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Duke Energy CORP
Form 10-Q
August 02, 2018

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, 2018

OR

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

For the transition period from _____ to _____

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification No.
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1-32853	DUKE ENERGY CORPORATION (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218
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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 (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 (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-0165465	1-3543	DUKE ENERGY INDIANA, LLC (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853 35-0594457

1-6196

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PIEDMONT NATURAL GAS
COMPANY, INC.
(a North Carolina corporation)
4720 Piedmont Row Drive
Charlotte, North Carolina 28210
704-364-3120
56-0556998

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 x No	Duke Energy Florida, LLC (Duke Energy Florida)	Yes x No
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes x No	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes x No
Progress Energy, Inc. (Progress Energy)	Yes x No	Duke Energy Indiana, LLC (Duke Energy Indiana)	Yes x No
Duke Energy Progress, LLC (Duke Energy Progress)	Yes x No	Piedmont Natural Gas Company, Inc. (Piedmont)	Yes x No

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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 No Duke Energy Florida Yes No
 Duke Energy Carolinas Yes No Duke Energy Ohio Yes No
 Progress Energy Yes No Duke Energy Indiana Yes No
 Duke Energy Progress Yes No Piedmont Yes No

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

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"/>	Emerging Growth 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"/>	Emerging Growth 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"/>	Emerging Growth 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"/>	Emerging Growth 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"/>	Emerging Growth 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"/>	Emerging Growth 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"/>	Emerging Growth Company <input type="checkbox"/>
Piedmont	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 Duke Energy Florida Yes No
 Duke Energy Carolinas Yes No Duke Energy Ohio Yes No
 Progress Energy Yes No Duke Energy Indiana Yes No
 Duke Energy Progress Yes No Piedmont Yes No

Number of shares of Common stock outstanding at July 31, 2018:

Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	712,354,724

This combined Form 10-Q is filed separately by eight registrants: Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio, Duke Energy Indiana and Piedmont (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed

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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, Duke Energy Indiana and Piedmont 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.

TABLE OF CONTENTS

Cautionary Statement Regarding Forward-Looking Information

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

<u>Duke Energy Corporation Financial Statements</u>	<u>6</u>
<u>Duke Energy Carolinas, LLC Financial Statements</u>	<u>11</u>
<u>Progress Energy, Inc. Financial Statements</u>	<u>15</u>
<u>Duke Energy Progress, LLC Financial Statements</u>	<u>19</u>
<u>Duke Energy Florida, LLC Financial Statements</u>	<u>23</u>
<u>Duke Energy Ohio, Inc. Financial Statements</u>	<u>27</u>
<u>Duke Energy Indiana, LLC Financial Statements</u>	<u>31</u>
<u>Piedmont Natural Gas Company, Inc. Financial Statements</u>	<u>35</u>
<u>Combined Notes to Condensed Consolidated Financial Statements</u>	
Note 1 – Organization and Basis of Presentation	<u>39</u>
Note 2 – Business Segments	<u>43</u>
Note 3 – Regulatory Matters	<u>46</u>
Note 4 – Commitments and Contingencies	<u>56</u>
Note 5 – Debt and Credit Facilities	<u>61</u>
Note 6 – Asset Retirement Obligations	<u>62</u>
Note 7 – Goodwill	<u>63</u>
Note 8 – Related Party Transactions	<u>64</u>
Note 9 – Derivatives and Hedging	<u>65</u>
Note 10 – Investments in Debt and Equity Securities	<u>71</u>
Note 11 – Fair Value Measurements	<u>77</u>
Note 12 – Variable Interest Entities	<u>85</u>
Note 13 – Revenue	<u>89</u>
Note 14 – Common Stock	<u>94</u>
Note 15 – Stock-Based Compensation	<u>95</u>
Note 16 – Employee Benefit Plans	<u>96</u>
Note 17 – Income Taxes	<u>100</u>
Note 18 – Subsequent Events	<u>101</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 102

Item 3. Quantitative and Qualitative Disclosures About Market Risk 129

Item 4. Controls and Procedures 129

PART II. OTHER INFORMATION

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<u>Item 1. Legal Proceedings</u>	<u>130</u>
<u>Item 1A. Risk Factors</u>	<u>130</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>130</u>
<u>Item 6. Exhibits</u>	<u>131</u>
<u>Signatures</u>	<u>134</u>

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 and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized.

