Q2 2024 Earnings Call

Company Participants

- Abby Motsinger, Vice President Investor relations
- Brian Savoy, Executive Vice President and Chief Financial Officer
- Harry K. Sideris, President
- Lynn J. Good, Chair and Chief Executive Officer

Other Participants

- Anthony Crowdell, Analyst, Mizhuho
- Carly Davenport, Analyst, Goldman Sachs
- Constantine Lednev, Analyst, Guggenheim Partners
- Jeremy Tonet, Analyst, J.P. Morgan
- Julien Dumoulin Smith, Analyst, Jefferies
- Nick Campanella, Analyst, Barclays

Presentation

Operator

Hello, everyone, and welcome to Duke Energy Second Quarter 2024 Earnings Call. My name is Felicia, and I'll be your operator today. Following today's presentation, there will be a Q&A session. (Operator Instructions) I will now hand you over to your host, Abby Motsinger, Vice President of Investor Relations at Duke Energy. Please go ahead, Abby.

Abby Motsinger {BIO 23109787 <GO>}

Thank you, Felicia, and good morning, everyone. Welcome to Duke Energy's second quarter 2024 earnings review and business update. Leading our call today is Lynn Good, Chair and CEO; along with Harry Sideris, President; and Brian Savoy, CFO. Today's discussion will include the use of non-GAAP financial measures and forward-looking information. Actual results may differ from forward-looking statements due to factors disclosed in today's materials and in Duke Energy's SEC filings. The appendix of today's presentation includes supplemental information along with a reconciliation of non-GAAP financial measures. With that, let me turn the call over to Lynn.

Lynn J. Good {BIO 5982187 <GO>}

Abby, thank you, and good morning, everyone. Before I begin, I'd like to take a moment and recognize the work of our team responding to Hurricane Debby. The storm made landfall in Florida yesterday morning and caused outages for about 330,000 customers. We had crews and position over the weekend and our teams are working around-the-clock to restore power. As of this morning, we've restored 90% of our impacted customers. Based on its current track, we expect the storm to impact the eastern and central parts of the Carolinas later this week. Along with tropical storm forced winds, the system is bringing heavy rains. We're staging crews implementing flood mitigation plans to be able to safely and quickly respond to expected customer outages. Now let me turn to our second quarter results and the significant progress we're making across the company.

Our simplified, fully regulated portfolio of Southeast and Midwestern utilities combined with our strong track record of constructive various regulatory outcomes positions us well to deliver long-term value for shareholders. We have clear growth visibility driven by our $73 billion capital plan, which is focused on grid and generation investments to support the growing communities we serve. In a moment, Harry will provide an update on recent regulatory activity and operational highlights from across the business. And later in the call, Brian will walk through detailed financial results and our long-term sales outlook. But let me begin with the results for the quarter.

Turning to slide 5. Today we announced adjusted earnings per share of $1.18, building on our strong start to the year. These results are $0.27 above last year, driven by growth across our electric utilities and improved weather. We continue to deliver consistent outcomes, carrying positive momentum into the back half of the year. We are reaffirming our 2024 guidance range of $5.85 to $6.10. We are also reaffirming our long-term EPS growth rate of 5% to 7% through 2028 based off a $5.98 midpoint for 2024. With that, I'd like to hand the call over to Harry.

Harry K. Sideris {BIO 19981027 <GO>}

Thank you, Lynn. Starting on slide 6. We have a long history of working with stakeholders to achieve constructive regular -- regulatory outcomes that benefit our customers and deliver returns for our shareholders. Since the start of 2023, we've continued to build on this track record with approximately $75 billion of rate base investments approved or settled across seven rate cases. I'm proud of the teams across the company that contributed to these impressive results. The outcomes support essential critical infrastructure investments, acknowledge the rising cost of capital through higher ROEs and allow us to meet our customers' demands for affordable, reliable and increasingly clean energy, now and into the future. Just last month, we received a final order in our DEC-South Carolina rate case and rates were updated August 1st. The order supports our efforts to increase system diversity and reliability and enhance the customer experience. We also filed a comprehensive settlement in our Florida rate case in July.

