Q2 2023 Earnings Call

Company Participants

- Abby Motsinger, Vice President of Investor Relations
- Brian Savoy, Executive Vice President and Chief Financial Officer
- Lynn J. Good, Chair, President and Chief Executive Officer

Other Participants

- David Arcaro, Morgan Stanley
- Jeremy Tonet, J.P. Morgan
- Julien Dumoulin-Smith, Bank of America Merrill Lynch
- Shahriar Pourreza, Guggenheim Securities
- Steve Fleishman, Wolfe Research

Presentation

Operator

Ladies and gentlemen, welcome to the Duke Energy Second Quarter 2023 Earnings Call. My name is Grant. I'll be the operator for today's call. (Operator Instructions)

I will now hand you over to your host, Abby Motsinger, Vice President of Investor Relations, to begin.

Abby Motsinger {BIO 23109787 <GO>}

Thank you, Grant, and good morning, everyone. Welcome to Duke Energy's second quarter 2023 earnings review and business update. Leading our call today is Lynn Good, Chair, President, and CEO; along with Brian Savoy, Executive Vice President and CFO.

Today's discussion will include the use of non-GAAP financial measures and forward-looking information. Actual results may be different from forward-looking statements due to factors disclosed in today's materials and in Duke Energy's SEC filings. The appendix of today's presentation includes supplemental information along with a reconciliation of non-GAAP financial measures.

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

Lynn J. Good {BIO 5982187 <GO>}

Abby, thank you, and good morning, everyone. Today, we announced adjusted earnings per share of $0.91 for the quarter. For the second quarter in a row, mild weather impacted results. For perspective, in the Carolinas, January and February were the mildest in the last 30 years, and May and June were in the top five. Through June, we're facing a weather headwind of nearly $0.30.

Agility measures have been put in place, which add to the $300 million O&M reduction that was targeted and in place coming into 2023. Our cost initiatives are grounded in our culture of safety and serving our customers with excellence while maintaining our assets for the future. Brian will provide more on cost management in a moment.

We've had an early look at July. And as you would expect, July weather is positive, consistent with the trend across the U.S., and August and September are in front of us. With our largest quarter ahead, we are reaffirming our guidance range for 2023, and we'll have more to say on projected results for the year on the third quarter call. As we look ahead, the fundamentals of our business are strong, and we are reaffirming our 5% to 7% growth rate.

Turning to Slide 5, you'll see highlights of the strategic portfolio repositioning we've executed over the last decade. With the announcement of the Commercial Renewables sale, which we expect to close by the end of the year, we're a fully regulated company operating in constructive and growing jurisdictions with a wealth of clean energy investments driving growth for years to come.

The regulatory constructs in our states have also meaningfully improved over this time, including landmark bipartisan energy legislation passed in North Carolina in 2021. Modern constructs like those in HB 951 allow us to invest for the benefit of our customers, while preserving returns for our investors.

We are pleased that today 90% of our electric utility investments are eligible for modern recovery mechanisms that mitigate regulatory lag. Our growth story is an organic one, with over $145 billion of clean energy, grid, and LDC investments over the next decade. With a portfolio repositioning complete, our sole focus is on our regulated businesses and the work we have underway to pursue the largest energy transition in our industry.

Let me now turn to Slide 6 to provide an update on our progress in each jurisdiction. In North Carolina, we continue to work toward resolution of the Duke Energy Progress rate case. We implemented interim rates June 1, subject to refund, with rates for typical residential customers increasing about 5%. We expect the Commission to issue an order later this month for the final DEP rates going into effect October 1. We're also preparing for the Duke Energy Carolinas hearing, which is scheduled to begin August 28.

Our energy transition in the Carolinas remains a top strategic priority, and we're working diligently on updated resource plans to be filed with the Public Service Commission of South Carolina and the North Carolina Utilities Commission, respectively, in mid-August.

Similar to previous filings, the plans are based on significant stakeholder engagement, and will outline multiple portfolios, each of which preserve affordability and reliability while transitioning to cleaner energy resources. IRA benefits will be incorporated into the analysis for the first time as well as increasing load from numerous economic development announcements and continued strong population migration into the Carolinas. Our modeling will also reflect higher reserve margins as a result of our continuous evaluation of resource adequacy.

