CORPORATE PARTICIPANTS

Jack Sullivan – Duke Energy Corporation, Vice President Investor Relations  
Lynn Good – Duke Energy Corporation, Chair, President & CEO  
Steve Young – Duke Energy Corporation, Executive Vice President & CFO

CONFERENCE CALL PARTICIPANTS

Julien Dumoulin-Smith, BofA Securities, Inc.  
Jonathan Arnold, Vertical Research Partners LLC  
Ryan Karnish, JPMorgan Securities LLC  
Michael Lapides, Goldman Sachs & Co. LLC  
Anthony Crowdell, Mizuho Securities USA LLC  
David Paz, Wolfe Research LLC

PRESENTATION

Operator

Good morning. Thank you for attending today’s Duke Energy Quarter One 2022 Conference Call. My name is Amber and I will be your moderator for today’s call. All lines will be muted during the presentation portion of the call with an opportunity for questions and answers at the end.

I now have the pleasure of handing the conference over to our host, Jack Sullivan, Vice President of Investor Relations with Duke Energy.

Mr. Sullivan. Please proceed.

Jack Sullivan – Duke Energy Corporation, Vice President Investor Relations

Thank you, Amber. Good morning, everyone, and welcome to Duke Energy’s First Quarter 2022 earnings review and business update. Leading our call today is Lynn Good, Chair, President and Chief Executive Officer along with Steve Young, Executive Vice President and CFO. Today’s discussion will include the use of non-GAAP financial measures and forward-looking information within the meaning of securities laws.

Actual results may be different than forward-looking statements and those factors are outlined herein and disclosed in Duke Energy’s SEC filings. The appendix of today’s presentation includes supplemental information and disclosures, along with a reconciliation of non-GAAP financial measures.

So, with that, let’s turn the call over to Lynn

Lynn Good – Duke Energy Corporation, Chair, President & CEO

Jack, thank you. And good morning, everyone. Today, we announced adjusted earnings per share of $1.30 for the quarter, delivering strong results to start the year, driven by continued growth in electric volumes. That growth was partially offset by $0.07 of higher expense from severe winter storms. I’d like to take a moment to thank approximately 19,000 restoration workers who worked tirelessly to restore power to over 1 million customers across a series of winter storms, the most we’ve seen in eight years.

Despite the Q1 storms, we remain on track to deliver within our original guidance range and are reaffirming our full-year earnings guidance range of $5.30 to $5.60 with a midpoint of $5.45. We’re also reaffirming our long-term EPS growth rate of 5% to 7% through 2026, off the midpoint of our original 2021 guidance range. We’re monitoring
economic trends and will take action if necessary as we continue to execute the important strategic work we have underway in the Carolinas, Indiana and Florida. I will touch on this more in just a moment.

Turning to slide 5, we published our first ESG report in late April that expands on our historic sustainability themes and adds more insight on social and governance topics. We’ve included some highlights and key accomplishments on this slide.

We’ve got a strong track record in each of these areas and have established ambitious targets for the future. Our work has been recognized across the ESG community, including by MSCI, which upgraded our ESG rating to AA in February. We’re also laying the groundwork for even more progress with our proposed Carbon Plan in North Carolina, our IRP in Indiana and our ongoing solar and grid investments in Florida. We look forward to sharing additional updates throughout the year and during our ESG Day on October 4.

Moving to slide 6, let me spend a few minutes on North Carolina. There’s a meaningful progress in the state, implementing the framework set forth in House Bill 951. As a reminder, this landmark bipartisan legislation provides for a clean energy transition as well as modernized, performance-based rate-making provisions, including multi-year rate plans, performance incentive measures and residential decoupling. We’ve been working closely with stakeholders on the development of our proposed Carbon Plan, which we will file with the commission on May 16.

The plan will outline multiple portfolios to achieve the 70% carbon reduction target, including proposals around timing of coal plant retirements and resource additions. We expect substantial solar and battery additions, demand-side management and energy efficiency opportunities in every pathway. Onshore and offshore wind will be presented for consideration as well as small modular nuclear reactors. Each portfolio has been rigorously tested for reliability and affordability for our customers.

