

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.**

**DUKE ENERGY CORPORATION**

(a Delaware corporation)

550 South Tryon Street

1-32853

Charlotte, North Carolina 28202-1803

20-2777218

704-382-3853

	<b>Registrant, State of Incorporation or Organization, Address of Principal Executive Offices,</b>			<b>Registrant, State of Incorporation or Organization, Address of Principal Executive Offices,</b>
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<b>Commission file number</b>	<b>Telephone Number and IRS Employer Identification Number</b>		<b>Commission file number</b>	<b>Telephone Number and IRS Employer Identification Number</b>
1-4928	<b>DUKE ENERGY CAROLINAS, LLC</b>  (a North Carolina limited liability company)  526 South Church Street  Charlotte, North Carolina 28202-1803  704-382-3853  56-0205520		1-3274	<b>DUKE ENERGY FLORIDA, INC.</b>  (a Florida corporation)  299 First Avenue North  St. Petersburg, Florida 33701  704-382-3853  59-0247770
1-15929	<b>PROGRESS ENERGY, INC.</b>  (a North Carolina corporation)  410 South Wilmington Street  Raleigh, North Carolina 27601-1748  704-382-3853  56-2155481		1-1232	<b>DUKE ENERGY OHIO, INC.</b>  (an Ohio corporation)  139 East Fourth Street  Cincinnati, Ohio 45202  704-382-3853  31-0240030
1-3382	<b>DUKE ENERGY PROGRESS, INC.</b>  (a North Carolina corporation)  410 South Wilmington Street  Raleigh, North Carolina 27601-1748  704-382-3853  56-0165465		1-3543	<b>DUKE ENERGY INDIANA, INC.</b>  (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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<b>TABLE OF CONTENTS</b>			
Safe Harbor for Forward-Looking Statements			
<b>PART I. FINANCIAL INFORMATION</b>			
Item 1.	Financial Statements		
	<b>Duke Energy Corporation Financial Statements</b>		4
	<b>Duke Energy Carolinas, LLC Financial Statements</b>		9
	<b>Progress Energy, Inc. Financial Statements</b>		13
	<b>Duke Energy Progress, Inc. Financial Statements</b>		17
	<b>Duke Energy Florida, Inc. Financial Statements</b>		21
	<b>Duke Energy Ohio, Inc. Financial Statements</b>		25
	<b>Duke Energy Indiana, Inc. Financial Statements</b>		29
	<b>Combined Notes to Condensed Consolidated Financial Statements</b>		
		Note 1 - Organization and Basis of Presentation	33
		Note 2 - Dispositions	35
		Note 3 - Business Segments	36
		Note 4 - Regulatory Matters	38
		Note 5 - Commitments and Contingencies	42
		Note 6 - Debt and Credit Facilities	50
		Note 7 - Goodwill	51
		Note 8 - Related Party Transactions	51
		Note 9 - Derivatives and Hedging	53
		Note 10 - Investments in Debt and Equity Securities	61
		Note 11 - Fair Value Measurements	67
		Note 12 - Variable Interest Entities	74
		Note 13 - Common Stock	78
		Note 14 - Stock-Based Compensation	79
		Note 15 - Employee Benefit Plans	79
		Note 16 - Income Taxes	81
		Note 17 - Subsequent Events	81
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations		82
Item 3.	Quantitative and Qualitative Disclosures About Market Risk		100

Item 4.	Controls and Procedures		100
<b>PART II. OTHER INFORMATION</b>			
Item 1.	Legal Proceedings		102
Item 1A.	Risk Factors		102
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds		102
Item 6.	Exhibits		103
	Signatures		105

