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Duke Energy CORP
Form 10-Q
August 07, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(Mark One)

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

For the quarterly period ended June 30, 2015
OR

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

For the transition period from to

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, and Telephone Number	IRS Employer Identification No.
1-32853	DUKE ENERGY CORPORATION (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218

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

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56-0165465

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

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

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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 x	No "	Duke Energy Florida	Yes x	No "
Duke Energy Carolinas	Yes x	No "	Duke Energy Ohio	Yes x	No "
Progress Energy	Yes x	No "	Duke Energy Indiana	Yes x	No "
Duke Energy Progress	Yes x	No "			

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.

Duke Energy	Large accelerated filer x	Accelerated filer "	Non-accelerated filer "	Smaller reporting company "
Duke Energy Carolinas	Large accelerated filer "	Accelerated filer "	Non-accelerated filer x	Smaller reporting company "
Progress Energy	Large accelerated filer "	Accelerated filer "	Non-accelerated filer x	Smaller reporting company "
Duke Energy Progress	Large accelerated filer "	Accelerated filer "	Non-accelerated filer x	Smaller reporting company "
Duke Energy Florida	Large accelerated filer "	Accelerated filer "	Non-accelerated filer x	Smaller reporting company "
Duke Energy Ohio	Large accelerated filer "	Accelerated filer "	Non-accelerated filer x	Smaller reporting company "
Duke Energy Indiana	Large accelerated filer "	Accelerated filer "	Non-accelerated filer x	Smaller reporting company "

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

Duke Energy	Yes "	No x	Duke Energy Florida	Yes "	No x
Duke Energy Carolinas	Yes "	No x	Duke Energy Ohio	Yes "	No x
Progress Energy	Yes "	No x	Duke Energy Indiana	Yes "	No x
Duke Energy Progress	Yes "	No x			

Number of shares of Common stock outstanding at August 4, 2015:

Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	688,330,456
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 limited liability company member interests are indirectly owned by Duke Energy.	
Duke Energy Florida	All of the registrant's limited liability company member interests are 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," "project," "predict," "will," "potential," "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 compliance with current regulations and any 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 amounts estimated and all costs may not be fully recoverable through the regulatory process;

Credit ratings of the Duke Energy Registrants may be different from what is expected;

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;

Construction and development risks associated with the completion of Duke Energy Registrants' capital investment projects in existing and new generation facilities, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules, and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner or at all;

Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;

The ability to control operation and maintenance costs;

The level of creditworthiness of counterparties to transactions;

Employee workforce factors, including the potential inability to attract and retain key personnel;

The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);

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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 prospective undistributed earnings of foreign subsidiaries or repatriate such earnings on a tax-efficient 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.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION

Condensed Consolidated Statements of Operations

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions, except per-share amounts)	2015	2014	2015	2014
Operating Revenues				
Regulated electric	\$5,090	\$5,138	\$10,547	\$10,688
Nonregulated electric and other	403	463	780	954
Regulated natural gas	96	107	327	329
Total operating revenues	5,589	5,708	11,654	11,971
Operating Expenses				
Fuel used in electric generation and purchased power – regulated	1,721	1,808	3,662	3,808
Fuel used in electric generation and purchased power – nonregulated	118	126	222	262
Cost of natural gas and other	26	38	137	154
Operation, maintenance and other	1,422	1,396	2,848	2,845
Depreciation and amortization	790	762	1,567	1,517
Property and other taxes	279	311	543	661
Impairment charges	—	(16)	) —	80
Total operating expenses	4,356	4,425	8,979	9,327
Gains on Sales of Other Assets and Other, net	13	6	27	7
Operating Income	1,246	1,289	2,702	2,651
Other Income and Expenses				
Equity in earnings of unconsolidated affiliates	23	33	36	69
Other income and expenses, net	72	89	146	184
Total other income and expenses	95	122	182	253
Interest Expense	403	403	806	807
Income From Continuing Operations Before Income Taxes	938	1,008	2,078	2,097
Income Tax Expense from Continuing Operations	334	282	698	621
Income From Continuing Operations	604	726	1,380	1,476
(Loss) Income From Discontinued Operations, net of tax	(57)	) (113)	) 34	(956)
Net Income	547	613	1,414	520
Less: Net Income Attributable to Noncontrolling Interests	4	4	7	8
Net Income Attributable to Duke Energy Corporation	\$543	\$609	\$1,407	\$512
Earnings Per Share – Basic and Diluted				
Income from continuing operations attributable to Duke Energy Corporation common shareholders				
Basic	\$0.87	\$1.02	\$1.96	\$2.07
Diluted	\$0.87	\$1.02	\$1.96	\$2.07

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(Loss) Income from discontinued operations
attributable to Duke Energy Corporation common
shareholders

Basic	\$(0.09	)	\$(0.16	)	\$0.05	\$(1.35)
Diluted	\$(0.09	)	\$(0.16	)	\$0.05	\$(1.35)