The Florida settlement reflects a three-year multiyear rate plan with rates effective in January. It focuses on continued grid modernization to serve population growth and harden the system as well as investments in renewables. Hearings are scheduled to begin later this month, and an order is expected by the end of the year. Importantly, the outcomes in South Carolina and Florida demonstrate our commitment to (Technical Difficulty) affordability and continued focus on finding creative solutions to maintain low rates, including utilizing tax benefits to moderate increases. With solutions like these, we expect customer rates to remain below the national average.

Turning to slide 7. We continue to collaborate with stakeholders across our jurisdictions. In the Carolinas, the IRP process is advancing in both states. Our plans call for a diverse and increasingly clean energy mix that serves our growing customer base, while preserving reliability and affordability. In mid-July, we were pleased to reach a constructive settlement in North Carolina with the Public Staff, Walmart and CCEBA. Importantly, the settlement adopts our near-term action plan, including renewables and natural gas investments as well as early development activities for long-lead time resources. Hearings concluded in North Carolina yesterday and South Carolina hearings will start in mid-September. We expect orders in both states by year end. CPCN hearings will begin today in North Carolina on our request to construct more than 2 gigawatts of natural gas generation.

These advanced class units will be located at existing coal plants slated for retirement, ensuring continued reliability and complementing our significant investments in renewables. We expect CPCN orders from the NCUC by the year end and pending approvals, construction is planned to start in 2026 with all units operational by 2028. Moving to Florida. We placed three new solar facilities in service through June. This keeps us on track to have 1,500 megawatts of solar on the Florida system by the end of the year. Looking ahead, we plan to build 12 solar plants between 2025 and 2027, adding another 900 megawatts of clean energy to the Florida grid. We also have two additional rate case hearings this quarter. In Indiana, hearings begin later this month and in North Carolina, our Piedmont natural gas hearing begins in mid-September.

Both cases are based on investments we've made to serve our customers and strengthen our system over the last several years. Before I turn it over to Brian, I wanted to commend all our teammates for their unwavering focus on operational excellence, ensuring reliable and affordable energy to our customers every day. As Lynn mentioned, many of our teammates are actively working to restore power to our Florida customers impacted by Hurricane Debby. Restoration efforts are well underway, and we are committed to restoring power to all customers as quickly and safely as possible. In addition to responding to storms, this summer, we experienced extreme heat across our jurisdictions. In fact, the Carolinas reached two new record summer peaks in a matter of weeks. Our team showed incredible preparation and collaboration across the company. I'm pleased to share that the grid and fleet performed well and our employees met the needs of our customers and communities during these critical times.

With that, let me turn the call over to Brian.

Brian Savoy {BIO 18279960 <GO>}

Thanks, Harry, and good morning, everyone. Turning to slide 8. We had a strong second quarter. We've reported adjusted earnings per share of $1.13 and $1.18, respectively. This is up from adjusted earnings per share of $0.91 in the second quarter last year. Within the segments, Electric Utilities and Infrastructure was up $0.34. Growth was driven by rate increases in riders, higher sales volumes and warmer than normal weather across our service territories, which is a complete reversal of the extremely mild weather in the second quarter of 2023. Partially offsetting these items were higher interest expense and depreciation. Moving to Gas Utilities and Infrastructure. Results were down $0.02 compared to last year as favorable rider revenue was offset by higher interest expense and depreciation. And finally, the other segment was down $0.05, primarily due to higher interest expense.

Turning to slide 9. I'd like to take a moment to discuss our earnings profile for the remainder of the year. As a reminder, last year had an atypical earnings shape with record mild weather in the first half of the year, which was mitigated with agility measures in the second half. With that in mind, the strong performance we've demonstrated so far this year is aligned with our planning assumptions. I'm incredibly proud for the team. We're delivering an impressive first half and we are on track to achieve full-year results within our guidance range. Turning to slide 10. We were pleased to see weather normal volumes increase 1.9% versus last year, in line with our full-year projection. Customer growth remains robust, led by the Carolinas and Florida, which grew 2.4% through the first half of the year. We're also encouraged to see improving residential usage across our jurisdictions.