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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.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION					
<b>Condensed Consolidated Statements Of Operations</b>					
(Unaudited)					
			<b>Three Months Ended March 31,</b>		
(in millions, except per-share amounts)			<b>2014</b>		<b>2013</b>
<b>Operating Revenues</b>					
Regulated electric			\$ 5,578		\$ 4,889
Nonregulated electric, natural gas, and other			824		824
Regulated natural gas			222		185
Total operating revenues			6,624		5,898
<b>Operating Expenses</b>					
Fuel used in electric generation and purchased power - regulated			2,000		1,703
Fuel used in electric generation and purchased power - nonregulated			409		454
Cost of natural gas and other			122		104
Operation, maintenance and other			1,506		1,421
Depreciation and amortization			790		660
Property and other taxes			358		343
Impairment charges			1,382		
Total operating expenses			6,567		4,685
<b>Gains on Sales of Other Assets and Other, net</b>			1		2
<b>Operating Income</b>			<b>58</b>		<b>1,215</b>
<b>Other Income and Expenses</b>					
Equity in earnings of unconsolidated affiliates			36		36
Other income and expenses, net			95		80
Total other income and expenses			131		116
<b>Interest Expense</b>			<b>406</b>		<b>367</b>
<b>(Loss) Income From Continuing Operations Before Income Taxes</b>			<b>(217)</b>		<b>964</b>
<b>Income Tax (Benefit) Expense from Continuing Operations</b>			<b>(127)</b>		<b>330</b>
<b>(Loss) Income From Continuing Operations</b>			<b>(90)</b>		<b>634</b>
<b>Loss From Discontinued Operations, net of tax</b>			<b>(3)</b>		
<b>Net (Loss) Income</b>			<b>(93)</b>		<b>634</b>
<b>Less: Net Income Attributable to Noncontrolling Interests</b>			<b>4</b>		
<b>Net (Loss) Income Attributable to Duke Energy Corporation</b>			<b>\$ (97)</b>		<b>\$ 634</b>

<b>Earnings Per Share - Basic and Diluted</b>					
(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	
<b>Net (Loss) Income</b>	\$	(93)		\$	634
<b>Other Comprehensive Income (Loss), Net of Tax</b>					
Foreign currency translation adjustments		24			4
Pension and OPEB adjustments		(1)			3
Net unrealized gain on cash flow hedges <sup>(a)</sup>					10
<b>Other Comprehensive Income, Net of Tax</b>		<b>23</b>			<b>17</b>
<b>Comprehensive (Loss) Income</b>		<b>(70)</b>			<b>651</b>
<b>Less: Comprehensive Income Attributable to Noncontrolling Interests</b>		<b>5</b>			
<b>Comprehensive (Loss) Income Attributable to Duke Energy Corporation</b>	\$	<b>(75)</b>		\$	<b>651</b>
(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)					
<b>ASSETS</b>					
<b>Current Assets</b>					
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
<b>Investments and Other Assets</b>					
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
<b>Property, Plant and Equipment</b>					
Cost			99,874		103,115
Accumulated depreciation and amortization			(33,519)		(33,625)
	Net property, plant and equipment		66,355		69,490
<b>Regulatory Assets and Deferred Debits</b>					
Regulatory assets			9,138		9,191
Other			183		181
	Total regulatory assets and deferred debits		9,321		9,372
<b>Total Assets</b>		\$	113,792	\$	114,779
<b>LIABILITIES AND EQUITY</b>					
<b>Current Liabilities</b>					
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
<b>Long-term Debt</b>		<b>39,000</b>		<b>38,152</b>
<b>Deferred Credits and Other Liabilities</b>				
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
<b>Commitments and Contingencies</b>				
<b>Equity</b>				
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
<b>Total Liabilities and Equity</b>		<b>\$ 113,792</b>		<b>\$ 114,779</b>

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					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
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)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
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)
	<b>Cash and cash equivalents at beginning of period</b>		<b>1,501</b>			<b>1,424</b>
	<b>Cash and cash equivalents at end of period</b>		<b>\$ 1,531</b>			<b>\$ 1,296</b>
<b>Supplemental Disclosures:</b>						
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)	

