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Duke Energy Indiana, Inc.
 Form 10-Q
 November 05, 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 September 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
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
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
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 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
		DUKE ENERGY OHIO, INC. (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853 31-0240030
		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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Florida	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Carolinas	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Ohio	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Progress Energy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Duke Energy Indiana	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Duke Energy Progress	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>			

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

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

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

Number of shares of Common stock outstanding at November 3, 2015:

Registrant	Description	Shares
Duke Energy	Common stock, \$0.001 par value	688,334,378
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;

The expected timing and likelihood of completion of the proposed acquisition of Piedmont Natural Gas Company, Inc. (Piedmont), including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed acquisition that could reduce anticipated benefits or cause the parties to abandon the acquisition, as well as the ability to successfully integrate the businesses and realize anticipated benefits and the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect; 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)

(in millions, except per-share amounts)	Three Months Ended		Nine Months Ended		
	September 30, 2015	2014	September 30, 2015	2014	
Operating Revenues					
Regulated electric	\$6,017	\$5,861	\$16,564	\$16,549	
Nonregulated electric and other	377	449	1,157	1,403	
Regulated natural gas	89	85	416	414	
Total operating revenues	6,483	6,395	18,137	18,366	
Operating Expenses					
Fuel used in electric generation and purchased power – regulated	2,113	2,132	5,775	5,940	
Fuel used in electric generation and purchased power – nonregulated	61	148	283	410	
Cost of natural gas and other	21	27	158	181	
Operation, maintenance and other	1,426	1,409	4,274	4,254	
Depreciation and amortization	774	788	2,341	2,305	
Property and other taxes	293	275	836	936	
Impairment charges	111	1	111	81	
Total operating expenses	4,799	4,780	13,778	14,107	
Gains on Sales of Other Assets and Other, net	4	4	31	11	
Operating Income	1,688	1,619	4,390	4,270	
Other Income and Expenses					
Equity in earnings of unconsolidated affiliates	17	28	53	97	
Other income and expenses, net	57	109	203	293	
Total other income and expenses	74	137	256	390	
Interest Expense	402	405	1,208	1,212	
Income From Continuing Operations Before Income Taxes	1,360	1,351	3,438	3,448	
Income Tax Expense from Continuing Operations	420	460	1,118	1,081	
Income From Continuing Operations	940	891	2,320	2,367	
(Loss) Income From Discontinued Operations, net of tax	(5) 378	29	(578)
Net Income	935	1,269	2,349	1,789	
Less: Net Income (Loss) Attributable to Noncontrolling Interests	3	(5	) 10	3
Net Income Attributable to Duke Energy Corporation	\$932	\$1,274	\$2,339	\$1,786	
Earnings Per Share – Basic and Diluted					
Income from continuing operations attributable to Duke Energy Corporation common stockholders					
Basic	\$1.36	\$1.25	\$3.31	\$3.33	
Diluted	\$1.36	\$1.25	\$3.31	\$3.33	
(Loss) Income from discontinued operations attributable to Duke Energy Corporation common stockholders					

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Basic	\$ (0.01)	\$ 0.55	\$ 0.05	\$ (0.81)
Diluted	\$ (0.01)	\$ 0.55	\$ 0.05	\$ (0.81)
Net income attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.35	\$ 1.80	\$ 3.36	\$ 2.52
Diluted	\$ 1.35	\$ 1.80	\$ 3.36	\$ 2.52
Weighted-average shares outstanding				
Basic	688	707	696	707
Diluted	688	707	696	707

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY CORPORATION

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,		
	2015	2014	2015	2014	
Net Income	\$935	\$1,269	\$2,349	\$1,789	
Other Comprehensive Loss, net of tax					
Foreign currency translation adjustments	(122	) (102	) (238	) (50)
Pension and OPEB adjustments	(3	) 1	(1	) 1	
Net unrealized (losses) gains on cash flow hedges	(9	) 2	(7	) (10)
Reclassification into earnings from cash flow hedges	1	2	6	5	
Unrealized (losses) gains on available-for-sale securities	(2	) —	(5	) 2	
Other Comprehensive Loss, net of tax	(135	) (97	) (245	) (52)
Comprehensive Income	800	1,172	2,104	1,737	
Less: Comprehensive (Loss) Income Attributable to Noncontrolling Interests	(2	) (1	) —	8	
Comprehensive Income Attributable to Duke Energy Corporation	\$802	\$1,173	\$2,104	\$1,729	

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,370	\$ 2,036
Receivables (net of allowance for doubtful accounts of \$17 at September 30, 2015 and December 31, 2014)	722	791
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$54 at September 30, 2015 and \$51 at December 31, 2014)	2,037	1,973
Inventory	3,537	3,459
Assets held for sale	—	364
Regulatory assets	963	1,115
Other	1,566	1,837
Total current assets	10,195	11,575
Investments and Other Assets		
Investments in equity method unconsolidated affiliates	501	358
Nuclear decommissioning trust funds	5,566	5,546
Goodwill	16,312	16,321
Assets held for sale	—	2,642
Other	3,205	3,008
Total investments and other assets	25,584	27,875
Property, Plant and Equipment		
Cost	110,795	104,861
Accumulated depreciation and amortization	(37,479	) (34,824
Generation facilities to be retired, net	460	9
Net property, plant and equipment	73,776	70,046
Regulatory Assets and Deferred Debits		
Regulatory assets	11,290	11,042
Other	188	171
Total regulatory assets and deferred debits	11,478	11,213
Total Assets	\$ 121,033	\$ 120,709
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 2,078	\$ 2,271
Notes payable and commercial paper	2,419	2,514
Taxes accrued	628	569
Interest accrued	483	418
Current maturities of long-term debt	2,536	2,807
Liabilities associated with assets held for sale	—	262
Regulatory liabilities	320	204
Other	2,052	2,188
Total current liabilities	10,516	11,233
Long-Term Debt	37,667	37,213
Deferred Credits and Other Liabilities		

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Deferred income taxes	13,999	13,423
Investment tax credits	416	427
Accrued pension and other post-retirement benefit costs	1,130	1,145
Liabilities associated with assets held for sale	—	35
Asset retirement obligations	9,713	8,466
Regulatory liabilities	6,129	6,193
Other	1,595	1,675
Total deferred credits and other liabilities	32,982	31,364
Commitments and Contingencies		
Equity		
Common stock, \$0.001 par value, 2 billion shares authorized; 688 million and 707 million shares outstanding at September 30, 2015 and December 31, 2014, respectively		1
Additional paid-in capital	37,953	39,405
Retained earnings	2,656	2,012
Accumulated other comprehensive loss	(778)	(543)
Total Duke Energy Corporation stockholders' equity	39,832	40,875
Noncontrolling interests	36	24
Total equity	39,868	40,899
Total Liabilities and Equity	\$ 121,033	\$ 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)

(in millions)	Nine Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$2,349	\$1,789
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	2,680	2,641
Equity component of AFUDC	(123	) (99
Gains on sales of other assets	(44	) (27
Impairment charges	145	848
Deferred income taxes	1,104	562
Equity in earnings of unconsolidated affiliates	(53	) (97
Accrued pension and other post-retirement benefit costs	53	81
Contributions to qualified pension plans	(143) —
Payments for asset retirement obligations	(208	) (52
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(23	) 128
Receivables	67	(24
Inventory	(13	) (17
Other current assets	(119	) (315
Increase (decrease) in		
Accounts payable	(182	) (303
Taxes accrued	41	37
Other current liabilities	79	(99
Other assets	(143	) (100
Other liabilities	(71	) 214
Net cash provided by operating activities	5,396	5,167
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(4,642	) (3,755
Investment expenditures	(209	) (65
Acquisitions	(1,317	) (16
Purchases of available-for-sale securities	(3,017	) (2,424
Proceeds from sales and maturities of available-for-sale securities	3,037	2,445
Net proceeds from the sale of Midwest generation business and sales of equity investments and other assets	2,916	172
Change in restricted cash	(49	) (15
Other	(10	) (76
Net cash used in investing activities	(3,291	) (3,734
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	1,780	2,217
Issuance of common stock related to employee benefit plans	16	24
Payments for the redemption of long-term debt	(1,264	) (2,503
Proceeds from the issuance of short-term debt with original maturities greater than 90 days	287	—

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Payments for the redemption of short-term debt with original maturities greater than 90 days	(931) —	
Notes payable and commercial paper	531	941	
Distributions to noncontrolling interests	(7	) (45)
Dividends paid	(1,685	) (1,670)
Repurchase of common shares	(1,500) —	
Other	2	33	
Net cash used in financing activities	(2,771	) (1,003)
Net (decrease) increase in cash and cash equivalents	(666	) 430	
Cash and cash equivalents at beginning of period	2,036	1,501	
Cash and cash equivalents at end of period	\$1,370	\$1,931	
Supplemental Disclosures:			
Significant non-cash transactions:			
Accrued capital expenditures	\$610	\$466	