Commercial and industrial volumes were up over 1% versus last year, driven by strength in the commercial sector. Commercial sales volumes have exceeded our projections through the first half, offsetting a slower rebound in industrial sales. As economic development projects continue to come online throughout the second half of the year, we expect C&I load growth to accelerate. We operate in some of the most attractive jurisdictions for both economic development and customer migration, which provide conviction in our 2% load growth forecast in 2024 and 1.5% to 2% load growth CAGR over the five-year planning horizon.

Turning to slide 11. We are forecasting unprecedented growth in power demand from advanced manufacturing projects across multiple sectors as well as data centers. As we evaluate which economic development opportunities to include in our forecast, it's important to remember that we take a risk-adjusted approach. We utilize discrete project level analysis to evaluate and probability weight potential opportunities, resulting in a subset of projects being included in our current projections. We have a robust pipeline of projects that continue to progress and will be reflected in our plans when the projects mature. This pipeline provides a runway for growth well into the future. We are committed to serving this new load in a way that prioritizes reliability and affordability for all our customers. To that end, we recently executed MOUs with Google, Microsoft, Nucor and Amazon to explore tailored solutions to meet large scale energy needs and develop rate structures to lower the long-term cost of investing in clean energy technologies.

These voluntary programs, which are subject to commission approval, would be open to any large customer and would include protections for non-participating customers. We look forward to continued collaboration with all stakeholders as we work to meet the accelerating demand in our service territories. Turning to slide 12. We recognize the importance of a strong balance sheet as we advance our strategic priorities and fund investments that will be foundational to our growth. We are on track to achieve 14% FFO-to-debt by the end of this year, which represents 100 basis points of cushion to our Moody's downgrade threshold. Our constructive regulatory outcomes combined with the collection of remaining deferred fuel balances, monetization of tax credits and programmatic equity issuances provide clear line of sight to achieving our target.

As disclosed in February, we expect to issue $500 million of common equity annually over the five-year plan via our DRIP and ATM programs. We've completed over half of our $500 million target, having priced $285 million year-to-date. We've also completed approximately 80% of our planned long-term debt issuances for 2024. As we've demonstrated over many years, our commitment to our current credit ratings and a strong balance sheet is unwavering and will continue to be a top priority as we execute our growth objectives. Moving to slide 13. We remain confident in delivering our 2024 earnings guidance range of $585 to $610 and growth of 5% to 7% through 2028. We operate in constructive growing jurisdictions and the fundamentals of our business are stronger than ever. We are well positioned to achieve our growth targets, which combined with our attractive dividend yield provide a compelling risk adjusted return for shareholders. With that, we'll open the line for your questions.

Questions And Answers

Operator

Thank you. (Operator instructions) The first question comes from Shar Pourreza from Guggenheim Partners. Your line is open. Please go ahead.

Q - Constantine Lednev {BIO 20113787 <GO>}

Hi, good morning, team. It's actually Constantine here for Shar. Thanks for taking the questions.

A - Lynn J. Good {BIO 5982187 <GO>}

Good morning.

A - Harry K. Sideris {BIO 19981027 <GO>}

Good morning, Constantine.

Q - Constantine Lednev {BIO 20113787 <GO>}

Highlighted the economic -- Good morning. You highlighted the economic development and growth, and kind of the geography is obviously favorable for data center activities, but you're still running on that 1.5% to 2% load growth projection. At what point do you feel you can reassess these assumptions and what could that mean for the capital plan that you can see some out of cycle updates kind of going towards the tail end of the year?

A - Brian Savoy {BIO 18279960 <GO>}

Thanks, Constantine. It's a great question and one that we continue to be encouraged about. So if we dial the clock back, we were -- a year ago, we were projecting 0.5% load growth CAGR over our planning horizon. And then economic development opportunities began to surface and continue to show up. And we moved to 1.5% to 2%. And on a base of sales of over 200,000 gigawatt hours a year at Duke Energy, that 1.5% to 2% CAGR was quite impressive and we're very pleased to see that kind of growth. And I would say that with the economic development pipeline we're looking at today, we're trending to the high end of that 1.5% to 2%. And as we look at our plans, we're forecasting to update the full financial plan with the load growth and the capital supported along with the earnings per share outcome from those elements in February, which is our normal cadence. We will definitely keep you updated along the way as the economic development pipeline progresses. But I will say that we continue to be encouraged. And every time we look at our load update, it deepens as far as the load growth outlook. And most of that growth is later in the decade. So it kind of coincides with as we roll the plan to 2029, and it will make more sense to show that load growth over time.

