The Road Ahead

Customers

Operations

Employees

Growth

2015 Summer Reliability
Duke Energy Indiana
May 1, 2015

DUKE ENERGY.

Safe Harbor Statement

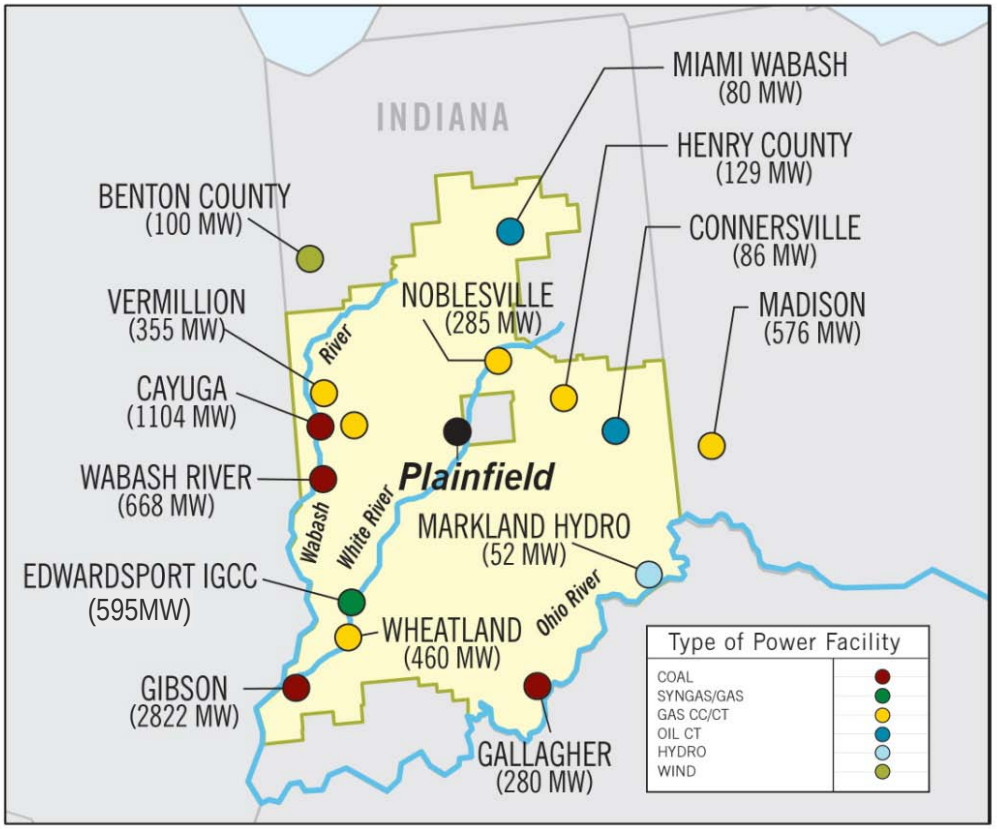
This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions.

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," "forecast," "target," "outlook," "guidance," 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 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 is currently identified and all costs 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; 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 effort 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, 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; 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.

Additional risks and uncertainties are identified and discussed in Duke Energy's and its subsidiaries' reports filed with the SEC and available at the SEC's website at www.sec.gov. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than Duke Energy has described. Duke Energy undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Duke Energy Indiana At A Glance

- Coverage: 69 of 92 counties
- 800,000 Customers
- Capacity by fuel type
  - Coal 64%
  - Syngas/Gas 8%
  - Gas 25%
  - Oil 2%
  - Hydro <1%
- Joint Transmission System:
  - 5,815 miles of transmission lines*



