

Duke Energy CORP
Form 10-Q
August 08, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2013

OR

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

For the transition period from _____ to _____

Registrant, State of Incorporation or Organization,

Commission file number	Address of Principal Executive Offices, and Telephone Number	IRS Employer Identification No.
-------------------------------	---	--

DUKE ENERGY CORPORATION

(a Delaware corporation)

550 South Tryon Street

1-32853

Charlotte, North Carolina 28202-1803

20-2777218

704-382-3853

**Registrant, State of
Incorporation or**

**Registrant, State of
Incorporation or**

Edgar Filing: Duke Energy CORP - Form 10-Q

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

Edgar Filing: Duke Energy CORP - Form 10-Q

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

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

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

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

(Check one):

	Large accelerated filer	Non-accelerated filer	Smaller reporting company
Duke Energy	<input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	<input type="checkbox"/>
Duke Energy Carolinas	<input type="checkbox"/>	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Progress Energy	<input checked="" type="checkbox"/>	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Duke Energy Progress	<input type="checkbox"/>	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Duke Energy Florida	<input type="checkbox"/>	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Duke Energy Ohio	<input type="checkbox"/>	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Duke Energy Indiana	<input type="checkbox"/>	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" 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 August 5, 2013:

Registrant	Description	Shares
Duke Energy	Common Stock, \$0.001 par value	
		705,908,295
Duke Energy Carolinas	All of the registrant’s limited liability company member interests are directly owned by Duke Energy.	
Progress Energy	All of the registrant’s common stock is directly owned by Duke Energy.	

Duke Energy Progress All of the registrant's common stock is indirectly owned by Duke Energy.

Duke Energy Florida All of the registrant's common stock is indirectly owned by Duke Energy.

Duke Energy Ohio All of the registrant's common stock is indirectly owned by Duke Energy.

Duke Energy Indiana All of the registrant's common stock is indirectly owned by Duke Energy.

This combined Form 10-Q is filed separately by seven registrants: Duke Energy, Duke Energy Carolinas, Progress Energy, Duke Energy Progress, Duke Energy Florida, Duke Energy Ohio and Duke Energy Indiana (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

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

TABLE OF CONTENTS

Safe Harbor for Forward-Looking Statements

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements	
	Duke Energy Corporation Financial Statements	4
	Duke Energy Carolinas, LLC Financial Statements	9
	Progress Energy, Inc. Financial Statements	13
	Duke Energy Progress, Inc. Financial Statements	17
	Duke Energy Florida, Inc. Financial Statements	21
	Duke Energy Ohio, Inc. Financial Statements	25
	Duke Energy Indiana, Inc. Financial Statements	29
	Combined Notes to Condensed Consolidated Financial Statements	
	Note 1 - Organization and Basis of Presentation	33
	Note 2 - Acquisitions and Dispositions	35
	Note 3 - Business Segments	37
	Note 4 - Regulatory Matters	40
	Note 5 - Commitments and Contingencies	49
	Note 6 - Debt and Credit Facilities	56
	Note 7 - Goodwill	57
	Note 8 - Risk Management, Derivative Instruments and Hedging Activities	58
	Note 9 - Investments in Debt and Equity Securities	73
	Note 10 - Fair Value of Financial Instruments	79
	Note 11 - Variable Interest Entities	90
	Note 12 - Earnings Per Common Share	95
	Note 13 - Stock-Based Compensation	95
	Note 14 - Employee Benefit Plans	96
	Note 15 - Severance	99
	Note 16 - Income Taxes and Other Taxes	100
	Note 17 - Related Party Transactions	101
	Note 18 - New Accounting Standards	103
	Note 19 - Subsequent Events	103
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	104
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	129

Item 4.	Controls and Procedures	129
---------	-------------------------	-----

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	130
Item 1A.	Risk Factors	130
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	130
Item 6.	Exhibits	131
	Signatures	133

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, which are intended to cover Duke Energy and the applicable Duke Energy Registrants, are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "potential," "forecast," "target," "guidance," "outlook," and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to:

- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements or climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The 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 retiring Crystal River Unit 3 could prove to be more extensive than are currently identified and all costs associated with the retirement Crystal River Unit 3 asset, including replacement power may not be fully recoverable through the regulatory process;
- The risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect;
- The impact of compliance with material restrictions or conditions related to the Progress Energy merger imposed by regulators could exceed our expectations;
- 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, cyber security threats 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 price, 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 securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans, and nuclear decommissioning trust funds;
- Changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants;
- The ability to control operation and maintenance costs;
- The level of creditworthiness of counterparties to transactions;
- Employee workforce factors, including the potential inability to attract and retain key personnel;
- The ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent);
- The performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of potential goodwill impairments;
- The ability to reinvest retained earnings of foreign subsidiaries or repatriate such earnings on a tax free basis; and
- The ability to successfully complete future merger, acquisition or divestiture plans.