Following the May 16 filing of our proposed Carbon Plan, the commission will gather additional stakeholder input, make adjustments and approve a final plan by the end of the year. The plan will be updated every two years thereafter. In February, the North Carolina Utilities Commission issued its order on rulemaking for performance-based regulation. And in April, the Commission issued its order on rulemaking for coal plant securitization. This allows our North Carolina utilities to securitize half of the remaining carrying value of certain coal plants upon their early retirement. Both orders were constructive, establishing processes that are fair, balanced and consistent with the policy objectives of HB 951.

Another strategic priority for 2022 is to file a rate case introducing the modernized ratemaking tools approved in HB 951. The NCUC has established a process for these filings that include technical conferences on the multiyear rate plans prior to filing. We currently expect to file a DEP North Carolina rate case in the fourth quarter and likely a DEC North Carolina rate case early next year.

Turning to slide 7, I’d like to touch on the key initiatives across our service territories. In South Carolina, storm cost securitization legislation continues to move forward. The proposed legislation has passed in the Senate and is now being heard in the House. If enacted, this legislation would provide an additional tool to recover prior and future storm restoration costs, creating significant savings for our customers as compared to traditional recovery mechanisms.

Moving to Florida, we’re making investments to harden the grid under our storm protection plan. We recently filed our updated plans which include $7 billion of capital investments over the next 10 years.

In Indiana, we filed request for proposals for up to 2,400 megawatts of new generation through 2027, which includes both intermittent and dispatchable resources to support our transition from coal. We’re pleased with the response to our intermittent RFP having received bids from 13 developers on more than 30 different projects, totaling over 7,000 megawatts. On May 2, we received the bids for the dispatchable portion of the RFP and are reviewing them now.

We expect to file CPCNs with the Indiana Utility Regulatory Commission later this year. In November, we filed our second TDSIC plan in Indiana. The six-year $2 billion plan includes investments to improve customer reliability, harden the grid and prepare for distributed generation. A hearing was held in March and we expect to receive a decision from the commission in July. If approved, the program would begin in 2023.

Shifting to the LDCs, we continue to make investments to build needed infrastructure, improve reliability and to comply with federal regulations. In South Carolina, we filed a general rate case in April. If approved, we anticipate revised customer rates will be effective by October.
And in Tennessee, legislation was recently passed that will allow natural gas utilities to invest in low to zero emission capital projects. This legislation will help enable our de-carbonization vision for our natural gas business unit and could serve as a blueprint for legislation in other states across the country.

In closing, we’re making progress on all fronts across our jurisdictions, meeting our commitments and executing our clean energy strategy. We have a clear path forward for 2022 and believe our investment plan will deliver sustainable value to shareholders and 5% to 7% earnings growth over the next five years.

And with that, let me turn the call over to Steve.

Steve Young – Duke Energy Corporation, Executive Vice President & CFO

Thanks, Lynn, and good morning, everyone. I’ll start with a brief discussion of our quarterly results, highlighting a few of the key variances to the prior year. As shown on slide 8, our first quarter reported earnings per share was $1.08 and our adjusted earnings per share was $1.30. This compared to reported and adjusted earnings per share of $1.25 and $1.26 last year.

Please see our non-GAAP reconciliation included in the earnings release for more details.

Within the segments, Electric Utilities and Infrastructure was up $0.10 compared to the prior year. Results were favorable due to higher volumes and base rate increases. Partially offsetting these items were higher O&M, primarily attributed to severe winter storms and weaker weather than last year.

In our Gas LDC business, we were flat year-over-year with contributions from rate cases and riders, offset by higher O&M due to timing and cost associated with new investments. Results from commercial were $0.02 lower due to fewer growth investments compared to 2021, partially offset by favorability from fewer winter storms impacting our commercial fleet. And in the other segment, we were $0.04 lower, primarily due to lower market returns on benefit trusts.

