

Duke Energy CORP
Form 10-Q
May 09, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark
One)

x

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

For the quarterly period ended March 31, 2014

OR

..

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

For the transition period from _____ to

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

(a Delaware corporation)

550 South Tryon Street

1-32853

Charlotte, North Carolina 28202-1803

20-2777218

704-382-3853

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

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

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

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

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

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

(Check one):

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

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

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

Number of shares of Common Stock outstanding at May 6, 2014:

Registrant	Description	Shares
Duke Energy	Common Stock, \$0.001 par value	707,237,462
Duke Energy Carolinas	All of the registrant’s limited liability company member interests are directly owned by Duke Energy.	
Progress Energy	All of the registrant’s common stock is directly owned by Duke Energy.	
Duke Energy Progress	All of the registrant’s common stock is indirectly owned by Duke Energy.	
Duke Energy Florida	All of the registrant’s common stock is indirectly owned by Duke Energy.	
Duke Energy Ohio	All of the registrant’s common stock is indirectly owned by Duke Energy.	
Duke Energy Indiana	All of the registrant’s common stock is indirectly owned by Duke Energy.	

This combined Form 10-Q is filed separately by seven registrants: Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio and Duke Energy

Indiana (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

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

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions. These forward-looking statements are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "predict," "will," "potential," "forecast," "target," "guidance," "outlook," and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to:

- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements or 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 the costs and liabilities relating to the Dan River ash basin release and future regulatory changes related to the management of coal ash;
- The ability to recover eligible costs, including those associated with future significant weather events, and earn an adequate return on investment through the regulatory process;
- The costs of decommissioning Crystal River Unit 3 could prove to be more extensive than are currently identified and all costs may not be fully recoverable through the regulatory process;
- The risk that the credit ratings of the company or its subsidiaries may be different from what the companies expect;
- 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 customer usage patterns, including energy efficiency efforts and use of alternative energy sources, including self-generation and distributed generation technologies;
- Additional competition in electric markets and continued industry consolidation;
- Political and regulatory uncertainty in other countries in which Duke Energy conducts business;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts and tornadoes;
- The ability to successfully operate electric generating facilities and deliver electricity to customers;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, and other catastrophic events;
- The inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks;

- The timing and extent of changes in commodity prices, interest rates and foreign currency exchange 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 and general economic conditions;
- 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;
- 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 potential goodwill impairments;
- The ability to reinvest retained earnings of foreign subsidiaries or repatriate such earnings on a tax-free basis; and
- The ability to successfully complete future merger, acquisition or divestiture plans.

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; the Duke Energy Registrants undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise that occur after that date.

Earnings Per Share - Basic and Diluted					
(Loss) Income from continuing operations attributable to Duke Energy Corporation common shareholders					
	Basic	\$	(0.13)	\$	0.89
	Diluted	\$	(0.13)	\$	0.89
Loss from discontinued operations attributable to Duke Energy Corporation common shareholders					
	Basic	\$	(0.01)	\$	
	Diluted	\$	(0.01)	\$	
Net (Loss) Income attributable to Duke Energy Corporation common shareholders					
	Basic	\$	(0.14)	\$	0.89
	Diluted	\$	(0.14)	\$	0.89
Weighted-average shares outstanding					
	Basic		706		705
	Diluted		706		705

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CORPORATION					
Condensed Consolidated Statements Of Comprehensive Income					
(Unaudited)					
		Three Months Ended March 31,			
(in millions)		2014		2013	
Net (Loss) Income	\$	(93)		\$	634
Other Comprehensive Income (Loss), Net of Tax					
Foreign currency translation adjustments		24			4
Pension and OPEB adjustments		(1)			3
Net unrealized gain on cash flow hedges ^(a)					10
Other Comprehensive Income, Net of Tax		23			17
Comprehensive (Loss) Income		(70)			651
Less: Comprehensive Income Attributable to Noncontrolling Interests		5			
Comprehensive (Loss) Income Attributable to Duke Energy Corporation	\$	(75)		\$	651
(a)	Net of \$4 million tax expense in 2013.				

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CORPORATION					
Condensed Consolidated Balance Sheets					
(Unaudited)					
		March 31, 2014		December 31, 2013	
(in millions)					
ASSETS					
Current Assets					
Cash and cash equivalents		\$	1,531	\$	1,501
Short-term investments			6		44
Receivables (net of allowance for doubtful accounts of \$17 at March 31, 2014 and \$30 at December 31, 2013)			597		1,286
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$54 at March 31, 2014 and \$43 at December 31, 2013)			2,199		1,719
Inventory			2,908		3,250
Assets held for sale			515		
Regulatory assets			1,148		895
Other			1,661		1,821
	Total current assets		10,565		10,516
Investments and Other Assets					
Investments in equity method unconsolidated affiliates			386		390
Nuclear decommissioning trust funds			5,231		5,132
Goodwill			16,342		16,340
Assets held for sale			2,341		107
Other			3,251		3,432
	Total investments and other assets		27,551		25,401
Property, Plant and Equipment					
Cost			99,874		103,115
Accumulated depreciation and amortization			(33,519)		(33,625)
	Net property, plant and equipment		66,355		69,490
Regulatory Assets and Deferred Debits					
Regulatory assets			9,138		9,191
Other			183		181
	Total regulatory assets and deferred debits		9,321		9,372
Total Assets		\$	113,792	\$	114,779
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable		\$	1,892	\$	2,391
Notes payable and commercial paper			1,737		839
Taxes accrued			423		551
Interest accrued			478		440
Current maturities of long-term debt			885		2,104

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Liabilities associated with assets held for sale		222		7
Regulatory liabilities		243		316
Other		1,612		1,996
Total current liabilities		7,492		8,644
Long-term Debt		39,000		38,152
Deferred Credits and Other Liabilities				
Deferred income taxes		11,852		12,097
Investment tax credits		438		442
Accrued pension and other post-retirement benefit costs		1,270		1,322
Liabilities associated with assets held for sale		71		66
Asset retirement obligations		4,994		4,950
Regulatory liabilities		6,125		5,949
Other		1,761		1,749
Total deferred credits and other liabilities		26,511		26,575
Commitments and Contingencies				
Equity				
Common stock, \$0.001 par value, 2 billion shares authorized; 707 million and 706 million shares outstanding at March 31, 2014 and December 31, 2013, respectively		1		1
Additional paid-in capital		39,372		39,365
Retained earnings		1,713		2,363
Accumulated other comprehensive loss		(377)		(399)
Total Duke Energy Corporation stockholders' equity		40,709		41,330
Noncontrolling interests		80		78
Total equity		40,789		41,408
Total Liabilities and Equity		\$ 113,792		\$ 114,779

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CORPORATION					
Condensed Consolidated Statements Of Cash Flows					
(Unaudited)					
			Three Months Ended March 31,		
(in millions)			2014		2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Net (Loss) Income			\$ (93)		\$ 634
Adjustments to reconcile net (loss) income to net cash provided by operating activities:					
	Depreciation, amortization and accretion (including amortization of nuclear fuel)		884		762
	Equity component of AFUDC		(28)		(42)
	Gains on sales of other assets				(2)
	Impairment charges		1,382		
	Deferred income taxes		(178)		353
	Equity in earnings of unconsolidated affiliates		(36)		(36)
	Accrued pension and other post-retirement benefit costs		27		87
	(Increase) decrease in				
		Net realized and unrealized mark-to-market and hedging transactions	45		36
		Receivables	29		(118)
		Inventory	272		126
		Other current assets	(297)		(38)
	Increase (decrease) in				
		Accounts payable	(97)		(246)
		Taxes accrued	(175)		(31)
		Other current liabilities	(346)		(312)
	Other assets		(22)		(78)
	Other liabilities		6		(4)
	Net cash provided by operating activities		1,373		1,091
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures			(1,232)		(1,375)
Investment expenditures			(36)		(3)
Acquisitions					(32)
Purchases of available-for-sale securities			(967)		(1,255)
Proceeds from sales and maturities of available-for-sale securities			1,004		1,179
Net proceeds from the sales of other assets			4		20
Change in restricted cash			(27)		(34)
Other			(32)		35

	Net cash used in investing activities		(1,286)			(1,465)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from the:						
	Issuance of long-term debt		875			1,009
	Issuance of common stock related to employee benefit plans		19			5
Payments for the:						
	Redemption of long-term debt		(1,287)			(747)
	Redemption of preferred stock of a subsidiary					(96)
	Notes payable and commercial paper		898			627
	Distributions to noncontrolling interests		(3)			(3)
	Dividends paid		(553)			(542)
	Other		(6)			(7)
	Net cash (used in) provided by financing activities		(57)			246
	Net increase (decrease) in cash and cash equivalents		30			(128)
	Cash and cash equivalents at beginning of period		1,501			1,424
	Cash and cash equivalents at end of period		\$ 1,531			\$ 1,296
Supplemental Disclosures:						
Significant non-cash transactions:						
	Accrued capital expenditures		\$ 361			\$ 465

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CORPORATION												
Condensed Consolidated Statements of Changes In Equity												
(Unaudited)												
						Accumulated Other Comprehensive Loss						
(in millions)	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustments	Net Gains (Losses) on Cash Flow Hedges	Pension and OPEB Adjustments	Stock Repurchases	Common Stock	Noncontrolling Interests	Total Equity	
Balance at December 31, 2012	704	\$ 1	\$ 39,279	\$ 1,889	\$ (116)	\$ (100)	\$ (90)		\$ 40,863	\$ 78	\$ 40,941	
Net income				634					634		634	
Other comprehensive income					4	10	3		17		17	
Common stock issuances, including dividend reinvestment and employee benefits	2		(16)						(16)		(16)	
Common stock dividends				(542)					(542)		(542)	
Premium on the redemption of preferred stock of				(3)					(3)		(3)	

PART I

DUKE ENERGY CAROLINAS, LLC					
Condensed Consolidated Statements Of Operations And Comprehensive Income					
(Unaudited)					
		Three Months Ended March 31,			
(in millions)		2014		2013	
Operating Revenues		\$	2,000	\$	1,729
Operating Expenses					
Fuel used in electric generation and purchased power			658		518
Operation, maintenance and other			487		457
Depreciation and amortization			242		222
Property and other taxes			104		100
	Total operating expenses		1,491		1,297
Gains on Sales of Other Assets and Other, net					2
Operating Income			509		434
Other Income and Expenses, net			49		36
Interest Expense			101		82
Income Before Income Taxes			457		388
Income Tax Expense			171		144
Net Income			286		244
Other Comprehensive Income, net of tax					
Reclassification into earnings from cash flow hedges			1		
Comprehensive Income		\$	287	\$	244

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CAROLINAS, LLC					
Condensed Consolidated Balance Sheets					
(Unaudited)					
		March 31, 2014		December 31, 2013	
(in millions)					
ASSETS					
Current Assets					
Cash and cash equivalents		\$	17	\$	23
Receivables (net of allowance for doubtful accounts of \$3 at March 31, 2014 and December 31, 2013)			114		186
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$6 at March 31, 2014 and December 31, 2013)			705		673
Receivables from affiliated companies			102		75
Notes receivable from affiliated companies			337		222
Inventory			886		1,065
Regulatory assets			320		295
Other			269		309
	Total current assets		2,750		2,848
Investments and Other Assets					
Nuclear decommissioning trust funds			2,900		2,840
Other			994		1,000
	Total investments and other assets		3,894		3,840
Property, Plant and Equipment					
Cost			35,296		34,906
Accumulated depreciation and amortization			(12,125)		(11,894)
	Net property, plant and equipment		23,171		23,012
Regulatory Assets and Deferred Debits					
Regulatory assets			1,459		1,527
Other			45		46
	Total regulatory assets and deferred debits		1,504		1,573
Total Assets		\$	31,319	\$	31,273
LIABILITIES AND MEMBER'S EQUITY					
Current Liabilities					
Accounts payable		\$	540	\$	701
Accounts payable to affiliated companies			182		161
Taxes accrued			144		147
Interest accrued			136		97
Current maturities of long-term debt			47		47
Regulatory liabilities			44		65
Other			348		393
	Total current liabilities		1,441		1,611

Long-term Debt			8,089			8,089
Long-term Debt Payable to Affiliated Companies			300			300
Deferred Credits and Other Liabilities						
Deferred income taxes			5,727			5,706
Investment tax credits			208			210
Accrued pension and other post-retirement benefit costs			158			161
Asset retirement obligations			1,617			1,594
Regulatory liabilities			2,601			2,576
Other			667			676
	Total deferred credits and other liabilities		10,978			10,923
Commitments and Contingencies						
Member's Equity						
Member's Equity			10,525			10,365
Accumulated other comprehensive loss			(14)			(15)
	Total member's equity		10,511			10,350
Total Liabilities and Member's Equity			\$ 31,319			\$ 31,273

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CAROLINAS, LLC					
Condensed Consolidated Statements Of Cash Flows					
(Unaudited)					
			Three Months Ended March 31,		
(in millions)			2014		2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income			\$ 286		\$ 244
Adjustments to reconcile net income to net cash provided by operating activities:					
	Depreciation and amortization (including amortization of nuclear fuel)		309		281
	Equity component of AFUDC		(22)		(26)
	Gains on sales of other assets and other, net				(2)
	Deferred income taxes		87		146
	Accrued pension and other post-retirement benefit costs		6		10
	(Increase) decrease in				
		Net realized and unrealized mark-to-market and hedging transactions	3		(7)
		Receivables	11		(8)
		Receivables from affiliated companies	(27)		(54)
		Inventory	181		50
		Other current assets	(59)		(25)
	Increase (decrease) in				
		Accounts payable	(100)		(16)
		Accounts payable to affiliated companies	21		(16)
		Taxes accrued	(3)		(48)
		Other current liabilities	(26)		(34)
	Other assets		14		(28)
	Other liabilities		(9)		(15)
	Net cash provided by operating activities		672		452
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures			(426)		(435)
Purchases of available-for-sale securities			(584)		(504)
Proceeds from sales and maturities of available-for-sale securities			579		492
Notes receivable from affiliated companies			(115)		(15)
Other			(6)		(3)
	Net cash used in investing activities		(552)		(465)
CASH FLOWS FROM FINANCING ACTIVITIES					
Distributions to parent			(126)		

Other					(1)
Net cash used in financing activities		(126)			(1)
Net decrease in cash and cash equivalents		(6)			(14)
Cash and cash equivalents at beginning of period		23			19
Cash and cash equivalents at end of period		\$ 17		\$	5
Supplemental Disclosures:					
Significant non-cash transactions:					
	Accrued capital expenditures	\$	133	\$	132

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CAROLINAS, LLC												
Condensed Consolidated Statements Of Changes in Member's Equity												
(Unaudited)												
					Accumulated Other Comprehensive Loss							
		Member's		Net Losses		Unrealized						Total
(in millions)		Equity		on Cash		Losses on						
				Flow		Available						
				Hedges		for Sale						
						Securities						
Balance at December 31, 2012		\$ 9,888		\$ (15)		\$ (1)						\$ 9,872
Net income		244										244
Balance at March 31, 2013		\$ 10,132		\$ (15)		\$ (1)						\$ 10,116
Balance at December 31, 2013		\$ 10,365		\$ (14)		\$ (1)						\$ 10,350
Net income		286										286
Other comprehensive income				1								1
Distributions to parent		(126)										(126)
Balance at March 31, 2014		\$ 10,525		\$ (13)		\$ (1)						\$ 10,511

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.					
Condensed Consolidated Statements Of Operations And Comprehensive Income					
(Unaudited)					
		Three Months Ended March 31,			
(in millions)		2014		2013	
Operating Revenues		\$	2,541	\$	2,186
Operating Expenses					
Fuel used in electric generation and purchased power			1,043		860
Operation, maintenance and other			595		561
Depreciation and amortization			276		194
Property and other taxes			151		141
Total operating expenses			2,065		1,756
Gains on Sales of Other Assets and Other, net			1		
Operating Income			477		430
Other Income and Expenses, net			15		23
Interest Expense			169		198
Income From Continuing Operations Before Taxes			323		255
Income Tax Expense From Continuing Operations			119		101
Income From Continuing Operations			204		154
Loss From Discontinued Operations, net of tax			(1)		
Net Income			203		154
Less: Net Income Attributable to Noncontrolling Interest			1		1
Net Income Attributable to Parent		\$	202	\$	153
Net Income		\$	203	\$	154
Other Comprehensive Income, net of tax					
Reclassification into earnings from pension and OPEB adjustments			1		1
Net unrealized gain on cash flow hedges			1		1
Other Comprehensive Income, net of tax			2		2
Comprehensive Income		\$	205	\$	156

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.					
Condensed Consolidated Balance Sheets					
(Unaudited)					
(in millions)		March 31, 2014			December 31, 2013
ASSETS					
Current Assets					
Cash and cash equivalents		\$ 36		\$	58
Receivables (net of allowance for doubtful accounts of \$6 at March 31, 2014 and \$14 at December 31, 2013)		51			528
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$8 at March 31, 2014)		856			417
Receivables from affiliated companies		4			4
Notes receivable from affiliated companies		176			75
Inventory		1,391			1,424
Regulatory assets		530			353
Other		565			726
	Total current assets	3,609			3,585
Investments and Other Assets					
Nuclear decommissioning trust funds		2,330			2,292
Goodwill		3,655			3,655
Other		767			804
	Total investments and other assets	6,752			6,751
Property, Plant and Equipment					
Cost		36,460			36,480
Accumulated depreciation and amortization		(13,093)			(13,098)
	Net property, plant and equipment	23,367			23,382
Regulatory Assets and Deferred Debits					
Regulatory assets		4,157			4,155
Other		99			96
	Total regulatory assets and deferred debits	4,256			4,251
Total Assets		\$ 37,984		\$	37,969
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable		\$ 655		\$	836
Accounts payable to affiliated companies		237			123
Notes payable to affiliated companies		922			1,213
Taxes accrued		102			105
Interest accrued		195			181

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Current maturities of long-term debt		18		485
Regulatory liabilities		172		207
Other		747		896
Total current liabilities		3,048		4,046
Long-term Debt		14,503		13,630
Deferred Credits and Other Liabilities				
Deferred income taxes		3,766		3,283
Accrued pension and other post-retirement benefit costs		633		765
Asset retirement obligations		2,587		2,562
Regulatory liabilities		2,402		2,292
Other		518		527
Total deferred credits and other liabilities		9,906		9,429
Commitments and Contingencies				
Common Stockholder's Equity				
Common stock, \$0.01 par value, 100 shares authorized and outstanding at March 31, 2014 and December 31, 2013				
Additional paid-in capital		7,467		7,467
Retained earnings		3,112		3,452
Accumulated other comprehensive loss		(54)		(59)
Total common stockholder's equity		10,525		10,860
Noncontrolling interests		2		4
Total equity		10,527		10,864
Total Liabilities and Equity		\$ 37,984		\$ 37,969