Summer installed capacity (ICAP) ratings shown

* Including IMPA's and WVPA's ownership

The Road Ahead

Improve the lives of our customers and vitality of our communities

Develop and engage employees, and strengthen leadership

Grow and adapt the business, and achieve our financial objectives

Excel in safety, operational performance and environmental stewardship

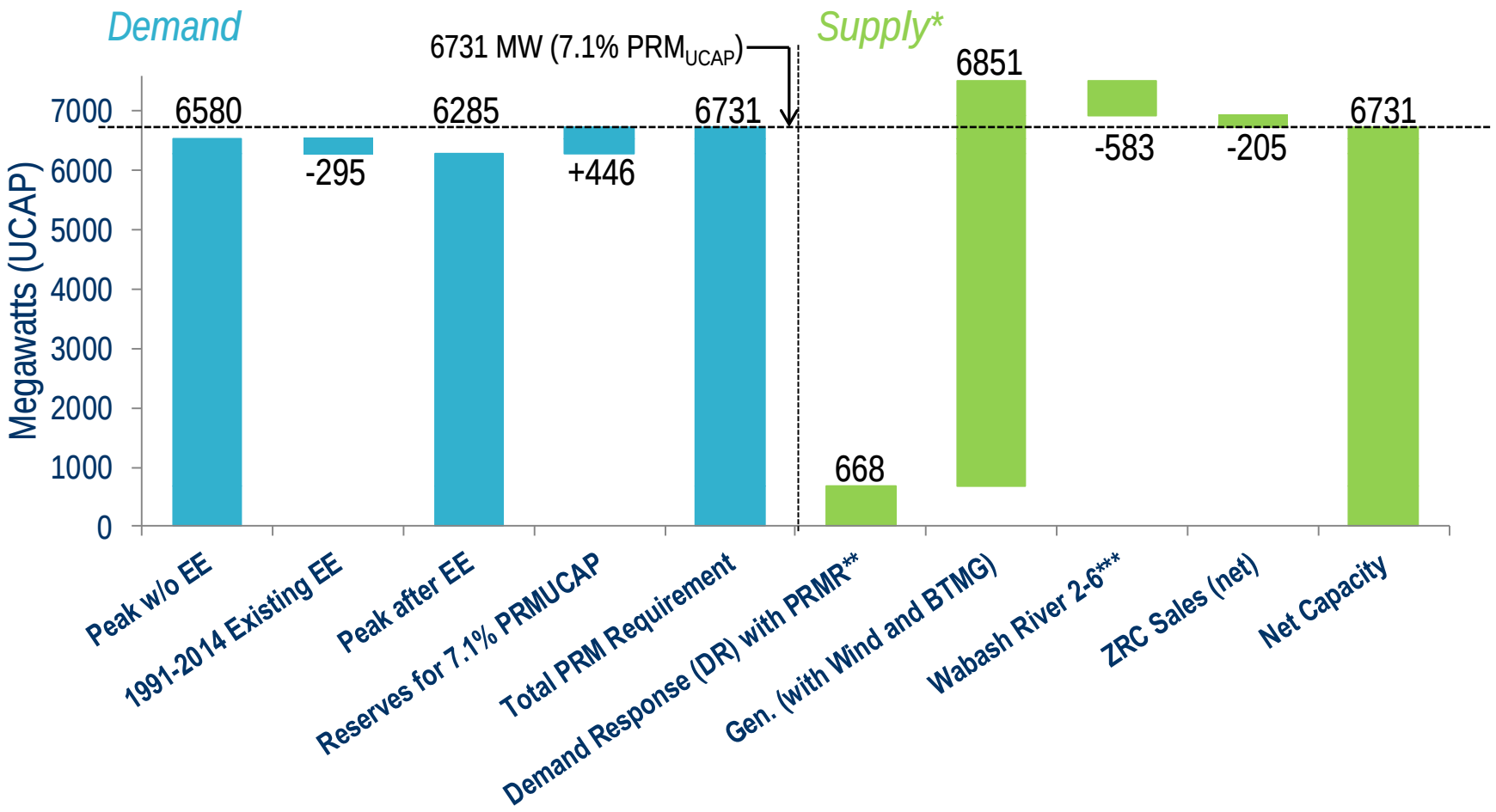
Safety • Customer Focus • Trust • Accountability • Agility • Collaboration

The Road Ahead

Customers

Preparation for Summer 2015:
Supply / Demand Balance for Summer 2015

Using Peak Load Coincident with MISO Peak



*Excluding WVPA and IMPA ownership of Gibson 5

**Starting with PY 2014/15, MISO treats DR (grossed up for PRM$_{UCAP}$) on Supply Side rather than Demand Side

***Wabash River 2-5 will retire and Unit 6 will suspend operations on 4/16/16 and thus, do not count as capacity credit toward the PRM$_{UCAP}$ for MISO PY 2015/16.