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY CORPORATION

Condensed Consolidated Statements of Changes in Equity

(Unaudited)

	Common Stock Shares	Additional Paid-in Stock Capital	Retained Earnings	Accumulated Other Comprehensive Loss Foreign Currency Translation Adjustment	Net Unrealized Gains (Losses) on Available for-Sale Securities	Net Losses on Cash Flow Hedges	Pension and OPEB Adjustment	Common Stockholders' Equity	Noncontrolling Interests	Total Equity	
Balance at December 31, 2013	706	\$ 1	\$ 39,365	\$ 2,363	\$(307)	\$(40)	\$—	\$(52)	\$ 41,330	\$ 78	\$ 41,408
Net income	—	—	—	1,786	—	—	—	—	1,786	3	1,789
Other comprehensive (loss) income	—	—	—	(55)	(5)	2	1	(57)	5	(52)	
Common stock issuances, including dividend reinvestment and employee benefits	1	—	23	—	—	—	—	—	23	—	23
Common stock dividends	—	—	—	(1,670)	—	—	—	—	(1,670)	—	(1,670)
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(45)	(45)
Balance at September 30, 2014	707	\$ 1	\$ 39,388	\$ 2,479	\$(362)	\$(45)	\$ 2	\$(51)	\$ 41,412	\$ 41	\$ 41,453
Balance at December 31, 2014	707	\$ 1	\$ 39,405	\$ 2,012	\$(439)	\$(59)	\$ 3	\$(48)	\$ 40,875	\$ 24	\$ 40,899
Net income	—	—	—	2,339	—	—	—	—	2,339	10	2,349
Other comprehensive loss	—	—	—	(228)	(1)	(5)	(1)	(235)	(10)	(245)	
Common stock issuances, including	1	—	48	—	—	—	—	—	48	—	48

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dividend reinvestment and employee benefits																
Stock repurchase	(20)	—	(1,500)	—	—	—	—	(1,500)	—	(1,500)		
Common stock dividends	—	—	—	(1,685	)	—	—	—	—	(1,685	)	—	(1,685)	
Distributions to noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	—	(7	)	(7)	
Other ^(a)	—	—	—	(10	)	—	—	—	—	(10	)	19	9	
Balance at September 30, 688 2015			\$ 1	\$ 37,953	\$ 2,656	\$(667)	\$(60)	\$(2)	\$(49)	\$ 39,832	\$ 36	\$ 39,868

^(a) The \$19 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)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Operating Revenues	\$2,061	\$1,938	\$5,669	\$5,693
Operating Expenses				
Fuel used in electric generation and purchased power	548	524	1,553	1,685
Operation, maintenance and other	511	465	1,469	1,415
Depreciation and amortization	269	260	779	750
Property and other taxes	67	59	204	263
Impairment charges	—	—	—	3
Total operating expenses	1,395	1,308	4,005	4,116
Operating Income	666	630	1,664	1,577
Other Income and Expenses, net	42	44	125	137
Interest Expense	105	104	313	307
Income Before Income Taxes	603	570	1,476	1,407
Income Tax Expense	220	193	536	474
Net Income	\$383	\$377	\$940	\$933
Other Comprehensive Income, net of tax				
Reclassification into earnings from cash flow hedges	1	—	1	2
Unrealized gains on available-for-sale securities	1	—	1	—
Other Comprehensive Income, net of tax	2	—	2	2
Comprehensive Income	\$385	\$377	\$942	\$935

See Notes to Condensed Consolidated Financial Statements

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PART I

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

(in millions)	September 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$198	\$13
Receivables (net of allowance for doubtful accounts of \$3 at September 30, 2015 and December 31, 2014)	110	129
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$6 at September 30, 2015 and December 31, 2014)	687	647
Receivables from affiliated companies	75	75
Notes receivable from affiliated companies	699	150
Inventory	1,167	1,124
Regulatory assets	322	399
Other	164	77
Total current assets	3,422	2,614
Investments and Other Assets		
Nuclear decommissioning trust funds	2,953	3,042
Other	1,018	959
Total investments and other assets	3,971	4,001
Property, Plant and Equipment		
Cost	38,653	37,372
Accumulated depreciation and amortization	(13,445	) (12,700
Net property, plant and equipment	25,208	24,672
Regulatory Assets and Deferred Debits		
Regulatory assets	2,741	2,465
Other	43	42
Total regulatory assets and deferred debits	2,784	2,507
Total Assets	\$35,385	\$33,794
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	\$623	\$709
Accounts payable to affiliated companies	143	154
Taxes accrued	335	146
Interest accrued	146	95
Current maturities of long-term debt	506	507
Regulatory liabilities	36	34
Other	415	434
Total current liabilities	2,204	2,079
Long-Term Debt	8,078	7,584
Long-Term Debt Payable to Affiliated Companies	300	300
Deferred Credits and Other Liabilities		
Deferred income taxes	6,067	5,812
Investment tax credits	200	204
Accrued pension and other post-retirement benefit costs	107	111

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Asset retirement obligations	3,599	3,428
Regulatory liabilities	2,747	2,710
Other	618	642
Total deferred credits and other liabilities	13,338	12,907
Commitments and Contingencies		
Member's Equity		
Member's equity	11,476	10,937
Accumulated other comprehensive loss	(11	) (13
Total member's equity	11,465	10,924
Total Liabilities and Member's Equity	\$35,385	\$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)

(in millions)	Nine Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$940	\$933
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	1,016	952
Equity component of AFUDC	(73	) (68
Impairment charges	—	3
Deferred income taxes	183	47
Accrued pension and other post-retirement benefit costs	11	16
Contributions to qualified pension plans	(42) —
Payments for asset retirement obligations	(104) —
(Increase) decrease in		
Receivables	(9	) 5
Receivables from affiliated companies	—	(42
Inventory	(48	) 91
Other current assets	42	(130
Increase (decrease) in		
Accounts payable	(141	) (167
Accounts payable to affiliated companies	(11	) 15
Taxes accrued	182	173
Other current liabilities	49	7
Other assets	97	23
Other liabilities	(61	) 21
Net cash provided by operating activities	2,031	1,879
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,372	) (1,289
Purchases of available-for-sale securities	(1,926	) (1,533
Proceeds from sales and maturities of available-for-sale securities	1,926	1,516
Notes receivable from affiliated companies	(549	) (117
Other	(13	) (27
Net cash used in investing activities	(1,934	) (1,450
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	496	—
Payments for the redemption of long-term debt	(3	) (42
Distributions to parent	(401	) (376
Other	(4) —
Net cash provided by (used in) financing activities	88	(418
Net increase in cash and cash equivalents	185	11
Cash and cash equivalents at beginning of period	13	23
Cash and cash equivalents at end of period	\$198	\$34
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$229	\$177

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	933	—	—	933
Other comprehensive income	—	2	—	2
Distributions to parent	(376)	—	—	(376)
Balance at September 30, 2014	\$10,922	\$(12)	\$(1)	\$10,909
Balance at December 31, 2014	\$10,937	\$(12)	\$(1)	\$10,924
Net income	940	—	—	940
Other comprehensive income	—	1	1	2
Distributions to parent	(401)	—	—	(401)
Balance at September 30, 2015	\$11,476	\$(11)	\$—	\$11,465

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		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Operating Revenues	\$2,929	\$2,863	\$7,941	\$7,825
Operating Expenses				
Fuel used in electric generation and purchased power	1,238	1,214	3,273	3,234
Operation, maintenance and other	539	564	1,672	1,714
Depreciation and amortization	261	294	831	851
Property and other taxes	132	127	367	415
Impairment charges	7	1	7	(16)
Total operating expenses	2,177	2,200	6,150	6,198
Gains on Sales of Other Assets and Other, net	4	2	18	3
Operating Income	756	665	1,809	1,630
Other Income and Expenses, net	17	26	63	54
Interest Expense	170	166	504	502
Income From Continuing Operations Before Income Taxes	603	525	1,368	1,182
Income Tax Expense From Continuing Operations	151	195	435	441
Income From Continuing Operations	452	330	933	741
Loss From Discontinued Operations, net of tax	(1)	—	(2)	(6)
Net Income	451	330	931	735
Less: Net Income Attributable to Noncontrolling Interests	3	1	8	2
Net Income Attributable to Parent	\$448	\$329	\$923	\$733
Net Income	\$451	\$330	\$931	\$735
Other Comprehensive Income, net of tax				
Pension and OPEB adjustments	(3)	1	(1)	2
Reclassification into earnings from cash flow hedges	3	1	2	5
Unrealized gains (losses) on available-for-sale securities	—	1	(1)	1
Other Comprehensive Income, net of tax	—	3	—	8
Comprehensive Income	451	333	931	743
Less: Comprehensive Income Attributable to Noncontrolling Interests	3	1	8	2
Comprehensive Income Attributable to Parent	\$448	\$332	\$923	\$741

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.

Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 158	\$42
Receivables (net of allowance for doubtful accounts of \$6 at September 30, 2015 and \$8 at December 31, 2014)	172	129
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$9 at September 30, 2015 and \$8 at December 31, 2014)	863	741
Receivables from affiliated companies	121	59
Notes receivable from affiliated companies	251	220
Inventory	1,604	1,590
Regulatory assets	442	491
Other	633	1,285
Total current assets	4,244	4,557
Investments and Other Assets		
Nuclear decommissioning trust funds	2,612	2,503
Goodwill	3,655	3,655
Other	850	670
Total investments and other assets	7,117	6,828
Property, Plant and Equipment		
Cost	41,940	38,650
Accumulated depreciation and amortization	(14,862)	) (13,506)
Generation facilities to be retired, net	460	—
Net property, plant and equipment	27,538	25,144
Regulatory Assets and Deferred Debits		
Regulatory assets	5,535	5,408
Other	92	91
Total regulatory assets and deferred debits	5,627	5,499
Total Assets	\$44,526	\$42,028
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 697	\$847
Accounts payable to affiliated companies	238	203
Notes payable to affiliated companies	434	835
Taxes accrued	192	114
Interest accrued	198	184
Current maturities of long-term debt	1,265	1,507
Regulatory liabilities	193	106
Other	954	1,021
Total current liabilities	4,171	4,817
Long-Term Debt	14,131	13,247
Deferred Credits and Other Liabilities		
Deferred income taxes	5,001	4,759
Accrued pension and other post-retirement benefit costs	545	533

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Asset retirement obligations	5,222	4,711
Regulatory liabilities	2,382	2,379
Other	345	406
Total deferred credits and other liabilities	13,495	12,788
Commitments and Contingencies		
Equity		
Common stock, \$0.01 par value, 100 shares authorized and outstanding at September 30, 2015 and December 31, 2014	—	—
Additional paid-in capital	8,092	7,467
Retained earnings	4,703	3,782
Accumulated other comprehensive loss	(41	) (41
Total Progress Energy Inc. stockholder's equity	12,754	11,208
Noncontrolling interests	(25	) (32
Total equity	12,729	11,176
Total Liabilities and Equity	\$44,526	\$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)

(in millions)	Nine Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$931	\$735
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	962	985
Equity component of AFUDC	(40	) (18
(Gains) losses on sales of other assets	(24	) 1
Impairment charges	7	(16
Deferred income taxes	512	231
Accrued pension and other post-retirement benefit costs	(4	) 20
Contributions to qualified pension plans	(42) —
Payments for asset retirement obligations	(90	) (52
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	6	28
Receivables	(103	) (162
Receivables from affiliated companies	(62	) (32
Inventory	44	(45
Other current assets	298	(147
Increase (decrease) in		
Accounts payable	(157	) (73
Accounts payable to affiliated companies	35	142
Taxes accrued	75	166
Other current liabilities	115	(96
Other assets	(116	) (126
Other liabilities	(87	) 43
Net cash provided by operating activities	2,260	1,584
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,816	) (1,383
Acquisitions	(1,249) —
Purchases of available-for-sale securities	(829	) (609
Proceeds from sales and maturities of available-for-sale securities	895	594
Proceeds from the sale of nuclear fuel	81	—
Notes receivable from affiliated companies	(31	) (89
Other	(44	) (37
Net cash used in investing activities	(2,993	) (1,524
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,195	875
Payments for the redemption of long-term debt	(555	) (479
Notes payable to affiliated companies	(401	) (391
Distributions to noncontrolling interests	(4	) (37
Capital contribution from parent	625	—
Other	(11) (39
Net cash provided by (used in) financing activities	849	(71

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Net increase (decrease) in cash and cash equivalents	116	(11)
Cash and cash equivalents at beginning of period	42	58	
Cash and cash equivalents at end of period	\$158	\$47	
Supplemental Disclosures:			
Significant non-cash transactions:			
Accrued capital expenditures	\$276	\$159	

See Notes to Condensed Consolidated Financial Statements

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PART I

PROGRESS ENERGY, INC.

Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(in millions)	Additional		Retained Earnings	Accumulated Other Comprehensive Loss			Common Stockholder's Equity	Noncontrolling Interests	Total Equity
	Common Stock	Paid-in Capital		Net Losses on Cash Flow Hedges	Net Gains on Available-for-Sale Securities	Net Unrealized Pension and OPEB Adjustments			
Balance at December 31, 2013	\$ —	\$ 7,467	\$ 3,452	\$(43)	\$ —	\$ (16)	\$ 10,860	\$ 4	\$ 10,864
Net income	—	—	733	—	—	—	733	2	735
Other comprehensive income	—	—	—	5	1	2	8	—	8
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(37)	(37)
Transfer of service company net assets to Duke Energy	—	—	(538)	—	—	—	(538)	—	(538)
Balance at September 30, 2014	\$ —	\$ 7,467	\$ 3,647	\$(38)	\$ 1	\$ (14)	\$ 11,063	\$ (31)	\$ 11,032
Balance at December 31, 2014	\$ —	\$ 7,467	\$ 3,782	\$(35)	\$ 1	\$ (7)	\$ 11,208	\$ (32)	\$ 11,176
Net income	—	—	923	—	—	—	923	8	931
Other comprehensive income (loss)	—	—	—	2	(1)	(1)	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(4)	(4)
Capital contribution from parent	—	625	—	—	—	—	625	—	625
Other	—	—	(2)	—	—	—	(2)	3	1
Balance at September 30, 2015	\$ —	\$ 8,092	\$ 4,703	\$(33)	\$ —	\$ (8)	\$ 12,754	\$ (25)	\$ 12,729

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY PROGRESS, LLC (formerly DUKE ENERGY PROGRESS, INC.)
 Condensed Consolidated Statements of Operations and Comprehensive Income
 (Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Operating Revenues	\$1,488	\$1,367	\$4,130	\$3,980
Operating Expenses				
Fuel used in electric generation and purchased power	584	552	1,608	1,579
Operation, maintenance and other	329	346	1,066	1,074
Depreciation and amortization	147	155	462	441
Property and other taxes	35	29	102	150
Impairment charges	—	—	—	(18)
Total operating expenses	1,095	1,082	3,238	3,226
Gains on Sales of Other Assets and Other, net	1	—	2	1
Operating Income	394	285	894	755
Other Income and Expenses, net	14	18	49	34
Interest Expense	59	57	175	172
Income Before Income Taxes	349	246	768	617
Income Tax Expense	120	89	271	226
Net Income and Comprehensive Income	\$229	\$157	\$497	\$391

See Notes to Condensed Consolidated Financial Statements

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PART I

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

(in millions)	September 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 123	\$ 9
Receivables (net of allowance for doubtful accounts of \$4 at September 30, 2015 and \$7 at December 31, 2014)	63	43
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$6 at September 30, 2015 and \$5 at December 31, 2014)	468	436
Receivables from affiliated companies	6	10
Notes receivable from affiliated companies	307	237
Inventory	986	966
Regulatory assets	333	287
Other	53	384
Total current assets	2,339	2,372
Investments and Other Assets		
Nuclear decommissioning trust funds	1,943	1,701
Other	484	412
Total investments and other assets	2,427	2,113
Property, Plant and Equipment		
Cost	26,919	24,207
Accumulated depreciation and amortization	(10,207	) (9,021
Generation facilities to be retired, net	460	—
Net property, plant and equipment	17,172	15,186
Regulatory Assets and Deferred Debits		
Regulatory assets	2,816	2,675
Other	40	34
Total regulatory assets and deferred debits	2,856	2,709
Total Assets	\$24,794	\$22,380
LIABILITIES AND MEMBER'S/Common Stockholder's Equity		
Current Liabilities		
Accounts payable	\$381	\$481
Accounts payable to affiliated companies	141	120
Taxes accrued	83	47
Interest accrued	86	81
Current maturities of long-term debt	402	945
Regulatory liabilities	80	71
Other	375	409
Total current liabilities	1,548	2,154
Long-Term Debt		
Deferred Credits and Other Liabilities	6,449	5,256
Deferred income taxes	3,097	2,908
Accrued pension and other post-retirement benefit costs	277	290
Asset retirement obligations	4,489	3,905
Regulatory liabilities	1,825	1,832

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Other	120	168
Total deferred credits and other liabilities	9,808	9,103
Commitments and Contingencies		
Member's/Common Stockholder's Equity		
Member's Equity	6,989	—
Common stock, no par value, 200 million shares authorized; 160 million shares outstanding at December 31, 2014	—	2,159
Retained earnings	—	3,708
Total member's/common stockholder's equity	6,989	5,867
Total Liabilities and Member's/Common Stockholder's Equity	\$24,794	\$22,380