These factors include, but are not limited to:

State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;

The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;

The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;

The costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;

Costs and effects of legal and administrative proceedings, settlements, investigations and claims;

Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;

Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;

Advancements in technology;

Additional competition in electric and natural gas markets and continued industry consolidation;

The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;

The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources;

The ability to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;

Operational interruptions to our natural gas distribution and transmission activities;

The availability of adequate interstate pipeline transportation capacity and natural gas supply;

The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches and other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;

The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;

The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;

The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;

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

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Declines in the market prices of equity and fixed-income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds;
Construction and development risks associated with the completion of the Duke Energy Registrants' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner, or at all;
Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
The ability to control operation and maintenance costs;
The level of creditworthiness of counterparties to transactions;
Employee workforce factors, including the potential inability to attract and retain key personnel;
The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);
The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;

The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
The impact of new U.S. tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
The impacts from potential impairments of goodwill or equity method investment carrying values; and
The ability to implement our business strategy.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' reports filed with the SEC and available at the SEC's website at sec.gov. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DUKE ENERGY CORPORATION

Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2018	2017	June 30, 2018	2017
(in millions, except per-share amounts)				
Operating Revenues				
Regulated electric	\$5,178	\$5,118	\$10,462	\$10,031
Regulated natural gas	291	275	991	921
Nonregulated electric and other	174	162	325	332
Total operating revenues	5,643	5,555	11,778	11,284
Operating Expenses				
Fuel used in electric generation and purchased power	1,574	1,541	3,250	2,990
Cost of natural gas	89	76	402	334
Operation, maintenance and other	1,544	1,441	3,008	2,909
Depreciation and amortization	973	835	1,940	1,694
Property and other taxes	315	307	631	611
Impairment charges	172	9	215	9
Total operating expenses	4,667	4,209	9,446	8,547
Gains (Losses) on Sales of Other Assets and Other, net	3	7	(97)	18
Operating Income	979	1,353	2,235	2,755
Other Income and Expenses				
Equity in earnings of unconsolidated affiliates	36	36	12	65
Other income and expenses, net	110	115	196	236
Total other income and expenses	146	151	208	301
Interest Expense	518	486	1,033	977
Income From Continuing Operations Before Income Taxes	607	1,018	1,410	2,079
Income Tax Expense From Continuing Operations	100	327	281	671
Income From Continuing Operations	507	691	1,129	1,408
Loss From Discontinued Operations, net of tax	(5)	(2)	(5)	(2)
Net Income	502	689	1,124	1,406
Less: Net Income Attributable to Noncontrolling Interests	2	3	4	4
Net Income Attributable to Duke Energy Corporation	\$500	\$686	\$1,120	\$1,402
Earnings Per Share – Basic and Diluted				
Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic	\$0.72	\$0.98	\$1.60	\$2.00
Diluted	\$0.72	\$0.98	\$1.60	\$2.00
Loss from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic	\$(0.01)	\$—	\$(0.01)	\$—
Diluted	\$(0.01)	\$—	\$(0.01)	\$—
Net income attributable to Duke Energy Corporation common stockholders				

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Basic	\$0.71	\$0.98	\$1.59	\$2.00
Diluted	\$0.71	\$0.98	\$1.59	\$2.00
Weighted average shares outstanding				
Basic	703	700	702	700
Diluted	704	700	702	700

See Notes to Condensed Consolidated Financial Statements

6

PART I

DUKE ENERGY CORPORATION

Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Six Months Ended	
	June 30, 2018	2017	June 30, 2018	2017
Net Income	\$502	\$689	\$1,124	\$1,406
Other Comprehensive (Loss) Income, net of tax				
Pension and OPEB adjustments	1	1	2	2
Net unrealized gains (losses) on cash flow hedges	1	(6)	13	(4)
Reclassification into earnings from cash flow hedges	(2)	4	(1)	5
Unrealized (losses) gains on available-for-sale securities	(2)	4	(5)	8
Other Comprehensive (Loss) Income, net of tax	(2)	3	9	11
Comprehensive Income	500	692	1,133	1,417
Less: Comprehensive Income Attributable to Noncontrolling Interests	2	3	4	4
Comprehensive Income Attributable to Duke Energy Corporation	\$498	\$689	\$1,129	\$1,413

See Notes to Condensed Consolidated Financial Statements

7

PART I

DUKE ENERGY CORPORATION

Condensed Consolidated Balance Sheets

(Unaudited)

(in millions)

June 30, 2018 December 31, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 304	\$ 358
Receivables (net of allowance for doubtful accounts of \$18 at 2018 and \$14 at 2017)	612	779
Receivables of VIEs (net of allowance for doubtful accounts of \$56 at 2018 and \$54 at 2017)	2,205	1,995
Inventory	3,177	3,250
Regulatory assets (includes \$51 at 2018 and 2017 related to VIEs)	1,741	1,437
Other	437	634
Total current assets	8,476	8,453
Property, Plant and Equipment		
Cost	130,616	127,507
Accumulated depreciation and amortization	(42,499)	(41,537)
Generation facilities to be retired, net	378	421
Net property, plant and equipment	88,495	86,391
Other Noncurrent Assets		
Goodwill	19,396	19,396
Regulatory assets (includes \$1,071 at 2018 and \$1,091 at 2017 related to VIEs)	12,505	12,442
Nuclear decommissioning trust funds	7,132	7,097
Investments in equity method unconsolidated affiliates	1,168	1,175
Other	3,087	2,960
Total other noncurrent assets	43,288	43,070
Total Assets	\$ 140,259	\$ 137,914

