 (552 MW in total). Dates may vary depending upon local approvals and any construction delays

(2) Projects procured on behalf of customers but not owned by Duke Energy

(3) Projects announced in second quarter 2019

(4) Approximately 1/3 of capital requirement to be funded with tax equity



# North Carolina coal ash detail

Site	Ranking	Tons of Ash Remaining <sup>(1)</sup>	State Compliance Date	Actual/ Expected Closure Date <sup>(5)</sup>
Riverbend	High	-	August 2019	March 2019
Dan River	High	-	August 2019	May 2019
Sutton	High	-	December 2019	July 2019
Asheville <sup>(2)(3)</sup>	High	2	August 2022	
Cape Fear <sup>(4)</sup>	Intermediate	6	December 2029	
H.F. Lee <sup>(4)</sup>	Intermediate	6	December 2029	
Weatherspoon	Intermediate	2	August 2028	
Cliffside <sup>(2)</sup>	Low	10	December 2029	2027 – 2029
Allen	Low	19	December 2029	2038 - 2043
Marshall	Low	32	December 2029	2042 - 2053
Buck <sup>(4)</sup>	Low	6	December 2029	
Belews Creek	Low	20	December 2029	2033 - 2037
Roxboro	Low	34	December 2029	2038 - 2043
Mayo	Low	7	December 2029	2027 - 2030
<b>Total tons of Ash</b>		<b>145</b>		

- (1) Estimate as of June 30, 2019. In millions. Sutton completed during July 2019.
- (2) The company is currently moving ash from this site to on- and off-site final fully lined storage solutions, so the figures will change periodically given this activity
- (3) Basins at Asheville must be closed by Aug. 1, 2022, as a result of the Mountain Energy Act
- (4) Ash beneficiation site as defined by House Bill 650
- (5) Assuming full excavation of low-risk, low-priority sites included in NCDEQ order on April 1, 2019. Compliance dates for Allen, Marshall, Belews Creek, Roxboro and Mayo will need to be adjusted

## NCDEQ COAL ASH ORDER

- NC DEQ issued order April 1 requiring low priority sites be fully excavated
  - Incremental cost of \$4 - 5 billion vs. cap-in-place / hybrid closure methods would be spent over decades
  - Coal ash closure costs would increase \$200 – 400 million over 5-year plan (<1% of total capital plan)
- Company appealed the decision to the NC Office of Administrative Hearings on April 26; expect process to take 9-12 months



Excavation at Dan River Steam Station completed in May 2019



## Upcoming events & other





## Upcoming events

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Event	Date
3Q 2019 earnings call (tentative)	November 8, 2019
EEI Financial Conference	November 10-12, 2019



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## 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: 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](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.





*BUILDING A **SMARTER** ENERGY FUTURE®*

For additional information on Duke Energy,  
please visit: [duke-energy.com/investors](http://duke-energy.com/investors)



**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Second Quarter Earnings Review & Business Update**  
**August 6, 2019**

**Adjusted Diluted Earnings per Share (EPS)**

The materials for Duke Energy Corporation's (Duke Energy) Second Quarter Earnings Review and Business Update on August 6, 2019, include a discussion of adjusted diluted EPS for the quarter and year-to-date periods ended June 30, 2019 and 2018.

The non-GAAP financial measure, adjusted diluted EPS, represents diluted EPS from continuing operations attributable to Duke Energy Corporation common stockholders, adjusted for the 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 measure for adjusted diluted EPS is reported diluted EPS attributable to Duke Energy Corporation common stockholders. For the quarter and year-to-date periods ended June 30, 2019 adjusted diluted EPS equals reported diluted EPS attributable to Duke Energy Corporation common stockholders. Accordingly, there is no reconciliation of adjusted diluted EPS for the quarter and year-to-date periods ended June 30, 2019, to the most directly comparable GAAP measure. A reconciliation of adjusted diluted EPS for the quarter and year-to-date periods ended June 30, 2018, to the most directly comparable GAAP measure is included herein.

Special items for the quarter and year-to-date periods ended June 30, 2018, include the following items, which management believes do not reflect ongoing costs:

- Costs to Achieve Piedmont Merger represents charges that resulted from the Piedmont acquisition.
- Regulatory and Legislative Impacts represent charges related to rate case orders, settlements or other actions of regulators or legislative bodies.
- Sale of Retired Plant represents the loss associated with selling Beckjord, a nonregulated generating facility in Ohio.
- 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.

**Adjusted Diluted EPS Guidance**

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 6, 2019, include a reference to adjusted diluted EPS guidance range of \$4.80 - \$5.20 per share. The materials also reference the long-term range of annual growth of 4% - 6% through 2023 off the midpoint of 2019 adjusted EPS guidance range of \$5.00. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation common stockholders, adjusted for the per share impact of special items (as discussed above under Adjusted Diluted 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.



## **Adjusted Segment Income and Adjusted Other Net Loss**

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 6, 2019, include a discussion of adjusted segment income and adjusted other net loss for the quarter and year-to-date periods ended June 30, 2018 and a discussion of 2019 forecasted adjusted segment income and forecasted adjusted other net loss.