Later this year, we will begin the CPCN process in North Carolina for replacement gas generation. At the same time, solar procurement will continue on an annual basis. In fact, our 2022 solar procurement was recently finalized with nearly 1,000 megawatts to be placed in service by 2027. And our 2023 solar RFP targeting 1,400 megawatts was recently approved by the NCUC, with bids to be received later this year.

Following the resource plans filings, each commission will hear from interested parties through a transparent regulatory process as they consider our proposals. We expect an order from the South Carolina Commission in mid-24 and an order from the North Carolina Commission by the end of '24.

Turning to Florida, we're executing on our investment plan to benefit customers. We've added 300 megawatts of new solar this year and now operate 1,200 megawatts in the state with plans to continue adding about 300 megawatts per year over the next decade. We're hardening the grid through our Storm Protection Plan and already seeing benefits from improved reliability. With robust customer growth and timely recovery of investments, our Florida utility continues to deliver strong returns.

In Kentucky, we've partnered with Amazon to install a 2-megawatt solar plant on top of their fulfillment center in Northern Kentucky, the largest rooftop solar site in the state. This partnership supports the carbon reduction goals of both Duke Energy and Amazon. And it's just one example of how we're working with our customers to meet their energy needs.

Turning to Indiana, I'd like to take a moment to thank the nearly 2,000 crew members that worked tirelessly over the July 4 holiday following multiple storms. The widespread storm systems extended across our entire service territory and led to a multi-day effort to restore over 370,000 outages. And in fact, today, in the Carolinas, our crews are also working to restore outages that resulted from the strong storms in the eastern seaboard and are doing so safely, timely and in close communication with our customers and stakeholders.

As with all operations, the safety of our employees, environment and communities remain front and center. And I'm proud to say that for the eighth consecutive year, we've led the industry and safety, as measured by total incident case rate.

On the federal side, we're taking advantage of multiple incentives and other opportunities to benefit our customers. We're incorporating IRA tax benefits into resource plans and rate adjustments across our jurisdictions to lower costs for customers. And federal funding from the Infrastructure Investment and Jobs Act creates opportunity to advance new resources and spur economic development.

We have put forward multiple proposals through the IIJA, including for methane reduction, carbon capture, long-duration storage, hydrogen and grid modernization. And we'll continue to evaluate opportunities as funding is announced.

We continue to advocate for federal and state support that recognizes the importance of a responsible energy transition. And in fact, later today, we will file comments on EPA's proposed 111 rule. While we support EPA's commitment to a cleaner energy future, we believe an orderly transition requires a diverse mix of energy resources and must align with the pace of technology development.

We will continue to actively work with policymakers, industry peers, state partners, and others in support of a reliable, affordable energy transition.

In closing, we've navigated the first half of the year with agility, taking swift action in the face of record mild weather while maintaining our focus on our strategic priorities. With our portfolio repositioning complete, we offer an attractive, fully regulated organic growth proposition. We have a clear strategy ahead of us as we invest to satisfy increasing demand for clean, affordable, and reliable energy across our growing regions. Our long-term fundamentals remain as strong as ever. And we're well positioned to deliver sustainable value and 5% to 7% earnings growth over the next five years.

And with that, let me turn the call over to Brian.

Brian Savoy {BIO 18279960 <GO>}

Thanks, Lynn, and good morning, everyone. I'll start with quarterly results and highlight key variances to the prior year.

As shown on Slide 7, we reported a second quarter loss of $0.32 per share and adjusted earnings of $0.91 per share. This compares to reported and adjusted EPS of $1.14 and $1.09 last year. GAAP reported results include an impairment of approximately $1 billion related to the Commercial Renewable sale, which is reflected in discontinued operations. Announcing the sale agreements represents a key milestone, and I'm pleased with the progress we've made to date on this important strategic move.

Within the operating segments, Electric Utilities and Infrastructure was down $0.14 compared to last year, driven by $0.16 of unfavorable weather. Absent the weather, we saw growth from rate cases and riders and lower O&M, partially offset by lower volumes and higher interest expense.

Moving to Gas Utilities and Infrastructure, results were up $0.01 due to higher margins and customer growth. And within the Other segment, we were $0.05 lower, primarily due to higher interest expense, partially offset by higher market returns on certain benefit plans.