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subsidiaries													
Changes in noncontrolling interest in subsidiaries										(1)		(1)	
<b>Balance at March 31, 2013</b>	706	\$ 1	\$ 39,263	\$ 1,978	\$ (112)	\$ (90)	\$ (87)	\$ 40,953	\$ 77			\$ 41,030	
<b>Balance at December 31, 2013</b>	706	\$ 1	\$ 39,365	\$ 2,363	\$ (307)	\$ (40)	\$ (52)	\$ 41,330	\$ 78			\$ 41,408	
Net (loss) income				(97)				(97)	4			(93)	
Other comprehensive (loss) income					23		(1)	22	1			23	
Common stock issuances, including dividend reinvestment and employee benefits	1		7					7				7	
Common stock dividends				(553)				(553)				(553)	
Distribution to noncontrolling interest in subsidiaries									(3)			(3)	

<b>Balance at March 31, 2014</b>																					
	707	\$ 1	\$ 39,372	\$ 1,713	\$ (284)	\$ (40)	\$ (53)	\$ 40,709	\$ 80	\$ 40,789											

See Notes to Condensed Consolidated Financial Statements

## PART I

DUKE ENERGY CAROLINAS, LLC					
Condensed Consolidated Statements Of Operations And Comprehensive Income					
(Unaudited)					
		Three Months Ended March 31,			
(in millions)		2014		2013	
<b>Operating Revenues</b>		\$	2,000	\$	1,729
<b>Operating Expenses</b>					
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
<b>Gains on Sales of Other Assets and Other, net</b>					2
<b>Operating Income</b>			509		434
<b>Other Income and Expenses, net</b>			49		36
<b>Interest Expense</b>			101		82
<b>Income Before Income Taxes</b>			457		388
<b>Income Tax Expense</b>			171		144
<b>Net Income</b>			286		244
<b>Other Comprehensive Income, net of tax</b>					
Reclassification into earnings from cash flow hedges			1		
<b>Comprehensive Income</b>		\$	287	\$	244

See Notes to Condensed Consolidated Financial Statements

## PART I

DUKE ENERGY CAROLINAS, LLC					
Condensed Consolidated Balance Sheets					
(Unaudited)					
(in millions)		March 31, 2014		December 31, 2013	
<b>ASSETS</b>					
<b>Current Assets</b>					
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	
<b>Investments and Other Assets</b>					
Nuclear decommissioning trust funds		2,900		2,840	
Other		994		1,000	
	Total investments and other assets	3,894		3,840	
<b>Property, Plant and Equipment</b>					
Cost		35,296		34,906	
Accumulated depreciation and amortization		(12,125)		(11,894)	
	Net property, plant and equipment	23,171		23,012	
<b>Regulatory Assets and Deferred Debits</b>					
Regulatory assets		1,459		1,527	
Other		45		46	
	Total regulatory assets and deferred debits	1,504		1,573	
<b>Total Assets</b>		\$ 31,319		\$ 31,273	
<b>LIABILITIES AND MEMBER'S EQUITY</b>					
<b>Current Liabilities</b>					
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	

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

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
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)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Distributions to parent			(126)		

Other					(1)
Net cash used in financing activities		(126)			(1)
Net decrease in cash and cash equivalents		(6)			(14)
<b>Cash and cash equivalents at beginning of period</b>		<b>23</b>			<b>19</b>
<b>Cash and cash equivalents at end of period</b>		<b>\$ 17</b>		<b>\$</b>	<b>5</b>
<b>Supplemental Disclosures:</b>					
Significant non-cash transactions:					
	Accrued capital expenditures	\$	<b>133</b>	\$	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						
<b>Balance at December 31, 2012</b>		\$ 9,888		\$ (15)		\$ (1)						\$ 9,872
Net income		244										244
<b>Balance at March 31, 2013</b>		\$ 10,132		\$ (15)		\$ (1)						\$ 10,116
<b>Balance at December 31, 2013</b>		\$ 10,365		\$ (14)		\$ (1)						\$ 10,350
Net income		286										286
Other comprehensive income				1								1
Distributions to parent		(126)										(126)
<b>Balance at March 31, 2014</b>		\$ 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	
<b>Operating Revenues</b>		\$	2,541	\$	2,186
<b>Operating Expenses</b>					
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
<b>Gains on Sales of Other Assets and Other, net</b>			1		
<b>Operating Income</b>			477		430
<b>Other Income and Expenses, net</b>			15		23
<b>Interest Expense</b>			169		198
<b>Income From Continuing Operations Before Taxes</b>			323		255
<b>Income Tax Expense From Continuing Operations</b>			119		101
<b>Income From Continuing Operations</b>			204		154
<b>Loss From Discontinued Operations, net of tax</b>			(1)		
<b>Net Income</b>			203		154
<b>Less: Net Income Attributable to Noncontrolling Interest</b>			1		1
<b>Net Income Attributable to Parent</b>		\$	202	\$	153
<b>Net Income</b>		\$	203	\$	154
<b>Other Comprehensive Income, net of tax</b>					
Reclassification into earnings from pension and OPEB adjustments			1		1
Net unrealized gain on cash flow hedges			1		1
<b>Other Comprehensive Income, net of tax</b>			2		2
<b>Comprehensive Income</b>		\$	205	\$	156