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.					
Condensed Consolidated Statements Of Cash Flows					
(Unaudited)					
			Three Months Ended March 31,		
(in millions)			2014		2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income			\$ 203		\$ 154
Adjustments to reconcile net income to net cash provided by operating activities:					
	Depreciation, amortization and accretion (including amortization of nuclear fuel)		316		235
	Equity component of AFUDC		(1)		(13)
	Gains on sales of other assets and other, net		(1)		
	Deferred income taxes		183		118
	Accrued pension and other post-retirement benefit costs		7		53
	(Increase) decrease in				
		Net realized and unrealized mark-to-market and hedging transactions	13		12
		Receivables	(45)		(25)
		Receivables from affiliated companies			(3)
		Inventory	72		36
		Other current assets	(134)		(115)
	Increase (decrease) in				
		Accounts payable	(53)		(191)
		Accounts payable to affiliated companies	114		34
		Taxes accrued	3		72
		Other current liabilities	(116)		(95)
	Other assets		(52)		(76)
	Other liabilities		(6)		69
	Net cash provided by operating activities		503		265
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures			(475)		(622)
Purchases of available-for-sale securities			(266)		(401)
Proceeds from sales and maturities of available-for-sale securities			269		391
Notes receivable from affiliated companies			(101)		(20)
Other			(25)		9
	Net cash used in investing activities		(598)		(643)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from the:					

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	Issuance of long-term debt		875			496
Payments for the:						
	Redemption of long-term debt		(469)			(736)
	Redemption of preferred stock of subsidiary					(96)
Notes payable to affiliated companies						
			(291)			525
Distributions to noncontrolling interests						
			(3)			(3)
Other						
			(39)			(4)
	Net cash provided by financing activities		73			182
Net decrease in cash and cash equivalents						
			(22)			(196)
Cash and cash equivalents at beginning of period						
			58			231
Cash and cash equivalents at end of period						
			\$ 36			\$ 35
Supplemental Disclosures:						
Significant non-cash transactions:						
	Accrued capital expenditures		\$ 158			\$ 248

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.										
Condensed Consolidated Statements of Changes in Common Stockholder's Equity										
(Unaudited)										
						Accumulated Other Comprehensive Loss				
(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flow Hedges	Pension and OPEB Related Adjustments	Common Stockholder's Equity	Noncontrolling Interests			Total Equity
Balance at December 31, 2012	\$	\$ 7,465	\$ 2,783	\$ (42)	\$ (25)	\$ 10,181	\$ 4			\$ 10,185
Net income			153			153	1			154
Other comprehensive income				1	1	2				2
Premium on the redemption of preferred stock of subsidiaries			(3)			(3)				(3)
Distributions to noncontrolling interests							(3)			(3)
Balance at March 31, 2013	\$	\$ 7,465	\$ 2,933	\$ (41)	\$ (24)	\$ 10,333	\$ 2			\$ 10,335
Balance at December 31, 2013	\$	\$ 7,467	\$ 3,452	\$ (43)	\$ (16)	\$ 10,860	\$ 4			\$ 10,864
Net income			202			202	1			203
Other comprehensive income				1	1	2				2
Distributions to noncontrolling interests							(3)			(3)

PART I

DUKE ENERGY PROGRESS, INC.					
Condensed Consolidated Statements Of Operations And Comprehensive Income					
(Unaudited)					
		Three Months Ended March 31,			
(in millions)		2014		2013	
Operating Revenues		\$	1,422	\$	1,216
Operating Expenses					
Fuel used in electric generation and purchased power			573		455
Operation, maintenance and other			381		352
Depreciation and amortization			144		137
Property and other taxes			67		60
Total operating expenses			1,165		1,004
Gains on Sales of Other Assets and Other, net			1		
Operating Income			258		212
Other Income and Expenses, net			9		14
Interest Expense			57		48
Income Before Income Taxes			210		178
Income Tax Expense			77		68
Net Income and Comprehensive Income		\$	133	\$	110

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY PROGRESS, INC.				
Condensed Consolidated Balance Sheets				
(Unaudited)				
		March 31, 2014		December 31, 2013
(in millions)				
ASSETS				
Current Assets				
Cash and cash equivalents		\$	9	\$ 21
Receivables (net of allowance for doubtful accounts of \$5 at March 31, 2014 and \$10 at December 31, 2013)			14	145
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$5 at March 31, 2014)			538	417
Receivables from affiliated companies			7	2
Notes receivable from affiliated companies			65	
Inventory			823	853
Regulatory assets			315	127
Other			300	296
	Total current assets		2,071	1,861
Investments and Other Assets				
Nuclear decommissioning trust funds			1,569	1,539
Other			459	443
	Total investments and other assets		2,028	1,982
Property, Plant and Equipment				
Cost			22,477	22,273
Accumulated depreciation and amortization			(8,749)	(8,623)
	Net property, plant and equipment		13,728	13,650
Regulatory Assets and Deferred Debits				
Regulatory assets			1,446	1,384
Other			35	32
	Total regulatory assets and deferred debits		1,481	1,416
Total Assets		\$	19,308	\$ 18,909
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY				
Current Liabilities				
Accounts payable		\$	344	\$ 420
Accounts payable to affiliated companies			242	103
Notes payable to affiliated companies				462
Taxes accrued			37	37
Interest accrued			77	70
Current maturities of long-term debt			6	174
Regulatory liabilities			68	63
Other			329	392

	Total current liabilities		1,103			1,721
Long-term Debt			5,711			5,061
Deferred Credits and Other Liabilities						
	Deferred income taxes		2,658			2,557
	Accrued pension and other post-retirement benefit costs		316			321
	Asset retirement obligations		1,758			1,729
	Regulatory liabilities		1,792			1,673
	Other		212			222
	Total deferred credits and other liabilities		6,736			6,502
Commitments and Contingencies						
Common Stockholder's Equity						
	Common stock, no par value, 200 million shares authorized; 160 million shares outstanding at March 31, 2014 and December 31, 2013		2,159			2,159
	Retained earnings		3,599			3,466
	Total common stockholder's equity		5,758			5,625
Total Liabilities and Common Stockholder's Equity			\$ 19,308			\$ 18,909

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY PROGRESS, INC.					
Condensed Consolidated Statements Of Cash Flows					
(Unaudited)					
			Three Months Ended March 31,		
(in millions)			2014		2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income			\$ 133		\$ 110
Adjustments to reconcile net income to net cash provided by operating activities:					
	Depreciation, amortization and accretion (including amortization of nuclear fuel)		183		175
	Equity component of AFUDC		(2)		(11)
	Gains on sales of other assets and other, net		(1)		
	Deferred income taxes		117		86
	Accrued pension and other post-retirement benefit costs		(2)		24
	(Increase) decrease in				
		Net realized and unrealized mark-to-market and hedging transactions	6		(17)
		Receivables	10		(8)
		Receivables from affiliated companies	(5)		(13)
		Inventory	53		20
		Other current assets	(183)		(25)
	Increase (decrease) in				
		Accounts payable	(37)		(87)
		Accounts payable to affiliated companies	139		81
		Taxes accrued			32
		Other current liabilities	(41)		(55)
	Other assets		(13)		(33)
	Other liabilities		(1)		14
	Net cash provided by operating activities		356		293
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures			(299)		(395)
Purchases of available-for-sale securities			(151)		(196)
Proceeds from sales and maturities of available-for-sale securities			149		188
Notes receivable from affiliated companies			(65)		
Other			(18)		
	Net cash used in investing activities		(384)		(403)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from the issuance of long-term debt			650		496

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Payments for the:					
	Redemption of long-term debt		(168)		(1)
	Redemption of preferred stock of subsidiary				(62)
Notes payable to affiliated companies			(462)		(326)
Other			(4)		(4)
	Net cash provided by financing activities		16		103
Net decrease in cash and cash equivalents			(12)		(7)
Cash and cash equivalents at beginning of period			21		18
Cash and cash equivalents at end of period			\$ 9		\$ 11
Supplemental Disclosures:					
Significant non-cash transactions:					
	Accrued capital expenditures		\$ 116		\$ 149

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY PROGRESS, INC.									
Condensed Consolidated Statements Of Changes in Common Stockholder's Equity									
(Unaudited)									
			Common			Retained			Total
(in millions)			Stock			Earnings			Equity
Balance at December 31, 2012			\$ 2,159			\$ 2,968			\$ 5,127
Net income						110			110
Premium on the redemption of preferred stock						(2)			(2)
Balance at March 31, 2013			\$ 2,159			\$ 3,076			\$ 5,235
Balance at December 31, 2013			\$ 2,159			\$ 3,466			\$ 5,625
Net income						133			133
Balance at March 31, 2014			\$ 2,159			\$ 3,599			\$ 5,758

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY FLORIDA, INC.						
Condensed Consolidated Statements Of Operations And Comprehensive Income						
(Unaudited)						
		Three Months Ended March 31,				
(in millions)		2014		2013		
Operating Revenues		\$	1,116		\$	968
Operating Expenses						
Fuel used in electric generation and purchased power			470			405
Operation, maintenance and other			211			211
Depreciation and amortization			132			52
Property and other taxes			84			79
Total operating expenses			897			747
Operating Income			219			221
Other Income and Expenses, net			5			8
Interest Expense			49			49
Income Before Income Taxes			175			180
Income Tax Expense			67			70
Net Income		\$	108		\$	110
Other Comprehensive Income, net of tax						
Net unrealized gain on cash flow hedges			1			
Comprehensive Income		\$	109		\$	110

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY FLORIDA, INC.				
Condensed Consolidated Balance Sheets				
(Unaudited)				
(in millions)		March 31, 2014		December 31, 2013
ASSETS				
Current Assets				
Cash and cash equivalents		\$ 10		\$ 16
Receivables (net of allowance for doubtful accounts of \$1 at March 31, 2014 and \$4 at December 31, 2013)		35		375
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$3 at March 31, 2014)		318		
Receivables from affiliated companies		10		3
Notes receivable from affiliated companies		110		
Inventory		568		571
Regulatory assets		214		221
Other		64		182
	Total current assets	1,329		1,368
Investments and Other Assets				
Nuclear decommissioning trust funds		761		753
Other		252		252
	Total investments and other assets	1,013		1,005
Property, Plant and Equipment				
Cost		13,973		13,863
Accumulated depreciation and amortization		(4,337)		(4,252)
	Net property, plant and equipment	9,636		9,611
Regulatory Assets and Deferred Debits				
Regulatory assets		2,711		2,729
Other		44		44
	Total regulatory assets and deferred debits	2,755		2,773
Total Assets		\$ 14,733		\$ 14,757
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY				
Current Liabilities				
Accounts payable		\$ 311		\$ 333
Accounts payable to affiliated companies		66		38
Notes payable to affiliated companies				181
Taxes accrued		75		66
Interest accrued		66		46
Current maturities of long-term debt		11		11
Regulatory liabilities		104		144
Other		406		445

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	Total current liabilities		1,039			1,264
Long-term Debt			5,099			4,875
Deferred Credits and Other Liabilities						
	Deferred income taxes		1,816			1,829
	Accrued pension and other post-retirement benefit costs		284			286
	Asset retirement obligations		829			833
	Regulatory liabilities		609			618
	Other		275			255
	Total deferred credits and other liabilities		3,813			3,821
Commitments and Contingencies						
Common Stockholder's Equity						
	Common Stock, no par; 60 million shares authorized; 100 shares outstanding at March 31, 2014 and December 31, 2013		1,762			1,762
	Retained earnings		3,020			3,036
	Accumulated other comprehensive loss					(1)
	Total common stockholder's equity		4,782			4,797
Total Liabilities and Common Stockholder's Equity			\$ 14,733			\$ 14,757

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY FLORIDA, INC.				
Condensed Consolidated Statements Of Cash Flows				
(Unaudited)				
			Three Months Ended March 31,	
(in millions)			2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income			\$ 108	\$ 110
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, amortization and accretion			133	54
Equity component of AFUDC				(2)
Deferred income taxes			60	70
Accrued pension and other post-retirement benefit costs			7	22
(Increase) decrease in				
Net realized and unrealized mark-to-market and hedging transactions			5	28
Receivables			21	5
Receivables from affiliated companies			(7)	(44)
Inventory			20	15
Other current assets			68	(129)
Increase (decrease) in				
Accounts payable			24	(50)
Accounts payable to affiliated companies			28	21
Taxes accrued			10	76
Other current liabilities			(63)	(13)
Other assets			(36)	(42)
Other liabilities			(13)	(5)
Net cash provided by operating activities			365	116
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures			(176)	(223)
Purchases of available-for-sale securities			(115)	(205)
Proceeds from sales and maturities of available-for-sale securities			120	203
Notes receivable from affiliated companies			(110)	207
Other			(8)	
Net cash used in investing activities			(289)	(18)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from the issuance of long-term debt			225	
Payments for the:				
Redemption of long-term debt			(1)	(426)

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	Redemption of preferred stock				(34)
	Notes payable to affiliated companies		(181)		238
	Dividend to parent		(124)		
	Other		(1)		
	Net cash used in financing activities		(82)		(222)
	Net (decrease) increase in cash and cash equivalents		(6)		(124)
	Cash and cash equivalents at beginning of period		16		131
	Cash and cash equivalents at end of period		\$ 10		\$ 7
	Supplemental Disclosures:				
	Significant non-cash transactions:				
	Accrued capital expenditures		\$ 42		\$ 95

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY OHIO, INC.					
Condensed Consolidated Statements Of Operations And Comprehensive Income					
(Unaudited)					
		Three Months Ended March 31,			
(in millions)		2014		2013	
Operating Revenues					
Regulated electric		\$	367	\$	333
Nonregulated electric and other			173		228
Regulated natural gas			223		186
	Total operating revenues		763		747
Operating Expenses					
Fuel used in electric generation and purchased power - regulated			124		103
Fuel used in electric generation and purchased power - nonregulated			131		240
Cost of natural gas			102		76
Operation, maintenance and other			181		185
Depreciation and amortization			91		88
Property and other taxes			75		72
Impairment charges			1,417		
	Total operating expenses		2,121		764
Operating Loss			(1,358)		(17)
Other Income and Expenses, net			3		2
Interest Expense			22		18
Loss Before Income Taxes			(1,377)		(33)
Income Tax Benefit			(487)		(12)
Net Loss			(890)		(21)
Other Comprehensive Income, net of tax					
Pension and OPEB adjustments					1
Comprehensive Loss		\$	(890)	\$	(20)

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY OHIO, INC.				
Condensed Consolidated Balance Sheets				
(Unaudited)				
(in millions)	March 31, 2014		December 31, 2013	
ASSETS				
Current Assets				
Cash and cash equivalents		\$ 38		\$ 36
Receivables (net of allowance for doubtful accounts of \$2 at March 31, 2014 and December 31, 2013)		53		121
Receivables from affiliated companies		127		121
Notes receivable from affiliated companies		167		57
Inventory		89		229
Assets held for sale		442		-
Regulatory assets		45		57
Other		128		270
	Total current assets	1,089		891
Investments and Other Assets				
Goodwill		920		920
Assets held for sale		2,167		-
Other		34		232
	Total investments and other assets	3,121		1,152
Property, Plant and Equipment				
Cost		7,029		11,143
Accumulated depreciation and amortization		(2,196)		(2,908)
	Net property, plant and equipment	4,833		8,235
Regulatory Assets and Deferred Debits				
Regulatory assets		483		471
Other		9		14
	Total regulatory assets and deferred debits	492		485
	Total Assets	\$ 9,535		\$ 10,763
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY				
Current Liabilities				
Accounts payable		\$ 197		\$ 319
Accounts payable to affiliated companies		64		77
Notes payable to affiliated companies		306		43
Taxes accrued		133		167
Interest accrued		30		17
Liabilities associated with assets held for sale		189		-

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Current maturities of long-term debt		599			47
Regulatory liabilities		12			27
Other		72			110
	Total current liabilities	1,602			807
Long-term Debt		1,588			2,141
Deferred Credits and Other Liabilities					
Deferred income taxes		1,542			2,012
Accrued pension and other post-retirement benefit costs		32			58
Liabilities associated with assets held for sale		55			-
Asset retirement obligations		23			28
Regulatory liabilities		264			262
Other		150			186
	Total deferred credits and other liabilities	2,066			2,546
Commitments and Contingencies					
Common Stockholder's Equity					
Common stock, \$8.50 par value, 120,000,000 shares authorized; 89,663,086 shares outstanding at March 31, 2014 and December 31, 2013		762			762
Additional paid-in capital		4,782			4,882
Accumulated deficit		(1,265)			(375)
	Total common stockholder's equity	4,279			5,269
Total Liabilities and Common Stockholder's Equity					
		\$ 9,535		\$	10,763

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY OHIO, INC.				
Condensed Consolidated Statements Of Cash Flows				
(Unaudited)				
			Three Months Ended March 31,	
(in millions)			2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss			\$ (890)	\$ (21)
Adjustments to reconcile net loss to net cash provided by operating activities:				
	Depreciation and amortization		92	89
	Equity component of AFUDC		(1)	
	Impairment charges		1,417	
	Deferred income taxes		(501)	(12)
	Accrued pension and other post-retirement benefit costs		1	5
	(Increase) decrease in			
		Net realized and unrealized mark-to-market and hedging transactions	39	38
		Receivables	(16)	(17)
		Receivables from affiliated companies	(6)	(41)
		Inventory	29	11
		Other current assets	(92)	8
		Increase (decrease) in		
		Accounts payable	21	(5)
		Accounts payable to affiliated companies	(13)	3
		Taxes accrued	(38)	(37)
		Other current liabilities	(7)	13
		Other assets	(9)	(10)
		Other liabilities	7	(10)
		Net cash provided by operating activities	33	14
CASH FLOWS FROM INVESTING ACTIVITIES				
		Capital expenditures	(83)	(105)
		Notes receivable from affiliated companies	(110)	(3)
		Net cash used in investing activities	(193)	(108)
CASH FLOWS FROM FINANCING ACTIVITIES				
		Payments for the redemption of long-term debt	(1)	(2)
		Notes payable to affiliated companies	263	92
		Dividends to parent	(100)	
		Net cash provided by financing activities	162	90

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Net increase (decrease) in cash and cash equivalents			2			(4)
Cash and cash equivalents at beginning of period			36			31
Cash and cash equivalents at end of period		\$	38		\$	27
Supplemental Disclosures:						
Significant non-cash transactions:						
	Accrued capital expenditures	\$	24		\$	19

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY INDIANA, INC.					
Condensed Consolidated Statements Of Operations And Comprehensive Income					
(Unaudited)					
		Three Months Ended March 31,			
(in millions)		2014		2013	
Operating Revenues		\$	845	\$	724
Operating Expenses					
Fuel used in electric generation and purchased power			339		293
Operation, maintenance and other			166		150
Depreciation and amortization			102		78
Property and other taxes			23		22
Total operating expenses			630		543
Operating Income			215		181
Other Income and Expenses, net			7		4
Interest Expense			43		41
Income Before Income Taxes			179		144
Income Tax Expense			66		54
Net Income			113		90
Other Comprehensive Income, net of tax					
Reclassification into earnings from cash flow hedges			1		
Comprehensive Income		\$	114	\$	90