Turning to Slide 8. Cost management has become part of the Duke Energy DNA and continues to produce sustainable savings. We're leveraging digital innovation, data analytics and process improvements to increase efficiency, making targeted capital investments to reduce maintenance costs, and reshaping our operations to streamline work and lower costs. We've established a proven track record. And in 2022, we're an industry leader across key O&M cost efficiency measures.

Coming into 2023, we implemented a $300 million cost mitigation initiative to address interest rate and inflation headwinds. These reductions, which were incorporated into our base plan, are focused on corporate and support areas, and remain on track. And as we said, 75% of these savings are structural and will be sustainable into future years.

As Lynn mentioned, we've seen record mild weather in the first half of the year. We've taken action to offset these pressures, including launching significant business agility in the first quarter. We're looking to tactical O&M reductions and other levers, including deferring non-critical work, reducing spend on outside services, and limiting non-essential travel and overtime. We expect about $0.20 of mitigation from these measures, weighted toward the fourth quarter.

We will be thoughtful about these actions, keeping our unwavering commitment to safety, reliability and customer service at the forefront of our approach. Looking ahead, residential decoupling in North Carolina will be fully implemented in 2024, but until then, we will continue to flex the agility muscle that we have done so successfully in the past.

Turning to Slide 9, I'll touch on electric volumes and economic trends. Volumes are down 0.6% on a rolling 12-month basis. In the residential class, customer growth remained robust at 1.8%, but was offset by lower usage per customer. We believe this is partially driven by energy efficiency and a growing trend of returning to the office. In addition, we continue to see most of the weakness in months when weather was extreme. In these situations, it can be challenging to precisely challenging to precisely estimate the weather component of total volume variances.

The long-term residential growth trajectory remains strong. In fact, residential volumes have averaged just under 1% growth per year for the past five years and are 4% above pre-pandemic levels. In the commercial class, second quarter volumes are trending above our full-year estimate, supported by continued growth in data centers.

In the industrial class, planned investment in our territories continues to be robust. Many of our large customers are expanding, and we partnered with our states to attract over 29,000 new jobs and $23 billion in capital investment in 2022. These investments represent several key sectors such as battery, EVs, and semiconductors, and we expect they will provide around 2,000 megawatts of demand as operations ramp up.

The strength of our service territories was also reflected in CNBC's annual list of America's Top States for Business, where 5 of the states we serve ranked in the Top 15, and North Carolina ranked number one for the second year in a row.

In the near term, we've seen a slight pullback in some of our manufacturing customers due to softening demand in certain sectors of the economy. We're monitoring the impact of macroeconomic trends, but the underlying fundamentals, residential customer growth and commercial and industrial investment continue to support long-term growth of roughly 0.5% per year.

Moving to Slide 10, let me highlight some of the credit-supportive actions we've taken to maintain balance sheet strength. We continue to collect deferred fuel balances and have filed for recovery of all remaining uncollected 2022 fuel costs. In April, we began recovery of $1.2 billion in Florida over 21 months with a debt return.

We also reached settlement with the public staff in our DEC North Carolina fuel proceeding and expect to receive an order in the coming weeks. Per the agreement, we would recover approximately 1 billion of deferred fuel by the end of 2024. Across our jurisdictions, we're on pace to recover 1.7 of deferred fuel costs in 2023 and expect our deferred fuel balance to be back in line with our historical average by the end of 2024.

As Lynn mentioned, we expect to complete the sale of our Commercial Renewables business by the end of the year, and we use proceeds for debt avoidance at the holding company. In addition, about $1.5 billion of Commercial Renewables debt will come off the balance sheet when the transactions close, further supporting metrics. These actions are credit positive, and we expect to see continued balance sheet improvement into 2024 as we recover the remaining deferred fuel costs and see the full year impact of both North Carolina rate cases.

Moving to Slide 11. This year marks the 97th consecutive year of paying a quarterly cash dividend and the 17th consecutive annual increase. Looking forward, we're executing on our strategic priorities and are excited about the path ahead as a fully regulated company. We operate in constructive, growing jurisdictions which combined with our $65 billion five-year capital plan give us confidence in our 5% to 7% growth rate through 2027. Our attractive dividend yield coupled with long-term earnings growth from investments in our regulated utilities provide a compelling risk-adjusted return for shareholders.