A - Lynn J. Good {BIO 5982187 <GO>}

Constantine, this is Lynn. The only thing I would just emphasize that Brian touched upon is we have continued to see economic development growth. I know the chart that we've shared with you is consistent with first quarter, but we are continuing to see growth in that economic development pipeline. And so our thought is that we will provide a comprehensive update, both on load and capital in February that continue to give you a sense of economic development progress over the balance of the year. So the bottom line is we have a wealth of growth opportunities and feel like we're really well positioned to take advantage of them.

Q - Constantine Lednev {BIO 20113787 <GO>}

Yeah. Sounds great. Totally understood. And maybe separately, can we get an update on nuclear PTCs from just a timing and monetization perspective, given some of the importance that they play towards your credit metrics targets and any other pieces we should be mindful of?

A - Brian Savoy {BIO 18279960 <GO>}

No, thanks Constantine. I'll take that as well. This is Brian. On the nuclear PTCs, we were hoping to see guidance by mid-year and that obviously has not transpired. The Treasury continues to actively issue guidance on elements of the IRA. We see that week-in and week-out, and we still expect the formal guidance for the nuclear PTCs by the end of this year. But I will say that we operate 11 very low cost remark -- nuclear plants that have delivered extremely well over the first half of the year. And these plants have earned about $250 million of nuclear PTCs through June. That's recorded in our financial statements. And our plans are to test the market on monetizing these PTCs in the third quarter. So you can expect us to report on that later in the year, but we don't feel like the delay in the guidance from our early expectations will have any impact on our credit in 2024.

Q - Constantine Lednev {BIO 20113787 <GO>}

Okay, perfect. That's very helpful. I will come back in queue. Appreciate the question.

A - Lynn J. Good {BIO 5982187 <GO>}

Thank you.

A - Brian Savoy {BIO 18279960 <GO>}

Thank you.

Operator

The next question comes from Nick Campanella from Barclays. Please go ahead. Your line is open.

Q - Nick Campanella {BIO 20250003 <GO>}

Hey, good morning.

A - Lynn J. Good {BIO 5982187 <GO>}

Good morning, Nick.

A - Harry K. Sideris {BIO 19981027 <GO>}

Good morning, Nick.

Q - Nick Campanella {BIO 20250003 <GO>}

Hey, good morning, morning. Well, hey, good to see the settlement in Florida. I was just wondering on DEI with evidentiary hearings at the end of this month. Do you think you can settle that case ahead of those hearings? And how should we think about that potential? Thanks.

A - Harry K. Sideris {BIO 19981027 <GO>}

Thanks for that question, Nick. This is Harry. We're always open to settlement discussions. The hearings later this month as we get closer to that hearing, we'll continue to look for opportunities to have those discussions. But we also feel very strong about the case that we've put together, strong customer benefits, the investments for the growth in Indiana and the economic development in Indiana. So we feel comfortable either path on a constructive outcome.

A - Lynn J. Good {BIO 5982187 <GO>}

So we'll keep you informed, Nick, (inaudible) as we get closer to the hearing but as Harry indicated, a strong case and anxious to move through this process in Indiana.

Q - Nick Campanella {BIO 20250003 <GO>}

That's great. We'll be watching it. And then I guess just when I think about your roll forward, which I know is not till the fourth quarter, just kind of wondering how you're kind of tracking within this kind of 5% to 7% EPS glide path. When I try to kind of conceptualize some of your sensitivities that you laid out on slide 22, interest rates are down. You did mention some pressure higher on the 1% to 2% load growth assumption and the stocks also up, which helps the accretion of your equity program. Just where are you tracking in the 5% to 7%? And then like what headwinds should we be kind of considering versus what I outlined right there?

