



Interurban Trolley circa 1923



Gallagher Control Room 1965



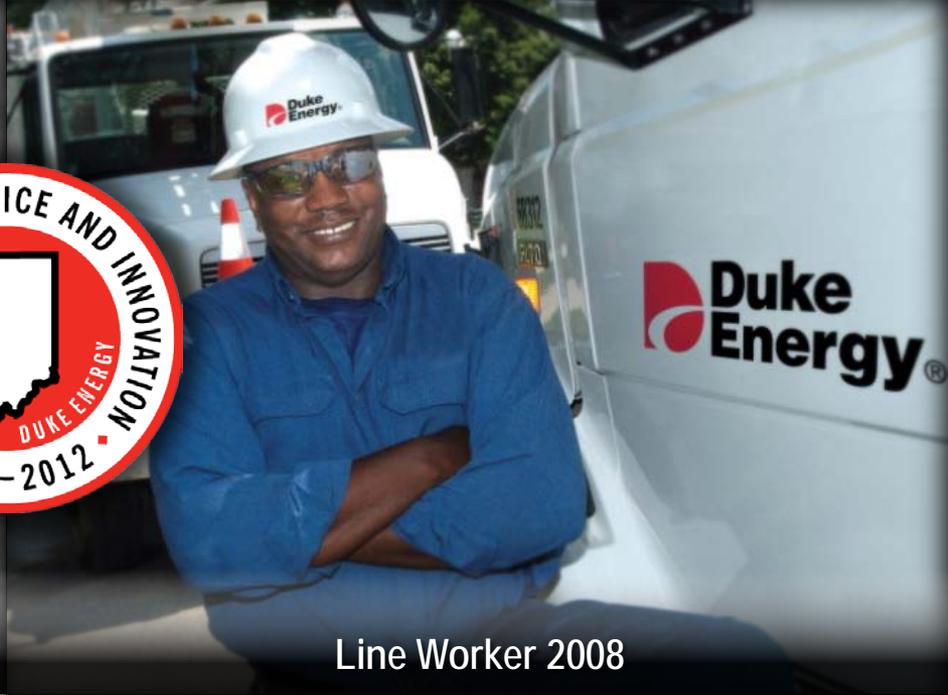
Dispatch 2008



Line Patrol 2011



Line Worker 1961



Line Worker 2008

Duke Energy Indiana 2012 Summer Reliability

Doug Esamann
President, Duke Energy Indiana
May 30, 2012



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, as well as rulings that affect cost and investment recovery or have an impact on rate structures; costs and effects of legal and administrative proceedings, settlements, investigations and claims; industrial, commercial and residential growth or decline in Duke Energy Corporation's (Duke Energy) service territories, customer base or customer usage patterns; 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 Duke Energy operations, including the economic, operational and other effects of storms, hurricanes, droughts and tornadoes; the impact on the Duke Energy's facilities and business from a terrorist attack; 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; unscheduled generation outages, unusual maintenance or repairs and electric transmission system constraints; the performance of electric generation facilities and of projects undertaken by Duke Energy's non-regulated businesses; the results of financing efforts, including Duke Energy's ability to obtain financing on favorable terms, which can be affected by various factors, including Duke Energy's credit ratings and general economic conditions; declines in the market prices of equity securities and resultant cash funding requirements for Duke Energy's defined benefit pension plans; the level of creditworthiness of counterparties to Duke Energy's transactions; employee workforce factors, including the potential inability to attract and retain key personnel; growth in opportunities for Duke Energy's business units, including the timing and success of efforts to develop domestic and international power and other projects; construction and development risks associated with the completion of Duke Energy's capital investment projects in existing and new generation facilities, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules, and satisfying operating and environmental performance standards, as well as the ability to recover costs from ratepayers in a timely manner or at all; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; the expected timing and likelihood of completion of the proposed merger with Progress Energy, Inc. (Progress Energy), including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed merger that could reduce anticipated benefits or cause the parties to abandon the merger, the diversion of management's time and attention from Duke Energy's ongoing business during this time period, the ability to maintain relationships with customers, employees or suppliers as well as the ability to successfully integrate the businesses and realize cost savings and any other synergies and the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect; the risk that the proposed merger with Progress Energy is terminated prior to completion and results in significant transaction costs to Duke Energy; and the ability to successfully complete merger, acquisition or divestiture plans. These risks, as well as other risks associated with the merger, are more fully discussed in the joint proxy statement/prospectus that is included in the Registration Statement on Form S-4 that was filed with the SEC in connection with the merger. Additional risks and uncertainties are identified and discussed in Progress Energy's and Duke Energy's 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.