In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than the Duke Energy Registrants have 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 June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenues				
Regulated electric	\$ 4,834	\$ 2,628	\$ 9,723	\$ 5,129
Nonregulated electric, natural gas, and other	951	868	1,775	1,826
Regulated natural gas	94	81	279	252
Total operating revenues	5,879	3,577	11,777	7,207
Operating Expenses				
Fuel used in electric generation and purchased power - regulated	1,678	849	3,381	1,626
Fuel used in electric generation and purchased power - nonregulated	447	396	901	844
Cost of natural gas and coal sold	43	42	147	144
Operation, maintenance and other	1,504	862	2,925	1,608
Depreciation and amortization	678	475	1,338	954
Property and other taxes	323	171	666	355
Impairment charges	386		386	402
Total operating expenses	5,059	2,795	9,744	5,933
Gains on Sales of Other Assets and Other, net	1	4	3	7
Operating Income	821	786	2,036	1,281
Other Income and Expenses				
Equity in earnings of unconsolidated affiliates	22	40	58	85
Losses on sales of unconsolidated affiliates	(6)	(1)	(6)	(6)
Other income and expenses, net	54	70	134	159
Total other income and expenses	70	109	186	238
Interest Expense	381	232	748	456
Income From Continuing Operations Before Income Taxes	510	663	1,474	1,063
Income Tax Expense from Continuing Operations	165	214	495	317
Income From Continuing Operations	345	449	979	746
(Loss) Income From Discontinued Operations, net of tax	(3)	(1)	(3)	1
Net Income	342	448	976	747

Less: Net Income Attributable to Noncontrolling Interests	3	4	3	8
Net Income Attributable to Duke Energy Corporation	\$ 339	\$ 444	\$ 973	\$ 739

Earnings Per Share - Basic and Diluted

Income from continuing operations attributable to Duke Energy Corporation common shareholders				
Basic	\$ 0.48	\$ 0.99	\$ 1.37	\$ 1.65
Diluted	\$ 0.48	\$ 0.99	\$ 1.37	\$ 1.65
Loss from discontinued operations attributable to Duke Energy Corporation common shareholders				
Basic	\$	\$	\$	\$
Diluted	\$	\$	\$	\$
Net Income attributable to Duke Energy Corporation common shareholders				
Basic	\$ 0.48	\$ 0.99	\$ 1.37	\$ 1.65
Diluted	\$ 0.48	\$ 0.99	\$ 1.37	\$ 1.65
Dividends declared per share	\$ 1.545	\$ 1.515	\$ 2.31	\$ 2.265
Weighted-average shares outstanding				
Basic	706	446	705	446
Diluted	706	446	706	446

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CORPORATION
Condensed Consolidated Statements Of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net Income	\$ 342	\$ 448	\$ 976	\$ 747
Other Comprehensive (Loss) Income, Net of Tax				
Foreign currency translation adjustments	(133)	(131)	(129)	(87)
Pension and OPEB adjustments	2	2	5	6
Net unrealized gain (loss) on cash flow hedges ^(a)	44	(30)	54	(17)
Reclassification into earnings from cash flow hedges		3		2
Unrealized gain on investments in auction rate securities		6		6
Unrealized (loss) gain on investments in available for sale securities	(4)	2	(4)	3
Reclassification into earnings from available for sale securities		(2)		(3)
Other Comprehensive Loss, Net of Tax	(91)	(150)	(74)	(90)
Comprehensive Income	251	298	902	657
Less: Comprehensive (Loss) Income Attributable to Noncontrolling Interests	(1)		(1)	4
Comprehensive Income Attributable to Duke Energy Corporation	\$ 252	\$ 298	\$ 903	\$ 653

(a) Net of \$14 million tax expense and \$18 million tax expense for the three and six months ended June 30, 2013 and \$14 million tax benefit and \$9 million tax benefit for the three and six months ended June 30, 2012.

