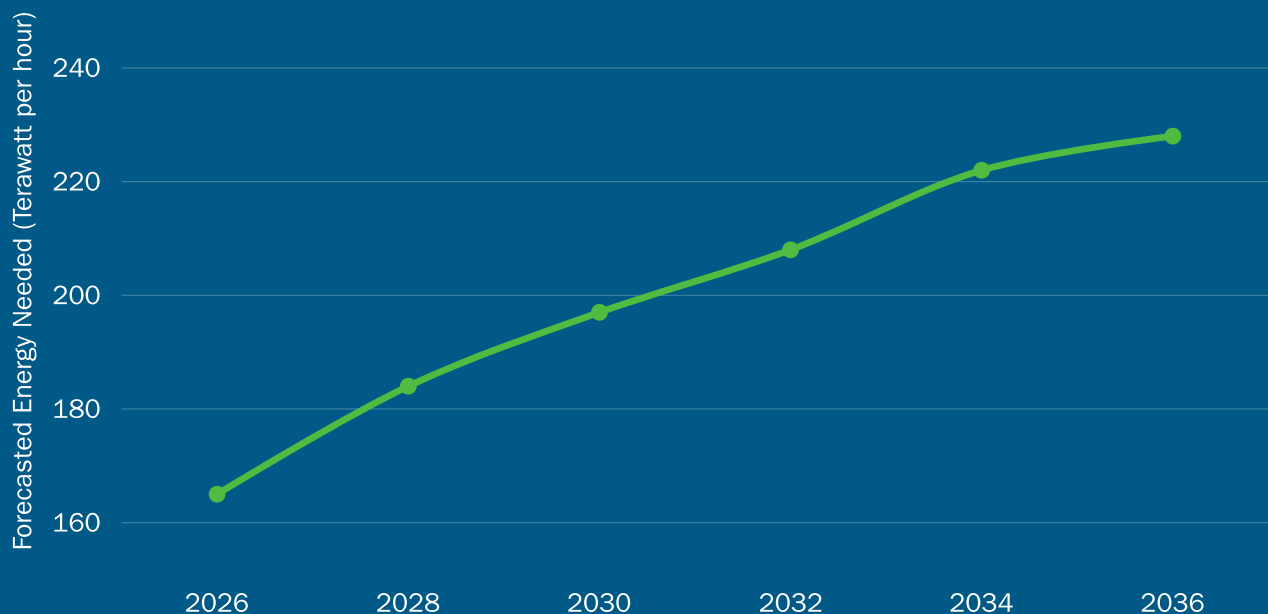




AI will need Energy, but More Energy Requires Capital.

Approximate Forecasts for Duke Energy's Energy Requirements as of 2025 Spring



Source: Duke Energy 2025 NC Integrated Resource Plan, Executive Summary.

Help Build a Plan.
2026 Carolina Case Challenge

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*For purposes of this Fact Pack, "Duke Energy" refers collectively to Duke Energy Carolinas (DEC) and Duke Energy Progress (DEP) only.

Background: North Carolina's Surging Electricity Demand

Duke Energy's forecasted demand for *large-load additions* (i.e. high-intensive energy operations) grew from 3.9 Gigawatts to 6 Gigawatts within a single planning cycle – driven by a surge in demand for data centers (which power AI). Staff at the North Carolina Utilities Commission noted that these projections have “thrown everything out of whack”. The Carolinas need a plan to power data centers and other economic development.

Electricity Demand is rising **across the regulated jurisdictions** due to primarily 4 reasons:

- **AI-driven data centers:** Data centers can require **half the output of a nuclear reactor**.
- **Electrification of transportation and buildings:** Carolinas customers are seeking to replace gas-powered heating and gas-powered vehicles to Electric Heating and Electric Vehicles, respectively.
- **Manufacturing reshoring of semiconductors:** Companies are trying to increasingly produce semiconductors in the United States itself – rather than outsource this production internationally. This production will require electricity.
- **Population growth in the Carolinas:** New homes will increase demand for electricity.

Executive Summary: What this Surge means for Duke Energy? From Duke Energy;

“...Duke Energy seeks [to increase their prices] by ~15% ... across its North Carolina utilities for 2027–2028 to support grid investments. These increases [however] arrive amid public concern about affordability and political resistance from state leadership.”