Turning to slide 9, let me touch on electric volumes and economic trends. We started off the year with continued load growth, improving our rolling 12-month retail growth rate to 3.8%. This figure has continued to steadily improve over the past four quarters as we’ve been replacing weaker orders experienced in the first year of the pandemic with stronger quarters during the second year.

We believe Q1 2022 represents the high watermark for this rolling 12-month figure and expect the growth rate will moderate as we move further into 2022, ultimately landing around 1.5% for the full year. This is consistent with the 2022 load forecast we shared on our fourth quarter earnings call in February.

The favorable first quarter results for the electric utilities are mainly driven by sustained residential customer growth of 1.8% and the loosening of COVID restrictions for commercial and industrial customers. We also benefited from residential customers who continue to work from home and from incremental load in the Carolinas and Midwest as customers rode out several winter storms from home.

For commercial and industrial classes, we saw continued rebound of our existing customers. And looking ahead, we will start to see incremental growth for new customers due to the outstanding accomplishments of our economic development team.

In 2021, we helped attract nearly 12,500 new jobs and $6.2 billion in capital investment to our service territories, creating vibrant economies and accelerating growth in our communities. We have seen this momentum continue into 2022. While these results are a great start to the year, we are watching key economic indicators such as moderating GDP growth, rising inflation and supply chain constraints.

We will actively – we will activate agility measures and leverage our size and scale to counteract rising costs and secure necessary materials through vendor relationships, advanced ordering and other measures. This work will continue for all aspects of our business to control O&M costs and secure the materials and services we need to execute our growth plan.
With ongoing constraints impacting the global supply of solar panels, let me take a moment to address this matter. On our fourth quarter earnings call in February, we reduced our 2022 net income projection for the Commercial Renewables segment to approximately $150 million, down from our original range of $200 million to $250 million. This related to a strategic decision to prioritize our regulated solar projects with our existing panel supply.

Having taken those steps in February, we are well-positioned on all solar projects slated for 2022 across our regulated and commercial operations. Looking to 2023 and beyond, we’re closely monitoring the Department of Commerce investigation as we assess the timing of our solar projects. On the regulated side, we expect no delays in 2023. For Commercial Renewables business, we are targeting approximately 800 megawatts of solar in 2023 and have line of sight on roughly half at this time. Panels have been secured and PPA negotiations are underway.

The remaining solar projects are in various stages of development and largely dependent upon panel price clarity. If delays persist, we may see a few projects shift from 2023 to 2024, resulting in the commercial business delivering more in line with 2022. We are planning for a range of outcomes and have a pipeline of capital and agility levers to maintain our 5% to 7% annual earnings growth trajectory. As a reminder, our commercial solar capital for 2023 represents approximately 1% of our total CapEx for the five-year plan.

Turning to our nuclear operations, Duke Energy owns and operates the largest regulated nuclear fleet in North America. As such, we have a significant inventory of enriched uranium product and have agreements with a diverse set of suppliers across several continents. Regardless of any potential sanctions related to the Russia-Ukraine war, our existing uranium inventories, contracts and supply flexibility are sufficient to fuel our nuclear fleet.

Let me close with slide 11. We are off to a good start in 2022 and feel confident of our earnings guidance range of $5.30 to $5.60 with a midpoint of $5.45. Let me discuss the earnings profile for the remainder of the year. Compared to 2021 second quarter, we will see higher O&M simply due to the different slotting of planned outages in a given calendar year. Additionally, the Florida rate settlement timing and wholesale contract recognition will pick up in the second half of 2022. The growth in the natural gas business unit resulting from rate cases, writers and customer growth will largely impact the fourth quarter.

