

# Duke Energy

## Venture Consulting

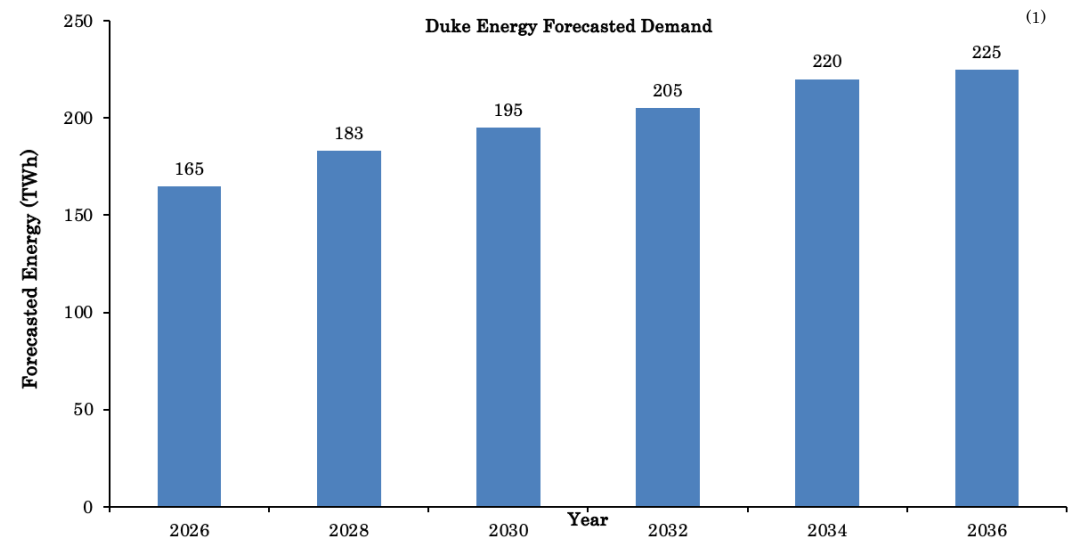


2026 UNC Case Challenge



# Why it matters

- Data center growth
- Surge from 3.9 to 6 GW
- \$62B required for grid expansion
- Energy impacts everyone

