

Q4 2015 Earnings Call

Company Participants

- Bill Currens
- Brian J. Chin
- Lynn J. Good
- Steven K. Young

Other Participants

- Ali Agha, SunTrust Robinson Humphrey, Inc.
- Angie Storozyński, Macquarie Capital (USA), Inc.
- Christopher J. Turnure, JPMorgan Securities LLC
- Daniel L. Eggers, Credit Suisse Securities (USA) LLC (Broker)
- Hugh D. Wynne, Sanford C. Bernstein & Co. LLC
- Jonathan Philip Arnold, Deutsche Bank Securities, Inc.
- Julien Dumoulin-Smith, UBS Securities LLC
- Michael Lapedes, Goldman Sachs & Co.
- Shahriar Pourreza, Guggenheim Partners
- Stephen Calder Byrd, Morgan Stanley & Co. LLC
- Steve Fleishman, Wolfe Research LLC

MANAGEMENT DISCUSSION SECTION

Operator

Please standby, we're about to begin. Good day, everyone, and welcome to the Duke Energy Year-End 2015 Earnings Conference Call. Today's call is being recorded.

At this time, I would like to turn the conference over to Bill Currens. Please go ahead.

Bill Currens {BIO 18075897 <GO>}

Thank you, April. Good morning everyone, and welcome to Duke Energy's fourth quarter and full year 2015 earnings review and business update. Leading our call is Lynn Good, Chairman, President and CEO; along with Steve Young, Executive Vice President and Chief Financial Officer.

Today's discussion will include forward-looking information and the use of non-GAAP financial measures. Slide two presents the Safe Harbor statement, which accompanies our presentation materials. A reconciliation of non-GAAP financial measures can be found on duke-energy.com

and in today's materials. Please note that the appendix to today's presentation includes supplemental information and additional disclosures.

Before turning the call over to Lynn, I would like to give you an update on staffing for the Duke Energy IR team. After over two years with the team, Charlie Tapp will be shortly assuming new responsibilities within the Duke Energy organization. Therefore, this will be his last earnings call. I am very excited for Charlie, as this is a fantastic career move for him. Many of you have worked closely with him over the past few years, and I hope you will join me in congratulating him on this fantastic move.

With that, I will turn the call over to Lynn.

Lynn J. Good {BIO 5982187 <GO>}

Good morning, everyone, and thank you for joining us today. Today, we reported 2015 adjusted earnings of \$4.54 per share in line with the year ago. I'm pleased with the solid performance and operational execution of our core regulated businesses despite record mild December weather. These results largely offset challenges throughout the year in our International operation. As a sign of confidence in the future, our board, last year, doubled the growth rate of the dividend, a key component of our investor value proposition.

During today's call, we have several objectives. First, I will highlight how we are strategically positioning the business portfolio and investing for the long term. Then I will discuss our 2015 operational highlights, including our industry-leading safety and environmental performance. Steve will provide a financial update, with our outlook for 2016 and beyond.

Turning to slide four, I'll begin with a broader discussion of our strategy, which provides an important context for the five-year financial plan that Steve will cover. Our industry is undergoing transformation with new technology, evolving customer expectations, increasingly impactful public policies and abundant low-cost natural gas. These factors will have a profound impact on our business in the years ahead and are informing our strategic investments.

We are focusing our long-term strategy on our core domestic, regulated businesses and our highly-contracted Renewables portfolio. We will invest an increasing amount in the electric grid, to strengthen reliability and resilience and enable new customer solutions. To advance reliable, cost-effective power and a lower-carbon future, we will invest in natural gas generation and infrastructure, as well as build on our rapid expansion and renewable technologies. We will also invest to maintain our valuable nuclear and clean coal assets.

We enter this period of industry transformation with a strong regulated business, and we've demonstrated strength and operational excellence, sustainable cost management and regulatory execution. These capabilities will continue to underpin our success in the years ahead.

An important part of this strategic focus is our decision outlined on slide five to engage advisors and pursue an orderly exit of our Latin American generation business. This business has been an important part of the Duke Energy portfolio over many years, providing

both earnings and cash flows. However, the returns over the last two years are inconsistent with our commitment to investors to provide predictable, stable earnings and cash flows.

We believe there will be demand for this international portfolio at a reasonable valuation. Because we are early in the process, it is premature to establish a specific timeline for a potential transaction. The proceeds will be used to strengthen our balance sheet and help fund the growth in our core businesses. We expect that a sale will be dilutive. Nonetheless, the strategic exit significantly improves our risk profile and enhances our ability to generate more consistent earnings and cash flows over time.

On slide six, I will update on our pending acquisition of Piedmont Natural Gas. This investment is also an important element of our focus on natural gas infrastructure and customer solutions. Piedmont is a regulated natural gas infrastructure and local distribution company in the Carolinas and Tennessee. It operates gas infrastructure that supports our gas-fired generation in the Carolinas and provides valuable natural gas solutions to customers. We are obtaining a high-quality asset with an excellent management team, exceptional customer service and strong rate base growth prospects. Piedmont's highly-regulated gas businesses and constructive regulatory jurisdictions fit well with our strategic direction. We expect that the transaction will be accretive in 2017 with the level of accretion growing over time through incremental capital investments and integration of Piedmont operations.

We've made good progress in obtaining the required approval. The Federal Trade Commission has graded early termination of the Hart-Scott-Rodino waiting period, and Piedmont shareholders have approved the transaction. We are awaiting approvals from the North Carolina and Tennessee Utilities Commission. We are still targeting to close the transaction by the end of this year, and in the meantime, merger integration efforts are well underway, so that we are ready to hit the ground running immediately after the close.

As outlined on slide seven, you can see the series of strategic transactions that we have made since 2012 to realign our business portfolio to drive more stable earnings and cash flows. The exit in International and acquisition of Piedmont will complete the transition. This repositioning provides an outstanding foundation for growth and investment for the remainder of this decade and beyond.