With that, we'll open the line for your questions.

Questions And Answers

Operator

(Question And Answer)

Thank you. (Operator Instructions) With that, our first question comes from Shahriar Pourreza from Guggenheim Partners. The line is now open.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Hey, guys. Good morning.

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

Hi, Shar.

A - Brian Savoy {BIO 18279960 <GO>}

Good morning, Shar.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Good morning. Lynn, obviously, it's been a little bit of a slow start to the year, obviously weather-driven, you're not alone. You reiterate guidance, but can you just talk about where you are within the '23 range, assuming normal weather? And how we should think about incremental levers, especially given where you are from an O&M perspective? I mean, clearly, in the slides, you show how efficient you are and you've pulled a lot of levers already. So just curious if you could be a little bit more specific on how much cost mitigation is left for the year, especially if weather doesn't transpire. Thanks.

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

Sure. Thanks for the question. No question it's been a mild weather year. And as I look around the industry, there are other utilities who've experienced a trend similar to ours, Midwest and some in the Southeast.

We have put mitigation plans in place, as Brian talked about, Shar, so deferring non-critical work, third-party spend, all of those things that you would expect us to attack tactically in 2023. And we see those progressing. We also are on pace with the $300 million of O&M that we targeted to take out of the business coming into 2023.

So I look at all of that and the fact that we have the third quarter ahead of us, and we believe the range -- we can reaffirm the range. The range still represents the potential we have for 2023, and we'll update within that range at the end of the third quarter.

We did highlight July, we've already had a peak at July. So weather was strong in July, and we've got August and September in front of us. I think what's important to recognize here is that we are working every possible lever, including any contingencies that sat in the plan at the time we developed it. And I would just point to the strategic progress also, Shar, that we've made, because the fundamentals of this company remain unchanged. Strong capital growth, strong jurisdictions, and I think that represents a really solid investment thesis for the future.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Got it. And then, Lynn, last one is, obviously, you reiterated the credit metric targets and lack of equity needs through '27 with the current plan. Maybe just a strategy question here is, I guess, how are you sort of thinking about inorganic opportunities? And more importantly, if a deal does present itself, should we assume that the only equity you'd be looking to raise would be the amount needed specifically for that acquisition? So should we be concerned around maybe an over-equitizing scenario with a potential deal to further rightsize the balance sheet? Or do you think that's not really necessary given your trajectory and the rating agency conversations you've been having? Thanks.

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

There's a lot in that one, Shar. Let me start by saying, what I would like you to take away and really investors to take away is that our growth story is an organic one. And I look at all the progress we've made in simplifying the portfolio, it has brought us to this moment where we're fully regulated with transparent, robust capital that will unfold over the next decade in constructive jurisdictions, growing jurisdictions. And at the same time, we've also put in place and worked through energy policy, modernization of regulations. So that gives us a high degree of confidence that we can execute those plans and deliver returns to investors.

And so when I think about growth for Duke, our sole focus is on this organic plan that's in front of us. And so any idea about M&A has to beat what we have in front of us, and it is an increasingly high hurdle because of the confidence we have in our plan. So this notion that we're going to over-equitize something to chase an asset and strengthen the balance sheet is just not a narrative that is supported by anything that we're focused on here at Duke.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Okay. Perfect. That actually answered the question. Thanks, Lynn. Appreciate it, guys.

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

Thank you.

Operator

Thank you. We have our next question. It comes from Julien Dumoulin-Smith from Bank of America. Your line is now open.

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

Hey. Good morning, team. Thank you very much. Hey, look --

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

Hi, Julien.

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

Just going back to Shar's question a moment -- hey, good morning, Lynn. Just wanted to go back to Shar's question on just back half trends, et cetera. Can you elaborate a little bit more on just how you're trending on -- versus rates? And then also, specifically, even quarter-to-date, if you will, July. I mean, it seems like weather may have been pressured again here. Just chiming in a little bit on where we stand even through the summer.