See Notes to Condensed Consolidated Financial Statements

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PART I

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

(in millions)	Nine Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$497	\$391
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	587	570
Equity component of AFUDC	(35	) (17
Gains on sales of other assets	(5	) (1
Impairment charges	—	(18
Deferred income taxes	308	152
Accrued pension and other post-retirement benefit costs	(11	) (5
Contributions to qualified pension plans	(21) —
Payments for asset retirement obligations	(53) —
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(3	) 9
Receivables	(51	) 33
Receivables from affiliated companies	4	(7
Inventory	37	(53
Other current assets	187	(97
Increase (decrease) in		
Accounts payable	(69	) (67
Accounts payable to affiliated companies	21	102
Taxes accrued	34	95
Other current liabilities	22	(46
Other assets	(41	) (28
Other liabilities	(64	) (23
Net cash provided by operating activities	1,344	990
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,120	) (871
Acquisitions	(1,249) —
Purchases of available-for-sale securities	(511	) (371
Proceeds from sales and maturities of available-for-sale securities	488	351
Notes receivable from affiliated companies	(70) —
Other	(35	) (25
Net cash used in investing activities	(2,497	) (916
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	1,195	650
Payments for the redemption of long-term debt	(544	) (169
Notes payable to affiliated companies	—	(340
Capital contribution from parent	625	—
Dividends to parent	—	(224
Other	(9	) (6
Net cash provided by (used in) financing activities	1,267	(89
Net increase (decrease) in cash and cash equivalents	114	(15

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Cash and cash equivalents at beginning of period	9	21
Cash and cash equivalents at end of period	\$123	\$6
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$136	\$107

See Notes to Condensed Consolidated Financial Statements

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PART I

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

(in millions)	Common Stock	Retained Earnings	Member's Equity	Total Equity	
Balance at December 31, 2013	\$2,159	\$3,466	\$—	\$5,625	
Net income	—	391	—	391	
Dividends to parent	—	(224) —	(224)
Balance at September 30, 2014	\$2,159	\$3,633	\$—	\$5,792	
Balance at December 31, 2014	\$2,159	\$3,708	\$—	\$5,867	
Net income	—	355	142	497	
Transfer to Member's Equity	(2,159	) (4,063	) 6,222	—
Contribution from parent	—	—	625	625	
Balance at September 30, 2015	\$—	\$—	\$6,989	\$6,989	

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY FLORIDA, LLC (formerly DUKE ENERGY FLORIDA, INC.)
 Condensed Consolidated Statements of Operations and Comprehensive Income
 (Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Operating Revenues	\$1,436	\$1,491	\$3,803	\$3,832
Operating Expenses				
Fuel used in electric generation and purchased power	654	662	1,665	1,655
Operation, maintenance and other	208	212	598	626
Depreciation and amortization	113	139	369	410
Property and other taxes	97	99	265	266
Impairment charges	7	1	7	2
Total operating expenses	1,079	1,113	2,904	2,959
Operating Income	357	378	899	873
Other Income and Expenses, net	2	6	12	17
Interest Expense	50	51	149	150
Income Before Income Taxes	309	333	762	740
Income Tax Expense	93	128	268	285
Net Income	\$216	\$205	\$494	\$455
Other Comprehensive Income, net of tax				
Reclassification into earnings from cash flow hedges	—	—	—	1
Comprehensive Income	\$216	\$205	\$494	\$456

See Notes to Condensed Consolidated Financial Statements

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PART I

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

Condensed Consolidated Balance Sheets

(Unaudited)

(in millions)	September 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 16	\$ 8
Receivables (net of allowance for doubtful accounts of \$2 at September 30, 2015 and December 31, 2014)	107	84
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$3 at September 30, 2015 and December 31, 2014)	395	305
Receivables from affiliated companies	98	40
Inventory	618	623
Regulatory assets	108	203
Other	179	521
Total current assets	1,521	1,784
Investments and Other Assets		
Nuclear decommissioning trust funds	669	803
Other	308	204
Total investments and other assets	977	1,007
Property, Plant and Equipment		
Cost	15,011	14,433
Accumulated depreciation and amortization	(4,648	) (4,478
Net property, plant and equipment	10,363	9,955
Regulatory Assets and Deferred Debits		
Regulatory assets	2,719	2,733
Other	36	39
Total regulatory assets and deferred debits	2,755	2,772
Total Assets	\$ 15,616	\$ 15,518
LIABILITIES AND MEMBER'S/Common Stockholder's Equity		
Current Liabilities		
Accounts payable	\$ 316	\$ 365
Accounts payable to affiliated companies	80	70
Notes payable to affiliated companies	245	84
Taxes accrued	108	65
Interest accrued	62	47
Current maturities of long-term debt	563	562
Regulatory liabilities	113	35
Other	553	586
Total current liabilities	2,040	1,814
Long-Term Debt		
Deferred Credits and Other Liabilities	4,287	4,298
Deferred income taxes	2,579	2,452
Accrued pension and other post-retirement benefit costs	249	221
Asset retirement obligations	732	806
Regulatory liabilities	556	547

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Other	157	158
Total deferred credits and other liabilities	4,273	4,184
Commitments and Contingencies		
Member's/Common Stockholder's Equity		
Member's equity	5,016	—
Common stock, no par; 60 million shares authorized; 100 shares outstanding at December 31, 2014	—	1,762
Retained earnings	—	3,460
Total member's/common stockholder's equity	5,016	5,222
Total Liabilities and Member's/Common Stockholder's Equity	\$ 15,616	\$ 15,518

See Notes to Condensed Consolidated Financial Statements

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PART I

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

(in millions)	Nine Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$494	\$455
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	373	413
Equity component of AFUDC	(4	) (1
Impairment charges	7	2
Deferred income taxes	341	194
Accrued pension and other post-retirement benefit costs	4	22
Contributions to qualified pension plans	(21) —
Payments for asset retirement obligations	(37	) (52
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	3	13
Receivables	(52	) (118
Receivables from affiliated companies	(58	) (37
Inventory	7	7
Other current assets	78	(90
Increase (decrease) in		
Accounts payable	(88	) 32
Accounts payable to affiliated companies	10	29
Taxes accrued	43	68
Other current liabilities	97	(50
Other assets	(73	) (92
Other liabilities	(29	) (1
Net cash provided by operating activities	1,095	794
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(696	) (513
Purchases of available-for-sale securities	(318	) (238
Proceeds from sales and maturities of available-for-sale securities	408	243
Proceeds from the sale of nuclear fuel	81	—
Notes receivable from affiliated companies	—	(182
Other	(12	) (14
Net cash used in investing activities	(537	) (704
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	—	225
Payments for the redemption of long-term debt	(11	) (10
Notes payable to affiliated companies	161	(181
Dividends to parent	(350	) (124
Distribution to parent	(350) —
Other	—	(1
Net cash used in financing activities	(550	) (91
Net increase (decrease) in cash and cash equivalents	8	(1
Cash and cash equivalents at beginning of period	8	16

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Cash and cash equivalents at end of period	\$16	\$15
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$140	\$52

See Notes to Condensed Consolidated Financial Statements

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PART I

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

(in millions)	Common Stock	Retained Earnings	Member's Equity	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	—	455	—	—	455
Other comprehensive income	—	—	—	1	1
Dividends to parent	—	(124)	—	—	(124)
Balance at September 30, 2014	\$1,762	\$3,367	\$—	\$—	\$5,129
Balance at December 31, 2014	\$1,762	\$3,460	\$—	\$—	\$5,222
Net income	—	351	143	—	494
Dividends to parent	—	(350)	—	—	(350)
Distribution to parent	—	—	(350)	—	(350)
Transfer to Member's Equity	(1,762)	(3,461)	5,223	—	—
Balance at September 30, 2015	\$—	\$—	\$5,016	\$—	\$5,016

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)

(in millions)	Three Months Ended		Nine Months Ended		
	September 30,		September 30,		
	2015	2014	2015	2014	
Operating Revenues					
Regulated electric	\$367	\$352	\$1,005	\$998	
Nonregulated electric and other	6	6	29	17	
Regulated natural gas	89	88	419	418	
Total operating revenues	462	446	1,453	1,433	
Operating Expenses					
Fuel used in electric generation and purchased power – regulated	128	129	350	360	
Fuel used in electric generation and purchased power – nonregulated	10	5	36	24	
Cost of natural gas	7	8	116	129	
Operation, maintenance and other	124	134	370	378	
Depreciation and amortization	57	54	172	167	
Property and other taxes	60	58	187	170	
Impairment charges	—	—	—	94	
Total operating expenses	386	388	1,231	1,322	
Gains on Sales of Other Assets and Other, net	—	—	8	—	
Operating Income	76	58	230	111	
Other Income and Expenses, net	—	3	(2	) 9
Interest Expense	20	20	58	60	
Income From Continuing Operations Before Income Taxes	56	41	170	60	
Income Tax Expense From Continuing Operations	22	15	64	21	
Income From Continuing Operations	34	26	106	39	
(Loss) Income From Discontinued Operations, net of tax	(2) 413	23	(597)
Net Income (Loss) and Comprehensive Income (Loss)	\$32	\$439	\$129	\$(558)

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY OHIO, INC.