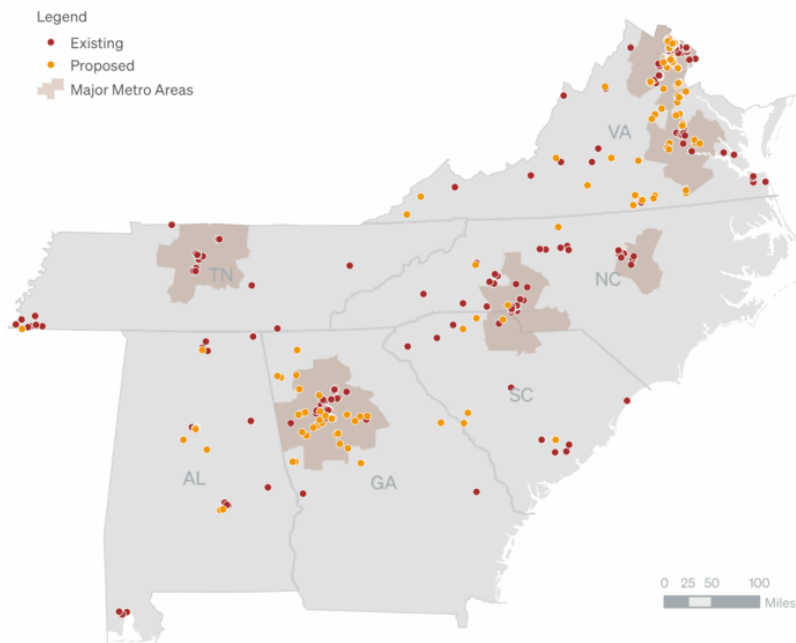


<b>Recommendation</b>	<b>Create an SPE to shield customers from \$62B in costs, protect Duke's balance sheet, and return 10% annually.</b>
Attracting Data Centers	Offer dedicated infrastructure and locked rates to make Duke the only logical choice.
<b>Financing Needs</b>	<b>Leverage a unique capital stack to build \$62B with only 5% on Duke's balance sheet.</b>
Customer Focused	Serve residential customers by preventing data center costs from driving rate increases.
<b>Investor Protection</b>	<b>Maintain return requirements while maintaining stable credit and cash flows.</b>
Potential Risks	Mitigate stranded asset exposure through take-or-pay contracts and phased infrastructure builds.
<b>Company Capabilities</b>	<b>Utilize Duke's grid, scale, and regulatory expertise to meet increased demand.</b>



# Serving data centers power, certainty, and speed through vertical integration

Existing and Proposed Data Centers in the Southwest

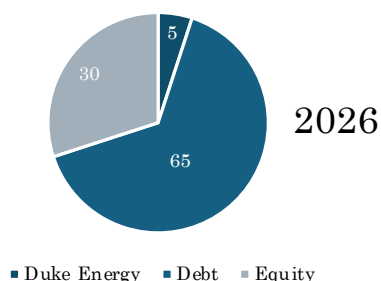


- Reliable infrastructure platform
- Cost certainty, take or pay
- Speed to power
- Sales and use tax exemptions in the Carolinas

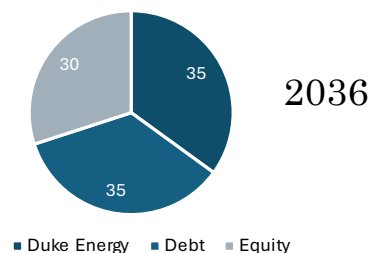


# Turing \$62B of risk into a managed investment

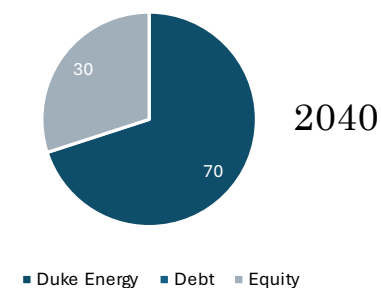
SPE Capital Structure



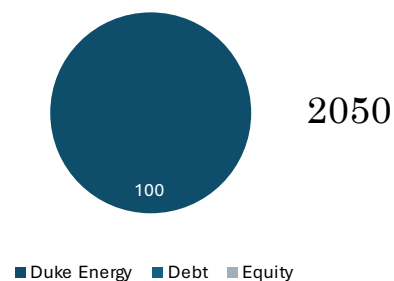
SPE Capital Structure



SPE Capital Structure



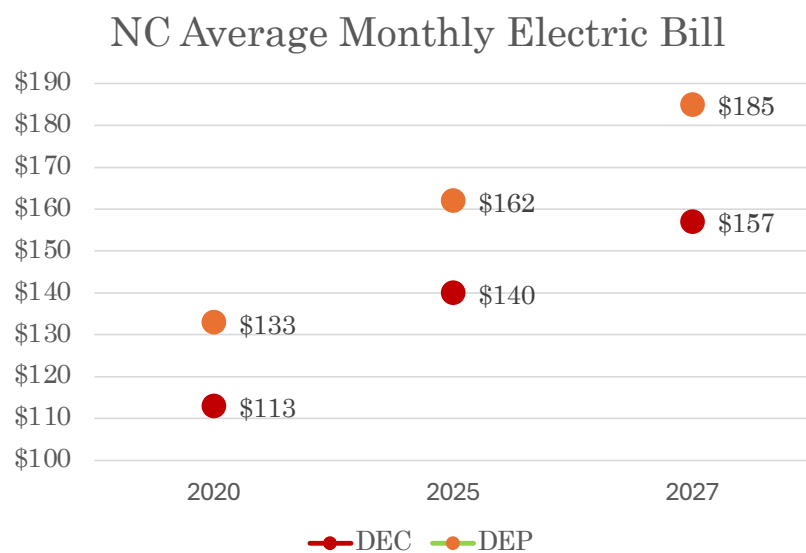
SPE Capital Structure



- Innovative capital stack
- Guaranteed revenue
- Ownership clauses
- Interest Rates



