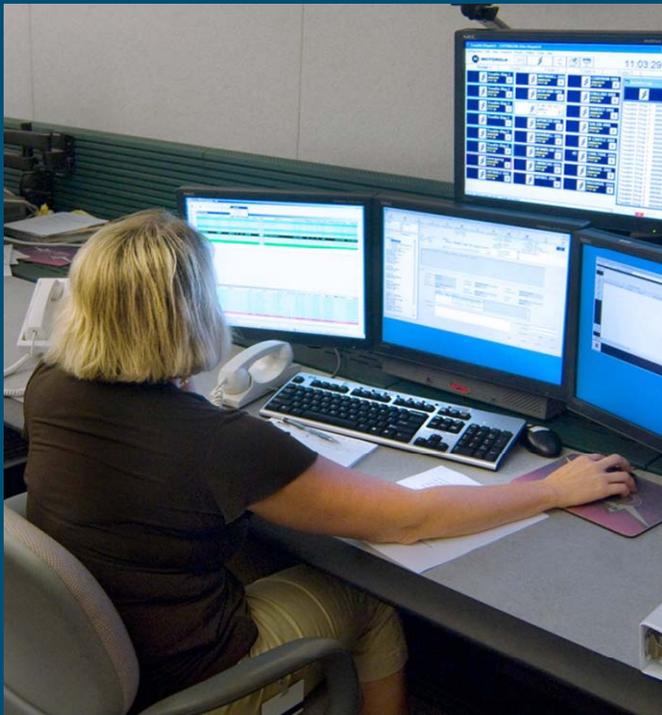


2014 Summer Reliability Duke Energy Indiana

April 30, 2014



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 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 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.

Presentation Team

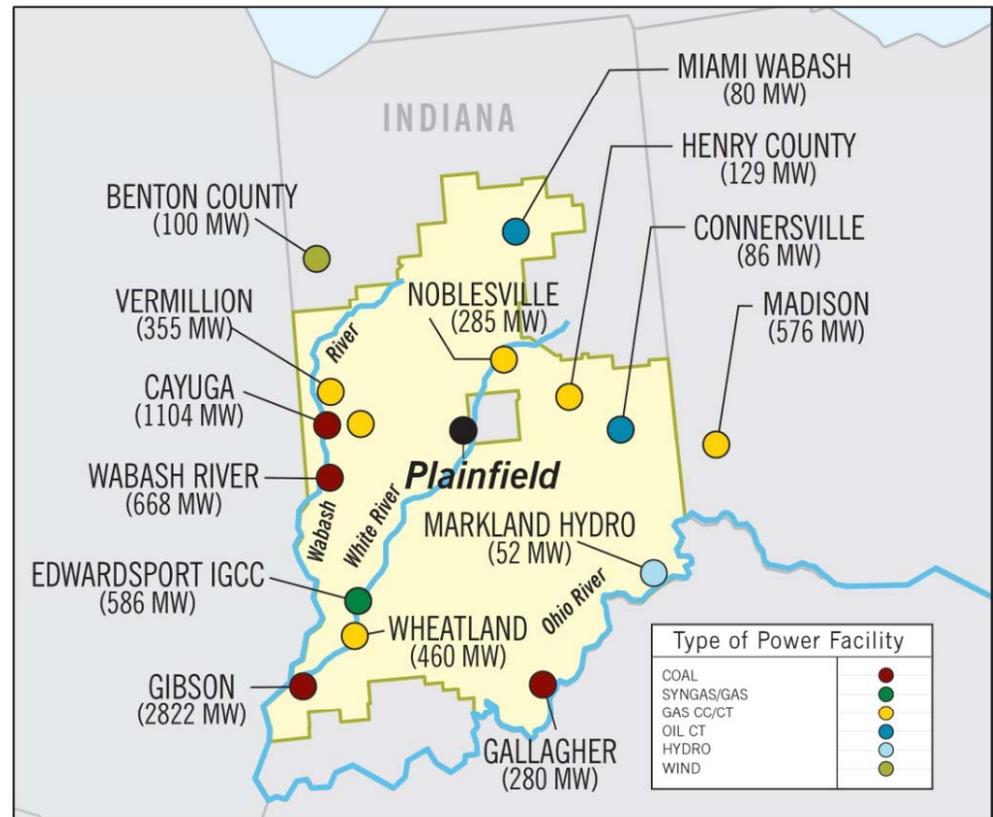
- Doug Esamann, President, Duke Energy Indiana
- Stan Pinegar, Vice President, Government Affairs - Indiana