Net income attributable to Duke Energy Corporation
common shareholders

Basic	\$0.78	\$0.86	\$2.01	\$0.72
Diluted	\$0.78	\$0.86	\$2.01	\$0.72

Weighted-average shares outstanding

Basic	692	707	700	707
Diluted	692	707	700	707

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY CORPORATION

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		
(in millions)	2015	2014	2015	2014	
Net Income	\$547	\$613	\$1,414	\$520	
Other Comprehensive Income (Loss), net of tax					
Foreign currency translation adjustments	9	28	(116	) 52
Pension and OPEB adjustments	7	1	2	—	
Net unrealized gains on cash flow hedges	9	—	2	—	
Reclassification into earnings from cash flow hedges	1	(9) 5	(9)
Unrealized (losses) gains on available-for-sale securities	(3	) 2	(3	) 2
Other Comprehensive Income (Loss), net of tax	23	22	(110	) 45
Comprehensive Income	570	635	1,304	565	
Less: Comprehensive Income Attributable to Noncontrolling Interests	3	4	2	9	
Comprehensive Income Attributable to Duke Energy Corporation	\$567	\$631	\$1,302	\$556	

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$960	\$2,036
Receivables (net of allowance for doubtful accounts of \$17 at June 30, 2015 and December 31, 2014)	650	791
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$55 at June 30, 2015 and \$51 at December 31, 2014)	2,046	1,973
Inventory	3,469	3,459
Assets held for sale	—	364
Regulatory assets	975	1,115
Other	1,498	1,837
Total current assets	9,598	11,575
Investments and Other Assets		
Investments in equity method unconsolidated affiliates	375	358
Nuclear decommissioning trust funds	5,529	5,546
Goodwill	16,328	16,321
Assets held for sale	—	2,642
Other	3,239	3,008
Total investments and other assets	25,471	27,875
Property, Plant and Equipment		
Cost	107,125	104,861
Accumulated depreciation and amortization	(35,826)	(34,824)
Generation facilities to be retired, net	460	9
Net property, plant and equipment	71,759	70,046
Regulatory Assets and Deferred Debits		
Regulatory assets	11,564	11,042
Other	183	171
Total regulatory assets and deferred debits	11,747	11,213
Total Assets	\$118,575	\$120,709
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$1,920	\$2,271
Notes payable and commercial paper	2,162	2,514
Taxes accrued	550	569
Interest accrued	419	418
Current maturities of long-term debt	2,374	2,807
Liabilities associated with assets held for sale	—	262
Regulatory liabilities	245	204
Other	1,976	2,188
Total current liabilities	9,646	11,233
Long-Term Debt	36,795	37,213
Deferred Credits and Other Liabilities		
Deferred income taxes	13,664	13,423

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Investment tax credits	420	427
Accrued pension and other post-retirement benefit costs	1,152	1,145
Liabilities associated with assets held for sale	—	35
Asset retirement obligations	9,490	8,466
Regulatory liabilities	6,203	6,193
Other	1,588	1,675
Total deferred credits and other liabilities	32,517	31,364
Commitments and Contingencies		
Equity		
Common stock, \$0.001 par value, 2 billion shares authorized; 688 million and 707 million shares outstanding at June 30, 2015 and December 31, 2014, respectively	1	1
Additional paid-in capital	37,933	39,405
Retained earnings	2,294	2,012
Accumulated other comprehensive loss	(648	) (543
Total Duke Energy Corporation stockholders' equity	39,580	40,875
Noncontrolling interests	37	24
Total equity	39,617	40,899
Total Liabilities and Equity	\$ 118,575	\$ 120,709

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY CORPORATION

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	Six Months Ended June 30,	
(in millions)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$1,414	\$520
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,784	1,748
Equity component of AFUDC	(82)	(61)
Gains on sales of other assets	(29)	(2)
Impairment charges	37	1,388
Deferred income taxes	699	(46)
Equity in earnings of unconsolidated affiliates	(36)	(69)
Accrued pension and other post-retirement benefit costs	36	54
Contributions to qualified pension plans	(132)	—
Payments for asset retirement obligations	(125)	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(29)	116
Receivables	105	(118)
Inventory	2	122
Other current assets	(161)	(451)
Increase (decrease) in		
Accounts payable	(288)	(218)
Taxes accrued	(29)	(84)
Other current liabilities	(145)	(308)
Other assets	(63)	(45)
Other liabilities	(79)	73
Net cash provided by operating activities	2,879	2,619
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(3,062)	(2,400)
Investment expenditures	(98)	(38)
Acquisitions	(29)	(16)
Purchases of available-for-sale securities	(2,187)	(1,773)
Proceeds from sales and maturities of available-for-sale securities	2,200	1,793
Net proceeds from the sales of equity investments and other assets	2,832	119
Change in restricted cash	(3)	(6)
Other	53	(46)
Net cash used in investing activities	(294)	(2,367)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	574	2,088
Issuance of common stock related to employee benefit plans	16	23
Payments for the redemption of long-term debt	(1,246)	(1,757)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	287	—
Payments for the redemption of short-term debt with original maturities greater than 90 days	(664)	—

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Notes payable and commercial paper	12	1,024	
Distributions to noncontrolling interests	(7) (9)
Dividends paid	(1,115	) (1,107)
Repurchase of common shares	(1,500) —	
Other	(18	) (7)
Net cash (used in) provided by financing activities	(3,661	) 255	
Net (decrease) increase in cash and cash equivalents	(1,076	) 507	
Cash and cash equivalents at beginning of period	2,036	1,501	
Cash and cash equivalents at end of period	\$960	\$2,008	
Supplemental Disclosures:			
Significant non-cash transactions:			
Accrued capital expenditures	\$547	\$348	