# Keeping the lights on without raising the bill

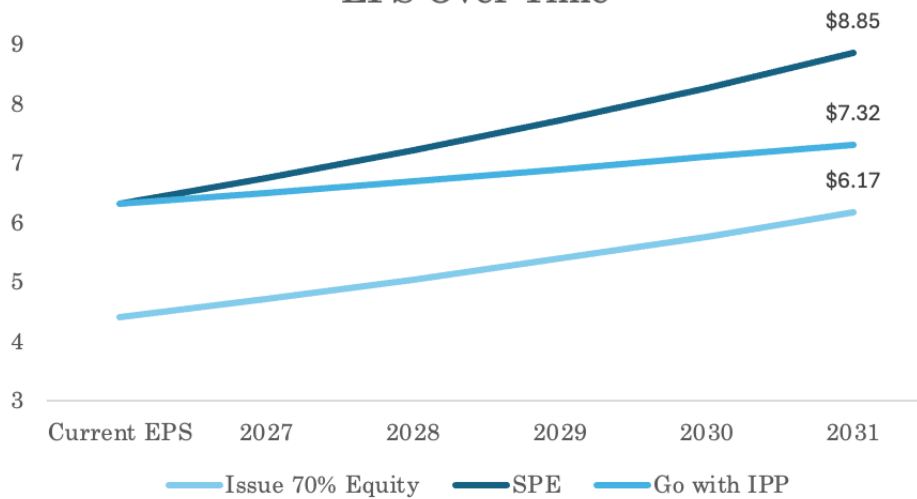


- Data centers fund themselves
- Eliminates the need for an increase in the monthly rate
- Customers never bear the stranded asset risk



# Convert data center demand into 10% returns through financial health

EPS Over Time



- EPS growth
- Credit worthiness
- Dividend stability
- 10% return



# Primary risks impacting execution



Data center demand may not materialize



Regulatory approval delays or rejection



Contract defaults or credit risk



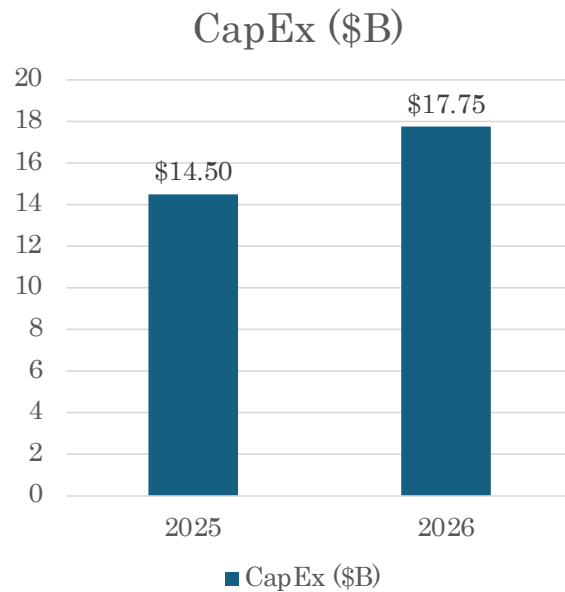
Construction delays and cost overruns

Risk Matrix

	Low	Medium	High
Low	Tech Obsolescence	Ops Issues	Energy Cost
Medium	Supply Delays	Stranded Assets	Credit Risk
High	Policy Change	Execution	Regulatory Approval



# Duke's existing assets make this possible



\$196B in Total Assets

\$95B in Market Cap

56 GW in Generating Capacity

3.5M in Carolina Customers

\$62B investment represents only  
32% of Duke's total assets



# Actualizing 10% investor returns and capital output by 2027

- Establish SPE structure
- Engage key stakeholders
- Secure data center customers