Turning to commercial renewables, the majority of the negative variance compared to 2021 occurs in the first half of the year. Again, we are on target for earnings in 2022, but these factors will impact the quarterly shaping of those earnings. In conclusion, we continue to make meaningful strides in 2022 towards the advancement of our clean energy strategy, with a keen focus on affordability and reliability for our customers. Our attractive dividend yield coupled with our long-term earnings growth from investments in our regulated utilities and robust service territories provides a compelling risk-adjusted return for our shareholders.

With that, we’ll open the line for your questions.

QUESTIONS & ANSWERS

Julien Dumoulin-Smith - Analyst, BofA Securities, Inc.

Hey, good morning, team. Thanks for the time and the opportunity to connect here. Appreciate it and thanks for the details for the call.

Lynn Good – Duke Energy Corporation, Chair, President & CEO

Good morning.

Julien Dumoulin-Smith - Analyst, BofA Securities, Inc.

If I can, just going back – good morning, indeed. If I can go back super quick to the solar CapEx here and the conversation there very quickly, I think the key point was you’re in line from 2022 to 2023. So, kind of at that $150 million-ish level for 2023, again you said if delays persist, can you elaborate a little bit more about what that would look like if delays persist?
And also, if you can, can you recap for us a little bit on the earnings recognition? Just how should we think about that the weighted sort of average of – across your portfolio, how much of that ITC is being captured in that first year if we think about sort of the mechanics behind that impact, if you will?

**Lynn Good** – Duke Energy Corporation, Chair, President & CEO

Sure. And, Julien, I'll take a shot. And I'm sure Steve will have some things to add. I think the headline that I'd like to leave with you is we are on track in 2022 for both commercial and regulated renewables. So, the earnings that we have been talking about, the adjustment that we made to 2022, we are tracking exactly to both of those.

For 2023, we continue to prioritize our regulated renewables and they are on track. As we look at 2023 for commercial, there is some uncertainty that's been created by this investigation really around price and how that price is going to ultimately impact project economics.

So, we are planning for a range of outcomes. And what Steve shared with you is that range could include something comparable to 2022 if the delays persist or we have the potential to do better than that if clarity occurs soon enough so that we can keep projects on track. I think it's important to recognize that this is a minor amount of capital in the construct of Duke Energy. And so, as we think about 2023, we are confident in our 5% to 7% growth rate.

So, on income recognition, I'll turn it to Steve to talk a little bit about that, Julien. And then, we can circle back and see if we've resolved these questions.

**Steve Young** – Duke Energy Corporation, Executive Vice President & CFO

Right. Julien, on the ITC recognition, the past couple of years the projects we've been looking at are three to five years in that range depending on the tax equity arrangement, but we've been in that range. The accelerated depreciation benefits have been overall perhaps five to seven-type year spread. That's what we've been looking at. But again, as projects move, we look at what the needs are and what makes sense to the tax equity partner as well. But that's kind of where we've been.

**Julien Dumoulin-Smith** - Analyst, BofA Securities, Inc.

Got it. Okay. Fair enough. And just clarify, so how much of that would be shifting if you shifted, I don't know, half of your portfolio? How much does that impact that 2023? Just maybe clarify that.

**Lynn Good** – Duke Energy Corporation, Chair, President & CEO

Well, what we were trying to share, Julien, is if we do end up shifting, our expectation is that 2023 would be in the range of 2022.

**Julien Dumoulin-Smith** - Analyst, BofA Securities, Inc.


**Lynn Good** – Duke Energy Corporation, Chair, President & CEO

Yeah. And then, as we look out to 2024, we believe that gives sufficient time, hopefully, for these supply chain issues to resolve themselves more clarity on price. And we also see a ramp-up in regulated renewables by the time 2024 rolls around. So, we're talking about moving a few projects in the commercial from 2022 to 2023 if this uncertainty persists. And we'll, of course, be monitoring and updating along the way.

**Julien Dumoulin-Smith** - Analyst, BofA Securities, Inc.

Right. Yeah, clearly and evidently this is a timing-related issue. So, I very much appreciate that. Just a super quick second question. Just Treasuries, you guys have the sensitivity in the slides, et cetera. Can you comment about the
impact to your business today from the move in rates that we've seen against lots of different ways to take that? Lynn, where would you go with it? I know you got this $0.12 activity out there.