Condensed Consolidated Balance Sheets

(Unaudited)

(in millions)	September 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$24	\$20
Receivables (net of allowance for doubtful accounts of \$3 at September 30, 2015 and \$2 at December 31, 2014)	81	93
Receivables from affiliated companies	61	107
Notes receivable from affiliated companies	—	145
Inventory	103	97
Assets held for sale	—	316
Regulatory assets	32	49
Other	167	167
Total current assets	468	994
Investments and Other Assets		
Goodwill	920	920
Assets held for sale	—	2,605
Other	17	23
Total investments and other assets	937	3,548
Property, Plant and Equipment		
Cost	7,649	7,141
Accumulated depreciation and amortization	(2,474	) (2,213
Generation facilities to be retired, net	—	9
Net property, plant and equipment	5,175	4,937
Regulatory Assets and Deferred Debits		
Regulatory assets	495	512
Other	8	8
Total regulatory assets and deferred debits	503	520
Total Assets	\$7,083	\$9,999
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$219	\$209
Accounts payable to affiliated companies	42	74
Notes payable to affiliated companies	134	491
Taxes accrued	131	163
Interest accrued	28	19
Current maturities of long-term debt	56	157
Liabilities associated with assets held for sale	—	246
Regulatory liabilities	25	10
Other	151	66
Total current liabilities	786	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	1,395	1,765

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Accrued pension and other post-retirement benefit costs	52	48
Liabilities associated with assets held for sale	—	34
Asset retirement obligations	143	27
Regulatory liabilities	251	241
Other	165	166
Total deferred credits and other liabilities	2,006	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 September 30, 2015 and December 31, 2014	762	762
Additional paid-in capital	2,721	4,782
Accumulated deficit	(741	) (870
Total common stockholder's equity	2,742	4,674
Total Liabilities and Common Stockholder's Equity	\$7,083	\$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)

(in millions)	Nine Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$129	\$(558)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, amortization and accretion	175	205
Equity component of AFUDC	(2)	(3)
Gains on sales of other assets and other, net	(8)	—
Impairment charges	40	889
Deferred income taxes	127	(285)
Accrued pension and other post-retirement benefit costs	7	6
Contributions to qualified pension plans	(4)	—
Payments for asset retirement obligations	(2)	—
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(11)	124
Receivables	8	(66)
Receivables from affiliated companies	46	62
Inventory	2	(16)
Other current assets	6	56
Increase (decrease) in		
Accounts payable	7	(42)
Accounts payable to affiliated companies	(32)	(6)
Taxes accrued	(58)	13
Other current liabilities	101	46
Other assets	28	(8)
Other liabilities	(57)	(20)
Net cash provided by operating activities	502	397
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(266)	(242)
Notes receivable from affiliated companies	145	(178)
Other	(9)	—
Net cash used in investing activities	(130)	(420)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for the redemption of long-term debt	(153)	(406)
Notes payable to affiliated companies	(64)	520
Dividends to parent	(149)	(100)
Other	(2)	1
Net cash (used in) provided by financing activities	(368)	15
Net increase (decrease) in cash and cash equivalents	4	(8)
Cash and cash equivalents at beginning of period	20	36
Cash and cash equivalents at end of period	\$24	\$28
Supplemental Disclosures:		
Significant non-cash transactions:		

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Accrued capital expenditures	\$24	\$21
Distribution of membership interest of Duke Energy SAM, LLC to parent	1,912	—

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	—	—	(558)	(558)
Dividends to parent	—	(100)	—	(100)
Balance at September 30, 2014	\$762	\$4,782	\$(933)	\$4,611
Balance at December 31, 2014	\$762	\$4,782	\$(870)	\$4,674
Net income	—	—	129	129
Dividends to parent	—	(149)	—	(149)
Distribution of membership interest of Duke Energy SAM, LLC to parent	—	(1,912)	—	(1,912)
Balance at September 30, 2015	\$762	\$2,721	\$(741)	\$2,742

See Notes to Condensed Consolidated Financial Statements
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PART I

DUKE ENERGY INDIANA, INC.

Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Operating Revenues	\$749	\$790	\$2,223	\$2,383
Operating Expenses				
Fuel used in electric generation and purchased power	250	319	779	945
Operation, maintenance and other	164	160	525	485
Depreciation and amortization	109	104	320	309
Property and other taxes	23	25	41	69
Impairment charges	85	—	85	—
Total operating expenses	631	608	1,750	1,808
Loss on Sale of Other Assets and Other, net	(1) —	—	—
Operating Income	117	182	473	575
Other Income and Expenses, net	—	5	9	16
Interest Expense	44	40	132	127
Income Before Income Taxes	73	147	350	464
Income Tax Expense	27	46	128	163
Net Income	\$46	\$101	\$222	\$301
Other Comprehensive Loss, net of tax				
Reclassification into earnings from cash flow hedges	(1	) —	(2) —
Comprehensive Income	\$45	\$101	\$220	\$301

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY INDIANA, INC.
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	September 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$62	\$6
Receivables (net of allowance for doubtful accounts of \$2 at September 30, 2015 and \$1 at December 31, 2014)	90	87
Receivables from affiliated companies	72	115
Notes receivable from affiliated companies	166	—
Inventory	564	537
Regulatory assets	97	93
Other	167	326
Total current assets	1,218	1,164
Investments and Other Assets		
Property, Plant and Equipment		
Cost	13,765	13,034
Accumulated depreciation and amortization	(4,425	) (4,219
Net property, plant and equipment	9,340	8,815
Regulatory Assets and Deferred Debits		
Regulatory assets	645	685
Other	22	24
Total regulatory assets and deferred debits	667	709
Total Assets	\$11,468	\$10,939
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$149	\$179
Accounts payable to affiliated companies	50	58
Notes payable to affiliated companies	—	71
Taxes accrued	43	54
Interest accrued	53	56
Current maturities of long-term debt	480	5
Regulatory liabilities	67	54
Other	89	98
Total current liabilities	931	575
Long-Term Debt		
Long-Term Debt Payable to Affiliated Companies	150	150
Deferred Credits and Other Liabilities		
Deferred income taxes	1,774	1,591
Investment tax credits	138	139
Accrued pension and other post-retirement benefit costs	83	82
Asset retirement obligations	449	32
Regulatory liabilities	758	796
Other	107	90
Total deferred credits and other liabilities	3,309	2,730
Commitments and Contingencies		

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Common Stockholder's Equity

Common stock, no par; \$0.01 stated value, 60,000,000 shares authorized; 53,913,701 shares outstanding at September 30, 2015 and December 31, 2014	1	1
Additional paid-in capital	1,384	1,384
Retained earnings	2,532	2,460
Accumulated other comprehensive income	1	3
Total common stockholder's equity	3,918	3,848
Total Liabilities and Common Stockholder's Equity	\$ 11,468	\$ 10,939

See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY INDIANA, INC.

Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended	
	September 30, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$222	\$301
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	323	311
Equity component of AFUDC	(9	) (10
Impairment charges	85	—
Deferred income taxes	276	136
Accrued pension and other post-retirement benefit costs	10	12
Contributions to qualified pension plans	(9) —
Payments for asset retirement obligations	(12) —
(Increase) decrease in		
Receivables	(5	) (20
Receivables from affiliated companies	43	72
Inventory	(27	) (30
Other current assets	67	40
Increase (decrease) in		
Accounts payable	11	(44
Accounts payable to affiliated companies	(8	) 4
Taxes accrued	(11	) (36
Other current liabilities	16	3
Other assets	(50	) (15
Other liabilities	(1	) 44
Net cash provided by operating activities	921	768
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(506	) (462
Purchases of available-for-sale securities	(5	) (17
Proceeds from sales and maturities of available-for-sale securities	8	13
Proceeds from the sales of other assets	14	—
Notes receivable from affiliated companies	(166	) 96
Other	13	4
Net cash used in investing activities	(642	) (366
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for the redemption of long-term debt	(2	) (2
Notes payable to affiliated companies	(71	) 61
Dividends to parent	(150	) (451
Other	—	(1
Net cash used in financing activities	(223	) (393
Net increase in cash and cash equivalents	56	9
Cash and cash equivalents at beginning of period	6	15
Cash and cash equivalents at end of period	\$62	\$24
Supplemental Disclosures:		
Significant non-cash transactions:		

Accrued capital expenditures	\$46	\$64
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See Notes to Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY INDIANA, INC.