Before I turn the call over to Steve, let me highlight on slide eight several important operational achievements in our progress, advancing our strategic investments during 2015. I'm proud of the 28,000 Duke Energy employees who are here day in and day out for our customers. Our customers count on us to provide safe, reliable, environmentally responsible energy every day.

We completed 2015 with an industry-leading safety record, significantly reducing OSHA recordable incidents and our total incident case rate. Our work is never complete on this front, but I'm pleased with the focus and alignment throughout the organization on safe, event-free operations.

We also significantly reduced the number of reportable environmental events in 2015. We have taken what we've learned from the Dan River spill in early 2014 and applied it throughout our organization to strengthen operational discipline and results. We have also built world-class

capabilities to accelerate the safe closure of our ash basins and are on track to continue advancing the support and work in 2016. Likewise, our Edwardsport IGCC facility in Indiana continues to improve its operational performance, delivering the third consecutive year of improved output and gas supplier availability.

We also made great progress on a number of our strategic growth initiatives during the year. As mentioned and consistent with our strategy, we are modernizing the electric grid and modernizing the generation portfolio, including investing in natural gas and utility-scale solar.

During 2015, we completed the North Carolina Eastern Municipal Power Agency asset acquisition, which strengthens our generation portfolio in the Carolinas. We also announced plans for the Western Carolinas modernization project, which adds new natural gas and solar generation. We made updated filings for grid modernization in Indiana and continue to advance utility-scale solar investments in the Carolinas and Florida.

In our Commercial Portfolio, we continue to grow our Renewables business throughout the U.S. In fact, we installed around 600 megawatts of new wind and solar assets in 2015, surpassing our original objective. Our natural gas pipeline investments will supply our customers with low-cost fuel and provide supply diversity, while delivering great returns for investors. The Sabal Trail pipeline received FERC approval earlier this month, while the Atlantic Coast Pipeline made its formal FERC filing late last year.

In closing, strategic investments that provide value to customers underpinned by excellent operations will deliver stable and predictable growth in earnings and dividends for our shareholders for years to come.

Now, let me turn the call over to Steve.

Steven K. Young {BIO 7307044 <GO>}

Thanks, Lynn. Today, my comments will focus briefly on 2015, and I will spend the majority of the discussion on 2016 guidance and our long-term growth prospects in our core businesses.

We have extended our long-term earnings growth objective from three years to five years through 2020 to better align with our capital forecast or expected rate case activities and the completion of our portfolio transition.

I'll begin on slide nine. In 2015, we delivered adjusted diluted earnings of \$4.54 per share, slightly below our full year guidance range. Our fourth quarter results were impacted by very mild weather. In fact, weather in the month of December impacted our results by \$0.12 as temperatures in the Carolinas averaged around 10 degrees above normal.

For the full year, strength in our core businesses, our regulated utilities and our Commercial Portfolio of renewables and gas infrastructure, as well as early execution on a number of strategic initiatives, helped us offset weakness in our International business. Our core businesses delivered \$4.15 per share on a weather-normal basis, representing an average annual 5.5% growth rate from our base year of 2013. And our International business delivered

\$0.33 per share. For more detailed information on our financial performance in 2015, please refer to the supporting materials that accompanied today's press release.

Our 2016 adjusted earnings guidance range, which we are introducing today is \$4.50 to \$4.70 per share. The midpoint of this range assumes a contribution of \$4.30 per share from the core businesses, which represent 4% growth over 2015. The midpoint also assumes \$0.30 from International, which is down slightly from 2015.

Let me walk you through the key drivers in our businesses from 2015 to 2016. Within the regulated utilities year-over-year weather-normal growth will be primarily driven by the deployment of almost \$5 billion in growth capital. Retail load growth of 0.5%, the full year impact of our recent acquisition of the NCEMPA assets, as well as lower O&M costs. Lower O&M reflects our confidence in continuing to drive cost out of our business. I will review this further in a moment.

Within our Commercial Portfolio, we plan to invest \$1.5 billion in Renewables, and our pipeline joint ventures. Additionally, we realized a full year of benefit from the prior-year accelerated stock repurchase. These growth drivers are partially offset by regulatory lag in certain jurisdictions, as we will not have any significant base rate increases in 2016. The loss of earnings from the Midwest generation business, which was sold in 2015, will also be a partial offset.

At International, we expect 2016 earnings of \$0.30 per share. In Brazil reservoir levels have improved during the rainy season, which runs through April. As a result, we are assuming a return to normal dispatch of the hydro generation in Brazil after the rainy season, lowering our purchase power costs. This improvement in the Brazilian hydro operations is expected to be offset by the declining Brazilian exchange rates and low Brent crude oil prices, which impact National Methanol's level of profitability.

Let's shift to discuss the components of our long-term growth. With the pending exit of International, we believe the appropriate focus for our long-term growth discussion should be centered around our core businesses. Through 2020, our core businesses are well-situated to grow within 4% to 6% off of their 2016 base of \$4.30 per share.

On slide 10, we have developed a base plan that will deliver 4% to 5% growth. We have also defined incremental growth opportunities that, if achieved, will deliver toward the higher end of the range, or 5% to 6% growth. Our base plan is largely driven by the deployment of between \$22 billion and \$25 billion of growth capital in our regulated utilities and between \$3 billion to \$5 billion in commercial renewables in our gas pipeline investments.

This base plan also assumes weather-normalized retail load growth of 0.5% per year from 2016 to 2020, consistent with the past several years. As a reminder, every 50 basis point improvement in retail load growth provides about 1% earnings per share growth. In order to accommodate modest organic retail sales growth, we are targeting flat O&M cost through 2020. And, as you know, our track record in cost management has been very good.

To achieve the high end of our long-term growth rate, or 5% to 6%, there are incremental growth opportunities that provide upside potential. They include retail load growth higher than

our base plan assumption of 0.5%, supported by strengthening economic conditions in our service territories. More on that in a moment.

