Q1 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, Chief Executive Officer

Other Participants

- Anthony Crowdell, Analyst, Mizuho Securities
- Carly Davenport, Analyst, Goldman Sachs
- David Arcaro, Analyst, Morgan Stanley
- Durgesh Chopra, Analyst, Evercore
- Jeremy Tonet, Analyst, JPMorgan
- Shar Pourreza, Analyst, Guggenheim Partners

Presentation

Operator

Hello and welcome welcome to Duke Energy's First Quarter 2024 Earnings Call. My name is Lydia, and I'll be your operator today. (Operator Instructions).

I'll now hand you over to Abby Motsinger, Vice President of Investor Relations to begin.

Abby Motsinger {BIO 23109787 <GO>}

Thank you, Lydia. And good morning, everyone. Welcome to Duke Energy's first 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. Good morning, everyone. Today, we announced first quarter adjusted earnings per share of $1.44, delivering a strong start to the year. These results are $0.24 above last year, driven by growth from rate activity across our jurisdictions, strengthening retail volumes and improved weather.

We remain confident in our outlook and are reaffirming our 2024 guidance range of $5.85 to $6.10 and our long-term EPS growth rate of 5% to 7% through 2028. We have a clear path forward as a fully regulated utility operating in some of the most attractive and fastest-growing areas of the country. Our strategy will drive continued growth underpinned by our five-year $73 billion capital plan, efficient recovery mechanisms and track record of constructive regulatory outcomes.

Moving to Slide 5, our jurisdictions are experiencing unprecedented growth from population migration and economic development. We're committed to meeting these increasing customer demands through an all of-the-above strategy that preserves affordability and reliability as we decarbonize.

In doing so, 2024 marks an important stage in our fleet transition, as we move from the planning phase to project execution. In Florida, we're on-track to have 1,500 megawatts of utility-owned solar in-service by year-end. And in our recently filed 10-year site plan, we expect to more than triple the amount of solar on our system by 2033. In the Carolinas, we're completing annual solar procurements that will add approximately 1,500 megawatts to the grid each year, beginning in 2027. These investments are part of our goal to have 30,000 megawatts of regulated renewables on our system by 2035.

In the Carolinas, we filed certificates of public convenience and necessity in March to build more than 2-gigawatts of new advanced class natural gas generation. The filings with the NCUC include two simple cycle combustion turbines and one combined-cycle plant consistent with the Carolinas Resource plan. Pending regulatory approvals, construction is planned to start in 2026 with all units operational by the end of 2028. Each of these new facilities will be cited in existing coal plants and will provide needed dispatchable generation when those units retire.

We recognize there's a lot of attention on natural gas in its role in achieving net zero. We believe natural gas must be a part of not just Duke's, but our nation's energy transition strategy, in the face of unprecedented demand from AI datacenters, ships manufacturers and other economic development, natural gas remains an essential tool to provide reliable and affordable energy for customers and complements our substantial investments in renewables and energy storage.

As you know, EPA recently released rules that place limits on certain baseload generation sources. While the fate of this rule will soon be in the hands of the courts, we will continue to advocate for solutions to reliably and affordably serve the growing energy needs of our customers and communities.

As we step into this period of significant infrastructure build for the Company, we recently appointed Harry Sideris, President of Duke Energy. As President, Harry has responsibility for all of our electric and gas utilities, including all aspects of operations and regulatory activities.

Harry is a 28-year Company veteran and has an exceptional track-record of accomplishment and leadership across many functions. He began his career in generation, led environmental health and safety, served as the President of our Florida Utility and most recently led transmission, distribution and customer operations, including economic development.

Harry is a trusted member of the executive leadership team and in his new role. He remains committed to delivering value to our customers and our investors. I'm pleased to introduce him for the first time on an earnings call and his new role as President.

And with that, Harry, I'll turn it over to you, to go through the jurisdictional highlights.

Harry K. Sideris {BIO 19981027 <GO>}

Thank you, Lynn, for the introduction. I'm excited for the new role and look-forward to leading our utilities and operations through this important time in our energy transition.

Turning to Slide 6, meeting our customers' expectations requires collaboration with regulators, policymakers and other stakeholders. And we continue to make great progress across our jurisdictions.

Starting with South Carolina, hearings begin May 20 in our Duke Energy Carolinas rate case. Since our last rate case in 2018, our rate base has increased by almost $2 billion, driven by investments to improve reliability and resiliency and meet the growing energy needs of our customers. We expect new rates to be implemented August 1.