LIABILITIES AND EQUITY

Current Liabilities

Accounts payable	\$ 2,686	\$ 3,043
Notes payable and commercial paper	3,329	2,163
Taxes accrued	494	551
Interest accrued	530	525
Current maturities of long-term debt (includes \$229 at 2018 and \$225 at 2017 related to VIEs)	2,852	3,244
Asset retirement obligations	716	689
Regulatory liabilities	485	402
Other	1,699	1,865
Total current liabilities	12,791	12,482
Long-Term Debt (includes \$4,179 at 2018 and \$4,306 at 2017 related to VIEs)	49,863	49,035
Other Noncurrent Liabilities		
Deferred income taxes	6,977	6,621
Asset retirement obligations	9,753	9,486
Regulatory liabilities	15,355	15,330
Accrued pension and other post-retirement benefit costs	1,014	1,103
Investment tax credits	534	539
Other	1,457	1,581
Total other noncurrent liabilities	35,090	34,660

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Commitments and Contingencies

Equity

Common stock, \$0.001 par value, 2 billion shares authorized; 712 million shares outstanding at 2018 and 700 million shares outstanding at 2017	1	1	
Additional paid-in capital	39,682	38,792	
Retained earnings	2,894	3,013	
Accumulated other comprehensive loss	(70) (67)
Total Duke Energy Corporation stockholders' equity	42,507	41,739	
Noncontrolling interests	8	(2)
Total equity	42,515	41,737	
Total Liabilities and Equity	\$ 140,259	\$ 137,914	

See Notes to Condensed Consolidated Financial Statements

8

PART I

DUKE ENERGY CORPORATION

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
(in millions)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$1,124	\$1,406
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	2,250	1,953
Equity component of AFUDC	(106)	(125)
Losses (gains) on sales of other assets	97	(20)
Impairment charges	215	9
Deferred income taxes	289	669
Equity in earnings of unconsolidated affiliates	(12)	(65)
Accrued pension and other post-retirement benefit costs	31	13
Contributions to qualified pension plans	(141)	—
Payments for asset retirement obligations	(245)	(272)
Payment for disposal of other assets	(105)	—
Other rate case adjustments	37	—
Provision for rate refunds	281	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	7	(12)
Receivables	(27)	293
Inventory	70	153
Other current assets	21	(168)
Increase (decrease) in		
Accounts payable	(142)	(505)
Taxes accrued	(58)	41
Other current liabilities	(214)	(531)
Other assets	(112)	(37)
Other liabilities	42	(2)
Net cash provided by operating activities	3,302	2,800
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(4,375)	(3,931)
Contributions to equity method investments	(140)	(287)
Purchases of debt and equity securities	(1,908)	(2,412)
Proceeds from sales and maturities of debt and equity securities	1,866	2,439
Other	(88)	(153)
Net cash used in investing activities	(4,645)	(4,344)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	2,727	2,734
Issuance of common stock	820	—
Payments for the redemption of long-term debt	(2,190)	(1,009)
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	201	230
Payments for the redemption of short-term debt with original maturities greater than 90 days	(160)	(32)

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Notes payable and commercial paper	1,090	783
Dividends paid	(1,199)	(1,200)
Other	(24)	(32)
Net cash provided by financing activities	1,265	1,474
Net decrease in cash, cash equivalents and restricted cash	(78)	(70)
Cash, cash equivalents and restricted cash at beginning of period	505	541
Cash, cash equivalents and restricted cash at end of period	\$427	\$471
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$978	\$589
Non-cash dividends	52	—

See Notes to Condensed Consolidated Financial Statements

9

PART I

DUKE ENERGY CORPORATION

 Condensed Consolidated Statements of Changes in Equity
 (Unaudited)

				Accumulated Other Comprehensive Income (Loss)			Total Duke Energy Corporation	Total	Total	
	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Pension and OPEB Adjustments				Stockholders' Equity
(in millions)	Shares	Common Stock	Paid-in Capital	Retained Earnings	Cash Flow Hedges	Securities	Adjustments	Equity	Interests	Equity
Balance at December 31, 2016	700	\$ 1	\$ 38,741	\$ 2,384	\$(20)	\$ (1)	\$ (72)	\$ 41,033	\$ 8	\$ 41,041
Net income	—	—	—	1,402	—	—	—	1,402	4	1,406
Other comprehensive income	—	—	—	—	1	8	2	11	—	11
Common stock issuances, including dividend reinvestment and employee benefits	—	—	17	—	—	—	—	17	—	17
Common stock dividends	—	—	—	(1,200)	—	—	—	(1,200)	—	(1,200)
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	(2)	(2)
Other ^(a)	—	—	—	21	—	—	—	21	—	21
Balance at June 30, 2017	700	\$ 1	\$ 38,758	\$ 2,607	\$(19)	\$ 7	\$ (70)	\$ 41,284	\$ 10	\$ 41,294
Balance at December 31, 2017	700	\$ 1	\$ 38,792	\$ 3,013	\$(10)	\$ 12	\$ (69)	\$ 41,739	\$ (2)	\$ 41,737
Net income	—	—	—	1,120	—	—	—	1,120	4	1,124
Other comprehensive income (loss)	—	—	—	—	12	(5)	2	9	—	9
Common stock issuances, including dividend reinvestment and employee benefits	12	—	890	—	—	—	—	890	—	890
Common stock dividends	—	—	—	(1,251)	—	—	—	(1,251)	—	(1,251)
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	(1)	(1)
Other ^(b)	—	—	—	12	—	(12)	—	—	7	7
Balance at June 30, 2018	712	\$ 1	\$ 39,682	\$ 2,894	\$ 2	\$ (5)	\$ (67)	\$ 42,507	\$ 8	\$ 42,515

(a) Cumulative-effect adjustment due to implementation of a new accounting standard related to stock-based compensation and the associated income taxes.