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

(in millions)	June 30, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,571	\$ 1,424
Short-term investments	280	333
Receivables (net of allowance for doubtful accounts of \$32 at June 30, 2013 and \$34 at December 31, 2012)	1,593	1,516
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$42 at June 30, 2013 and \$44 at December 31, 2012)	1,235	1,201
Inventory	3,130	3,223
Other	2,066	2,425
Total current assets	9,875	10,122
Investments and Other Assets		
Investments in equity method unconsolidated affiliates	508	483
Nuclear decommissioning trust funds	4,567	4,242
Goodwill	16,345	16,365
Intangibles, net	350	372
Notes receivable	68	71
Restricted other assets of variable interest entities	57	62
Other	2,412	2,399
Total investments and other assets	24,307	23,994
Property, Plant and Equipment		
Cost	99,661	98,833
Cost, variable interest entities	1,666	1,558
Accumulated depreciation and amortization	(32,511)	(31,969)
Generation facilities to be retired, net	61	136
Net property, plant and equipment	68,877	68,558
Regulatory Assets and Deferred Debits		
Regulatory assets	10,864	11,004
Other	177	178
Total regulatory assets and deferred debits	11,041	11,182
Total Assets	\$ 114,100	\$ 113,856
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 1,936	\$ 2,444
Notes payable and commercial paper	1,501	745
Non-recourse notes payable of variable interest entities	325	312
Taxes accrued	553	459
Interest accrued	451	448
Current maturities of long-term debt	2,223	3,110
Other	3,026	2,511
Total current liabilities	10,015	10,029

Long-term Debt	36,100	35,499
Non-recourse Long-term Debt of Variable Interest Entities	1,259	852
Deferred Credits and Other Liabilities		
Deferred income taxes	10,829	10,490
Investment tax credits	450	458
Accrued pension and other post-retirement benefit costs	2,373	2,520
Asset retirement obligations	5,284	5,169
Regulatory liabilities	5,483	5,584
Other	2,106	2,221
Total deferred credits and other liabilities	26,525	26,442
Commitments and Contingencies		
Preferred Stock of Subsidiaries		93
Equity		
Common stock, \$0.001 par value, 2 billion shares authorized; 706 million and 704 million shares outstanding at June 30, 2013 and December 31, 2012, respectively	1	1
Additional paid-in capital	39,284	39,279
Retained earnings	1,223	1,889
Accumulated other comprehensive loss	(376)	(306)
Total Duke Energy Corporation shareholders' equity	40,132	40,863
Noncontrolling interests	69	78
Total equity	40,201	40,941
Total Liabilities and Equity	\$ 114,100	\$ 113,856

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CORPORATION
Condensed Consolidated Statements Of Cash Flows
(Unaudited)

(in millions)	Six Months Ended June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 976	\$ 747
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	1,544	1,077
Equity component of AFUDC	(82)	(116)
Losses (gains) on sales of other assets	8	(7)
Impairment of other long-lived assets	386	408
Deferred income taxes	397	230
Equity in earnings of unconsolidated affiliates	(58)	(85)
Voluntary opportunity cost deferral		(101)
Accrued pension and other post-retirement benefit costs	172	57
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	40	(10)
Receivables	(144)	61
Inventory	84	(165)
Other current assets	(43)	105
Increase (decrease) in		
Accounts payable	(308)	(102)
Taxes accrued	95	(67)
Other current liabilities	4	34
Other assets	(175)	22
Other liabilities	(53)	(86)
Net cash provided by operating activities	2,843	2,002
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,715)	(2,252)
Investment expenditures	(49)	(9)
Acquisitions		(36)
Purchases of available-for-sale securities	(2,827)	(1,240)
Proceeds from sales and maturities of available-for-sale securities	2,775	1,155
Net proceeds from the sales of other assets, and sales of and collections on notes receivable	38	23
Change in restricted cash	188	(51)
Other	28	19
Net cash used in investing activities	(2,562)	(2,391)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		

Edgar Filing: Duke Energy CORP - Form 10-Q

Issuance of long-term debt	1,832	721
Issuance of common stock related to employee benefit plans	7	14
Payments for the:		
Redemption of long-term debt	(1,538)	(878)
Redemption of preferred stock of a subsidiary	(96)	
Notes payable and commercial paper	763	631
Distributions to noncontrolling interests	(8)	(5)
Dividends paid	(1,085)	(670)
Other	(9)	(8)
Net cash used in financing activities	(134)	(195)
Net increase (decrease) in cash and cash equivalents	147	(584)
Cash and cash equivalents at beginning of period	1,424	2,110
Cash and cash equivalents at end of period	\$ 1,571	\$ 1,526
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 480	\$ 216
Dividends declared but not paid	551	344
Extinguishment of debt related to investment in Attiki Gas Supply, S. A.		66