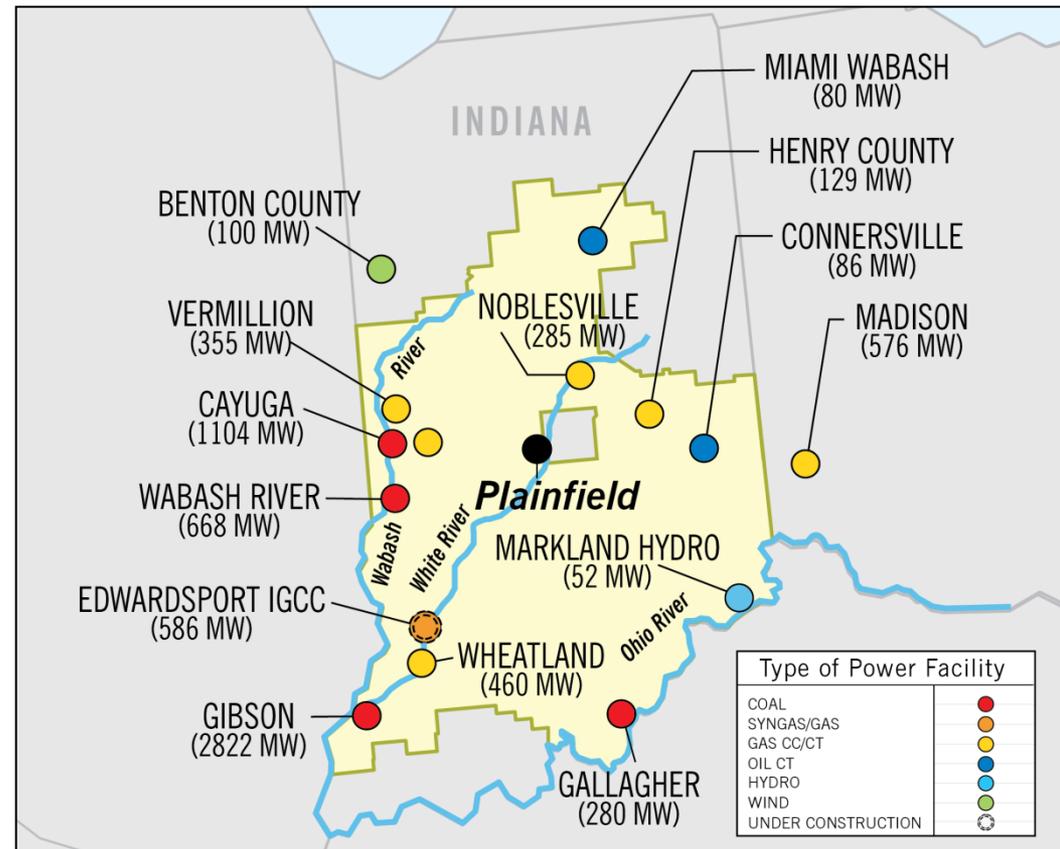
Overview of Presentation

- Duke Energy Indiana at a glance
- Operational challenges / accomplishments since summer 2011
- Summer 2012 capacity and energy needs
- Steps taken to prepare for summer 2012
- Challenges for summer 2012 and beyond



Duke Energy Indiana At A Glance

- Coverage: 69 of 92 counties
- 790,000 Customers
- Capacity by fuel type
 - Coal 69%
 - Gas 28%
 - Oil 2%
 - Hydro <1%
- Average age of existing coal plants = 45 years
- 5,867 miles of transmission lines*