The acquisition of Piedmont Natural Gas, which is expected to be accretive to earnings per share, is additive to our growth rate as we move forward. Other growth opportunities exist in our wholesale business, in the form of new contracts. In addition, we also have opportunities to deploy more discretionary growth capital than what we have assumed in our base plan. Those investment opportunities include additional commercial and regulated renewables, further modernization of the generation fleet and additional gas infrastructure investments.

Turning now to slide 11. I'll discuss in more detail our regulated investments over the next five years. The combination of these investments supports the growth rate in our regulated earnings base of approximately 5% from 2016 through 2020. Our capital deployment is directed to the strategic priorities that Lynn discussed: customer focus grid investments, new gas and renewable generation investments and natural gas infrastructure, as demand for gas increases.

We expect to invest nearly \$8 billion expanding our regulated electric grid infrastructure, including improvements in technology. These investments will enable us to improve the reliability of the grid, reduce outages and restore service faster, and provide real-time information to our customers. We also plan to invest around \$8 billion in new generation, including natural gas and renewable assets, as we continue to build an energy system for the future and reduce emissions even further, while maintaining the service reliability our customers expect.

Finally, we expect investments of \$3 billion for environmental compliance. This amount covers steam effluent requirements and cost to close the initial high-priority coal ash basins in the Carolinas.

Our earnings growth from 2016 to 2020 is strong, but not linear, due to the timing of capital deployment and subsequent rate recovery. We see earnings growth accelerating in the 2018 to 2020 timeframe, due to several factors.

First, grid and customer investments in Ohio and Indiana build over time and are recovered through rate riders later in the five-year period. Second, our investments in new generation in Florida and the Carolinas, as well as our gas pipeline infrastructures projects, will begin to accelerate in 2018 through 2020. Third, we will be filing a number of rate cases in this time period across many of our utilities in order to recover our capital investments. We expect to file a rate case in Duke Energy Ohio in 2016 and Duke Energy Kentucky in 2017.

We also expect cases in the Carolinas in the back half of our five-year plan. We continue to fine tune specific timing based on our capital spending projects, such as the Lee Combined Cycle, the Western Carolinas Modernization Project, and coal ash basin remediation. We have further details of our capital spend and recovering mechanisms by category of investment in our appendix materials.

Moving ahead to slide 12. I'll discuss some trends we're monitoring related to our retail load. We are planning for modest growth of 0.5% over the next five years. However, there are a few

developing trends that give us optimism for some upside over the coming years. The labor market continues to strengthen, with unemployment and median household incomes improving. Jobs are being created in our service territories, as the Carolinas and Florida were among the top 10 in job growth in 2015.

We continue to forecast strong growth in the number of customers, particularly, in the Carolinas and Florida. Additionally, usage per customer which declined during 2013 and 2014 has been essentially flat for the past three consecutive quarters. Certain sectors of the industrial class, such as construction and automotive, remains strong, while the strengthening U.S. dollar has challenged other sectors, such as the steel industry.

The strength of our service territories is also supported by robust economic development activities, attracting new businesses and jobs. In 2015, these activities led to the announcement of \$3.5 billion in capital investments and over 12,000 new jobs in our six-state service area.

As we are planning for a period of sustained modest low growth, it is important that we efficiently manage our cost structure. As outlined on slide 13, we've been successful holding costs down in the past and are targeting to keep our non-fuel O&M costs flat through 2020. The Progress Energy merger integration initiatives focused heavily on the consolidation and optimization of our corporate centers. We made significant investments integrating our IT, HR and financial systems to common platforms. We are now rolling out similar initiatives to the operational parts of the organization in order to achieve our target of flat O&M through 2020.

Slide 14, shows a our high-level 2016 cash flows and financing plan. As I mentioned in my opening, our strong balance sheet and credit quality are foundational to our overall financial objectives. Our focus on the core businesses creates a better risk profile, with more predictable and stable earnings and cash flows. We design our financing plans and target credit metrics with those objectives in mind. Our five-year plan includes \$700 million of DRIP equity after 2017, designed to bolster the balance sheet to continue funding the increasing level of growth investments we expect in the back end of the planning horizon, such as the Atlantic Coast pipeline and new gas generation.

Our financing assumptions outlined on this slide do not include the acquisition of Piedmont Natural Gas or the sale of International. We plan to issue between \$500 million to \$750 million of equity through a forward structure and will finance the remainder with debt at the holding company upon closing. Proceeds from the sale of international will be used to strengthen our balance sheet, helping to fund growth in our core businesses.

Now I'd like to provide some perspective on the recent five-year extension of bonus depreciation benefits. This extension will generate cumulative after-tax cash benefits of about \$3 billion. However, due to our federal net operating loss tax position, we will see total improved cash flows of around \$1 billion, but in the back end of our planning horizon. In the short-term, our federal tax position will keep us from recognizing the manufacturing deduction through 2018, impacting our annual earnings by around \$0.05 per share.

Moving to slide 15, let's talk about our dividend. We have probably paid a quarterly dividend for 90 consecutive years. Last year, our board approved a 4% increase to the dividend, which was

double the previous annual growth rate of around 2%. We continue to target annual growth and the dividend consistent with our long-term 4% to 6% earnings growth. Our dividend is supported by the strong cash flows from our core businesses.

Our regulated utilities are distributing between 65% and 70% of their earnings to the parent during the planning horizon, providing strong support to the dividend. Additionally, during the period, we continue to hold the International business. This segment will generate annual cash flows of between \$200 million and \$300 million to be distributed to the parent. Through 2020, our dividend payout ratio is expected to be between 70% and 75%. We are comfortable with the payout, given the quality of our lower risk core businesses and their more stable earnings and cash flows.

I'll close with slide 16, which summarizes our key investor considerations. Duke Energy has tremendous scale, offering an attractive investor value proposition, which includes balanced growth in earnings and dividends over time. We are confident in our ability to grow our core businesses between 4% and 6% through 2020. We will also maintain a strong balance sheet to ensure reliable access to the capital markets, while we finance this growth.