See Notes to Condensed Consolidated Financial Statements

## PART I

PROGRESS ENERGY, INC.					
<b>Condensed Consolidated Balance Sheets</b>					
<b>(Unaudited)</b>					
(in millions)		March 31, 2014		December 31, 2013	
<b>ASSETS</b>					
<b>Current Assets</b>					
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
<b>Investments and Other Assets</b>					
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
<b>Property, Plant and Equipment</b>					
Cost			36,460		36,480
Accumulated depreciation and amortization			(13,093)		(13,098)
	Net property, plant and equipment		23,367		23,382
<b>Regulatory Assets and Deferred Debits</b>					
Regulatory assets			4,157		4,155
Other			99		96
	Total regulatory assets and deferred debits		4,256		4,251
<b>Total Assets</b>		\$	37,984	\$	37,969
<b>LIABILITIES AND EQUITY</b>					
<b>Current Liabilities</b>					
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
<b>Long-term Debt</b>		<b>14,503</b>		<b>13,630</b>
<b>Deferred Credits and Other Liabilities</b>				
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
<b>Commitments and Contingencies</b>				
<b>Common Stockholder's Equity</b>				
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
<b>Total Liabilities and Equity</b>		<b>\$ 37,984</b>		<b>\$ 37,969</b>

See Notes to Condensed Consolidated Financial Statements

## PART I

PROGRESS ENERGY, INC.					
<b>Condensed Consolidated Statements Of Cash Flows</b>					
<b>(Unaudited)</b>					
			<b>Three Months Ended March 31,</b>		
<b>(in millions)</b>			<b>2014</b>		<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
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)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from the:					