Lynn Good – Duke Energy Corporation, Chair, President & CEO

Yeah. And $0.12 is on the high end, Julien, as you would expect, because we're experiencing that interest rate really on short term at this point and are dollar averaging into long-term rates. But Steve can take you through specifics.

Steve Young – Duke Energy Corporation, Executive Vice President & CFO

That's right. We gave a sense of sensitivity based on variable rate securities in the portfolio. But we -- some things that we've done to mitigate that very significantly have -- we've increased hedging over the past year and a half on some of the securities that we knew we were going to be issuing in 2022. We've got about 30% of the securities hedged for 2022 and we've hedged even some in the 2023 that we know are going to occur.

So, utilization of that, we've been opportunistically going into the market working with tenor and timing, which given our scope and scale, we can do pretty well. So, we have significantly knocked down the $0.12 impact to the plan that you might see through those techniques.

Julien Dumoulin-Smith - Analyst, BofA Securities, Inc.

Got it. Okay, guys. Thank you all very much. Really appreciate it.

Lynn Good – Duke Energy Corporation, Chair, President & CEO

Thank you, Julien.

Jonathan Philip Arnold - Analyst, Vertical Research Partners LLC

Hi. Good morning, guys. Quick one on the Carbon Plan, obviously, appreciate you're going to tell us more about that and tell everyone more about that in a bit. But, Lynn, you mentioned there'll be several different options and that that'll encompass different technologies. But would you expect to make a definitive like preferred portfolio recommendation with your filing or is it more a range of options and then the commission will sort of shape that decision on which one to choose?

Lynn Good – Duke Energy Corporation, Chair, President & CEO

Jonathan, it's the latter. We're going to present a range of options on the 70% reduction. And then, that will be the subject of public hearings and reviewed by the commission and ultimately it would be the commission's decision on pace, technologies, price implications, et cetera. And those portfolios reflect the input from stakeholders. So, we've had three robust stakeholder meetings. We've also had a series of technical conferences to dig more deeply into topics that are relevant to the Carbon Plan. So, when we file this on Monday, Jonathan, we will come provide information to all of you on what's in there. And then, of course, this will be a centerpiece of our discussion over the balance of the year.

Jonathan Philip Arnold - Analyst, Vertical Research Partners LLC

Okay. But there's not going to be we think this is the best one or anything like that that's out there?

Lynn Good – Duke Energy Corporation, Chair, President & CEO

No. No.
Jonathan Philip Arnold - Analyst, Vertical Research Partners LLC

Great. Thank you for that. And then, just in terms of what you're seeing on load and that your comments about second quarter probably being the peak, I mean how is the – what you've seen – sorry, first quarter, how is what you've seen in terms of the last few weeks relevant to the trajectory you expected when you gave that year-end 1.5% glide path, I guess? Has it tracked a little ahead or is it roughly on the line you would have thought or any more color you can give us there?

Lynn Good – Duke Energy Corporation, Chair, President & CEO

Jonathan, I would say we continue to experience very strong growth in the Carolinas and in Florida and that shows up with customers, that shows up with economic development and our results reflect that strength. But we're also monitoring what's going on in the broader economy with inflation and GDP growth expectations. And so, that has kept us at our planned level of 1.5% for the full year. And I don't know, Steve, if you would add to that.

Steve Young – Duke Energy Corporation, Executive Vice President & CFO

Yeah. I think we're kind of out the gate strongly here. But as Lynn said, we're not going to move off of 1.5% at this time, because there are other factors we need to think about early in the year. But it's nice to continue to see the migration in. And when people move in, the commercial is going to follow that, hotels, restaurants, et cetera. And we're seeing robust industrial growth just in our service areas due to economic development efforts and just the general good business climate. So, hopefully, that will carry through and continue on, but we're off to a good start, but we've got to keep an eye on it, not time to change the forecast.