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CORPORATION
Condensed Consolidated Statements Of Equity
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Loss	Net Gains (Losses) on Available for Sale Securities	Pension and OPEB Adjustments	Common Stockholders' Equity		Total Equity
	Shares	Dollars							Equity	Interests	
Balance at December 31, 2011	445	\$ 1	\$ 21,132	\$ 1,873	\$ (45)	\$ (71)	\$ (9)	\$ (109)	\$ 22,772	\$ 93	\$ 22,865
Net income				739					739	8	747
Other comprehensive income					(83)	(15)	6	6	(86)	(4)	(90)
Common stock issuances, including dividend reinvestment and employee benefits	1		8						8		8
Common stock dividends				(1,014)					(1,014)		(1,014)
Balance at June 30, 2012	446	\$ 1	\$ 21,140	\$ 1,598	\$ (128)	\$ (86)	\$ (3)	\$ (103)	\$ 22,419	\$ 97	\$ 22,516
Balance at December 31, 2012	704	\$ 1	\$ 39,279	\$ 1,889	\$ (116)	\$ (100)	\$	\$ (90)	\$ 40,863	\$ 78	\$ 40,941

Edgar Filing: Duke Energy CORP - Form 10-Q

Net income		973							973	3	976
Other comprehensive (loss) income											
Common stock issuances, including dividend reinvestment and employee benefits	2	5							5		5
Common stock dividends			(1,636)						(1,636)		(1,636)
Premium on the redemption of preferred stock of subsidiaries				(3)					(3)		(3)
Distributions to noncontrolling interests										(8)	(8)
Balance at June 30,											
2013	706	\$ 1	\$ 39,284	\$ 1,223	\$ (241)	\$ (46)	\$ (4)	\$ (85)	\$ 40,132	\$ 69	\$ 40,201

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CAROLINAS, LLC

**Condensed Consolidated Statements Of Operations And Comprehensive Income
(Unaudited)**

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenues	\$ 1,591	\$ 1,616	\$ 3,320	\$ 3,117
Operating Expenses				
Fuel used in electric generation and purchased power	443	442	961	822
Operation, maintenance and other	479	476	936	807
Depreciation and amortization	226	226	448	454
Property and other taxes	92	89	192	179
Total operating expenses	1,240	1,233	2,537	2,262
Gains on Sales of Other Assets and Other, net		3	2	6
Operating Income	351	386	785	861
Other Income and Expenses, net	29	43	65	82
Interest Expense	91	93	173	190
Income Before Income Taxes	289	336	677	753
Income Tax Expense	108	125	252	276
Net Income	\$ 181	\$ 211	\$ 425	\$ 477
Other comprehensive income, net of tax				
Reclassification into earnings from cash flow hedges		2		2
Comprehensive Income	\$ 181	\$ 213	\$ 425	\$ 479

See Notes to Condensed Consolidated Financial Statements

PART I

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

(in millions)	June 30, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13	\$ 19
Receivables (net of allowance for doubtful accounts of \$3 at June 30, 2013 and December 31, 2012)	155	188
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$6 at June 30, 2013 and December 31, 2012)	669	637
Receivables from affiliated companies	49	3
Notes receivable from affiliated companies	215	382
Inventory	1,063	1,062
Other	457	439
Total current assets	2,621	2,730
Investments and Other Assets		
Nuclear decommissioning trust funds	2,533	2,354
Other	948	934
Total investments and other assets	3,481	3,288
Property, Plant and Equipment		
Cost	34,534	34,190
Accumulated depreciation and amortization	(11,502)	(11,437)
Generation facilities to be retired, net		73
Net property, plant and equipment	23,032	22,826
Regulatory Assets and Deferred Debits		
Regulatory assets	1,836	1,727
Other	47	71
Total regulatory assets and deferred debits	1,883	1,798
Total Assets	\$ 31,017	\$ 30,642
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 487	\$ 599
Accounts payable to affiliated companies	122	128
Taxes accrued	108	114
Interest accrued	99	96
Current maturities of long-term debt	406	406
Other	441	490
Total current liabilities	1,663	1,833
Long-term Debt	7,734	7,735
Non-recourse Long-term Debt of Variable Interest Entities	300	300
Long-term Debt Payable to Affiliated Companies	300	300
Deferred Credits and Other Liabilities		
Deferred income taxes	5,421	5,181

Edgar Filing: Duke Energy CORP - Form 10-Q

Investment tax credits	213	215
Accrued pension and other post-retirement benefit costs	212	221
Asset retirement obligations	2,021	1,959
Regulatory liabilities	2,223	2,102
Other	882	924
Total deferred credits and other liabilities	10,972	10,602
Commitments and Contingencies		
Member's Equity		
Member's Equity	10,064	9,888
Accumulated other comprehensive loss	(16)	(16)
Total member's equity	10,048	9,872
Total Liabilities and Member's Equity	\$ 31,017	\$ 30,642

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements Of Cash Flows
(Unaudited)