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY INDIANA, INC.				
Condensed Consolidated Balance Sheets				
(Unaudited)				
(in millions)		March 31, 2014		December 31, 2013
ASSETS				
Current Assets				
Cash and cash equivalents		\$ 26		\$ 15
Receivables (net of allowance for doubtful accounts of \$1 at March 31, 2014 and December 31, 2013)		46		22
Receivables from affiliated companies		141		151
Notes receivable from affiliated companies		190		96
Inventory		444		434
Regulatory assets		178		118
Other		112		125
	Total current assets	1,137		961
Investments and Other Assets				
Other		215		269
	Total investments and other assets	215		269
Property, Plant and Equipment				
Cost		12,578		12,489
Accumulated depreciation and amortization		(3,994)		(3,913)
	Net property, plant and equipment	8,584		8,576
Regulatory Assets and Deferred Debits				
Regulatory assets		669		717
Other		25		25
	Total regulatory assets and deferred debits	694		742
Total Assets		\$ 10,630		\$ 10,548
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY				
Current Liabilities				
Accounts payable		\$ 129		\$ 206
Accounts payable to affiliated companies		68		56
Taxes accrued		140		57
Interest accrued		51		56
Current maturities of long-term debt		5		5
Regulatory liabilities		15		16
Other		84		88
	Total current liabilities	492		484
Long-term Debt		3,641		3,641

Long-term Debt Payable to Affiliated Companies		150			150
Deferred Credits and Other Liabilities					
Deferred income taxes		1,175			1,171
Investment tax credits		140			140
Accrued pension and other post-retirement benefit costs		107			163
Asset retirement obligations		30			30
Regulatory liabilities		796			782
Other		46			48
	Total deferred credits and other liabilities	2,294			2,334
Commitments and Contingencies					
Common Stockholder's Equity					
Common Stock, no par; \$0.01 stated value, 60,000,000 shares authorized; 53,913,701 shares outstanding at March 31, 2014 and December 31, 2013		1			1
Additional paid-in capital		1,384			1,384
Retained earnings		2,664			2,551
Accumulated other comprehensive income		4			3
	Total common stockholder's equity	4,053			3,939
Total Liabilities and Common Stockholder's Equity		\$ 10,630			\$ 10,548

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY INDIANA, INC.					
Condensed Consolidated Statements Of Cash Flows					
(Unaudited)					
			Three Months Ended March 31,		
(in millions)			2014		2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income			\$ 113		\$ 90
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization			103		79
Equity component of AFUDC			(4)		(3)
Deferred income taxes			(39)		45
Accrued pension and other post-retirement benefit costs			4		5
(Increase) decrease in					
Receivables			(23)		2
Receivables from affiliated companies			10		(39)
Inventory			(10)		6
Other current assets			(41)		12
Increase (decrease) in					
Accounts payable			(36)		(6)
Accounts payable to affiliated companies			12		(4)
Taxes accrued			110		18
Other current liabilities			(6)		(16)
Other assets			(3)		20
Other liabilities			50		(11)
Net cash provided by operating activities			240		198
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures			(133)		(156)
Purchases of available-for-sale securities			(3)		(2)
Proceeds from sales and maturities of available-for-sale securities			3		2
Notes receivable from affiliated companies			(94)		
Net cash used in investing activities			(227)		(156)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments for the redemption of long-term debt			(1)		(1)
Notes payable to affiliated companies					(54)
Other			(1)		
Net cash used in financing activities			(2)		(55)
Net increase (decrease) in cash and cash equivalents			11		(13)

Cash and cash equivalents at beginning of period			15			36
Cash and cash equivalents at end of period		\$	26		\$	23
Supplemental Disclosures:						
Significant non-cash transactions:						
	Accrued capital expenditures	\$	32		\$	28

See Notes to Condensed Consolidated Financial Statements

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DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – PROGRESS ENERGY, INC. –
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 ENERGY INDIANA, INC.

Combined Notes to Condensed Consolidated Financial Statements

(Unaudited)

Index to Combined Notes To Condensed Consolidated Financial Statements

The unaudited notes to the condensed consolidated financial statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply.

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

1. ORGANIZATION AND BASIS OF PRESENTATION

NATURE OF OPERATIONS AND BASIS OF CONSOLIDATION

Duke Energy Corporation (collectively with its subsidiaries, Duke Energy) is an energy company headquartered in Charlotte, North Carolina, subject to regulation by the Federal Energy Regulatory Commission (FERC). Duke Energy operates in the United States (U.S.) and Latin America primarily through its direct and indirect subsidiaries. Duke Energy’s subsidiaries include its subsidiary registrants, Duke Energy Carolinas, LLC (Duke Energy Carolinas); Progress Energy, Inc. (Progress Energy); Duke

Energy Progress, Inc. (Duke Energy Progress); Duke Energy Florida, Inc. (Duke Energy Florida); Duke Energy Ohio, Inc. (Duke Energy Ohio) and Duke Energy Indiana, Inc. (Duke Energy Indiana). When discussing Duke Energy's consolidated financial information, it necessarily includes the results of its six separate subsidiary registrants (collectively referred to as the Subsidiary Registrants), which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants.

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

Duke Energy Carolinas is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina. Duke Energy Carolinas is subject to the regulatory provisions of the North Carolina Utilities Commission (NCUC), Public Service Commission of South Carolina (PSCSC), U.S. Nuclear Regulatory Commission (NRC) and FERC. Substantially all of Duke Energy Carolinas' operations qualify for regulatory accounting.

Progress Energy is a public utility holding company headquartered in Raleigh, North Carolina, subject to regulation by the FERC. Progress Energy conducts operations through its wholly owned subsidiaries, Duke Energy Progress and Duke Energy Florida. Substantially all of Progress Energy's operations qualify for regulatory accounting.

Duke Energy Progress is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina. Duke Energy Progress is subject to the regulatory provisions of the NCUC, PSCSC, NRC and FERC. Substantially all of Duke Energy Progress' operations qualify for regulatory accounting.

Duke Energy Florida is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Florida. Duke Energy Florida is subject to the regulatory jurisdiction of the Florida Public Service Commission (FPSC), NRC and FERC. Substantially all of Duke Energy Florida's operations qualify for regulatory accounting.

Duke Energy Ohio is a public utility that provides service in portions of Ohio and Kentucky. Operations in Kentucky are conducted through its wholly owned subsidiary, Duke Energy Kentucky, Inc. (Duke Energy Kentucky). Duke Energy Ohio's principal lines of business include transmission and distribution of electricity and the sale of and/or transportation of natural gas. Duke Energy Ohio also generates and sells power into wholesale energy markets. Duke Energy Ohio conducts competitive auctions for retail electricity supply in Ohio whereby the energy price is recovered from retail customers. Duke Energy Kentucky's principal lines of business include generation, transmission and distribution of electricity, as well as the sale of and/or transportation of natural gas. References herein to Duke Energy Ohio include Duke Energy Ohio and its subsidiaries, unless otherwise noted. Duke Energy Ohio is subject to the regulatory provisions of the Public Utilities Commission of Ohio (PUCO), Kentucky Public Service Commission (KPSC) and FERC. Duke Energy Ohio applies regulatory accounting to a portion of its operations.

Duke Energy Indiana is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Indiana. Duke Energy Indiana is subject to the regulatory provisions of the Indiana Utility Regulatory Commission (IURC) and the FERC. Substantially all of Duke Energy Indiana's operations qualify for regulatory accounting.

Certain prior year amounts have been reclassified to conform to the current year presentation.

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Combined Notes to Condensed Consolidated Financial Statements – (Continued)

(Unaudited)

BASIS OF PRESENTATION

These Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the U.S. for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP in the U.S. for annual financial statements. Because the interim Condensed Consolidated Financial Statements and Notes do not include all information and notes required by GAAP in the U.S. for annual financial statements, the Condensed Consolidated Financial Statements and other information included in this quarterly report should be read in conjunction with the Consolidated Financial Statements and Notes in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2013.

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

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

UNBILLED REVENUE

Revenues on sales of electricity and gas are recognized when service is provided. Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns and meter reading schedules.

Unbilled revenues are included within Receivables and Restricted receivables of variable interest entities on the Condensed Consolidated Balance Sheets as shown in the following table.

(in millions)		March 31, 2014		December 31, 2013	
Duke Energy		\$ 816		\$ 937	
Duke Energy Carolinas		312		323	
Progress Energy		203		189	
Duke Energy Progress		120		120	
Duke Energy Florida		83		69	
Duke Energy Ohio		1		55	
Duke Energy Indiana		28		5	

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

(in millions)		March 31, 2014		December 31, 2013	
Duke Energy Ohio		\$ 65		\$ 89	
Duke Energy Indiana		95		144	

AMOUNTS ATTRIBUTABLE TO CONTROLLING INTERESTS

Loss From Discontinued Operations, net of tax presented on the respective Condensed Consolidated Statements of Operations for Duke Energy and Progress Energy is attributable only to controlling interests for all periods presented. Other comprehensive income reported on the respective Condensed Consolidated Statements of Equity for Duke Energy and Progress Energy is attributable only to controlling interests for all periods presented.

ACCUMULATED OTHER COMPREHENSIVE INCOME

For the three months ended March 31, 2014 and 2013, reclassifications out of accumulated other comprehensive income (AOCI) for the Duke Energy Registrants were not material. Changes in AOCI for the Duke Energy Registrants are presented in their respective Condensed Consolidated Statements of Equity.

EXCISE TAXES

Certain excise taxes levied by state or local governments are required to be paid even if not collected from the customer. These taxes are recognized on a gross basis. Otherwise, the taxes are accounted for net. Excise taxes accounted for on a gross basis as operating revenues in the Condensed Consolidated Statements of Operations were as follows.

		Three Months Ended March 31,				
(in millions)			2014			2013
Duke Energy		\$	167		\$	149
Duke Energy Carolinas			46			42
Progress Energy			77			67
Duke Energy Progress			32			28
Duke Energy Florida			45			39
Duke Energy Ohio			34			31
Duke Energy Indiana			10			9

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Combined Notes to Condensed Consolidated Financial Statements – (Continued)

(Unaudited)

NEW ACCOUNTING STANDARDS

The new accounting standards adopted in 2014 and 2013 had no significant impact on the presentation or results of operations, cash flows, or financial position of the Duke Energy Registrants. Disclosures have been enhanced to provide a discussion and tables on derivative contracts subject to enforceable master netting agreements.

The following new Accounting Standards Updates (ASUs) have been issued, but have not yet been adopted by the Duke Energy Registrants, as of March 31, 2014.

ASC 205 — Reporting Discontinued Operations. In April 2014, the FASB issued revised accounting guidance for reporting discontinued operations. A discontinued operation would be either (i) a component of an entity or a group of components of an entity that represents a separate major line of business or major geographical area of operations that either has been disposed of or is part of a single coordinated plan to be classified as held for sale or (ii) a business that, on acquisition, meets the criteria to be classified as held for sale.

For the Duke Energy Registrants, this guidance is effective on a prospective basis for interim and annual periods beginning January 1, 2015. This guidance will also result in increased disclosures. In general, this guidance is likely to result in fewer disposals of assets qualifying as discontinued operations.

2. DISPOSITIONS

Midwest Generation Exit

On February 17, 2014, Duke Energy Ohio announced it had initiated a process to exit its nonregulated Midwest generation business. As a result, Duke Energy and Duke Energy Ohio classified the assets and associated liabilities of this business as held for sale in the Condensed Consolidated Balance Sheet at March 31, 2014, and recorded pretax losses on these assets of approximately \$1,381 million and \$1,417 million at Duke Energy and Duke Energy Ohio, respectively, which represents the excess of the carrying value over the estimated fair value of the business, less estimated costs to sell. These losses were

included in Impairment charges in the Condensed Consolidated Statements of Operations and Comprehensive Income. The fair value of the disposal group was based on the income approach, which estimates fair value using discounted cash flows. The impairment will be updated, if necessary, based on changes in estimated fair value as additional information related to the potential transaction becomes available. Duke Energy and Duke Energy Ohio ceased depreciating the fixed assets of the disposal group when classified as held for sale. Considering a marketing period of several months and potential regulatory approvals, Duke Energy Ohio expects to dispose of the nonregulated Midwest generation business by the end of the first quarter of 2015.

The nonregulated Midwest generation business is included in the Commercial Power segment. The following table presents information related to the Duke Energy Ohio plants included in the disposal group.

Facility	Plant Type	Primary Fuel	Location	Total Average MW Capacity ^(c)	Owned Average MW Capacity ^(c)	Ownership Interest
Stuart ^{(a)(b)}	Fossil Steam	Coal	OH	2,318	904	39 %
Zimmer ^(a)	Fossil Steam	Coal	OH	1,338	622	46.5
Hanging Rock	Combined Cycle	Gas	OH	1,274	1,274	100
Miami Fort (Units 7 and 8) ^(a)	Fossil Steam	Coal	OH	1,020	653	64
Conesville ^{(a)(b)}	Fossil Steam	Coal	OH	780	312	40
Washington	Combined Cycle	Gas	OH	637	637	100
Fayette	Combined Cycle	Gas	PA	640	640	100
Killen ^{(a)(b)}	Fossil Steam	Coal	OH	618	204	33
Lee	Combustion Turbine	Gas	IL	640	640	100
Dick's Creek	Combustion Turbine	Gas	OH	136	136	100
Miami Fort	Combustion Turbine	Oil	OH	68	68	100
Total Midwest Generation				9,469	6,090	
(a)	Jointly owned with Ohio Power Company and/or The Dayton Power & Light Company.					
(b)	Station is not operated by Duke Energy Ohio.					
(c)	Average MW capacity is calculated as the average of winter capacity and summer capacity.					

The disposal group also includes Duke Energy Ohio's power purchase agreement with the Ohio Valley Electric Corporation (OVEC), and a retail sales business owned by Duke Energy.

The following table presents the carrying values of the major classes of Assets held for sale and Liabilities associated with assets held for sale included in the Midwest generation disposal group in the Condensed Consolidated Balance Sheets. Amounts included in the following table

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Combined Notes to Condensed Consolidated Financial Statements – (Continued)

(Unaudited)

exclude certain other disposal groups which are not material and accordingly do not agree to the Duke Energy Condensed Consolidated Balance Sheets.

		March 31, 2014			
(in millions)		Duke Energy		Duke Energy Ohio	
Current assets	\$	515		\$	442
Investments and other assets		209			179
Property, plant and equipment		2,025			1,988
Total assets held for sale	\$	2,749		\$	2,609
Current liabilities	\$	222		\$	189
Deferred credits and other liabilities		56			55
Total liabilities associated with assets held for sale	\$	278		\$	244

3. BUSINESS SEGMENTS

Duke Energy evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income, as discussed below, includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements. Certain governance costs are allocated to each segment. In addition, direct interest expense and income taxes are included in segment income.

Operating segments are determined based on information used by the chief operating decision maker in deciding how to allocate resources and evaluate the performance.

Products and services are sold between affiliate companies and reportable segments of Duke Energy at cost. Segment assets as presented in the tables that follow exclude all intercompany assets.

DUKE ENERGY

Duke Energy has the following reportable operating segments: Regulated Utilities, International Energy and Commercial Power.

Regulated Utilities conducts operations primarily through Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Indiana, and the regulated transmission and distribution operations of Duke Energy Ohio. These electric and gas operations are subject to the rules and regulations of the FERC, NCUC, PSCSC, FPSC, PUCO, IURC, and KPSC. Substantially all of Regulated Utilities' operations are regulated and, accordingly, these operations qualify for regulatory accounting treatment.

International Energy principally operates and manages power generation facilities and engages in sales and marketing of electric power, natural gas, and natural gas liquids outside the U.S. Its activities principally target power generation in Latin America. Additionally, International Energy owns a 25 percent interest in National Methanol Company (NMC), a large regional producer of Methyl tertiary butyl ether (MTBE) located in Saudi Arabia. The investment in NMC is accounted for under the equity method of accounting.

Commercial Power owns, operates and manages power plants and engages in the wholesale marketing and procurement of electric power, fuel and emission allowances related to these plants as well as other contractual positions. Commercial Power's generation operations consist primarily of Duke Energy Ohio's coal-fired and gas-fired nonregulated generation assets located in the Midwest region of the U.S. and wind and solar generation located throughout the U.S. The asset portfolio has a diversified fuel mix with baseload and mid-merit coal-fired units as well as combined cycle and peaking natural gas-fired units. In addition, Commercial Power operates and develops transmission projects.

The remainder of Duke Energy's operations is presented as Other. While it is not an operating segment, Other primarily includes unallocated corporate interest expense, certain unallocated corporate costs, Bison Insurance Company Limited (Bison), Duke Energy's wholly owned, captive insurance subsidiary, and contributions to the Duke Energy Foundation. On December 31, 2013, Duke Energy sold its interest in DukeNet Communications Holdings, LLC (DukeNet) to Time Warner Cable, Inc.

Three Months Ended March 31, 2014												
(in millions)	Regulated Utilities	International Energy	Commercial Power	Total Reportable Segments	Other	Eliminations	Consolidated					
Unaffiliated revenues	\$ 5,795	\$ 382	\$ 442	\$ 6,619	\$ 5	\$	\$ 6,624					
Intersegment revenues	10		7	17	20	(37)						
Total revenues	\$ 5,805	\$ 382	\$ 449	\$ 6,636	\$ 25	\$ (37)	\$ 6,624					
Segment income (loss) ^{(a)(b)}	\$ 737	\$ 130	\$ (879)	\$ (12)	\$ (82)	\$	\$ (94)					
Add back noncontrolling								4				

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DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – PROGRESS ENERGY, INC. –
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Combined Notes to Condensed Consolidated Financial Statements – (Continued)

(Unaudited)

DUKE ENERGY OHIO

Duke Energy Ohio has two reportable operating segments, Regulated Utilities and Commercial Power.

Regulated Utilities transmits and distributes electricity in portions of Ohio and generates, distributes and sells electricity in portions of Kentucky. Regulated Utilities also transports and sells natural gas in portions of Ohio and northern Kentucky. It conducts operations primarily through Duke Energy Ohio and its wholly owned subsidiary, Duke Energy Kentucky.

Commercial Power owns, operates and manages power plants and engages in the wholesale marketing and procurement of electric power, fuel and emission allowances related to these plants, as well as other contractual positions.

The remainder of Duke Energy Ohio's operations is presented as Other. While it is not considered an operating segment, Other primarily includes certain governance costs allocated by its parent, Duke Energy. See Note 8 for additional information. All of Duke Energy Ohio's revenues are generated domestically and its long-lived assets are all in the U.S.

Three Months Ended March 31, 2014												
(in millions)	Regulated Utilities		Commercial Power		Total Reportable Segments		Other		Eliminations		Consolidated	
Unaffiliated revenues ^(a)	\$	562	\$	201	\$	763	\$		\$		\$	763
Intersegment revenues				7		7				(7)		
Total revenues	\$	562	\$	208	\$	770	\$		\$	(7)	\$	763
Segment income (loss) / Consolidated net loss ^{(a)(b)}	\$	64	\$	(951)	\$	(887)	\$	(3)	\$		\$	(890)

Segment assets ^(b)	\$	6,736	\$	2,858	\$	9,594	\$	102	\$	(161)	\$	9,535
(a)	In May 2013, Duke Energy Ohio implemented revised customer rates approved by the PUCO. This increase impacts Regulated Utilities. See Note 4 for additional information about the revised customer rates.											
(b)	Commercial Power includes the impairment charge related to the planned disposition of the Midwest Generation business. See Note 2 for additional information.											
Three Months Ended March 31, 2013												
(in millions)		Regulated Utilities		Commercial Power		Total Reportable Segments		Other		Eliminations		Consolidated
Unaffiliated revenues	\$	492	\$	255	\$	747	\$		\$		\$	747
Intersegment revenues				11		11				(11)		
Total revenues	\$	492	\$	266	\$	758	\$		\$	(11)	\$	747
Segment income (loss) / Consolidated net loss	\$	53	\$	(67)	\$	(14)	\$	(7)	\$		\$	(21)

DUKE ENERGY CAROLINAS, PROGRESS ENERGY, DUKE ENERGY PROGRESS, DUKE ENERGY FLORIDA AND DUKE ENERGY INDIANA

The remaining Duke Energy Registrants each have one reportable operating segment, Regulated Utility, which generates, transmits, distributes and sells electricity. The remainder of each company's operations is classified as Other. While not considered a reportable segment for any of these companies, Other consists of certain unallocated corporate costs. Other for Progress Energy also includes interest expense on corporate debt instruments of \$63 million and \$101 million for the three months ended March 31, 2014 and 2013, respectively. The following table summarizes the net loss for Other at each of these registrants.