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Amounts in Retained Earnings and Accumulated Other Comprehensive Loss represent a cumulative-effect (b) adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement. See Note 1 for more information.

See Notes to Condensed Consolidated Financial Statements

10

PART I

DUKE ENERGY CAROLINAS, LLC

Condensed Consolidated Statements of Operations and Comprehensive Income

(Unaudited)

(in millions)	Three Months		Six Months	
	Ended June 30, 2018	2017	Ended June 30, 2018	2017
Operating Revenues	\$1,672	\$1,729	\$3,435	\$3,445
Operating Expenses				
Fuel used in electric generation and purchased power	407	435	880	863
Operation, maintenance and other	499	483	950	978
Depreciation and amortization	289	269	561	523
Property and other taxes	75	71	147	139
Impairment charges	177	—	190	—
Total operating expenses	1,447	1,258	2,728	2,503
Losses on Sales of Other Assets and Other, net	(1)	—	(1)	—
Operating Income	224	471	706	942
Other Income and Expenses, net	35	50	74	100
Interest Expense	110	103	217	206
Income Before Income Taxes	149	418	563	836
Income Tax Expense	32	145	123	293
Net Income	\$117	\$273	\$440	\$543
Other Comprehensive Income, net of tax				
Reclassification into earnings from cash flow hedges	—	1	1	1
Comprehensive Income	\$117	\$274	\$441	\$544

See Notes to Condensed Consolidated Financial Statements

11

PART I

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

(in millions)

June 30, 2018 December 31, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 16	\$ 16
Receivables (net of allowance for doubtful accounts of \$2 at 2018 and 2017)	172	200
Receivables of VIEs (net of allowance for doubtful accounts of \$7 at 2018 and 2017)	704	640
Receivables from affiliated companies	117	95
Inventory	984	971
Regulatory assets	420	299
Other	21	19
Total current assets	2,434	2,240
Property, Plant and Equipment		
Cost	43,429	42,939
Accumulated depreciation and amortization	(15,248)	(15,063)
Net property, plant and equipment	28,181	27,876
Other Noncurrent Assets		
Regulatory assets	3,234	2,853
Nuclear decommissioning trust funds	3,790	3,772
Other	1,036	979
Total other noncurrent assets	8,060	7,604
Total Assets	\$ 38,675	\$ 37,720

LIABILITIES AND EQUITY

Current Liabilities

Accounts payable	\$ 809	\$ 842
Accounts payable to affiliated companies	158	209
Notes payable to affiliated companies	740	104
Taxes accrued	158	234
Interest accrued	109	108
Current maturities of long-term debt	505	1,205
Asset retirement obligations	227	337
Regulatory liabilities	131	126
Other	412	486
Total current liabilities	3,249	3,651
Long-Term Debt	9,589	8,598
Long-Term Debt Payable to Affiliated Companies	300	300
Other Noncurrent Liabilities		
Deferred income taxes	3,507	3,413
Asset retirement obligations	3,592	3,273
Regulatory liabilities	6,292	6,231
Accrued pension and other post-retirement benefit costs	99	95
Investment tax credits	230	232
Other	515	566
Total other noncurrent liabilities	14,235	13,810
Commitments and Contingencies		

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Equity		
Member's equity	11,308	11,368
Accumulated other comprehensive loss	(6) (7
Total equity	11,302	11,361
Total Liabilities and Equity	\$ 38,675	\$ 37,720

See Notes to Condensed Consolidated Financial Statements

12

PART I

DUKE ENERGY CAROLINAS, LLC

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended	
(in millions)	June 30, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$440	\$543
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	707	688
Equity component of AFUDC	(39)	(59)
Losses on sales of other assets	1	—
Impairment charges	190	—
Deferred income taxes	90	283
Accrued pension and other post-retirement benefit costs	2	—
Contributions to qualified pension plans	(46)	—
Payments for asset retirement obligations	(114)	(123)
Provision for rate refunds	121	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	8	24
Receivables	(33)	36
Receivables from affiliated companies	(22)	78
Inventory	(16)	(14)
Other current assets	(33)	(21)
Increase (decrease) in		
Accounts payable	(59)	(125)
Accounts payable to affiliated companies	(51)	(120)
Taxes accrued	(78)	19
Other current liabilities	(123)	(140)
Other assets	(6)	(44)
Other liabilities	(29)	(15)
Net cash provided by operating activities	910	1,010
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,270)	(1,092)
Purchases of debt and equity securities	(976)	(1,225)
Proceeds from sales and maturities of debt and equity securities	976	1,228
Notes receivable from affiliated companies	—	66
Other	(64)	(29)
Net cash used in investing activities	(1,334)	(1,052)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	991	—
Payments for the redemption of long-term debt	(702)	(114)
Notes payable to affiliated companies	636	534
Distributions to parent	(500)	(375)
Other	(1)	(1)
Net cash provided by financing activities	424	44
Net increase in cash and cash equivalents	—	2