Shifting to Florida. In April, we filed our next three-year multi-year rate plan that will begin in 2025. The plan includes grid investments to enhance reliability, decrease outages and shorten restoration times, building on Duke Energy's Florida's best reliability year in over a decade in 2023. The filing also covers investments to add new solar and battery as well as improve the efficiency of our current-generation assets.

Even with the requested base rate increases, we expect overall customer bills to decrease in 2025, as fuel under recovery, storm restoration costs and legacy purchase powered contracts expire at the end-of-the year.

In Indiana, we filed our first rate case in four years in April. Since our last case, we've invested more than $1.6 billion to support the state's growing population and increase the resiliency and security of the grid. The case includes a four test year and two rate step-ups starting in the first quarter of 2025, smoothing the impact to customers.

And finally, Piedmont Natural Gas also filed a rate case in North Carolina in April. The request covers significant infrastructure investments to comply with Federal safety regulations, enhance the customer experience and provide safe, reliable natural gas service. As part of the filing, Piedmont is also requesting concurrent rate reductions for pass-through natural gas costs, which will help mitigate the impacts to the customer bill. We plan to implement interim rates November 1, with the final order expected in January.

We've made great progress in the first quarter, advancing rate cases and fleet transition projects across our footprint. As we embark on this period of significant infrastructure build, we have confidence that our investment plan will deliver sustainable value to shareholders and 5% to 7% earnings growth.

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

Brian Savoy {BIO 18279960 <GO>}

Thanks, Harry. And good morning, everyone. Turning to Slide 7. Our first quarter reported and adjusted earnings per share were $1.44. This compares to reported and adjusted earnings per share of $1.01 and $1.20 last year.

Within the segments, Electric Utilities and Infrastructure was up $0.29 compared to last year. Growth was driven by rate increases, higher volumes and improved weather. Partially offsetting these items, were higher interest expense and depreciation on a growing asset base. As a reminder, residential decoupling was in effect for both of our North Carolina utilities this quarter, which moderated the impact of a mild winter in the Carolinas.

Moving to Gas Utilities and Infrastructure, results were flat compared to last year. And finally, the other segment was down $0.05, primarily due to higher interest expense. With a strong start to the year, we're on track to deliver on our 2024 EPS guidance range.

Turning to Slide 8. We were pleased to see solid growth in weather normal volumes this quarter versus last year. Customer growth remains robust in our jurisdictions, led by the Carolinas and Florida, which both grew 2.4%. 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. We are closely monitoring economic trends and remain in regular conversations with our largest customers. Notably, these customers continue to convey expectations for growing power needs in the second half of the year. Combined with new economic development projects coming online, we expect growth to accelerate throughout the year.

Turning to Slide 9. The impact of economic development activity in our jurisdictions cannot be overstated. We are gearing up to serve up to 18,000 gigawatt-hours of additional load from these projects in 2028. This is up 2,000 gigawatt hours from the projection we just shared in February, demonstrating the strength of our economic development pipeline. As a reminder, we take a risk adjusted approach to our forecast, and generally only include the most mature and committed projects.

We've included a few photos that showcase the impressive size and scale of the construction activity underway. Pictured at the top of the slide, is a substation that will serve Wolfspeed's $5 billion semiconductor manufacturing facility in North Carolina. The new factory will bring about 1,800 jobs to the state. We've recently energized the initial transformer bank in the substation and Wolfspeed expects the facility to begin production by early next year.

This project and others across many sectors, including batteries, datacenters, EVs and pharmaceuticals to name a few, are making tangible progress and will provide meaningful load growth in our service territories. We operate in some of the most attractive jurisdictions for both economic development and customer migration, which underpins our confidence in our 2% volume growth forecast in 2024 and 1.5% to 2% growth rate over the five-year planning horizon.

Turning to Slide 10, we recognize the importance of a strong balance sheet, as we execute one of the sector's largest capital programs. 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. The biggest driver of our FFO improvement is the implementation of the North Carolina rate cases, which add nearly $700 million of annual revenues.

Combined with the collection of remaining deferred fuel balances, monetization of tax credits and programmatic equity issuances, we have 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're off to a great start having priced just over $100 million year-to-date.

We also completed approximately 65% of our planned long term debt issuances for 2024 in the first-quarter, which helps to de-risk our plan. We've raised $4.6 billion in long term debt with an average interest-rate interest-rate of 5.19% and an average tenor of 13 years.