With that, let me turn it back over to Lynn for some closing thoughts.

Lynn J. Good {BIO 5982187 <GO>}

So, thank you, Steve. Before we take your questions, I just want to underscore a few points that are summarized on slide 17. We are strategically responding to the transformation that is occurring in our industry. We're simplifying our business portfolio to focus on our growing core regulated businesses and our highly-contacted Renewables portfolio. We're enhancing customer value by investing in the grid to improve reliability and the customer experience, while also investing in new natural gas and renewable generation resources, as we prepare the business for a lower carbon future.

We operate in strong jurisdictions that are positioned for customer growth over the coming years. Our efficient cost structure, coupled with low natural gas prices allows us to make significant investments, while maintaining very competitive rates for customers.

Taken together, the predictable stable earnings and cash flows that we are positioned to generate will support attractive earnings and dividend growth for our investors in the years to come.

Now, let's open up the line for questions.

Q&A

Operator

Operator : Thank you. And, we'll first hear from Shahriar Pourreza of Guggenheim Partners.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Good morning.

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

Good morning, Shahriar.

A - Steven K. Young {BIO 7307044 <GO>}

Good morning, Shahriar.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Thanks for the additional color on the LatAm assets. Lynn, in your prepared remarks, you kind of highlighted some dilution. So, when we're thinking about net proceeds and the cash you still have left to repatriate, I think it's about \$1.5 billion. Should we offset this from a sale amount? So, do you kind of lose these cash flows in a pending sale, or is this cash that sitting in an account that's at your disposal which is additive to evaluation?

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

Shahriar, we think about it as acceleration of the amount planned for repatriation. You may recall when we set forth the dividend, it was over a seven-year period,, and it basically represented cash flow that would be generated over that period. So, we've harvested about \$1.5 billion, we have \$1.2 billion to go, and you can think of part of the proceeds as being acceleration of that.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Excellent. And then, just for the proceeds, should we think a little bit more de-levering or potentially lower equity needs?

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

As we look at everything that we've laid out here, Shahriar, the proceeds from International will go a couple of places. One bank to accelerate that repatriation that I just talked about. Those cash flows are already in the plan, we're just brining them forward. And then we will use the rest of the proceeds to fund the growth. So, as we laid out the combination of DRIP equity, whether we take to finance, Piedmont, the growth capital that's in the plan, proceeds of International are part of that financing picture over the five-year period.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Got it. And then just lastly, really big jump in renewables for the placeholders. Is that sort of extension of the tax credits, or what's driving that?

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

We have been investing kind of in the range of \$500 million to \$1 billion for some time, Shahriar, and look to continue that. I think the extension of the credits creates opportunities to do it, but we will continue to be opportunistic if we find projects that may (27:29) return expectations, we'll continue to invest.

A - Steven K. Young {BIO 7307044 <GO>}

And that's right. And I would add, our placeholder is about \$500 million per year, and we've been able to find investments at that level for the past several years.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Excellent. Thank you very much.

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

Thank you.

Operator

Next we'll hear from Dan Eggers of Credit Suisse.

Q - Daniel L. Eggers {BIO 3764121 <GO>}

Hey good morning, guys.

A - Steven K. Young {BIO 7307044 <GO>}

Hi, Dan.

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

Hi, Dan.

Q - Daniel L. Eggers {BIO 3764121 <GO>}

Just - I mean, Steve, if you can go back to the bonus appreciation conversation a little bit and maybe kind of layout when you see those cash flows actually affecting rate base, it seems like the timing will differ when you affect rate base, and we'll have much bearing on when you file the Carolinas cases, as they come towards the back end of the decade?

A - Steven K. Young {BIO 7307044 <GO>}

Yeah. So, let me give a little background on the bonus here. We would expect, Dan, to get about \$7 billion of additional deductions from this extension, that translates to maybe \$2.73 billion of reduced taxes, but only \$1 billion of that's going to be within our planning horizon. We are currently in an NOL position. We weren't expecting to be significant tax payers until 2018, so all that shifts out by two years or three years there. So, it's backend loaded for us looking at the corporate level.

So, as we plan rate cases in the back half of this period, we don't see huge impacts necessarily on those filings there. Now, I will say that every utility has its own standalone NOL computation and structure, so there may be some effect on some of these filings in different jurisdictions, as we do the standalone filings. But we have, again, not a dramatic impact, because we're already in this NOL position.

Q - Daniel L. Eggers {BIO 3764121 <GO>}

So we shouldn't think of the bonuses having a substantive effect on kind of the rate of growth that you've had before or as of today?

A - Steven K. Young {BIO 7307044 <GO>}

Not during this period through 2020. I don't think it is substantive. The biggest impact on earnings, as we said earlier, is the loss of the manufacturers' deduction of about \$0.05 a year through 2018.

Q - Daniel L. Eggers {BIO 3764121 <GO>}

Okay. And I guess anything about getting the International proceeds back in? What are the opportunities when you kind of look at the list of things you could do that look most compelling as to redeployment of that capital? Is there transmission spending, is there infrastructure spend? Where do you think you can ramp up and reuse that cash?

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

Dan, in looking at what we've laid out, we think discretionary spending opportunities against - exist throughout our portfolio, whether it's additional grid investment, whether it's additional renewables conversions of our coal fleet to natural gas, transmission is a part of it. But our transmission build has been slow and coming. We have the pioneer project under construction, but we continue to be in development mode there.

So, I would look at the discretionary capital as opportunities that exist throughout our portfolio. I would add gas infrastructure to that, perhaps I didn't emphasize that, but gas infrastructure around the Piedmont acquisition and further expansion of the pipelines.

Q - Daniel L. Eggers {BIO 3764121 <GO>}

And I guess one last question is on the dividend. If you look where the dividend's going to be in 2016, against kind of the \$4.30 baseline earnings, it kind of puts that payout ratio maybe a bit

higher than even the targeted range. How do we think about the growth rate beyond this point, post International sale?