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY CORPORATION

Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss			Pension and Other Adjustments	Common Stockholders' Equity	Noncontrolling Interests	Total
					Foreign Currency Translation Adjustments	Net Losses on Cash Flows Hedges	Net Gains on Available- for-Sale Securities				
Balance at December 31, 2013	706	\$ 1	\$ 39,365	\$ 2,363	\$(307)	\$(40)	\$ —	\$(52)	\$ 41,330	\$ 78	\$ 41,408
Net income	—	—	—	512	—	—	—	—	512	8	520
Other comprehensive income (loss)	—	—	—	—	51	(9)	2	—	44	1	45
Common stock issuances, including dividend reinvestment and employee benefits	1	—	24	—	—	—	—	—	24	—	24
Common stock dividends	—	—	—	(1,107)	—	—	—	—	(1,107)	—	(1,107)
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(9)	(9)
Balance at June 30, 2014	707	\$ 1	\$ 39,389	\$ 1,768	\$(256)	\$(49)	\$ 2	\$(52)	\$ 40,803	\$ 78	\$ 40,881
Balance at December 31, 2014	707	\$ 1	\$ 39,405	\$ 2,012	\$(439)	\$(59)	\$ 3	\$(48)	\$ 40,875	\$ 24	\$ 40,899
Net income	—	—	—	1,407	—	—	—	—	1,407	7	1,414
Other comprehensive (loss) income	—	—	—	—	(111)	7	(3)	2	(105)	(5)	(110)
Common stock issuances, including dividend reinvestment and employee benefits	1	—	28	—	—	—	—	—	28	—	28

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Stock repurchase	(20)	—	(1,500)	—	—	—	—	(1,500)	—	(1,500)
Common stock dividends	—	—	—	(1,115)	—	—	—	(1,115)	—	(1,115)
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	(7)	(7)
Other ^(a)	—	—	—	(10)	—	—	—	(10)	18	8
Balance at June 30, 2015	688	\$ 1	\$ 37,933	\$ 2,294	\$ (550)	\$ (52)	\$ —	\$ (46)	\$ 39,580	\$ 37 \$ 39,617

(a) The \$18 million change in Noncontrolling Interests is primarily related to an acquisition of majority interest in a solar company for an insignificant amount of cash consideration.

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY CAROLINAS, LLC

Condensed Consolidated Statements of Operations and Comprehensive Income

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2015	2014	2015	2014
Operating Revenues	\$1,707	\$1,755	\$3,608	\$3,755
Operating Expenses				
Fuel used in electric generation and purchased power	427	503	1,005	1,161
Operation, maintenance and other	469	463	958	950
Depreciation and amortization	261	248	510	490
Property and other taxes	67	100	137	204
Impairment charges	—	3	—	3
Total operating expenses	1,224	1,317	2,610	2,808
Operating Income	483	438	998	947
Other Income and Expenses, net	41	44	83	93
Interest Expense	106	102	208	203
Income Before Income Taxes	418	380	873	837
Income Tax Expense	153	110	316	281
Net Income	\$265	\$270	\$557	\$556
Other Comprehensive Income, net of tax				
Reclassification into earnings from cash flow hedges	—	1	—	2
Comprehensive Income	\$265	\$271	\$557	\$558

See Notes to Condensed Consolidated Financial Statements

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PART I

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

(in millions)	June 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$28	\$13
Receivables (net of allowance for doubtful accounts of \$3 at June 30, 2015 and December 31, 2014)	76	129
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$6 at June 30, 2015 and December 31, 2014)	692	647
Receivables from affiliated companies	106	75
Notes receivable from affiliated companies	700	150
Inventory	1,154	1,124
Regulatory assets	343	399
Other	54	77
Total current assets	3,153	2,614
Investments and Other Assets		
Nuclear decommissioning trust funds	3,094	3,042
Other	1,041	959
Total investments and other assets	4,135	4,001
Property, Plant and Equipment		
Cost	38,085	37,372
Accumulated depreciation and amortization	(13,120)	(12,700)
Net property, plant and equipment	24,965	24,672
Regulatory Assets and Deferred Debits		
Regulatory assets	2,631	2,465
Other	44	42
Total regulatory assets and deferred debits	2,675	2,507
Total Assets	\$34,928	\$33,794
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	\$494	\$709
Accounts payable to affiliated companies	141	154
Taxes accrued	225	146
Interest accrued	104	95
Current maturities of long-term debt	506	507
Regulatory liabilities	31	34
Other	379	434
Total current liabilities	1,880	2,079
Long-Term Debt	8,079	7,584
Long-Term Debt Payable to Affiliated Companies	300	300
Deferred Credits and Other Liabilities		
Deferred income taxes	6,019	5,812
Investment tax credits	201	204
Accrued pension and other post-retirement benefit costs	109	111

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Asset retirement obligations	3,604	3,428	
Regulatory liabilities	2,738	2,710	
Other	617	642	
Total deferred credits and other liabilities	13,288	12,907	
Commitments and Contingencies			
Member's Equity			
Member's equity	11,394	10,937	
Accumulated other comprehensive loss	(13	) (13)
Total member's equity	11,381	10,924	
Total Liabilities and Member's Equity	\$34,928	\$33,794	