		Three Months Ended March 31,			
(in millions)		2014		2013	
Duke Energy Carolinas	\$	(21)	\$	(19)	
Progress Energy		(52)		(79)	
Duke Energy Progress		(10)		(7)	
Duke Energy Florida		(4)		(5)	
Duke Energy Indiana		(3)		(4)	

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The respective Regulated Utility and Regulated Utilities operating segments include substantially all of Duke Energy Carolinas', Progress Energy's, Duke Energy Progress', Duke Energy Florida's and Duke Energy Indiana's assets at March 31, 2014 and 2013.

4. REGULATORY MATTERS

RATE RELATED INFORMATION

The NCUC, PSCSC, FPSC, IURC, PUCO and KPSC approve rates for retail electric and natural gas services within their states. Nonregulated sellers of natural gas and electric generation are also allowed to operate in Ohio once certified by the PUCO. The FERC approves rates for electric sales to wholesale customers served under cost-based rates (excluding Ohio and Indiana), as well as sales of transmission service.

Duke Energy Carolinas

2013 North Carolina Rate Case

On September 24, 2013, the NCUC approved a settlement agreement related to Duke Energy Carolinas' request for a rate increase with minor modifications. The parties agreed to a three-year step-in rate increase, with the first two years providing for \$204 million, or a 4.5 percent average increase in rates, and the third year providing for rates to be increased by an additional \$30 million, or 0.6 percent. The agreement is based upon a return on equity of 10.2 percent and an equity component of the capital structure of 53 percent. New rates went into effect on September 25, 2013.

On October 23, 2013, the North Carolina Attorney General (NCAG) appealed the rate of return and capital structure approved in the agreement. On October 24, 2013, the NC Waste Awareness and Reduction Network (NC WARN) also appealed various matters in the settlement. The North Carolina Supreme Court (NCSC) denied a Motion to Consolidate these appeals with other North Carolina rate case appeals involving Duke Energy Carolinas and Duke Energy Progress on March 13, 2014. Briefing continues in this matter, and no oral argument has been scheduled at this time. Duke Energy Carolinas cannot predict the

outcome of this matter.

2013 South Carolina Rate Case

On September 11, 2013, the PSCSC approved a settlement agreement related to Duke Energy Carolinas' request for a rate increase. Parties to the settlement agreement were the Office of Regulatory Staff, Wal-Mart Stores East, LP and Sam's East, Incorporated, the South Carolina Energy Users Committee, Public Works of the City of Spartanburg, South Carolina and the South Carolina Small Business Chamber of Commerce. The parties agreed to a two-year step-in rate increase, with the first year providing for approximately \$80 million, or a 5.5 percent average increase in rates, and the second year providing for rates to be increased by an additional \$38 million, or 2.6 percent. The settlement agreement is based upon a return on equity of 10.2 percent and a 53 percent equity component of the capital structure. New rates went into effect on September 18, 2013.

2011 North Carolina Rate Case

On January 27, 2012, the NCUC approved a settlement agreement related to Duke Energy Carolinas' request for a rate increase. The Public Staff was a party to the settlement. On October 23, 2013, the NCUC reaffirmed the rate of return approved in the January 27, 2012 settlement agreement, in response to an appeal by the NCAG. On November 21, 2013, the NCAG appealed the reaffirmed order. The NCSC denied a Motion to Consolidate this appeal with other North Carolina rate case appeals involving Duke Energy Carolinas and Duke Energy Progress on March 13, 2014. Briefing continues in this matter, and no oral argument has been scheduled at this time. Duke Energy Carolinas cannot predict the outcome of this matter.

William States Lee Combined Cycle Facility

On April 9, 2014, the PSCSC granted Duke Energy Carolinas a Certificate of Environmental Compatibility and Public Convenience and Necessity (CECPCN) for the construction and operation of a 750 MW combined cycle natural gas-fired generating plant at its existing William States Lee Generating Station in Anderson, South Carolina. Receipt of the CECPCN does not commit Duke Energy Carolinas to build the facility. Duke Energy Carolinas will make a decision regarding this facility by mid-2014. If constructed, the North Carolina Electric Membership Corporation will own 14 percent of the project.

Duke Energy Progress

2012 North Carolina Rate Case

On May 30, 2013, the NCUC approved a settlement agreement related to Duke Energy Progress' request for a rate increase. The Public Staff was a party to the settlement agreement. The parties agreed to a two-year step-in rate increase, with the first year providing for a \$147 million, or a 4.5 percent average increase in rates, and the second year providing for rates to be increased by an additional \$31 million, or a 1.0 percent average increase in rates. The agreement is based upon a return on equity of 10.2 percent and an equity component of the capital structure of 53 percent. New rates went into effect on June 1, 2013.

On July 1, 2013, the NCAG appealed the NCUC's approval of the rate of return and capital structure included in the agreement. NC WARN also appealed various matters in the settlement. The NCSC denied a Motion to Consolidate these appeals with other North Carolina rate case

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appeals involving Duke Energy Carolinas and Duke Energy Progress on March 13, 2014. Briefing has concluded in this matter and oral argument was held on May 5, 2014. Duke Energy Progress cannot predict the outcome of this matter.

Wholesale Depreciation Rates

On April 19, 2013, Duke Energy Progress filed an application with FERC for acceptance of changes to generation depreciation rates and in August filed for acceptance of additional changes. These changes will affect the rates of Duke Energy Progress wholesale power customers that purchase or will purchase power under formula rates. Certain Duke Energy Progress wholesale customers filed interventions and protests. FERC accepted the depreciation rate changes, subject to refund, and set the matter for settlement and hearing in a consolidated proceeding. FERC further initiated an action with respect to the justness and reasonableness of the proposed rate changes. A settlement conference is scheduled for May 22, 2014. Duke Energy Progress cannot predict the outcome of this matter.

Duke Energy Florida

FPSC Settlement Agreements

On February 22, 2012, the FPSC approved a settlement agreement (the 2012 Settlement) among Duke Energy Florida, the Florida Office of Public Counsel (OPC) and other customer advocates. The 2012 Settlement was to continue through the last billing cycle of December 2016. On October 17, 2013, the FPSC approved a settlement agreement (the 2013 Settlement) between Duke Energy Florida, OPC, and other customer advocates. The 2013 Settlement replaces and supplants the 2012 Settlement and substantially resolves issues related to (i) Crystal River Unit 3, (ii) Levy, (iii) Crystal River 1 and 2 coal units, and (iv) future generation needs in Florida. Refer to the remaining sections below and the 2013 Annual Report on Form 10-K for further discussion of these settlement agreements.

Crystal River Unit 3

On February 5, 2013, Duke Energy Florida announced the retirement of Crystal River Unit 3. On February 20, 2013, Duke Energy Florida filed with the NRC a certification of permanent cessation of power operations and permanent removal of fuel from the reactor vessel. In December 2013, Duke Energy Florida

filed an updated site-specific decommissioning plan with the NRC. The plan included a decommissioning cost estimate of \$1,180 million, including amounts applicable to joint owners, under the safe storage (SAFSTOR) option. Duke Energy Florida's decommissioning study assumes Crystal River Unit 3 will be in SAFSTOR configuration, requiring limited staffing to monitor plant conditions, until the eventual dismantling and decontamination activities to be completed by 2073. This decommissioning approach is currently utilized at a number of retired domestic nuclear power plants and is one of three accepted approaches to decommissioning approved by the NRC.

Duke Energy Florida has reclassified all Crystal River Unit 3 investments, including property, plant and equipment, nuclear fuel, inventory, and other assets, to a regulatory asset. Duke Energy Florida is allowed to accelerate cash recovery of approximately \$130 million of the Crystal River Unit 3 regulatory asset from retail customers from 2014 through 2016 through its fuel clause. Duke Energy Florida will begin recovery of the remaining Crystal River Unit 3 regulatory asset, up to a cap of \$1,466 million from retail customers upon the earlier of (i) full recovery of the uncollected Levy investment or (ii) the first billing period of January 2017. Recovery will continue 240 months from inception of collection of the regulatory asset in base rates. The Crystal River Unit 3 base rate component will be adjusted at least every four years. Included in this recovery, but not subject to the cap, are costs of building a dry cask storage facility for spent nuclear fuel. The return rate will be based on the currently approved AFUDC rate with a return on equity of 7.35 percent, or 70 percent of the currently approved 10.5 percent. The return rate is subject to change if the return on equity changes in the future. Construction of the dry cask storage facility is subject to separate FPSC approval. The regulatory asset associated with the uprate project will continue to be recovered through the Nuclear Cost Recovery Clause (NCRC) over an estimated seven year period beginning in 2013.

Through March 31, 2014, Duke Energy Florida deferred \$1,321 million for rate recovery related to Crystal River Unit 3, which is subject to the rate recovery cap in the 2013 Settlement. In addition, Duke Energy Florida deferred \$311 million for recovery associated with building a dry cask storage facility and the original uprate project, which is not subject to the rate recovery cap discussed above. Duke Energy Florida does not expect the Crystal River Unit 3 regulatory asset to exceed the cap.

The following table includes a summary of retail customer refunds agreed to in the 2012 Settlement and the 2013 Settlement. Refer to the 2013 Annual Report on Form 10-K for additional information on each of these refunds.

(in millions)	March 31, 2014								
	Remaining Amount to be Refunded								
	Total	Refunded to date	2014	2015	2016				
2012 Settlement refund	\$ 288	\$ 164	\$ 104	\$ 10	\$ 10				
Retirement decision refund	100			40	60				
NEIL proceeds	490	367	123						
Total customer refunds	\$ 878	531	227	50	70				
Accelerated regulatory asset recovery	(130)	(8)	(29)	(37)	(56)				
Net customer refunds	748	\$ 523	\$ 198	\$ 13	\$ 14				

Levy

On July 28, 2008, Duke Energy Florida applied to the NRC for a Combined Construction and Operating License (COL) for two Westinghouse AP1000 reactors at Levy. In 2008, the FPSC granted Duke Energy Florida's petition for an affirmative Determination of Need and related orders requesting cost recovery under Florida's nuclear cost-recovery rule, together with the associated facilities, including transmission lines and

substation facilities.

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On January 28, 2014, Duke Energy Florida terminated the Levy engineering, procurement and construction agreement (EPC). Duke Energy Florida may be required to pay for work performed under the EPC and to bring existing work to an orderly conclusion, including but not limited to costs to demobilize and cancel certain equipment and material orders placed. Duke Energy Florida recorded an exit obligation of \$25 million upon termination of the EPC. This liability was recorded within Other in Deferred Credits and Other Liabilities with an offset primarily to Regulatory assets on the Condensed Consolidated Balance Sheets. Duke Energy Florida is allowed to recover reasonable and prudent EPC cancellation costs from its retail customers. See Note 5 for a discussion of litigation related to the EPC termination.

The 2012 Settlement provided that Duke Energy Florida include the allocated wholesale cost of Levy as a retail regulatory asset and include this asset as a component of rate base and amortization expense for regulatory reporting. In accordance with the 2013 Settlement, Duke Energy Florida ceased amortization of the wholesale allocation of Levy investments against retail rates.

Recovery of the remaining retail portion of the project costs will occur over five years from 2013 through 2017. Duke Energy Florida has an ongoing responsibility to demonstrate prudence related to the wind down of the Levy investment and the potential for salvage of Levy assets. As of March 31, 2014, Duke Energy Florida has a net uncollected investment in Levy of approximately \$248 million, including AFUDC. Of this amount, \$31 million is included in Regulatory assets, \$121 million related to land and the COL is included in Net, property, plant and equipment, and \$96 million is included in Regulatory assets within Current Assets on the Condensed Consolidated Balance Sheets.

New Generation

The 2013 Settlement establishes a recovery mechanism for additional generation needs. This recovery mechanism, the Generation Base Rate Adjustment (GBRA), allows recovery of prudent costs of these items through an increase in base rates, upon the in-service date of such assets, without a general rate case at a 10.5 percent return on equity. On October 8, 2013, Duke Energy Florida issued a request for proposals to evaluate alternatives for an additional generation facility. Duke Energy Florida is currently reviewing bids received on December 9, 2013, and expects to make a decision by mid-2014.

Cost of Removal Reserve

The 2012 Settlement and the 2013 Settlement provided Duke Energy Florida the discretion to reduce cost of removal amortization expense up to the balance in the cost of removal reserve until the earlier of its applicable cost of removal reserve reaching zero or the expiration of the 2013 Settlement. Duke Energy Florida was not allowed to reduce amortization expense if the reduction would cause it to exceed the appropriate high point of the return on equity range. Duke Energy Florida recognized a reduction in amortization expense of \$56 million for the three months ended March 31, 2013. Duke Energy Florida had no cost of removal reserves eligible for amortization to income remaining after December 31, 2013.

Duke Energy Ohio

2012 Electric Rate Case

On May 1, 2013, the PUCO approved a settlement agreement (the Electric Settlement) related to Duke Energy Ohio's electric distribution rate case. All intervening parties signed the Electric Settlement. The Electric Settlement provides for a net increase in electric distribution revenues of \$49 million, or an average increase of 2.9 percent, based upon a return on equity of 9.84 percent. Revised rates were effective in May 2013.

2012 Natural Gas Rate Case

On April 2, 2013, Duke Energy Ohio, the PUCO Staff, and intervening parties filed a settlement (the Gas Settlement) with the PUCO related to a gas distribution case. The Gas Settlement provides for no increase in base rates for natural gas distribution service. The Gas Settlement left unresolved the recovery of environmental remediation costs associated with former manufactured gas plants (MGP). The Gas Settlement is based upon a return on equity of 9.84 percent.

On November 13, 2013, the PUCO issued an order approving the Gas Settlement and allowing for the recovery of \$56 million of MGP costs, excluding carrying costs, to be recovered over a five-year period beginning in 2014. Beginning March 5, 2014, consumer groups filed notices of appeal to the Ohio Supreme Court. On March 17, 2014, these parties filed a motion to stay the MGP rider. The PUCO Staff and Duke Energy Ohio filed memoranda in opposition on March 25, 2014. On April 24, 2014, the court granted Duke Energy Ohio's motion to intervene. The PUCO Staff's motion remains pending. On March 21, 2014, consumer groups also filed an application for rehearing on the PUCO's decision to deny their motion for stay or, in the alternative, to implement the MGP rider subject to refund. Duke Energy Ohio has opposed the application. Duke Energy Ohio cannot predict the outcome of this matter. On March 31, 2014, Duke Energy Ohio filed an application for approval to adjust the MGP rider to include remediation costs incurred in 2013. The tariff was effective with April 2014 billing.

Regional Transmission Organization (RTO) Realignment

Duke Energy Ohio including Duke Energy Kentucky, transferred control of its transmission assets from Midcontinent Independent System Operator, Inc. (MISO) to PJM Interconnection, LLC (PJM), effective December 31, 2011.—

On December 22, 2010, the KPSC approved Duke Energy Kentucky's request to effect the RTO realignment, subject to a commitment not to seek double-recovery in a future rate case of the transmission expansion fees that may be charged by MISO and PJM in the same period or overlapping periods.

On May 25, 2011, the PUCO approved a settlement between Duke Energy Ohio, Ohio Energy Group, the Office of Ohio Consumers' Counsel and the PUCO Staff related to Duke Energy Ohio's recovery of certain costs of the RTO realignment via a non-bypassable rider. Duke Energy Ohio is allowed to recover all MISO

Transmission Expansion Project (MTEP) costs, including but not limited to Multi-Value Project (MVP) costs, directly or indirectly charged to Ohio customers. Duke Energy Ohio did not recover any portion of the MISO exit obligation, PJM integration fees, or internal costs associated with the RTO realignment, and will not recover the first \$121 million of PJM transmission

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expansion costs from Ohio retail customers. Duke Energy Ohio also agreed to vigorously defend against any charges for MVP projects from MISO.

Upon its exit from MISO on December 31, 2011, Duke Energy Ohio recorded a liability for its exit obligation and share of MTEP costs, excluding MVP. This liability was recorded within Other in Current liabilities and Other in Deferred credits and other liabilities on Duke Energy Ohio's Condensed Consolidated Balance Sheets.

The following table provides a reconciliation of the beginning and ending balance of Duke Energy Ohio's recorded obligations related to its withdrawal from MISO.

		Balance at		Provision /		Cash		Balance at				
(in millions)		December 31,		Adjustments		Reductions		March 31,				
		2013						2014^(a)				
Duke Energy Ohio	\$	95		\$	1	\$	(1)	\$	95			
(a)	As of March 31, 2014, \$74 million is recorded as a Regulatory asset on Duke Energy Ohio's Condensed Consolidated Balance Sheets.											

MVP. MISO approved 17 MVP proposals prior to Duke Energy Ohio's exit from MISO on December 31, 2011. Construction of these projects is expected to continue through 2020. Costs of these projects, including operating and maintenance costs, property and income taxes, depreciation and an allowed return, are allocated and billed to MISO transmission owners.

On December 29, 2011, MISO filed a tariff with the FERC providing for the allocation of MVP costs to a withdrawing owner based on monthly energy usage. The FERC set for hearing (i) whether MISO's proposed cost allocation methodology to transmission owners who withdrew from MISO prior to January 1, 2012 is consistent with the tariff at the time of their withdrawal from MISO, and, (ii) if not, what the amount of and methodology for calculating any MVP cost responsibility should be. On July 16, 2013, a FERC Administrative Law Judge (ALJ) issued an initial decision. Under this initial decision, Duke Energy Ohio would be liable for MVP costs. Duke Energy Ohio filed exceptions to the initial decision, requesting the

FERC overturn the ALJ's decision. After reviewing the initial decision, along with all exceptions and responses filed by the parties, the FERC will issue a final decision. Duke Energy Ohio fully intends to appeal to the federal court of appeals if the FERC affirms the ALJ's decision. Duke Energy Ohio cannot predict the outcome of these proceedings.

In 2012, MISO estimated Duke Energy Ohio's MVP obligation over the period from 2012 to 2071 at \$2.7 billion, on an undiscounted basis. The estimated obligation is subject to great uncertainty including the ultimate cost of the projects, the annual costs of O&M, taxes and return over the project lives and the allocation to Duke Energy Ohio.

Duke Energy Indiana

Edwardsport IGCC Plant

On November 20, 2007, the IURC granted Duke Energy Indiana a Certificate of Public Convenience and Necessity (CPCN) for the construction of a 618 MW IGCC power plant at Duke Energy Indiana's existing Edwardsport Generating Station in Knox County, Indiana with a cost estimate of \$1.985 billion assuming timely recovery of financing costs related to the project. The Citizens Action Coalition of Indiana, Inc., Sierra Club, Inc., Save the Valley, Inc., and Valley Watch, Inc. (collectively, the Joint Intervenors) were intervenors in several matters related to the Edwardsport IGCC Plant.