A - Brian Savoy {BIO 18279960 <GO>}

No, thanks, Nick. This is Brian again. So as we look through our five-year plan, we definitely see more tailwinds and headwinds, right? This accelerating load growth that's pointed more towards the back end of the plan clearly provides a tailwind consistent investment in critical infrastructure across our jurisdictions that are supported and improved by multiyear rate plans or grid riders for multiple years to come, provide that transparent growth and a stabilizing interest rate environment. Frankly, those three things give us a high degree of confidence in the 5% to 7% at a minimum extending that, but also presents the opportunity to earn at the top end of that range later in the period. I will say that the things to watch would be an economic downturn, right? That affects any utility, it would affect our communities that we serve, and it would affect our customer demand. So that's something that we've definitely continue -- keep our finger on the pulse with our customers, understanding where they are and what pressures they're seeing. But that would -- that probably would -- Lynn, I don't know if you would add anything to that.

A - Lynn J. Good {BIO 5982187 <GO>}

Nick, I would say we are comfortably positioned within the 5% to 7% and feel like it's strongly positioned when you look at this economic development for a sustained period. We've given you 5% to 7% through '28. As Brian indicated, we see a lot of growth in that '27, '28 period with the economic development pipeline. So that gives us the opportunity to earn at the higher end of the range if those projects mature at the pace we expect and if we continue to add them, which certainly been our experience here in 2024. So we'll continue to update you every step of the way and are anxious to provide an update in February that will not only capture this economic development we've seen in '24, but also give us a chance to update capital. We've produced a lot of cash flow; the balance sheet is strengthening in 2024 as well. So we're very optimistic about the future.

Q - Nick Campanella {BIO 20250003 <GO>}

Hey, thanks for all those thoughts. Appreciate the time.

A - Brian Savoy {BIO 18279960 <GO>}

Thank you, Nick.

Operator

The next question comes Julien Dumoulin Smith from Jefferies. Please go ahead. Julien, your line is open.

Q - Julien Dumoulin Smith {BIO 20008787 <GO>}

Hey, good morning, team. Thank you, guys, for the time.

A - Brian Savoy {BIO 18279960 <GO>}

Good morning.

A - Lynn J. Good {BIO 5982187 <GO>}

Julien, welcome back.

Q - Julien Dumoulin Smith {BIO 20008787 <GO>}

Hey, thank you so much. Appreciate it. Hey, maybe just following up on this focus on industrial growth. I mean, you guys outlined this -- these MOUs here. Can you comment to the extent to which that is incremental versus reflected in that projection on load growth in '27, '28? I imagine it's pretty substantively excluded. And then how do you think about the remaining timeline on reaching this MOU finality, if you will? And how do you think about the risk sharing within that, right? I know you mentioned Nucor here. Presumably there's some sort of ability to leverage in SMR directly with some of these counterparties. How do you think about what that structure would look like for you guys? Just to clarify that ahead of time on your risk tolerance relative to ensuring that there's appropriate risk sharing?

A - Lynn J. Good {BIO 5982187 <GO>}

Julien, thanks. Let me take a shot. I'm sure Harry and Brian will have something to add to it. So as we think about this economic development pipeline, over the period that we've shared with you through '28, data centers represent about 25% of that pipeline. But as we get out to 2030 and beyond, that 25% growth. And so we already see a lot of growth in the economic development pipeline for data centers moving into 2030 and beyond. So I would think about this MOU is not only further catalyzing how we might serve customers that are in the pipeline, but our hope also is that those customers will have an interest in expanding in our service territories as we find a way to continue to meet their needs on sustainability, but also bringing resources on. So the discussions are early. I think there's a clear understanding that we are trying to do a couple of things here. We're trying to meet the load. We're trying to meet their sustainability goals. We're trying to do so in a way that protects retail customers. We're trying to meet their timelines.

And I would say the discussion is very constructive. And the notion of risk sharing is something that we're very clear on and have lots of experience and talking with customers about. And so I think those -- that element of the discussion is going well as well. So we'll keep you informed as we start to mature some of these agreements into something that's more definitive. There will be disclosure and we'll continue to update you on the economic development pipeline as we go. So I'll pause there and see if Harry or Brian has anything they'd like to add.

A - Harry K. Sideris {BIO 19981027 <GO>}

No. I would just add, Julien, the MOU has really amped up the constructiveness of our discussions with these customers and really a lot of excitement on their end for these ACE tariffs, the clean energy piece of it. So I think this is going to pay dividends as we work with them closer into the future.