Data centers — though employing relatively few workers — are projected to account for up to 80% of future electricity demand growth in the state. This raises critical policy and regulatory questions about fairness, cost allocation, reliability, and the long-term sustainability of NC's energy strategy.

This case asks teams to evaluate how Duke Energy can balance affordability, infrastructure investment, and load growth, and to recommend a fair and transparent approach for customers and shareholders. For instance, teams may look at how states such as Indiana and Virginia have approached financing and structuring load growth, but these examples are intended only as reference points and not as prescribed solutions.”

Duke Energy must upgrade their grids to support load growth. This is critical to enable economic development. **State officials, the general public, and investors should be asking how the utility will properly navigate this growth opportunity while doing no harm to customers and investors.**

Duke Energy is a Regulated, Vertically Integrated Utility.

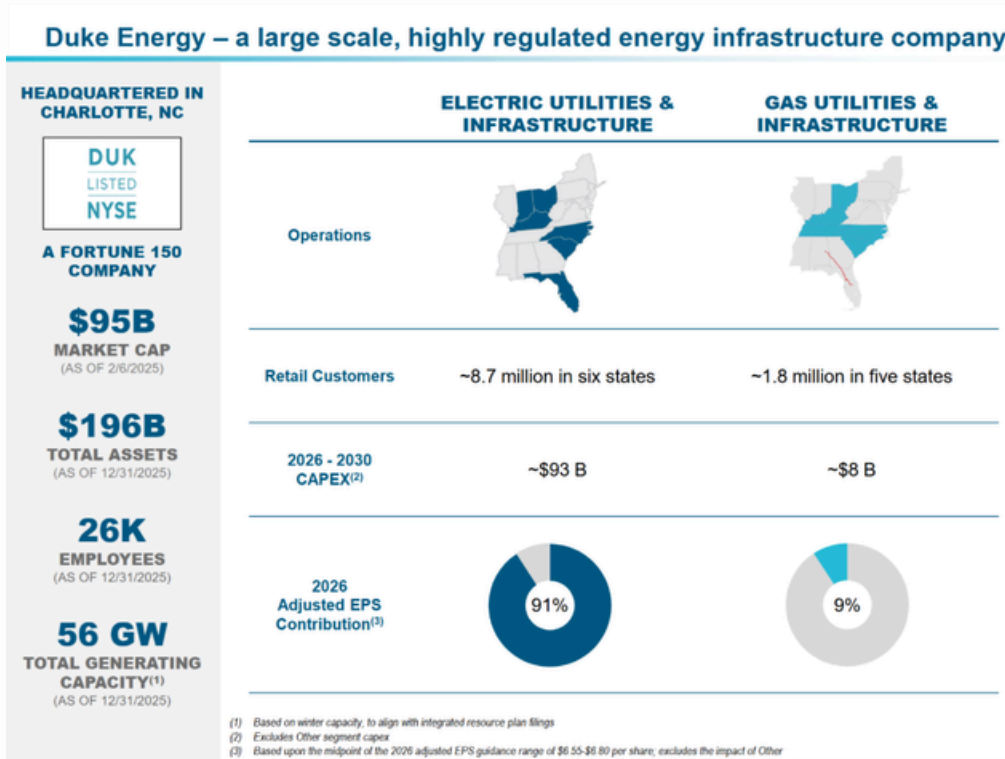
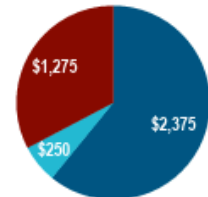


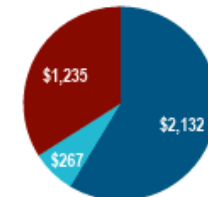
Figure 1: A General Overview of Duke Energy's Market Position (Source: Q4 2025 Earnings Presentation)

(\$ in millions)	Original 2025 Assumptions ⁽¹⁾	2025 Actual	2026 Assumptions
Adjusted segment income/(expense)⁽²⁾:			
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
Additional consolidated information:			
Adjusted effective tax rate	11-13%	11.3%	10-12%
Capital expenditures ⁽³⁾	\$14,850	\$14,496	\$17,750
Weighted-average shares outstanding – basic	~778 million	~777 million	~779 million

2026 Interest Expense Assumption (Consolidated Total \$3,900)



2025 Interest Expense (Consolidated Total \$3,634)



■ Electric Utilities
 ■ Gas Utilities
 ■ Other

Figure 2: Past Financials and Financial Projections (Source: Q4 2025 Earnings Presentation). Note projections for 2026 do not include servicing data-centers. Duke Energy is assuming data center loads will be online starting in 2027.