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

	Common	Additional	Retained	Accumulated Other Comprehensive Income Net Gains on Cash Flow		
(in millions)	Stock	Paid-in Capital	Earnings	Hedges	Total	
Balance at December 31, 2013	\$1	\$1,384	\$2,551	\$3	\$3,939	
Net income	—	—	301	—	301	
Dividends to parent	—	—	(451) —	(451)
Balance at September 30, 2014	\$1	\$1,384	\$2,401	\$3	\$3,789	
Balance at December 31, 2014	\$1	\$1,384	\$2,460	\$3	\$3,848	
Net income	—	—	222	—	222	
Other comprehensive loss	—	—	—	(2) (2)
Dividends to parent	—	—	(150) —	(150)
Balance at September 30, 2015	\$1	\$1,384	\$2,532	\$1	\$3,918	

See Notes to Condensed Consolidated Financial Statements

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PART I

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

Combined Notes to Condensed Consolidated Financial Statements
(Unaudited)

Index to Combined Notes to Condensed Consolidated Financial Statements

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

Registrant	Applicable Notes																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Duke Energy Corporation	•	•	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•
Duke Energy Carolinas, LLC	•		•	•	•	•	•		•	•	•	•	•			•	•	•
Progress Energy, Inc.	•	•	•	•	•	•	•	•	•	•	•	•	•			•	•	•
Duke Energy Progress, LLC	•	•	•	•	•	•	•		•	•	•	•	•			•	•	•
Duke Energy Florida, LLC	•		•	•	•	•	•		•	•	•	•	•			•	•	•
Duke Energy Ohio, Inc.	•	•	•	•	•	•	•	•	•	•		•	•			•	•	•
Duke Energy Indiana, Inc.	•		•	•	•	•	•		•	•	•	•	•			•	•	•

1. ORGANIZATION AND BASIS OF PRESENTATION

NATURE OF OPERATIONS AND BASIS OF CONSOLIDATION

Duke Energy Corporation (collectively with its subsidiaries, Duke Energy) is an energy company headquartered in Charlotte, North Carolina, subject to regulation by the Federal Energy Regulatory Commission (FERC). Duke Energy operates in the United States (U.S.) and Latin America primarily through its direct and indirect subsidiaries. Duke Energy’s subsidiaries include its subsidiary registrants, Duke Energy Carolinas, LLC (Duke Energy Carolinas); Progress Energy, Inc. (Progress Energy); Duke Energy Progress, LLC (Duke Energy Progress, formerly Duke Energy Progress, Inc.); Duke Energy Florida, LLC (Duke Energy Florida, formerly Duke Energy Florida, Inc.); Duke Energy Ohio, Inc. (Duke Energy Ohio) and Duke Energy Indiana, Inc. (Duke Energy Indiana). When discussing Duke Energy’s consolidated financial information, it necessarily includes the results of its six separate subsidiary registrants (collectively referred to as the Subsidiary Registrants), which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants (Duke Energy Registrants).

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

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

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

Duke Energy Progress is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina. Duke Energy Progress is subject to the regulatory provisions of the NCUC, PSCSC, NRC and FERC. Substantially all of Duke Energy Progress’ operations qualify for regulatory accounting. On August 1, 2015, Duke Energy Progress, a North Carolina corporation, converted into a North Carolina limited liability company.

Duke Energy Florida is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Florida. Duke Energy Florida is subject to the regulatory provisions of the Florida Public Service Commission (FPSC), NRC and FERC. Substantially all of Duke Energy Florida's operations qualify for regulatory accounting. On August 1, 2015, Duke Energy Florida, a Florida corporation, converted into a Florida limited liability company.

Duke Energy Ohio is a regulated public utility primarily engaged in the transmission and distribution of electricity in portions of Ohio and Kentucky, in the generation and sale of electricity in portions of Kentucky, and the transportation and sale of natural gas in portions of Ohio and Kentucky. Duke Energy Ohio conducts competitive auctions for retail electricity supply in Ohio whereby the full requirements service price is recovered from retail customers. Operations in Kentucky are conducted through its wholly owned subsidiary, Duke Energy Kentucky, Inc. (Duke Energy Kentucky). References herein to Duke Energy Ohio collectively include Duke Energy Ohio and its subsidiaries, unless otherwise noted. Duke Energy Ohio is subject to the regulatory provisions of the Public Utilities Commission of Ohio (PUCO), Kentucky Public Service Commission (KPSC) and FERC. On April 2, 2015, Duke Energy completed the sale of its nonregulated Midwest generation business, which sold power into wholesale energy markets, to a subsidiary of Dynegy Inc. (Dynegy). See Note 2 (Midwest Generation Exit) for additional information. Substantially all of Duke Energy Ohio's operations that remain after the sale qualify for regulatory accounting.

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

PART I

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

Combined Notes to Condensed Consolidated Financial Statements – (Continued)
(Unaudited)

BASIS OF PRESENTATION

Duke Energy completed the sale of Duke Energy Ohio's nonregulated Midwest generation business and Duke Energy Retail Sales LLC (Duke Energy Retail), a retail sales business owned by Duke Energy, to Dynegy on April 2, 2015. The results of operations of these businesses prior to the date of sale have been classified as Discontinued Operations on the Condensed Consolidated Statements of Operations for all periods presented. Duke Energy has elected to present cash flows of discontinued operations combined with cash flows of continuing operations. Unless otherwise noted, the notes to these Condensed Consolidated Financial Statements exclude amounts related to discontinued operations, assets held for sale and liabilities associated with assets held for sale. See Note 2 (Midwest Generation Exit) for additional information.

These Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the U.S. for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Condensed Consolidated Financial Statements do not include all information and notes required by GAAP in the U.S. for annual financial statements. Since the interim Condensed Consolidated Financial Statements and Notes do not include all information and notes required by GAAP in the U.S. for annual financial statements, the Condensed Consolidated Financial Statements and other information included in this quarterly report should be read in conjunction with the Consolidated Financial Statements and Notes in the Duke Energy Registrants' combined Annual Report on Form 10-K for the year ended December 31, 2014.

The information in these combined notes relates to each of the Duke Energy Registrants as noted in the Index to Combined Notes to Condensed Consolidated Financial Statements. However, none of the registrants make any representations as to information related solely to Duke Energy or the subsidiaries of Duke Energy other than itself. These Condensed Consolidated Financial Statements, in the opinion of the respective companies' management, reflect all normal recurring adjustments necessary to fairly present the financial position and results of operations of each of the Duke Energy Registrants. Amounts reported in Duke Energy's interim Condensed Consolidated Statements of Operations and each of the Subsidiary Registrants' interim Condensed Consolidated Statements of Operations and Comprehensive Income are not necessarily indicative of amounts expected for the respective annual periods due to effects of seasonal temperature variations on energy consumption, regulatory rulings, timing of maintenance on electric generating units, changes in mark-to-market valuations, changing commodity prices and other factors. In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

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

UNBILLED REVENUE

Revenues on sales of electricity and natural gas are recognized when service is provided or the product is delivered. Unbilled revenues are recognized by applying customer billing rates to the estimated volumes of energy delivered but not yet billed. Unbilled revenues can vary significantly from period to period as a result of seasonality, weather, customer usage patterns, customer mix, average price in effect for customer classes and meter reading schedules. Unbilled revenues are included within Receivables and Restricted receivables of variable interest entities on the Condensed Consolidated Balance Sheets as shown in the following table.

(in millions)	September 30, 2015	December 31, 2014
Duke Energy	\$748	\$827
Duke Energy Carolinas	247	295

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Progress Energy	220	217
Duke Energy Progress	123	135
Duke Energy Florida	97	82
Duke Energy Ohio	6	—
Duke Energy Indiana	25	27

Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail accounts receivable, including receivables for unbilled revenues, to an affiliate, Cinergy Receivables Company, LLC (CRC), and account for the transfers of receivables as sales. Accordingly, the receivables sold are not reflected on the Condensed Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana. See Note 13 for further information. These receivables for unbilled revenues are shown in the table below.

(in millions)	September 30, 2015	December 31, 2014
Duke Energy Ohio	\$64	\$79
Duke Energy Indiana	93	112

AMOUNTS ATTRIBUTABLE TO CONTROLLING INTERESTS

For the three and nine months ended September 30, 2015, the amount of Loss From Discontinued Operations, net of tax presented on the Condensed Consolidated Statements of Operations is fully attributable to controlling interests.

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

Combined Notes to Condensed Consolidated Financial Statements – (Continued)
(Unaudited)

During 2014, Duke Energy and Progress Energy's amount of Income (Loss) from Discontinued Operations, net of tax presented on the Condensed Consolidated Statements of Operations includes amounts attributable to noncontrolling interest. The following table presents Net Income Attributable to Duke Energy Corporation for continuing operations and discontinued operations for the three and nine months ended September 30, 2014.