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Cash and cash equivalents at beginning of period	16	14
Cash and cash equivalents at end of period	\$16	\$16
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$343	\$200

See Notes to Condensed Consolidated Financial Statements

13

PART I

DUKE ENERGY CAROLINAS, LLC

Condensed Consolidated Statements of Changes in Equity
(Unaudited)

		Accumulated Other Comprehensive Loss Net Losses on	
(in millions)	Member's Equity	Cash Flow Hedges	Total Equity
Balance at December 31, 2016	\$ 10,781	\$ (9)	\$ 10,772
Net income	543	—	543
Other comprehensive income	—	1	1
Distributions to parent	(375)	—	(375)
Other	(2)	—	(2)
Balance at June 30, 2017	\$ 10,947	\$ (8)	\$ 10,939
Balance at December 31, 2017	\$ 11,368	\$ (7)	\$ 11,361
Net income	440	—	440
Other comprehensive income	—	1	1
Distributions to parent	(500)	—	(500)
Balance at June 30, 2018	\$ 11,308	\$ (6)	\$ 11,302

See Notes to Condensed Consolidated Financial Statements

14

PART I

PROGRESS ENERGY, INC.

Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months		Six Months	
	Ended June 30, 2018	Ended June 30, 2017	Ended June 30, 2018	Ended June 30, 2017
Operating Revenues	\$2,498	\$2,392	\$5,074	\$4,571
Operating Expenses				
Fuel used in electric generation and purchased power	895	831	1,871	1,557
Operation, maintenance and other	610	549	1,233	1,109
Depreciation and amortization	380	311	764	624
Property and other taxes	131	129	254	246
Impairment charges	4	2	33	2
Total operating expenses	2,020	1,822	4,155	3,538
Gains on Sales of Other Assets and Other, net	6	6	12	14
Operating Income	484	576	931	1,047
Other Income and Expenses, net	42	36	77	76
Interest Expense	203	196	412	402
Income Before Income Taxes	323	416	596	721
Income Tax Expense	56	139	92	243
Net Income	267	277	504	478
Less: Net Income Attributable to Noncontrolling Interests	2	3	4	5
Net Income Attributable to Parent	\$265	\$274	\$500	\$473
Net Income	\$267	\$277	\$504	\$478
Other Comprehensive Income, net of tax				
Pension and OPEB adjustments	2	1	2	2
Net unrealized gains on cash flow hedges	1	5	3	6
Unrealized (losses) gains on available-for-sale securities	(1)) 1	(1)) 2
Other Comprehensive Income, net of tax	2	7	4	10
Comprehensive Income	269	284	508	488
Less: Comprehensive Income Attributable to Noncontrolling Interests	2	3	4	5
Comprehensive Income Attributable to Parent	\$267	\$281	\$504	\$483

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.

Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 37	\$ 40
Receivables (net of allowance for doubtful accounts of \$5 at 2018 and \$4 at 2017)	130	123
Receivables of VIEs (net of allowance for doubtful accounts of \$7 at 2018 and 2017)	969	780
Receivables from affiliated companies	3	31
Notes receivable from affiliated companies	309	240
Inventory	1,521	1,592
Regulatory assets (includes \$51 at 2018 and 2017 related to VIEs)	970	741
Other	356	334
Total current assets	4,295	3,881
Property, Plant and Equipment		
Cost	48,896	47,323
Accumulated depreciation and amortization	(16,380)	(15,857)
Generation facilities to be retired, net	378	421
Net property, plant and equipment	32,894	31,887
Other Noncurrent Assets		
Goodwill	3,655	3,655
Regulatory assets (includes \$1,071 at 2018 and \$1,091 at 2017 related to VIEs)	5,736	6,010
Nuclear decommissioning trust funds	3,342	3,324
Other	992	931
Total other noncurrent assets	13,725	13,920

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Total Assets	\$	50,914	\$	49,688
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable	\$	816	\$	1,006
Accounts payable to affiliated companies		232		251
Notes payable to affiliated companies		1,152		805
Taxes accrued		181		101
Interest accrued		211		212
Current maturities of long-term debt (includes \$53 at 2018 and 2017 related to VIEs)		1,321		771
Asset retirement obligations		386		295
Regulatory liabilities		233		213
Other		711		729
Total current liabilities		5,243		4,383
Long-Term Debt (includes \$1,660 at 2018 and \$1,689 at 2017 related to VIEs)		16,723		16,916
Long-Term Debt Payable to Affiliated Companies		150		150
Other Noncurrent Liabilities				
Deferred income taxes		3,806		3,502
Asset retirement obligations		5,052		5,119
Regulatory liabilities		5,193		5,306
Accrued pension and other post-retirement benefit costs		519		545
Other		256		302
Total other noncurrent liabilities		14,826		14,774
Commitments and Contingencies				
Equity				
Common stock, \$0.01 par value, 100 shares authorized and outstanding at 2018 and 2017		—		—
Additional paid-in capital		9,143		9,143
Retained earnings		4,855		4,350
Accumulated other comprehensive loss		(26)		(25)
		13,972		13,468