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

We move the growth rate up to 4%, Dan, as you know this year. And the dividend is extraordinarily important. Our commitment to investors to continue to grow it remains unchanged. As we look at this transition in the portfolio, what we're moving to is a lower risk, more predictable, more stable set of earnings and cash flows, which we believe gives us confidence in allowing that payout ratio to trend up slightly. And then over time, if we execute on this plan, as we are committed to doing so, that payout ratio will turn down over time. So, we are confident, looking at this, that we have a growing dividend offering to our investors.

Q - Daniel L. Eggers {BIO 3764121 <GO>}

So you're good at the 4%, even with International sale?

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

Yes.

Q - Daniel L. Eggers {BIO 3764121 <GO>}

Okay. Very good. Thank you.

Operator

Next, we'll hear from Stephen Byrd of Morgan Stanley.

Q - Stephen Calder Byrd {BIO 15172739 <GO>}

Hi, good morning.

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

Good morning.

A - Steven K. Young {BIO 7307044 <GO>}

Good morning, Stephen.

Q - Stephen Calder Byrd {BIO 15172739 <GO>}

I wanted to think through the tax shield that you might be able to deploy in terms of proceeds, if you were to sell assets in Latin America. Obviously, you'll have to pay, I guess, local taxes upon repatriating the money, but could you speak a little bit further, I know you talked about your tax

position somewhat, but in terms of how we should think about the ability to shield proceeds from taxation when you bring the money back to the United States?

A - Steven K. Young {BIO 7307044 <GO>}

Yes, Stephen, tax implications depend upon the sales price and so forth, and I can't get into any of that, but the – so, we'll be taxable, and we have stripped out basis in the past with our International assets. So, there could be a lower tax basis that could result in a gain. Again, our NOL positioning at our corporate level provides a delay in timing of cash taxes, though, that is useful to us.

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

And I think, Stephen, you can think of that NOL position as, in effect, sheltering the timing of the payment of the cash gain on that sale.

Q - Stephen Calder Byrd {BIO 15172739 <GO>}

Oh, I see. So, as you burn through the NOL over time, then that can reverse itself, but initially, it provides quite a bit of potential benefit in shielding some of those proceeds.

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

That's right.

A - Steven K. Young {BIO 7307044 <GO>}

Yes, absolutely.

Q - Stephen Calder Byrd {BIO 15172739 <GO>}

Okay. Great. And then just shifting over big picture to the Clean Power Plan. There's certainly been lots of interesting developments in that regard. At a high level, I'd love any commentary you'd be willing to provide in terms of how you think about potential implications for your planning, in terms of additional spending opportunities, feedback at the state level? Any further color on the Clean Power Plan would be great.

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

Sure, Stephen, and I know that's a top-of-mind question for many, because it's such a recent development. And I would describe Duke's position on this as one of continuing to work toward modernizing our fleet. If you look back at our track record of the last five years, we have been consistently moving toward lower carbon sources of generation, and we see that continuing. So as I look at this five-year plan, whether this would stay a Clean Power Plan or not, we believe the plan that we're on is one that makes sense for customers, and our communities, and our states.

I think the clarity that'll come from this legal review will be helpful, but more helpful to set pace and timing of decisions in the next decade, so in the 2020s and forward. So I would say our states are still grappling with this, understanding it, thinking through their processes. We will be closely working with them. We're trying to find solutions that make the most sense for our customers and communities. But I think for the near term, the strategy will be to watch the litigation and then execute the plan that we already have in front of us in terms of modernizing our system.

Q - Stephen Calder Byrd {BIO 15172739 <GO>}

Great. Thank you very much.

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

Thank you.

Operator : And then next, we'll hear from Jonathan Arnold at Deutsche Bank.

Q - Jonathan Philip Arnold {BIO 1505843 <GO>}

Good morning, guys.

A - Steven K. Young {BIO 7307044 <GO>}

Good morning.

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

Jonathan, how are you?

Q - Jonathan Philip Arnold {BIO 1505843 <GO>}

I'm good. Thank you. Just quick question. From your answers, I think that it's fairly clear you're contemplating a sale of International, but you use the word exit, which obviously could include other scenarios, like a local listing perhaps. Are we definitely talking about a sale, and are you highly confident that that's an achievable outcome?

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

We are talking about a sale, Jonathan. And, I would confirm that we have been working and evaluating options for some time. I think we began providing some visibility to the Street, in the second quarter and third quarter, about some of the things we saw with the International business.

We believe we have very high-quality valuable assets. The asset in Brazil is a hydro asset in Sao Paulo. And we believe prospective buyers will share the view of the value of these assets, and we're confident that we can execute. And, at this point, because the process is early, however,

we can't give specifics on timing or valuation, but we'll continue to provide updates in the quarters that follow.

Q - Jonathan Philip Arnold {BIO 1505843 <GO>}

Okay. Thank you. And then, on the slide on financing, I think it says that the baseline, it's not assuming proceeds. But, just to be clear, would you – does your \$700 million of DRIP, would you still expect to be doing that in the event that you do sell International, or does that actually assume a sale?

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

As I look at this – kind of the whole complexion of this, Jonathan, the \$700 million is really tied to accelerated capital spending in that period, Atlantic Coast Pipeline, the gas generation assets, and more infrastructure that we think will be necessary in those periods.

We have not had the DRIP on since 2010. And we believe, with the level of capital spending in our core businesses, that that is an important approach. The proceeds for International, you should think about as being an acceleration of repatriation, and that repatriation was already in the plan. And that we believe the remaining amount would be appropriate for delevering, because the International business has provided a source of FFO in our metrics – our credit metrics. And so, as we take those out, we believe it's important for us to delever in connection with the rest of those proceeds.

So, if you look at the whole thing together, we believe we can execute the capital that's included the acquisition of Piedmont, the divestiture of International and have a very strong balance sheet and growth rate coming out of that five-year period.