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

So Julien, let me give a try, and Brian may have heard more in that question than I did. So, let me start with 2023 financial plan before we start considering the impact of mild weather. The plan was always back end loaded. So, if you think about, we are in the midst of rate cases in our largest jurisdiction. We put interim rates into effect at DEP June 1. Full rates will go into effect October 1. The largest jurisdiction, DEC, interim rates will go in September 1.

So, the plan was always back-end loaded, and I think that's important for you to recognize. And then the mitigation that we've added to that is obviously going to be back end loaded. You'll begin to see some of it in third quarter, a stronger amount of it in the fourth quarter. And so, when I think about July, just consistent with what you saw on the front page of every newspaper, hot, hot, hot, it was hot in our jurisdictions as well. So, we had a positive weather story in July. And we'll be monitoring August and September and give you more on where we are in the range after the third quarter.

So, hopefully that answered it. Julien. I don't know, Brian, if you have anything to add?

A - Brian Savoy {BIO 18279960 <GO>}

No, thank you. You covered it, Lynn.

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

Okay. All right. Excellent. And then, just also as a further follow-up. I mean, obviously just an intense amount of focus here. Just with the willingness to engage or any further thoughts on the willingness to engage in inorganic growth, has that changed at all in the last few months? You've seen the backdrop, right, whether utility valuations are at large, grown, et cetera, just any further thoughts around that backdrop.

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

Julien, I would leave you with our sole focus is on organic growth. Sole focus is on organic growth, because when we look at what we have in front of us and our ability to drive growth with the capital plans that sit in our jurisdictions, we believe that will deliver the greatest value to shareholders.

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

Excellent. I think that was quite clear. Thank you very much. We'll see you soon, all right?

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

Thank you.

Operator

Thank you. Well, our next question comes from David Arcaro from Morgan Stanley. Your line is now open.

Q - David Arcaro {BIO 20757284 <GO>}

Hey, good morning. Thanks for taking my question.

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

Hi, David.

Q - David Arcaro {BIO 20757284 <GO>}

Thinking about the FFO to debt range and the target 13% to 14% for this year, I was wondering if you could give a sense of kind of where in that range you're tracking, given some of the pressures that you've been experiencing so far, and also just latest thinking on timing for when you can get comfortably above that 14% level.

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

David, I would say the primary pressure in '23 centers around deferred fuel. And we've given you a sense of how that is tracking. So we're expecting to collect about 1.7 billion of that in '23, which will strengthen the balance sheet. We also have the Commercial Renewable sale, where we'll see proceeds of about $800 million before the end of the year. That is also credit positive. But as you indicated, weak weather goes the other way. And so, stronger weather in July and hopefully a stronger third quarter will be an offset to that. So we feel like the 13% to 14% range remains an appropriate consideration for '23, strengthening into '24. Would you add anything to that, Brian?

A - Brian Savoy {BIO 18279960 <GO>}

I would say the final lap of the deferred fuel recovery in '24 will move us into that 14% range, coupled with the North Carolina rate cases that are going to be in place for the full year in '24. So those are big catalysts as we look forward. And the IRA benefits will start nearing in larger quantities as we move into the middle part of the decade as well.

Q - David Arcaro {BIO 20757284 <GO>}

Okay. Understood. That's helpful. And then secondarily, with interest rates rising again, I'm wondering if that's representing an incremental headwind to your plan. Just how are you managing that exposure on some of your short-term debt outstanding, and also refinancings and new debt issuances as they come up?

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

Yes, David, you're rightly focused on that, as are we. Interest rates higher for longer, weakness here with mild weather. So we are working through that using all the tools you would expect us to use to minimize the interest expense, but also looking at the levers we have within our financial plan to offset that as well.

So it represents something that gets a great deal of attention, and we're working our way through it. And I would again note that we're reaffirming our guidance range for '23 and continue to believe we can grow at 5% to 7% over the long term based on the fundamentals in the business. And as we move through these rate cases, I would just also emphasize that interest rates are being reset, as we go through rate cases, and that's an important consideration as you know.

Q - David Arcaro {BIO 20757284 <GO>}

Got it. Thanks so much.

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

Thank you.

Operator

Thank you. We have our next question comes from Jeremy Tonet from J.P. Morgan. Jeremy, your line is now open.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Hi, good morning.

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

Hi, Jeremy.