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY CAROLINAS, LLC

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
(in millions)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$557	\$556
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	670	621
Equity component of AFUDC	(48)	(44)
Impairment charges	—	3
Deferred income taxes	184	132
Accrued pension and other post-retirement benefit costs	7	11
Contributions to qualified pension plans	(42)	—
Payments for asset retirement obligations	(60)	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	—	3
Receivables	45	(39)
Receivables from affiliated companies	(31)	(12)
Inventory	(31)	157
Other current assets	34	(150)
Increase (decrease) in		
Accounts payable	(200)	(107)
Accounts payable to affiliated companies	(13)	(5)
Taxes accrued	73	95
Other current liabilities	(33)	(57)
Other assets	58	6
Other liabilities	(49)	15
Net cash provided by operating activities	1,121	1,185
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(954)	(851)
Purchases of available-for-sale securities	(1,410)	(1,098)
Proceeds from sales and maturities of available-for-sale securities	1,410	1,087
Notes receivable from affiliated companies	(550)	(58)
Other	8	(14)
Net cash used in investing activities	(1,496)	(934)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	496	—
Distributions to parent	(100)	(251)
Other	(6)	—
Net cash provided by (used in) financing activities	390	(251)
Net increase in cash and cash equivalents	15	—
Cash and cash equivalents at beginning of period	13	23
Cash and cash equivalents at end of period	\$28	\$23
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$160	\$113

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY CAROLINAS, LLC

Condensed Consolidated Statements of Changes in Member's Equity

(Unaudited)

(in millions)	Member's Equity	Accumulated Other Comprehensive Loss		Total	
		Net Losses on Cash Flow Hedges	Net Losses on Available-for-Sale Securities		
Balance at December 31, 2013	\$10,365	\$(14	) \$ (1	) \$10,350
Net income	556	—	—	556	
Other comprehensive income	—	2	—	2	
Distributions to parent	(251) —	—	(251)
Balance at June 30, 2014	\$10,670	\$(12	) \$ (1	) \$10,657
Balance at December 31, 2014	\$10,937	\$(12	) \$ (1	) \$10,924
Net income	557	—	—	557	
Distributions to parent	(100) —	—	(100)
Balance at June 30, 2015	\$11,394	\$(12) \$ (1) \$11,381	

See Notes to Condensed Consolidated Financial Statements

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PART I

PROGRESS ENERGY, INC.

Condensed Consolidated Statements of Operations and Comprehensive Income

(Unaudited)

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Revenues	\$2,476	\$2,421	\$5,012	\$4,962
Operating Expenses				
Fuel used in electric generation and purchased power	1,003	977	2,035	2,020
Operation, maintenance and other	568	555	1,133	1,150
Depreciation and amortization	283	281	570	557
Property and other taxes	124	137	235	288
Impairment charges	—	(17)	—	(17)
Total operating expenses	1,978	1,933	3,973	3,998
Gains on Sales of Other Assets and Other, net	6	—	14	1
Operating Income	504	488	1,053	965
Other Income and Expenses, net	19	13	46	28
Interest Expense	166	167	334	336
Income From Continuing Operations Before Taxes	357	334	765	657
Income Tax Expense From Continuing Operations	140	127	284	246
Income From Continuing Operations	217	207	481	411
Loss From Discontinued Operations, net of tax	—	(5)	(1)	(6)
Net Income	217	202	480	405
Less: Net Income Attributable to Noncontrolling Interest	2	—	5	1
Net Income Attributable to Parent	\$215	\$202	\$475	\$404
Net Income	\$217	\$202	\$480	\$405
Other Comprehensive Income, net of tax				
Pension and OPEB adjustments	1	—	2	1
Reclassification into earnings from cash flow hedges	1	4	(1)	4
Unrealized losses on available-for-sale securities	(1)	—	(1)	—
Other Comprehensive Income, net of tax	1	4	—	5
Comprehensive Income	218	206	480	410
Less: Comprehensive Income Attributable to Noncontrolling Interests	2	—	5	1
Comprehensive Income Attributable to Parent	\$216	\$206	\$475	\$409

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.

Condensed Consolidated Balance Sheets

(Unaudited)

(in millions)	June 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$45	\$42
Receivables (net of allowance for doubtful accounts of \$5 at June 30, 2015 and \$8 at December 31, 2014)	136	129
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$8 at June 30, 2015 and December 31, 2014)	854	741
Receivables from affiliated companies	114	59
Notes receivable from affiliated companies	—	220
Inventory	1,529	1,590
Regulatory assets	435	491
Other	709	1,285
Total current assets	3,822	4,557
Investments and Other Assets		
Nuclear decommissioning trust funds	2,435	2,503
Goodwill	3,655	3,655
Other	803	670
Total investments and other assets	6,893	6,828
Property, Plant and Equipment		
Cost	38,958	38,650
Accumulated depreciation and amortization	(13,614)	(13,506)
Generation facilities to be retired, net	460	—
Net property, plant and equipment	25,804	25,144
Regulatory Assets and Deferred Debits		
Regulatory assets	5,813	5,408
Other	87	91
Total regulatory assets and deferred debits	5,900	5,499
Total Assets	\$42,419	\$42,028
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$689	\$847
Accounts payable to affiliated companies	271	203
Notes payable to affiliated companies	945	835
Taxes accrued	209	114
Interest accrued	179	184
Current maturities of long-term debt	1,264	1,507
Regulatory liabilities	122	106
Other	918	1,021
Total current liabilities	4,597	4,817
Long-Term Debt	12,942	13,247
Deferred Credits and Other Liabilities		
Deferred income taxes	4,907	4,759
Accrued pension and other post-retirement benefit costs	553	533