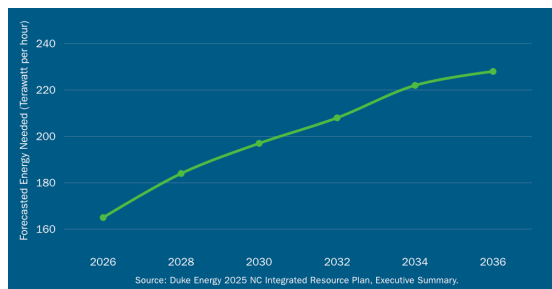




# Appendix



# Why it Matters (Appendix)

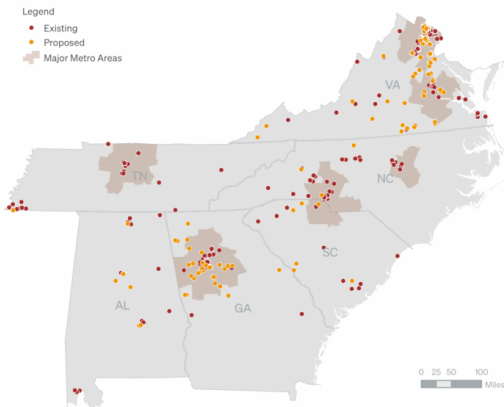


Energy affects everyone, not just big companies like data centers. As demand grows from 3.9 to 6 gigawatts, Duke Energy has to spend over 60 billion dollars to upgrade the power grid. To pay for this, they usually raise electricity rates, so people at home and small businesses end up paying more each month. Since electricity is something everyone needs, even small price increases can be hard, especially for families with lower incomes. Also, if Duke does not build enough infrastructure fast enough, it could lead to problems like power outages or an unreliable system, which would affect everyone. This shows that energy is not just a business issue, it impacts regular people and the whole economy.



# Attracting Data Centers (Appendix)

## Existing and Proposed Data Centers in the Southeast



Sources: Piedmont Environmental Council, Data Center Map, GoCoto, Datacenters.com, US Census Bureau, various local government, press, and company websites  
Map created by: Milow Cochran (mcochran@piedmont.org)  
Last updated: September 19, 2025



## Data Centers Sales & Use Tax Exemptions

North Carolina provides three sales and use tax exemptions for purchase of the following items related to data centers and their operations:

- Electricity and support equipment purchased for a “Qualifying Data Center”
- Electricity and certain business property purchased for an “Eligible Internet Data Center”
- Computer software at a “Data Center”

“Data Center” is defined as: *A facility that provides infrastructure for hosting or data processing services and is concurrently maintainable. The power and cooling systems serving the computer equipment must include redundant capacity components and multiple distribution paths. Although the facility must have multiple distribution paths serving the computer equipment, a single distribution path may serve the computer equipment at any one time.*

**\$50 Million Minimum Investment in SC, 25 jobs created,**

**\$75 Million investment within 5 years in NC**

- <https://www.selc.org/topic/data-centers-across-the-south/>
- <https://www.kslaw.com/blog-posts/key-considerations-energy-take-pay-contracts>
- <https://edpnc.com/incentives/data-centers-sales-use-tax-exemptions/>
- <https://www.sccommerce.com/why-sc/incentives/sales-use-tax-incentives>

State of South Carolina  
**Department of Revenue**  
 300A Outlet Pointe Blvd., Columbia, South Carolina 29210  
 P.O. Box 125, Columbia, South Carolina 29214

## SC REVENUE RULING #13-5

**SUBJECT:** Datacenter Computers, Computer Equipment, Computer Hardware and Software, and Electricity (Sales and Use Taxes)

**EFFECTIVE DATE:** June 7, 2012

**SUPERSEDES:** All previous documents and any oral directives in conflict herewith.

**REFERENCE:** S.C. Code Ann. Section 12-36-2120(79) (Supp. 2012)

**AUTHORITY:** S.C. Code Ann. Section 12-4-320 (2000)  
 S.C. Code Ann. Section 1-23-10(4) (Supp. 2012)  
 SC Revenue Procedure #09-3

**SCOPE:** The purpose of a Revenue Ruling is to provide guidance to the public. It is an advisory opinion issued to apply principles of tax law to a set of facts or a general category of taxpayers. It is the Department’s position until superseded or modified by a change in statute, regulation, court decision, or another Departmental advisory opinion.