We've been strategic in our approach, reducing floating-rate exposure amid a rising rate environment and further diversifying our investor base with a euro offering in April. As we have demonstrated this quarter and over many years, we are committed to our credit ratings and a strong balance sheet as we execute our growth objectives.

Moving to Slide 11, we remain confident in delivering our 2024 earnings guidance range of $5.85 to $6.10 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 for the year, which combined with our attractive dividend yields 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). Our first question today comes from Shar Pourreza of Guggenheim Partners. Your line is open.

Q - Shar Pourreza

Hey guys, good morning.

A - Brian Savoy {BIO 18279960 <GO>}

Good Morning, Shar,

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

Hi, Shar.

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

Good morning.

Q - Shar Pourreza

Good morning. Obviously, you guys reaffirmed that 1.5% to 2% low growth assumptions, but also kind of, concurrently, kind of, increased the economic development activities. I mean, obviously, we've seen several of your peers raised load growth assumptions, kind of, levered to that C&I customer backdrop, including large datacenters coming into their states. I guess, Lynn, what's the trigger point in timing on when you will maybe reguide around load growth, which to us seems conservative, especially in the Carolinas. And could the opportunities, kind of, be accretive to your EPS growth guide like we heard from one of your Southeastern peers. Thanks.

A - Brian Savoy {BIO 18279960 <GO>}

Shar, I'll take that. We continue to be encouraged by the pace of economic development opportunities. I mean, every time we do a new load forecast, we see more opportunities and that's demonstrated by what we showed this morning.

We typically update our full financial plan in February. And we feel like updating load without updating the CapEx to support the load might be a bit disconnected and not so the full picture. But we do see clearly more tailwinds than headwinds as we look at growth over time. All of this sign is a good -- all of this points to a good sign of long-term EPS growth.

I would point to on the EPS side of things, load growth. The capital opportunities for the energy transition, all this gives us a high degree of confidence in our 5% to 7%. And as we look throughout the plan, probably later in the plan, pushes us in the higher-end of the range, but it gives us the opportunity if all this transpires. We are taking a very calculated position on our load growth and we want to be smart about updating the plan prematurely before we put the capital to support the new load.

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

Shar, one thing I might add is just to give you a metric on this, 1,000 gigawatt-hours represents 0.1% increase in our load growth. So we are trending to the higher-end of that 1.5% to 2%. And we'll continue to update you during '24 if we see more opportunities materialize. And as Brian said, we'll do a comprehensive update in February.

I think the other thing I would note, given the size of our Company, I believe the move from about 0.5% load growth to 1.5% to 2% is quite strong and we're proud of that and we'll keep going. But I think that metric of 1,000 gigawatt-hours being about 0.1% should help you get a sense of how we're moving.

Q - Shar Pourreza

Got it, okay. So as we head into February's update, appreciate that. And then, maybe just one more question for Brian. Brian, obviously, you guys have a kind of, a perpetual preferred, which has a dividend reset coming. I think in September, what's the plan, I guess, to refinance it, what's better in your numbers? Thanks.

A - Brian Savoy {BIO 18279960 <GO>}

No, it's a good question, Shar. It's clearly in our financing plan to address that perpetual preferred. And we're going to look at all the options available in preserving the balance sheet support that, that product presents as well as what the market is paying for. We saw some deals yesterday that are encouraging. We'll look at those and other tools as we move towards September. But repricing the preferred at the current rates doesn't make a whole lot of sense. So we're looking at ways to take that out and use other tools.

Q - Shar Pourreza

Okay, perfect. Fantastic guys. And Harry, congrats on your first of many earnings calls. Congrats. Thanks guys.

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

Thanks, Shar.

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

Thank you, Shar.

Operator

Our next question comes from David Arcaro of Morgan Stanley. Please go ahead.

Q - David Arcaro {BIO 20757284 <GO>}

Hey, good morning. Thanks for taking my question.

A - Brian Savoy {BIO 18279960 <GO>}

Good morning, David.

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

Good morning, David.

Q - David Arcaro {BIO 20757284 <GO>}

If you could elaborate -- good morning, Wondering if you -- how you're thinking about the new EPA rules and how that could affect some of your IRPs, just longer-term resource plans that are in flight right now?