Preparation for Summer 2015: Energy Efficiency and Demand Response Programs

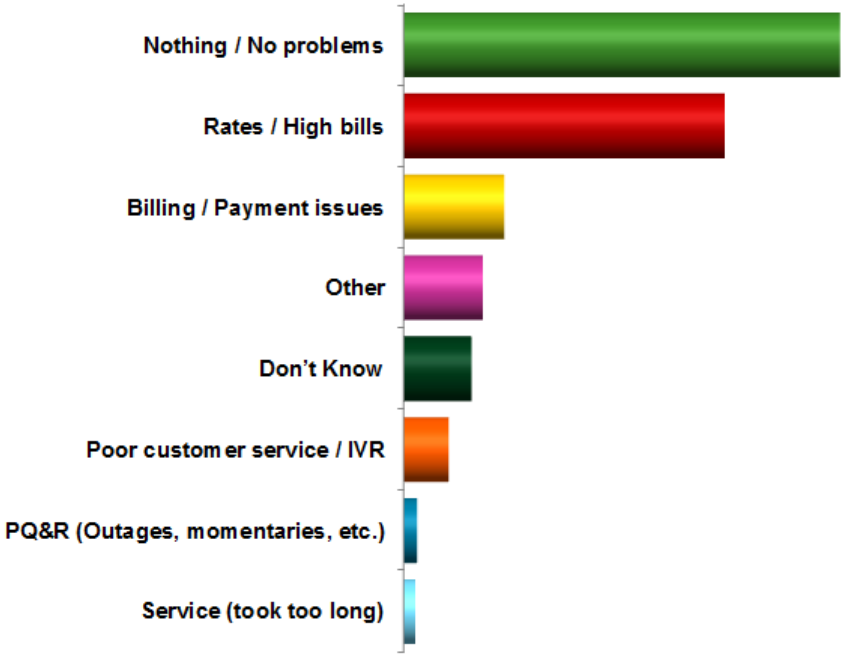
- From 1991 through 2014, Energy Efficiency (i.e., conservation) programs achieved:
  - Approximately 295 Net MW of annual peak demand reductions (123 MW since 2009)
  - Nearly 1,423,000 Net MWh annual energy reductions (727,062 MWh since 2009)
- About 108% achievement of 2014 Core Plus goals
- About $101.7M invested since 2009
- 2015 projected Demand Response reductions in July:
  - Special contracts (e.g., interruptible) 206.2 MW UCAP
  - PowerShare®
    - CallOption (customer contractual commitment)
      - Demand Resources (DR) 400.6 MW UCAP
      - Behind-the-Meter Generation (BTMG) 31.3 MW UCAP
    - QuoteOption (voluntary, yet compensated)* 3 MW
  - Power Manager – direct load control 61.1 MW UCAP

*Due to its voluntary nature, QuoteOption cannot be counted for MISO Resource Adequacy
*UCAP accounts for all MISO factors including losses, XEOFRD for BTMGS, & PRMR for DRs

