November 26, 2019

Attention: John McCarthy
Vice President / Chief Supply Chain Officer
JEA
+1 (904) 665-5544
StrategicAlternative@JEA.com

Jenny McCollum
Director of Procurement Services
JEA
+1 (904) 665-4103

Subject: Revised Reply to JEA's Invitation to Negotiate #127-19 – Redacted Copy

Dear Sir and Madam,

Duke Energy Corporation ("Duke Energy" or "Duke" or the "Company") is pleased to submit this non-binding revised reply (this "Revised Reply") to JEA's Invitation to Negotiate ("ITN") #127-19. Duke Energy is interested in a potential acquisition of substantially all the assets of JEA, including the electric, water, and wastewater and district energy systems, on the terms and subject to the conditions set forth below (the "Transaction"). Duke Energy believes that the proposed Transaction would deliver substantial benefits to both the City of Jacksonville (or the "City") and JEA customers while achieving the other goals of JEA's solicitation process and ensuring that JEA has the tools, resources and capital to succeed in a rapidly changing utility environment.

The Duke Energy team is greatly appreciative of the substantial effort JEA has put forth in facilitating our review of this opportunity, and we look forward to working with you to achieve a successful and expeditious outcome for all parties.

Unless otherwise stated, all capitalized terms have the meaning as defined in the Revised Reply Instructions for the Project Scampi Invitation to Negotiate, dated October 29, 2019 (the "Process Letter").

Revised Reply

The key terms of the Revised Reply are as follows:

1. Identification of the Respondent

Duke Energy Corporation is a Delaware corporation with its headquarters located at 550 S. Tryon Street, Charlotte, North Carolina 28202. A Fortune 125 company, Duke Energy had a market capitalization of approximately $64 billion as of November 22, 2019, and total assets of approximately $156 billion as of September 30, 2019. Duke Energy's Senior Unsecured Debt is currently rated Baa1 / BBB+ / BBB+ with Moody's / S&P / Fitch. Duke Energy's common stock trades on the New York Stock Exchange, and its major shareholders include The Vanguard Group (approximately 8.4% beneficial ownership), BlackRock, Inc. (approximately 7.0% beneficial ownership) and State Street Corp. (approximately 5.2% beneficial ownership).

Duke Energy operates in the U.S. primarily through its direct and indirect subsidiaries with three key reportable business segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The Electric Utilities and Infrastructure segment conducts operations primarily through the regulated public utilities of Duke Energy Carolinas, Duke Energy Progress, Duke Energy Florida, Duke Energy Indiana and Duke Energy Ohio and provides retail electric service through the generation, transmission, distribution and sale of electricity to approximately 7.7 million customers within the Southeast and Midwest regions of the U.S. The Gas Utilities and Infrastructure segment conducts natural gas operations primarily through the regulated public utilities of Piedmont Natural Gas and Duke Energy Ohio and serves over 1.6 million customers. The Commercial Renewables segment acquires, develops, builds, operates and owns wind and solar renewable generation facilities throughout the continental U.S with a portfolio of approximately 3 GW across 18 states.

Duke Energy Florida ("DEF"), a wholly owned subsidiary of Duke Energy, currently serves approximately 1.8 million retail accounts, bringing electricity to more than 4 million people and businesses in 35 counties in Florida. Its service area covers approximately 20,000 square miles including the densely populated areas of Pinellas and western Pasco Counties and the greater Orlando area in Orange, Osceola and Seminole Counties. DEF supplies electricity at retail to approximately 350 communities and at wholesale to Florida municipalities, utilities, and power agencies in the State of Florida. DEF's Senior Secured Debt is currently rated A1 / A (Moody's / S&P) and its Senior Unsecured Debt is rated A3 / A- (Moody's / S&P). As of December 2018, DEF generated total annual revenues of approximately $5 billion and had total assets of approximately $18.8 billion. Its 10.2 GW portfolio is comprised of gas, oil, solar and coal generation facilities. Additionally, DEF owns 4,897 conductor miles of transmission lines, 48,100 conductor miles of distribution lines and 493 transmission and distribution substations. A complete schedule of DEF's assets and operations is attached hereto as Appendix A.