Q - Julien Dumoulin Smith {BIO 20008787 <GO>}

Got it. And the -- the idea here being selecting either some kind of SMR offtake or some kind of clean energy offtake that would specifically not impact other customers. Just when you think about what the MOU comprises.

A - Lynn J. Good {BIO 5982187 <GO>}

Yeah. So Julien, when you talk about nuclear, there are a number of structures that we're talking about. They have an interest obviously in carbon-free generation and nuclear represents an around-the-clock option. But we all recognize we're in the early stages of development. So is there a structure? Is there premium pricing? Is there some method of equity investment? Is there some structure that would encourage the development at a perhaps a more rapid pace or sooner because of the partnership? So all of that is being explored as we talk with them and we're anxious to continue to develop it. I think the other thing I would note, which, Julien, of course, you're aware of, this generation plan is moving through the Carolinas. A lot of discussion already on carbon-free generation like the SMRs. We would also expect that every element of the agreements that we would reach with the tech companies or Nucor would also go through a commission process to make sure that they are comfortable with the structure. But they have been very, very positive on the fact that we're exploring these discussions because it's a win-win for economic development, for bringing clean energy to the states, and also for doing so in a way that reflects protection of retail customers.

Q - Julien Dumoulin Smith {BIO 20008787 <GO>}

Wonderful. I'll leave it there. Best of luck, guys.

A - Lynn J. Good {BIO 5982187 <GO>}

Thank you, Julien.

Operator

The next question comes from Jeremy Tonet from J.P. Morgan. Please go ahead. Jeremy, your line is open.

A - Lynn J. Good {BIO 5982187 <GO>}

Good morning.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Hi, good morning. Just wanted to dive back in, I guess, on the load trends as you laid out in the prepared remarks and how commercial and industrial are tracking versus expectations here today and just what you're seeing on the ground as far as trends over the back half of the year there?

A - Brian Savoy {BIO 18279960 <GO>}

Yeah, Jeremy. So we guided to 2% load growth in 2024, and we're tracking on top of that. The residential growth has been robust. We've added more customers in the first half than in any first half we've looked at in any kind of recent years, about 80,000 retail customers added to our system in the first half of the year, which is putting residential kind of right in line with our 1.5% to 2% growth for 2024. Commercial has been higher than our expectations and we came into the year thinking a modest growth in commercial, but we've seen much more in the commercial sector. And this is a combination of data center usage, healthcare, universities, just a broad mix of commercial companies that are -- have higher demands and largely supporting this higher population that are in our regions. And the industrial sector has not rebounded as fast as we anticipated.

We continue to be in dialogue with our industrial customers. And they're just taking a cautionary stance. And the fear of recession is out there, you don't want to get over extended. The labor market has been tight. So there's been a challenge to get all the shifts staffed appropriately. So our -- some of our customers are taking the opportunity just to pull back a little bit. They're still signaling a rebound later in '24 or maybe early '25, but we feel like the mix might be a little different, but the growth in '24 is on top or better than our expectations.

A - Lynn J. Good {BIO 5982187 <GO>}

Jeremy, the only thing I would add to that is this industrial rebound kind of pushing into later '24, '25 has also been influenced by interest rates is what we're hearing from customers. And it's primarily what I would call our legacy industries of textile and paper that are feeling the pressure, and we continue to track with all of that industrial volume we're expecting from economic development. That is exactly on track. So it's a little bit of a old industry, new industry story that we're seeing in the Carolinas in particular and a little bit in Indiana. But overall, we're tracking to the growth for the year. And as we've said many times, feel bullish on the economic development pipeline.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. That's helpful there. Thank you for that. And then just wanted to go to November here. We have elections coming up. North Carolina has gubernatorial race. And just wondering any thoughts you could share with regards to if different outcomes could impact the IRP or just there's a lot of stakeholder agreement here and so you wouldn't expect too much change?

A - Lynn J. Good {BIO 5982187 <GO>}

And Jeremy, no matter what happens in November, our objective is the same, which is to keep serving our customers well with reliable, affordable and increasingly clean energy. We don't expect that election to have an impact on the rulings we would receive in the Carolinas or in Indiana or Piedmont case. And you should know and just reaffirming that we believe a bipartisan approach working on both sides of the aisle for energy policy has served our company as well, our -- every utility well over time and that will continue to be our posture as we move into this election. So, Harry, would you add anything on IRP progress?