On December 27, 2012, the IURC approved a settlement agreement (2012 Edwardsport settlement) related to the cost increase for the construction of the project, including subdockets before the IURC related to the project. The Office of Utility Consumer Counselor (OUCC), the Duke Energy Indiana Industrial Group and Nucor Steel-Indiana were parties to the settlement. The settlement agreement, as approved, capped costs to be reflected in customer rates at \$2.595 billion, including estimated AFUDC through June 30, 2012. Duke Energy Indiana is allowed to recover AFUDC after June 30, 2012, until customer rates are revised, with such recovery decreasing to 85 percent on AFUDC accrued after November 30, 2012.

The project was placed in commercial operation in June 2013. Costs for the Edwardsport IGCC plant are recovered from retail electric customers via a tracking mechanism, the IGCC Rider. Updates to the IGCC Rider are filed semi-annually. The Joint Intervenors have challenged and/or appealed most IGCC Rider updates. To date, all IGCC Rider updates have been approved by the IURC and upheld on appeal.

On March 18, 2014, the Indiana Court of Appeals denied an appeal filed by the Joint Intervenors' and affirmed the IURC order approving the 2012 Edwardsport settlement and other related regulatory orders.

On April 2, 2014, the IURC ordered a subdocket to Duke Energy Indiana's current fuel adjustment clause proceeding. The subdocket will review underlying causes for net negative generation amounts at the Edwardsport IGCC plant during the period September through November 2013. Duke Energy Indiana contends the net negative generation is related to the consumption of fuel and auxiliary power when the plant was in start-up or off-line. The Joint Intervenors, OUCC, the Duke Energy Indiana Industrial Group, and Nucor Steel-Indiana are parties to the subdocket. A prehearing conference was held on April 23, 2014.

Duke Energy Indiana cannot predict the outcome of the fuel adjustment clause subdocket or future IGCC Rider proceedings.

OTHER REGULATORY MATTERS

Merger Appeals

On January 9, 2013, the City of Orangeburg and NC WARN appealed the NCUC's approval of the merger between Duke Energy and Progress Energy. On April 29, 2013, the NCUC granted Duke Energy's motion to dismiss certain exceptions contained in NC WARN's appeal.

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On November 6, 2013, the North Carolina Court of Appeals heard oral arguments on the appeals. On March 4, 2014, the Court of Appeals issued an opinion affirming the NCUC's approval of the merger. On April 8, 2014, NC WARN filed a petition for discretionary review by the North Carolina Supreme Court. On April 21, 2014, Duke Energy and the NCUC Public Staff jointly filed their response opposing NC WARN's petition. The City of Orangeburg did not file a petition for discretionary review.

Progress Energy Merger FERC Mitigation

In June 2012, the FERC approved the merger with Progress Energy, including Duke Energy and Progress Energy's revised market power mitigation plan, the Joint Dispatch Agreement (JDA) and the joint Open Access Transmission Tariff. The revised market power mitigation plan provides for the acceleration of one transmission project and the completion of seven other transmission projects (Long-term FERC Mitigation) and interim firm power sale agreements during the completion of the transmission projects (Interim FERC Mitigation). The Long-term FERC Mitigation is expected to increase power imported into the Duke Energy Carolinas and Duke Energy Progress service areas and enhance competitive power supply options in the service areas. These projects are expected to be completed in 2014. On August 8, 2012, FERC granted certain intervenors' request for rehearing for further consideration.

Following the closing of the merger, outside counsel reviewed Duke Energy's mitigation plan and discovered a technical error in the calculations. On December 6, 2013, Duke Energy submitted a filing to the FERC disclosing the error and arguing that no additional mitigation is necessary. On March 28, 2014, Duke Energy submitted responses to a FERC deficiency letter seeking additional information concerning the market power mitigation calculations. The City of New Bern filed a protest to Duke Energy's response and requested that FERC order additional mitigation. Duke Energy cannot predict the outcome of this matter.

Planned and Potential Coal Plant Retirements

The Subsidiary Registrants periodically file Integrated Resource Plans (IRP) with their state regulatory commissions. The IRPs provide a view of forecasted energy needs over a 10 to 20-year period, and options being considered to meet those needs. Recent IRPs filed by the Subsidiary Registrants included planning assumptions to potentially retire certain coal-fired generating facilities in South Carolina, Florida, Indiana and Ohio earlier than their current estimated useful lives. The facilities do not have the requisite

The Duke Energy Registrants are responsible for environmental remediation at various contaminated sites. These include some properties that are part of ongoing operations and sites formerly owned or used by Duke Energy entities. These sites are in various stages of investigation, remediation, and monitoring. Managed in conjunction with relevant federal, state, and local agencies, activities vary with site conditions and locations, remediation requirements, complexity, and sharing of responsibility. If remediation activities involve joint and several liability provisions, strict liability, or cost recovery or contribution actions, the Duke Energy Registrants could potentially be held responsible for

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contamination caused by other potentially responsible parties, and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. Liabilities are recorded when losses become probable and are reasonably estimable. The total costs that may be incurred cannot be estimated because the extent of environmental impact, allocation among potentially responsible parties, remediation alternatives, and/or regulatory decisions has not yet been determined. Additional costs associated with remediation activities are likely to be incurred in the future and could be significant. Costs are typically expensed as Operation, maintenance and other in the Condensed Consolidated Statements of Operations unless regulatory recovery of the costs is deemed probable.

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

		Three Months Ended March 31, 2014															
(in millions)		Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana			
Balance at beginning of period		\$	79	\$	11	\$	27	\$	8	\$	19	\$	27	\$	7		
Provisions / adjustments			3				3		2		1						
Cash reductions			(1)				(1)				(1)						
Balance at end of period		\$	81	\$	11	\$	29	\$	10	\$	19	\$	27	\$	7		
		Three Months Ended March 31, 2013															
(in millions)		Duke Energy		Duke Energy Carolinas		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		Duke Energy Indiana			

Balance at beginning of period	\$	75	\$	12	\$	33	\$	14	\$	19	\$	15	\$	8
Provisions / adjustments		2				1				1				
Cash reductions		(6)				(2)		(1)		(1)		(2)		(1)
Balance at end of period	\$	71	\$	12	\$	32	\$	13	\$	19	\$	13	\$	7

Additional losses in excess of recorded reserves that could be incurred for the stages of investigation, remediation, and monitoring for environmental sites that have been evaluated at this time are presented in the table below.

(in millions)														
Duke Energy													\$	75
Duke Energy Carolinas														29
Progress Energy														5
Duke Energy Progress														2
Duke Energy Florida														3
Duke Energy Ohio														35
Duke Energy Indiana														6

Ash Basins

On February 2, 2014, a break in a 48-inch stormwater pipe beneath an ash basin at Duke Energy Carolinas' retired Dan River steam station caused a release of ash basin water and ash into the Dan River. On February 8, 2014, a permanent plug was installed in the 48-inch stormwater pipe stopping the release of materials into the river. On February 21, 2014, a permanent plug was installed in a 36-inch stormwater pipe beneath the ash basin. Duke Energy Carolinas estimates 30,000 to 39,000 tons of ash and 24 million to 27 million gallons of basin water were released into the river during the incident. Duke Energy Carolinas incurred approximately \$15 million of repairs and remediation expense related to this incident during the three months ended March 31, 2014. This amount is recorded in Operations, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income. Duke Energy Carolinas will not seek recovery of these costs from ratepayers. Other costs related to the Dan River release and other ash basins, including regulatory directives, natural resources damages, pending litigation, future claims or litigation, long-term environmental impact costs, long-term operational changes, and costs associated with new laws and regulations cannot be reasonably estimated at this time. However, the total costs to be incurred to remediate the Dan River ash release are not expected to be material.

Duke Energy has engaged third-party engineering experts to complete an independent engineering review of all its ash basins. This work will be complete by May 31, 2014, and immediate actions will be taken to address any significant issues.

Duke Energy is also preparing a comprehensive, longer-term ash basin strategy, which will involve a site by site analysis of applicable laws, regulations, site characteristics, and engineering feasibility. We expect this work to be completed by the end of the year, with detailed engineering to follow. Each site is unique, and site-specific engineering will help determine the most appropriate closure method for that site.

On March 12, 2014, Duke Energy issued a letter to the Governor of the State of North Carolina and the Secretary of the North Carolina Department of Environment and Natural Resources (DENR) outlining recommendations for near-term and longer-term action at its ash basins in North Carolina. Implementing the near-term recommendations and longer-term plans depends on receipt of various state and federal permits and determinations that these actions are prudent, cost-effective and environmentally sound. The near-term actions outlined in the letter include moving ash from basins at three coal plants to lined fill solutions, converting the remaining coal units to dry fly ash handling or retiring the units, and minimizing potential risk of an incident similar to Dan River by removing water from ash basins at all retired North Carolina coal plants.

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On April 22, 2014, a representative of Duke Energy appeared before the Environmental Review Commission of the North Carolina General Assembly and outlined cost estimates for a range of ash handling and ash basin closure options. The table below summarizes estimated costs of various potential approaches to ash management for North Carolina ash basins. These amounts represent a rough order of magnitude and are not detailed engineering grade estimates. The estimates assume coal ash will retain a non-hazardous designation by the EPA and exclude financing costs. Any ultimate activities and resultant costs will be dependent upon state and federal environmental requirements. Cost recovery for these expenditures will be pursued through the normal ratemaking process with state utility commissions, which permits the recovery of necessary and prudently incurred costs associated with Duke Energy's regulated operations. Duke Energy records asset retirement obligations when it has a legal obligation to incur retirement costs associated with the retirement of a long-lived asset and the obligation can be reasonably estimated. Duke Energy has not recorded an asset retirement obligation related to these proposals as a legal obligation has not yet been incurred. As the necessary approvals are obtained to permit the work to proceed an asset retirement obligation could be recorded.

(in billions)		Range		
Baseline assumptions ^(a)	\$	2.0	-	2.5
Estimated additional costs related to full excavation ^(b)		4.0	-	5.5
Estimated additional costs related to all-dry systems ^(c)		1.0	-	2.0
Total range of costs	\$	2.0	-	10.0
(a)	Assumes (i) hybrid cap in place closure for ash basins at ten coal plants, (ii) excavation and relocation of ash to lined structural fills or landfills for the retired Dan River, Riverbend and Sutton coal plants, (iii) dry fly ash conversion at the Asheville units and Cliffside Unit 5, (iv) continued structural fill disposal for the Asheville coal plant, and (v) dry bottom ash handling conversions and fly ash reliability improvements. Includes costs for actions noted in the March 12, 2014 letter to the Governor of North Carolina and existing plans to close ash basins.			
(b)	Represents estimated additional costs to excavate and relocate ash to lined landfills for the ten plants under hybrid cap in place closure in the baseline assumptions.			
(c)				

Represents estimated additional costs to convert all active coal plants to all-dry pneumatic bottom ash handling systems and thermally-driven evaporation of other process water.

Regulations

Clean Water Act 316(b)

The EPA proposed a cooling water intake structures rule on April 20, 2011. The proposed rule advances one main approach and three alternatives. Based on the main approach proposed, most, if not all, of the steam electric generating facilities the Duke Energy Registrants own are likely affected sources unless retired prior to implementation of the 316(b) requirements.

The EPA intends to finalize the rule by May 16, 2014. If the rule is finalized as proposed, modifications to affected power plant cooling water intake structures could be required by mid-to-late 2017. The Duke Energy Registrants are unable to predict the outcome of this rulemaking, but the impact could be significant.

Cross-State Air Pollution Rule (CSAPR)

On August 8, 2011, the final Cross-State Air Pollution Rule (CSAPR) was published in the Federal Register. The CSAPR established state-level annual SO₂ budgets and annual seasonal NO_x budgets that were to take effect on January 1, 2012.

On August 21, 2012, the D.C. Circuit Court vacated the CSAPR. The court also directed the EPA to continue administering the Clean Air Interstate Rule (CAIR). The CAIR requires additional reductions in SO₂ and NO_x emissions beginning in 2015. On April 29, 2014, the Supreme Court reversed the D.C. Circuit Court's decision, finding that with CSAPR, the EPA reasonably interpreted the good neighbor provision of the Clean Air Act. The case has been remanded to the D.C. Circuit Court for further proceedings consistent with the court's opinion.

The stringency of the CSAPR requirements varies among the Duke Energy Registrants. Where the CSAPR requirements are to be constraining, activities to meet the requirements could include purchasing emission allowances, power purchases, curtailing generation and utilizing low sulfur fuel. The CSAPR is not expected to result in Duke Energy Registrants adding new emission controls. The Duke Energy Registrants cannot predict the outcome of the proceedings.

Coal Combustion Residuals (CCR)

On June 21, 2010, the EPA proposed a regulation under the Resource Conservation and Recovery Act, related to CCR or coal combustion byproducts associated with the generation of electricity. The EPA proposal contains two regulatory options whereby CCRs not employed in approved beneficial use applications would either (i) be regulated as hazardous waste or (ii) continue to be regulated as non-hazardous waste. On October 29, 2013, the U.S. District Court for the District of Columbia directed the EPA to provide the Court, within 60 days of the Order, a proposed schedule for completing the CCR rulemaking. On January 29, 2014, the EPA filed a consent decree agreeing to issue the final rule by December 19, 2014. The Duke Energy Registrants cannot predict the outcome of this rulemaking, but the impact could be significant.

Steam Electric Effluent Limitation Guidelines

On June 7, 2013, the EPA proposed Steam Electric Effluent Limitations Guidelines (ELGs). The EPA is under a revised court order to finalize the rule by September 30, 2015. The EPA has proposed eight options for the rule, which vary in stringency and cost. The proposed regulation applies to seven waste streams, including wastewater from air pollution control equipment and ash transport water. Most, if not all, of the steam electric generating facilities the Duke Energy Registrants own are likely affected sources. Requirements to comply with the final rule

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may begin as early as late 2018 for some facilities. The Duke Energy Registrants are unable to predict the outcome of the rulemaking, but the impact could be significant.

Greenhouse Gas New Source Performance Standards (NSPS)

On January 8, 2014, the EPA proposed a rule to establish carbon dioxide (CO₂) emissions standards for new pulverized coal, IGCC, natural gas combined cycle, and simple cycle electric generating units commencing construction on or after the date the proposal appears in the Federal Register. Based on the proposal, future coal and IGCC units will be required to employ carbon capture and storage technology to meet the proposed standard.

The Duke Energy Registrants do not expect a material impact on their future results of operations or cash flows based on the EPA's proposal. The final rule, however, could be significantly different from the proposal. It is not known when the EPA might finalize the rule.

On June 25, 2013, the President of the United States issued a memorandum directing the EPA to propose CO₂ emissions guidelines for existing fossil-fueled electric generating units by June 1, 2014, and to finalize the guidelines for states to develop their own regulations for implementing the guidelines by June 1, 2015. The memorandum directed the EPA to require states to submit their implementation regulations for approval by June 30, 2016.

The Duke Energy Registrants are unable to predict the outcome of this rulemaking, but the impact could be significant.

Mercury and Air Toxics Standards (MATS)

The final MATS rule, previously referred to as the Utility MACT Rule, was issued on February 16, 2012. The final rule establishes emission limits for hazardous air pollutants from new and existing coal-fired and oil-fired steam electric generating units. The rule requires sources to comply with emission limits by April 16, 2015. Under the Clean Air Act (CAA), permitting authorities have the discretion to grant up to a one-year compliance extension, on a case-by-case basis, to sources that are unable to complete the installation of emission controls before the compliance deadline. Strategies to achieve compliance with the final rule will include installing new air emission control equipment, developing monitoring processes, fuel

switching, and accelerating retirement of some coal-fired electric-generating units. For additional information, refer to Note 4 regarding potential plant retirements.

In April 2014, several petitions for review of the final rule were denied by the D.C. Circuit Court. The rule will likely be implemented as promulgated.

Refer to the table below for a summary of estimated costs to comply with the MATS regulations.

Estimated Cost and Impacts of EPA Rulemakings

The ultimate compliance requirements for MATS, Clean Water 316(b), CCRs and ELGs will not be known until all the rules have been finalized. For planning purposes, the Duke Energy Registrants currently estimate the cost of new control equipment that may need to be installed on existing power plants and certain ash basin management costs to comply with these EPA regulations could total \$5 billion to \$6 billion, excluding AFUDC, over the next 10 years. A portion of the costs in this range, including actions outlined in the March 12, 2014 letter to the Governor of the State of North Carolina, are included in the baseline assumptions in the Ash Basins disclosure above. This estimate assumes coal ash will retain a non-hazardous designation and primarily assumes cap in place closure for ash basins. The cost estimate would be significantly higher if coal ash is deemed a hazardous material and if coal ash is required to be excavated and relocated to lined landfills. The table below includes estimated costs for new control equipment necessary to comply with the MATS rule, which is the only rule that has been finalized.

(in millions)		Range		
Duke Energy	\$	525	-	625
Duke Energy Carolinas		40	-	50
Progress Energy		25	-	40
Duke Energy Progress		10	-	15
Duke Energy Florida		15	-	25
Duke Energy Ohio		35	-	50
Duke Energy Indiana		425	-	485

The Duke Energy Registrants also expect to incur increased fuel, purchased power, operation and maintenance, and other expenses, and costs for replacement generation for potential coal-fired power plant retirements as a result of these EPA regulations. The actual compliance costs incurred may be materially different from these estimates based on the timing and requirements of the final EPA regulations. The Duke Energy Registrants intend to seek rate recovery of amounts incurred associated with regulated operations in complying with these regulations. Refer to Note 4 for further information regarding potential plant retirements and regulatory filings related to the Duke Energy Registrants.

LITIGATION

Duke Energy

Progress Energy Merger Shareholder Litigation

Duke Energy, the eleven members of the Duke Energy Board of Directors who were also members of the pre-merger Duke Energy Board of Directors (Legacy Duke Energy Directors) and certain Duke Energy officers are defendants in a purported securities class action lawsuit (*Nieman v. Duke Energy Corporation, et al*). This lawsuit consolidates three lawsuits originally filed in July 2012, and is pending in the United

States District Court for the Western District of North Carolina. The plaintiffs allege federal Securities Act and Exchange Act claims based on

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allegations of materially false and misleading representations and omissions in the Registration Statement filed on July 7, 2011, and purportedly incorporated into other documents, all in connection with the post-merger change in CEO. The claims are purportedly brought on behalf of a class of all persons who purchased or otherwise acquired Duke Energy securities between June 11, 2012 and July 9, 2012. On July 26, 2013, the Magistrate Judge recommended the District Court Judge deny the defendants' motion to dismiss. On October 2, 2013, the District Judge heard defendants' objections to this recommendation. A decision is pending on the motion to dismiss. Mediation of the claims is scheduled for May 14, 2014.

On May 31, 2013, the Delaware Chancery Court consolidated four shareholder derivative lawsuits filed in 2012. The Court also appointed a lead plaintiff and counsel for plaintiffs and designated the case as *In Re Duke Energy Corporation Derivative Litigation*. The lawsuit names as defendants the Legacy Duke Directors. Duke Energy is named as a nominal defendant. The case alleges claims for breach of fiduciary duties of loyalty and care in connection with the post-merger change in CEO. The case is stayed pending resolution of the *Nieman v. Duke Energy Corporation, et al.* case in North Carolina.