Overview of Presentation

- Duke Energy Indiana at a glance
- Operational challenges / accomplishments since summer 2013
- Preparation for summer 2014
- Policy issues
- Customer focus

Duke Energy Indiana At A Glance

- Coverage: 69 of 92 counties
- 790,000 Customers
- Capacity by fuel type
 - Coal 64%
 - Syngas/Gas 8%
 - Gas 25%
 - Oil 2%
 - Hydro <1%
- Joint Transmission System:
 - 5,809 miles of transmission lines*



Summer installed capacity (ICAP) ratings shown

* Including IMPA's and WVPA's ownership

Operational Challenges / Accomplishments Since Summer 2013

Transmission & Distribution

■ Challenges

- November 17th tornado outbreak
- January 5th winter storm and record cold temperatures



345 kV tower damage - 11/17 storm

■ Accomplishments

- Major circuit in Hendricks County converted from 69 kV to 138 kV
- Distribution circuit sectionalization



Line converted to 138 kV



Clearing frozen intake at Cayuga



Gibson Station turbine generator

Generation

■ Challenges

- Cold temperature-related issues

■ Accomplishments

- Continuous unit runs

Preparation for Summer 2014: Generation, Transmission & Distribution Systems

Generation

- Over 31 weeks of maintenance outages performed fall 2013 / spring 2014
- 7 hot gas inspections on CTs
- \$25 M of capital investments for efficiency and reliability
- All units available this summer
 - Wabash River 2-6 applied for and received 1-year MATS extensions from IDEM
 - Recurring risk of river temperature derates

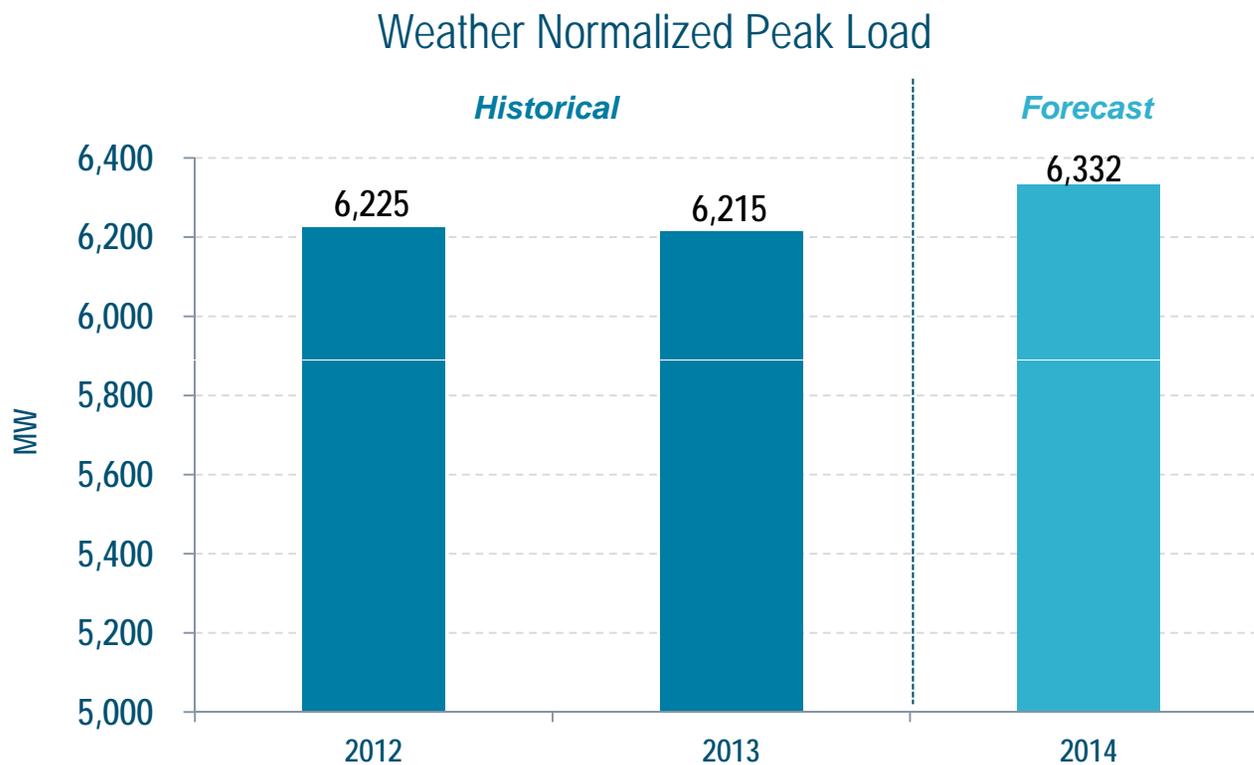
Transmission & Distribution

- \$215 M in long-term T&D capital investments in 2014 for load growth and system enhancements