## INTRODUCTION:

In 2012, the General Assembly enacted a sales and use tax exemption for computers, computer equipment, computer hardware, and computer software used within a datacenter that meets certain requirements. The exemption also applies to electricity used by the datacenter and property used for the generation, transformation, transmission, distribution, or management of electricity located and used at the datacenter.

The purpose of this advisory opinion is to address various issues related to this new exemption.



# Financing Needs (Appendix)

- URL: <https://www.sec.gov/Archives/edgar/data/0001326160/000132616026000014/duk-20251231.htm>

1. Institutional Investor Demand is at Record Highs - <https://www.pionline.com>

2. Take-or-Pay Contracts Guarantee Revenue - <https://www.wallstreetoasis.com/resources/Project-finance/what-is-a-take-or-pay-contract-in-energy-projects>

3. GP/LP Structure Gives Duke Control - <https://carta.com/learn/private-funds/structures/limited-partner>

4. Non-Recourse Debt Protects Duke's Balance Sheet - <https://www.wallstreetoasis.com/resources/Project-finance/what-is-a-take-or-pay-contract-in-energy-projects>

5. Infrastructure Returns Match Investor Requirements – <https://caia.org/blog/2025/02/03/infrastructure-investments-institutional-investors>

6. SPE Structure is Proven in Project Finance- <https://www.sciencedirect.com/science/article/abs/pii/S095717871100083X>



**Debt Repayment (In Billions)**

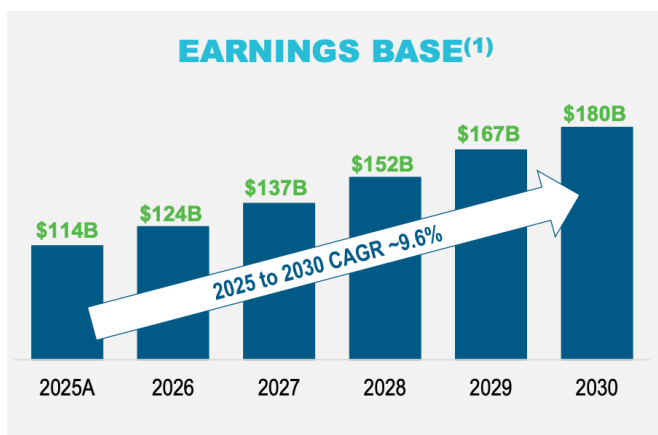
Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Debt	\$40.30	\$39.71	\$38.92	\$37.91	\$36.65	\$35.12	\$33.27	\$31.08	\$28.50	\$25.50	\$22.02	\$18.01	\$13.42	\$8.17	\$2.20
Int Rate	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Operating Cash Flows	3.60	3.96	4.36	4.79	5.27	5.80	6.38	7.02	7.72	8.49	9.34	10.27	11.30	12.43	13.67
<i>Growth</i>		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Int Exp	2.42	2.38	2.34	2.27	2.20	2.11	2.00	1.86	1.71	1.53	1.32	1.08	0.81	0.49	0.13
Left Over cash	1.2	1.6	2.0	2.5	3.1	3.7	4.4	5.2	6.0	7.0	8.0	9.2	10.5	11.9	13.5
Repayment	0.59	0.79	1.01	1.26	1.54	1.85	2.19	2.58	3.00	3.48	4.01	4.60	5.25	5.97	0.13
Remaining Debt	\$39.71	\$38.92	\$37.91	\$36.65	\$35.12	\$33.27	\$31.08	\$28.50	\$25.50	\$22.02	\$18.01	\$13.42	\$8.17	\$2.20	\$0.00