2. <u>Gross Proceeds</u>

After careful consideration, and subject to completing due diligence during the Further Negotiations phase, Duke Energy is pleased to propose, on a non-binding basis, a Transaction that would provide gross proceeds (the "Gross Proceeds") of $REDACTED for substantially all of the assets of JEA, to be paid in cash at closing.

At this time, Duke Energy does not anticipate the Gross Proceeds to change materially across the Adjusted Scenarios A, B and C, subject to confirming Legacy JEA's ability to manage effectively the Stabilization Fund. Duke Energy would be interested in further discussing and evaluating Adjusted Scenario B or alternatives thereof with JEA during the Further Negotiations phase. Duke Energy is committed to working with JEA towards an outcome that is beneficial to both the City of Jacksonville and JEA customers.

3. <u>Material Conditions, Terms or Assumptions:</u>

<u>a) Valuation Methodology</u>

In order to arrive at the Gross Proceeds, Duke Energy relied on a number of methodologies, including a discounted cash flow analysis, comparable companies analysis and precedent transactions analysis. The Gross Proceeds are based on the Current Pro Forma Scenario as provided in the Respondent Financial Model and the following key assumptions:

- Valuation date of September 30, 2020;
- Assets are acquired on a debt-free, cash free basis;
- A tax step-up;
- Zero working capital; and
- The assumptions underlying the various scenarios as described in the Process Letter, including no tax consequences associated with the Municipal Electric Authority of Georgia ("MEAG") Power Purchase Agreement (the "Vogtle PPA").

<u>b) Key Changes</u>

The Gross Proceeds do not reflect any material changes to the key assumptions provided in the CIP, the Process Letter and the Respondent Financial Model during the Committed Rate Stability Period.

c) Key Future Operational Changes

Duke Energy is executing a robust plan to transform for the future, focusing on modernizing the energy grid, generating cleaner energy and expanding natural gas infrastructure. Duke Energy is investing in new technologies to efficiently achieve a more modern future across our customer base. Many of the operational improvements identified by McKinsey and as described in the CIP are in-line with Duke's approach to operational excellence. As such, Duke Energy's added scale and scope should help to achieve and/or enhance these initiatives to increase the current quality of service to JEA's customers while reducing costs.

Duke Energy is a leader in operational excellence, with robust planning and processes in place to serve our customers. The policies and procedures developed by the Company would be utilized to enhance JEA's initiatives with respect to improving generation efficiency and frontline operational excellence. Further, leveraging Duke Energy's buying power with respect to strategic sourcing, would help JEA lower commercial rates for fuel (including transportation), materials and services.

Duke Energy's long-standing history of operating its own regulated transmission and distribution infrastructure, as well as working collaboratively with regulated transmission operators, clearly demonstrates industry leadership in system planning and a commitment to safe, reliable service across the Carolinas, the Midwest and Florida. The Company has recently worked to enhance its use of drones to complete inspections of transmission lines more efficiently and effectively. The Company is working with vendors to develop digital technology that can be used by the drones to optimize vegetation management.

Duke Energy is in the process of developing a Customer Information System (CIS) consolidation project (known as Customer Connect), which includes the planning, execution and deployment of a new customer platform that will enable the functional capabilities needed to meet our strategic purpose of powering the lives of our customers by transforming how we serve them. Customer Connect will deliver a customer experience that will simplify, strengthen and advance our ability to serve our customers. Applying this system will enhance JEA's initiative to shift customers to digital self-service.