(in millions)	Three Months Ended September 30, 2014		Nine Months Ended September 30, 2014	
	Duke Energy	Progress Energy	Duke Energy	Progress Energy
Income From Continuing Operations	\$891	\$330	\$2,367	\$741
Income From Continuing Operations Attributable to Noncontrolling Interests	3	1	11	2
Income From Continuing Operations Attributable to Duke Energy Corporation	\$888	\$329	\$2,356	\$739
Income (Loss) From Discontinued Operations, net of tax	\$378	\$—	\$(578)	\$(6)
Loss From Discontinued Operations Attributable to Noncontrolling Interests, net of tax	(8)	)—	(8))—
Income (Loss) From Discontinued Operations Attributable to Duke Energy Corporation, net of tax	\$386	\$—	\$(570)	\$(6)
Net income	\$1,269	\$330	\$1,789	\$735
Net (Loss) Income Attributable to Noncontrolling Interests	(5)	)1	3	2
Net Income Attributable to Duke Energy Corporation	\$1,274	\$329	\$1,786	\$733

Other comprehensive income reported on the Condensed Consolidated Statements of Changes in Equity for Progress Energy is attributable only to controlling interests for all periods presented.

ACCUMULATED OTHER COMPREHENSIVE INCOME

For the three and nine months ended September 30, 2015 and 2014, reclassifications out of accumulated other comprehensive income (AOCI) for the Duke Energy Registrants were not material. Changes in AOCI for the Duke Energy Registrants are presented in their respective Condensed Consolidated Statements of Equity.

EXCISE TAXES

Certain excise taxes levied by state or local governments are required to be paid even if not collected from the customer. These taxes are recognized on a gross basis. Otherwise, excise taxes are accounted for net.

Excise taxes recognized on a gross basis are recorded as Operating Revenues and Property and other taxes on the Condensed Consolidated Statements of Operations. The following table provides the amount of excise taxes accounted for on a gross basis.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Duke Energy	\$109	\$101	\$308	\$416
Duke Energy Carolinas	9	4	27	93
Progress Energy	67	63	174	214
Duke Energy Progress	4	—	12	56
Duke Energy Florida	63	63	162	158
Duke Energy Ohio	24	24	80	80
Duke Energy Indiana	9	10	27	29

During the third quarter of 2014, the North Carolina gross receipts tax was terminated due to the North Carolina Tax Simplification and Rate Reduction Act. The North Carolina gross receipts tax is no longer imposed effective July 1, 2014.

NEW ACCOUNTING STANDARDS

The new accounting standards adopted for 2015 and 2014 had no significant impact on the presentation or results of operations, cash flows or financial position of the Duke Energy Registrants. During the fourth quarter of 2015, Duke Energy will early adopt certain accounting standards not required until the first quarter of 2016. Adoption of these standards will not have a material impact on the results of operations, cash flows, financial position or disclosures of the Duke Energy Registrants.

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

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For Duke Energy, the revised accounting guidance is effective on a prospective basis for qualified disposals of components or classifications as held for sale that occur after January 1, 2015. Under the standard, the guidance is not effective for a component classified as held for sale before the effective date even if the disposal occurs after the effective date of the guidance. Duke Energy has not reported any discontinued operations under the revised accounting guidance.

The following new Accounting Standards Updates (ASUs) have been issued, but have not yet been adopted by the Duke Energy, as of September 30, 2015.

ASC 606 – Revenue from Contracts with Customers. In May 2014, the FASB issued revised accounting guidance for revenue recognition from contracts with customers. The core principle of this revised accounting guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this update also require disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

For Duke Energy, the revised accounting guidance is effective for interim and annual periods beginning January 1, 2018, although it can be early adopted for annual periods beginning as early as January 1, 2017. Duke Energy is currently evaluating the requirements. Other than increased disclosures, the revised accounting guidance and impacts to the Duke Energy Registrants have not yet been determined.

ASC 835 – Presentation of Debt Issuance Costs. In April and August 2015, the FASB issued revised accounting guidance for the presentation of debt issuance costs. The core principle of this revised accounting guidance is that debt issuance costs are not assets, but adjustments to the carrying cost of debt. For Duke Energy, this revised accounting guidance is effective retroactively beginning January 1, 2016, but can be adopted earlier.

Duke Energy intends to early adopt this accounting standard during the fourth quarter of 2015. The implementation of this accounting standard will result in a reduction of approximately \$165 million in Other within Regulatory Assets and Deferred Debits, and in Long-Term Debt, based on the amount of debt issuance costs reported on the Condensed Consolidated Balance Sheets as of September 30, 2015.

2. ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

Acquisition of Piedmont Natural Gas

On October 24, 2015, Duke Energy entered into an Agreement and Plan of Merger (Merger Agreement) with Piedmont Natural Gas Company, Inc., (Piedmont) a North Carolina corporation. Under the terms of the Merger Agreement, Duke Energy will acquire Piedmont for \$4.9 billion in cash. Upon closing, Piedmont will become a wholly-owned subsidiary of Duke Energy.

Pursuant to the Merger Agreement, upon the closing of the merger, each share of Piedmont common stock issued and outstanding immediately prior to the closing will be converted automatically into the right to receive \$60 in cash per share. In addition, Duke Energy will assume \$1.8 billion in Piedmont existing debt. Duke Energy expects to finance the transaction with a combination of debt, between \$500 million and \$750 million of newly issued equity and other cash sources. Duke Energy has a fully underwritten bridge facility to support funding of the merger.

Completion of the transaction is conditioned upon approval by the NCUC, expiration or termination of any applicable waiting period under the federal Hart-Scott-Rodino Antitrust Improvements Act of 1976, and Piedmont shareholder approval. The Merger Agreement contains certain termination rights for both Duke Energy and Piedmont, and provides that, upon termination of the Merger Agreement under specified circumstances, Duke Energy would be required to pay a termination fee of \$250 million to Piedmont and Piedmont would be required to pay Duke Energy a termination fee of \$125 million.

Subject to receipt of required regulatory approvals and meeting closing conditions, Duke Energy and Piedmont target a closing by the end of 2016.

See Note 4 for additional information regarding Duke Energy and Piedmont's joint investment in Atlantic Coast Pipeline, LLC (ACP).

Purchase of NCEMPA's Generation

On July 31, 2015, Duke Energy Progress completed the purchase of North Carolina Eastern Municipal Power Agency's (NCEMPA) ownership interests in certain generating assets, fuel and spare parts inventory jointly owned with and operated by Duke Energy Progress for approximately \$1.25 billion. This purchase was accounted for as an asset acquisition. The purchase resulted in the acquisition of a total of approximately 700 megawatts (MW) of generating capacity at Brunswick Nuclear Plant, Shearon Harris Nuclear Plant, Mayo Steam Plant and Roxboro Steam Plant. The NRC approved the transfer of control of licenses for the Brunswick Nuclear Plant and Shearon Harris Nuclear Plant from NCEMPA to Duke Energy Progress on July 6, 2015. In connection with this transaction, Duke Energy Progress and NCEMPA entered into a 30-year wholesale power agreement, whereby Duke Energy Progress will sell power to NCEMPA to continue to meet the needs of NCEMPA customers.

The purchase price exceeds the historical carrying value of the acquired assets by \$350 million, which is a purchase acquisition adjustment, recorded in property, plant and equipment. Duke Energy Progress received FERC approval for inclusion of the purchase acquisition adjustment in wholesale power formula rates on December 9, 2014. On July 8, 2015, the NCUC adopted a new rule that enables a rider mechanism for recovery of the costs to acquire, operate and maintain interests in the assets purchased as allocated to Duke Energy Progress' North Carolina retail operations, including the purchase acquisition adjustment. Duke Energy Progress filed an application with the NCUC to implement the rider to be effective December 1, 2015. Duke Energy Progress also received an order from the PSCSC to defer the recovery of the South Carolina retail allocated costs of the asset purchased until the Company's next general rate case.

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Purchase Price Allocation

The ownership interests in generating assets acquired are subject to rate-setting authority of the FERC, NCUC and PSCSC and accordingly, the assets are recorded at historical cost. The purchase price allocation is presented in the following table.

(in millions)

Inventory	\$56
Net property, plant and equipment	845
Total assets	901
Purchase acquisition adjustment	350
Total purchase price	\$1,251

In connection with the acquisition, Duke Energy Progress acquired NCEMPA's nuclear decommissioning trust fund assets of \$287 million and assumed asset retirement obligations of \$204 million associated with NCEMPA's interest in the generation assets. The nuclear decommissioning trust fund and the asset retirement obligation are subject to regulatory accounting treatment with any difference between the trust fund assets and the asset retirement obligation accounted for within regulatory assets and liabilities.