Q - Jonathan Philip Arnold {BIO 1505843 <GO>}

Great. Thank you, Lynn. And just sort of related topic, you talked about wanting to hold investment grade, and you're still on negative outlook, a couple of the agencies, do the – does this plan, do you think this plan keeps your ratings where they are? Or would you be – are you okay with seeing them slide another notch?

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

We believe, we've put together a plan that is consistent with our ratings, Jonathan. I can't step into the shoes of the rating agencies, though, with certainty, but we will keep them informed along the way of our plans. Certainly, the Piedmont acquisition, they have been informed of. We'll share our capital plans, we'll share our commitment to equity, and we'll share our progress in the International business. But we are targeting to maintain our ratings, as they are today and believe we can execute this plan consistent with those ratings.

Q - Jonathan Philip Arnold {BIO 1505843 <GO>}

That's it. Great. Thank you very much.

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

Thank you.

Operator

And next, we'll hear from Steve Fleishman of Wolfe Research.

Q - Steve Fleishman {BIO 22027192 <GO>}

Yeah. Hi. Good morning. Can you hear me, Lynn?

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

Hi, Steve. Yes.

A - Steven K. Young {BIO 7307044 <GO>}

Yes. Good morning.

Q - Steve Fleishman {BIO 22027192 <GO>}

Hi. Great. Thank you. Just a follow-up on the question of kind of thinking about an International sale. Is there a way to give us a sense of debt that might be kind of allocated to International and also maybe corporate costs that's allocated to International, as we're trying to analyze this?

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

Steve, we have in-country debt, that I suspect about \$700 million....

A - Steven K. Young {BIO 7307044 <GO>}

\$700 million of in-country debt.

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

And as you look at the segment of International, I would think of that as being a pretty standalone segment. One of the things we were trying to accomplish with the delineation of earnings here in the base period, just to give you a sense of what cash flows and what earnings come from that business. So, I think that's a good starting point for you.

Q - Steve Fleishman {BIO 22027192 <GO>}

Okay. Great. And then just a clarification, you said a couple of times on the growth rate that it's not linear, and it's kind of, I guess, lower through 2017 and then higher 2018 to 2020? Are those comments kind of within that 4% to 6% range year-by-year, or could it be like below 4%, let's

say, before 2018 and then 6% or above in that 2018 to 2020? Just wanted to get a little more color on that comment.

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

Yeah. And, Steve, it's not going to be linear. So, if you look back even at the 2013, 2014, 2015, 2016, the base numbers that we gave you on the slide, I think it's slide seven maybe - slide nine, because we still have jurisdictions where our ability to reset price comes through a base proceeding, there will be some stare-stop to our earnings as we plan for general rate cases. But if we think about over the five-year period, we'll be situated well within that 4% to 6% range.

A - Steven K. Young {BIO 7307044 <GO>}

And I think the trajectory within the five-year period have some variability. As you think about implementation of the Senate Bill 560 in Indiana and the exact timing of rate cases that we see in the back half. So, it's a little difficult to be precise, but we're trying to give you a broader picture there that it is back-loaded.

Q - Steve Fleishman {BIO 22027192 <GO>}

Okay. Thank you. And then one last question on coal ash. Could you just remind us where things stand on recovery for the coal ash remediation investments, and just when will we know kind of the recovery plan for that?

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

Sure. Steve, we believe coal ash costs are recoverable. We believe they are a part of decommissioning a coal plant and part of complying with environmental rules. And, of course, we have environmental rules in North Carolina, but as you know, there are federal rules as well. So, our focus here in the near-term has been moving through closure planning. We're actually excavating ash at a number of sites and working closely with the environmental agency here in the Carolinas. Our intent would be to seek recovery in connection with a general base rate increase, which as Steve indicated would be toward the latter part of this planning period.

Q - Steve Fleishman {BIO 22027192 <GO>}

Great. Thank you.

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

Thanks so much.

Operator

Next, we'll hear from Brian Chin of Bank of America Merrill Lynch.

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

Brian, we thought you'd call in today, if nothing else to talk about in Duke.

A - Steven K. Young {BIO 7307044 <GO>}

Hello, Brian. Boy, what a (43:09) talking about, but...

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

What journalists do, talk a little basketball.

A - Steven K. Young {BIO 7307044 <GO>}

Right. Oh, my goodness. (43:22)

A - Brian J. Chin {BIO 5763426 <GO>}

I will certainly follow-up offline with you on that, very important. I noticed on - in the back, on slide 57, there's been a little bit of a delay in the construction of this facility, and so DEI share maybe delayed now till early 2017. Is that the sole reason why it's been delayed, is the construction facility? Is there a potential for the ownership stake to change - for that change to be delayed, yet again, down the road?

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

It's only construction, Brian, that's all is going on.

Q - Brian J. Chin {BIO 5763426 <GO>}

Okay. Great. That's it from me.

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

Thank you so much.

Operator

Julien Dumoulin-Smith of UBS.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Hi. Good morning. Can you hear me?

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

Yes.

A - Steven K. Young {BIO 7307044 <GO>}

Yes.

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

Good morning Julien.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Good morning. I would just want to follow up first on Steve's question a little bit further. How are you thinking about recovery in terms of capital versus O&M of the coal ash? They're kind at some split with the latest thinking, as you begin to prepare those filings and get going there.

A - Steven K. Young {BIO 7307044 <GO>}

Julien, the way I would think about this is whether it's capital or O&M, it is a cost that we have incurred - a cash cost that we have incurred. And this cash cost to the extent that it is outside of rates can be incorporated into rates, at some point in time, in any fashion that the commission deems agreeable to do.