Summer installed capacity (ICAP) ratings shown

* Including IMPA's and WVPA's portions of Joint Transmission System



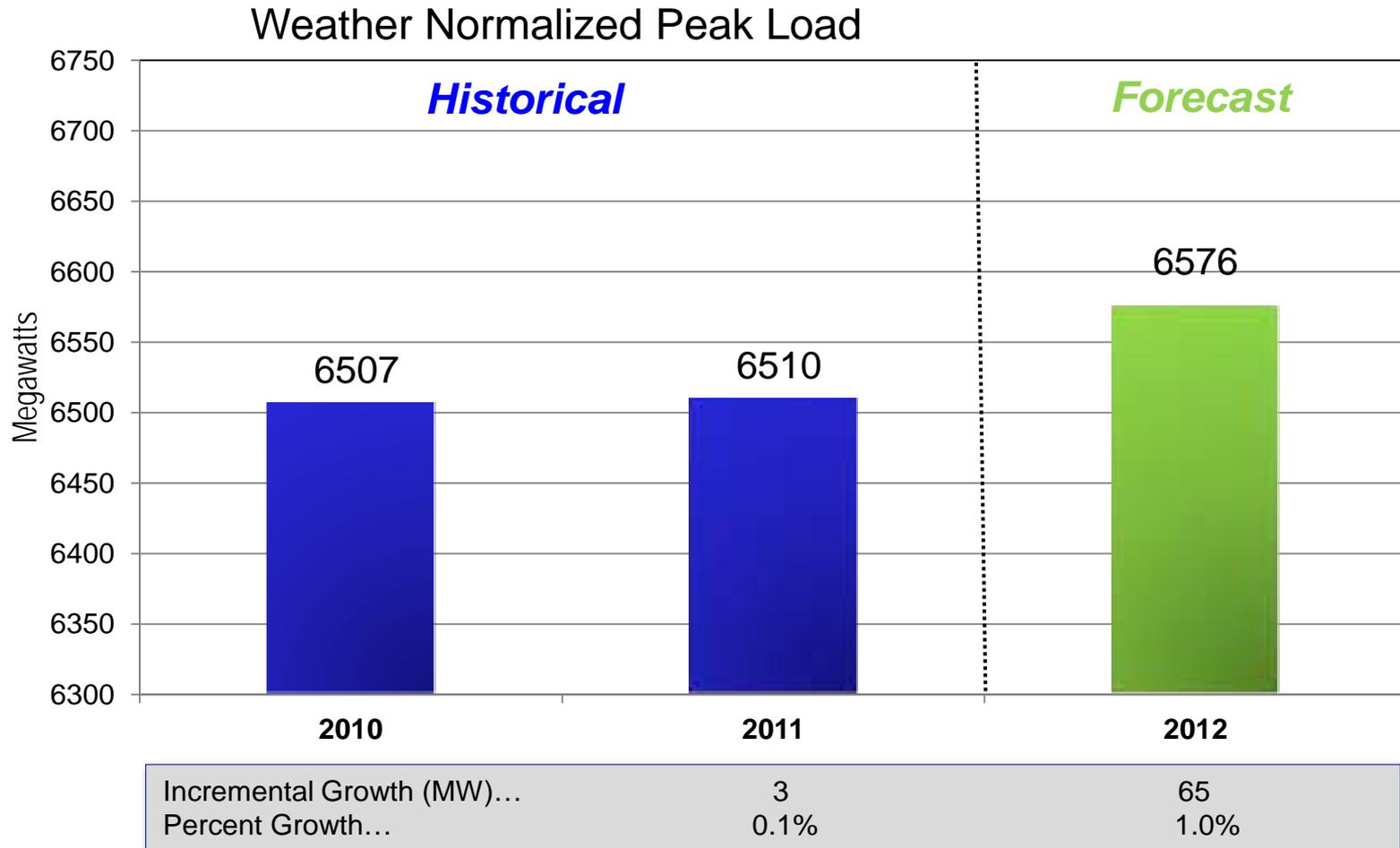
Operational Challenges / Accomplishments Since Summer 2011