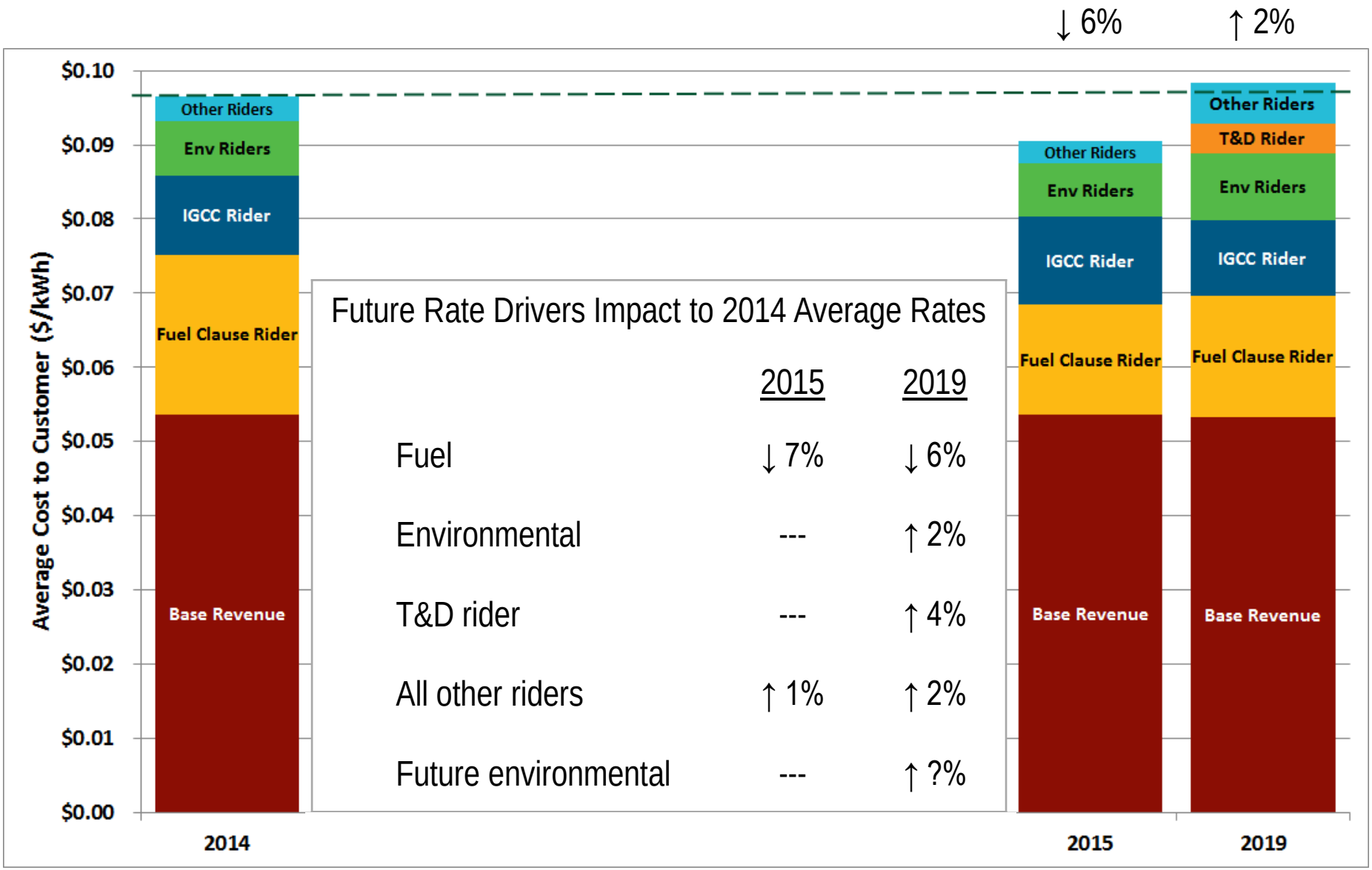
Addressing Customer Service Needs

- Customer satisfaction program
  - Customer Perceptions Tracker
  - “Fastrack” residential customer survey
  - J.D. Power benchmarks
  - Customer verbatims – in their own words
- 2015 and beyond – customer interaction emphasis
  - New mission statement to connect with customers
  - Improved employee coaching and engagement
  - Premier support services
  - Enhanced quality assurance
  - Additional training