**Equity Repayment (In Billions )**

Year	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Equity	\$21.70	\$20.77	\$19.69	\$18.46	\$17.05	\$15.46	\$13.67	\$11.66	\$9.42	\$6.93	\$4.17
Int Rate	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Operating Cash Flows	3.60	3.82	4.04	4.29	4.54	4.82	5.11	5.41	5.74	6.08	6.45
<i>Growth</i>		6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Required Distributions	1.74	1.66	1.58	1.48	1.36	1.24	1.09	0.93	0.75	0.55	0.33
Left Over cash	1.9	2.2	2.5	2.8	3.2	3.6	4.0	4.5	5.0	5.5	6.1
Repayment	0.93	1.08	1.23	1.41	1.59	1.79	2.01	2.24	2.49	2.76	4.17
Remaining Equity	\$20.77	\$19.69	\$18.46	\$17.05	\$15.46	\$13.67	\$11.66	\$9.42	\$6.93	\$4.17	\$0.00

Net cash provided by operating activities

3,621      4,537      2,785

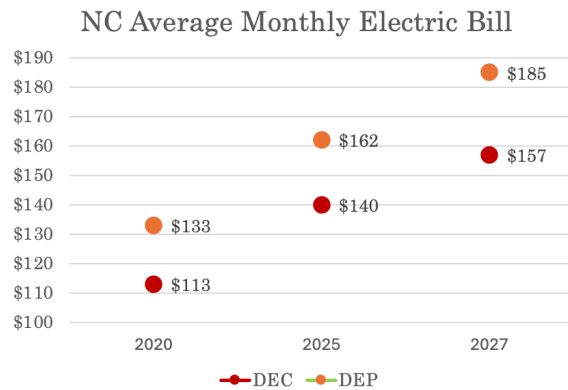


Duke Energy 10k -

[https://s201.q4cdn.com/583395453/files/doc\\_financials/2026/ar/Duke-Energy-2025-Annual-Report-vFINAL.pdf](https://s201.q4cdn.com/583395453/files/doc_financials/2026/ar/Duke-Energy-2025-Annual-Report-vFINAL.pdf)



# Attracting Data Centers (Appendix)



<https://news.duke-energy.com/releases/duke-energy-progress-receives-approval-for-new-rates-in-north-carolina-implements-new-programs-to-help-customers>.

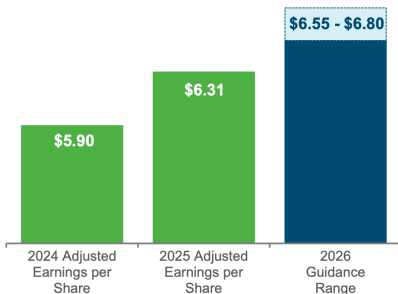
<https://news.duke-energy.com/releases/duke-energy-carolinas-receives-approval-for-new-rates-in-north-carolina-implements-new-programs-to-help-customers>.



# Investor Protection (Appendix)

**\$6.31**  
2025 REPORTED / ADJUSTED EPS

**ADJUSTED EARNINGS PER SHARE**



**\$103 BILLION**  
**5-YR CAPEX PLAN**

~18% INCREASE FROM PRIOR CAPEX PLAN

**~9.6% EARNINGS BASE GROWTH**

DRIVEN BY GENERATION INVESTMENTS TO SERVE GROWING JURISDICTIONS

**EXTENDING 5% - 7% EARNINGS GROWTH THROUGH 2030**

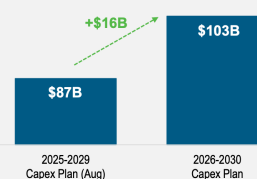
OFF MIDPOINT OF 2025 GUIDANCE RANGE (\$6.30)<sup>(1)</sup>, WITH CONFIDENCE TO EARN IN TOP HALF OF THE RANGE BEGINNING IN 2028

<sup>(1)</sup> Based on adjusted EPS

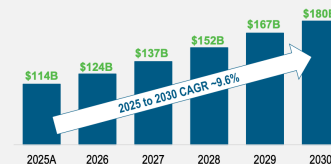
## Long runway of capital investment opportunities