- Challenges
 - March 2 tornados
 - Fuel market dynamics
- Accomplishments
 - Acquired 62.5% of Vermillion Station
 - Initial firing of Edwardsport IGCC CTs on natural gas
 - Record 284 day continuous run for Gibson 5





Peak Demand Forecast*



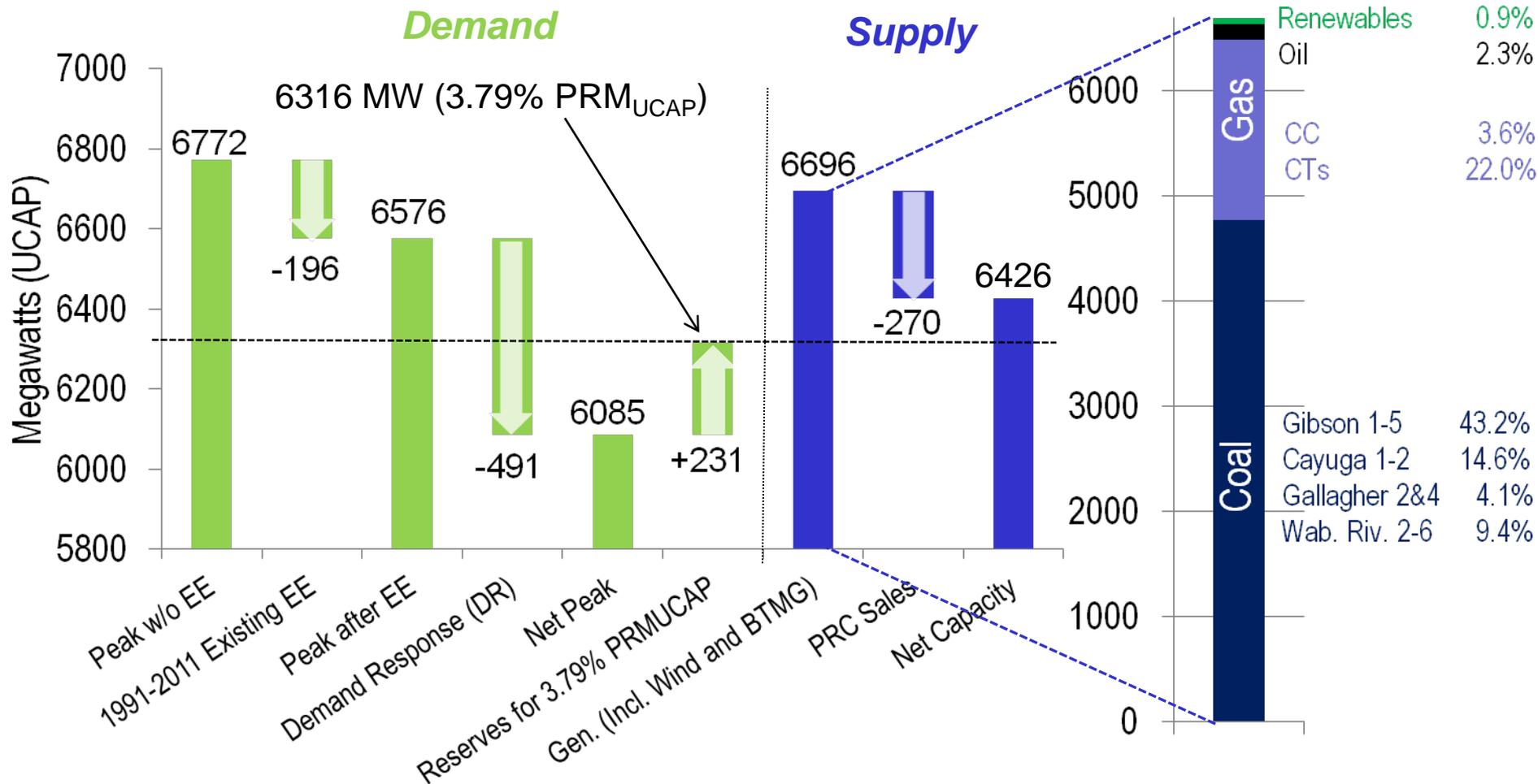
* Using July, which is the peak load month