Two shareholder Derivative Complaints, filed in 2012 in federal district court in Delaware, were consolidated as *Tansey v. Rogers, et al.* The case alleges claims for breach of fiduciary duty and waste of corporate assets, as well as claims under Section 14(a) and 20(a) of the Exchange Act. Duke Energy is named as a nominal defendant. On May 17, 2013, the judge granted the defendants' motion to stay the litigation until a decision is rendered on the motion to dismiss in the *Nieman v. Duke Energy Corporation, et al.* case in North Carolina.

On August 3, 2012, Duke Energy was served with a shareholder Derivative Complaint, which was transferred to the North Carolina Business Court (*Krieger v. Johnson, et al.*). The lawsuit names as defendants William D. Johnson and the Legacy Duke Energy Directors. Duke Energy is named as a nominal defendant. The lawsuit alleges claims for breach of fiduciary duty in granting excessive compensation to Mr. Johnson. On April 30, 2014, the North Carolina Business Court granted the Legacy Duke Energy Directors' motion to dismiss the lawsuit.

It is not possible to predict whether Duke Energy will incur any liability or to estimate the damages, if any, it might incur in connection with these lawsuits.

Price Reporting Cases

A total of five lawsuits were filed against Duke Energy affiliates and other energy companies and remain pending in a consolidated, single federal court proceeding in Nevada.

Each of these cases contain similar claims that defendants' allegedly manipulated natural gas markets by various means, including providing false information to natural gas trade publications and entering into unlawful arrangements and agreements in violation of the antitrust laws of the respective states. Plaintiffs seek damages in unspecified amounts.

On July 19, 2011, the judge granted a defendant's motion for summary judgment in two of the remaining five cases to which Duke Energy affiliates are a party. The U.S. Court of Appeals for the Ninth Circuit subsequently reversed the lower court's decision. On August 26, 2013, the defendants, including Duke Energy, filed a petition for certiorari to the U.S. Supreme Court, which remains pending.

It is not possible to predict whether Duke Energy will incur any liability or to estimate the damages, if any, it might incur in connection with the remaining matters. However, based on Duke Energy's past experiences with similar cases of this nature, it does not believe its exposure under these remaining matters is material.

Brazil Expansion Lawsuit

On August 9, 2011, the State of São Paulo sued Duke Energy International Geracao Paranapenema S.A. (DEIGP) in Brazilian state court. The lawsuit claims DEIGP is under a continuing obligation to expand installed generation capacity in the State of São Paulo by 15 percent pursuant to a stock purchase agreement under which DEIGP purchased generation assets from the state. On August 10, 2011, a judge granted an ex parte injunction ordering DEIGP to present a detailed expansion plan in satisfaction of the 15 percent obligation. DEIGP has previously taken a position the expansion obligation is no longer viable given changes that have occurred in the electric energy sector since privatization. DEIGP submitted its proposed expansion plan on November 11, 2011, but reserved objections regarding enforceability. No trial date has been set. It is not possible to predict whether Duke Energy will incur any liability or to estimate the damages, if any, it might incur in connection with this matter.

Duke Energy Carolinas and Duke Energy Progress

Dan River Ash Basin Subpoenas

As a result of the Dan River basin water release discussed above, DENR issued a Notice of Violation and Recommendation of Assessment of Civil Penalties with respect to this matter on February 28, 2014, which the company responded to on March 13, 2014. On February 10, 2014, Duke Energy received a subpoena for the production of documents, issued by the United States Attorney for the Eastern District of North Carolina in connection with a criminal investigation related to the release. A second subpoena was issued by the same United States Attorney on February 18, 2014, which expanded the document production to cover all fourteen of the North Carolina facilities with coal ash basins. This is a multidistrict investigation that also involves state law enforcement authorities. Copies of the subpoenas as well as subpoenas issued to DENR and DENR employees are publically available.

It is not possible to predict whether Duke Energy will incur any liability or to estimate the damages, if any, it might incur in connection with these matters.

DENR State Enforcement Actions

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In the first quarter of 2013, environmental organizations sent notices of intent to sue to Duke Energy Carolinas and Duke Energy Progress related to alleged groundwater violations and Clean Water Act violations from coal ash basins at two of their coal-fired power plants in North Carolina. The North Carolina Department of Environment and Natural Resources (DENR) filed enforcement actions against Duke Energy Carolinas and Duke Energy Progress alleging violations of water discharge permits and North Carolina groundwater standards. The case against Duke Energy Carolinas was filed in Mecklenburg County Superior Court. The case against Duke Energy Progress was filed in Wake County Superior Court. The cases are being heard before a single judge. On October 4, 2013, Duke Energy Carolinas, Duke Energy Progress and DENR negotiated a proposed consent order. The consent order would have assessed civil penalties and imposed a compliance schedule requiring Duke Energy Carolinas and Duke Energy Progress to undertake monitoring and data collection activities toward making appropriate corrective action to address any substantiated violations. In light of the release that occurred at Dan River on February 2, 2014, on March 21, 2014, DENR withdrew its support of the consent orders and requested that the court proceed with the litigation.

On August 16, 2013, DENR filed an enforcement action against Duke Energy Carolinas and Duke Energy Progress related to their remaining plants in North Carolina, alleging violations of the Clean Water Act and violations of the North Carolina groundwater standards. The case against Duke Energy Carolinas was filed in Mecklenburg County Superior Court. The case against Duke Energy Progress was filed in Wake County Superior Court. Both of these cases have been assigned to the judge handling the enforcement actions discussed above. Southern Environmental Law Center (SELC), on behalf of several environmental groups, has been permitted to intervene in these cases.

North Carolina Declaratory Judgment Action

On October 10, 2012, the SELC, on behalf of the same environmental groups that were permitted to challenge the consent decrees discussed above, filed a petition with the North Carolina Environmental Management Commission (EMC) asking for a declaratory ruling seeking to clarify the application of the state's groundwater protection rules to coal ash basins. The petition sought to change the interpretation of regulations that permitted DENR to assess the extent, cause and significance of any groundwater contamination before ordering action to eliminate the source of contamination, among other issues. Duke Energy Carolinas and Duke Energy Progress were both permitted to intervene in the matter. On December 3, 2012, the EMC affirmed this interpretation of the regulations

On January 8, 2013, the same environmental groups filed a Petition for Judicial Review, challenging the final EMC decision. On March 6, 2014, the judge overturned the ruling of the EMC holding that in the case of groundwater contamination, DENR was required to issue an order to immediately eliminate the source of the contamination before an assessment of the nature, significance and extent of the contamination or the continuing damage to the groundwater was conducted. On April 4, 2014, Duke Energy Carolinas and Duke Energy Progress filed a notice of appeal of the ruling. The EMC filed its Notice of Appeal on April 7, 2014.

Federal Citizens Suits

On June 11, 2013, Catawba Riverkeeper Foundation, Inc. (Catawba Riverkeeper) filed a separate action in the United States Court for the Western District of North Carolina. The lawsuit contends the state enforcement action discussed above does not adequately address issues raised in Catawba Riverkeeper's notice of intent to sue. On April 11, 2014, the Court denied Catawba Riverkeeper's objections to the Magistrate Judge's recommendation that plaintiff's case be dismissed as well as Duke Energy Carolinas' motion to dismiss. The Court allowed limited discovery, after which Duke Energy Carolinas may file any renewed motions to dismiss.

On September 12, 2013, Cape Fear River Watch, Inc., Sierra Club, and Waterkeeper Alliance filed a citizen suit in the Federal District Court for the Eastern District of North Carolina. The lawsuit alleges unpermitted discharges to surface water and groundwater violations. Duke Energy Progress filed a motion to dismiss this lawsuit on November 5, 2013. A decision on the motion to dismiss remains pending.

Duke Energy Carolinas

New Source Review (NSR)

In 1999-2000, the U.S. Department of Justice (DOJ) on behalf of the EPA filed a number of complaints and notices of violation against multiple utilities, including Duke Energy Carolinas, for alleged violations of the NSR provisions of the CAA. The government alleges the utilities violated the CAA by not obtaining permits for certain projects undertaken at certain coal plants or installing the best available emission controls for SO₂, NO_x and particulate matter. The complaints seek the installation of pollution control technology on various generating units that allegedly violated the CAA, and unspecified civil penalties in amounts of up to \$37,500 per day for each violation. Duke Energy Carolinas asserts there were no CAA violations because the applicable regulations do not require permitting in cases where the projects undertaken are "routine" or otherwise do not result in a net increase in emissions.

In 2000, the government sued Duke Energy Carolinas in the U.S. District Court in Greensboro, North Carolina. The EPA claims 29 projects performed at 25 of Duke Energy Carolinas' coal-fired units violate the NSR provisions. Duke Energy Carolinas asserts the projects were routine or not projected to increase emissions. The parties filed a stipulation in which the United States dismissed with prejudice 16 claims. In exchange, Duke Energy Carolinas dismissed certain affirmative defenses. The parties filed opposing motions for summary judgment on the remaining claims. In November 2013, the Court denied Duke Energy's motion for summary judgment. On March 17, 2014, the court similarly denied plaintiffs' motion for summary judgment, except to confirm that the baseline for measuring an emissions increase at trial will be the two-year period immediately preceding each project. Duke Energy requested leave to file another motion for summary judgment on alternative grounds. That motion for leave remains pending.

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It is not possible to predict whether Duke Energy Carolinas will incur any liability or to estimate the damages, if any, it might incur in connection with this matter. Ultimate resolution of these matters could have a material effect on the results of operations, cash flows or financial position of Duke Energy Carolinas. However, the appropriate regulatory recovery will be pursued for costs incurred in connection with such resolution.

Asbestos-related Injuries and Damages Claims

Duke Energy Carolinas has experienced numerous claims for indemnification and medical cost reimbursement related to asbestos exposure. These claims relate to damages for bodily injuries alleged to have arisen from exposure to or use of asbestos in connection with construction and maintenance activities conducted on its electric generation plants prior to 1985. As of March 31, 2014, there were 112 asserted claims for non-malignant cases with the cumulative relief sought of up to \$25 million, and 29 asserted claims for malignant cases with the cumulative relief sought of up to \$10 million. Based on Duke Energy Carolinas' experience, it is expected that the ultimate resolution of most of these claims likely will be less than the amount claimed.

Duke Energy Carolinas has recognized asbestos-related reserves of \$609 million at March 31, 2014 and \$616 million at December 31, 2013. These reserves are classified in Other within Deferred Credits and Other Liabilities and Other within Current Liabilities on the Condensed Consolidated Balance Sheets. These reserves are based upon the minimum amount of the range of loss for current and future asbestos claims through 2033, are recorded on an undiscounted basis and incorporate anticipated inflation. In light of the uncertainties inherent in a longer-term forecast, management does not believe they can reasonably estimate the indemnity and medical costs that might be incurred after 2033 related to such potential claims. It is possible Duke Energy Carolinas may incur asbestos liabilities in excess of the recorded reserves.

Duke Energy Carolinas has third-party insurance to cover certain losses related to asbestos-related injuries and damages above an aggregate self-insured retention of \$476 million. Duke Energy Carolinas' cumulative payments began to exceed the self-insurance retention in 2008. Future payments up to the policy limit will be reimbursed by the third-party insurance carrier. The insurance policy limit for potential future insurance recoveries indemnification and medical cost claim payments is \$897 million in excess of the self-insured retention. Receivables for insurance recoveries were \$649 million at both March 31, 2014 and December 31, 2013. These amounts are classified in Other within Investments and Other Assets and Receivables on

the Condensed Consolidated Balance Sheets. Duke Energy Carolinas is not aware of any uncertainties regarding the legal sufficiency of insurance claims. Duke Energy Carolinas believes the insurance recovery asset is probable of recovery as the insurance carrier continues to have a strong financial strength rating.

Progress Energy

Synthetic Fuels Matters

Progress Energy and a number of its subsidiaries and affiliates are defendants in lawsuits arising out of a 1999 Asset Purchase Agreement. Parties to the Asset Purchase Agreement include U.S. Global, LLC (Global) and affiliates of Progress Energy.

In a case filed in the Circuit Court for Broward County, Florida, in March 2003 (the Florida Global Case), Global requested an unspecified amount of compensatory damages, as well as declaratory relief. In November 2009, the court ruled in favor of Global. In December 2009, Progress Energy made a \$154 million payment, which represented payment of the total judgment, including prejudgment interest, and a required premium equivalent to two years of interest, to the Broward County Clerk of Court bond account. Progress Energy continued to accrue interest related to this judgment.

On October 3, 2012, the Florida Fourth District Court of Appeals reversed the lower court ruling. The court held that Global was entitled to approximately \$90 million of the amount paid into the registry of the court. Progress Energy was entitled to a refund of the remainder of the funds. Progress Energy received cash and recorded a \$63 million pretax gain for the refund in December 2012. The gain was recorded in Income from Discontinued Operations, net of tax in the Condensed Consolidated Statements of Operations and Comprehensive Income.

On May 9, 2013, Global filed a Seventh Amended Complaint asserting a single count for breach of the Asset Purchase Agreement and seeking specific performance. On April 9, 2014, the parties participated in a court-ordered mediation, which was unsuccessful. A hearing on the parties' motions for summary judgment was held on April 25, 2014, at which time the judge denied Progress Energy's Motion to Dismiss. The trial will commence May 29, 2014.

In a second suit filed in the Superior Court for Wake County, North Carolina, *Progress Synfuel Holdings, Inc. et al. v. U.S. Global, LLC* (the North Carolina Global Case), the Progress Energy Affiliates seek declaratory relief consistent with their interpretation of the Asset Purchase Agreement. In August 2003, the Wake County Superior Court stayed the North Carolina Global Case, pending the outcome of the Florida Global Case. Based upon the verdict in the Florida Global Case, Progress Energy anticipates dismissal of the North Carolina Global Case.

Progress Energy does not expect the resolution of these matters to have a material effect on its results of operations, cash flows or financial position.

Duke Energy Progress and Duke Energy Florida

Spent Nuclear Fuel Matters

On December 12, 2011, Duke Energy Progress and Duke Energy Florida sued the United States in the U.S. Court of Federal Claims. The lawsuit claims the Department of Energy breached a contract in failing to accept spent nuclear fuel under the Nuclear Waste Policy Act of 1982 and asserts damages for the cost of on-site storage. Duke Energy Progress and Duke Energy Florida assert damages for the period January 1, 2006 through December 31, 2010. Claims for all periods prior to 2006 have been resolved. On March 24, 2014, the U.S. Court of Federal Claims issued a judgment in favor of Duke Energy Progress and Duke Energy Florida on this matter, awarding amounts of \$83 million and \$21 million, respectively. The Federal Government has until May 23, 2014, to appeal the decision. Duke Energy Progress and Duke Energy Florida may file subsequent damage claims as they incur additional costs.

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Duke Energy Florida

Westinghouse Contract Litigation

On March 28, 2014 Duke Energy Florida filed a lawsuit against Westinghouse Electric Company (Westinghouse) in the U.S. District Court for the Western District of North Carolina. The lawsuit seeks recovery of \$54 million in milestone payments in excess of work performed under the terminated EPC agreement for Levy as well as a determination by the court of the amounts due to Westinghouse as a result of the termination of the EPC agreement. Duke Energy Florida terminated the EPC agreement on January 28, 2014. On March 31, 2014, Westinghouse filed a lawsuit against Duke Energy Florida in U.S. District Court for the Western District of Pennsylvania. The Pennsylvania lawsuit alleges damages under the EPC agreement in excess of \$510 million for engineering and design work, costs to end supplier contracts and an alleged termination fee. It is not possible to predict whether Duke Energy Florida will incur any further liability for terminating the EPC agreement or to estimate the damages, if any, it might incur in connection with these matters. Ultimate resolution of these matters could have a material effect on the results of operations, financial position or cash flows of Duke Energy Florida. However, appropriate regulatory recovery will be pursued for the retail portion of any costs incurred in connection with such resolution.

Duke Energy Ohio

Antitrust Lawsuit

In January 2008, four plaintiffs, including individual, industrial and nonprofit customers, filed a lawsuit against Duke Energy Ohio in federal court in the Southern District of Ohio. Plaintiffs alleged Duke Energy Ohio conspired to provide inequitable and unfair price advantages for certain large business consumers by entering into non-public option agreements in exchange for their withdrawal of challenges to Duke Energy Ohio's Rate Stabilization Plan (RSP) implemented in early 2005. In March 2014, a federal judge certified this matter as a class action. Trial has been set to begin on July 27, 2015. It is not possible to predict whether Duke Energy Ohio will incur any liability or to estimate the damages which may be incurred in connection with this lawsuit.

Asbestos-related Injuries and Damages Claims

Duke Energy Ohio has been named as a defendant or co-defendant in lawsuits related to asbestos exposure at its electric generating stations. The impact on Duke Energy Ohio's results of operations, cash flows or financial position of these cases to date has not been material. Based on estimates under varying assumptions concerning uncertainties, such as, among others: (i) the number of contractors potentially exposed to asbestos during construction or maintenance of Duke Energy Ohio generating plants, (ii) the possible incidence of various illnesses among exposed workers, and (iii) the potential settlement costs without federal or other legislation that addresses asbestos tort actions, Duke Energy Ohio estimates that the range of reasonably possible exposure in existing and future suits over the foreseeable future is not material. This assessment may change as additional settlements occur, claims are made, and more case law is established.

Duke Energy Indiana

Edwardsport IGCC

On December 11, 2012, Duke Energy Indiana filed an arbitration action against General Electric Company and Bechtel Corporation in connection with their work at the Edwardsport IGCC facility. Duke Energy Indiana is seeking damages of not less than \$560 million. An arbitration hearing is scheduled for October 2014. Duke Energy Indiana cannot predict the outcome of this matter.

Other Litigation and Legal Proceedings

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

The table below presents recorded reserves based on management's best estimate of probable loss for legal matters discussed above and the associated insurance recoveries. The reasonably possible range of loss for all non-asbestos related matters in excess of recorded reserves is not material.

(in millions)		March 31, 2014			December 31, 2013	
Reserves for Legal and Other Matters^(a)						
Duke Energy ^(b)		\$	817		\$	824
Duke Energy Carolinas ^(b)			609			616
Progress Energy			78			78
Duke Energy Progress			10			10
Duke Energy Florida			43			43
Duke Energy Indiana			8			8
Probable Insurance Recoveries^(c)						
Duke Energy ^(d)		\$	649		\$	649
Duke Energy Carolinas ^(d)			649			649
(a)	Reserves are classified on the Condensed Consolidated Balance Sheets in Other within Deferred Credits and Other Liabilities and Other within Current Liabilities.					
(b)	Includes reserves for asbestos-related injuries and damages claims.					
(c)	Insurance recoveries are classified on the Condensed Consolidated Balance Sheets in Receivables and Other within Investments and Other Assets.					

(d)	Relates to recoveries associated with asbestos-related injuries and damages claims.					