Jonathan Philip Arnold - Analyst, Vertical Research Partners LLC

Great. It's been good, but it's enabling you to be a little more conservative as you think about the rest of the year.

Lynn Good – Duke Energy Corporation, Chair, President & CEO

That's right.

Ryan Karnish - Analyst, JPMorgan Securities LLC

Hi. Good morning. It's actually Ryan Karnish on for Jeremy. Thanks for taking my questions. I'd ask one kind of follow-up on the Carbon Plan filing and you just remind us how that ultimately will show up in your multiyear plan filing, I think you talked about DEP 4Q and DEC 1Q. And just kind of remind us of the big milestones to watch ahead of those filings.

Lynn Good – Duke Energy Corporation, Chair, President & CEO

Sure. A couple of things I would note there. Well over 50% of the multiyear rate planning capital will be transmission and distribution investment. We will include some level of renewables and battery storage consistent with the Carbon Plan, really targeted for the end of the three-year period. So, think about projects that would come in service, 2025, 2026.

And the way the rate cases work here in the Carolinas is we do have an opportunity to continue to update capital beyond filing through the date of the hearing. So, that will give us an opportunity to fully understand the approved carbon plan. And to the extent any adjustment needs to be made in capital, we would do so at that time.

So, I would think about these things running a bit in parallel, Ryan, but given that the majority of the capital is T&D, we don't expect a material impact on the multiyear rate plan from the Carbon Plan in this three-year cycle. A lot of impact in the next one.
Ryan Karnish - Analyst, JPMorgan Securities LLC

Got it. No, that makes sense. Very helpful. And then, just one on inflation maybe or supply chain impacts even outside of the solar, just curious, you hit on a little bit in the script, but just kind of general trends you're seeing across your cost structure, how you kind of see that intertwining with your ability to kind of continue taking out O&M?

Lynn Good – Duke Energy Corporation, Chair, President & CEO

We continue to see what you're hearing throughout the industry, whether it's raw materials, labor, of course, fuel costs have been front and center. But as Steve indicated, we are addressing those risks with improved planning with our long-term contracts, our scale inventory, substitution, additional suppliers, just a variety of considerations.

And as we look at O&M in particular, we're confident in our trajectory that we had planned for 2022 and maybe a little background there, Ryan, we had originally been planning for a negative 1%. We raised that to flat, giving us some headroom. And so, the combination of all the things I mentioned give us confident that we're on track for O&M in 2022 and we have yet to see any impact to our overall capital plan as a result of these changes. We've been able to address even delays in supply chain, make substitutions in our projects and keep executing for our customers.

Ryan Karnish - Analyst, JPMorgan Securities LLC

Got it. No, that's very helpful. Thank you. I'll leave it there.

Michael Lapides - Analyst, Goldman Sachs & Co. LLC

Hey, guys. Thank you for taking my question. Congrats on a good – hey, Lynn, and congrats on a good start of the year. First of all, O&M, O&M, ex-storms, was up year-over-year and if I understood Steve's comments correctly, you'll have some O&M pressure in the second quarter with outage schedules I would assume. How should we think about what that means for the cadence and trajectory of O&M in 2022 ex-storms, flat, up, down and if it's down, is it more back-end loaded?

Steve Young – Duke Energy Corporation, Executive Vice President & CFO

We had targeted flat, Michael, and it'll certainly be at least flat. Our agility efforts, frankly, that we're putting in place I think could drive it downward. It will be back half. That's just the timing of when things are aligning, but absent storms, I feel good certainly about being flat to potentially declining.

Michael Lapides - Analyst, Goldman Sachs & Co. LLC

Got it. And I know you've got...

Steve Young – Duke Energy Corporation, Executive Vice President & CFO

And it will be back to flat.

Michael Lapides - Analyst, Goldman Sachs & Co. LLC

And I know you've got the RFPs coming in Indiana and I'm just curious, of the 2.4 gigawatts, can you remind me how much of that is renewable versus conventional? And how do you think about what is potentially utility or self-owned versus kind of just done under a traditional PPA?