Summer 2012 Capacity and Energy Needs



Supply / Demand Balance for Summer 2012*



* Using July, which is the peak resource requirement month



Generation System



Noblesville Station 1971

- Continued focus on:
 - Summer reliability
 - A program of “availability outages”
 - System-wide and plant-wide contingency planning

- Over 44 weeks of maintenance outages performed this spring
- All units available this summer except Gallagher 1&3 (retired January 31)
- Wabash River 2, 3, and 5 returned to service in 2011

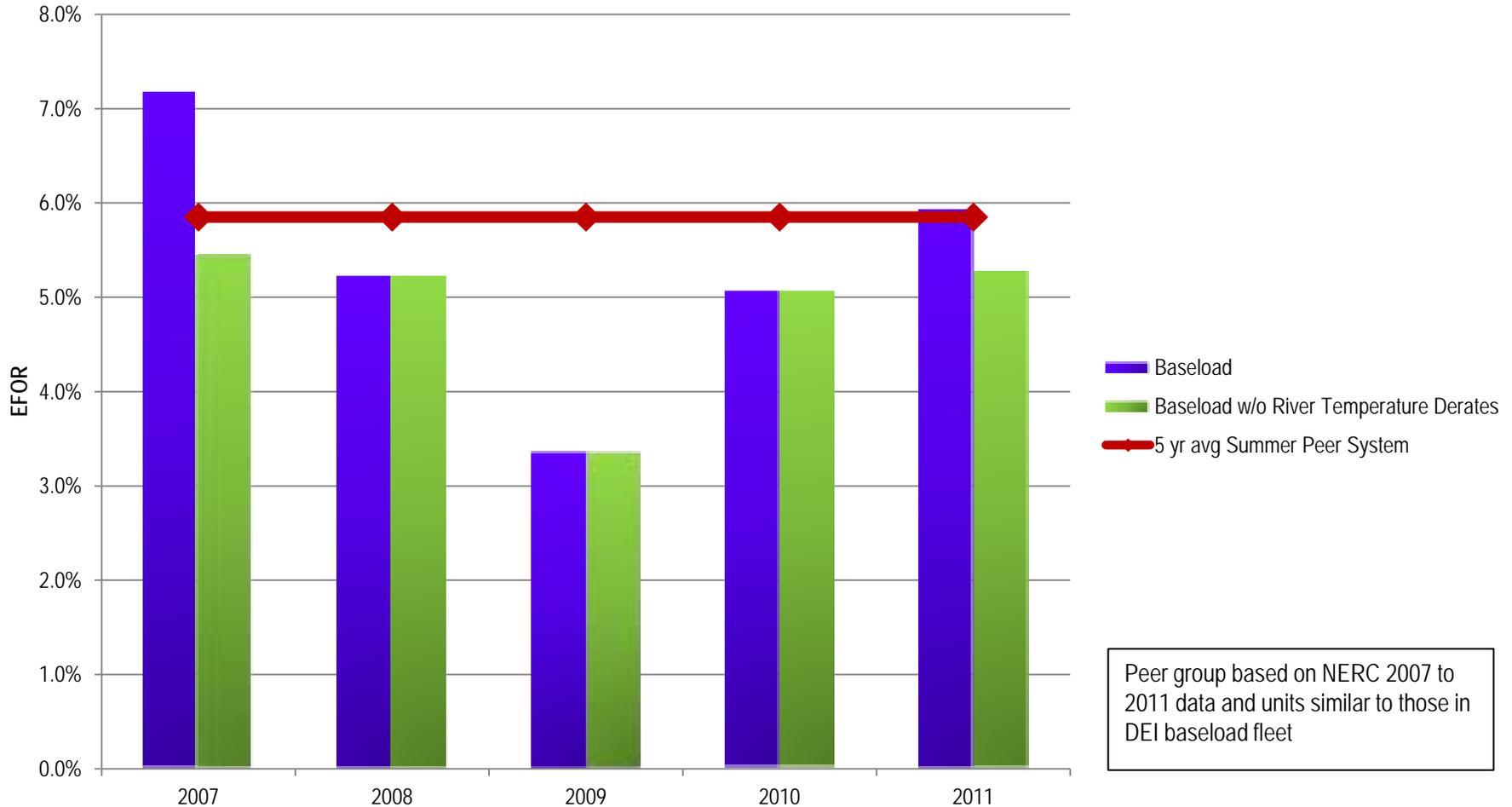


Noblesville Station 2004



Equivalent Forced Outage Rate (EFOR)