Adjusted segment income and adjusted other net loss are non-GAAP financial measures, as they represent reported segment income and other net loss adjusted for special items (as discussed above under Adjusted Diluted EPS). When a per share impact is provided for a segment income driver, the after-tax driver is derived using the pretax amount of the item less income taxes based on the segment statutory tax rate of 24% for Electric Utilities and Infrastructure and Gas Utilities and Infrastructure, segment statutory tax rate of 23% for Other, or an effective tax rate for Commercial Renewables. The after-tax earnings drivers are divided by the Duke Energy weighted average diluted shares outstanding for the period. The most directly comparable GAAP measures for adjusted segment income and adjusted other net loss are reported segment income and other net loss, which represents segment income and other net loss from continuing operations, including any special items. For the quarter and year-to-date periods ended June 30, 2019, adjusted segment income and adjusted other net loss equal reported segment income and other net loss. Accordingly, there is no reconciliation of adjusted segment income and adjusted other net loss for the quarter and year-to-date periods ended June 30, 2019, to the most directly comparable GAAP measure. A reconciliation of adjusted segment income and adjusted other net loss for the quarter and year-to-date periods ended June 30, 2018, to the most directly comparable GAAP measures is included herein. Due to the forward-looking nature of any forecasted adjusted segment income and forecasted other net loss and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures are not available at this time, as the company is unable to forecast all special items, as discussed above under Adjusted Diluted EPS Guidance.

## **Dividend Payout Ratio**

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 6, 2019, include a discussion of Duke Energy's forecasted dividend payout ratio of 65% - 75% based upon adjusted diluted EPS. This payout ratio is a non-GAAP financial measure as it is based upon forecasted diluted EPS from continuing operations attributable to Duke Energy Corporation stockholders, adjusted for the per-share impact of special items, as discussed above under Adjusted Diluted EPS. The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations attributable to Duke Energy Corporation common stockholders. 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 Diluted EPS Guidance.



## **Effective Tax Rate Including Impacts of Noncontrolling Interests and Preferred Dividends and Excluding Special Items**

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 6, 2019, include a discussion of the effective tax rate including impacts of noncontrolling interests and preferred dividends and excluding special items for the quarter and year-to-date periods ended June 30, 2019. The materials also include a discussion of the 2019 forecasted effective tax rate including impacts of noncontrolling interests and preferred dividends and excluding special items. Effective tax rate including impacts of noncontrolling interests and preferred dividends and excluding special items is a non-GAAP financial measure as the rate is calculated using pretax income and income tax expense, both adjusted for the impact of special items, noncontrolling interests and preferred dividends. The most directly comparable GAAP measure is reported effective tax rate, which includes the impact of special items and excludes the impacts of noncontrolling interests and preferred dividends. A reconciliation of this non-GAAP financial measure for the quarter and year-to-date periods ended June 30, 2019, to the most directly comparable GAAP measure is included herein. Due to the forward-looking nature of the 2019 forecasted effective tax rate including impacts of noncontrolling interests and preferred dividends and excluding special items, 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 Diluted EPS Guidance.

## **Available Liquidity**

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 6, 2019, include a discussion of Duke Energy's available liquidity balance. The available liquidity balance presented is a non-GAAP financial measure as it represents cash and cash equivalents, excluding certain amounts held in foreign jurisdictions and cash otherwise unavailable for operations, and remaining availability under Duke Energy's available credit facilities, including the master credit facility. The most directly comparable GAAP financial measure for available liquidity is cash and cash equivalents. A reconciliation of available liquidity as of June 30, 2019, to the most directly comparable GAAP measure is included herein.



**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Three Months Ended June 30, 2018  
(Dollars in millions, except per-share amounts)

		Special Items					
	Reported Earnings	Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts	Discontinued Operations	Total Adjustments	Adjusted Earnings	
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 575	\$ —	\$ 136	B \$ —	\$ 136	\$ 711	
Gas Utilities and Infrastructure	28	—	—	—	—	28	
Commercial Renewables	38	—	—	—	—	38	
<b>Total Reportable Segment Income</b>	<b>641</b>	<b>—</b>	<b>136</b>	<b>—</b>	<b>136</b>	<b>777</b>	
Other	(136)	15	A —	—	15	(121)	
Discontinued Operations	(5)	—	—	5	C 5	—	
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 500</b>	<b>\$ 15</b>	<b>\$ 136</b>	<b>\$ 5</b>	<b>\$ 156</b>	<b>\$ 656</b>	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.71</b>	<b>\$ 0.02</b>	<b>\$ 0.19</b>	<b>\$ 0.01</b>	<b>\$ 0.22</b>	<b>\$ 0.93</b>	

**A** — Net of \$5 million tax benefit. \$20 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

**B** — Net of \$43 million tax benefit at Duke Energy Carolinas. \$175 million recorded within Impairment charges and \$4 million recorded within Operations, maintenance and other on the Duke Energy Carolinas' Condensed Consolidated Statements of Operations.