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

David, thanks. I'll take that. To your point, we're looking very carefully at the rule, but also looking very carefully at how we meet the growth in our service territory continue to decarbonize and maintain an eye on affordability and reliability.

We have CPCNs in front of North Carolina right now. And those processes will continue over the course of 2024. They're very public. We think that will be a great opportunity to really present the case for how we can meet this wood with an all of the above strategy. We are also in the process of doing an IRP in Indiana, and will reflect the implications of the new rule in that IRP. So I would I would indicate that we're continuing to study what this might mean. We're a week into it, looking at everything from gas to co-firing to conversions, all with an eye on reliability and affordability and recognizing the meetingless load addressing an aging coal fleet is a part of the formula that we'll consider.

I think litigation is something that's also being looked at across the industry, because there are a number of questions within the rule. And we're evaluating that as well.

Q - David Arcaro {BIO 20757284 <GO>}

Got it. Thanks for that color. And then just following up on the on the topic of load growth and kind of what CapEx could come from that. Could you maybe elaborate on your thinking there, as you do find more economic development opportunities and potential upside to the load growth forecast? What does that mean for your capital plan in terms of could there -- could there be further generation. But also maybe on the T&D side, if you could elaborate on how you're thinking about what T&D expansions and upgrades might come out of what we're seeing in longer term load growth increases.

A - Brian Savoy {BIO 18279960 <GO>}

David, this is Brian. I'll take that. It's a really good question and one we evaluate every single day here in Duke Energy. As we find a way to serve our customers in a reliable and affordable way, we know we're going to need more resources, because we're seeing more demand on the system. And it's -- like -- to your point, it's not just generation, it's T&D investments too. And the teams across the Duke Energy evaluate how we're going to put the loads in the best places, as well as when we talk about economic development opportunities, we present customers with the places that have generation capacity and T&D capacity to support them or the modest upgrades that we need.

As we look out in time, we see an expanding CapEx profile. We've guided $73 billion for five years, but over the 10-year plan, $170 billion to $180 billion. And that contemplates higher resource needs to serve this increasing loan. And we're going to do so that drives growth for our investors as well as preserves a strong balance sheet. And I think it's -- like I said to Shar's question, we want to bring all this together in our next financial update as we roll the plan to 2029, that we'll have a fulsome view of both capital, load demand, as well as how we're going to finance all that.

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

David, the one thing I would add, we have been really successful over the last many years in developing modern regulatory mechanisms for grid investment. And those grid investments are running in every jurisdiction to really prepare for this generation transition and that will continue. So you look at our next five years, largely grid investments. And so we'll keep that going at a pace that makes sense.

And to just emphasize Brian's point, we have such a wealth of opportunity here in both generation and grid investments, that we see sustained growth out of our jurisdictions in a very constructive way, delivering returns to shareholders over a long period of time. So we're excited about what this growth potential represents.

Q - David Arcaro {BIO 20757284 <GO>}

Okay, great. Very helpful. Thanks so much.

Operator

Our next question comes from Durgesh Chopra with Evercore. Your line is open.

Q - Durgesh Chopra {BIO 20053859 <GO>}

Hey, good morning, team. Thanks for giving me time. I just had two clarifications -- hey, good morning. I just had two clarification questions. First, can you remind in North Carolina, how if any, there are, sort of intertwinings between the CPCN process and your IRPs? And then second, the CPCN adds, will that be incremental to your current CapEx plan or is that already incorporated into the current CapEx plan. Thank you.

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

So, Harry, you want to talk about the CPCN and IRP process in the Carolinas? And Durgesh, I'll take the second question. Those CPCN investments are in the capital plan.

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

Yes. So Durgesh, good morning. We're in the process of our IRP proceedings. We expect a hearing in July in North Carolina and in South Carolina in September. We expect an order later this year in December and November for each of those states. And we proposed three different pathways, path one, path two and path three with the preferred path being path three. This is showing a 2-gigawatt increase from our supplemental filing in January from our previous filing.

We're still focused on making sure that we have an affordable and reliable plan for the customers in North Carolina, while meeting our needs for our carbon reductions. The plans still show that we're going to be out of coal by 2035, and it's adding an additional resources, particularly solar and batteries and new gas as well. We've been through some of the hearings and the proceedings will continue this summer, but we feel very comfortable in what we're putting forth to the commissions and look forward to defending our case and talking through it with stakeholders.