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Total Progress Energy, Inc. stockholders' equity			
Noncontrolling interests	—	(3)
Total equity	13,972	13,465	
Total Liabilities and Equity	\$ 50,914	\$ 49,688	

See Notes to Condensed Consolidated Financial Statements

16

PART I

PROGRESS ENERGY, INC.

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
(in millions)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$504	\$478
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	945	733
Equity component of AFUDC	(52)	(48)
Gains on sales of other assets	(12)	(15)
Impairment charges	33	2
Deferred income taxes	240	412
Accrued pension and other post-retirement benefit costs	12	(5)
Contributions to qualified pension plans	(45)	—
Payments for asset retirement obligations	(108)	(128)
Other rate case adjustments	37	—
Provision for rate refunds	65	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	14	—
Receivables	(196)	(64)
Receivables from affiliated companies	28	99
Inventory	71	95
Other current assets	(214)	(220)
Increase (decrease) in		
Accounts payable	15	(211)
Accounts payable to affiliated companies	(19)	(140)
Taxes accrued	80	81
Other current liabilities	(58)	(148)
Other assets	(186)	(69)
Other liabilities	4	(18)
Net cash provided by operating activities	1,158	834
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,727)	(1,733)
Purchases of debt and equity securities	(812)	(1,108)
Proceeds from sales and maturities of debt and equity securities	820	1,123
Notes receivable from affiliated companies	(69)	(60)
Other	(81)	(22)
Net cash used in investing activities	(1,869)	(1,800)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	989	923
Payments for the redemption of long-term debt	(635)	(326)
Notes payable to affiliated companies	347	341
Other	(3)	(3)
Net cash provided by financing activities	698	935
Net decrease in cash, cash equivalents and restricted cash	(13)	(31)

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Cash, cash equivalents and restricted cash at beginning of period	87	110
Cash, cash equivalents and restricted cash at end of period	\$74	\$79
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$366	\$174

See Notes to Condensed Consolidated Financial Statements

17

PART I

PROGRESS ENERGY, INC.

Condensed Consolidated Statements of Changes in Equity
(Unaudited)

			Accumulated Other Comprehensive Income (Loss)			Total Progress Energy, Inc.		Total
	Additional Paid-in Capital	Retained Earnings	Net Losses on Cash Flow Hedges	Net Gains (losses) on Sale Securities	Pension and Other Adjustments	Stockholders' Equity	Noncontrolling Interests	
(in millions)								
Balance at December 31, 2016	\$ 8,094	\$ 3,764	\$ (23)	\$ 1	\$ (16)	\$ 11,820	\$ (13)	\$ 11,807
Net income	—	473	—	—	—	473	5	478
Other comprehensive income	—	—	6	2	2	10	—	10
Other	2	—	—	—	—	2	—	2
Balance at June 30, 2017	\$ 8,096	\$ 4,237	\$ (17)	\$ 3	\$ (14)	\$ 12,305	\$ (8)	\$ 12,297
Balance at December 31, 2017	\$ 9,143	\$ 4,350	\$ (18)	\$ 5	\$ (12)	\$ 13,468	\$ (3)	\$ 13,465
Net income	—	500	—	—	—	500	4	504
Other comprehensive income (loss)	—	—	3	(1)	2	4	—	4
Distributions to noncontrolling interests	—	—	—	—	—	—	(1)	(1)
Other ^(a)	—	5	—	(5)	—	—	—	—
Balance at June 30, 2018	\$ 9,143	\$ 4,855	\$ (15)	\$ (1)	\$ (10)	\$ 13,972	\$ —	\$ 13,972

Amounts in Retained Earnings and Accumulated Other Comprehensive Loss represent a cumulative-effect (a) adjustment due to implementation of a new accounting standard related to Financial Instruments Classification and Measurement. See Note 1 for more information.