### INVESTING FOR GROWING ENERGY NEEDS...

#### 5-YEAR CAPITAL PLAN



#### EARNINGS BASE<sup>(1)</sup>



### ...WITH A CONTINUED FOCUS ON CUSTOMER VALUE AND AFFORDABILITY



Investing in our fleet and leveraging AI to reduce fuel and O&M costs



Utilizing tax credits for nuclear, storage and solar



Protecting existing customers as new large loads are added



Securitized storm costs



DEC & DEP Combination to generate >\$1B customer savings



Helping vulnerable customers access bill assistance

<sup>(1)</sup> In billions. Illustrative earnings base for presentation purposes only and includes retail and wholesale. Amounts as of the end of each year shown. Projected earnings base = prior period earnings base + capex - D&A - deferred taxes (including production tax credits) - securitized assets. Amounts presented gross of minority investments and exclude Piedmont Tennessee gas.

[https://s201.q4cdn.com/583395453/files/doc\\_financials/2025/q4/Q4-2025-Earnings-Presentation\\_vF-w-Reg-G.pdf](https://s201.q4cdn.com/583395453/files/doc_financials/2025/q4/Q4-2025-Earnings-Presentation_vF-w-Reg-G.pdf)

Credit Rating - <https://www.duke-energy.com/investor-relations/credit-ratings>

Duke Energy 10k - [https://s201.q4cdn.com/583395453/files/doc\\_financials/2026/ar/Duke-Energy-2025-Annual-Report-vFINAL.pdf](https://s201.q4cdn.com/583395453/files/doc_financials/2026/ar/Duke-Energy-2025-Annual-Report-vFINAL.pdf)

**Earnings Per Share – Basic and Diluted**

Income from continuing operations available to Duke Energy Corporation common stockholders Basic and Diluted	\$ 6.31	:
Income (loss) from discontinued operations attributable to Duke Energy Corporation common stockholders Basic and Diluted	\$ —	:
Net income available to Duke Energy Corporation common stockholders Basic and Diluted	\$ 6.31	:
Weighted average shares outstanding Basic and Diluted	777	

**Duke Energy Corp**

NYSE: DUK

131.79 USD

+ Follow

Debt	30%	1.86E+10	
Equity	70%	4.34E+10	333,846,154
			777,000,000
New SO			1,110,846,154
New EPS			4.40

	<b>Current EPS</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
<b>Issue 70% Equity</b>	4.40	4.71	5.04	5.39	5.77	6.17
<i>Growth (Management expected - 7%)</i>						
<b>SPE</b>	6.31	6.75	7.22	7.73	8.27	8.85
<i>Growth (Management expected - 7%)</i>						
<b>Go with IPP</b>	6.31	6.50	6.69	6.90	7.10	7.32
<i>Growth (Below Expectations - 3%)</i>						

# Potential Risks (Appendix)



## **Tech Obsolescence**

Technology could become outdated as energy systems and data center needs evolve. This may require additional upgrades or replacements over time.

## **Ops Issues**

Day-to-day operational problems could reduce efficiency or increase costs. These issues are usually manageable but can still impact performance

## **Energy Cost**

Energy prices may rise due to fuel costs or higher demand. This can increase operating costs for both Duke and data center customers.

## **Supply Delays**

Delays in equipment like transformers or materials can slow down construction. This could push back timelines for delivering power to data centers.

## **Stranded Assets**

If demand does not grow as expected, Duke may build more infrastructure than needed. This creates assets that do not generate enough return.

## **Credit Risk**

Data center customers may fail to meet long-term contract payments. This could reduce expected revenue and impact financial stability.

## **Policy Change**

Changes in government policies or energy regulations could impact project plans. These changes may increase costs or limit development.

## **Execution**

Large infrastructure projects are complex and can face delays or cost overruns. Poor execution could impact timelines and profitability.

## **Regulatory Approval**

Projects require approval from regulators, which can take a long time or be denied. Without approval, Duke cannot build infrastructure or recover costs.



# Company Capabilities (Appendix)

Take or pay contracts are a key part of project finance for pipelines, LNG exports, power plants, and renewable projects. They reduce volume risk, stabilize cash flows, and make lenders more willing to provide long term financing. These contracts typically last between 20 and 30 years, giving project sponsors enough time to recover their investments and repay loans with interest. Because they guarantee payment regardless of usage, they are well understood by lenders and are often essential for securing large amounts of external debt on limited recourse terms. This structure shifts demand risk away from the utility and onto the data center customer, creating a more stable and predictable financial model.