A - Brian Savoy {BIO 18279960 <GO>}

Good morning, Jeremy.

Q - Jeremy Tonet {BIO 15946844 <GO>}

I just wanted to come back to the drivers to this year if I could. And as you noted, weather, inflationary pressure, higher interest rates, all represent headwinds. But want to go to the load a little bit more. At the beginning of the year, you assumed 12-month retail load growth would be about 0.5%, I think. And weather normal, retail load growth right now is down 2.7% year-to-date. And you expect 2H '23 load growth to be flat to 0.5%. So just wondering, for what trends you're seeing in load that are different than expectations. Do you expect those to correct over time? And just any color that you could provide there would be helpful.

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

Yes, Jeremy, let me give a start, I know Brian will have something to add to this. As we look at the various classes, residential load is below our expectation for the year. But I would say to you, as we look at residential load, it has been weak in the months when weather has been mild. So I actually believe we've got some imprecision. We've talked about this. It's hard to figure out what's economy and what's weather. And so, we're talking about $0.30 of weather headwind, but that could be a bit higher in that some of the volume weakness in residential is weather related.

Commercial has exceeded our expectation. And so, commercial is tracking exactly as we would expect. And then industrial, we've seen some pullback. We've seen pullback in a couple of sectors, but fundamentally, over the long term, because of all the growth we're seeing in our industrial and commercial sectors, we think the fundamentals there are strong. So residential, a little bit of a weather story. Commercial on track. Industrial, a short-term pullback is what I would leave you with. And Brian, how would you add to that?

A - Brian Savoy {BIO 18279960 <GO>}

Yes, I would say in the industrial sector, Jeremy, that we're in regular dialogue with our large our large customers. We talk to them. We understand that, with the uncertain economic backdrop, there's some prudent inventory management going on. We've gotten through a lot of supply chain challenges over the past several years, and inventory levels are at a healthier spot. So they're like, well, as we're looking forward, there could be some clouds coming, so let's just be prudent. So we've seen a slight dial down in usage, but we don't see that persisting into the long term in the future. So I would just take it at that. And the bottom line is that the economic development investment in our territories is strong, and it's going to produce increasing levels of demand for large customers as we look through the middle of the 20s and into the 30s.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. That's very helpful there. And then just kind of coming back to prior questions and bringing a finer point to it. There's been media stories talking about Duke's interest in PSNC. And so based on what you were saying before, Duke is not interested in PSNC, or would that fit into your organic growth story?

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

Jeremy, I don't think it's appropriate for me to comment on another company's process, but what I would like to emphasize and have you take away is that our sole focus at Duke is on our organic growth plan.

Q - Jeremy Tonet {BIO 15946844 <GO>}

Got it. I'll leave it there. Thank you.

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

Thank you.

Operator

Thank you. Our next question comes from Steve Fleishman from Wolfe Research. Steve, your line is now open.

A - Brian Savoy {BIO 18279960 <GO>}

Morning, Steve.

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

Hi, Steve.

Q - Steve Fleishman {BIO 1512318 <GO>}

Hi. Hi. Thanks. I think my question -- main question was answered there, but one other one just on the North Carolina in terms of the DEC case. When might we -- if you're going to be able to settle that one, what will be the timeline for a potential settlement there?

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

Steve, we're scheduled to be on the stand August 28. Rebuttal testimony was filed at the end of last week. So this is the time frame for discussions. And also in that time frame, we're expecting an order on the DEP case. So a lot of activity here in August. And we'll keep you informed every step of the way.

Q - Steve Fleishman {BIO 1512318 <GO>}

Great. Thank you. That's it.

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

Thank you.

Operator

Thank you. We have no further questions on the line. I will now hand back to Lynn Good for closing remarks.

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

Very good. Well, thank you all for your questions today, your interest in Duke. We'll have a chance to talk with many of you after the call and even visit some of you. We have an active August in front of us, and we'll be anxious to share with you not only the results of the rate case but we have important integrated resource plans being filed this month that again will confirm and underpin the investment thesis here at Duke. So, appreciate your interest in the company and look forward to talking soon.

Operator

Thank you. Ladies and gentlemen, this concludes today's call. Thank you for joining. You may now disconnect the lines.