Avon East Substation

Preparation for Summer 2014: Peak Demand Forecast



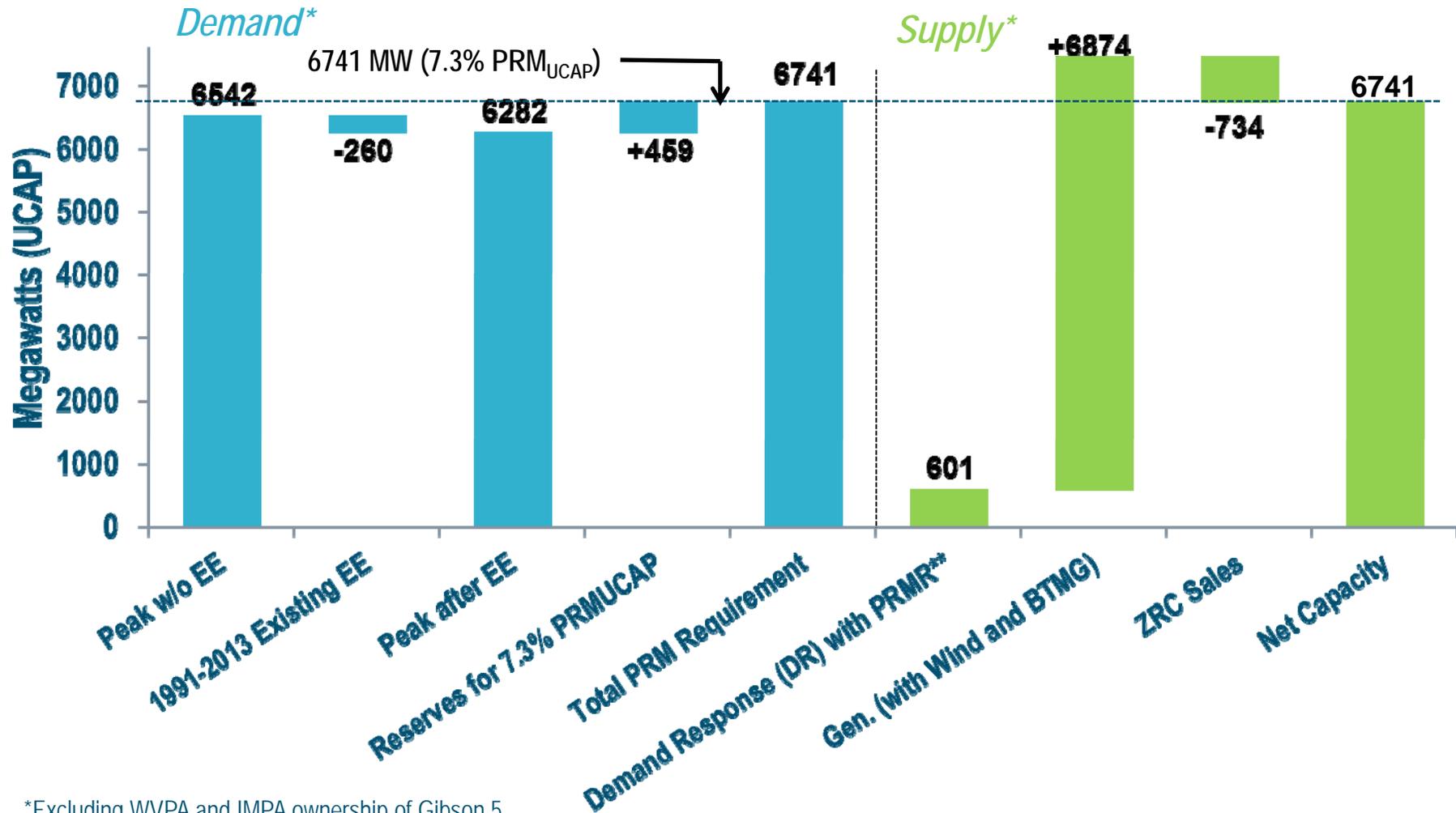
MW Load Growth	(11)	117
Percent Growth	(.02%)	1.9%