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Asset retirement obligations	4,995	4,711	
Regulatory liabilities	2,387	2,379	
Other	384	406	
Total deferred credits and other liabilities	13,226	12,788	
Commitments and Contingencies			
Common Stockholder's Equity			
Common stock, \$0.01 par value, 100 shares authorized and outstanding at June 30, 2015 and December 31, 2014	—	—	
Additional paid-in capital	7,467	7,467	
Retained earnings	4,255	3,782	
Accumulated other comprehensive loss	(41)	(41))
Total common stockholder's equity	11,681	11,208	
Noncontrolling interests	(27)	(32))
Total equity	11,654	11,176	
Total Liabilities and Common Stockholder's Equity	\$42,419	\$42,028	

See Notes to Condensed Consolidated Financial Statements

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PART I

PROGRESS ENERGY, INC.

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
(in millions)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$480	\$405
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	648	642
Equity component of AFUDC	(26)	(9)
(Gains) losses on sales of other assets	(14)	3
Impairment charges	—	(17)
Deferred income taxes	358	261
Accrued pension and other post-retirement benefit costs	(3)	14
Contributions to qualified pension plans	(42)	—
Payments for asset retirement obligations	(61)	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	5	14
Receivables	(103)	(166)
Receivables from affiliated companies	(55)	(15)
Inventory	62	(18)
Other current assets	215	(199)
Increase (decrease) in		
Accounts payable	(182)	(41)
Accounts payable to affiliated companies	68	111
Taxes accrued	94	49
Other current liabilities	(9)	(157)
Other assets	(70)	(71)
Other liabilities	(32)	(27)
Net cash provided by operating activities	1,333	779
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,170)	(888)
Purchases of available-for-sale securities	(562)	(453)
Proceeds from sales and maturities of available-for-sale securities	624	442
Notes receivable from affiliated companies	220	10
Other	4	(41)
Net cash used in investing activities	(884)	(930)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	875
Payments for the redemption of long-term debt	(549)	(473)
Notes payable to affiliated companies	110	(229)
Distributions to noncontrolling interests	(4)	(2)
Other	(3)	(40)
Net cash (used in) provided by financing activities	(446)	131
Net increase (decrease) in cash and cash equivalents	3	(20)
Cash and cash equivalents at beginning of period	42	58
Cash and cash equivalents at end of period	\$45	\$38
Supplemental Disclosures:		

Significant non-cash transactions:

Accrued capital expenditures	\$271	\$156
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See Notes to Condensed Consolidated Financial Statements

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PART I

PROGRESS ENERGY, INC.

Condensed Consolidated Statements of Changes in Common Stockholder's Equity
(Unaudited)

(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss			Common Stockholder's Equity	Noncontrolling Interests	Total Equity
				Net Losses on Cash Flow Hedges	Net Gains on Available for Sale Securities	Pension and OPEB Adjustments			
Balance at December 31, 2013	\$ —	\$ 7,467	\$ 3,452	\$(43)	\$ —	\$ (16)	\$ 10,860	\$ 4	\$ 10,864
Net income	—	—	404	—	—	—	404	1	405
Other comprehensive income	—	—	—	4	—	1	5	—	5
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(2)	(2)
Transfer of service company net assets to Duke Energy	—	—	(539)	—	—	—	(539)	—	(539)
Balance at June 30, 2014	\$ —	\$ 7,467	\$ 3,317	\$(39)	\$ —	\$ (15)	\$ 10,730	\$ 3	\$ 10,733
Balance at December 31, 2014	\$ —	\$ 7,467	\$ 3,782	\$(35)	\$ 1	\$ (7)	\$ 11,208	\$ (32)	\$ 11,176
Net income	—	—	475	—	—	—	475	5	480
Other comprehensive (loss) income	—	—	—	(1)	(1)	2	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(4)	(4)
Other	—	—	(2)	—	—	—	(2)	4	2
Balance at June 30, 2015	\$ —	\$ 7,467	\$ 4,255	\$(36)	\$ —	\$ (5)	\$ 11,681	\$ (27)	\$ 11,654

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY PROGRESS, INC. (subsequently DUKE ENERGY PROGRESS, LLC)

Condensed Consolidated Statements of Operations and Comprehensive Income

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2015	2014	2015	2014
Operating Revenues	\$1,193	\$1,191	\$2,642	\$2,613
Operating Expenses				
Fuel used in electric generation and purchased power	449	454	1,024	1,027
Operation, maintenance and other	362	347	737	728
Depreciation and amortization	163	142	315	286
Property and other taxes	35	54	67	121
Impairment charges	—	(18)	—	(18)
Total operating expenses	1,009	979	2,143	2,144
Gains on Sales of Other Assets and Other, net	—	—	1	1
Operating Income	184	212	500	470
Other Income and Expenses, net	15	7	35	16
Interest Expense	56	58	116	115
Income Before Income Taxes	143	161	419	371
Income Tax Expense	58	60	151	137
Net Income and Comprehensive Income	\$85	\$101	\$268	\$234