A sample of key operational changes has been provided above, but the list is not exhaustive. Duke Energy will continue to work diligently and leverage its experience to help transform JEA's electric, water, and wastewater and district energy systems to become a leading platform for its customers.

d) Key Community Engagement Factors

Community Engagement:

DEFs commitment to community prosperity and success spans a history of over 110 years. Decade after decade, DEF has been a leader in all aspects of corporate citizenship ranging from local partnerships to broad state-wide and regional engagement. Regardless of their position within DEF, DEF's employees hold corporate social responsibility at the core of DEF's dedication to helping communities thrive. Outcomes of that steadfast engagement are evident in the numerous and diverse ways DEF and communities intersect. DEF's strategic approach is simple: help communities be their best. DEF accomplishes this mission by being part of the community and leveraging the benefits of scale for its customers. DEF is a large organization, but it strives to serve in a very local way. Nowhere is this more apparent than in the communities DEF serves. Direct liaisons ensure DEF stays closely connected to local opportunities. Government and community relations managers assigned to geographic locations act as an advocate for the community through direct relationships with a wide range of external stakeholders. Mutually beneficial partnerships include daily interaction with elected officials, municipal leaders, business influencers, educators, chamber executives and neighborhood/grassroots coordinators. The close relationships between DEF and the communities it serves ensure issues of importance are addressed and opportunities to improve well-being for customers are explored and executed.

Below are some highlights of DEF's corporate social responsibility strategy:

- Over the next five years DEF expects to make nearly $20 million in community donations, sponsorships and other community investments. These dollars are strategically allocated to reflect the needs and opportunities in the areas served by DEF. DEF celebrates the diversity of its geography and recognizes that urban areas have differing priorities from rural neighbors. The support provided to DEF's partners reflects the areas served. Sponsorships are made more impactful by activating the investment with appropriate opportunities to raise the awareness of the partnership through collateral such as signage, social media, t-shirts and give-a-ways. A sample of DEF's diverse sponsorships, donation investments and initiatives include:
    - Duke Energy Center for the Arts – Mahaffey Theatre
    - Tampa Bay Rays partnership
    - Central Florida Partnership
    - Florida Chamber
    - Beach, bay and park clean-ups
    - Light-up holiday events with municipal partners
    - Science festivals
    - Veterans outreach efforts with VA hospitals
    - Great American Teach-in
    - Marine environment education through partners like Clearwater Marine Aquarium
    - Victories for Veterans ($1000 donation to a veterans organization for every victory by the Tampa Bay Rays)

- DEF complements sponsorship and donation funding with grants through the Duke Energy Foundation. Like other investments, grant funding has helped to support a wide range of important projects and initiatives that support K-12 education, workforce development, the environment and other economic vitality efforts such as resiliency and the arts. Over the next five years, DEF expects to provide over $15 million in foundation grants to support local efforts and state-wide initiatives. Recent investments include:
    - After-school STEM Academies in Title I elementary and middle schools
    - Higher education with university and state college partners: UF, UCF, USF, St. Pete College, Seminole State College and more
    - Eelgrass planting in highly sensitive environmental waterways
    - Storm-kit and hurricane preparedness
    - Marine education for at-risk youth
    - County education foundation programs

Engaged employees sit high on the priority list of DEF's citizenship strategies. DEF provides many opportunities for its employees to give back to the community, develop leadership skills and act as ambassadors. A few examples are below:

- DEF's employees serve on boards of nearly 120 non-profit and business organizations across thirty-five counties.
- Employees in Florida volunteered nearly 40,000 hours in 2018 and 2019 to one-time events and long-term commitments such as tutoring at local schools and serving in leadership roles for chambers and other business organizations. Employees earn donation money (through the Duke Energy Foundation) for their volunteerism that they direct to the non-profit of their choice or board service organization.
- DEF proudly offers employees the opportunity to engage in an extensive Employee Resource Group ("ERGs") networks. These organizations provide employees with leadership development skills and encourage participation in meaningful community projects and outreach that promote diversity and inclusiveness. Florida ERGs include:
    - Women's Business Network
    - Advocates for African-Americans
    - Together We Stand (Veterans)
    - WeR1 (LGBTQ)
    - LED (Latinos Energizing Diversity)
    - New 2 Duke (New employees)
    - Disability Outreach and Inclusion Team

- The Power of Giving campaign empowers employees to support the cause of their choice and have their donations matched by the Duke Energy Foundation. In 2019, employees pledged $504,616 and raised an additional $81,733 from events held in their respective areas. The total commitment is $586,349.
- DEF further localizes corporate citizenship through Employee Engagement Councils at the work center level in operations centers, call centers and generation sites. This model allows employees to dive into grassroots opportunities.