Notes: 1) 2014 Peak shown is non-coincident with MISO peak and is net of 27 MW of incremental EE

2) Both historical and forecasted peaks have been adjusted to exclude WVPA and IMPA load associated with Gibson 5 Backstand contracts

Preparation for Summer 2014: Supply / Demand Balance for Summer 2014

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

Preparation for Summer 2014: Energy Efficiency and Demand Response Programs

- From 1991 through 2013, Energy Efficiency (*i.e.*, conservation) programs achieved:
 - Approximately 260 Net MW of annual peak demand reductions (88 MW since 2009)
 - Over 1,210,500 Net MWh annual energy reductions (514,561 MWh since 2009)
- Average 110% achievement of 2012-2013 Core Plus goals
- \$67.3 M invested since 2009
- 2014 projected Demand Response reductions in July (adjusted for losses):
 - Special contracts (*e.g.*, interruptible) 153 MW
 - PowerShare[®]
 - CallOption (customer contractual commitment)
 - Demand Resources (DR) 359 MW
 - Behind-the-Meter Generation (BTMG) 12 MW
 - QuoteOption (voluntary, yet compensated)* 3 MW
 - Power Manager – direct load control 48 MW



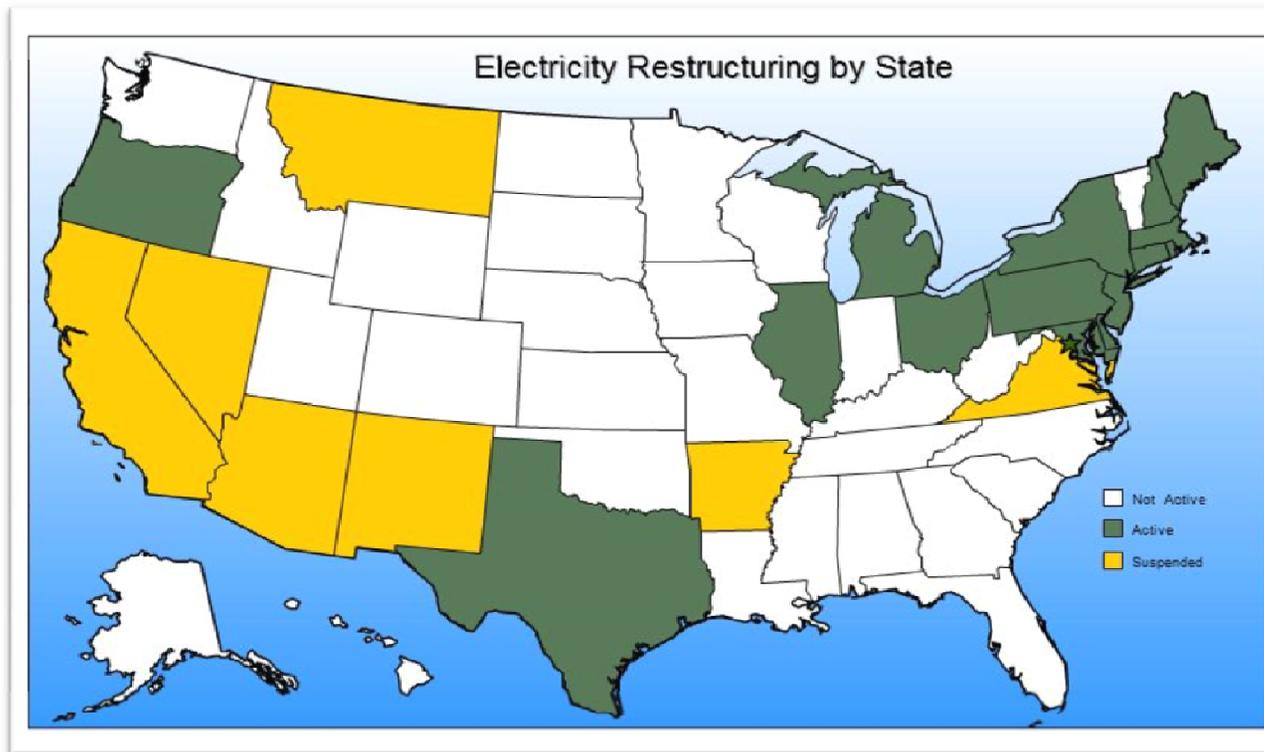
* Due to its voluntary nature, QuoteOption cannot be counted for MISO Resource Adequacy