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	Issuance of long-term debt		<b>875</b>			496
Payments for the:						
	Redemption of long-term debt		<b>(469)</b>			(736)
	Redemption of preferred stock of subsidiary					(96)
Notes payable to affiliated companies						
			<b>(291)</b>			525
Distributions to noncontrolling interests						
			<b>(3)</b>			(3)
Other						
			<b>(39)</b>			(4)
	Net cash provided by financing activities		<b>73</b>			182
Net decrease in cash and cash equivalents						
			<b>(22)</b>			(196)
<b>Cash and cash equivalents at beginning of period</b>						
			<b>58</b>			231
<b>Cash and cash equivalents at end of period</b>						
			<b>\$ 36</b>		<b>\$</b>	35
<b>Supplemental Disclosures:</b>						
Significant non-cash transactions:						
	Accrued capital expenditures		<b>\$ 158</b>		<b>\$</b>	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
<b>Balance at December 31, 2012</b>	\$	\$ 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)
<b>Balance at March 31, 2013</b>	\$	\$ 7,465	\$ 2,933	\$ (41)	\$ (24)	\$ 10,333	\$ 2			\$ 10,335
<b>Balance at December 31, 2013</b>	\$	\$ 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	
<b>Operating Revenues</b>		\$	1,422	\$	1,216
<b>Operating Expenses</b>					
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
<b>Gains on Sales of Other Assets and Other, net</b>			1		
<b>Operating Income</b>			258		212
<b>Other Income and Expenses, net</b>			9		14
<b>Interest Expense</b>			57		48
<b>Income Before Income Taxes</b>			210		178
<b>Income Tax Expense</b>			77		68
<b>Net Income and Comprehensive Income</b>		\$	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)				
<b>ASSETS</b>				
<b>Current Assets</b>				
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
<b>Investments and Other Assets</b>				
Nuclear decommissioning trust funds			1,569	1,539
Other			459	443
	Total investments and other assets		2,028	1,982
<b>Property, Plant and Equipment</b>				
Cost			22,477	22,273
Accumulated depreciation and amortization			(8,749)	(8,623)
	Net property, plant and equipment		13,728	13,650
<b>Regulatory Assets and Deferred Debits</b>				
Regulatory assets			1,446	1,384
Other			35	32
	Total regulatory assets and deferred debits		1,481	1,416
<b>Total Assets</b>		\$	<b>19,308</b>	\$ 18,909
<b>LIABILITIES AND COMMON STOCKHOLDER'S EQUITY</b>				
<b>Current Liabilities</b>				
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		<b>1,103</b>			1,721
<b>Long-term Debt</b>			<b>5,711</b>			5,061
<b>Deferred Credits and Other Liabilities</b>						
	Deferred income taxes		<b>2,658</b>			2,557
	Accrued pension and other post-retirement benefit costs		<b>316</b>			321
	Asset retirement obligations		<b>1,758</b>			1,729
	Regulatory liabilities		<b>1,792</b>			1,673
	Other		<b>212</b>			222
	Total deferred credits and other liabilities		<b>6,736</b>			6,502
<b>Commitments and Contingencies</b>						
<b>Common Stockholder's Equity</b>						
	Common stock, no par value, 200 million shares authorized; 160 million shares outstanding at March 31, 2014 and December 31, 2013		<b>2,159</b>			2,159
	Retained earnings		<b>3,599</b>			3,466
	Total common stockholder's equity		<b>5,758</b>			5,625
<b>Total Liabilities and Common Stockholder's Equity</b>			<b>\$ 19,308</b>			\$ 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
	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)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
	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)
<b>Cash and cash equivalents at beginning of period</b>			21		18
<b>Cash and cash equivalents at end of period</b>		\$	9	\$	11
<b>Supplemental Disclosures:</b>					
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
<b>Balance at December 31, 2012</b>			\$ 2,159			\$ 2,968			\$ 5,127
Net income						110			110
Premium on the redemption of preferred stock						(2)			(2)
<b>Balance at March 31, 2013</b>			\$ 2,159			\$ 3,076			\$ 5,235
<b>Balance at December 31, 2013</b>			\$ 2,159			\$ 3,466			\$ 5,625
Net income						133			133
<b>Balance at March 31, 2014</b>			\$ 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		
<b>Operating Revenues</b>		\$	1,116		\$	968
<b>Operating Expenses</b>						
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
<b>Operating Income</b>			219			221
<b>Other Income and Expenses, net</b>			5			8
<b>Interest Expense</b>			49			49
<b>Income Before Income Taxes</b>			175			180
<b>Income Tax Expense</b>			67			70
<b>Net Income</b>		\$	108		\$	110
<b>Other Comprehensive Income, net of tax</b>						
Net unrealized gain on cash flow hedges			1			
<b>Comprehensive Income</b>		\$	109		\$	110