Interagency Coordination on Emergency Operations:

Over the past four years, Duke Energy has responded to six major hurricanes impacting the Carolinas and Florida (Hermione, Matthew, Irma, Florence, Michael and Dorian), as well as major winter storms, including Diego. In addition, the Company also provided resources to help respond to widespread outages in Puerto Rico following Hurricane Maria.

Despite extensive and widespread damage to the electrical distribution system caused by Hurricane Irma, Duke Energy restored power to more than 75 percent of its customers in three days and 99 percent in eight days. Hurricane Michael caused 1 million outages in the Carolinas and 70,000 outages in Florida, and Duke Energy crews restored power to 90% of reported outages within three days. Following restoration efforts, the Company began the longer-term task of rebuilding sections of the Florida Panhandle's electric grid, including transmission towers, utility poles, substations and transformers.

Operational preparation is a year-round activity and includes:

- Inspecting and maintaining transmission and distribution systems;
- Drilling and preparing storm organizations;
- Securing internal and external resources needed to respond; and
- Testing and continuously improving response plans.

The preparation process also includes ongoing coordination with emergency management officials, federal, state and local responders and more. Over the past four years, Duke Energy has expanded the preparation work to all functions across the Company – beyond the typical distribution, generation, technology and customer operations functions. Duke Energy has built a team of storm responders. Every employee at Duke Energy has a storm role that he or she can be asked to shift into if the Company activates a large-scale storm response. In Florida, employees are staffed in every County Emergency Operations Center during storms so that local officials can have direct contact and information from the Company.

Environmental Stewardship:

Duke Energy has been leading the change to a cleaner energy future while helping the communities it serves thrive. Duke Energy has reduced its carbon emissions by 31 percent from 2005 levels and remains on track to reach its goal of a 50 percent reduction by 2030. All the while, Duke Energy has kept rates for all customer classes below the national average.

On September 17, 2019, Duke Energy announced a new goal to cut carbon emission from electricity generation to net-zero by 2050.

e) Rates

Duke Energy has not made any changes to the key assumptions provided in the CIP, the Process Letter and the Respondent Financial Model during the Committed Rate Stability Period. For the purposes of projecting rates after the Committed Rate Stability Period, Duke Energy relied on the below key assumptions that are generally in-line with and follow the trends reflected in the Committed Rate Stability Period:

- **Rate Base** forecast through 2030 as provided in the Respondent Financial Model

- **Target equity layer** of 52.5% for both electric and water systems as provided in the Respondent Financial Model
- **Targeted return on equity** of 10.55% for the electric system and 10.00% for the water system as provided in the Respondent Financial Model
- **Debt capitalization** of 47.5% and OpCo **cost of debt** of 4.0% as provided in the Respondent Financial Model
- **Customer demand** in-line with 2023 projections per the Respondent Financial Model
- **State and local taxes** of approximately 25% as provided in the Respondent Financial Model
- **O&M expenses** in-line with projections during the Committed Rate Stability Period and increasing at the rate of inflation thereafter
- **CapEx** forecast through 2030 as provided in the "Management Case" per the Respondent Financial Model
- **Expected base revenue** moderate rate increases assumed (post the Rate Stabilization Period) to account for an adequate return on and return of capital
- **Franchise taxes** of 2.3% as provided in the Respondent Financial Model
- **Other revenue** in-line with the Responded Financial Model and modestly increasing over time at the rate of inflation
- **Expected all-in revenue** moderate rate increases assumed (post the Rate Stabilization Period) to account for an adequate return on and return of capital
- **Other –** Duke internal views and proprietary assumptions as they relate to dispatch costs, forward commodity prices, amount and timing of O&M and fuel and purchased power savings, to be refined further following additional diligence