**C** — Recorded in Loss from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) — 704 million**



**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Six Months Ended June 30, 2018**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items					Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts	Sale of Retired Plant	Impairment of Equity Method Investment	Impacts of the Tax Act			
<b>SEGMENT INCOME</b>									
Electric Utilities and Infrastructure	\$ 1,325	\$ —	\$ 202	B \$ —	\$ —	\$ —	\$ —	\$ 202	\$ 1,527
Gas Utilities and Infrastructure	144	—	—	—	42	D —	—	42	186
Commercial Renewables	58	—	—	—	—	—	—	—	58
<b>Total Reportable Segment Income</b>	<b>1,527</b>	<b>—</b>	<b>202</b>	<b>—</b>	<b>42</b>	<b>—</b>	<b>—</b>	<b>244</b>	<b>1,771</b>
Other	(402)	28	A —	82	C —	76	E —	186	(216)
Discontinued Operations	(5)	—	—	—	—	—	5	F 5	—
Net Income Attributable to Duke Energy Corporation	\$ 1,120	\$ 28	\$ 202	\$ 82	\$ 42	\$ 76	\$ 5	\$ 435	\$ 1,555
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.59</b>	<b>\$ 0.04</b>	<b>\$ 0.29</b>	<b>\$ 0.12</b>	<b>\$ 0.06</b>	<b>\$ 0.11</b>	<b>\$ 0.01</b>	<b>\$ 0.63</b>	<b>\$ 2.22</b>

**A** — Net of \$9 million tax benefit. \$37 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

**B** — Net of \$16 million tax benefit at Duke Energy Progress and \$47 million tax benefit at Duke Energy Carolinas.

- On the Duke Energy Progress' Condensed Consolidated Statements of Operations, \$32 million is recorded within Impairment charges, \$31 million within Operations, maintenance and other, \$6 million within Interest Expense and \$(1) million within Depreciation and amortization.

- On the Duke Energy Carolinas' Condensed Consolidated Statements of Operations, \$188 million is recorded within Impairment charges, \$8 million within Operations, maintenance and other, and \$1 million within Depreciation and amortization.

**C** — Net of \$25 million tax benefit. \$107 million recorded within Gains (Losses) on Sales of Other Assets and Other, net on the Condensed Consolidated Statements of Operations.

**D** — Net of \$13 million tax benefit. \$55 million recorded within Other Income and Expenses on the Condensed Consolidated Statements of Operations.

**E** — \$76 million AMT valuation allowance within Income Tax Expense from Continuing Operations on the Condensed Consolidated Statements of Operations.

**F** — Recorded in Loss from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) — 702 million**



**DUKE ENERGY CORPORATION**  
**EFFECTIVE TAX RECONCILIATION**  
June 2019  
(Dollars in millions)

	Three Months Ended June 30, 2019		Six Months Ended June 30, 2019	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 889		\$ 1,877	
Noncontrolling Interests	84		91	
Preferred Dividends	(12)		(12)	
<b>Pretax Income including noncontrolling interests and preferred dividends</b>	<u>\$ 961</u>		<u>\$ 1,956</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 141	15.9%	\$ 236	12.6%
<b>Tax Expense including noncontrolling interest and preferred dividends</b>	<u>\$ 141</u>	14.7%	<u>\$ 236</u>	12.1%

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2018	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 607		\$ 1,410	
Costs to Achieve Piedmont Merger	20		37	
Regulatory and Legislative Impacts	179		265	
Sale of Retired Plant	—		107	
Impairment of Equity Method Investment	—		55	
Noncontrolling Interests	(2)		(4)	
<b>Pretax Income including noncontrolling interests and excluding special items</b>	<u>\$ 804</u>		<u>\$ 1,870</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 100	16.5%	\$ 281	19.9%
Costs to Achieve Piedmont Merger	5		9	
Regulatory and Legislative Impacts	43		63	
Sale of Retired Plant	—		25	
Impairment of Equity Method Investment	—		13	
Impacts of the Tax Act	—		(76)	
<b>Tax Expense including noncontrolling interest and excluding special items</b>	<u>\$ 148</u>	18.4%	<u>\$ 315</u>	16.8%



**Duke Energy Corporation**  
**Available Liquidity Reconciliation**  
**As of June 30, 2019**  
**(In millions)**

Cash and Cash Equivalents	\$ 336	
Less: Certain Amounts Held in Foreign Jurisdictions	(31)	
Less: Unavailable Domestic Cash	<u>(105)</u>	
	200	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>4,446</u>	
Total Available Liquidity (a)	<u><u>\$ 4,646</u></u>	approximately 4.6 billion

(a) The available liquidity balance presented is a non-GAAP financial measure as it represents Cash and cash equivalents, excluding certain amounts held in foreign jurisdictions and cash otherwise unavailable for operations, and remaining availability under Duke Energy's available credit facilities, including the master credit facility. The most directly comparable GAAP financial measure for available liquidity is Cash and cash equivalents.