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OTHER COMMITMENTS AND CONTINGENCIES

General

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

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

6. DEBT AND CREDIT FACILITIES

SUMMARY OF SIGNIFICANT DEBT ISSUANCES

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

		Three Months Ended March 31, 2014											
Issuance Date	Maturity	Interest Rate			Duke			Duke			Duke		Duke

	Date			Energy (Parent)	Energy Progress	Energy Florida	Energy
Unsecured Debt							
April 2014 ^(a)	April 2024	3.750 %		\$ 600	\$	\$	\$ 600
April 2014 ^(a)	April 2017	0.610 %		400			400
Secured Debt							
March 2014 ^(b)	March 2017	0.850 %				225	225
First Mortgage Bonds							
March 2014 ^(c)	March 2044	4.375 %			400		400
March 2014 ^(c)	March 2017	0.435 %			250		250
Total issuances				\$ 1,000	\$ 650	\$ 225	\$ 1,875
(a)	Proceeds will be used to acquire \$402 million of tax-exempt bonds at Duke Energy Ohio, the repayment of outstanding commercial paper and for general corporate purposes.						
(b)	Relates to the securitization of accounts receivable at a subsidiary of Duke Energy Florida. Proceeds were used to repay short-term borrowings under the intercompany money pool borrowing arrangement and for general corporate purposes. See Note 12 for further details.						
(c)	Proceeds were used to repay short-term borrowings under the intercompany money pool borrowing arrangement and for general corporate purposes.						

CURRENT MATURITIES OF LONG-TERM DEBT

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

(in millions)	Maturity Date	Interest Rate	March 31, 2014
Unsecured Debt			
Duke Energy (Parent)	September 2014	3.950 %	\$ 500
Other			385
Current maturities of long-term debt			\$ 885

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MASTER CREDIT FACILITY

Duke Energy has a master credit facility with a capacity of \$6 billion through December 2018. The Subsidiary Registrants, excluding Progress Energy each have borrowing capacity under the master credit facility up to specified sublimits for each borrower. Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. The amount available under the master credit facility has been reduced to backstop issuances of commercial paper, certain letters of credit and variable-rate demand tax-exempt bonds that may be put to the Duke Energy Registrants at the option of the holder. The table below includes the current borrowing sublimits and available capacity under the master credit facility.

March 31, 2014									
(in millions)	Duke Energy	Duke Energy (Parent)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana		
Facility size ^(a)	\$ 6,000	\$ 2,250	\$ 1,000	\$ 750	\$ 650	\$ 650	\$ 700		
Reduction to backstop issuances									
Notes payable and commercial paper ^(b)	(1,308)	(858)	(300)				(150)		
Outstanding letters of credit	(63)	(56)	(4)	(2)	(1)				
Tax-exempt bonds	(240)		(75)			(84)	(81)		
Available capacity	\$ 4,389	\$ 1,336	\$ 621	\$ 748	\$ 649	\$ 566	\$ 469		
(a)	Represents the sublimit of each borrower at March 31, 2014.								
(b)									

Duke Energy issued \$450 million of commercial paper and loaned the proceeds through the money pool to Duke Energy Carolinas and Duke Energy Indiana. The balances are classified as long-term borrowings within Long-term Debt in Duke Energy Carolinas' and Duke Energy Indiana's Condensed Consolidated Balance Sheets.

7. GOODWILL

The following tables present goodwill by reportable operating segment for Duke Energy and Duke Energy Ohio.

Duke Energy										
(in millions)										
	Regulated Utilities			International Energy			Commercial Power			Total
Balance at December 31, 2013										
Goodwill	\$	15,950		\$	326		\$	935		\$ 17,211
Accumulated impairment charges								(871)		(871)
Balance at December 31, 2013, as adjusted for accumulated impairment charges		15,950			326			64		16,340
Foreign exchange and other changes					2					2
Balance at March 31, 2014										
Goodwill		15,950			328			935		17,213
Accumulated impairment charges								(871)		(871)
Balance at March 31, 2014, as adjusted for accumulated impairment charges	\$	15,950		\$	328		\$	64		\$ 16,342
Duke Energy Ohio										
(in millions)										
	Regulated Utilities			Commercial Power			Total			
Balance at December 31, 2013										
Goodwill	\$	1,136		\$	1,188		\$	2,324		\$ 2,324
Accumulated impairment charges		(216)			(1,188)			(1,404)		(1,404)
Balance at December 31, 2013, as adjusted for accumulated impairment charges		920								920
Balance at March 31, 2014										
Goodwill		1,136			1,188			2,324		2,324
Accumulated impairment charges		(216)			(1,188)			(1,404)		(1,404)
Balance at March 31, 2014, as adjusted for accumulated impairment charges	\$	920		\$			\$	920		\$ 920

Progress Energy

Progress Energy had Goodwill of \$3,655 million within the Regulated Utilities operating segment as of March 31, 2014 and December 31, 2013, for which there were no accumulated impairment charges.

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8. RELATED PARTY TRANSACTIONS

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

	Three Months Ended March 31,			
(in millions)		2014		2013
Duke Energy Carolinas				
Corporate governance and shared service expenses ^(a)	\$	222	\$	243
Indemnification coverages ^(b)		5		5
Joint Dispatch Agreement (JDA) revenue ^(c)		97		53
Joint Dispatch Agreement (JDA) expense ^(c)		51		10
Progress Energy				
Corporate governance and shared services provided by Duke Energy ^(a)	\$	178	\$	80
Corporate governance and shared services provided to Duke Energy ^(d)				28
Indemnification coverages ^(b)		8		8
JDA revenue ^(c)		51		10
JDA expense ^(c)		97		53
Duke Energy Progress				
Corporate governance and shared service expenses ^(a)	\$	96	\$	48
Indemnification coverages ^(b)		4		5
JDA revenue ^(c)		51		10

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JDA expense ^(c)				97			53
Duke Energy Florida							
Corporate governance and shared service expenses ^(a)			\$	81		\$	32
Indemnification coverages ^(b)				4			3
Duke Energy Ohio							
Corporate governance and shared service expenses ^(a)			\$	77		\$	87
Indemnification coverages ^(b)				3			4
Duke Energy Indiana							
Corporate governance and shared service expenses ^(a)			\$	105		\$	99
Indemnification coverages ^(b)				3			2
(a)	The Subsidiary Registrants are charged their proportionate share of corporate governance and other shared services costs, primarily related to human resources, employee benefits, legal and accounting fees, as well as other third party costs. These amounts are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.						
(b)	The Subsidiary Registrants incur expenses related to certain indemnification coverages through Bison, Duke Energy's wholly owned captive insurance subsidiary. These expenses are recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations and Comprehensive Income.						
(c)	Effective with the consummation of the merger between Duke Energy and Progress Energy, Duke Energy Carolinas and Duke Energy Progress began to participate in a JDA which allowed the collective dispatch of power plants between the service territories to reduce customer rates. Revenues from the sale of power under the JDA are recorded in Operating Revenues on the Condensed Consolidated Statements of Operations and Comprehensive Income. Expenses from the purchase of power under the JDA are recorded in Fuel used in electric generation and purchased power on the Condensed Consolidated Statements of Operations and Comprehensive Income.						
(d)	In 2013, Progress Energy Service Company (PESC), a consolidated subsidiary of Progress Energy, charged a proportionate share of corporate governance and other costs to consolidated affiliates of Duke Energy. Corporate governance and other shared costs were primarily related to human resources, employee benefits, legal and accounting fees, as well as other third-party costs. These charges were recorded as an offset to Operation, maintenance and other in the Condensed Consolidated Statements of Operations and Comprehensive Income. Effective January 1, 2014, PESC was contributed to Duke Energy Corporate Services (DECS), a consolidated subsidiary of Duke Energy, and these costs were no longer charged out of Progress Energy. Progress Energy recorded a non-cash after-tax equity transfer related to the contribution of PESC to DECS in its Condensed Consolidated Statements of Changes in Common Stockholder's Equity during the three months ended March 31, 2014.						

In addition to the amounts presented above, the Subsidiary Registrants record the impact on net income of other affiliate transactions, including rental of office space, participation in a money pool arrangement, other operational transactions and their proportionate share of certain charged expenses. See Note 6 to the Consolidated Financial Statements in the Annual Report on Form 10-K for more information regarding money pool. The net impact of these transactions was not material for the three months ended March 31,

2014 and 2013 for the Subsidiary Registrants.

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

Duke Energy Commercial Asset Management (DECAM) is a nonregulated, direct subsidiary of Duke Energy Ohio. DECAM conducts business activities, including the execution of commodity transactions, third party vendor and supply contracts, and service contracts for certain of Duke Energy's nonregulated entities. The commodity contracts that DECAM enters are accounted for as undesignated contracts or NPNS. Consequently, mark-to-market impacts of intercompany contracts with, and sales of power to, nonregulated entities are reflected in Duke

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Energy Ohio's Condensed Consolidated Statements of Operations and Comprehensive Income. These amounts totaled net expense of \$54 million and \$18 million for the three months ended March 31, 2014 and 2013, respectively. Because it is not a rated entity, DECAM receives its credit support from Duke Energy or its nonregulated subsidiaries and not the regulated utility operations of Duke Energy Ohio. DECAM meets its funding needs through an intercompany loan agreement from a subsidiary of Duke Energy. DECAM also has the ability to loan money to the subsidiary of Duke Energy. DECAM had an outstanding intercompany loan payable of \$305 million and \$43 million, respectively, as of March 31, 2014 and December 31, 2013. These amounts are recorded in Notes payable to affiliated companies on Duke Energy Ohio's Condensed Consolidated Balance Sheets.

As discussed in Note 6, in April 2014, Duke Energy issued \$1 billion of senior unsecured notes. Proceeds from the issuances were used in part to repay outstanding notes of \$400 million to DECAM, and such funds were ultimately used to repay at maturity Duke Energy Ohio's \$402 million tax-exempt bonds due April 2014. This transaction substantially completes the restructuring of Duke Energy Ohio's capital structure to reflect appropriate debt and equity ratios for its regulated operations. The restructuring was conducted in conjunction with the anticipated transfer of Duke Energy Ohio's nonregulated generation assets out of its regulated public utility subsidiary which is expected by the end of the second quarter of 2014.

9. DERIVATIVES AND HEDGING

The Duke Energy Registrants use commodity and interest rate contracts to manage commodity price and interest rate risks. The primary use of energy commodity derivatives is to hedge the generation portfolio against changes in the prices of electricity and natural gas. Interest rate swaps are used to manage interest rate risk associated with borrowings.

All derivative instruments not identified as NPNS are recorded at fair value as assets or liabilities on the Condensed Consolidated Balance Sheets. Cash collateral related to derivative instruments executed under master netting agreement is offset against the collateralized derivatives on the balance sheet.

Changes in the fair value of derivative agreements that either do not qualify for or have not been designated as hedges are reflected in current earnings or as regulatory assets or liabilities.

COMMODITY PRICE RISK

The Duke Energy Registrants are exposed to the impact of changes in the future prices of electricity, coal, and natural gas. Exposure to commodity price risk is influenced by a number of factors including the term of contracts, the liquidity of markets, and delivery locations.

Commodity Fair Value and Cash Flow Hedges

At March 31, 2014, there were no open commodity derivative instruments designated as hedges.

Undesignated Contracts

Undesignated contracts may include contracts not designated as a hedge, contracts that do not qualify for hedge accounting, derivatives that do not or no longer qualify for the NPNS scope exception, and de-designated hedge contracts. These contracts expire as late as 2018.

Duke Energy Carolinas and Duke Energy Progress have entered into firm power sale agreements, which are accounted for as derivatives, as part of the Interim FERC Mitigation in connection with Duke Energy's merger with Progress Energy. See Note 2 for further information. Duke Energy Carolinas' undesignated contracts are primarily associated with forward sales and purchases of electricity. Duke Energy Progress' and Duke Energy Florida's undesignated contracts are primarily associated with forward purchases of natural gas. Duke Energy Ohio's undesignated contracts are primarily associated with forward sales and purchases of electricity, coal, and natural gas. Duke Energy Indiana's undesignated contracts are primarily associated with forward purchases and sales of electricity and financial transmission rights.

Volumes

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

March 31, 2014												
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana				
Electricity (gigawatt-hours) ^(a)		66,268	1,028	925	925		60,115	272				
Natural gas (millions of decatherms)		604		352	128	224	254					
December 31, 2013												
		Duke Energy	Duke Energy Carolinas	Progress Energy	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana				
Electricity (gigawatt-hours) ^(a)		71,466	1,205	925	925		69,362	203				
		636		363	141	222	274					

Natural gas (millions of decatherms)															
(a)	Amounts at Duke Energy Ohio include intercompany positions that eliminate at Duke Energy.														

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INTEREST RATE RISK

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

Duke Energy has a combination foreign exchange, pay fixed-receive floating interest rate swap to fix the US dollar equivalent payments on a floating-rate Chilean debt issue.

The following tables show notional amounts for derivatives related to interest rate risk.

	March 31, 2014				December 31, 2013			
	Duke Energy		Duke Energy Ohio		Duke Energy		Duke Energy Ohio	
(in millions)								
Cash flow hedges ^(a)	\$	798	\$		\$	798	\$	
Undesignated contracts		27		27		34		27
Total notional amount	\$	825	\$	27	\$	832	\$	27
(a)	Duke Energy includes amounts related to non-recourse variable rate long-term debt of VIEs of \$584 million at March 31, 2014, and at December 31, 2013.							

DUKE ENERGY

The following table shows the fair value of derivatives and the line items in the Condensed Consolidated Balance Sheets where they are reported. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

	March 31, 2014				December 31, 2013			
(in millions)	Asset		Liability		Asset		Liability	
Derivatives Designated as Hedging Instruments								
<i>Commodity contracts</i>								
Current Liabilities: Other	\$		\$	1	\$		\$	1
<i>Interest rate contracts</i>								
Investments and Other Assets: Other		21				27		
Current Liabilities: Other				16				18
Deferred Credits and Other Liabilities: Other				15				4
Total Derivatives Designated as Hedging Instruments		21		32		27		23
Derivatives Not Designated as Hedging Instruments								
<i>Commodity contracts</i>								
Current Assets: Other		27		7		201		158
Current Assets: Assets Held for Sale		9		1				
Investments and Other Assets: Other		7				215		131
Investments and Other Assets: Assets Held for Sale		312		257				
Current Liabilities: Other		22		116		13		153
Current Liabilities: Assets Held for Sale		398		463				
Deferred Credits and Other Liabilities: Other		4		92		5		166
Deferred Credits and Other Liabilities: Assets Held for Sale		3		39				
<i>Interest rate contracts</i>								
Current Liabilities: Other				1				1
Deferred Credits and Other Liabilities: Other				4				4
Total Derivatives Not Designated as Hedging Instruments		782		980		434		613
Total Derivatives	\$	803	\$	1,012	\$	461	\$	636

The tables below show the balance sheet location of derivative contracts subject to enforceable master netting agreements and include collateral posted to offset the net position. This disclosure is intended to enable users to evaluate the effect of netting arrangements on financial position. The amounts shown were calculated by counterparty. Accounts receivable or accounts payable may also be available to offset exposures in the event of bankruptcy. These amounts are not included in the tables below.

		March 31, 2014			
		Derivative Assets		Derivative Liabilities	

Pretax Gains (Losses) Recorded in AOCI							
Interest rate contracts ^(a)			\$	2		\$	13
Commodity contracts							1
Total Pretax Gains (Losses) Recorded in AOCI			\$	2		\$	14
Location of Pretax Gains (Losses) Reclassified from AOCI into Earnings							
<i>Interest rate contracts</i>							
Interest expense			\$	(1)		\$	(1)
Total Pretax Losses Reclassified from AOCI into Earnings			\$	(1)		\$	(1)
(a)	Reclassified to earnings as interest expense over the term of the related debt.						

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There was no hedge ineffectiveness during the three months ended March 31, 2014 and 2013, and no gains or losses were excluded from the assessment of hedge effectiveness during the same periods.

At March 31, 2014 and 2013, \$65 million and \$144 million respectively, of pretax deferred net losses on interest rate cash flow hedges were included in AOCI. A \$6 million pretax gain is expected to be recognized in earnings during the next 12 months as interest expense.

The following table shows the gains and losses during the year recognized on undesignated derivatives and the line items on the Condensed Consolidated Statements of Operations or the Condensed Consolidated Balance Sheets where the pretax gains and losses were reported.

		Three Months Ended March 31,			
(in millions)		2014		2013	
Location of Pretax Gains and (Losses) Recognized in Earnings					
Commodity contracts					
Revenue: Regulated electric	\$	(4)	\$	6	
Revenue: Nonregulated electric, natural gas and other		(397)		(82)	
Fuel used in electric generation and purchased power - regulated		7		(52)	
Fuel used in electric generation and purchased power - nonregulated		138		(7)	
Interest rate contracts					
Interest expense		(4)		(4)	
Total Pretax Losses Recognized in Earnings	\$	(260)	\$	(139)	
Location of Pretax Gains and (Losses) Recognized as Regulatory Assets or Liabilities					
Commodity contracts^(a)					
Regulatory assets	\$	(2)	\$	105	

Regulatory liabilities			27			(5)
Interest rate contracts^(b)						
Regulatory assets			4			13
Total Pretax Losses Recognized as Regulatory Assets or Liabilities		\$	29		\$	113
(a)	Reclassified to earnings to match recovery through the fuel clause.					
(b)	Reclassified to earnings as interest expense over the term of the related debt.					

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DUKE ENERGY CAROLINAS

The fair value of derivative instruments were not material for the periods presented in this quarterly report.

PROGRESS ENERGY

The following table shows the fair value of derivatives and the line items in the Condensed Consolidated Balance Sheets where they are reported. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

	March 31, 2014				December 31, 2013			
(in millions)	Asset		Liability		Asset		Liability	
Derivatives Designated as Hedging Instruments								
<i>Commodity contracts</i>								
Current Liabilities: Other	\$		\$	1	\$		\$	1
Deferred Credits and Other Liabilities: Other								4
Total Derivatives Designated as Hedging Instruments				1				5
Derivatives Not Designated as Hedging Instruments								
<i>Commodity contracts</i>								
Current Assets: Other		10		6		3		2
Investments and Other Assets: Other		1				2		1
Current Liabilities: Other		22		102		11		105
Deferred Credits and Other Liabilities: Other		3		81		4		91
Total Derivatives Not Designated as Hedging Instruments		36		189		20		199
Total Derivatives	\$	36	\$	190	\$	20	\$	204

(in millions)	Three Months Ended March 31,					
			2014			2013
Location of Pretax Gains and (Losses) Recognized in Earnings						
<i>Commodity contracts</i>						
Operating revenues	\$		(3)	\$		6
Fuel used in electric generation and purchased power			7			(52)
<i>Interest rate contracts</i>						
Interest expense			(4)			(4)
Total Pretax Losses Recognized in Earnings	\$			\$		(50)
Location of Pretax Gains and (Losses) Recognized as Regulatory Assets or Liabilities						
<i>Commodity contracts</i>^(a)						
Regulatory assets	\$		(2)	\$		105
<i>Interest rate contracts</i>^(b)						
Regulatory assets			4			5
Total Pretax (Losses) Gains Recognized as Regulatory Assets or Liabilities	\$		2	\$		110
(a)	Reclassified to earnings to match recovery through the fuel clause.					
(b)	Reclassified to earnings as interest expense over the term of the related debt.					