(in millions)	Six Months Ended June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 425	\$ 477
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	569	569
Equity component of AFUDC	(47)	(74)
Gains on sales of other assets and other, net	(2)	(6)
Deferred income taxes	247	275
Voluntary opportunity cost deferral		(101)
Accrued pension and other post-retirement benefit costs	20	21
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(7)	1
Receivables	(3)	51
Receivables from affiliated companies	(46)	2
Inventory	(12)	(99)
Other current assets	(14)	8
Increase (decrease) in		
Accounts payable	(44)	(184)
Accounts payable to affiliated companies	(6)	(60)
Taxes accrued	(5)	(17)
Other current liabilities	(50)	76
Other assets	(68)	(40)
Other liabilities	(41)	(74)
Net cash provided by operating activities	916	825
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(804)	(1,006)
Purchases of available-for-sale securities	(1,122)	(607)
Proceeds from sales and maturities of available-for-sale securities	1,098	591
Notes receivable from affiliated companies	167	679
Other	(10)	(1)
Net cash used in investing activities	(671)	(344)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for the redemption of long-term debt		(751)
Distributions to parent	(249)	
Other	(2)	(1)
Net cash used in financing activities	(251)	(752)

Net decrease in cash and cash equivalents		(6)		(271)
Cash and cash equivalents at beginning of period		19		289
Cash and cash equivalents at end of period	\$	13	\$	18
Supplemental Disclosures:				
Significant non-cash transactions:				
Accrued capital expenditures	\$	125	\$	104

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY CAROLINAS, LLC
Condensed Consolidated Statements Of 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, 2011	\$ 9,473	\$ (17)	\$ (2)	\$ 9,454
Net income	477			477
Other comprehensive income		2		2
Balance at June 30, 2012	\$ 9,950	\$ (15)	\$ (2)	\$ 9,933
Balance at December 31, 2012	\$ 9,888	\$ (15)	\$ (1)	\$ 9,872
Net income	425			425
Distributions to parent	(249)			(249)
Balance at June 30, 2013	\$ 10,064	\$ (15)	\$ (1)	\$ 10,048

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.

**Condensed Consolidated Statements Of Operations And Comprehensive Income
(Unaudited)**

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenues	\$ 2,281	\$ 2,288	\$ 4,467	\$ 4,390
Operating Expenses				
Fuel used in electric generation and purchased power	918	1,002	1,778	1,903
Operation, maintenance and other	533	637	1,094	1,172
Depreciation and amortization	210	231	404	397
Property and other taxes	141	142	282	280
Impairment charges	366		366	
Total operating expenses	2,168	2,012	3,924	3,752
Gains on Sales of Other Assets and Other, net	1	1	1	2
Operating Income	114	277	544	640
Other Income and Expenses, net	14	26	37	65
Interest Expense	160	193	358	378
(Loss) Income From Continuing Operations Before Taxes	(32)	110	223	327
Income Tax (Benefit) Expense From Continuing Operations	(19)	42	82	118
(Loss) Income From Continuing Operations	(13)	68	141	209
(Loss) Income From Discontinued Operations, net of tax	(4)	(4)	(4)	7
Net (Loss) Income	(17)	64	137	216
Less: Net Income Attributable to Noncontrolling Interest		1	1	3
Net (Loss) Income Attributable to Parent	\$ (17)	\$ 63	\$ 136	\$ 213
Net (Loss) Income	\$ (17)	\$ 64	\$ 137	\$ 216
Other Comprehensive Income (Loss), net of tax				
Reclassification into earnings from pension and OPEB adjustments			1	1
Net unrealized gain (loss) on cash flow hedges	2	(2)	3	
Reclassification into earnings from cash flow hedges		(2)		
Other Comprehensive Income (Loss), net of tax	2	(4)	4	1
Comprehensive (Loss) Income	\$ (15)	\$ 60	\$ 141	\$ 217

See Notes to Condensed Consolidated Financial Statements

PART I

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

(in millions)	June 30, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 54	\$ 231
Receivables (net of allowance for doubtful accounts of \$15 at June 30, 2013 and \$16 at December 31, 2012)	933	790
Receivables from affiliated companies	3	15
Notes receivable from affiliated companies	101	
Inventory	1,371	1,441
Other	728	766
Total current assets	3,190	3,243
Investments and Other Assets		
Nuclear decommissioning trust funds	2,034	1,888
Goodwill	3,655	3,655
Other	516	530
Total investments and other assets	6,205	6,073
Property, Plant and Equipment		
Cost	35,509	35,130
Cost, variable interest entities	16	16
Accumulated depreciation and amortization	(12,723)	(12,512)
Generation facilities to be retired, net	61	63
Net property, plant and equipment	22,863	22,697
Regulatory Assets and Deferred Debits		
Regulatory assets	5,193	5,292
Other	100	100
Total regulatory assets and deferred debits	5,293	5,392
Total Assets	\$ 37,551	\$ 37,405
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 813	\$ 1,066
Accounts payable to affiliated companies	78	30
Notes payable to affiliated companies	858	455
Taxes accrued	208	83
Interest accrued	184	192
Current maturities of long-term debt	717	843
Other	1,285	1,118
Total current liabilities	4,143	3,787
Long-term Debt	13,503	13,311
Long-term Debt Payable to Affiliated Companies		274