4. Minimum Requirements

Duke Energy believes that the Gross Proceeds under the proposed Transaction should provide significant value and net proceeds to the City of Jacksonville in excess of $3 billion. Per addendum 4, attachment 14, the Gross Proceeds will be used to pay for approximately $3.5 - 4 billion related to defeasance costs, other liabilities not assignable, transaction costs, $165 million of employee retention payments and $132 million of employee pension protection.

The Gross Proceeds will further be used to pay a one-time rate credit to customers of $400 million.

Duke Energy's valuation assumes three years of base rate stability in-line with the Respondent Financial Model.

Duke Energy is committed to the City of Jacksonville's environmental goal of providing the City of Jacksonville and Duval County Public School system 100% renewable electricity by 2030 and is confident it can achieve the development of these resources. Furthermore, Duke Energy is committed to continuing execution of the Integrated Water Resource Plan as described in the CIP. It is our understanding that this plan will effectuate JEA's minimum requirement to develop and provide 40 million gallons per day of alternative water capacity for Northeast Florida by 2035.

Duke Energy cares about the communities in which it does business and expects to maintain a presence in and support the City of Jacksonville after the proposed Transaction. The Company is aware that JEA is in the process of developing a new headquarters building in downtown Jacksonville. Duke Energy is willing to examine the plans and lease commitment for the new headquarters building address the Company's desire for office space in the City of Jacksonville.

Duke Energy understands that JEA has entered into voluntary retention agreements with all full-time employees who were actively employed on July 23, 2019, and that, per these agreements, these employees will receive cash payments equal to 100% of their then-current annual base salaries. Furthermore, these payments will be paid in three equal installments on the closing date and first and second anniversaries of the closing date of the proposed Transaction conditioned on the confirmed employment of the eligible employees on such dates. Subject to further due diligence in subsequent phases of this process, Duke Energy is willing to assume these agreements for employees as part of the proposed transaction.

Duke Energy recognizes and agrees with the need to retain critical talent through and following an acquisition of JEA, as well as taking care of employees that have helped build JEA to what it is today. Duke Energy commits to working diligently to address each of the employee-related goals identified by JEA, including the determination that Duke Energy's existing compensation and benefits structure is comparable and/or superior to JEA's existing plans.

5. Feasibility

For purposes of the proposed Transaction and consistent with the guidance provided by the Process Letter, Duke Energy has assumed that there are no tax consequences associated with any MEAG debt related to the Vogtle PPA. Duke Energy has further assumed that the Transaction will be structured to ensure that costs related to ongoing or future litigation arising from the Vogtle PPA would be borne by Legacy JEA as appropriate under the Adjusted Scenarios.

6. Financing Sources

Duke Energy's best and final offer ("BAFO"), as contemplated by the Process Letter and subject to detailed due diligence during the next phase, is not expected to be contingent on financing. The Gross Proceeds would be financed initially by existing cash on the balance sheet, existing bank lines and a committed financing facility. Duke Energy is well capitalized and has maintained the highest level of financial integrity in the utility industry, as evidenced by our investment grade credit rating from S&P, Moody's and Fitch. Duke Energy would expect a permanent financing mix to consist of traditional maturity debt at the new operating company, supplemented by debt and equity securities from Duke Energy.

7. Internal Approvals Process

We have received the required internal approvals to submit this nonbinding Revised Reply, including review and approval by Duke Energy's Chief Financial Officer, Steven Young. This Revised Reply does not require the formal approval of Duke Energy's Board of Directors. Following the completion of detailed due diligence in the next phase, additional review and approvals will be required from Duke Energy's senior management and Board of Directors prior to the submission of Duke Energy's BAFO. Duke Energy has a strong track record of moving quickly through due diligence, and it expects these additional approvals will be obtained expeditiously thereafter.