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY PROGRESS, LLC

Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months		Six Months	
	Ended		Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Operating Revenues	\$1,291	\$1,199	\$2,751	\$2,418
Operating Expenses				
Fuel used in electric generation and purchased power	408	375	917	739
Operation, maintenance and other	375	342	756	704
Depreciation and amortization	235	173	470	354
Property and other taxes	40	40	75	80
Impairment charges	1	—	33	—
Total operating expenses	1,059	930	2,251	1,877
Gains on Sales of Other Assets and Other, net	1	1	2	3
Operating Income	233	270	502	544
Other Income and Expenses, net	19	26	37	57
Interest Expense	78	70	159	152
Income Before Income Taxes	174	226	380	449
Income Tax Expense	35	72	64	148
Net Income and Comprehensive Income	\$139	\$154	\$316	\$301

See Notes to Condensed Consolidated Financial Statements

19

PART I

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

(in millions)

June 30, 2018 December 31, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 18	\$ 20
Receivables (net of allowance for doubtful accounts of \$2 at 2018 and \$1 at 2017)	50	56
Receivables of VIEs (net of allowance for doubtful accounts of \$5 at 2018 and 2017)	568	459
Receivables from affiliated companies	1	3
Inventory	976	1,017
Regulatory assets	532	352
Other	33	97
Total current assets	2,178	2,004
Property, Plant and Equipment		
Cost	30,535	29,583
Accumulated depreciation and amortization	(11,296)	(10,903)
Generation facilities to be retired, net	378	421
Net property, plant and equipment	19,617	19,101
Other Noncurrent Assets		
Regulatory assets	3,573	3,507
Nuclear decommissioning trust funds	2,627	2,588
Other	635	599
Total other noncurrent assets	6,835	6,694
Total Assets	\$ 28,630	\$ 27,799

LIABILITIES AND EQUITY

Current Liabilities

Accounts payable	\$ 375	\$ 402
Accounts payable to affiliated companies	175	179
Notes payable to affiliated companies	540	240
Taxes accrued	90	64
Interest accrued	103	102
Current maturities of long-term debt	603	3
Asset retirement obligations	381	295
Regulatory liabilities	157	139
Other	344	376
Total current liabilities	2,768	1,800
Long-Term Debt	6,605	7,204
Long-Term Debt Payable to Affiliated Companies	150	150
Other Noncurrent Liabilities		
Deferred income taxes	1,957	1,883
Asset retirement obligations	4,454	4,378
Regulatory liabilities	3,998	3,999
Accrued pension and other post-retirement benefit costs	243	248
Investment tax credits	142	143
Other	48	45
Total other noncurrent liabilities	10,842	10,696

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Commitments and Contingencies

Equity

Member's Equity

8,265

7,949

Total Liabilities and Equity

\$ 28,630

\$ 27,799

See Notes to Condensed Consolidated Financial Statements

20

PART I

DUKE ENERGY PROGRESS, LLC

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended	
	June 30,	
(in millions)	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$316	\$301
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	565	453
Equity component of AFUDC	(26)	(26)
Gains on sales of other assets	(2)	(4)
Impairment charges	33	—
Deferred income taxes	53	224
Accrued pension and other post-retirement benefit costs	7	(10)
Contributions to qualified pension plans	(25)	—
Payments for asset retirement obligations	(89)	(101)
Other rate case adjustments	37	—
Provision for rate refunds	65	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	6	(3)
Receivables	(104)	3
Receivables from affiliated companies	2	—
Inventory	41	23
Other current assets	(111)	(50)
Increase (decrease) in		
Accounts payable	(17)	(218)
Accounts payable to affiliated companies	(4)	(58)
Taxes accrued	26	(43)
Other current liabilities	(38)	(111)
Other assets	10	(37)
Other liabilities	13	(9)
Net cash provided by operating activities	758	334
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(996)	(840)
Purchases of debt and equity securities	(573)	(819)
Proceeds from sales and maturities of debt and equity securities	556	805
Notes receivable from affiliated companies	—	165
Other	(45)	(22)
Net cash used in investing activities	(1,058)	(711)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	15
Payments for the redemption of long-term debt	—	(269)
Notes payable to affiliated companies	300	633
Other	(2)	(1)
Net cash provided by financing activities	298	378
Net (decrease) increase in cash and cash equivalents	(2)	1

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Cash and cash equivalents at beginning of period	20	11
Cash and cash equivalents at end of period	\$18	\$12
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$172	\$52

See Notes to Condensed Consolidated Financial Statements

21

PART I

DUKE ENERGY PROGRESS, LLC

Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Member's Equity
Balance at December 31, 2016	\$ 7,358
Net income	301
Balance at June 30, 2017	\$ 7,659
Balance at December 31, 2017	\$ 7,949
Net income	316
Balance at June 30, 2018	\$ 8,265

See Notes to Condensed Consolidated Financial Statements

22

PART I

DUKE ENERGY FLORIDA, LLC

Condensed Consolidated Statements of Operations and Comprehensive Income

(Unaudited)

(in millions)	Three Months		Six Months	
	Ended June 30, 2018	2017	Ended June 30, 2018	2017
Operating Revenues	\$1,203	\$1,191	\$2,318	\$2,150
Operating Expenses				
Fuel used in electric generation and purchased power	486	455	953	817
Operation, maintenance and other	237	208	474	403
Depreciation and amortization	144	137	294	269
Property and other taxes	91	89	179	166
Impairment charges	—	1	—	2
Total operating expenses	958	890	1,900	1,657
Operating Income	245	301	418	493
Other Income and Expenses, net	26	19	47	39
Interest Expense	66	70	137	140
Income Before Income Taxes	205	250	328	392
Income Tax Expense	37	92	57	144
Net Income	\$168	\$158	\$271	\$248
Other Comprehensive (Loss) Income, net of tax				
Unrealized (losses) gains on available-for-sale securities	(1) 1	(1) 2
Comprehensive Income	\$167	\$159	\$270	\$250