Duke Energy's balance sheet shows that the company already carries a significant amount of debt. With approximately 52 billion dollars in shareholder equity and 87.4 billion dollars in total debt, Duke has a debt to equity ratio of about 168 percent. Its total assets and liabilities are also substantial, at 189.7 billion and 137.7 billion dollars respectively. The company's interest coverage ratio is around 2.4 times, which indicates that while it can currently meet its debt obligations, it does not have a large margin for additional borrowing. Adding a large amount of new debt to fund infrastructure expansion would put further pressure on this ratio and increase financial risk.

Duke's allowed return on equity provides an important benchmark for evaluating investment returns. The company's approved ROE is 10.1 percent for Duke Energy Carolinas and 9.8 percent for Duke Energy Progress, based on the most recent rate case in 2023. Both figures are slightly above the national average of about 9.75 percent. This shows that a return target around 10 percent is consistent with what regulators already consider fair for investors, making it a realistic and defensible benchmark when evaluating new projects.

Institutional investors are increasingly focused on infrastructure investments, especially those with stable and predictable cash flows. Global infrastructure fundraising reached nearly 200 billion dollars in 2025, and more than half of limited partners plan to increase their allocations to this asset class in the coming years. Large investors such as sovereign wealth funds typically target core infrastructure like regulated utilities, transportation systems, and essential services. These investments often aim for returns in the range of about 10 percent and have long holding periods, averaging around 11 years. This aligns closely with the characteristics of regulated energy infrastructure and makes it an attractive opportunity for outside capital.

Overall, these factors show that Duke Energy is operating within financial and regulatory constraints that limit its ability to take on additional debt, while also facing growing demand that requires significant investment. At the same time, the structure of long term contracts and the availability of institutional capital create an opportunity to fund this growth in a way that is both financially sustainable and attractive to investors.



# Company Capabilities (Appendix)

## Duke Energy – a large scale, highly regulated energy infrastructure company

HEADQUARTERED IN CHARLOTTE, NC



A FORTUNE 150 COMPANY

**\$95B**  
MARKET CAP  
(AS OF 2/6/2025)

**\$196B**  
TOTAL ASSETS  
(AS OF 12/31/2025)

**26K**  
EMPLOYEES  
(AS OF 12/31/2025)

**56 GW**  
TOTAL GENERATING CAPACITY<sup>(1)</sup>  
(AS OF 12/31/2025)

### ELECTRIC UTILITIES & INFRASTRUCTURE

### GAS UTILITIES & INFRASTRUCTURE

Operations



Retail Customers

~8.7 million in six states

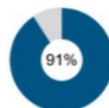
~1.8 million in five states

2026 - 2030 CAPEX<sup>(2)</sup>

~\$93 B

~\$8 B

2026 Adjusted EPS Contribution<sup>(3)</sup>



<sup>(1)</sup> Based on winter capacity, to align with integrated resource plan filings

<sup>(2)</sup> Excludes Other segment capex

<sup>(3)</sup> Based upon the midpoint of the 2026 adjusted EPS guidance range of \$6.55-\$6.80 per share, excludes the impact of Other

(\$ in millions)	Original 2025 Assumptions <sup>(1)</sup>	2025 Actual	2026 Assumptions
<b>Adjusted segment income/(expense)<sup>(2)</sup>:</b>			
Electric Utilities & Infrastructure	\$5,290	\$5,337	\$5,650
Gas Utilities & Infrastructure	\$580	\$559	\$570
Other	(\$970)	(\$985)	(\$1,020)
Duke Energy Consolidated	\$4,900	\$4,911	\$5,200
<b>Additional consolidated information:</b>			
Adjusted effective tax rate	11-13%	11.3%	10-12%
Capital expenditures <sup>(3)</sup>	\$14,850	\$14,496	\$17,750
Weighted-average shares outstanding – basic	~778 million	~777 million	~779 million