See Notes to Condensed Consolidated Financial Statements

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PART I

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

(in millions)	June 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13	\$ 9
Receivables (net of allowance for doubtful accounts of \$3 at June 30, 2015 and \$7 at December 31, 2014)	49	43
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$4 at June 30, 2015 and \$5 at December 31, 2014)	469	436
Receivables from affiliated companies	4	10
Notes receivable from affiliated companies	—	237
Inventory	914	966
Regulatory assets	316	287
Other	49	384
Total current assets	1,814	2,372
Investments and Other Assets		
Nuclear decommissioning trust funds	1,734	1,701
Other	464	412
Total investments and other assets	2,198	2,113
Property, Plant and Equipment		
Cost	24,093	24,207
Accumulated depreciation and amortization	(8,982)	(9,021)
Generation facilities to be retired, net	460	—
Net property, plant and equipment	15,571	15,186
Regulatory Assets and Deferred Debits		
Regulatory assets	3,119	2,675
Other	33	34
Total regulatory assets and deferred debits	3,152	2,709
Total Assets	\$22,735	\$22,380
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$342	\$481
Accounts payable to affiliated companies	182	120
Notes payable to affiliated companies	192	—
Taxes accrued	113	47
Interest accrued	78	81
Current maturities of long-term debt	402	945
Regulatory liabilities	74	71
Other	349	409
Total current liabilities	1,732	2,154
Long-Term Debt	5,255	5,256
Deferred Credits and Other Liabilities		
Deferred income taxes	3,012	2,908
Accrued pension and other post-retirement benefit costs	281	290
Asset retirement obligations	4,262	3,905

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Regulatory liabilities	1,891	1,832
Other	167	168
Total deferred credits and other liabilities	9,613	9,103
Commitments and Contingencies		
Common Stockholder's Equity		
Common stock, no par value, 200 million shares authorized; 160 million shares outstanding at June 30, 2015 and December 31, 2014	2,159	2,159
Retained earnings	3,976	3,708
Total common stockholder's equity	6,135	5,867
Total Liabilities and Common Stockholder's Equity	\$22,735	\$22,380

See Notes to Condensed Consolidated Financial Statements

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PART I

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

(in millions)	Six Months Ended June 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$268	\$234
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	389	368
Equity component of AFUDC	(23	) (9
Gains on sales of other assets and other, net	(1	) (1
Impairment charges	—	(18
Deferred income taxes	177	156
Accrued pension and other post-retirement benefit costs	(7	) (4
Contributions to qualified pension plans	(21) —
Payments for asset retirement obligations	(32) —
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(3	) 7
Receivables	(64	) (8
Receivables from affiliated companies	6	(4
Inventory	53	(22
Other current assets	156	(151
Increase (decrease) in		
Accounts payable	(128	) (61
Accounts payable to affiliated companies	62	59
Taxes accrued	66	11
Other current liabilities	(15	) (52
Other assets	(31	) (13
Other liabilities	(21	) (7
Net cash provided by operating activities	831	485
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(699	) (540
Purchases of available-for-sale securities	(319	) (269
Proceeds from sales and maturities of available-for-sale securities	301	253
Notes receivable from affiliated companies	237	—
Other	6	(34
Net cash used in investing activities	(474	) (590
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	650
Payments for the redemption of long-term debt	(544	) (168
Notes payable to affiliated companies	192	(261
Dividends to parent	—	(125
Other	(1	) (5
Net cash (used in) provided by financing activities	(353	) 91
Net increase (decrease) in cash and cash equivalents	4	(14
Cash and cash equivalents at beginning of period	9	21
Cash and cash equivalents at end of period	\$13	\$7
Supplemental Disclosures:		

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Significant non-cash transactions:

Accrued capital expenditures	\$135	\$113
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See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY PROGRESS, INC. (subsequently DUKE ENERGY PROGRESS, LLC)
Condensed Consolidated Statements of Changes in Common Stockholder's Equity
(Unaudited)

(in millions)	Common Stock	Retained Earnings	Total Equity
Balance at December 31, 2013	\$2,159	\$3,466	\$5,625
Net income	—	234	234
Dividends to parent	—	(125	) (125
Balance at June 30, 2014	\$2,159	\$3,575	\$5,734
Balance at December 31, 2014	\$2,159	\$3,708	\$5,867
Net income	—	268	268
Balance at June 30, 2015	\$2,159	\$3,976	\$6,135

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY FLORIDA, INC. (subsequently DUKE ENERGY FLORIDA, LLC)

Condensed Consolidated Statements of Operations and Comprehensive Income

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2015	2014	2015	2014
Operating Revenues	\$ 1,281	\$ 1,225	\$ 2,367	\$ 2,341
Operating Expenses				
Fuel used in electric generation and purchased power	554	523	1,011	993
Operation, maintenance and other	202	204	390	414
Depreciation and amortization	122	139	256	271
Property and other taxes	88	83	168	167
Impairment charges	—	—	—	1
Total operating expenses	966	949	1,825	1,846
Operating Income	315	276	542	495
Other Income and Expenses, net	4	6	10	11
Interest Expense	50	50	99	99
Income Before Income Taxes	269	232	453	407
Income Tax Expense	104	90	175	157
Net Income	\$ 165	\$ 142	\$ 278	\$ 250
Other Comprehensive Income, net of tax				
Reclassification into earnings from cash flow hedges	—	—	—	1
Comprehensive Income	\$ 165	\$ 142	\$ 278	\$ 251