Lynn Good – Duke Energy Corporation, Chair, President & CEO

And so, Michael, it breaks down almost 50/50. So, we are 1,100 megawatts of renewable resources, 1,300 megawatts of electric generation and we continue to believe that utility ownership is valuable to our customers and we'll be putting
that forward in our expectation of building renewables, buying renewables, that there would be some degree of utility ownership.

And then, we’ll know more about the dispatchable resources, the results came in May 2, we’re still digesting the third-party administrator has not shared a lot of specifics on that, but if the renewable is any indication, we’ll get robust responses to those resources as well.

**Michael Lapides** - Analyst, Goldman Sachs & Co. LLC

Got it. And then, last one, you mentioned quickly in the remarks today that you updated the storm protection plan filings in Florida. Can you remind me how material of a change relative to the original filing did that make to your capital spend plan and the revenue requirement for this year and the next couple years in Florida?

**Steve Young** – Duke Energy Corporation, Executive Vice President & CFO

Yeah, overall, the impact was about a $1 billion increase as a result of updating the SPP filing in Florida, Michael.

**Michael Lapides** - Analyst, Goldman Sachs & Co. LLC

But $1 billion over 10 years, $1 billion over 2 year, just can you put some cadence and timing around that for me, please?

**Lynn Good** – Duke Energy Corporation, Chair, President & CEO

I would expect it to be back half of the decade, Michael. You may remember we’re under a multiyear rate plan through early 2024. We’ll be updating capital in connection with that filing. So, it’s not going to be in the next couple of years. It would be later.

**Steve Young** – Duke Energy Corporation, Executive Vice President & CFO

That's right. It was a 10-year filing. So, Lynn is right, it would probably be in the back part of the year. We'll catch some of that in the latter part of our five-year plan, but the bulk of it is going to be after that.

**Michael Lapides** - Analyst, Goldman Sachs & Co. LLC

Right. And I thought that was covered via a tracker or rider and was separate from the core GRCs or forward-looking test years you have in Florida.

**Lynn Good** – Duke Energy Corporation, Chair, President & CEO

It is.

**Steve Young** – Duke Energy Corporation, Executive Vice President & CFO

Yeah. That's correct, it is a rider. It started in late 2021 and it's kicking in this year. That's correct. But most of that increase in spend with the updated filing will be in the latter part of the decade.

**Lynn Good** – Duke Energy Corporation, Chair, President & CEO

And, Michael, I would suggest that we look at all of these things, the multiyear rate plan, the storm protection plan as a part of an integrated approach to serving customers in Florida and really thinking about how the impact to price and schedule and our construction activities and our capital. So, we plan them in a coordinated way.
Got it. Thanks, Lynn. Thanks, Steve.

Hey, hopefully just an easy one. A lot of the focus on North Carolina, if I could pivot to South Carolina, just wondering – I don't believe the state has a de-carbonization target yet. I'm wondering, when do you think we get more clarity from the state on the de-carbonization target and I guess how would that impact Duke's CapEx plan?

Anthony, I would maybe pull up just a little bit to talk about the alignment between the two states that has existed over decades whether you think about nuclear or even work around economic development to make sure that we've got investment going in both states. South Carolina has a strong interest in renewable generation. You may remember Act 62 set out some parameters around renewable construction. And we will continue to work with the state on how the clean energy transition should occur so that both states are able to meet their objectives.

And I would think about energy policy as being important to both states. The language may be slightly different. The approach, we believe, will be aligned and coordinated in a way that makes sense for our customers and for our investors. So, I'll leave it at that at this point, Anthony, but a lot of work going on to make sure South Carolina is completely up-to-date on all that is occurring and I should indicate that they have been very active stakeholders in the Carbon Plan and the stakeholder meetings here in North Carolina.