Deferred Credits and Other Liabilities

Deferred income taxes	2,654	2,558
Investment tax credits	91	95
Accrued pension and other post-retirement benefit costs	1,608	1,608
Asset retirement obligations	2,462	2,413
Regulatory liabilities	2,234	2,469
Other	535	612
Total deferred credits and other liabilities	9,584	9,755

Commitments and Contingencies**Preferred Stock of Subsidiaries**

93

Common Stockholder's Equity

Common stock, \$0.01 par value, 100 shares authorized and outstanding at June 30, 2013 and December 31, 2012		
Additional paid-in capital	7,465	7,465
Retained earnings	2,916	2,783
Accumulated other comprehensive loss	(63)	(67)
Total common stockholder's equity	10,318	10,181
Noncontrolling interests	3	4
Total equity	10,321	10,185
Total Liabilities and Common Stockholder's Equity	\$ 37,551	\$ 37,405

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.

**Condensed Consolidated Statements Of Cash Flows
(Unaudited)**

(in millions)	Six Months Ended	
	June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 137	\$ 216
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	480	459
Equity component of AFUDC	(27)	(49)
Losses (gains) on sales of other assets and other, net	4	(19)
Impairment charges	366	
Deferred income taxes	71	169
Accrued pension and other post-retirement benefit costs	105	82
Contributions to qualified pension plans		(42)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	23	(63)
Receivables	(148)	(6)
Receivables from affiliated companies	12	
Inventory	69	8
Other current assets	(33)	(72)
Increase (decrease) in		
Accounts payable	(203)	26
Accounts payable to affiliated companies	48	
Taxes accrued	124	107
Other current liabilities	169	(25)
Other assets	(126)	1
Other liabilities	88	(84)
Net cash provided by operating activities	1,159	708
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,295)	(1,118)
Purchases of available-for-sale securities	(978)	(625)
Proceeds from sales and maturities of available-for-sale securities	960	610
Change in restricted cash		(14)
Notes receivable from affiliated companies	(101)	
Other	21	68
Net cash used in investing activities	(1,393)	(1,079)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	545	1,432
Issuance of common stock related to employee benefit plans		6
Payments for the:		
Redemption of long-term debt	(788)	(455)
Redemption of preferred stock of subsidiaries	(96)	

Payments of short-term debt with original maturities greater than 90 days		(65)
Proceeds from issuance of short-term debt with original maturities greater than 90 days		65
Notes payable and commercial paper		(326)
Notes payable to affiliated companies	403	
Distributions to noncontrolling interests	(2)	(4)
Dividends paid		(446)
Other	(5)	7
Net cash provided by financing activities	57	214
Net decrease in cash and cash equivalents	(177)	(157)
Cash and Cash Equivalents at Beginning of Period	231	230
Cash and Cash Equivalents at End of Period	\$ 54	\$ 73
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 310	\$ 265
Capital expenditures financed through capital leases		116

See Notes to Condensed Consolidated Financial Statements

PART I

PROGRESS ENERGY, INC.

**Condensed Consolidated Statements of Equity
(Unaudited)**

(in millions)	Additional		Retained	Accumulated Other Comprehensive Loss		Common Stockholders' Equity	Noncontrolling Interests	Total Equity
	Common Stock	Paid-in Capital		Net Losses on Cash Flow Hedges	Pension and OPEB Related Adjustments			
Balance at December 31, 2011	\$ 7,418	\$ 16	\$ 2,752	\$ (142)	\$ (23)	\$ 10,021	\$ 4	\$ 10,025
Net income ^(a)			213			213	1	214
Other comprehensive income					1	1		1
Common stock issuances, including dividend reinvestment and employee benefits	25	6				31		31
Common stock dividends			(369)			(369)		(369)
Distributions to noncontrolling interests							(2)	(2)
Balance at June 30, 2012	\$ 7,443	\$ 22	\$ 2,596	\$ (142)	\$ (22)	\$ 9,897	\$ 3	\$ 9,900
Balance at December 31, 2012	\$	\$ 7,465	\$ 2,783	\$ (42)	\$ (25)	\$ 10,181	\$ 4	\$ 10,185
Net income			136			136	1	137
Other comprehensive income				3	1	4		4

Premium on the redemption of preferred stock of subsidiaries			(3)			(3)		(3)
Distributions to noncontrolling interests							(2)	(2)
Balance at June 30, 2013	\$	\$ 7,465	\$ 2,916	\$ (39)	\$ (24)	\$ 10,318	\$ 3	\$ 10,321

(a) For the six months ended June 30, 2012, consolidated net income of \$216 million includes \$2 million attributable to preferred shareholders of subsidiaries. Income attributable to preferred shareholders of subsidiaries is not a component of total equity and is excluded from the table above.