Policy Issues: Continued Commitment to Energy Efficiency

- Duke Energy Indiana remains committed to offering cost-effective energy-saving programs for homeowners, businesses, and industries
- Offerings will:
 - Include a robust portfolio of conservation and demand response programs
 - Assist all customers in reducing energy consumption and monthly costs over time
- May 2014 filing will cover only 2015 but will provide a three-year view of the proposed cost-effective programs
 - Expected 2015 investment of \$18-\$20 M
 - Expected 2015 sales reduction of ~1%
- The Company will be ready to begin implementation upon approval by the Commission

Policy Issues: Restructured Retail Electricity Markets

- 15 states plus the District of Columbia are currently restructured
- No states have restructured in 14 years
- Rocky path to restructuring in many states
- 7 states have suspended restructuring since 2000



Source: US Energy Information Agency

Policy Issues: Restructured Retail Electricity Markets – Pros & Cons

Pros

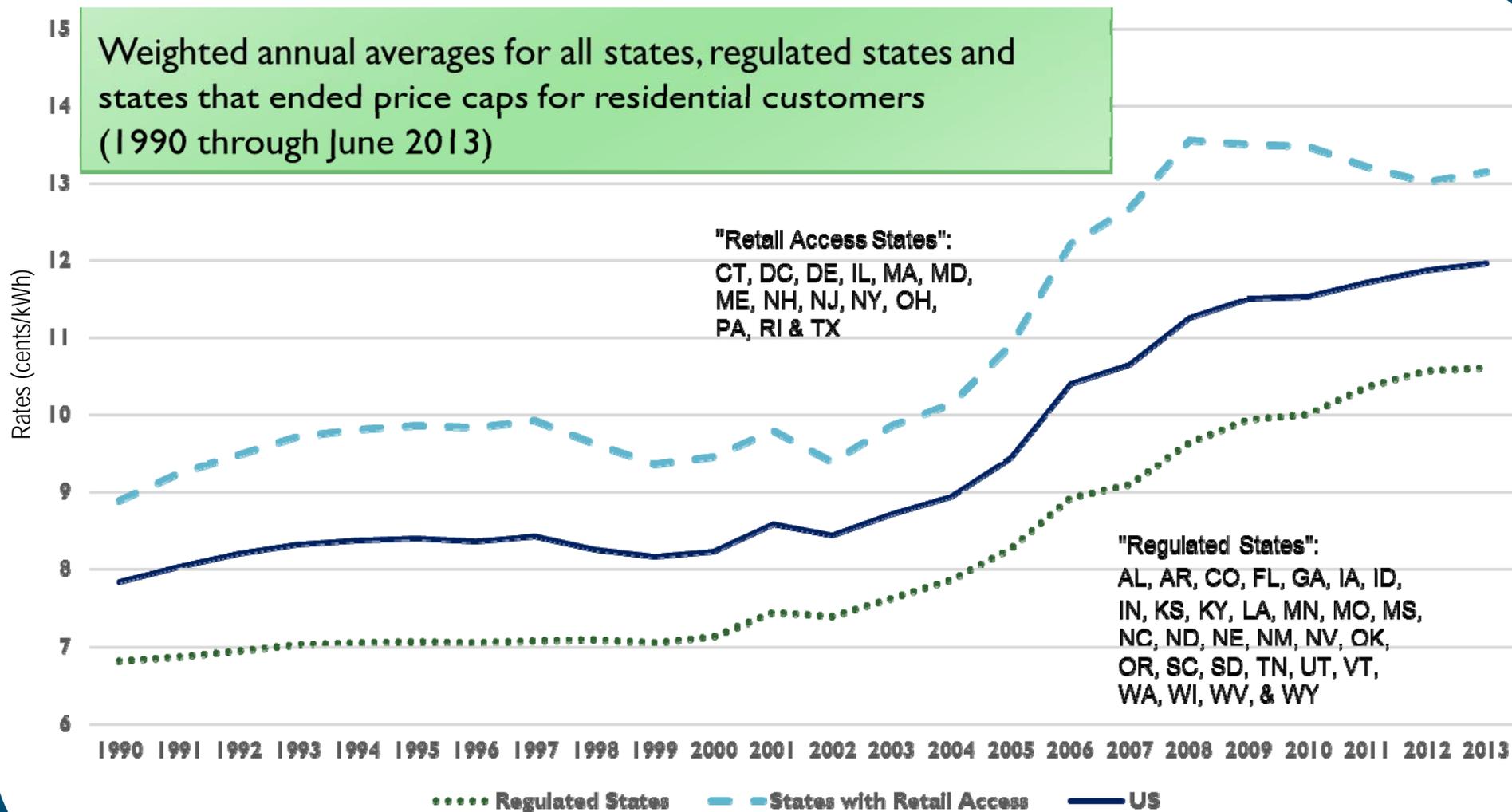
- Customer empowerment
- Competition among suppliers
- Suppliers can offer options tailored to consumer preferences
 - Length of term
 - Fixed vs. variable price
 - Renewable content
- More transparency in billing (cost of generation vs. cost of delivery)