Duke Energy has a **strong market position** in the energy industry and **optimistic projections** for 2026.

Duke Energy Plans to Invest At Least \$62B into Upgrading and Expanding their Grids over the next 5 Years.

(\$ in millions)

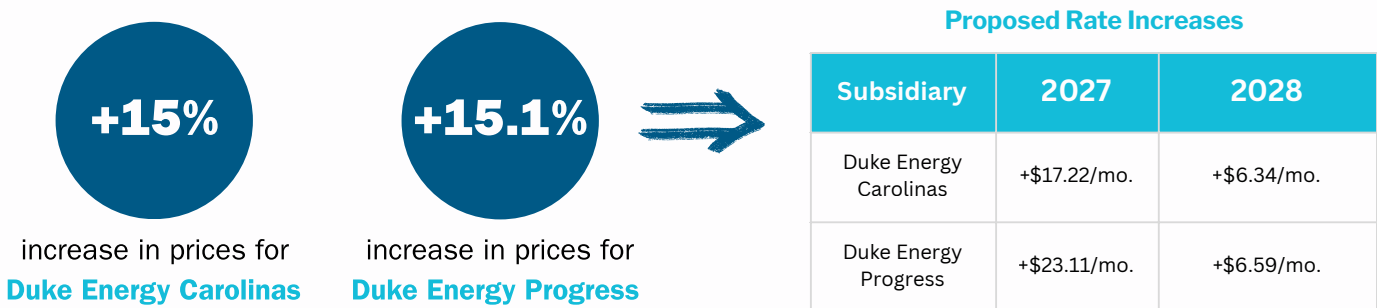
Duke Energy Carolinas	2025A	2026E	2027E	2028E	2029E	2030E	2026 - 2030
Electric Generation	1,496	3,000	4,125	4,850	6,450	5,350	23,775
Electric Transmission	871	1,025	825	725	500	650	3,725
Electric Distribution	2,021	1,975	1,975	1,800	2,100	2,200	10,050
Environmental & Other ⁽²⁾	286	300	300	225	200	175	1,200
Total Duke Energy Carolinas	\$ 4,674	\$ 6,300	\$ 7,225	\$ 7,600	\$ 9,250	\$ 8,375	\$ 38,750

Duke Energy Progress	2025A	2026E	2027E	2028E	2029E	2030E	2026 - 2030
Electric Generation	1,610	2,525	2,575	3,250	2,925	3,150	14,425
Electric Transmission	615	725	750	575	550	475	3,075
Electric Distribution	1,163	1,175	1,275	1,200	1,225	1,350	6,225
Environmental & Other ⁽²⁾	216	175	125	75	125	125	625
Total Duke Energy Progress	\$ 3,604	\$ 4,600	\$ 4,725	\$ 5,100	\$ 4,825	\$ 5,100	\$ 24,350

Figure 3: FOURTH QUARTER 2025 EARNINGS REVIEW AND BUSINESS UPDATE (Source: Q4 2025 Earnings Presentation). **Use this \$62B as a lower-bound estimate** of the amount of money Duke Energy will need to finance to support data centers.

Duke Energy wants to Increase Prices. Lawmakers Are Not Happy.

Duke Energy has requested the following rate changes to finance their ~\$62B investment in grids (labeled separately for each of Duke Energy’s 2 subsidiaries):



Unlike a typical corporation, Duke Energy cannot simply raise prices to cover its rising costs. As a regulated utility, any rate change must be approved by the North Carolina Utilities Commission (NCUC). This process requires Duke to demonstrate that proposed increases are **reasonable, necessary, and fairly** distributed across customer classes. Additionally, this \$62B in investment must be financed in a way that does no harm to customers and shareholders. This regulatory structure is why the path to financing \$62B is more complex than it might appear.