A - Harry K. Sideris {BIO 19981027 <GO>}

Yeah. We wrapped up the Carolina's IRP yesterday. In July, we entered into a very constructive settlement with public staff and some other intervening parties. That helped -- I think that helped speed the process up. It was very efficient. I got to spend some time there last week and the commission was very engaged in providing this energy transition affordably and reliably to our customers, which aligns to what we're doing. So we feel like our plan that we set forth meets the needs of our customers in North Carolina, and we'll work to see an order later this year on that.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. That makes sense. That's helpful. Thank you.

A - Brian Savoy {BIO 18279960 <GO>}

Thanks, Jeremy.

A - Lynn J. Good {BIO 5982187 <GO>}

Thank you.

Operator

The next question comes from Anthony Crowdell from Mizuho. Please go ahead. Your line is open.

A - Lynn J. Good {BIO 5982187 <GO>}

Good morning.

Q - Anthony Crowdell {BIO 6659246 <GO>}

Hey, good morning, team.

A - Harry K. Sideris {BIO 19981027 <GO>}

Good morning, Anthony.

Q - Anthony Crowdell {BIO 6659246 <GO>}

Hey, just a couple of questions. I guess you laid it out nice on slide 6. Harry went over it on the regulatory execution. I'm just curious, very impressive there. Just curious, has there been a change in the company's regulatory strategy over maybe the last five years, given like how strong the outcomes have been in the last two years? Or is just -- it's a great track record and I'll leave it there.

A - Lynn J. Good {BIO 5982187 <GO>}

Anthony, thank you for appreciating that. When I think about regulatory outcomes, it is an absolutely everyday assignment at Duke Energy because it includes operational excellence that we serve our customers well reliably and affordably. It also includes work in the legislature to make sure that energy policy is clear and that we have an expectation of how to go in the future. It's stakeholder engagement. That includes customers, that includes policymakers, that includes community leaders, et cetera. So I think you saw us undergo a bit of an organizational change a few years ago where we put CEOs of the Carolinas and CEOs of Midwest and Florida, Alex and Julie in place to really continue to fine-tune our approach around stakeholder engagement and clarity around roles and responsibilities in the regulatory area. And it's been a longstanding history at Duke Energy, but appreciating this complex and often polarized environment, we think that additional focus has been helpful to us and we take the responsibility of serving customers well every day very seriously. And that's the first job at Duke Energy. And if we do that well, we believe the company will be treated fairly and constructively in the regulatory environment and we have the deepest respect for those -- for the oversight of our commissions and policymakers and work hard every day to serve our customers well and to please those that have that awesome responsibility to keep energy policy moving in our states.

Q - Anthony Crowdell {BIO 6659246 <GO>}

Great. And then on load growth, I mean, obviously, you guys talk about and [ph] I appreciate the language. Brian, you said of moving it given the Duke footprint of 1.5% to 2%. But given the low growth along with asset and planning cycle that's required, does the company believe you'll start seeing the more frequent IRP filings that whether you are on a two- or three-years cycle that, that may have to condense given the changes that the system is seeing right now?

A - Brian Savoy {BIO 18279960 <GO>}

It's a good question, Anthony. We have a pretty frequent cadence already on IRPs, which in the Carolinas it's every other year, Florida is every year in a 10-year site plan. And then in the Midwest, there's various time horizons that are pretty frequent as well. But I think that what we did like in Carolina this year, we had an August filing, we updated it in January because we saw increasing load growth and we felt the commissions need to see this in real-time. So maybe not a full IRP filing each and every year, but we could see more frequent updates as we learn more about the load and -- load growth overtime to plan the appropriate resources because you do need plenty of lead time to gear up these generation plans and execute them.

A - Lynn J. Good {BIO 5982187 <GO>}

The only thing I would add --

Q - Anthony Crowdell {BIO 6659246 <GO>}

Great. Thanks for taking my questions.

A - Lynn J. Good {BIO 5982187 <GO>}

Okay.

A - Brian Savoy {BIO 18279960 <GO>}

Thank you, Anthony.