Policy Issues: Restructured Retail Electricity Markets – Pros & Cons

Cons

- Lack of long-term market-based incentive to invest in generation
- Loss of state regulatory control
 - Shift of authority to federal level
 - Transfer of formerly dedicated generation to regulated state affiliates
- Increased exposure to volatile prices
- Stranded and transition cost issues must be resolved
 - Long-term costs incurred on behalf of customers
- Economic Development is hindered

Policy Issues: Restructured Retail Electricity Markets – Price Comparison



Source: Presentation to Indiana General Assembly Regulatory Flexibility Committee by Ken Rose, September 18, 2013

Policy Issues: Restructured Retail Electricity Markets – Duke Energy Ohio Experience

- Background
 - Starting in 2001, Ohio customers could choose their electric supplier
 - Utilities retained a Provider of Last Resort (POLR) obligation
 - During transition period, rates were frozen, utilities recovered stranded costs
 - After transition, regulators encouraged utilities to have rate stabilization plans
 - In May 2008, the legislature created two structures for generation pricing and supply
 - Ohio PUC has engaged in multiple investigations into competitive retail electric service
 - On April 16, 2014, Ohio's governor made comments critical of electricity deregulation
- Duke Energy Ohio experience
 - Restructuring has been a long process and is still not fully implemented
 - State of Ohio is now a net importer of generation
 - Duke Energy Ohio has decided to sell its generating plants
 - Most of the load continues to be served by the affiliates of the large utilities

Policy Issues: Restructured Retail Electricity Markets – Conclusion

- There is no compelling benefit to customers in Indiana from restructuring
- Customers already have benefit of competitive markets at wholesale (RTO) level
- Many complicated questions must be addressed up front:
 - Ensuring all customers benefit, not just large customers
 - Stranded cost treatment
 - Lack of incentive to invest in generation
 - Market design / rules
 - Customer protection rules
- Returning to the current regulatory compact is difficult if restructuring doesn't work out
- Piecemeal restructuring should be discouraged
- Creative pricing mechanisms can be utilized without experimental restructuring

Policy Issues: Compliance with EPA Regulations

- ~\$1.4 B capital invested for NOx and CAIR / CAMR over the last 10 years
- Implementing Phase 2 MATS compliance plan
 - ~\$500 M total Phase 2/Phase 3 capital
- Planning for future regulations
 - Greenhouse gases
 - 316(b)
 - Coal combustion residuals (CCR)
 - Effluent guidelines
 - NAAQS
 - Tracking court challenges
- Beyond MATS, \$750 M-\$1.25 B additional environmental compliance spending anticipated over next 10 years



Setting Cayuga Unit 1 SCR B reactor box in place

Customer Focus



River Ridge Commerce Center Site – Jeffersonville, Indiana

- Local community presence
 - 10 local community relations managers and 3 economic development managers serving in leadership roles on over 100 boards
- Economic development
 - Duke Energy Site Readiness Program helps communities identify potential new sites for development and/or redevelopment

- Enhanced outage information available on mobile devices
 - Refreshed with new data every few minutes
- Public information open house events for some new transmission line corridors and substation sites
 - Bloomington 69 kV reconductoring
 - New Dresser-Wabash 138 kV line
- Customer satisfaction



Duke Energy Indiana is prepared with adequate resources and infrastructure to meet its customers' needs during summer 2014.