The Current Landscape in North Carolina

- Duke's proposed ~15% hikes for 2027–2028 have already drawn public pushback. Governor Josh Stein and Attorney General Jeff Jackson have publicly opposed these price increases; electric bills in NC have already increased 22% since 2020.
- Full approval is not guaranteed. And even if the increases are granted, relying entirely on rate recovery to finance \$62B may not be politically or regulatorily sustainable over a 5-10 year time period.
- The electric industry spent \$1.3 trillion in 2015 - 2024 (10 years). It is poised to spend \$1.1 trillion in just 2025 - 2029 (5 years).

How can Duke Energy structure its growth to finance ~\$62B in grid investment without overburdening existing customers or exposing investors to undue risk, such as credit rating pressure, reduced returns, or heightened earnings uncertainty?

Indiana and Virginia have already grappled with large-load cost recovery challenges similar to those facing Duke Energy today. Their approaches offer a useful starting point for thinking about how North Carolina might structure a more equitable financing model.

State	Approach Taken	What Happened	Established Through
Indiana	Growth Pays for Growth	Large users requiring new generation bear those infrastructure costs directly rather than spreading them across the existing rate base	State utility commission proceedings
Virginia	Separate Data Center Rate Class	State legislation created a distinct rate class for data centers, isolating their cost of service from residential and small business customers	State legislation and regulatory rulemaking
ISO/RTO Territory	Special Entity	Independent power producers structure a new special entity for a generator that is financed by a single or multiple offtakers	Project deal structuring

The Case

Duke Energy needs at least \$62B over the next 5 years to finance investments into grids (from Q4 2025 earnings) due to load growth driven by data centers. Duke Energy wants to finance this investment by raising rates, but lawmakers are concerned that the rate increases are too high. What entity and financing structures can Duke Energy utilize to make the Carolinas attractive to data centers and acceptable to lawmakers? Choose an option below and defend it.

- *Option 1: Keep the assets within the model of the integrated utility and on its balance sheet*
- *Option 2: Keep the assets in a separate special entity with unique project finance structure*
- *Option 3: An independent power producer (IPP) build generation on their balance sheet and the customer enters an agreement to purchase power from them*

Questions to Consider

- How can Duke Energy effectively use the vertically integrated business model set up to protect customers and shareholders?
- How should Duke Energy most optimally harness the growth from data centers?
- How should Duke Energy balance the tradeoff between rapid growth and infrastructure expansion and the risk of stranded assets?
- What negotiated business structures or contracts could align Duke Energy and data center incentives?

Your Deliverable Should Include

- Ways to incentivize data centers to come to the Carolinas.
- Resources or capital that Duke Energy already has and can leverage with data centers.
- Ways to raise or re-structure capital to finance these projects.
- An assessment of the key risks in your recommendation and mechanisms for managing them, including how to minimize stranded assets as Duke Energy invests in new infrastructure.

Supplemental Materials

- [Duke-Energy-Fast-Facts.pdf](#)
- [Integrated Resource Planning - IRP - Duke Energy](#)
- [NCUC Rules and Regulations Appendix M.pdf](#)
- [Carolinas Resource Plan - Duke Energy](#)
- [Resources | Duke Energy](#)
- [About The North Carolina Utilities Commission](#)
- [Home Page | Federal Energy Regulatory Commission](#)
- [Glossary of Industry Terms | Federal Energy Regulatory Commission](#)
- [Duke Energy Q4 2025 Earnings – Investor Relations](#)
- [NCUC Large Load Technical Conference Slides](#)

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Submission Instructions

- Teams are expected to submit their slide decks by 6:00 PM ET, Friday, April 10, 2026 in PDF format to ccc@kenan-flagler.unc.edu using file naming convention listed below.
 - If your team's slide deck is not received by that time, you will not be eligible to compete.
- Presentations and materials must be prepared in English.
- Teams are expected to produce slides, using Microsoft Office PowerPoint or similar software, in a 16:9 or 4:3 ratio, which outline their recommendation and supporting information. Teams should submit these slides in PDF format.
 - Remember to keep in mind fonts and transitions as you will be presenting through PDF format. Transitions and videos may not work in PDF format.
- Teams should also create a PDF copy of their slide deck, not including the appendix, for printing.
- Deliverables should follow the naming convention:
 - Slides (for presentation): "TeamName_CCC Presentation_Deck.pdf"
 - Slides (for print): "TeamName_CCC Print_Deck.pdf"