See Notes to Condensed Consolidated Financial Statements

23

PART I

DUKE ENERGY FLORIDA, LLC

Condensed Consolidated Balance Sheets

(Unaudited)

(in millions)

June 30, 2018 December 31, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 14	\$ 13
Receivables (net of allowance for doubtful accounts of \$3 at 2018 and 2017)	78	65
Receivables of VIEs (net of allowance for doubtful accounts of \$2 at 2018 and 2017)	400	321
Receivables from affiliated companies	6	2
Notes receivable from affiliated companies	423	313
Inventory	546	574
Regulatory assets (includes \$51 at 2018 and 2017 related to VIEs)	439	389
Other (includes \$31 at 2018 and \$40 at 2017 related to VIEs)	183	86
Total current assets	2,089	1,763
Property, Plant and Equipment		
Cost	18,353	17,730
Accumulated depreciation and amortization	(5,079)	(4,947)
Net property, plant and equipment	13,274	12,783
Other Noncurrent Assets		
Regulatory assets (includes \$1,071 at 2018 and \$1,091 at 2017 related to VIEs)	2,163	2,503
Nuclear decommissioning trust funds	715	736
Other	307	284
Total other noncurrent assets	3,185	3,523
Total Assets	\$ 18,548	\$ 18,069

LIABILITIES AND EQUITY

Current Liabilities

Accounts payable	\$ 440	\$ 602
Accounts payable to affiliated companies	63	74
Taxes accrued	115	34
Interest accrued	53	56
Current maturities of long-term debt (includes \$53 at 2018 and 2017 related to VIEs)	269	768
Asset retirement obligations	5	—
Regulatory liabilities	76	74
Other	357	334
Total current liabilities	1,378	1,942
Long-Term Debt (includes \$1,361 at 2018 and \$1,389 at 2017 related to VIEs)	7,183	6,327
Other Noncurrent Liabilities		
Deferred income taxes	2,007	1,761
Asset retirement obligations	597	742
Regulatory liabilities	1,194	1,307
Accrued pension and other post-retirement benefit costs	243	264
Other	58	108
Total other noncurrent liabilities	4,099	4,182

Commitments and Contingencies

Equity

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Member's equity	5,890	5,614
Accumulated other comprehensive (loss) income	(2) 4
Total equity	5,888	5,618
Total Liabilities and Equity	\$ 18,548	\$ 18,069

See Notes to Condensed Consolidated Financial Statements

24

PART I

DUKE ENERGY FLORIDA, LLC

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended	
(in millions)	June 30, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$271	\$248
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	374	274
Equity component of AFUDC	(26)	(22)
Impairment charges	—	2
Deferred income taxes	206	186
Accrued pension and other post-retirement benefit costs	3	2
Contributions to qualified pension plans	(20)	—
Payments for asset retirement obligations	(19)	(27)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	6	2
Receivables	(92)	(65)
Receivables from affiliated companies	(4)	—
Inventory	28	72
Other current assets	(114)	(67)
Increase (decrease) in		
Accounts payable	34	7
Accounts payable to affiliated companies	(11)	(83)
Taxes accrued	81	78
Other current liabilities	(21)	(57)
Other assets	(196)	(32)
Other liabilities	(10)	(5)
Net cash provided by operating activities	490	513
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(731)	(893)
Purchases of debt and equity securities	(239)	(289)
Proceeds from sales and maturities of debt and equity securities	264	318
Notes receivable from affiliated companies	(110)	(230)
Other	(35)	—
Net cash used in investing activities	(851)	(1,094)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	989	908
Payments for the redemption of long-term debt	(635)	(57)
Notes payable to affiliated companies	—	(297)
Other	(1)	(1)
Net cash provided by financing activities	353	553
Net decrease in cash, cash equivalents and restricted cash	(8)	(28)
Cash, cash equivalents and restricted cash at beginning of period	53	69
Cash, cash equivalents and restricted cash at end of period	\$45	\$41
Supplemental Disclosures:		

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Significant non-cash transactions:

Accrued capital expenditures	\$194	\$122
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See Notes to Condensed Consolidated Financial Statements

25

PART I

DUKE ENERGY FLORIDA, LLC

Condensed Consolidated Statements of Changes in Equity
(Unaudited)

		Accumulated Other Comprehensive Income (Loss) Net Unrealized Gains (Losses) on	
(in millions)	Member's Equity	Available-for-Sale Securities	Total Equity
Balance at December 31, 2016	\$ 4,899	\$ 1	\$4,900
Net income	248	—	248
Other comprehensive income	—	2	2
Other	2	—	2
Balance at June 30, 2017	\$ 5,149	\$ 3	\$5,152
Balance at December 31, 2017	\$ 5,614	\$ 4	\$5,618
Net income	271	—	271
Other comprehensive loss	—		