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY FLORIDA, INC. (subsequently DUKE ENERGY FLORIDA, LLC)
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13	\$ 8
Receivables (net of allowance for doubtful accounts of \$2 at June 30, 2015 and December 31, 2014)	85	84
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$3 at June 30, 2015 and December 31, 2014)	385	305
Receivables from affiliated companies	93	40
Inventory	615	623
Regulatory assets	119	203
Other	282	521
Total current assets	1,592	1,784
Investments and Other Assets		
Nuclear decommissioning trust funds	701	803
Other	283	204
Total investments and other assets	984	1,007
Property, Plant and Equipment		
Cost	14,854	14,433
Accumulated depreciation and amortization	(4,625)	) (4,478)
Net property, plant and equipment	10,229	9,955
Regulatory Assets and Deferred Debits		
Regulatory assets	2,694	2,733
Other	37	39
Total regulatory assets and deferred debits	2,731	2,772
Total Assets	\$ 15,536	\$ 15,518
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 346	\$ 365
Accounts payable to affiliated companies	73	70
Notes payable to affiliated companies	221	84
Taxes accrued	130	65
Interest accrued	45	47
Current maturities of long-term debt	562	562
Regulatory liabilities	48	35
Other	543	586
Total current liabilities	1,968	1,814
Long-Term Debt	4,293	4,298
Deferred Credits and Other Liabilities		
Deferred income taxes	2,500	2,452
Accrued pension and other post-retirement benefit costs	252	221
Asset retirement obligations	733	806
Regulatory liabilities	494	547
Other	146	158

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Total deferred credits and other liabilities	4,125	4,184
Commitments and Contingencies		
Common Stockholder's Equity		
Common stock, no par; 60 million shares authorized; 100 shares outstanding at June 30, 2015 and December 31, 2014	1,762	1,762
Retained earnings	3,388	3,460
Total common stockholder's equity	5,150	5,222
Total Liabilities and Common Stockholder's Equity	\$ 15,536	\$ 15,518

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY FLORIDA, INC. (subsequently DUKE ENERGY FLORIDA, LLC)
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
(in millions)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$278	\$250
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	258	273
Equity component of AFUDC	(2) —
Impairment charges	—	1
Deferred income taxes	237	84
Accrued pension and other post-retirement benefit costs	3	15
Contributions to qualified pension plans	(21) —
Payments for asset retirement obligations	(28) —
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	5	3
Receivables	(40	) (82
Receivables from affiliated companies	(53	) (4
Inventory	10	4
Other current assets	10	(49
Increase (decrease) in		
Accounts payable	(53	) 58
Accounts payable to affiliated companies	3	29
Taxes accrued	65	108
Other current liabilities	5	(94
Other assets	(44	) (58
Other liabilities	(19	) (29
Net cash provided by operating activities	614	509
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(471	) (348
Purchases of available-for-sale securities	(243	) (183
Proceeds from sales and maturities of available-for-sale securities	323	188
Notes receivable from affiliated companies	—	(76
Other	1	(8
Net cash used in investing activities	(390	) (427
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	225
Payments for the redemption of long-term debt	(5	) (4
Notes payable to affiliated companies	137	(181
Dividends to parent	(350	) (124
Other	(1	) (1
Net cash used in financing activities	(219	) (85
Net increase (decrease) in cash and cash equivalents	5	(3
Cash and cash equivalents at beginning of period	8	16
Cash and cash equivalents at end of period	\$13	\$13
Supplemental Disclosures:		
Significant non-cash transactions:		

Accrued capital expenditures	\$136	\$44
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See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY FLORIDA, INC. (subsequently DUKE ENERGY FLORIDA, LLC)
 Condensed Consolidated Statements of Changes in Common Stockholder's Equity
 (Unaudited)

(in millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss Net Loss on Cash Flow Hedges	Total
Balance at December 31, 2013	\$1,762	\$3,036	\$(1)	\$4,797
Net income	—	250	—	250
Other comprehensive income	—	—	1	1
Dividends to parent	—	(124)	—	(124)
Balance at June 30, 2014	\$1,762	\$3,162	\$—	\$4,924
Balance at December 31, 2014	\$1,762	\$3,460	\$—	\$5,222
Net income	—	278	—	278
Dividends to parent	—	(350)	—	(350)
Balance at June 30, 2015	\$1,762	\$3,388	\$—	\$5,150

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY OHIO, INC.