See Notes to Condensed Consolidated Financial Statements

## PART I

DUKE ENERGY FLORIDA, INC.				
<b>Condensed Consolidated Balance Sheets</b>				
<b>(Unaudited)</b>				
<b>(in millions)</b>		<b>March 31, 2014</b>		<b>December 31, 2013</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
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
<b>Investments and Other Assets</b>				
Nuclear decommissioning trust funds		761		753
Other		252		252
	Total investments and other assets	1,013		1,005
<b>Property, Plant and Equipment</b>				
Cost		13,973		13,863
Accumulated depreciation and amortization		(4,337)		(4,252)
	Net property, plant and equipment	9,636		9,611
<b>Regulatory Assets and Deferred Debits</b>				
Regulatory assets		2,711		2,729
Other		44		44
	Total regulatory assets and deferred debits	2,755		2,773
	<b>Total Assets</b>	\$ 14,733		\$ 14,757
<b>LIABILITIES AND COMMON STOCKHOLDER'S EQUITY</b>				
<b>Current Liabilities</b>				
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		<b>1,039</b>			1,264
<b>Long-term Debt</b>			<b>5,099</b>			4,875
<b>Deferred Credits and Other Liabilities</b>						
	Deferred income taxes		<b>1,816</b>			1,829
	Accrued pension and other post-retirement benefit costs		<b>284</b>			286
	Asset retirement obligations		<b>829</b>			833
	Regulatory liabilities		<b>609</b>			618
	Other		<b>275</b>			255
	Total deferred credits and other liabilities		<b>3,813</b>			3,821
<b>Commitments and Contingencies</b>						
<b>Common Stockholder's Equity</b>						
	Common Stock, no par; 60 million shares authorized; 100 shares outstanding at March 31, 2014 and December 31, 2013		<b>1,762</b>			1,762
	Retained earnings		<b>3,020</b>			3,036
	Accumulated other comprehensive loss					(1)
	Total common stockholder's equity		<b>4,782</b>			4,797
<b>Total Liabilities and Common Stockholder's Equity</b>			<b>\$ 14,733</b>			<b>\$ 14,757</b>

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
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)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from the issuance of long-term debt			225	
Payments for the:				
Redemption of long-term debt			(1)	(426)

	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)
	<b>Cash and cash equivalents at beginning of period</b>		<b>16</b>		<b>131</b>
	<b>Cash and cash equivalents at end of period</b>		<b>\$ 10</b>		<b>\$ 7</b>
	<b>Supplemental Disclosures:</b>				
	Significant non-cash transactions:				
	Accrued capital expenditures		\$ 42		\$ 95

See Notes to Condensed Consolidated Financial Statements

## PART I

DUKE ENERGY FLORIDA, INC.												
Condensed Consolidated Statements Of Changes in Common Stockholder's Equity												
(Unaudited)												
									Accumulated Other Comprehensive Income			
(in millions)		Common Stock		Retained Earnings					Net Gain on Cash Flow Hedges			Total
<b>Balance at December 31, 2012</b>		\$ 1,762		\$ 3,037				\$				\$ 4,799
Net income				110								110
Premium on the redemption of preferred stock				(1)								(1)
<b>Balance at March 31, 2013</b>		\$ 1,762		\$ 3,146				\$				\$ 4,908
<b>Balance at December 31, 2013</b>		\$ 1,762		\$ 3,036				\$	(1)			\$ 4,797
Net income				108								108
Other comprehensive income									1			1
Dividend to parent				(124)								(124)
<b>Balance at March 31, 2014</b>		\$ 1,762		\$ 3,020				\$				\$ 4,782

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	
<b>Operating Revenues</b>					
Regulated electric		\$	367	\$	333
Nonregulated electric and other			173		228
Regulated natural gas			223		186
	Total operating revenues		763		747
<b>Operating Expenses</b>					
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
<b>Operating Loss</b>			(1,358)		(17)
<b>Other Income and Expenses, net</b>			3		2
<b>Interest Expense</b>			22		18
<b>Loss Before Income Taxes</b>			(1,377)		(33)
<b>Income Tax Benefit</b>			(487)		(12)
<b>Net Loss</b>			(890)		(21)
<b>Other Comprehensive Income, net of tax</b>					
Pension and OPEB adjustments					1
<b>Comprehensive Loss</b>		\$	(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	
<b>ASSETS</b>				
<b>Current Assets</b>				
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
<b>Investments and Other Assets</b>				
Goodwill		920		920
Assets held for sale		2,167		-
Other		34		232
	Total investments and other assets	3,121		1,152
<b>Property, Plant and Equipment</b>				
Cost		7,029		11,143
Accumulated depreciation and amortization		(2,196)		(2,908)
	Net property, plant and equipment	4,833		8,235
<b>Regulatory Assets and Deferred Debits</b>				
Regulatory assets		483		471
Other		9		14
	Total regulatory assets and deferred debits	492		485
	<b>Total Assets</b>	\$ 9,535		\$ 10,763
<b>LIABILITIES AND COMMON STOCKHOLDER'S EQUITY</b>				
<b>Current Liabilities</b>				
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		-