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY PROGRESS, INC.

**Condensed Consolidated Statements Of Operations And Comprehensive Income
(Unaudited)**

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenues	\$ 1,135	\$ 1,090	\$ 2,351	\$ 2,180
Operating Expenses				
Fuel used in electric generation and purchased power	441	433	896	853
Operation, maintenance and other	340	388	692	762
Depreciation and amortization	113	134	250	268
Property and other taxes	53	52	113	108
Impairment charges	22		22	
Total operating expenses	969	1,007	1,973	1,991
Gains on Sales of Other Assets and Other, net				1
Operating Income	166	83	378	190
Other Income and Expenses, net	8	16	22	36
Interest Expense	47	53	95	104
Income Before Income Taxes	127	46	305	122
Income Tax Expense	50	15	118	39
Net Income	77	31	187	83
Less: Preferred Stock Dividend Requirement				1
Net Income Available to Parent	\$ 77	\$ 31	\$ 187	\$ 82
Net Income	\$ 77	\$ 31	\$ 187	\$ 83
Other Comprehensive Loss, net of tax				
Net unrealized loss on cash flow hedges		(4)		(1)
Reclassification into earnings from cash flow hedges		(2)		
Other Comprehensive Loss, net of tax		(6)		(1)
Comprehensive Income	\$ 77	\$ 25	\$ 187	\$ 82

See Notes to Condensed Consolidated Financial Statements

PART I

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

(in millions)	June 30, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 20	\$ 18
Receivables (net of allowance for doubtful accounts of \$8 at June 30, 2013 and \$9 at December 31, 2012)	523	458
Receivables from affiliated companies	8	5
Inventory	805	828
Other	361	313
Total current assets	1,717	1,622
Investments and Other Assets		
Nuclear decommissioning trust funds	1,360	1,259
Other	281	251
Total investments and other assets	1,641	1,510
Property, Plant and Equipment		
Cost	21,612	21,168
Cost, variable interest entities	16	16
Accumulated depreciation and amortization	(8,379)	(8,185)
Generation facilities to be retired, net	61	63
Net property, plant and equipment	13,310	13,062
Regulatory Assets and Deferred Debits		
Regulatory assets	1,905	1,845
Other	32	29
Total regulatory assets and deferred debits	1,937	1,874
Total Assets	\$ 18,605	\$ 18,068
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 382	\$ 542
Accounts payable to affiliated companies	103	76
Notes payable to affiliated companies	257	364
Taxes accrued	63	23
Interest accrued	75	69
Current maturities of long-term debt	407	407
Other	451	517
Total current liabilities	1,738	1,998
Long-term Debt	4,929	4,433
Deferred Credits and Other Liabilities		
Deferred income taxes	2,305	2,162
Investment tax credits	88	92
Accrued pension and other post-retirement benefit costs	729	715
Asset retirement obligations	1,689	1,649
Regulatory liabilities	1,564	1,538

Other		251	295
	Total deferred credits and other liabilities	6,626	6,451
Commitments and Contingencies			
Preferred Stock			
			59
Common Stockholder's Equity			
Common stock, no par value, 200 million shares authorized; 160 million shares issued and outstanding at June 30, 2013 and December 31, 2012			
		2,159	2,159
	Retained earnings	3,153	2,968
	Total common stockholder's equity	5,312	5,127
Total Liabilities and Equity		\$ 18,605	\$ 18,068

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY PROGRESS, INC.

**Condensed Consolidated Statements Of Cash Flows
(Unaudited)**

(in millions)	Six Months Ended June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 187	\$ 83
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion (including amortization of nuclear fuel)	324	326
Equity component of AFUDC	(23)	(32)
Gains on sales of other assets and other, net		(1)
Impairment charges	22	
Deferred income taxes	146	95
Accrued pension and other post-retirement benefit costs	48	33
Contributions to qualified pension plans		(22)
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(12)	(38)
Receivables	(49)	(5)
Receivables from affiliated companies	(3)	1
Inventory	23	
Other current assets	(69)	(38)
Increase (decrease) in		
Accounts payable	(142)	12
Accounts payable to affiliated companies	27	27
Taxes accrued	41	29
Other current liabilities	(49)	11
Other assets	(53)	(13)
Other liabilities	5	(18)
Net cash provided by operating activities	423	450
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(725)	(724)
Purchases of available-for-sale securities	(318)	(271)
Proceeds from sales and maturities of available-for-sale securities	299	256
Notes receivable from affiliated companies		(229)
Other	3	60
Net cash used in investing activities	(741)	(908)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	545	988
Payments for the:		
Redemption of long-term debt	(50)	(1)
Redemption of preferred stock	(62)	
Notes payable and commercial paper		(188)
Notes payable to affiliated companies	(107)	(31)
Dividends paid to parent		(310)