We've deferred purchase power cost in the past and recovered it with a return off and on. We've certainly recovered capital costs, say, of a power plant that - prior to its buildup and incorporation into rates. So, I think, conceptually, we just view it as a cost incurred for an extended period, therefore requires financing and recovery off and on in a subsequent rate proceeding.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Got it. And, I just want to clarify a little bit more on the discretionary capital budget that you delineated. It seems as an offset, largely, to the bonus depreciation bucket. Can you give us a little bit more sense as to what exactly is in there, the timing of having it realized? I suppose, just getting a sense of confidence there around, particularly, 2016 and 2017, the near-dated spend? How firm are you?

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

Since there are a variety of projects, at any point in time, Julien, that we are advancing and working on and planning, and then looking for the appropriate timing, given jurisdictions, given value that we can demonstrate to customers, given potential transactions that could arise. So, they're always in development. And I think, if you look at our track record over the last several years, Eastern Power Agency would have been a discretionary capital item at one point in our thinking. Western Carolina modernization would have been discretionary capital.

And so, there are always a variety of projects underway. And I would generally describe, that we have more good ideas, than we actually end up funding. We're trying to make prioritized choice of things that make the most sense for our customers.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Got it. And just a further clarification on the latest growth rate bifurcation. If indeed you do - if you close on the Piedmont transaction, would that drive you that 5% to 6%, or would you need to see that in conjunct with other factors, just to be clear about that? How much would that drive you to the upper end? Just I think it (47:13)?

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

We believe its accretive. And on a full year basis, in 2017, it would be accretive to the growth rate, so you can think about it as being above our base plan today, consistent with the way we've represented it on the slide, Julien.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Okay. Great. Thank you.

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

Thanks so much.

Operator

Next we'll hear from Hugh Wynne of Bernstein.

Q - Hugh D. Wynne {BIO 5516654 <GO>}

Good morning.

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

Hi, Hugh.

A - Steven K. Young {BIO 7307044 <GO>}

Hello, Hugh.

Q - Hugh D. Wynne {BIO 5516654 <GO>}

Hi. I just want to make sure I understood your question to - your answer to Steve Fleishman's question. Were you all saying that the growth rate in earnings will remain within this 4% to 6% band, but maybe at the lower end in the early years, and at the higher end in the later years? Or were - was the answer that the growth rate across the five-year period will be in the 4% to 6% band, but it could fall outside of that band in the early years and exceed within the later years?

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

So, the way we answered the question, Hugh, was to say over the planning period, we'll be within 4% to 6%, but we would expect lesser growth in the early period, stronger growth in the later period. We did not give specific percentages year-by-year. Our typical practice is to provide a guidance for 2016, and then will continue to work and provide you better perspective on 2017. But I think it's fair to say, lighter in the frontend, stronger in the backend.

Q - Hugh D. Wynne {BIO 5516654 <GO>}

Okay. And then just wondering if I could ask you to comment on your vision for growth in gas transmission and gas distribution over a five-year timeframe. When the acquisition of Piedmont took place I think that was positioned, in part, as giving critical mass and a respected management team that you could then use to perhaps conduct other acquisitions. How was your thinking evolved around that?

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

Yeah, we're continuing to work on the business plan around Piedmont, Hugh. I think if you look at their underlying fundamentals, their growing rate base at about 9% in the jurisdictions that they operate in today. They're, of course - have some pipeline investments of their own. They're on ATP in (49:37) constitution. So, we are building upon that.

We're also looking at integration planning. And what our - but our plan is to lay out a more specific gas infrastructure plan, as we get closer to the closing of Piedmont. It gives us an opportunity to finalize our regulatory approvals and set out for you where we think that can go. We took a small step today by showing you where it sits in the overall growth rate of Duke, both in terms of Piedmont and additional gas infrastructure, giving us potential to be higher in our range, but more specifics than that, we will wait until we're closer to closing.

Q - Hugh D. Wynne {BIO 5516654 <GO>}

Great. Thank you very much.

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

Thank you.

A - Steven K. Young {BIO 7307044 <GO>}

Thank you.

Operator

Chris Turnure of JPMorgan.

Q - Christopher J. Turnure {BIO 17426636 <GO>}

Good morning.

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

Good morning.

Q - Christopher J. Turnure {BIO 17426636 <GO>}

I wanted to just follow-up on International a little bit here. Could you speak to the difference in performance of the Brazilian assets versus the rest of the generation company in Argentina and Peru and Chile, down there? And then maybe also to the extent that you'd be willing to comment - would a partial sale of the assets still accomplish your goals with this type of strategic move?

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

Let me back up and talk a little bit about portfolio, or Steve, do you want to take the portfolio question?

A - Steven K. Young {BIO 7307044 <GO>}

No, go ahead.

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

So, Brazil is our single largest asset and contributor to International. If you look at Peru, we've got a combination of hydro and thermal assets. If you look at Argentina, same; Chile, same; and those markets are generally very good markets. I actually think, with the presidential election in Argentina, it's looking better situated for the long term. And so, as we think about an exit, our expectation or intent is to exit the whole portfolio, but whether we exit it altogether or individual assets, or some combination of assets, I think that will remain to be seen as the process continues.

Q - Christopher J. Turnure {BIO 17426636 <GO>}

Okay. Great.

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

(52:01) Sure. Thank you.

Operator

Michael Lapides of Goldman Sachs.

Q - Michael Lapides {BIO 6317499 <GO>}

Hey guys. Real quick question. When you look at the regulated utilities, and I know as a group, you're kind of expecting 4% to 6% over a number of years, can you just comment on which of those utilities could be above that into the band, and which of those utilities might be below, or maybe even just higher level? Which of your utilities you see as growing earnings faster versus slower?

A - Steven K. Young {BIO 7307044 <GO>}

Yes, Michael. Let me give you a little bit of color on this, and this changes over time as you move through rate cases and so forth. But Ohio has strong growth, in that it has mechanisms put in place to efficiently turn grid investments into earnings. Indiana is looking strong as we implement the Senate Bill 560, the t-disc (53:02) rider that will allow us to make investments in that area.