Impact of the Acquisition

Incremental costs following the acquisition are allocated between retail and wholesale operations. Costs allocated to Duke Energy Progress' retail operations are being deferred until the costs are reflected in retail rates in North Carolina through a rate rider. Costs allocated to the South Carolina jurisdiction are being deferred until the next rate case when recovery of these costs will be considered.

The impact of the acquired NCEMPA assets and the 30-year wholesale power agreement on Duke Energy Progress' Operating Revenues and Net Income and Comprehensive Income in the Condensed Consolidated Statements of Operations was \$40 million and \$7 million, respectively, for the three and nine months ended September 30, 2015.

DISPOSITIONS

Midwest Generation Exit

Duke Energy, through indirect subsidiaries, completed the sale of the nonregulated Midwest generation business and Duke Energy Retail (Disposal Group) to a subsidiary of Dynegy on April 2, 2015, for approximately \$2.8 billion in cash. On April 1, 2015, prior to the sale, Duke Energy Ohio distributed its indirect ownership interest in the nonregulated Midwest generation business to a subsidiary of Duke Energy Corporation.

The assets and liabilities of the Disposal Group prior to the sale were included in the Commercial Portfolio (formerly Commercial Power) segment and classified as held for sale in Duke Energy's and Duke Energy Ohio's Condensed Consolidated Balance Sheet. The following table presents information related to the Duke Energy Ohio generation plants included in the Disposal Group.

Facility	Plant Type	Primary Fuel	Location	Total MW Capacity ^(d)	Owned MW Capacity ^(d)	Ownership Interest	
Stuart ^{(a)(c)}	Fossil Steam	Coal	OH	2,308	900	39	%
Zimmer ^(a)	Fossil Steam	Coal	OH	1,300	605	46.5	%
Hanging Rock	Combined Cycle	Natural Gas	OH	1,226	1,226	100	%
Miami Fort (Units 7 and 8) ^(b)	Fossil Steam	Coal	OH	1,020	652	64	%
Conesville ^{(a)(c)}	Fossil Steam	Coal	OH	780	312	40	%

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Washington	Combined Cycle	Natural Gas	OH	617	617	100	%
Fayette	Combined Cycle	Natural Gas	PA	614	614	100	%
Killen ^{(b)(c)}	Fossil Steam	Coal	OH	600	198	33	%
Lee	Combustion Turbine	Natural Gas	IL	568	568	100	%
Dick's Creek	Combustion Turbine	Natural Gas	OH	136	136	100	%
Miami Fort	Combustion Turbine	Oil	OH	56	56	100	%
Total Midwest Generation				9,225	5,884		

(a) Jointly owned with America Electric Power Generation Resources and The Dayton Power & Light Company.

(b) Jointly owned with The Dayton Power & Light Company.

(c) Facility was not operated by Duke Energy Ohio.

(d) Total megawatt (MW) capacity is based on summer capacity.

The Disposal Group also included a retail sales business owned by Duke Energy. In the second quarter of 2014, Duke Energy Ohio removed Ohio Valley Electric Corporation's (OVEC) purchase power agreement from the Disposal Group as it no longer intended to sell it with the Disposal Group.

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The results of operations of the Disposal Group prior to the date of sale are classified as discontinued operations in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income. Certain immaterial costs that may be eliminated as a result of the sale have remained in continuing operations. The following table presents the results of discontinued operations.

Duke Energy

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Operating Revenues	\$—	\$620	\$543	\$1,233
(Loss) Gain on disposition ^(a)	(5	) 460	(42	) (847
(Loss) Income before income taxes ^(b)	\$(5	) \$623	\$62	\$(864
Income tax (benefit) expense	(1	) 218	29	(321
(Loss) Income from discontinued operations of the Disposal Group	(4	) 405	33	(543
Other, net of tax ^(c)	(1	) (27	) (4	) (35
(Loss) Income from Discontinued Operations, net of tax	\$(5	) \$378	\$29	\$(578

The (Loss) Gain on disposition includes impairments and reversals to the impairments recorded to adjust the (a) carrying amount of the assets to the estimated fair value of the business, based on the selling price to Dynegy less cost to sell.

The (Loss) Income before income taxes includes the pretax impact of an \$81 million charge for the settlement (b) agreement reached in a lawsuit related to the Disposal Group for the nine months ended September 30, 2015. Refer to Note 5 for further information related to the lawsuit.

(c) Includes other discontinued operations related to prior sales of businesses and includes indemnifications provided for certain legal, tax and environmental matters, and foreign currency translation adjustments.

Duke Energy Ohio

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Operating Revenues	\$—	\$536	\$412	\$853
(Loss) Gain on disposition ^(a)	(4	) 466	(48	) (878
(Loss) Income before income taxes ^(b)	\$(4	) \$647	\$48	\$(917
Income tax (benefit) expense	(2	) 234	25	(320
(Loss) Income from Discontinued Operations, net of tax	\$(2	) \$413	\$23	\$(597

The (Loss) Gain on disposition includes impairments and reversals to the impairments recorded to adjust the (a) carrying amount of the assets to the estimated fair value of the business, based on the selling price to Dynegy less cost to sell.

The (Loss) Income before income taxes includes the pretax impact of an \$81 million charge for the settlement (b) agreement reached in a lawsuit related to the Disposal Group for the nine months ended September 30, 2015, respectively. Refer to Note 5 for further information related to the lawsuit.

Commercial Portfolio has a revolving credit agreement (RCA) which was used to support the operations of the nonregulated Midwest generation business. Interest expense associated with the RCA was allocated to discontinued

operations. No other interest expense related to corporate level debt was allocated to discontinued operations. Duke Energy Ohio had a power purchase agreement with the Disposal Group for a portion of its standard service offer (SSO) supply requirement. The agreement and the SSO expired in May 2015. Duke Energy will also provide, and receive reimbursement for, transition services provided to Dynegy for a period of up to 12 months. The continuing cash flows are not considered direct cash flows and are not expected to be material. Duke Energy or Duke Energy Ohio will not significantly influence the operations of the Disposal Group during the transition service period. See Notes 4 and 5 for a discussion of contingencies related to the Disposal Group that are retained by Duke Energy Ohio subsequent to the sale.

3. BUSINESS SEGMENTS

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

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

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

DUKE ENERGY

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

Regulated Utilities conducts electric and natural gas operations that are substantially all regulated and, accordingly, qualify for regulatory accounting treatment. These operations are primarily conducted through the Subsidiary Registrants and are subject to the rules and regulations of the FERC, NRC, NCUC, PSCSC, FPSC, PUCO, IURC and KPSC.

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

Commercial Portfolio builds, develops and operates wind and solar renewable generation and energy transmission projects throughout the U.S. The segment was renamed as a result of the sale of the nonregulated Midwest generation business, as discussed in Note 2. For periods subsequent to the sale, beginning in the second quarter of 2015, certain immaterial results of operations and related assets previously presented in the Commercial Portfolio segment are presented in Regulated Utilities and Other.

The remainder of Duke Energy's operations is presented as Other, which is primarily comprised of unallocated corporate interest expense, unallocated corporate costs, contributions to The Duke Energy Foundation and the operations of Duke Energy's wholly owned captive insurance subsidiary, Bison Insurance Company Limited (Bison).

Three Months Ended September 30, 2015

	Regulated	International	Commercial	Total			
(in millions)	Utilities	Energy	Portfolio	Reportable	Other	Eliminations	Consolidated
Unaffiliated revenues	\$6,138	\$281	\$66	\$6,485	\$(2)	\$—	\$6,483
Intersegment revenues	9	—	—	9	19	(28)	—
Total revenues	\$6,147	\$281	\$66	\$6,494	\$17	\$(28)	\$6,483
Segment income (loss) ^{(a)(b)}	\$905	\$69	\$(3)	\$971	\$(34)	\$—	\$937
Add back noncontrolling interests							3
Loss from discontinued operations, net of tax							(5)

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Net income							\$935
Segment assets	\$110,520	\$3,730	\$3,841	\$118,091	\$2,757	\$185	\$121,033

(a) Regulated Utilities includes an after-tax charge of \$56 million related to the Edwardsport settlement. Refer to Note 4

for further information.

(b) Other includes \$15 million of after-tax costs to achieve the 2012 Progress Energy merger.

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Three Months Ended September 30, 2014

(in millions)	Total				Other	Eliminations	Consolidated
	Regulated Utilities	International Energy	Commercial Portfolio	Reportable Segments			
Unaffiliated revenues	\$5,975	\$366	\$50	\$6,391	\$4	\$—	\$6,395
Intersegment revenues	11	—	—	11	21	(32)	—
Total revenues	\$5,986	\$366	\$50	\$6,402			