Operator

I think Lynn might -- (Multiple Speakers)

A - Lynn J. Good {BIO 5982187 <GO>}

Yes. The only other thing I would add on that notion of updating the IRPs is we work very closely with the states on economic development. So it's a partnership between Duke Energy and the economic development engines of each state. And so there's a lot of understanding on the part of the state of what's coming and that gives us an opportunity to have on-the-ground discussions about what's needed with transmission and generation. And then the IRPs are like the regulatory filings that follow that. So we intend to continue to stay really closely linked with our states as we go forward.

Q - Anthony Crowdell {BIO 6659246 <GO>}

Okay.

Operator

The next question comes from Carly Davenport from Goldman Sachs. Please go ahead.

Q - Carly Davenport {BIO 21913922 <GO>}

Hey, good morning. Thanks so much for taking my question.

A - Harry K. Sideris {BIO 19981027 <GO>}

Good morning.

Q - Carly Davenport {BIO 21913922 <GO>}

Maybe just to quickly follow up on the -- hi, thanks so much. Just wanted to quickly follow up on a couple of the previous comments on the Carolina's IRP. I appreciate all the color on the North Carolina process. I guess just as you look towards the South Carolina piece with hearing starting next month, is there any potential for settlement there as well?

A - Lynn J. Good {BIO 5982187 <GO>}

Yeah. Carly, I appreciate that question. I think it's a little early to tell. We're still in the middle of a procedural schedule in South Carolina where rebuttal testimony is due in a week or so. There's a surrebuttal process that goes on in South Carolina and then hearings occur in mid-September.

And as Harry indicated, we believe the plan that we've put forward in both states meet the requirements of the objectives that both states have set out. And as we've said many times, our objective is to give both states the opportunity to put their fingerprints on this plan in a way that serves their needs and continues to deliver the benefits of scale that Duke Energy has offered to customers over a long period of time. So we'll keep you informed as we get deeper into the procedural process, but South Carolina is lagging a bit.

Q - Carly Davenport {BIO 21913922 <GO>}

Got it. Okay. I appreciate that. And then the follow-up is just on the nuclear side. I know you guys made some comments on nuclear before, but could you just refresh us sort of on your latest thoughts on the technology and the timing for new nuclear to potentially have a place in the resource planning process?

A - Lynn J. Good {BIO 5982187 <GO>}

Carly, the SMR is included. Harry, do you want to talk a little bit about how we approached it with the IRP?

A - Harry K. Sideris {BIO 19981027 <GO>}

Yeah, absolutely. In North Carolina, we have included that in our near-term action plans for these long lead item projects like SMRs. We have it slated in our IRP to come online 600 megawatts in 2035 at our Belews Creek Station. So we're waiting for approval from the commission to move forward with those actions to continue the development as we work through technology selection as well as other construction needs, but we have a site selected and we're working through that process and this IRP filing has all that in there and the public staff in the settlement has agreed to those items.

A - Lynn J. Good {BIO 5982187 <GO>}

Carly, I would just add. I think you appreciate that Duke has a longstanding nuclear history here in the Carolinas, 11 units. We also have customers in both states that are interested in a sustainable future. We have states who appreciate the economic development that nuclear investment has represented for the communities. So we will work through this in a thoughtful way but do believe that continued expansion of nuclear here in the Carolinas could make sense as we get into the 2030s and beyond. And frankly, we're hearing some conversation in Indiana as well on whether nuclear at some point could fit into that program. That I would say is probably lagging a little bit on timing, but I think there's a recognition that nuclear could be a part of the future and we'll manage it in a very disciplined way.

Q - Carly Davenport {BIO 21913922 <GO>}

Great. Thank you so much for the comments.

A - Lynn J. Good {BIO 5982187 <GO>}

Thank you.

Operator

We have no further questions. So I'll turn the call back to Lynn Good for closing remarks.

A - Lynn J. Good {BIO 5982187 <GO>}

Well, thank you and thanks everyone for your questions today, for your investment in Duke Energy. We're available, Investor Relations and members of the team for questions. If there's any follow-up that we can provide and really appreciate the engagement today and appreciate, as I said, your investment in Duke Energy. Thanks so much.

Operator

This concludes today's call. Thank you all for attending. You may now disconnect your line.