Summer Baseload EFOR





Forward Purchased Capacity and Energy



Brazil Billboard 1950



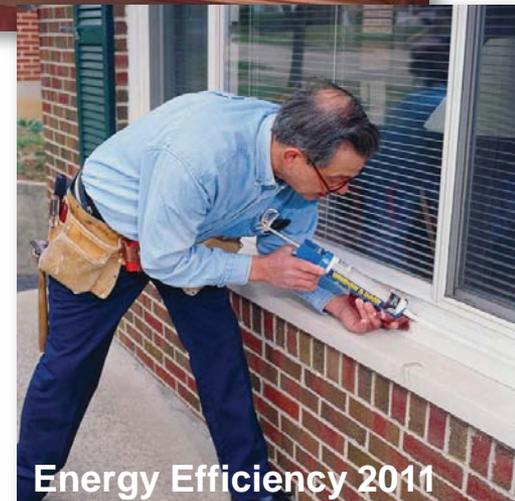
Benton County Wind Farm 2011

- Current on-system reserve margin is above the MISO Resource Adequacy Requirement of 3.79% on a UCAP basis
 - No PRC purchases necessary
 - PRCs sold for Jul/Aug
- Financial swaps will be used to hedge against wholesale market price volatility
- 100 MW PPA with Benton County Wind Farm (20-year agreement)
- Short-term RFP issued due to anticipated unit retirements



Energy Efficiency and Demand Response Programs

- From 1991 through 2011, Energy Efficiency (*i.e.*, conservation) programs have achieved:
 - Approximately 196 Net MW of annual peak demand reductions
 - Over 813,587 Net MWh annual energy reductions
- 2012 projected Demand Response reductions in July (adjusted for losses where applicable):
 - Special contracts (*e.g.*, interruptible) 195 MW
 - PowerShare[®]
 - Call (customer contractual commitment) 252 MW
 - Demand Resources (DR) 13 MW
 - Behind-the-Meter Gen. (BTMG)* 2 MW
 - Quote (voluntary, yet compensated)** 44 MW
 - Power Manager – direct load control



* ICAP Value; not adjusted for losses

** Due to its voluntary nature, Quote cannot be counted for MISO Resource Adequacy



Transmission & Distribution System



Transformer Platform 1915



Ice Storm Restoration 2011

- \$186 M in long-term T&D investments in 2012 for load growth and system enhancements
 - Dresser 345/138 kV Transformer
 - Plainfield South – Plainfield 69 kV
 - Martinsville – Bloomington 69 kV
 - Elnora – Newberry 69 kV
 - Edwardsport 138 kV Capacitor Bank
 - Roseburg 69 kV Capacitor Bank
 - Noblesville 8th St 69/12 kV Upgrade
 - North Vernon 69/12 kV Upgrade
 - Manhattan 69/12 kV New Substation