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

And Durgesh, on the CPCN, we would expect the IRP hearings to occur and the CPCN hearings to follow. So the timeline that Harry just outlined, would have all of this in front of the commission in the second-half of this year. And so we'll keep you informed every step of the way.

Q - Durgesh Chopra {BIO 20053859 <GO>}

Awesome. Thank you for that. Just quickly, Lynn, just though, are the IRPs incremental to the CPCN filings, the gigawatts that you're proposing. I'm thinking the answer is yes.

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

Yes, Durgesh. Well, the way this works is the IRP is a multiyear view of generation. And it includes renewables and batteries, energy efficiency, demand response of all -- the entire collection of resources necessary to meet load.

The CPCN is a process to achieve approval of unique and discrete assets. So these gas plants that are included in the IRP go through a separate proceeding, so that we can share cost estimates and the timeline for when we would build those assets. So you should think about the filings as complementary.

Q - Durgesh Chopra {BIO 20053859 <GO>}

Understood. That's where I was getting at with this. Okay. Thank you very much. I appreciate it.

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

Thank you.

Operator

The next question comes from Anthony Crowdell from Mizuho. Please go ahead.

Q - Anthony Crowdell {BIO 6659246 <GO>}

Hey, good morning, team. And Brian, no comments on the Haines Gate and one, but just I guess, quickly, I guess --

A - Brian Savoy {BIO 18279960 <GO>}

Not fair, Anthony.

Q - Anthony Crowdell {BIO 6659246 <GO>}

It's only one game though. I'm well aware of that as a Ranger fan. Just I guess --

A - Brian Savoy {BIO 18279960 <GO>}

I guess you just take through some for the rest of the series.

Q - Anthony Crowdell {BIO 6659246 <GO>}

I know this is going to be brutal, I know. Just I guess if I could, you talked about earlier of maybe the load growth is more back-end loaded. You guys have updated on the fourth quarter call. And I guess if I could think of that and maybe -- how that maybe translates into earnings growth. Is that balance sheet where you'd like it to be? Your target is 14% at the end of '24, you believe you'll be there. And I know the Company is very focused on the balance sheet. But as we think maybe earnings potential stronger in the back-end of the plan, will that be an opportunity to give yourself more cushion or you're happy with where you're targeting at the end of '24.

A - Brian Savoy {BIO 18279960 <GO>}

It's a good question, Anthony. And as we've mentioned in the Q4 call, 14% FFO for 2024, 14% plus as we look out in time. So we're not going to stay put at 14%. We're going to continue to improve it over-time. And, guiding through that, we've got the benefit of the North Carolina rate cases this year. Next year, we'll have the benefit of all the other jurisdictions, Florida, Indiana, Piedmont, South Carolina, all these rate actions are underway that will continue to support top-line growth, which also then supports the credit.

As we look out in the plan, I think the potential to earn at the higher end of the range also gives us opportunity to continue to strengthen the balance sheet. So I think we're going to take a balanced approach that provides growth for investors, as well as protects a strong balance sheet overtime.

Q - Anthony Crowdell {BIO 6659246 <GO>}

Great. That's all I had. Thanks for taking the question.

A - Brian Savoy {BIO 18279960 <GO>}

Thank you.

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

Thank you.

Operator

The next question is from Carly Davenport with Goldman Sachs. Please go ahead. Your line is open.

Q - Carly Davenport {BIO 21913922 <GO>}

Hey, good morning. Thanks so much for taking the questions. Maybe just as you think about your capital plans, both from an investment in the grid perspective and also on new generation. Have you been seeing anything, any constraints from a supply chain perspective, whether it's in procuring, kind of, generation kits or transmission equipment that we should be keeping in mind?

A - Brian Savoy {BIO 18279960 <GO>}

Carly, thanks for that question. As we've worked the capital plan and all the supply chain challenges since COVID, it's kind of been issue by issue. I would say a couple of years ago, solar panels was a hot area and we entered into framework agreements over a long period of time to secure our solar panel needs. We also had transformers last year that was a really hot spot. It's still a tight market, but we've been able to work-through these with the size and scale of Duke Energy and really partnering with OEMs on how we're going to work with them multiple years in a row.

And as we look to build generation at scale, we're looking at areas like EPC contractors, turbine manufacturers and other components to support the generation build. And we're going to take a similar approach. But I think what we've learned is that we must partner with one or two suppliers over multiple years to give them certainty on the revenue side, give us certainty on the components and labor on our side. So it's been a successful model and it's one we want to replicate as we advance the transition.