8. Regulatory / External Approvals and Conditions

The timing of closing the proposed Transaction will be driven by receipt of standard regulatory approvals for a transaction of this type and include FERC (FPA Section 203 and 205), as well as North Carolina Utilities Commission approval and, if applicable, Florida Public Service Commission ("FPSC") approval. Additionally, we understand the Transaction could require approval by the Jacksonville City Council as well as voter approval.

As to the requisite FERC approval for the Transaction under FPA Section 203, Duke Energy anticipates that approval will occur within a reasonable, standard timeframe, and with minimal conditions. Based on its analysis to date, Duke Energy believes that FERC will find the Transaction to be in the public interest and there will be no effect on (i) competition; (ii) rates; and (iii) regulation. In addition, Duke Energy believes FERC will find that the Transaction will result in no inappropriate cross-subsidization or pledge or encumbrance of utility assets.

Duke Energy has ample experience with successful FERC applications under FPA Section 203, including the following applications:

- *Duke Energy Florida, Inc. et al.*, 152 FERC ¶ 61,066 (2015) (approving DEF acquisition of 590 MW generator in peninsular Florida);
- *Duke Energy Progress, Inc.*, 149 FERC ¶ 61,220 (2014) (approving Duke Energy Progress acquisition of municipal utility interests in various nuclear and other baseload generators);
- *Duke Energy Corp., et al.*, 139 FERC ¶ 61,194 (2012) (approving Duke Energy-Progress Energy merger); and
- *Duke Energy Corp., et al.,* 113 FERC ¶ 61,297 (2005) (approving Duke Energy-Cinergy merger).

Before filing a FPA Section 203 application with FERC, Duke Energy expects to consult on an informal basis with representatives from FERC that will be analyzing the Transaction. In Duke Energy's experience, pre-filing consultation helps identify any concerns with the substance of an application before filing and is integral to a smooth and successful review process once the application is filed.

Duke Energy anticipates standard and customary closing conditions and contingencies and is well-equipped to navigate the regulatory approvals associated with the proposed Transaction.

9. Prior Acquisitions / Investments

Duke Energy has a successful history of merging utility companies, having consummated over $30 billion of transactions over the last decade.

Most recently, Duke Energy announced the acquisition of Piedmont Natural Gas on October 26, 2015, for a total cash consideration of $6.7 billion plus the assumption of debt. This transaction closed within a year of announcement on October 3, 2016.

Similarly, in July 2014, Duke Energy announced the purchase of North Carolina Eastern Municipal Power Agency's generation assets for a purchase price of approximately $1.25 billion. The transaction was completed in July 2015 following the receipt of required approvals.

Other major utility acquisitions that Duke has successfully completed include the $26 billion acquisition[1] of Progress Energy in July 2012 and the $9.1 billion stock acquisition of Cinergy in April 2006[2].

10. Advisors / Contact list

Duke has retained Citigroup as its financial advisor, Hunton Andrews Kurth LLP as its legal advisor, and Navigant as its market consultant for the Transaction.

Please contact the below individuals at Duke Energy and Citigroup should you have any questions regarding this Revised Reply.

Karl Newlin
SVP, Corporate Development and Treasurer
Duke Energy Corporation
Tel: (704) 382-0382
Email: karl.newlin@duke-energy.com

Todd Guenther
Managing Director, Global Co-Head of Infrastructure

[1] Includes the assumption of debt at Progress Energy.
[2] Duke Energy also acquired approximately $5 billion in debt as part of the acquisition.