Great. If I could just sneak in one more, just I think you guys gave great clarity on the pressure on renewables. Again, it's probably, I think, 3% Duke's overall earnings, so a pretty small portion. But just I don't know if it's for Steve or you, Lynn, just what kind of toggle or what kind of levers would you pull to navigate maybe the pressure on renewables if I think 2023 is flat to 2022? Do we look for maybe lower O&M in the utilities to maybe overcome that? Just wanted to clarify where the leverage would be to offset the pressure on renewables and I'll leave it there.

Yeah, Anthony, I would think about that. I would also think about acceleration of capital in other places in the business. So, the types of agility levers we have pulled time and time again to maintain our trajectory.

And, Steve, I'll look to you to see if you'd add anything.

Yeah. I think that's right. We'd look at the rider mechanisms that we've got and the investments that we can make there. And our O&M agility is a core muscle that we exercise in these times and given our scope and scale, we can look across the footprint, we can look at supply chain and various mechanisms within there as well. So, number of tools across the footprints in that vein, Anthony.

Great. Thanks for taking my questions.
David Paz - Analyst, Wolfe Research LLC

Good morning, Lynn. How are you doing? Can you hear me okay?

Lynn Good – Duke Energy Corporation, Chair, President & CEO

Yeah, we can. Thank you.

David Paz - Analyst, Wolfe Research LLC

Great. So, I appreciate the comments you made on the solar CapEx and relatively modest in your current plan. Just curious, how should we think about solar post your current plan? So, I think you've given us a range in the back half of the decade. Could you say it's going to be in a similar percentage points or are we going to talk materially higher?

Lynn Good – Duke Energy Corporation, Chair, President & CEO

David, the thing I would point to, as I look at 2024, 2025, 2026, we will be ramping renewable construction in the regulated business in a much more significant way than the short term, the 2022, 2023, that you're accustomed to seeing. So, think about the Carolinas. We have not had renewable build in our capital plan in the Carolinas, but that will begin to show up in 2024, 2025 and 2026. We've talked about the fact that we will see an increasing amount of regulated renewables and that'll impact the way we think about capital allocation between regulated and commercial. You'll begin to see that in 2024, 2025.

David Paz - Analyst, Wolfe Research LLC

Okay. Is it fair to say that whatever projection you have for solar in the Carolinas or at least North Carolina, your plan reflects the ownership level that you – under the law, [ph] I think 45% and (38:52) 55%...?

Lynn Good – Duke Energy Corporation, Chair, President & CEO

Absolutely. 55%, 45%, 55% utility ownership. Yes.

David Paz - Analyst, Wolfe Research LLC

Great. And if I can ask a general question, maybe specific to Duke, but just can you talk, Lynn, about the efforts that you and Duke and maybe the industry generally are conducting really to inform the administration about the DLC solar investigation and maybe just clean energy incentives generally?

Lynn Good – Duke Energy Corporation, Chair, President & CEO

Yes. And, David, I would say there has been ongoing discussion around clean energy policy, around renewable tax credits, around supply chain issues, really dating back to the end of last year, continuing into this one. We share the goal with the administration of reaching a net zero future. And so, these elements we're talking about are relevant to that conversation.

So, we believe a timely and efficient resolution of the Department of Commerce inquiry is important. We also believe that the renewable tax credits are important for our customers as you think about the level of investment that is planned to reach these goals. So, we're very actively engaged in policies that impact our goals for net zero and I don't see that changing.

David Paz - Analyst, Wolfe Research LLC

Okay. Thank you
Operator: Thank you, David. This concludes the Q&A portion of today’s call. I will now pass the conference back over to Lynn Good for any closing remarks.

Lynn Good – Duke Energy Corporation, Chair, President & CEO

Well, thank you for participation today for questions for your investment in Duke Energy and as always, we’re available if there are questions or further follow-up on anything that we’ve covered today and look forward to talking to you soon. Thanks again.

Operator: That concludes today’s Duke Energy quarter one 2022 conference call. Thank you for your participation. You may now disconnect your line.