Residential customer respondents’
“Least Like” about Duke Energy Indiana



Duke Energy Indiana Retail Rate Trend

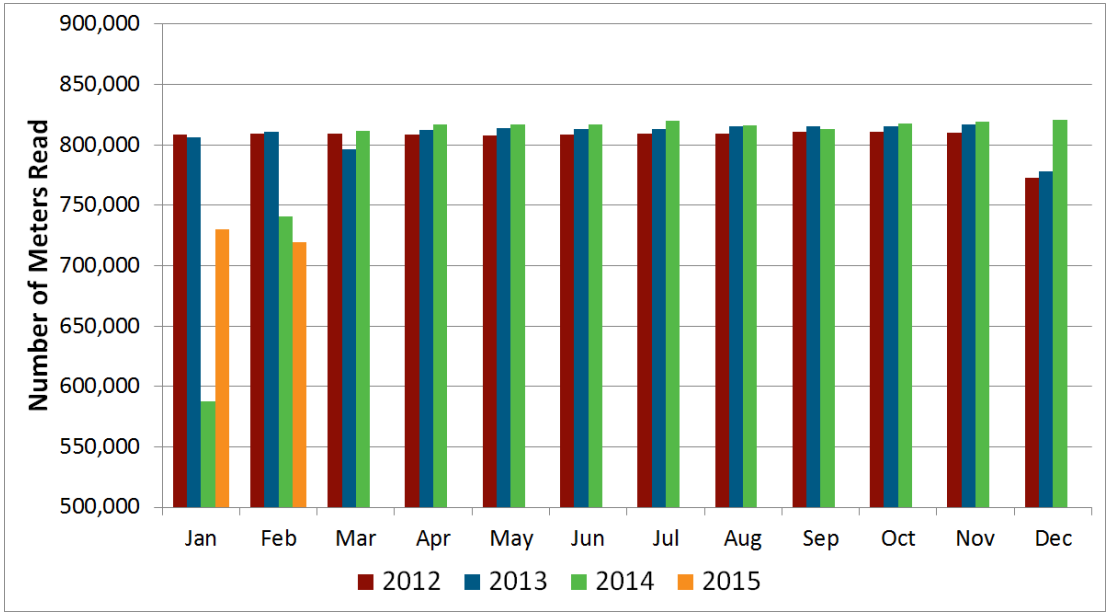


Duke Energy Indiana Estimated Billing Practices

- At times, utilities must estimate customer bills
- May be more frequent during winter months due to weather and inaccessibility of meters
- Duke Energy formula for estimating a bill

$$Estimated\ usage = \frac{all\ customers'\ current\ month\ usage}{all\ customers'\ previous\ month\ usage} \times \frac{customer's\ previous}{month\ daily\ usage} \times \frac{days\ in}{current\ cycle}$$

- Estimates are trued to actual meter reads as soon as possible, usually the next month
- On average, Duke Energy estimates about 2,400 bills in a typical month
- Implementation of smart meters will dramatically reduce the need to estimate bills



The Road Ahead

Operations

Operational Challenges / Accomplishments Since Summer 2014

Transmission and Distribution

- Challenges
  - New transmission siting issues
  - Wabash River Station dispatched for off-peak transmission reliability
- Accomplishments
  - No major storm events in 2014
  - Tipton West to Kokomo Highland Park 230
  - Bloomington Meadow Park to Dunn St. 69
  - Westwood to Lafayette 230
  - Rockville Substation 138/69kV Bank
  - Franklin North new 69/12, 22.4 MVA sub
  - Morgantown new 69/12, 10.5 MVA sub

Rockville 138/69 substation upgrade

Generation

- Challenges
  - Cayuga 2 turbine blade damage
  - Vermillion/Madison bus duct grounding
  - Madison emission monitor failures
- Accomplishments
  - Edwardsport 72-day gasifier run record
  - International Paper steam service continuation during Cayuga outage

Preparation for Summer 2015: Generation

- About 65 weeks of coal unit maintenance outages performed fall 2014 / spring 2015
- Largest outage season since fall 2007 / spring 2008
- Over $140M of capital maintenance for efficiency and reliability
- MATS Phase 2/3 Plan project completion:
  - Cayuga 1 & 2 SCRs
  - Gibson 3 & 4 precipitators
- Optimized Edwardsport maintenance to a single 2015 spring outage
- 4 combustion turbine hot gas path inspections
- All MISO capacity resource units available this summer
  - Recurring risk of river temperature derates
- Assessing additional environmental regulations
  - Coal Combustion Residuals (CCR) final rule
  - 316(b) final rule
  - Clean Power Plan proposal

Cayuga SCRs and sorbents nearing completion

Replacing Gibson Unit 4 electrostatic precipitator fields

Preparation for Summer 2015: Transmission & Distribution Systems

- $318M in long-term T&D capital investments in 2015 for load growth and system reliability
  - Upgrades/additions to 7 substations and 11 lines
- Distribution Reliability Program
  - Ongoing circuit sectionalization
  - Underground cable injection or replacement
  - Upgrading old long-span construction
  - Replacement of obsolete line switches

Rockville substation capacitor

- Revised Major Storm Restoration Plan; conducted table top storm drill
- Membership in two Regional Mutual Assistance groups
- Participation on EEI Mutual Assistance/Emergency Preparedness Committee
- Implementation for NERC CIP 5 progressing