## Edgar Filing: Duke Energy CORP - Form 10-Q

Current maturities of long-term debt		599			47
Regulatory liabilities		12			27
Other		72			110
	Total current liabilities	1,602			807
<b>Long-term Debt</b>					
<b>Deferred Credits and Other Liabilities</b>					
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
<b>Commitments and Contingencies</b>					
<b>Common Stockholder's Equity</b>					
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
<b>Total Liabilities and Common Stockholder's Equity</b>					
		\$ 9,535		\$	10,763

See Notes to Condensed Consolidated Financial Statements

## PART I

DUKE ENERGY OHIO, INC.				
<b>Condensed Consolidated Statements Of Cash Flows</b>				
<b>(Unaudited)</b>				
			<b>Three Months Ended March 31,</b>	
<b>(in millions)</b>			<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
		Capital expenditures	(83)	(105)
		Notes receivable from affiliated companies	(110)	(3)
		Net cash used in investing activities	(193)	(108)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
		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



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

See Notes to Condensed Consolidated Financial Statements

## PART I

DUKE ENERGY OHIO, INC.											
Condensed Consolidated Statements of Changes in Common Stockholder's Equity											
(Unaudited)											
										Accumulated Other Comprehensive Income	
(in millions)		Common Stock		Additional Paid-in Capital		Accumulated Deficit		Pension and OPEB Related Adjustments			Total
<b>Balance at December 31, 2012</b>		\$ 762		\$ 4,882		\$ (477)		\$ (1)			\$ 5,166
Net loss						(21)					(21)
Other comprehensive income								1			1
<b>Balance at March 31, 2013</b>		\$ 762		\$ 4,882		\$ (498)		\$			\$ 5,146
<b>Balance at December 31, 2013</b>		\$ 762		\$ 4,882		\$ (375)		\$			\$ 5,269
Net loss						(890)					(890)
Dividends to parent				(100)							(100)
<b>Balance at March 31, 2014</b>		\$ 762		\$ 4,782		\$ (1,265)		\$			\$ 4,279

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	
<b>Operating Revenues</b>		\$	845	\$	724
<b>Operating Expenses</b>					
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
<b>Operating Income</b>			215		181
<b>Other Income and Expenses, net</b>			7		4
<b>Interest Expense</b>			43		41
<b>Income Before Income Taxes</b>			179		144
<b>Income Tax Expense</b>			66		54
<b>Net Income</b>			113		90
<b>Other Comprehensive Income, net of tax</b>					
Reclassification into earnings from cash flow hedges			1		
<b>Comprehensive Income</b>		\$	114	\$	90

See Notes to Condensed Consolidated Financial Statements

## PART I

DUKE ENERGY INDIANA, INC.				
<b>Condensed Consolidated Balance Sheets</b>				
<b>(Unaudited)</b>				
<b>(in millions)</b>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
<b>ASSETS</b>				
<b>Current Assets</b>				
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
<b>Investments and Other Assets</b>				
Other		215		269
	Total investments and other assets	215		269
<b>Property, Plant and Equipment</b>				
Cost		12,578		12,489
Accumulated depreciation and amortization		(3,994)		(3,913)
	Net property, plant and equipment	8,584		8,576
<b>Regulatory Assets and Deferred Debits</b>				
Regulatory assets		669		717
Other		25		25