Condensed Consolidated Statements of Operations and Comprehensive Income

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		
(in millions)	2015	2014	2015	2014	
Operating Revenues					
Regulated electric	\$299	\$307	\$638	\$646	
Nonregulated electric and other	9	(2	) 23	11
Regulated natural gas	97	107	330	330	
Total operating revenues	405	412	991	987	
Operating Expenses					
Fuel used in electric generation and purchased power – regulated	107	107	222	231	
Fuel used in electric generation and purchased power – nonregulated	12	6	26	19	
Cost of natural gas	12	22	109	121	
Operation, maintenance and other	118	117	246	244	
Depreciation and amortization	58	56	115	113	
Property and other taxes	57	44	127	112	
Impairment charges	—	—	—	94	
Total operating expenses	364	352	845	934	
Gains on Sales of Other Assets and Other, net	2	—	8	—	
Operating Income	43	60	154	53	
Other Income and Expenses, net	(5	) 3	(2	) 6
Interest Expense	18	20	38	40	
Income From Continuing Operations Before Income Taxes	20	43	114	19	
Income Tax Expense From Continuing Operations	7	15	42	6	
Income From Continuing Operations	13	28	72	13	
(Loss) Income From Discontinued Operations, net of tax	(65) (135) 25	(1,010)
Net (Loss) Income and Comprehensive (Loss) Income	\$(52) \$(107) \$97	\$(997)

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY OHIO, INC.

Condensed Consolidated Balance Sheets

(Unaudited)

(in millions)	June 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$22	\$20
Receivables (net of allowance for doubtful accounts of \$2 at June 30, 2015 and December 31, 2014)	84	93
Receivables from affiliated companies	61	107
Notes receivable from affiliated companies	15	145
Inventory	102	97
Assets held for sale	—	316
Regulatory assets	29	49
Other	142	167
Total current assets	455	994
Investments and Other Assets		
Goodwill	920	920
Assets held for sale	—	2,605
Other	16	23
Total investments and other assets	936	3,548
Property, Plant and Equipment		
Cost	7,613	7,141
Accumulated depreciation and amortization	(2,496)	(2,213)
Generation facilities to be retired, net	—	9
Net property, plant and equipment	5,117	4,937
Regulatory Assets and Deferred Debits		
Regulatory assets	506	512
Other	8	8
Total regulatory assets and deferred debits	514	520
Total Assets	\$7,022	\$9,999
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$193	\$209
Accounts payable to affiliated companies	93	74
Notes payable to affiliated companies	5	491
Taxes accrued	117	163
Interest accrued	18	19
Current maturities of long-term debt	56	157
Liabilities associated with assets held for sale	—	246
Regulatory liabilities	34	10
Other	154	66
Total current liabilities	670	1,435
Long-Term Debt	1,524	1,584
Long-Term Debt Payable to Affiliated Companies	25	25
Deferred Credits and Other Liabilities		
Deferred income taxes	1,330	1,765

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Accrued pension and other post-retirement benefit costs	56	48
Liabilities associated with assets held for sale	—	34
Asset retirement obligations	143	27
Regulatory liabilities	247	241
Other	168	166
Total deferred credits and other liabilities	1,944	2,281
Commitments and Contingencies		
Common Stockholder's Equity		
Common stock, \$8.50 par value, 120,000,000 shares authorized; 89,663,086 shares outstanding at June 30, 2015 and December 31, 2014	762	762
Additional paid-in capital	2,870	4,782
Accumulated deficit	(773	) (870
Total common stockholder's equity	2,859	4,674
Total Liabilities and Common Stockholder's Equity	\$7,022	\$9,999

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY OHIO, INC.

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
(in millions)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$97	\$(997)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, amortization and accretion	117	154
Equity component of AFUDC	(2)	(2)
Gains on sales of other assets and other, net	(8)	—
Impairment charges	40	1,438
Deferred income taxes	62	(513)
Accrued pension and other post-retirement benefit costs	4	4
Contributions to qualified pension plans	(1)	—
Payments for asset retirement obligations	(1)	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(12)	139
Receivables	6	(98)
Receivables from affiliated companies	46	48
Inventory	3	(4)
Other current assets	32	(30)
Increase (decrease) in		
Accounts payable	(12)	(6)
Accounts payable to affiliated companies	19	(3)
Taxes accrued	(68)	(74)
Other current liabilities	99	(9)
Other assets	19	(36)
Other liabilities	(52)	(8)
Net cash provided by operating activities	388	3
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(166)	(167)
Notes receivable from affiliated companies	130	(127)
Other	(4)	—
Net cash used in investing activities	(40)	(294)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for the redemption of long-term debt	(152)	(405)
Notes payable to affiliated companies	(193)	785
Dividends to parent	—	(100)
Other	(1)	—
Net cash (used in) provided by financing activities	(346)	280
Net increase (decrease) in cash and cash equivalents	2	(11)
Cash and cash equivalents at beginning of period	20	36
Cash and cash equivalents at end of period	\$22	\$25
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$19	\$19

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Distribution of membership interest of Duke Energy SAM, LLC to parent	\$1,912	\$—
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See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY OHIO, INC.

Condensed Consolidated Statements of Changes in Common Stockholder's Equity
(Unaudited)

(in millions)	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at December 31, 2013	\$ 762	\$4,882	\$(375)	) \$5,269
Net loss	—	—	(997)	) (997)
Dividends to parent	—	(100)	) —	(100)
Balance at June 30, 2014	\$ 762	\$4,782	\$(1,372)	) \$4,172
Balance at December 31, 2014	\$ 762	\$4,782	\$(870)	) \$4,674
Net income	—	—	97	97
Distribution of membership interest of Duke Energy SAM, LLC to parent	—	(1,912)	) —	(1,912)
Balance at June 30, 2015	\$			