Florida is solid with the Citrus County, Hines and Osprey facilities coming into play. The Carolinas look at growth in earnings between rate cases as being a bit more challenging. And then you see a big jump in the rate cases as the investments then get turned into earnings. And there's a number of good investments there that are coming with Lee Combined Cycle and the Western Carolinas Modernization, that's later in the period there.

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

And Duke Energy progress, Michael, has had very good growth as a result of the Eastern Power Agency acquisition and has growth around wholesale contracts as well. So, we actually look at each utility individually in terms of their growth potential, earnings and cash flow generation, and are always looking for where we can prioritize investment to maximize the value of the total company.

Q - Michael Lapidés {BIO 6317499 <GO>}

Got it. Thanks guys. Much appreciated.

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

Thanks so much.

A - Operator

<A - [064MIN-E]Steve Young - Duke Energy Corp.>: Thanks.

Next, we'll hear from Angie Storozyński of Macquarie.

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

Hi, Angie.

A - Steven K. Young {BIO 7307044 <GO>}

Hello, Angie.

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

That was close, wasn't it?

Q - Angie Storzynski {BIO 15115714 <GO>}

I was wondering - okay. So, just a simple math of what's happening. So, you have \$0.30 of earnings from International operations, roughly were about \$0.10 or even slightly less comes from the Methanol plant, so that's the one - those are the earnings that stay. And you're telling us that the 4% to 6% of growth in your core earnings already reflects some of the cash that is coming from the International operations that are being sold?

So, where is the benefit? I mean, I noticed you saying that there is some dilution of the sale, but I mean, that would imply that the dilution is way north of \$0.15, right, because I'm looking at least \$0.20 of earnings from International operations, and it doesn't seem like I'm gaining anything on the core business?

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

Yeah, so I would look at a couple of things, Angie. First of all, the proceeds that accelerate repatriation will delever more quickly, the holding company. And then you do have proceeds that are in addition to the repatriation that will delever as well. So...

Q - Angie Storzynski {BIO 15115714 <GO>}

Well, I know, but shouldn't that be increasing my earnings - my core earnings, because I have less interest expense?

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

Yes. And the way I would describe this is, we are working through a transition in our portfolio. We're starting at \$4.30 with the core business. We will use proceeds from International coming into our earnings over the next five years to provide a source of funding for growth.

And National Methanol, with the change in the ownership percentage that will occur in 2017, will only be a few pennies, handful of pennies, they should get out there into that timeframe. So, it is this part of - all of that transition is part of our confidence around financing the growth investments that we've laid out for you in the core business.

Q - Angie Storzynski {BIO 15115714 <GO>}

Okay. Thank you.

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

Thank you.

Operator

And our final question for today will come from Ali Agha of SunTrust.

Q - Ali Agha {BIO 22785216 <GO>}

Thank you. Good morning.

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

Hello, Ali.

A - Steven K. Young {BIO 7307044 <GO>}

Hello.

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

Good morning.

Q - Ali Agha {BIO 22785216 <GO>}

First question, can you just remind us, what is the size of the regulatory lag in the utilities right now? And with the five-year plan, are you assuming a significant dent in that, or does that remain relatively constant in your plan?

A - Steven K. Young {BIO 7307044 <GO>}

We have described, on slide 10, regulatory lag over the five-year period is about negative 3% on earnings, and that will vary year-per-year. Regulatory lag is depreciation and interest and property taxes, basically on capital investments that are closed prior to a rate case. And that'll build up, then you have a rate case and regulatory lag will drop, and then start building back again. So, it's an average, we looked at it over the period. And it's in the ballpark of 3% negative to the overall earnings trajectory.

Q - Ali Agha {BIO 22785216 <GO>}

Okay. And then, second, you alluded to - on the financing for the Piedmont acquisition and the roughly \$500 million to \$700 million forward equity issuance. Any sense of timing - any particular threshold you're looking at? What that - is it earlier than later? How are you thinking about that?

A - Steven K. Young {BIO 7307044 <GO>}

Well. Let me discuss that a little bit, Ali. We will be looking at doing that fairly soon. We want to have some flexibility here. We looked at doing it in the fourth quarter last year, after the announcement, but we were getting into the holiday timeframe, the markets were a little bit volatile, so we held off. Now, we're in a blackout period, as we're closing the books, and we'll be issuing the 10-K in late February. That will open us up to have the ability to do that, and we'll start looking at the timing of the forward then.

Q - Ali Agha {BIO 22785216 <GO>}

I see. And, last question, the \$140 million of net income that you've assumed for Commercial in 2016 as part of your guidance, can you remind us how much of that is the upfront recognition of tax credits versus sort of ongoing earnings?

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

That represents primarily Renewables in 2016, Ali. There is a little bit of earnings around pipeline transmission and other things here in the Commercial Portfolio. But, the lion share of that is Renewables. And so, of course, it'll influenced by PTCs and ITC. We have a heavier mix of PTC contribution and ITC, just given the mix of assets that we own.

Q - Ali Agha {BIO 22785216 <GO>}

So, Lynn is that - 75%, 80% of that is tax credit recognition. That's the way we should think about it?

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

I think it's substantial amount or the economics of Renewables is from tax credit. So, there's a little bit in there, as I said, around infrastructures, and not all of its Renewables, but I think your percentage is around Renewable business, so are probably about right. So, I think with the \$140 million, you have a sense of the relative size of that contribution.

Q - Ali Agha {BIO 22785216 <GO>}

Yes. Okay. Thank you.

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

Great. Thank you.

A - Steven K. Young {BIO 7307044 <GO>}

Thank you.

Operator

And at this time, I'll turn the conference back over to our presenters for any additional or closing comments.

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

Well, thank you, everyone. We certainly had a lot of material today with the year-end call. Look forward to having ongoing conversations with you over the next few days and weeks as you continue to digest what we're trying to accomplish here. We're excited about the strategy, have a lot to accomplish in 2016, and look forward to having these conversations with you. So, thanks for joining today.

Operator

And that does conclude today's conference. Thank you all for your participation.

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