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DUKE ENERGY PROGRESS

The following table shows the fair value of derivatives and the line items in the Condensed Consolidated Balance Sheets where they are reported. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

	March 31, 2014				December 31, 2013			
(in millions)	Asset		Liability		Asset		Liability	
Derivatives Designated as Hedging Instruments								
<i>Commodity contracts</i>								
Current Liabilities: Other	\$		\$	1	\$		\$	1
Total Derivatives Designated as Hedging Instruments				1				1
Derivatives Not Designated as Hedging Instruments								
<i>Commodity contracts</i> ^(a)								
Current Assets: Other		6		5				
Investments and Other Assets: Other		1				2		1
Current Liabilities: Other		7		43		2		40
Deferred Credits and Other Liabilities: Other		1		23		2		29
Total Derivatives Not Designated as Hedging Instruments		15		71		6		70
Total Derivatives	\$	15	\$	72	\$	6	\$	71
(a)	Substantially all of these contracts are recorded as regulatory assets or liabilities.							

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The tables below show the balance sheet location of derivative contracts subject to enforceable master netting agreements and include collateral posted to offset the net position. This disclosure is intended to enable users to evaluate the effect of netting arrangements on financial position. The amounts shown were calculated by counterparty. Accounts receivable or accounts payable may also be available to offset exposures in the event of bankruptcy. These amounts are not included in the tables below.

March 31, 2014											
Derivative Assets						Derivative Liabilities					
(in millions)	Current ^(a)	Non-Current ^(b)				Current ^(c)	Non-Current ^(d)				
Gross amounts recognized	\$ 13	\$ 2				\$ 48	\$ 24				
Gross amounts offset	(11)	(2)				(11)	(2)				
Net amounts recognized on the Condensed Consolidated Balance Sheet	\$ 2	\$				\$ 37	\$ 22				
December 31, 2013											
Derivative Assets						Derivative Liabilities					
(in millions)	Current ^(a)	Non-Current ^(b)				Current ^(c)	Non-Current ^(d)				
Gross amounts recognized	\$ 3	\$ 3				\$ 41	\$ 30				
Gross amounts offset	(3)	(3)				(3)	(3)				
Net amounts recognized on the Condensed Consolidated Balance Sheet	\$	\$				\$ 38	\$ 27				
(a)	Included in Other within Current Assets on the Condensed Consolidated Balance Sheet.										
(b)	Included in Other within Investments and Other Assets on the Condensed Consolidated Balance Sheet.										
(c)	Included in Other within Current Liabilities on the Condensed Consolidated Balance Sheet.										
(d)	Included in Other within Deferred Credits and Other Liabilities on the Condensed Consolidated Balance Sheet.										

Gain and losses on cash flow hedges and reclassifications from AOCI were not material for the periods presented in this quarterly report.

The following table shows the gains and losses during the year recognized on undesignated derivatives and the line items on the Condensed Consolidated Statements of Operations and Comprehensive Income or the Condensed Consolidated Balance Sheets where the pretax gains and losses were reported.

Three Months Ended March 31,						
(in millions)	2014			2013		
Location of Pretax Gains and (Losses) Recognized in Earnings						
Commodity contracts						
Operating revenues	\$	(3)	\$		6	
		7			(17)	

Fuel used in electric generation and purchased power					
<i>Interest rate contracts</i>					
Interest expense			(3)		(3)
Total Pretax Losses Recognized in Earnings		\$	1	\$	(14)
Location of Pretax Gains and (Losses) Recognized as Regulatory Assets or Liabilities					
<i>Commodity contracts</i> ^(a)					
Regulatory assets		\$	17	\$	36
<i>Interest rate contracts</i> ^(b)					
Regulatory assets			3		3
Total Pretax Losses Recognized as Regulatory Assets or Liabilities		\$	20	\$	39
(a)	Reclassified to earnings to match recovery through the fuel clause.				
(b)	Reclassified to earnings as interest expense over the term of the related debt.				

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DUKE ENERGY FLORIDA

The following table shows the fair value of derivatives and the line items in the Condensed Consolidated Balance Sheets where they are reported. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

	March 31, 2014				December 31, 2013			
(in millions)	Asset		Liability		Asset		Liability	
Derivatives Not Designated as Hedging Instruments								
Commodity contracts^(a)								
Current Assets: Other	4		1		3		2	
Current Liabilities: Other	15		58		9		64	
Deferred Credits and Other Liabilities: Other	2		58		2		63	
Total Derivatives	\$ 21		\$ 117		\$ 14		\$ 129	
(a)	Substantially all of these contracts are recorded as regulatory assets or liabilities.							

The tables below show the balance sheet location of derivative contracts subject to enforceable master netting agreements and include collateral posted to offset the net position. This disclosure is intended to enable users to evaluate the effect of netting arrangements on financial position. The amounts shown were calculated by counterparty. Accounts receivable or accounts payable may also be available to offset exposures in the event of bankruptcy. These amounts are not included in the tables below.

	March 31, 2014			
	Derivative Assets		Derivative Liabilities	
(in millions)	Current ^(a)	Non-Current ^(b)	Current ^(c)	Non-Current ^(d)

Gross amounts recognized	\$	19		\$	2		\$	59		\$	58
Gross amounts offset		(16)			(2)			(20)			(6)
Net amounts recognized on the Condensed Balance Sheet	\$	3		\$			\$	39		\$	52
December 31, 2013											
Derivative Assets											
Derivative Liabilities											
(in millions)	Current^(a)		Non-Current^(b)				Current^(c)		Non-Current^(d)		
Gross amounts recognized	\$	12		\$	2		\$	66		\$	63
Gross amounts offset		(10)			(2)			(15)			(7)
Net amounts recognized on the Condensed Balance Sheet	\$	2		\$			\$	51		\$	56
(a)	Included in Other within Current Assets on the Condensed Balance Sheet.										
(b)	Included in Other within Investments and Other Assets on the Condensed Balance Sheet.										
(c)	Included in Other within Current Liabilities on the Condensed Balance Sheet.										
(d)	Included in Other within Deferred Credits and Other Liabilities on the Condensed Balance Sheet.										

Gains and losses on cash flow hedges and reclassifications from AOCI were not material for the periods presented in this quarterly report.

The following table shows the gains and losses during the year recognized on undesignated derivatives and the line items on the Condensed Consolidated Statements of Operations and Comprehensive Income or the Condensed Consolidated Balance Sheets where the pretax gains and losses were reported.

		Three Months Ended March 31,			
(in millions)		2014		2013	
Location of Pretax Gains and (Losses) Recognized in Earnings					
Commodity contracts					
Fuel used in electric generation and purchased power		\$		\$	(35)
Interest rate contracts					
Interest expense			(1)		(1)
Total Pretax Losses Recognized in Earnings		\$	(1)	\$	(36)
Location of Pretax Gains and (Losses) Recognized as Regulatory Assets or Liabilities					
Commodity contracts^(a)					
Regulatory assets		\$	(19)	\$	69
Interest rate contracts					
Regulatory assets			1		1
Total Pretax Gains (Losses) Recognized as Regulatory Assets or Liabilities		\$	(18)	\$	70
(a)	Reclassified to earnings to match recovery through the fuel clause.				

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(Unaudited)

DUKE ENERGY OHIO

The following table shows the fair value of derivatives and the line items in the Condensed Consolidated Balance Sheets where they are reported. Although derivatives subject to master netting arrangements are netted on the Condensed Consolidated Balance Sheets, the fair values presented below are shown gross and cash collateral on the derivatives has not been netted against the fair values shown.

	March 31, 2014				December 31, 2013			
(in millions)	Asset		Liability		Asset		Liability	
Derivatives Not Designated as Hedging Instruments								
Commodity contracts								
Current Assets: Other					186			163
Current Assets: Assets Held for Sale	7		1					
Investments and Other Assets: Other					202			130
Investments and Other Assets: Assets Held for Sale	315		256					
Current Liabilities: Other					1			36
Current Liabilities: Assets Held for Sale	407		479					
Deferred Credits and Other Liabilities: Other					2			56
Deferred Credits and Other Liabilities: Assets Held for Sale	3		37					
Interest rate contracts								
Current Liabilities: Other			1					1
Deferred Credits and Other Liabilities: Other			4					4
Total Derivatives	\$ 732		\$ 778		\$ 391		\$ 390	

The tables below show the balance sheet location of derivative contracts subject to enforceable master netting agreements and include collateral posted to offset the net position. This disclosure is intended to enable users to evaluate the effect of netting arrangements on financial position. The amounts shown were calculated by counterparty. Accounts receivable or accounts payable may also be available to offset

exposures in the event of bankruptcy. These amounts are not included in the tables below.

March 31, 2014									
Derivative Assets					Derivative Liabilities				
(in millions)	Current^(a)		Non-Current^(b)		Current^(c)		Non-Current^(d)		
Gross amounts recognized	\$	413	\$	319	\$	482	\$	296	
Gross amounts offset		(407)		(260)		(438)		(260)	
Net amounts recognized on the Condensed Consolidated Balance Sheet	\$	6	\$	59	\$	44	\$	36	
December 31, 2013									
Derivative Assets					Derivative Liabilities				
(in millions)	Current^(e)		Non-Current^(f)		Current^(g)		Non-Current^(h)		
Gross amounts recognized	\$	186	\$	205	\$	199	\$	186	
Gross amounts offset		(165)		(132)		(173)		(143)	
Net amount subject to master netting		21		73		26		43	
Amounts not subject to master netting						1		4	
Net amounts recognized on the Condensed Consolidated Balance Sheet	\$	21	\$	73	\$	27	\$	47	
(a)	Included in Assets Held for Sale within Current Assets on the Condensed Consolidated Balance Sheet.								
(b)	Included in Assets Held for Sale within Investments and Other Assets on the Condensed Consolidated Balance Sheet.								
(c)	Included in Liabilities Associated with Assets Held for Sale within Current Liabilities on the Condensed Consolidated Balance Sheet.								
(d)	Included in Liabilities Associated with Assets Held for Sale within Deferred Credits and Other Liabilities on the Condensed Consolidated Balance Sheet.								
(e)	Included in Other within Current Assets on the Condensed Consolidated Balance Sheet.								
(f)	Included in Other within Investments and Other Assets on the Condensed Consolidated Balance Sheet.								
(g)	Included in Other within Current Liabilities on the Condensed Consolidated Balance Sheet.								
(h)	Included in Other within Deferred Credits and Other Liabilities on the Condensed Consolidated Balance Sheet.								

Gains and losses on cash flow hedges and reclassifications from AOCI were not material for the periods presented in this quarterly report.

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The following table shows the gains and losses during the year recognized on undesignated derivatives and the line items on the Condensed Consolidated Statements of Operations and Comprehensive Income or the Condensed Consolidated Balance Sheets where the pretax gains and losses were reported.

(in millions)	Three Months Ended March 31,			
	2014		2013	
Location of Pretax Gains and (Losses) Recognized in Earnings				
Commodity contracts				
Revenue: Nonregulated electric, natural gas and other	\$	(449)	\$	(91)
Fuel used in electric generation and purchased power - nonregulated		138		(7)
Total Pretax (Losses) Gains Recognized in Earnings	\$	(311)	\$	(98)
Location of Pretax Gains and (Losses) Recognized as Regulatory Assets or Liabilities				
Commodity contracts				
Regulatory liabilities		2		
Interest rate contracts				
Regulatory assets	\$		\$	1
Total Pretax Gains (Losses) Recognized as Regulatory Assets or Liabilities	\$	2	\$	1

DUKE ENERGY INDIANA

The fair value of derivative instruments were not material for the periods presented in this quarterly report.

CREDIT RISK

Certain derivative contracts contain contingent credit features. These features may include (i) material adverse change clauses or payment acceleration clauses that could result in immediate payments, (ii) the posting of letters of credit or termination of the derivative contract before maturity if specific events occur, such as a credit rating downgrade below investment grade.

The following tables show information with respect to derivative contracts that are in a net liability position and contain objective credit-risk related payment provisions. Amounts for Duke Energy Carolinas and Duke Energy Indiana were not material.

March 31, 2014											
(in millions)	Duke Energy		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		
	Aggregate fair value amounts of derivative instruments in a net liability position	\$	613	\$	142	\$	23	\$	119	\$	611
Fair value of collateral already posted		287		8				8		248	
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered		26		135		23		112		26	
December 31, 2013											
(in millions)	Duke Energy		Progress Energy		Duke Energy Progress		Duke Energy Florida		Duke Energy Ohio		
	Aggregate fair value amounts of derivative instruments in a net liability position	\$	525	\$	168	\$	60	\$	108	\$	355
Fair value of collateral already posted		135		10				10		125	
Additional cash collateral or letters of credit in the event credit-risk-related contingent features were triggered		205		158		60		98		47	

The Duke Energy Registrants have elected to offset cash collateral and fair values of derivatives. For amounts to be netted, the derivative must be executed with the same counterparty under the same master netting agreement. Amounts disclosed below represent the receivables related to the right to reclaim cash collateral and payables related to the obligation to return cash collateral under master netting arrangements. Amounts for Duke Energy Carolinas and Duke Energy Indiana were not material.

March 31, 2014						December 31, 2013						
(in millions)	Receivables			Payables			Receivables			Payables		
	Duke Energy											
Amounts offset against net derivative positions_	\$	39	\$		\$	30	\$		\$			
Amounts not offset against net derivative positions		248				122						
Progress Energy												
Amounts offset against net derivative positions_		8				10						
Duke Energy Florida												

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Amounts offset against net derivative positions_		8						10			
Duke Energy Ohio											
Amounts offset against net derivative positions_		31						19			
Amounts not offset against net derivative positions		217						115			

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10. Investments in Debt and Equity Securities

The Duke Energy Registrants classify their investments in debt and equity securities as either trading or available-for-sale.

TRADING SECURITIES

Investments in debt and equity securities held in Grantor Trusts associated with certain deferred compensation plans and certain other investments are classified as trading securities. The fair value of these investments was \$19 million at March 31, 2014 and \$18 million at December 31, 2013.

AVAILABLE-FOR-SALE SECURITIES

All other investments in debt and equity securities are classified as available-for-sale securities.

Duke Energy's available-for-sale securities are primarily comprised of investments held in (i) the NDTF at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, (ii) grantor trusts at Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana related to OPEB plans (iii) Duke Energy's captive insurance investment portfolio, and (iv) Duke Energy's foreign operations investment portfolio.

Duke Energy holds corporate debt securities that were purchased using excess cash from its foreign operations. These investments are either classified as Cash and cash equivalents or Short-term investments on the Condensed Consolidated Balance Sheet based on maturity date and are available for current operations of Duke Energy's foreign business. The fair value of these investments classified as Short-term investments was \$6 million as of March 31, 2014 and \$44 million as of December 31, 2013.

Duke Energy classifies all other investments in debt and equity securities as long-term, unless otherwise noted.

NDTF and Grantor Trust

The investments within the NDTF at Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida and the Duke Energy Progress, Duke Energy Florida and Duke Energy Indiana grantor trusts (Investment Trusts) are managed by independent investment managers with discretion to buy, sell, and invest pursuant to the objectives set forth by the trust agreements. The Duke Energy Registrants have limited oversight of the day-to-day management of these investments. As a result, the ability to hold investments in unrealized loss positions is outside the control of the Duke Energy Registrants. Accordingly, all unrealized gains and losses associated with debt and equity securities within the Investment Trusts are considered other-than-temporary impairments and are recognized immediately. Pursuant to regulatory accounting, substantially all realized and unrealized gains and losses associated with investments within the Investment Trusts are deferred as a regulatory asset or liability. As a result, there is no immediate impact on earnings of the Duke Energy Registrants.

Other Available for Sale Securities

Unrealized gains and losses on all other available-for-sale securities are included in other comprehensive income until realized, unless it is determined the carrying value of an investment is other-than-temporarily impaired. If an other-than-temporary impairment exists, the unrealized loss may be included in earnings based on the criteria discussed below.

The Duke Energy Registrants analyze all investment holdings each reporting period to determine whether a decline in fair value should be considered other-than-temporary. Criteria used to evaluate whether an impairment associated with equity securities is other-than-temporary includes, but is not limited to, (i) the length of time over which the market value has been lower than the cost basis of the investment, (ii) the percentage decline compared to the cost of the investment, and (iii) management's intent and ability to retain its investment for a period of time sufficient to allow for any anticipated recovery in market value. If a decline in fair value is determined to be other-than-temporary, the investment is written down to its fair value through a charge to earnings.

If the entity does not have an intent to sell a debt security and it is not more likely than not management will be required to sell the debt security before the recovery of its cost basis, the impairment write-down to fair value would be recorded as a component of other comprehensive income, except for when it is determined a credit loss exists. In determining whether a credit loss exists, management considers, among other things, (i) the length of time and the extent to which the fair value has been less than the amortized cost basis, (ii) changes in the financial condition of the issuer of the security, or in the case of an asset backed security, the financial condition of the underlying loan obligors, (iii) consideration of underlying collateral and guarantees of amounts by government entities, (iv) ability of the issuer of the security to make scheduled interest or principal payments, and (v) any changes to the rating of the security by rating agencies. If a credit loss exists, the amount of impairment write-down to fair value is split between credit loss and other factors. The amount related to credit loss is recognized in earnings. The amount related to other factors is recognized in other comprehensive income. There were no credit losses as of March 31, 2014 and December 31, 2013. There were no other-than-temporary impairments for debt or equity securities as of March 31, 2014 and December 31, 2013. Other available-for-sale securities were reflected as a component of other comprehensive income in 2014 and 2013.

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DUKE ENERGY												
The following table presents the estimated fair value of investments in available-for-sale securities.												
	March 31, 2014						December 31, 2013					
(in millions)	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
NDTF												
Cash and cash equivalents	\$	\$	\$ 114	\$	\$	\$ 110	\$	\$	\$ 110	\$	\$	\$ 110
Equity securities	1,854	14	3,623	1,813	10	3,579						
Corporate debt securities	11	3	449	8	6	400						
Municipal bonds	3	3	139	2	6	160						
U.S. government bonds	10	7	708	7	12	730						
Other debt securities	12	1	199	22	2	154						
Total NDTF	\$ 1,890	\$ 28	\$ 5,232	\$ 1,852	\$ 36	\$ 5,133						
Other Investments												
Cash and cash equivalents			17			21						
Equity securities	30		92	29		91						

(in millions)	Gross Unrealized Holding Gains			Gross Unrealized Holding Losses			Estimated Fair Value			Gross Unrealized Holding Gains			Gross Unrealized Holding Losses			Estimated Fair Value		
NDTF																		
Cash and cash equivalents	\$			\$			\$	44		\$			\$			\$	68	
Equity securities		853			6			1,641			839			4			1,615	
Corporate debt securities		5						136			3			1			126	
Municipal bonds		3			2			106			2			4			106	
U.S. government bonds		6			3			399			4			5			376	
Other debt securities					1			6									8	
Total NDTF	\$	867		\$	12		\$	2,332		\$	848		\$	14		\$	2,299	
Other Investments																		
Cash and cash equivalents								16									20	
Municipal bonds		2						40			1						39	
Total Other Investments^(a)	\$	2		\$			\$	56		\$	1		\$			\$	59	
Total Investments	\$	869		\$	12		\$	2,388		\$	849		\$	14		\$	2,358	
(a)	These amounts are recorded in Other within Investments and Other Assets on the Condensed Consolidated Balance Sheets.																	
The table below summarizes the maturity date for debt securities.																		
(in millions)															March 31, 2014			
Due in one year or less															\$ 16			
Due after one through five years															212			
Due after five through 10 years															136			
Due after 10 years															323			
Total															\$ 687			
Realized gains and losses, which were determined on a specific identification basis, from sales of available-for-sale securities were as follows.																		
															Three Months Ended March 31,			
(in millions)															2014		2013	