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

And I would add, Carly, it is getting better, but we've been able to put some processes in place using our scale and to be able to pre-plan and pre-order to really make sure that we have what we need when we need it to keep our investment plans going. And as we look-forward, we're going to continue to do that and partner like, Brian mentioned with our vendors to be able to stay ahead of the curve. But things are getting better and we're staying ahead of the curve there.

Q - Carly Davenport {BIO 21913922 <GO>}

Got it. That's really helpful. Thank you. And then, maybe just a quick follow-up on the balance sheet question. Can you just update us on where you currently stand? And then just relative to the walk that you sort of laid out last quarter, are any of the buckets that bridge the gap of getting to that 14% FFO-to-debt level changing at all relative to what we saw last quarter.

A - Brian Savoy {BIO 18279960 <GO>}

Carly, we've really update the FFO once a year, but we are making progress with the rate cases from North Carolina being the largest single driver of improving FFO year-over-year. Deferred fuel recovery is also on track. Those rates were updated. The last one happened in December for DEP North Carolina. So all the deferred fuel is on-track to be fully recovered by the end of this year. We were issuing the equity, the ATM and DRIP. We did $100 million in Q1 and we'll continue that throughout the year to get to $500 million by the end-of-the year.

And lastly, in the second half of the year, we expect to monetize tax credits from the IRA, and that's the last component. So we are tracking exactly where we want it to be at the end of first-quarter and is looking clear in sight.

Q - Carly Davenport {BIO 21913922 <GO>}

That's great. Thanks so much for that color.

A - Brian Savoy {BIO 18279960 <GO>}

Thank you.

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

Thank you.

Operator

And our next question is from Jeremy Tonet with JPMorgan. Please go ahead.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Hi, good morning.

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

Hi, Jeremy.

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

Good morning.

Q - Jeremy Tonet {BIO 15946844 <GO>}

I just wanted to follow-up with the proposed gas additions as you laid out there. Just wondering how you see, I guess, incremental gas blowing into your territories, given the difficulties we've seen in building new pipelines in different parts of the country. So just wondering how you think about this at that point.

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

Jeremy, thank you. Making sure that we have adequate supply for any new source of generation is a part of the assignment. And so we have been at work over the course of 2023 and putting in place agreements that we believe will not only continue to strongly support the existing gas in our area, but also allow us to expand. And this is something that is closely monitored by the North Carolina Commission and will be by Indiana, as well as we continue diversification there.

But we feel like we've got a credible plan in place and it will be executed over the number of years, fully recognizing, that it takes a lot of work with stakeholders to not only build the generation, but working with our partners who are putting pipeline infrastructure in place to make sure that those stakeholder concerns and needs are being met. And so we're confident we've got a plan in place we can execute.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. Thank you for that. And then maybe just diving into load growth expectations, just wondering if we could go a little bit further. I think in the quarter, commercial was up 3.5%, industrials were down 2.5%. If you could touch-based on that as well as, I guess, what specific things do you see materializing over the balance of the year to accelerate the growth, as you talk about the back half of '24 increased.

A - Brian Savoy {BIO 18279960 <GO>}

Jeremy, it's a good-- good item to talk through. And on the -- on the commercial growth, we saw strength across our regions in the commercial sector. Datacenter growth was a key driver in that in the quarter, and we expect that to continue throughout the year.

On the industrial side of things, we have some plants that are retooling for new products. So they're offline in the first quarter and they signaled to us that, look, this is a temporary thing and we're going to be changing our lines. And by Q2, mid-Q2, late-Q2, we're coming back on in full. And we're talking to these customers on a frequent basis to ensure we're there to meet their needs when they needed and they're tracking on our plan. We kind of expected this trend to continue, because we saw this lag in industrial last year. And we thought by mid-2024, we'd see the tight turn.

And then lastly, the economic development projects that are coming online in 2024, those were slated for the second half as well and those are tracking as planned. So we are on track for our 2% growth in 2024, and we'll keep you prized as we learn more.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. Thank you for that.

Operator

This concludes the Q&A session. So I'll hand the call back over to Lynn Good for any closing remarks.

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

Lydia, thank you and thanks to all of you. Thanks for your interest in Duke Energy. As always, we're available for follow-on questions and appreciate your investment. Thanks for joining today.

Operator

This concludes today's call. Thank you for joining. You may now disconnect your lines.