Environmental Requirements

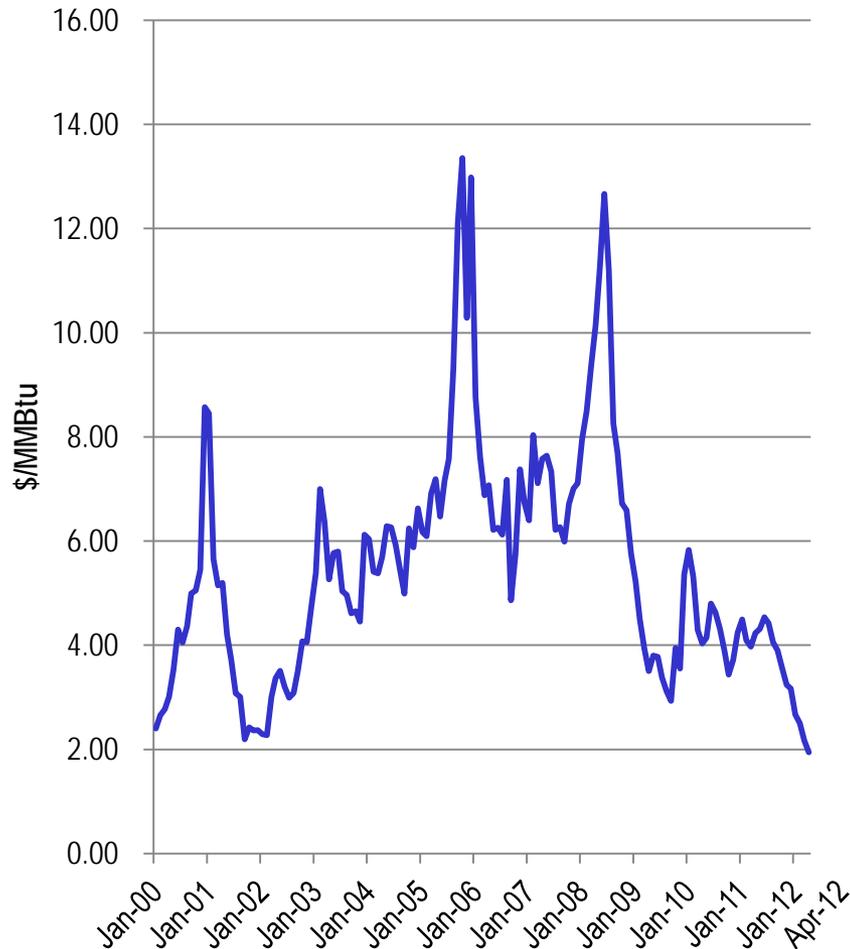
- Tight implementation deadline for MATS compliance
- Uncertainty
 - Court challenges to CSAPR, MATS
 - Scope/timing of future regulations
- Customer rate impact
 - Regulations already promulgated will require new investments in equipment/capacity
 - Future regulations will continue to put upward pressure on customer rates



Gallagher Dry Sorbent Injection System



Henry Hub Weighted Average Monthly Price



Source: EIA

Fuel Market Dynamics

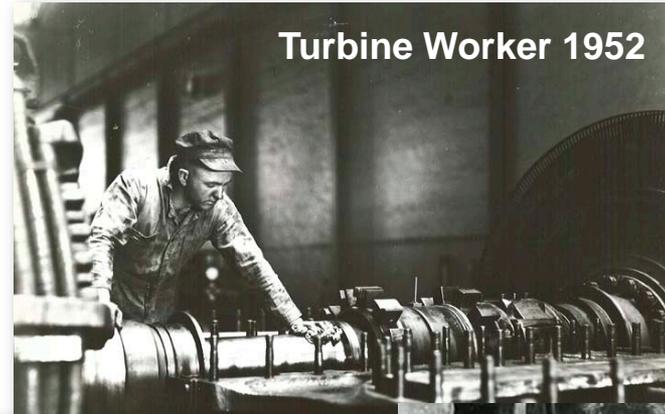
- Dramatic shift in gas prices
 - Will higher prices/volatility return?
 - Can pipeline capacity be expanded fast enough?
- Impact on future generation resource decisions
 - Retrofit vs. retire/replace vs. convert?
 - Baseload generation paradigm shift?
 - Will MISO require firm gas contracts for Resource Adequacy capacity credit?
- Unprecedented decline in coal generation



A Lot Has Changed Over the Past 100 Years . . .



Bedford Office 1941



Turbine Worker 1952



Service Truck 1942



Lafayette Crew 1951



Seymour Meter Reader



... But Not Our Commitment to Serving Our Customers



Call Center 2009



Ice Storm Restoration 2007



Kokomo Solar Panels 2007



Hybrid Line Truck 2011

Duke Energy Indiana is prepared with adequate resources and infrastructure to meet its customers' needs during summer 2012.