The Road Ahead

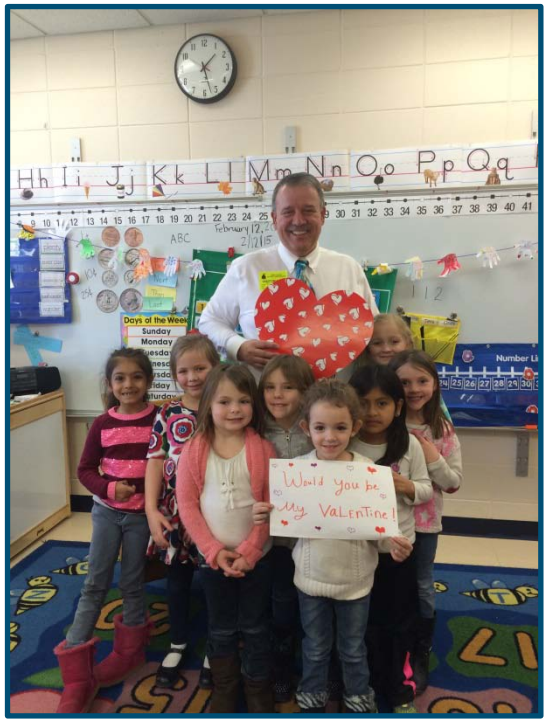
Employees

Workforce Management

- Duke Energy Indiana continues to manage through a significant workforce transition
  - Retirement of generating stations
  - Revitalization of an aging workforce
  - Filled 334 replacement positions in 2014; 210 new hires
  - Currently posting over 100 positions for replacement
- Hiring employees in Indiana for a number of initiatives
  - Transmission/Distribution construction
  - Regional focus organizations
    - Coal combustion residuals management
    - Environmental, Health, and Safety management
  - Filled 76 new positions in 2014; 71 new hires
  - Currently recruiting over 60 new positions in Indiana
- Currently projecting to have almost 2,600 positions in Indiana by year end

Recruiting for Line School

Duke Energy Employees in the Community



The Road Ahead

Growth

Growth Through Investment

- Investment in our communities
  - 10 local community relations managers and 3 economic development managers serving in leadership roles on over 100 boards
  - Third year of Duke Energy Site Readiness Program
    - 10 sites identified so far
    - Up to $30,000 per site invested

Vermillion Rise Industrial Park

  - In 2014 Duke Energy assisted in attracting 2,429 jobs and almost $600 million in capital investment to Indiana
- Investment in our company
  - Upgrading transmission and distribution infrastructure
  - Upgrading generators with new environmental control technology
  - Pending 20MW solar PPA; exploring options to build and own utility-scale renewable energy project(s) in Indiana
  - Evaluating future generator retirements and opportunities for new natural gas combined cycle in Indiana
  - Exploring options for a regulated combined-heat-and-power offer for customers

Coordination For Public Projects

Utility initiated project

Early action
Collaboration
Partnership

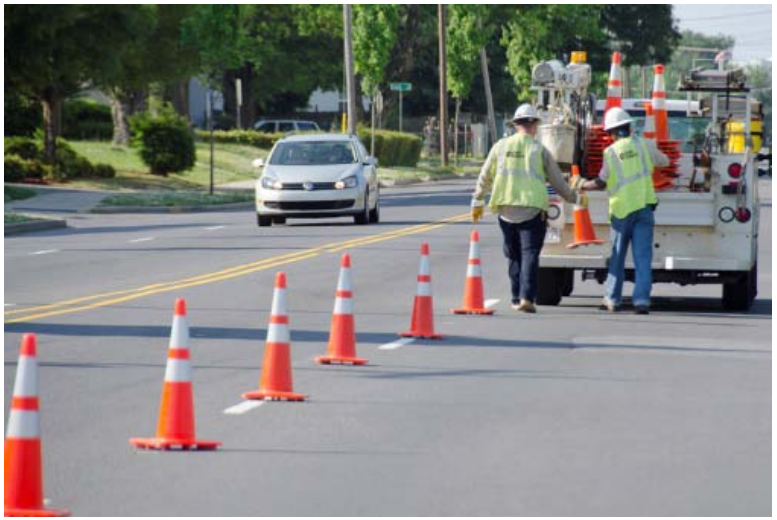
INDOT initiated project

Communication

Optimized design to minimize facility relocations

Minimizing the Impact of Work on the Public

- Whether for overhead or underground, we coordinate with State, county, and local officials as needed to minimize our impact on the public
- Safety is our highest priority
- Work permits are often required
- Emergency work is performed as needed
- We hold meetings with affected parties to review traffic patterns, working hours, etc.
- We are implementing new software, “SPANS”, to enhance inter-company project communication
- We use the latest technology, such as directional boring, to limit infrastructure impact



The Road Ahead

Duke Energy Indiana is prepared with adequate resources and infrastructure to meet its customers' needs during summer 2015.

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