Citigroup Global Markets Inc.
Tel: (212) 816-1092
Email: todd.guenther@citi.com

Jugjeev Duggal
Managing Director, Mergers and Acquisitions
Citigroup Global Markets Inc.
Tel: (212) 816-5560
Email: jugjeev.duggal@citi.com

The contact information for the Company's advisors at Hunton Andrews Kurth LLP is as follows:

Steven M. Haas
Hunton Andrews Kurth LLP
Tel: (804) 788-7217
shaas@hunton.com

11. Due Diligence

Prior to submitting its BAFO, Duke Energy will need to complete due diligence, which includes, but is not limited to:

- Review of documents in the Phase II virtual data room;
- Environmental issues and pending litigation;
- IT and cyber security;
- Management presentation and site visits;
- Opportunity to ask detailed questions throughout the Q&A process; and
- Diligence obligations associated with the Vogtle PPA.

Duke Energy is prepared to commence due diligence immediately and has the ability to complete it in an expeditious manner.

12. Coordination

Duke Energy would look forward to the opportunity to work with JEA and its advisors to develop a comprehensive transition plan that will detail the coordinated communication and efficient transfer of JEA's assets, operations and customers to the Company. If awarded the contract contemplated by the ITN, Duke Energy would expect to work collaboratively with JEA to address all necessary closing conditions and communication with its Board of Directors, the Jacksonville City Council, employees, vendors, state and local community leaders and JEA's customers. The Company understands this is consistent with JEA's objectives and is willing to work with JEA to provide a clear, transparent path to close with the goal of minimizing any inconvenience or impact to JEA's customers.

13. Other Information

Please be advised that this Revised Reply constitutes a non-binding indication of Duke's interest with respect to the Transaction and does not constitute an offer, commitment, representation, or obligation that is binding on any party to pursue, enter into or consummate the Transaction and creates no rights in favor of any party with respect to the Transaction.

This Revised Reply is being delivered to JEA on the understanding and on the condition that its existence and its content will remain confidential and will not be disclosed to any person or entity other than JEA and its advisors, consistent with the terms of the Confidentiality Agreement, dated October 16, 2019, between Duke and JEA.

Duke Energy is excited about the opportunity to provide this non-binding Revised Reply to JEA. Duke Energy is prepared to discuss the contents of this letter and any questions JEA may have concerning Duke Energy's interest in the Transaction. Duke Energy is willing to commit considerable effort to executing definitive documentation as expeditiously as possible. We look forward to working together.

Sincerely,

Karl Newlin
SVP, Corporate Development and Treasurer
Duke Energy Corporation
Email: karl.newlin@duke-energy.com

Appendix A – Duke Energy Florida Asset Overview as of December 31, 2018

Generation Asset Name	Technology	Capacity (MW)
Citrus County CC	Gas	1,632
Crystal River	Coal	1,422
Hines CC	Gas / Oil	2,045
Bartow CC	Gas / Oil	1,104
Anclote	Gas	1,003
Intercession City CT	Gas / Oil	951
Osprey CC	Gas / Oil	582
DeBary CT	Gas / Oil	561
Tiger Bay CC	Gas / Oil	200
Bartow CT	Gas / Oil	168
Bayboro CT	Oil	171
Suwannee River CT	Gas	149
Higgins CT	Gas / Oil	107
Avon Park CT	Gas / Oil	48
University of Florida CoGen CT	Gas	44
Hamilton	Solar	43
Distributed Generation	Solar	8
Total		**10,238**

Transmission Assets	Miles
500 to 525 kV	168
230 kV	1,638
100 to 161 kV	891
13 to 69 kV	2,200
Total Conductor Miles of Transmission Lines	**4,897**

Distribution	Miles
Miles of Overhead Lines	25,600
Miles of Underground Lines	22,500
Total Conductor Miles of Electric Distribution Lines	**48,100**

Commercial Assets	Ownership %	Brief Description
Sabal Trail	7.5%	Sabal Trail is a joint venture that owns the Sabal Trail pipeline to transport natural gas to Florida, regulated by FERC.
PeakNet	51%	Offers wireless macro site collocations, small cell attachments and Build-To-Suit monopoles to help carriers build robust, connected networks for their customers.
Stanton Solar	100%	5 MW commercial solar facility located in Orlando, Florida, 20-year offtake agreement with Orlando Utilities Commission.