Edgar Filing: Duke Energy CORP - Form 10-Q

Dividends paid on preferred stock	(1)	(1)
Other	(5)	2
Net cash provided by financing activities	320	459
Net increase in cash and cash equivalents	2	1
Cash and Cash Equivalents at Beginning of Period	18	20
Cash and Cash Equivalents at End of Period	\$ 20	\$ 21
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 216	\$ 162
Capital expenditures financed through capital leases		116

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY PROGRESS, INC.

**Condensed Consolidated Statements Of Equity
(Unaudited)**

	Common	Retained	Accumulated Other Comprehensive Loss Net Losses on Cash Flow Hedges	Total Equity
(in millions)	Stock	Earnings		
Balance at December 31, 2011	\$ 2,148	\$ 3,011	\$ (71)	\$ 5,088
Net income		83		83
Other comprehensive loss			(1)	(1)
Stock-based compensation expense	11			11
Dividend to parent		(310)		(310)
Preferred stock dividends at stated rate		(1)		(1)
Tax dividend		(3)		(3)
Balance at June 30, 2012	\$ 2,159	\$ 2,780	\$ (72)	\$ 4,867
Balance at December 31, 2012	\$ 2,159	\$ 2,968	\$	\$ 5,127
Net income		187		187
Premium on the redemption of preferred stock		(2)		(2)
Balance at June 30, 2013	\$ 2,159	\$ 3,153	\$	\$ 5,312

See Notes to Condensed Consolidated Financial Statements

PART I

DUKE ENERGY FLORIDA, INC.

**Condensed Statements Of Operations And Comprehensive Income
(Unaudited)**

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Operating Revenues	\$ 1,142	\$ 1,196	\$ 2,110	\$ 2,206
Operating Expenses				
Fuel used in electric generation and purchased power	478	568	883	1,050
Operation, maintenance and other	198	251	409	415
Depreciation and amortization	90	92	142	119
Property and other taxes	85	89	164	172
Impairment charges	345		345	
Total operating expenses	1,196	1,000	1,943	1,756
Gains on Sales of Other Assets and Other, net	1		1	1
Operating (Loss) Income	(53)	196	168	451
Other Income and Expenses, net	5	9	13	18
Interest Expense	43	69	92	132
Income (Loss) Before Income Taxes	(91)	136	89	337
Income Tax (Benefit) Expense	(34)	53	36	126
Net (Loss) Income	(57)	83	53	211
Less: Preferred Stock Dividend Requirement				1
Net (Loss) Income Available to Parent	\$ (57)	\$ 83	\$ 53	\$ 210
Net (Loss) Income	\$ (57)	\$ 83	\$ 53	\$ 211
Other Comprehensive (Loss) Income, net of tax				
Net unrealized loss on cash flow hedges		(1)		
Comprehensive (Loss) Income	\$ (57)	\$ 82	\$ 53	\$ 211

See Notes to Condensed Consolidated Financial Statements

PART I

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

(in millions)	June 30, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 18	\$ 131
Receivables (net of allowance for doubtful accounts of \$7 at June 30, 2013 and December 31, 2012)	402	318
Receivables from affiliated companies		20
Notes receivable from affiliated companies		207
Inventory	569	613
Other	318	351
Total current assets	1,307	1,640
Investments and Other Assets		
Nuclear decommissioning trust funds	674	629
Other	173	182
Total investments and other assets	847	811
Property, Plant and Equipment		
Cost	13,555	13,432
Accumulated depreciation and amortization	(4,130)	(4,072)
Net property, plant and equipment	9,425	9,360
Regulatory Assets and Deferred Debits		
Regulatory assets	3,167	3,321
Other	46	48
Total regulatory assets and deferred debits	3,213	3,369
Total Assets	\$ 14,792	\$ 15,180
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 392	\$ 412
Accounts payable to affiliated companies	41	44
Notes payable to affiliated companies	11	
Taxes accrued	175	48
Interest accrued	45	55
Current maturities of long-term debt	11	435
Other	774	534
Total current liabilities	1,449	1,528
Long-term Debt		